

# 2023 Universal Registration Document

CSR Extract

Non-Financial Performance Statement (NFPS)



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

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



2023  
UNIVERSAL  
REGISTRATION  
DOCUMENT

CSR Extract  
Non-Financial Performance  
Statement (NFPS)

Including the Annual Financial Report

## MESSAGE FROM THE EXECUTIVE MANAGEMENT



### *Continuing to be astonished as a foundation for tomorrow's successes*

What a pleasure it is, having achieved some historic results, to be able to celebrate once again the success of the house's creations and innovations, the fruit of hard work by our teams all over the world.

We would like to thank and congratulate them on their continued ability to surprise and amaze us, in keeping with the 2023 theme of *Astonishment*.

Because, yes, this success could almost be seen as a challenge issued to the uncertain economic and geopolitical context, and to the high tensions and profound transformations that some regions are currently experiencing.

And yet, is it really surprising to want to treat oneself, to seek out companion objects designed to last and gain a patina, to want to dream and escape the grave times for a few moments?

Today, Hermès is a refuge. In our house of creations and new ideas, where quality is never compromised and the finest materials are always sought, we strive to remain true to our high standards as artisans and merchants.

### *Being astonished by the world*

In 2023, we continued to expand and enhance our network of stores to receive our customers in the best possible surroundings. Our stores in Bordeaux (France), Chicago (USA), Vienna (Austria) and Zhengzhou (China) reflect the aesthetics of local materials, colours and designs. It is hardly surprising, then, to find stained-glass windows in Vienna, even if they were created by a designer more accustomed to working on silk scarves and tableware. Are you familiar with shades of bleu Encre and rouge Casaque? Whether it's with the mascaras and eyeshadows of *Le Regard* or the women's and men's ready-to-wear collections, colour has been a major theme of our product launches.

With the new Louviers and La Sormonne workshops, and the extension of the textiles site at Pierre-Bénite, we are maintaining our ambition to establish strong regional roots and centres of excellence for our crafts. Beautiful things are made in beautiful places, and everything is even more beautiful when our buildings are E4C2 certified<sup>(1)</sup>. Being anchored in a place also means strengthening relationships with our long-term partners and making an active contribution to the expansion of these sectors.

1. The E+C- label assesses the performance of a new building according to two criteria: energy (E) and carbon (C). A score of E4, the highest level, certifies both workshops as positive energy buildings, meaning that they produce more energy than they consume. Equally, the C2 grading denotes the highest level of operational efficiency for carbon footprint reduction.

To secure our supply chains and support the growth of all our métiers, we have continued to invest in increasing capacity and have accelerated our vertical integration projects, particularly in jewellery and shoes.

Confident in the relevance of our business model, we are maintaining and strengthening our commitment to environmental and social responsibility.

As the source of our exceptional materials, nature is at the heart of our business model, and preserving it plays a central role in our CSR actions. Global warming and its impact on biodiversity, as well as the industrialisation of raw materials, are areas of concern that we are addressing through our climate strategy, our concrete initiatives in terms of responsible supply chains, and our policies for preserving natural resources.

In order to establish scientific objectives for the preservation of biodiversity, the Group has committed the SBTN (Science Based Targets for Nature) initiative and is one of 120 companies worldwide to have done so.

Ranked 4<sup>th</sup> among SBF120 companies for the proportion of women in its management bodies, the house's social model is acclaimed. The École Hermès des savoir-faire, with its eight schools, is now able to award a certificate of professional qualification (CQP) in cutting and stitching in addition to the CAP vocational qualification in leatherwork. Transmission, training, development and job creation – more than 2,400 new employees were recruited in 2023 – are the watchwords of our approach to corporate citizenship and the expression of our human values. For the third time, the house was awarded the Grand Prix Emploi France by the Humpact rating agency.

### ***Making a serious effort not to take ourselves too seriously***

2023 was a busy year for events and opportunities to get together. In keeping with our tradition, we welcomed more than 52,000 visitors to the Hermès in the *Making exhibition* in Lille (France), Chicago (United States) and Bangkok (Thailand), and more than 35,000 visitors to the immersive *La Fabrique de la légèreté* exhibition in Taiwan, Los Angeles (United States), Hong Kong and Shanghai (China).

We come to the end of 2023 happy and proud of the work we have done, and with a promise to continue astonishing ourselves in 2024.

Axel Dumas

EXECUTIVE  
CHAIRMAN

Henri-Louis Bauer

REPRESENTATIVE OF ÉMILE HERMÈS SAS,  
EXECUTIVE CHAIRMAN

## HIGHLIGHTS 2023

The group's consolidated revenue amounted to €13,427 million in 2023, up 21% at constant exchange rates and 16% at current exchange rates compared to 2022. Recurring operating income amounted to €5,650 million, i.e. 42.1% of sales. Net profit group share reached €4,311 million, an increase of 28%.

In the fourth quarter 2023, sales reached €3,364 million, up 18% at constant exchange rates and 13% at current exchange rates, despite the particularly high comparison base in America and in Asia. The group pursued the trend seen over the third quarter, thanks to sustained sales.

Axel Dumas, Executive Chairman of Hermès, said: *"In 2023, Hermès has once again cultivated its singularity and achieved an outstanding performance in all métiers and across all regions against a high base. These solid results reflect the strong desirability of our collections and the commitment and talent of the house's women and men. I thank them all warmly."*

### Sales by geographical area at the end of December

*(at constant exchange rates unless otherwise indicated)*

At the end of December, all the geographical areas posted a solid performance with homogeneous growth of around 20%. Sales increased both in the group's stores (+20%), which benefitted from a strong demand and the reinforcement of the exclusive distribution network, and in wholesale activities (+24%), driven by the travel retail business.

Asia excluding Japan (+19%) pursued its strong growth, with significant increases in sales in all the countries of the region. A second store opened in October in Chengdu, the capital city of the province of Sichuan, becoming the house's thirty-third address in Mainland China, following the opening of a store in Tianjin in July. In Korea, the store at the Shilla Hotel in Seoul reopened in December after renovation and extension work.

Japan (+26%) recorded a steady and sustained increase in sales. The Daimaru Sapporo store on Hokkaido island and the Takashimaya store in the centre of Kyoto were inaugurated in October and November, after renovation and expansion.

America (+21%) confirmed an outstanding performance, in particular

in the second half of the year. After being renovated and expanded, the Chicago store was inaugurated at the end of October, and the Bellagio store reopened in Las Vegas in December, following the store openings of Naples on the Gulf of Mexico in February, Aspen in June and Los Angeles Topanga in July. The *Hermès in the Making* travelling exhibition which showcases the know-how of the House, met with great success in Chicago in October.

Europe excluding France (+20%) and France (+20%) recorded robust growth, thanks to the loyalty of local clients and to the dynamic of tourists flows. Following renovation, the Crans-Montana store in Switzerland reopened in December, after the store located in the historic centre of Bordeaux in November and the Vienna store in Austria in September. The Silk event *Par un beau soir de carrés*, staged in Brussels in November, attracted great attention.

### Sales by sector at the end of December

*(at constant exchange rates unless otherwise indicated)*

At the end of December 2023, all the métiers confirmed their solid momentum, with Ready-to-wear and Accessories, Watches and Other Hermès Sectors achieving a remarkable increase.

The Leather Goods and Saddlery métier (+17%), which demand is very sustained, saw a strong increase. The *Maximors* bag, with its sterling work, and *Della Cavalleria Élan* and *Arçon* bags have been unveiled. Finally, the models displaying exceptional savoir-faire in an *Arts & Craft's* spirit around the *Haut à Courroies* notably have met with great success.

In 2023, Hermès inaugurated the leather goods workshops in Louviers and la Sormonne, the first two industrial buildings in France to carry the E4C2 label that assesses environmental performance based on energy consumption and carbon emissions. Production capacities continue to grow with four leather goods workshop projects over the next four years: Riom (Puy-de-Dôme) in 2024, L'Isle-d'Espagnac (Charente) in 2025, Loupes (Gironde) in 2026 and Charleville-Mézières (Ardennes) scheduled for 2027, which will reinforce the nine centres of expertise located all over France. Hermès continues to reinforce its local anchoring in France in regions with strong manufacturing know-how, while also developing employment and training.

The Ready-to-wear and Accessories sector (+28%) pursued its strong growth, thanks to the success of the ready-to-wear and footwear collections. The men's and women's spring-summer 2024 collections were very well received when they were presented at fashion shows in June and September respectively.

The Silk and Textiles sector (+16%) recorded a solid performance, supported by the success of the collections which feature exceptional materials and unique craftsmanship. Production capacities continue to expand, notably with the set-up of a new printing line at the Pierre-Bénite site in Lyon.

The Perfume and Beauty sector (+12%) benefitted from the success of both the latest creations and the House's classics such as *Terre d'Hermès*, the *Jardins* collection and *Twilly d'Hermès*. The Hermès Beauty range was enhanced with a fifth chapter at the end of September, *Regard Hermès*, inspired by the House's emblematic shades, as well as with limited editions of *Rouge Hermès*.

The Watches métier (+23%) confirmed its splendid performance, displaying singular creativity and remarkable watchmaking know-how, in both the complication models and the House's iconic models. The *Hermès H08* line is a great success and welcomed several new models this year.

The Other Hermès sectors (+26%), which include Jewellery and Homeware, recorded strong growth. Jewellery showcased the *Chaîne d'ancre* design, reinterpreted in a multitude of shapes and materials unveiled at an exhibition at the Faubourg store in Paris in July.

### Outstanding results

Recurring operating income increased by 20% to €5,650 million compared to €4,697 million in 2022. Thanks to the strong sales growth and the favourable impact of currency hedging, annual recurring operating profitability reached its highest level ever at 42.1%, up from 40.5% in 2022.

Consolidated net profit group share amounted to €4,311 million (32.1% of sales) compared to €3,367 million in 2022, an increase of 28% resulting from the outstanding operating performance as well as an improved return on cash management.

Operating cash flow was €5,123 million, up 25%. This enabled us to finance €859 million of operating investments and a €794 million increase in working capital requirements, consistent with the strong rise in activity. Adjusted free cash flow reached €3,192 million.

After distribution of the ordinary dividend (€1,359 million) and

inclusion of financial investments (€316 million) and treasury share buybacks (€132 million for 74,954 shares outside the liquidity contract), the restated net cash position increased by €1,422 million to €11,164 million compared to €9,742 million as at 31 December 2022.

### A sustainable and responsible model

The Hermès group continued to recruit and increased its workforce by around 2,400 people. At the end of 2023, the group had 22,040 employees, including 13,700 in France. Over the past three years, Hermès has created more than 5,400 jobs, including 3,300 in France.

True to its commitment as a responsible employer, and its policy of sharing the fruits of growth with all those who contribute to it on a daily basis, Hermès will pay at the beginning of the year a bonus of €4,000 to all its employees worldwide in respect of 2023, after announcing last July a new plan for the allocation of free shares to all the employees. Hermès is strengthening its commitments in the fields of education and knowledge transmission particularly through the deployment of the *École Hermès des savoir-faire*, which has extended its leatherwork, cutting and stitching diploma courses in 8 regional training schools in France this year.

In line with the House's commitments to the fight against climate change, Hermès pursued its actions in line with its emissions reduction targets validated by the Science Based Target initiative (SBTi). Hermès aims to reduce emissions by 50.4% on scope 1 and 2 in absolute value and by 58.1% in intensity on scope 3, over the 2018-2030 period. Pursuing its commitment to quality and the development of sustainable materials for its 16 business lines, the House is continuing its drive to achieve certification for its 44 supply chains by 2024. Thus, at the end of December, more than 80% of the leather goods division's suppliers were LWG (Leather Working Group) certified.

In 2023, the group has initiated the Science Based Targets for Nature (SBTN) process to set scientific targets for nature, in particular in biodiversity, fresh water, forests and soils. Hermès is one of 120 companies worldwide to have launched this process. Regarding the protection of natural resources, the House also implemented its particularly demanding responsible real estate standard that integrates sustainability issues across the life cycle of real estate projects.





# 1

## PRESENTATION OF THE GROUP AND ITS RESULTS

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## 1.1 SIX GENERATIONS OF CRAFTSPEOPLE

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

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

### AN INNOVATIVE HOUSE PASSIONATE ABOUT ITS ERA

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

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

### A VISIONARY HOUSE

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

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

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

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

### HERMÈS TODAY

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

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

In 2018, Hermès International entered the CAC 40 index followed, in 2021, by the Euro Stoxx 50 index. This demonstrates the Group's remarkable industrial trajectory and stock market performance of an independent, family-run House of craftspeople, which distributes its objects through a dynamic network of 294 stores around the world. For over 150 years, Hermès has enriched its métiers without deviating from its strict quality standards. In this regard, the House is committed to continuing to develop its production in France through its 60 integrated production and training sites.

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

## HERMÈS IN KEY DATES

### 1837

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

### 1867

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

### 1880

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

### 1900

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

### 1922

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

### 1925

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

### 1927

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

### 1937

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

### 1945

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

### 1949

- ◆ Creation of the first tie.

### 1951

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

### 1956

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

### 1967

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

### 1973

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

### 1978

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

### 1984

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

### 1987

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

### 1992

- ◆ Leather workshops established in Pantin.

### 1993

- ◆ Flotation of Hermès International on the stock exchange.

### 2000

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

### 2001

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

### 2006

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

**2008**

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

**2010**

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

**2013**

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

**2014**

- ◆ A Maison Hermès opens in Shanghai.

**2015**

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

**2018**

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

**2020**

- ◆ Launch of the 16<sup>th</sup> métier: Beauty.

**2021**

- ◆ Hermès International enters the Euro Stoxx 50.

**2022**

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

## 1.2 GROUP GOVERNANCE

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

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

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

The Operations Committee, which reports to the Executive Management, is made up of the Executive Committee and the Senior Executives of the Group's main métiers and geographical areas, as well as commercial and support functions.

Its duties are:

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

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



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



Éric de Seynes  
Chairman of the Supervisory Board

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

## 1.3 STRATEGY

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

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

### CREATION AT THE CORE OF HERMÈS' STRATEGY

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

Hermès' strategy is based on creative freedom. Each year, a theme inspires creators and Artistic Directors. Driven by a history spanning nearly 200 years, during which the House has continued to develop with audacity and ingenuity, Hermès paid homage to the theme of Astonishment in 2023. Inspired by creation at Hermès, the ability to astonish is a constant source of innovation and dynamism for the House. High standards in design and manufacturing encourage the creation of objects that aim to surprise and amaze customers. This creativity, revolving around traditional *savoir-faire*, is coupled with innovative processes to revisit timeless models and create exceptional pieces, without departing from Hermès' trademark humour and imaginative flair. The unbridled creativity flourishes in all métiers, as reflected in the numerous scarf designs printed every year. It is then expressed through over 50,000 references, developed around a unique identity and a style blending exceptional quality, innovation, surprise, elegance and simplicity. In 2023, it was expressed in particular with the successful launches of the perfumes *Un Jardin à Cythère* and *Tutti Twilly* and of the 5<sup>th</sup> chapter of Beauty, *Le Regard Hermès*, new models in the leather goods collections such as *Arçon*, *Della Cavalleria Elan* or by the very strong momentum of Jewellery and Watches, for example with the *Hermès H08* watch, which is available in several versions.

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

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

### PERFORMANCE OF THE INTEGRATED CRAFTSMANSHIP MODEL

Hermès leverages its craftsmanship division, the second pillar of its strategy, with more than 7,300 craftspeople in France. Backed by a history shaped by six generations, Hermès moves with the times, but always respecting tradition, transmission and innovation.

The House works alongside those who master, preserve and transmit

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

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

The House ensures that it continually nurtures improvements in the gestures and *savoir-faire* of its craftspeople. True to its commitments in terms of education and transmission, and to support the growth of its activities, Hermès opened the *École Hermès des Savoir-Faire* in 2021, which has been rolled out in eight training schools in the regions. After the CAP in Leather Goods, the professional training certificate was extended this year to cutting and stitching. In 2022, the House also launched the *École des artisans de la vente* in Paris and is rolling out its training courses mainly for sales teams in Hermès stores around the world.

To guarantee this craftsmanship model in the long term, the House's strategy is to accelerate the securing of its supplies of materials and consolidate relations with its suppliers over time. Vertical integration, through partnerships and acquisitions, ensures traceability in its supply chains and supports the development strategy, with regards to materials as well as techniques and *savoir-faire*. More than 55% of production is integrated and 74% is located in France.

### THE DYNAMICS OF AN EXCLUSIVE, OMNICHANNEL AND MULTI-LOCAL DISTRIBUTION NETWORK

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

The exclusive distribution network consists primarily of branches run by the Group around the Hermès brand. Each of the 294 stores across the world offers a personalised selection of objects, to exceed the specific expectations of customers and offer a distinct purchasing experience in each and every store. Each store is unique and enables its customers to explore and discover the most beautiful products, and extends the House's *lustre* worldwide.

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

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

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

## AN ENTREPRENEURIAL SPIRIT AND INDEPENDENCE

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

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

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

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

## RESPONSIBLE GROWTH AND HUMANIST VALUES

As a company that respects the nature that inspires it, Hermès ensures the preservation of its resources and its impact on natural environments and local ecosystems, with an artisanal production model. The Group is stepping up its efforts in terms of social, societal and environmental performance.

Hermès' highly integrated craftsmanship model promotes the creation of skilled jobs in France and social inclusion. The Group has more than doubled its workforce in 10 years and more than 60% of recruitment takes place in France. The diversity of talents is a source of wealth, creativity and innovation. In 2023, Hermès accelerated its job creation by recruiting 2,400 people, including 1,400 in France. More than 22,000 employees promote Hermès worldwide. These women and men who guarantee the quality of the objects, constitute

a heritage for the House. To affirm its commitment to education, the House is developing its training schools for its major craftsmanship métiers.

The profit-sharing and incentive agreements, as well as the granting of free shares, enable all employees in France to share in the Group's success. A new free share allocation plan to all employees was announced in June 2023. Today, employee shareholding, taking into account these latest allocations, concerns approximately 80% of employees. True to its commitment as a responsible employer, and recognising the commitment of everyone to the Group's performance and success, Hermès paid all Group employees an exceptional bonus in 2024, in addition to the salary increases in France and worldwide. In 2023, the House also continued its actions to strengthen inclusion and diversity. Today, 6.85% of Hermès employees in France have a disability, exceeding legal obligations. A third Group Disability Agreement was signed at the end of 2023.

Nature, a source of exceptional materials, is at the heart of our craftsmanship model and its preservation plays a central role in Hermès' commitments. Global warming, its impact on biodiversity and the industrialisation of raw materials are areas of concern, which the House addresses through its climate strategy, its concrete initiatives in terms of responsible supply chains and its policies for the preservation of natural resources.

The Group's environmental policy is based on major commitments to preserve natural resources: protection and regeneration of biodiversity, reduction of water abstraction, control and reduction of discharges and waste. The House is increasing its practical actions to minimise its footprint on biodiversity, in particular through a comprehensive inventory of its impacts according to the Global Biodiversity Score (GBS) method in partnership with WWF and CDC Biodiversité and the undertaking of *ad hoc* studies in certain sectors. In 2023, the Group committed to the Science Based Targets for Nature (SBTN) approach, in order to establish scientific objectives for nature, in particular for biodiversity, freshwater, forests, soils and oceans. Hermès is one of the 120 companies that have initiated this approach worldwide.

The House, which by its nature is a low emitter of greenhouse gases, however continues to implement its commitments against climate change, in line with its objectives for a climate trajectory below 1.5°C, validated by the Science Based Targets initiative (SBTi). The Group is stepping up its actions by controlling its industrial, logistics and commercial activities and by the gradual commitment of its partners within the value chain. In particular, on the subject of energy, the Group's energy sobriety policy is supplemented by an energy de-fossilisation strategy, in particular through the use of renewable energies.

Hermès places responsibility and sustainability in all its actions and creations. The systematic implementation of its particularly demanding responsible real estate standard will make it possible not only to reduce the greenhouse gas emissions of new constructions but also the energy consumption of buildings to integrate sustainability issues across the entire life cycle of real estate projects. The Hermès “responsible IT” approach, led by Hermès Système d'Information (HSI), covers all of the Group's digital products and services and aims to use best market practices to respond to the repositioning of digital to assist the environmental transition of operations (IT for Green), to limit the digital carbon footprint (Green IT)

and support the Finance function in the consolidation of regulatory reporting. Each métier or production unit is committed to applying the principles of eco-design to use materials wisely, as well as to reduce waste and promote reuse and recycling to move towards a circular economy. The widespread use of product LCAs (life cycle analyses) structures this approach.

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

In 2023, Hermès again saw an improvement in non-financial ratings, reflecting the strength of its CSR commitments. Hermès was thus rewarded when it received the Grand Prix Emploi Humpact, which recognises achievements in social matters, for the third time, as well as the Grand Prix CAC Large 60 of the Transparency Awards, which recognises the quality of regulated information. Hermès is on the CDP A-list (ranking of the 330 best performing companies worldwide on environmental issues), rated A for Climate and Water, and A- for Forest. The ISS agency published an improved rating of "B-Prime" (versus C+ in 2021). The Group consolidated its position in the ratings of Moody's ESG and FTSE4Good.

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



## 1.4 SIMPLIFIED ORGANISATION CHART AND GROUP LOCATIONS

### 1.4.1 SUMMARY DESCRIPTION OF THE GROUP AS AT 31 DECEMBER 2023

#### HERMÈS INTERNATIONAL



<sup>(1)</sup> Stores temporarily closed.

The main consolidated companies as at 31 December 2023 (distribution subsidiaries and holding companies of the divisions) are listed in note 16 of the consolidated financial statements.

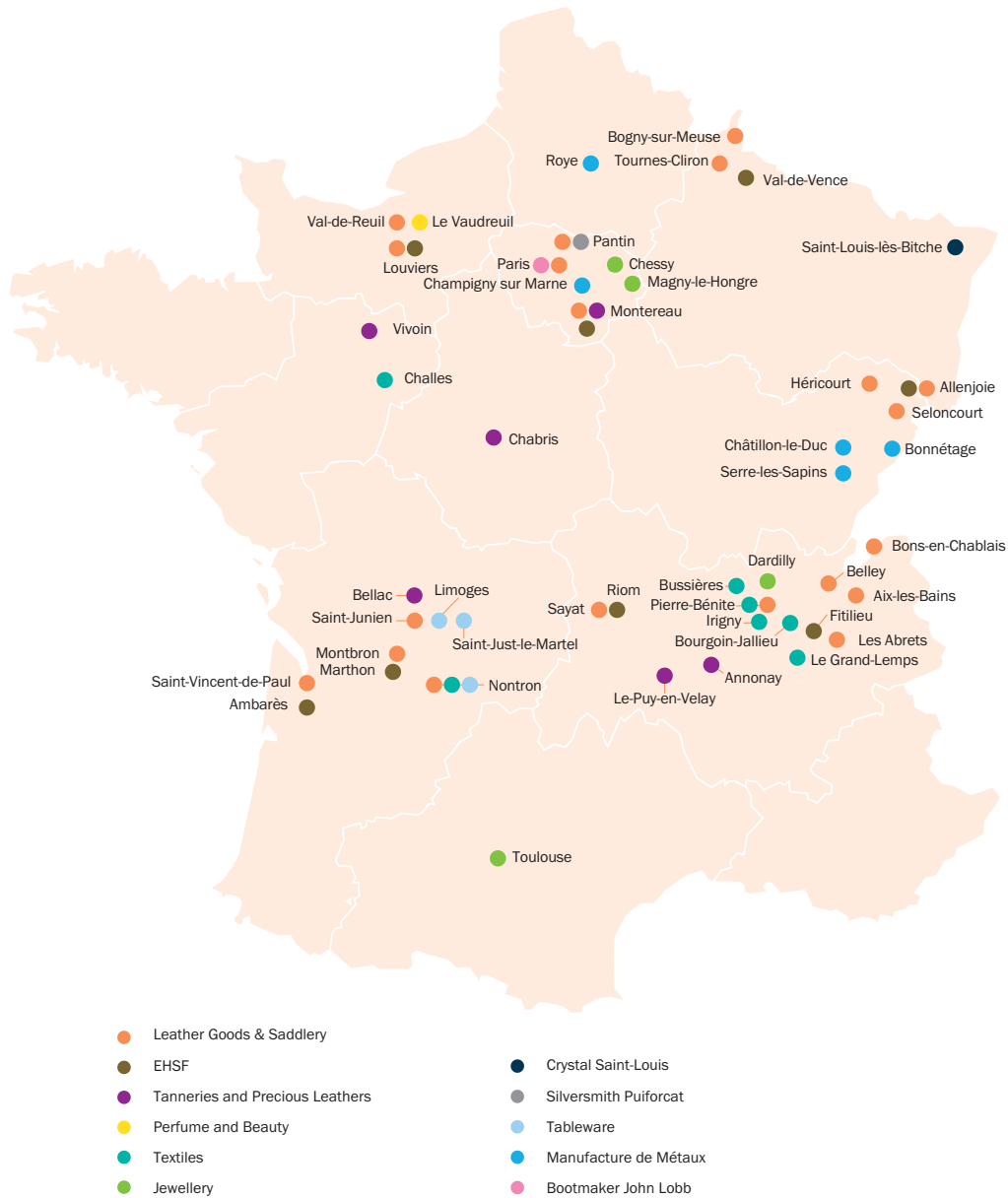
## 1.4.2 INTEGRATED PRODUCTION AND TRAINING SITES WORLDWIDE

The Hermès Group operates 75 fully owned production and training sites, including 60 in France.

Métiers	Country/French region	Number of sites	French locality
<b>Leather Goods &amp; Saddlery</b>	France/Auvergne-Rhône-Alpes	8	Aix-les-Bains Belley Bons-en-Chablais Fitilieu (EHSF)* Les Abrets Pierre-Bénite Riom (EHSF) * Sayat
	France/Bourgogne-Franche-Comté	3	Allenjoie (including EHSF) * Héricourt Seloncourt
	France/Grand-Est	3	Bogny-sur-Meuse Tournes-Cliron Val-de-Vence (EHSF) *
	France/Île-de-France	4	Montereau (including EHSF) * Pantin Pyramide and CIA Paris Faubourg Saint-Honoré Paris Saint-Antoine
	France/Normandy	2	Louviers (including EHSF) * Val-de-Reuil
	France/Nouvelle-Aquitaine	6	Ambarès (EHSF) * Marthon (EHSF) * Montbron Nontron Saint-Junien Saint-Vincent-de-Paul
<b>Tanneries and Precious Leathers</b>	France/Auvergne-Rhône-Alpes	2	Annonay Le-Puy-en-Velay
	France/Centre-Val-de-Loire	1	Chabris
	France/Île-de-France	1	Montereau
	France/Nouvelle-Aquitaine	1	Bellac
	France/Pays de la Loire	1	Vivoin
	Australia	6	
	United States	2	
	Italy	1	
<b>Textiles</b>	France/Auvergne-Rhône-Alpes	9	Bourgoin-Jallieu – 4 sites Bussières Irigny Le Grand-Lemps Pierre-Bénite – 2 sites
	France/Nouvelle-Aquitaine	1	Nontron
	France/Pays de la Loire	1	Challes
<b>Manufacture de Métaux</b>	France/Bourgogne-Franche-Comté	3	Bonnétage Châtillon-le-Duc Serre-les-Sapins
	France/Hauts-de-France	1	Roye
	France/Île-de-France	2	Champigny-sur-Marne – 2 sites
	Portugal	2	
<b>Tableware</b>	France/Nouvelle-Aquitaine	3	Limoges Nontron Saint-Just-le-Martel
	France/Auvergne-Rhône-Alpes	1	Dardilly
<b>Jewellery</b>	France/Île-de-France	2	Chessy Magny-Le-Hongre
	France/Occitanie	1	Toulouse
<b>Perfume and Beauty</b>	France/Normandy	1	Le Vaudreuil
<b>Watches</b>	Switzerland	2	
<b>Shoes</b>	Italy	1	
<b>Crystal Saint-Louis</b>	France/Grand-Est	1	Saint-Louis-lès-Bitche
<b>Silversmith Puiforcat</b>	France/Île-de-France	1	Pantin-CIA
<b>Bootmaker John Lobb</b>	France/Île-de-France	1	Paris Mogador
	United Kingdom	1	

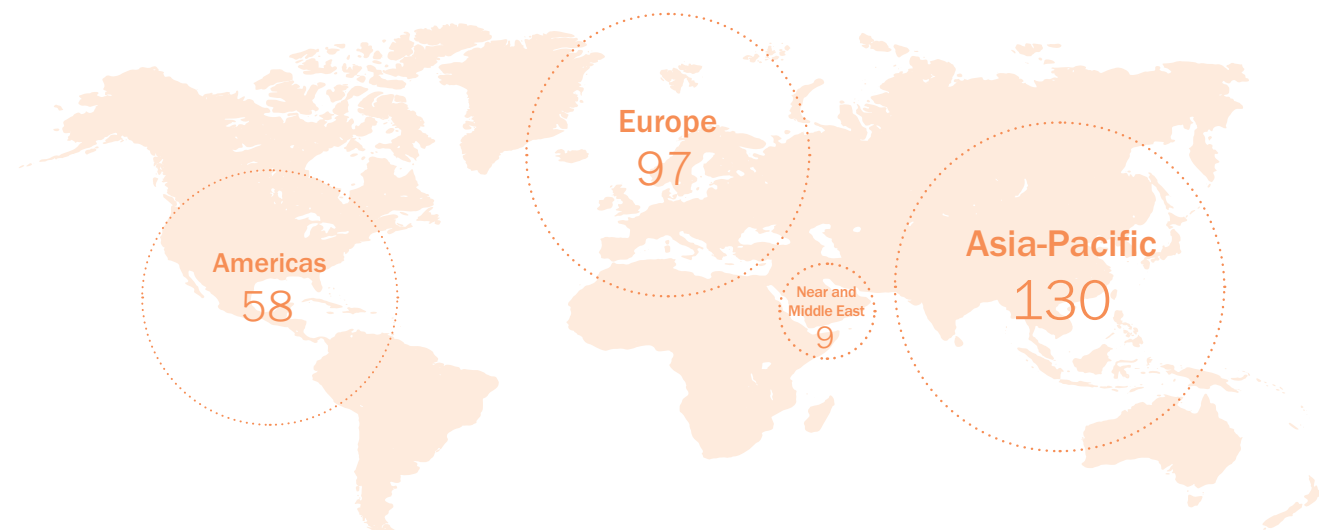
\* EHSF: École Hermès des Savoir-Faire.

1.4.3 INTEGRATED PRODUCTION AND TRAINING SITES IN THE FRENCH REGIONS



## 1.4.4 WORLDWIDE DISTRIBUTION NETWORK

Hermès objects are available worldwide through a network of 294 exclusive stores. Hermès watches, perfumes and tableware are also sold through networks of specialised stores.

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

9 branches:

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

2 concessionaires

**Austria: 2**

1 branch:

- ◆ Vienna

1 concessionaire

**Belgium: 2**

2 branches:

- ◆ Brussels
- ◆ Knokke-le-Zoute

**Denmark: 1**

1 branch:

- ◆ Copenhagen

**Spain: 4**

4 branches:

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

**France: 27**

13 branches:

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

14 concessionaires

**United Kingdom: 8**

6 branches:

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

2 concessionaires

**Greece: 1**

1 branch:

- ◆ Athens

**Ireland: 1**

1 branch:

- ◆ Dublin

**Italy: 12**

10 branches:

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

2 concessionaires

**Kazakhstan: 1**

1 concessionaire

**Luxembourg: 1**

1 concessionaire

**Norway: 1**

1 branch:

- ◆ Oslo

**Netherlands: 3**

2 branches:

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

1 concessionaire

**Poland: 1**

1 branch:

- ◆ Warsaw

**Portugal: 1**

1 branch:

- ◆ Lisbon

**Principality of Monaco: 1**

1 branch:

- ◆ Monte Carlo

**Czech Republic: 1**

1 branch:

- ◆ Prague

**Russia: 4 (1)**

4 branches:

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

**Sweden: 1**

1 branch:

- ◆ Stockholm

**Switzerland: 9**

8 branches:

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

1 concessionaire

**Türkiye: 4**

3 branches:

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

1 concessionaire

1. Stores temporarily closed.

## Asia-Pacific

### Australia: 6

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

### Mainland China: 33

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

- ◆ Zhengzhou  
 4 concessionaires

### South Korea: 19

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

### Guam: 1

- 1 branch:  
 ◆ Guam

### Hong Kong: 7

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

### India: 2

- 2 branches:  
 ◆ Mumbai  
 ◆ New Delhi

### Indonesia: 2

- 2 concessionaires

### Japan: 31

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

### Macao: 4

- 4 branches:  
 ◆ Macao Four Seasons  
 ◆ Macao Galaxy  
 ◆ Macao One Central  
 ◆ Macao Wynn Palace

### Malaysia: 3

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

### Philippines: 1

- 1 concessionaire

### Singapore: 6

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

### Taiwan: 8

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

### Thailand: 5

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

### Vietnam: 2

- 2 concessionaires

## Americas

### Argentina: 1

- 1 branch:  
 ◆ Buenos Aires

### Brazil: 3

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

### Canada: 5

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

### Caribbean: 1

- 1 branch:  
 ◆ Saint-Barthélemy

### Chile: 1

- 1 concessionaire

### United States: 40

- 35 branches:  
 ◆ American Dream  
 ◆ Aspen  
 ◆ Atlanta  
 ◆ Austin  
 ◆ Aventura  
 ◆ Beverly Hills  
 ◆ Boston  
 ◆ Chicago  
 ◆ Costa Mesa South Coast Plaza  
 ◆ Dallas  
 ◆ Denver  
 ◆ Greenwich  
 ◆ Hawaii Ala Moana  
 ◆ Hawaii Waikiki  
 ◆ Houston  
 ◆ Las Vegas Bellagio  
 ◆ Las Vegas Crystals  
 ◆ Las Vegas Wynn  
 ◆ Los Angeles Topanga  
 ◆ Miami  
 ◆ Naples  
 ◆ New York Madison 706  
 ◆ New York Meatpacking  
 ◆ New York Roosevelt Field  
 ◆ New York Wall Street  
 ◆ Orlando  
 ◆ Palm Beach  
 ◆ Palo Alto  
 ◆ Philadelphia King of Prussia  
 ◆ San Diego

### San Francisco

- ◆ Seattle  
 ◆ Short Hills  
 ◆ Troy  
 ◆ Washington  
 5 concessionaires

### Mexico: 6

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

### Panama: 1

- 1 concessionaire

## Near and Middle East

### Bahrain: 1

- 1 concessionaire

### Kuwait: 1

- 1 concessionaire

### Lebanon: 1

- 1 concessionaire

### Qatar: 2

- 2 concessionaires

### United Arab Emirates: 4

- 4 concessionaires

### 1.4.5 REAL ESTATE

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

In Paris, the Group now occupies office space of approximately 31,400 m<sup>2</sup> mainly near its historical registered office of 24, rue du Faubourg Saint-Honoré and 19-21, rue Boissy d'Anglas, which it owns. Staff work in office premises in rue de la Ville-l'Évêque, rue d'Anjou and rue de Penthièvre in Paris 8<sup>th</sup> arrondissement, leased from third parties under commercial leases. In order to meet the expected growth in the Paris workforce, the Group leased two additional buildings on rue d'Anjou in Paris 8<sup>th</sup> arrondissement in 2022, with surface areas of 4,400 m<sup>2</sup> and 9,900 m<sup>2</sup>, which will undergo major renovations prior to being occupied. In 2023, the Group acquired the latter and leased an additional building of 5,000 m<sup>2</sup> on rue d'Athènes in Paris 9<sup>th</sup> arrondissement.

In Pantin, Hermès occupies 79,200 m<sup>2</sup> of manufacturing premises and office space, most of which is owned by the Group, including the Espace Jean-Louis Dumas, which opened in 2015, and the Cité des Métiers, which won the Prix de l'Équerre d'Argent 2014. In 2022, the Group took on a lease for three and a half floors in a new building on

the banks of the Ourcq Canal, for a total surface area of 8,700 m<sup>2</sup>, to house the employees of IT services and the Home métiers. In 2023, the Group leased an additional floor and a half in this building for an additional surface area of approximately 4,330 m<sup>2</sup>.

The Group leases an office building located in Pré-Saint-Gervais to provide a surface of 6,200 m<sup>2</sup>.

In Bobigny, the Group owns its logistics site, with a total surface area of approximately 32,100 m<sup>2</sup>. In 2023, the Group added a new 32,070 m<sup>2</sup> logistics site in Vémars under an off-plan lease.

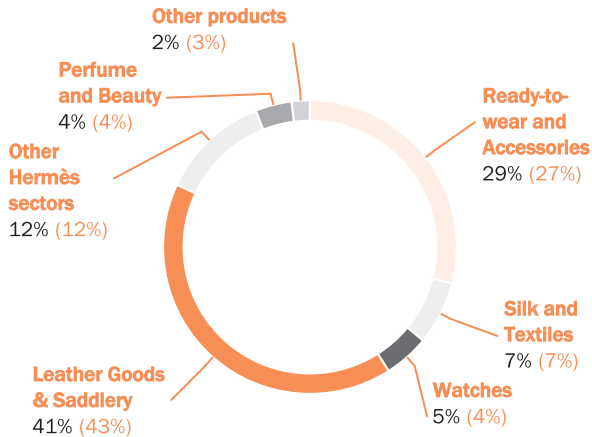
The Group is the owner of 63 of the 75 production sites that it operates (§ 1.4.2).

Hermès products are sold worldwide through 294 exclusive stores (§ 1.4.3). A total of 225 stores are operated as branches, most of which have commercial leases, intended primarily to ensure the continuity of operations over time.

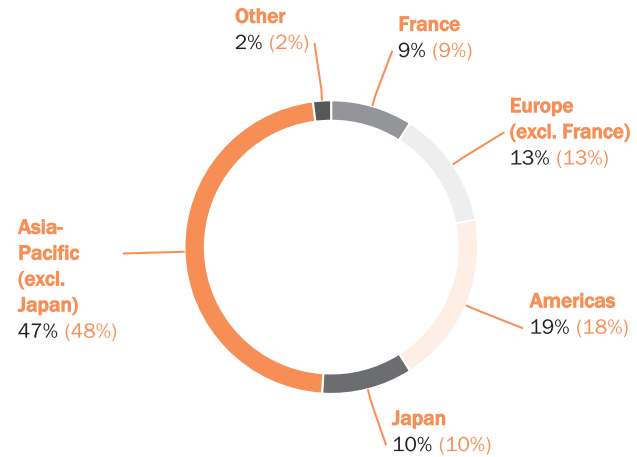
However, the Group also owns the buildings that house certain stores, including those in Paris, Ginza in Tokyo, Dosan Park in Seoul, Beverly Hills, Sydney and Geneva. In addition, the Group owns a commercial building and offices in London.

## 1.5 KEY FINANCIAL AND NON-FINANCIAL FIGURES AFR

### 1.5.1 REVENUE BY MÉTIER FOR 2023 (2022)



### 1.5.2 REVENUE BY GEOGRAPHICAL AREA FOR 2023 (2022)



### 1.5.3 KEY CONSOLIDATED FINANCIAL DATA

In millions of euros	2023	2022	2021	2020	2019
Revenue	13,427	11,602	8,982	6,389	6,883
Growth at current exchange rates vs. n-1	16%	29%	41%	(7)%	15%
Growth at constant exchange rates vs. n-1 <sup>1</sup>	21%	23%	42%	(6)%	12%
Recurring operating income <sup>2</sup>	5,650	4,697	3,530	1,981	2,339
in % of revenue	42.1%	40.5%	39.3%	31.0%	34.0%
Operating income	5,650	4,697	3,530	2,073	2,339
in % of revenue	42.1%	40.5%	39.3%	32.4%	34.0%
Net income attributable to owners of the parent	4,311	3,367	2,445	1,385	1,528
in % of revenue	32.1%	29.0%	27.2%	21.7%	22.2%
Operating cash flows	5,123	4,111	3,060	1,993	2,063
Operating investments	859	518	532	448	478
Adjusted free cash flows <sup>3</sup>	3,192	3,404	2,661	995	1,406
Equity attributable to owners of the parent	15,201	12,440	9,400	7,380	6,568
Net cash position <sup>4</sup>	10,625	9,223	6,695	4,717	4,372
Restated net cash position <sup>5</sup>	11,164	9,742	7,070	4,904	4,562
Headcount in number of people <sup>6</sup>	22,037	19,686	17,595	16,600	15,417

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

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

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

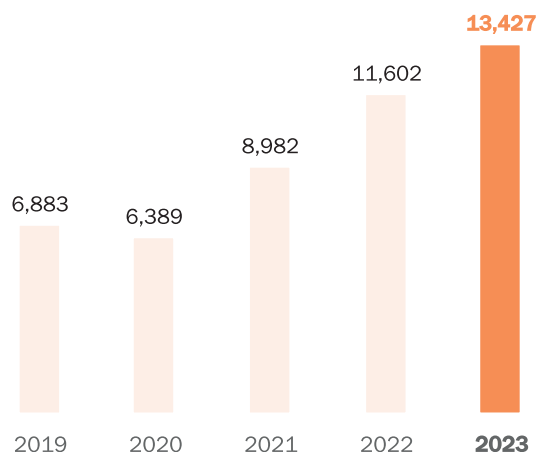
(4) Net cash position includes cash and cash equivalents presented under balance sheet assets, less bank overdrafts which appear under short-term borrowings and financial liabilities on the liabilities side. Net cash position does not include lease liabilities recognised in accordance with IFRS 16.

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

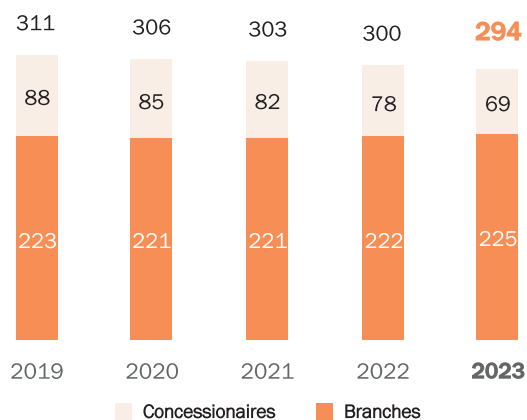
(6) Headcount corresponds to employees on permanent employment contracts and those on fixed-term contracts of more than nine months.

## CHANGE IN CONSOLIDATED REVENUE

In millions of euros

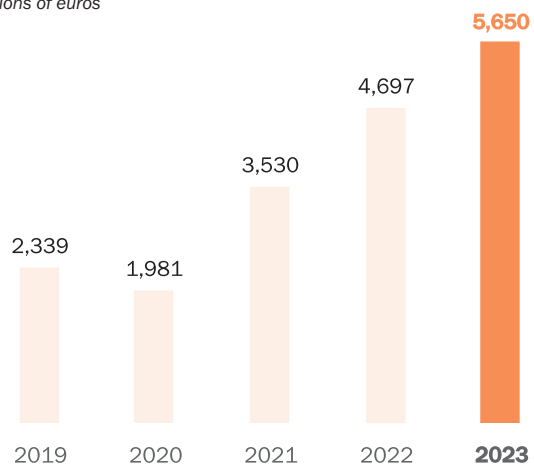


## CHANGE IN THE NUMBER OF HERMÈS EXCLUSIVE STORES



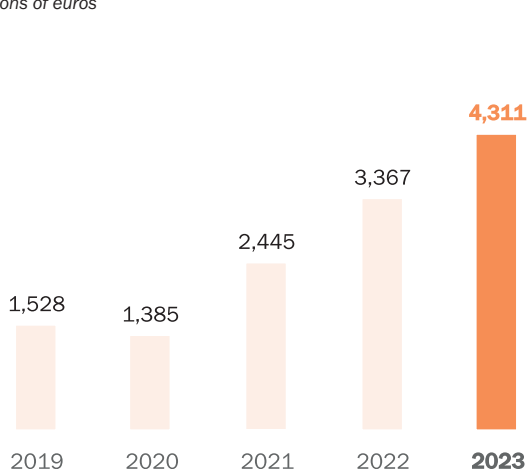
## CHANGE IN RECURRING OPERATING INCOME

In millions of euros



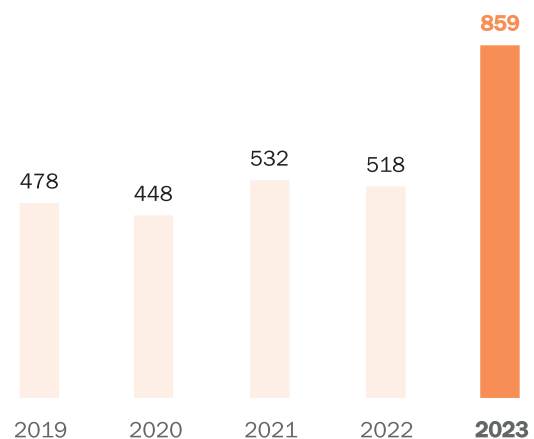
## CHANGE IN NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT

In millions of euros



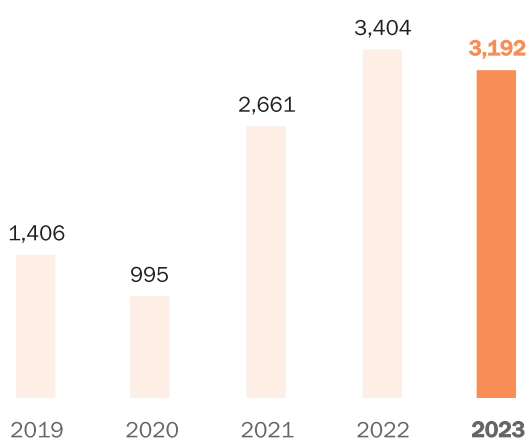
## CHANGE IN OPERATING INVESTMENTS

In millions of euros



## CHANGE IN ADJUSTED FREE CASH FLOWS

In millions of euros





1.5.4 KEY NON-FINANCIAL FIGURES



**RESPONSIBLE EMPLOYER**  
**2,400**  
jobs created in 2023

**DIVERSITY AND INCLUSION**  
**6.85%**  
direct employment rate of people with disabilities

**GENDER EQUALITY**  
**60%**  
women manager in the group

**TURNOVER**  
**4.78%**  
group turnover rate



**LOCAL ANCHORING**  
**74%**  
objects are made in France

**VERTICAL INTEGRATION**  
**55%**  
manufactured in its in-house and exclusive workshops

**SUSTAINABLE RELATIONSHIPS**  
**19 YEARS**  
average length of supplier relationships (top 50)

**LOCAL SUPPLIERS**  
**66%**  
purchases come from France (Top 50)



**CLIMATE SCOPE 1&2 (SBTI)**  
**-30%**  
emissions reduction in absolute value between 2022 and 2023

**BIODIVERSITY**  
**SBTN**  
Scientific approach for nature undertaken

**WATER CONSUMPTION**  
**-62%**  
in industrial water intensity over 10 years

**ENERGY TRANSITION**  
**70%**  
renewable energy



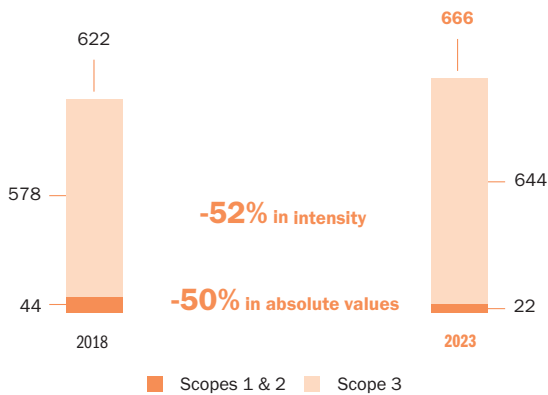
**TRANSPARENCY AWARDS**  
**#1**  
CAC LARGE 60

**COMMITTED TO COMMUNITIES**  
**400**  
local actions and partnerships in 2023

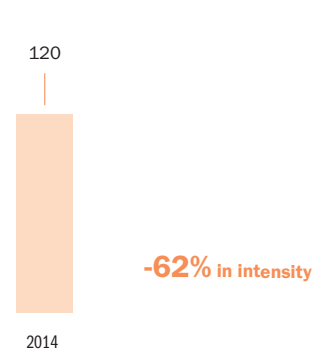
**SUSTAINABILITY**  
**>200,000**  
repairs in workshops

**CERTIFICATION**  
**100%**  
of the Group's tanneries are Leather Working Group certified

CHANGE IN GREENHOUSE GAS EMISSIONS



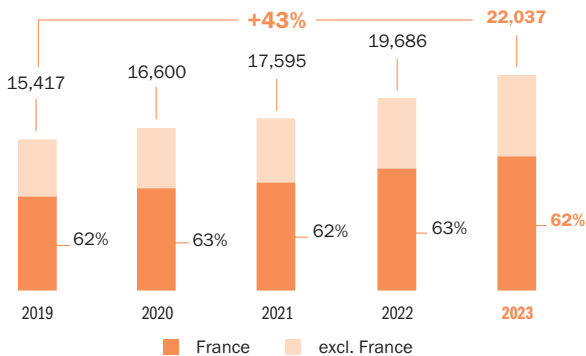
CHANGE IN INDUSTRIAL WATER CONSUMPTION



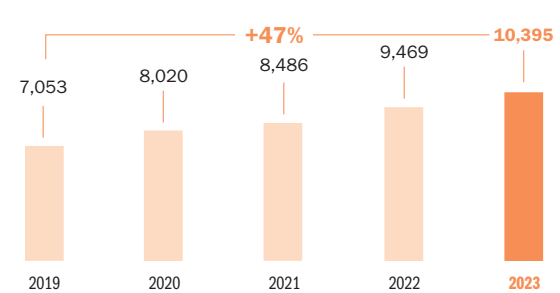
Absolute values: in k tonnes of CO<sub>2</sub> eq;  
Intensity: in tonnes CO<sub>2</sub> eq per €M gross margin.

Intensity: in M<sup>3</sup> per €M of revenue.

CHANGE IN GROUP WORKFORCE



CHANGE IN PRODUCTION WORKFORCE



**1.6 REVENUE AND ACTIVITY BY MÉTIER** AFR

<i>In millions of euros</i>	<b>2023</b>	<b>Mix</b>	<b>2022</b>	<b>Mix</b>	<b>Change</b>	
					<b>at current exchange rates</b>	<b>at constant exchange rates</b>
Leather Goods & Saddlery	5,547	41%	4,963	43%	12%	17%
Ready-to-wear and Accessories	3,879	29%	3,152	27%	23%	28%
Silk and Textiles	932	7%	842	7%	11%	16%
Other Hermès sectors	1,653	12%	1,371	12%	21%	26%
Perfume and Beauty	492	4%	448	4%	10%	12%
Watches	611	5%	519	4%	18%	23%
Other products	313	2%	306	3%	2%	5%
<b>CONSOLIDATED REVENUE</b>	<b>13,427</b>	<b>100%</b>	<b>11,602</b>	<b>100%</b>	<b>16%</b>	<b>21%</b>

## 1.7 REVENUE AND ACTIVITY BY GEOGRAPHICAL AREA AFR

1

In millions of euros	2023	Mix	2022	Mix	Change	
					at current exchange rates	at constant exchange rates
Europe	3,093	22%	2,600	22%	19%	20%
♦ France	1,274	9%	1,064	9%	20%	20%
♦ Europe (excluding France)	1,818	13%	1,536	13%	18%	20%
Asia-Pacific	7,533	57%	6,657	57%	13%	20%
♦ Japan	1,260	10%	1,101	10%	14%	26%
♦ Asia-Pacific (excluding Japan)	6,273	47%	5,556	48%	13%	19%
Americas	2,502	19%	2,138	18%	17%	20%
Other	299	2%	207	2%	44%	44%
<b>CONSOLIDATED REVENUE</b>	<b>13,427</b>	<b>100%</b>	<b>11,602</b>	<b>100%</b>	<b>16%</b>	<b>21%</b>

## 1.8 COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS AFR

### 1.8.1 INCOME STATEMENT

<i>In millions of euros</i>	<b>2023</b>	<b>2022</b>
<b>Revenue</b>	<b>13,427</b>	<b>11,602</b>
Cost of sales	(3,720)	(3,389)
<b>Gross margin</b>	<b>9,708</b>	<b>8,213</b>
Sales and administrative expenses	(3,169)	(2,680)
Other income and expenses	(889)	(836)
<b>Recurring operating income</b>	<b>5,650</b>	<b>4,697</b>
Other non-recurring income and expenses	-	-
<b>Operating income</b>	<b>5,650</b>	<b>4,697</b>
Net financial income	190	(62)
<b>Net income before tax</b>	<b>5,840</b>	<b>4,635</b>
Income tax	(1,623)	(1,305)
Net income from associates	105	50
<b>CONSOLIDATED NET INCOME</b>	<b>4,322</b>	<b>3,380</b>
Non-controlling interests	(12)	(13)
<b>NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>4,311</b>	<b>3,367</b>

In 2023, the Group's consolidated revenue amounted to €13.4 billion, up 21% at constant exchange rates and 16% at current exchange rates compared to 2022.

The gross margin rate was 72%, up by 1.5 points compared to 2022. This change is due to the positive impact of foreign exchange hedges, an accretive translation effect, sustained activity at the production sites and particularly high collection turnover rates.

Sales and administrative expenses, which represented €3,169 million, compared with €2,680 million in 2022, notably included €607 million in communication expenses, compared with €525 million in 2022. Other sales and administrative expenses, which include mainly the salaries of sales and support staff as well as variable rents, amounted to €2,561 million compared to €2,155 million in 2022.

Other income and expenses amounted to €889 million, compared with €836 million in 2022. They include depreciation and amortisation of €604 million (€552 million in 2022), half of which relates to property, plant and equipment and intangible assets and the other half to right-of-use assets. The steady increase in depreciation and amortisation reflects continued investments in the extension and renovation of the distribution network, digital technology and information systems. Other expenses also include €151 million related to free share plans in 2023.

Recurring operating income amounted to €5.7 billion, up by 20% compared to 2022. Current operating profitability reached a record level of 42.1% of sales, an improvement of 1.6 points compared to 2022.

Net financial income was positive in the amount of €190 million compared to an expense of €62 million in 2022. It includes the cost of foreign exchange hedges, interest on lease liabilities and interest payments on cash which, in line with the rise in interest rates, amounted to €331 million in 2023.

The income tax expense amounted to €1.6 billion and represents an effective tax rate of 27.8%.

After taking into account the net income from associates (income of €105 million) and non-controlling interests, the consolidated net income attributable to owners of the parent amounted to €4.3 billion compared with €3.4 billion in 2022, *i.e.* an increase of 28%. The improvement in recurring operating profitability and interest payments on cash led to a record level of net profitability of 32%, up 3 points year-on-year.

## 1.9 SIGNIFICANT EVENTS SINCE THE END OF THE FINANCIAL YEAR <sup>AFR</sup>

1

No significant event has occurred since the closing on 31 December 2023.

In line with its distribution network vertical integration strategy, the House has reinforced its relationship with its historical partner in the Middle East. Thus, Hermès became in early 2024 a majority

shareholder alongside its partner in the retail activities located in the United Arab Emirates. The latter remains the majority shareholder in the other countries of the region (Qatar, Kuwait, Bahrain). The impact of the change in consolidation method resulting from this acquisition of a majority stake and the amount paid will not be significant on the 2024 consolidated financial statements.

## 1.10 OUTLOOK AFR

On the strength of its unique business model, based on its values of independence, entrepreneurial spirit, craftsmanship and creativity, Hermès has shown the solidity of the House's craftsmanship and entrepreneurial business model, with exceptional results in 2023, despite an unstable global context. Sales growth was remarkable in all geographical areas. All métiers grew well, reflecting the desirability of creations among its customers. Hermès, firmly rooted and inspired by its heritage, is enriched by its creative freedom and innovation, and its attachment to savoir-faire. Firmly believing that there can be no creation of economic value and long-term development without creation of social and societal value and without environmental responsibility, Hermès is committed to leaving a positive footprint on the world.

Thanks to the ongoing dialogue between creation and excellence in savoir-faire, the House will continue to blossom, affirming the uniqueness of its style. The year 2024 will be marked by the development of new collections based on the most beautiful materials and an abundant creativity. Among the new products, the Perfume and Beauty métier will launch a new perfume for women in the fall, after launching a new Hermessence, *Oud Alezan*, and the fragrance for men, *H24 Herbes Vives*. Watches will continue to roll out its *Hermès H08* line, which has been expanding rapidly since its launch in 2021, and will present its new products at the Watches & Wonders Salon in Geneva. As part of Milan Design Week, Hermès will present the new collections of the Home universe and will launch the *Tressages Équestres* table service, in particular. The emblematic *Constance* and *Bolide* bags, with new ways of being carried and used, and the *R.M.S.* travel line, boasting new functionalities, will enrich the leather goods collections. Jewellery will unveil its eighth haute joaillerie collection.

The integrated and exclusive distribution network will continue to strengthen its omnichannel offering. In order to nurture the link with its particularly loyal local customers, to increase traffic and attract new customers, special attention will be paid to the acceleration of the digitisation of uses, the development of services and the expansion of the online product offering. The qualitative development of the store network will continue in 2024, with in particular plans to open, expand or renovate stores in Wuxi and Shenzhen MixC (mainland China), Atlanta and Princeton (United States), and Lille (France). Priority will be given to expansions and renovations in some 20 branches around the world.

In view of the House's strong momentum, the development of production capacities will continue across all métiers, and in particular in Silk, with the planned new printing line at Pierre-Bénite near Lyon, in Jewellery and in Home. The growing demand for Leather Goods & Saddlery will be supported by the ramp-up of the new sites within the nine centres of expertise throughout the country. The Group will continue its objective of opening on average one production unit per year, representing around 300 new hires. In 2024, Hermès will inaugurate a new leather goods workshop in Riom in the Puy-de-Dôme region, within the former Manufacture des tabacs de la ville, a brownfield site steeped in history. Together with the Sayat leather goods

workshop, it will form the regional hub "Les Manufactures d'Auvergne". The leather goods workshop projects in L'Isle-d'Espagnac (Charente), Loupes (Gironde) and Charleville-Mézières (Ardennes) will continue. Hermès will strengthen its integration in France in regions with high manufacturing savoir-faire and develop employment and training. The House's other métiers will continue to use their extensive expertise to design and create exceptional objects.

True to its commitment as a responsible employer, with the creation of 5,400 jobs over three years, of which more than 60% in France, Hermès will continue this multi-local and multi-métier dynamic in 2024. The Group will step up its efforts in terms of social, societal and environmental performance. Hermès will pursue its commitment to the development of its employees, inclusion and diversity. The enhancement and transmission of savoir-faire will remain at the heart of the priorities of the métiers, with, in particular, the acceleration of the rollout of the apprentice training centres (CFA) dedicated to the leather goods métiers, as well as the House's training in the unique savoir-faire of the other métiers, such as Jewellery. Present today in eight regions, the École Hermès des Savoir-Faire will be gradually set up in all the regional Leather Goods divisions. Control of the supply chains, guaranteeing the quality of materials, will continue with the implementation by the House's partners of "CSR briefs", which bring together the Group's requirements in terms of traceability, certification, carbon trajectory, reduction of water consumption and respect for human rights.

The House's commitments to fighting climate change and the preservation of biodiversity will remain at the forefront. With the development of eco-design strategies for all métiers and the construction of an internal tool to make life cycle analyses systematic, the Group will continue its efforts to encourage the sparing use of resources and waste management. More broadly, the Group's actions in favour of biodiversity will be strengthened with the continuation of the Science Based Targets for Nature (SBTN) approach and the greater depth given to impact analyses using the Global Biodiversity Score (GBS) method.

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

The Group is looking forward to 2024 with confidence, thanks to its highly integrated craftsmanship model, its balanced distribution network and the loyalty of its customers.

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

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

1

## 1.11 FONDATION D'ENTREPRISE

2023 was marked above all by the commitment of the Fondation d'entreprise Hermès to a new five-year term with an increased budget. By giving its Fondation more resources, Hermès is unequivocally renewing its trust in it and strengthening its action in favour of the public interest.

Driven since its creation in 2008 by the House's humanist values, the Fondation strives to implement its philanthropic initiatives in ways that distinguish it within the corporate philanthropic landscape. It has chosen to be an operator - or semi-operator - rather than distributor, through the development of specific programmes in the field of artistic creation, the transmission of savoir-faire, the preservation of biodiversity and solidarity. Each of these programmes enables the Fondation to act as closely as possible on the ground in response to targeted needs. Whether they are artists, project leaders or simply students, the beneficiaries of these actions can thus experience very concretely how the Fondation contributes, on its own scale, to building a better world.

By its very name, the new Transforme programme dedicated to the performing arts reflects the driving power that guides the Fondation in all its actions, particularly in the field of creation. Following on from New Settings, Transforme is a travelling festival created with four partners: La Comédie de Clermont-Ferrand, Les SUBS in Lyon, the Théâtre de la Cité Internationale in Paris and the Théâtre National de Bretagne in Rennes. In order to spread the vitality of the performing arts to other regions and thus reach new audiences, Transforme aspires to move spectators and artists alike through a multidisciplinary programme. Inaugurated in November 2023 in Paris, this first edition includes 15 hybrid shows scheduled by partner theatres until spring 2024. Each institution extends the discovery of the shows through suggestions for "Going further" in order to consolidate and enrich the link with audiences.

Moreover, as part of its commitment to creation, the Fondation produced and scheduled 10 contemporary art exhibitions this year in its four spaces spread across Europe (Brussels and Saint-Louis-lès-Bitche) and Asia (Tokyo and Seoul).

Dedicated to contemporary photography, the Immersion programme was highlighted specifically in New York in 2023 at the International Centre of Photography, which presented a collective exhibition bringing together the last three winners of this programme.

Lastly, the Artist Residencies programme enabled the visual artist Bianca Bondi to produce unique textile sculptures within Holding Textile Hermès, with the help of the site's craftspeople.

A legacy of the House's craftsmanship culture, transmission is naturally one of the Fondation's focus areas. The Manufacto

programme is continuing its rollout among educational establishments for the eighth consecutive year. Spread across 15 academies – including Reunion Island – since the start of the 2023 school year, 2,100 students from primary to high school have been keen to discover the craftsmanship métiers during sessions organised as part of the school day. The Académie des savoir-faire, open to savoir-faire professionals such as craftspeople, designers and engineers, was extended this year to architects due to the material - stone - to which this sixth edition was dedicated, under the educational direction of the architect Lina Ghotmeh. For students seeking a work-study course, the various projects of the Artists in the City programme continued to be funded by the Fondation, and first and foremost the system of scholarships based on social criteria for the talents of tomorrow undertaking higher education in dance, theatre or circus skills. At the start of the 2023 school year, all classes combined, 140 students were receiving financial support of this kind.

While the importance of ecological issues is becoming more prevalent each day, the Fondation is working actively with tomorrow's generations through Manuterra, which aims to raise awareness of the living world from the youngest age. For the third edition of this programme, more than 600 students in 10 academies are learning about the savoir-faire of permaculture by taking care of a garden plot through the seasons. At the same time, the Fondation is also committed to various project leaders who, on the ground, contribute to the preservation of biodiversity and ecosystems.

Lastly, the internal H<sup>3</sup> programme - Heart, Head, Hand, which structures the Fondation d'entreprise Hermès' solidarity actions, completed its fourth edition before being reconfigured with the help of the Group's human resources department. In addition to the financial support granted to projects identified by the House's employees, they can now participate in a skills-based sponsorship format: they can thus act directly with charitable associations, within the framework of slots arranged during their working hours.

Throughout its programmes, the Fondation d'entreprise Hermès conducts its sponsorship activities by supporting women and men who act in favour of the public interest and with whom it shares a common humanist purpose. As it embarks with ambition and responsibility upon its new five-year term, it will continue to cultivate collective intelligence, combine progress and the common good, and put people back at the heart of society.

The full activity report of the Fondation d'entreprise Hermès can be found on the website [www.fondationdentreprisehermes.org](http://www.fondationdentreprisehermes.org), section "The Fondation".







# 2

## CORPORATE SOCIAL RESPONSIBILITY AND NON-FINANCIAL PERFORMANCE

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

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

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

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

#### Methodology note

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

This NFPS is based on the qualitative and quantitative contributions of the métiers (production), subsidiaries (distribution), central departments, and the following Group corporate departments: human resources, industrial affairs and innovation, direct and indirect

purchasing, real estate, logistics, general services, legal, finance and sustainable development. From the end of the first half-year, the various contributors come together to rank the subjects they wish to prioritise and prepare a schedule extending to the end of the year. Given the time frames, certain annual data is reported at the end of October, in particular for the industrial affairs department. Each department uses tools to consolidate the information related to their activities. These main contributors rely on their respective networks in order to summarise, consolidate and verify the figures, highlight the most significant progress and the work carried out on the major strategic sustainable development issues. This operating mode enables a fairer reflection of operating reality, in an environment in which the activities of the House are very diversified.

More specifically, the social, societal and environmental information in chapter 2 has been prepared, in all material respects, in accordance with the reporting guidelines of the industrial affairs and human resources departments, in force as at 31 December 2023, consisting of i) reporting procedures, ii) a glossary specifying the definitions for the social, societal and environmental information, and iii) other underlying information for the internal reporting tools. These guidelines are available on request from the Hermès International headquarters for the financial year ended 31 December 2023.

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

The social, societal and environmental information published in Hermès International's consolidated Non-Financial Performance Statement is verified by an external third party in accordance with the procedures described above. The report by PricewaterhouseCoopers Audit, an independent third party and one of the Statutory Auditors, on the consolidated Non-Financial Performance Statement included in the Group's management report, is available in § 2.9. In addition, one of the Statutory Auditors, PricewaterhouseCoopers Audit, performed a reasonable assurance assignment on a selection of sustainable indicators presented in the consolidated Non-Financial Performance Statement for the financial year ended 31 December 2023. The list of indicators concerned as well as the nature and depth of the corresponding work are defined in the assurance report in § 2.10.

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



## 2.1 BUSINESS MODEL

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

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

- ◆ a family-run business rooted in a tradition of craftsmanship, the foundations of an eagerness to ensure transmission of skills and sustainability;
- ◆ fundamental heritages, a source of sustainability, that are continuously reinvented: creation, materials, savoir-faire and retail;
- ◆ resilience to societal, sector and market trends;
- ◆ objects designed to last: rigor and responsibility that are the life force of the House's 16 métiers (see chapter 1 "Presentation of the Group and its results", § 1.6);
- ◆ a French House with an international reach: 74% of production is made in France;
- ◆ an integrated model, from the manufacturing of objects in its in-house and exclusive workshops (55%) to distribution throughout the world, tailored to local situations;
- ◆ controlled development and solid results;
- ◆ a contribution to a more sustainable world through its operating model, a moderate environmental footprint, a humanist vision of its activity, the harmonious sharing of value created and a desire to give back to the world some of what the world gives it.

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



## AN ARTISANAL, CREATING VALUE AND SUSTAINABLE FRENCH MODEL

### CAPITAL AND RESOURCES

#### Committed women and men

**22,037** employees, of which 62% in France:  
47% production, 35% sales, 18% support

**68%** women and 40% on the Executive Committee  
Gender equality index: **92/100** (France)

**6.85%** of employees with disabilities in France

#### Exceptional craftsmanship *savoir-faire*

Creation of a leather goods apprentice training centre  
(Ecole Hermès des Savoir-Faire)

**21** *Meilleurs Ouvriers de France*  
(Best Craftspeople in France)

**10** *Entreprises du Patrimoine Vivant*  
(Living Heritage Company – EPV)

**150** in-house trainers

#### Abundant creativity

Around **50,000** items in each collection

Distinctive style

Omnipresent creation

Material and process innovations

Unique and responsible communication

#### Long-term partners

**19 years** length of relationship with top 50 suppliers

**65 years** length of relationship with textile suppliers

#### Financial independence

**€3,192 million** adjusted free cash flow

**€15,203 million** in equity

**€11,164 million** in restated net cash position

Shareholder stability: **66.7%** of the share capital held  
by the Hermès family

#### Natural resources used with care

Craftsmanship model on a human scale

Climate strategy aligned with **1.5 °C** trajectory  
validated by SBTi

Certified sustainable real estate standard

Launch of the Science-Based Targets for Nature  
(SBTN) approach

#### Societal anchoring

**€61 million** budget for the Fondation d'entreprise  
Hermès over the 2023-2027 period

Strong local presence: regional craftsmanship centres  
and exclusive store in **11** out of 13 French regions

**60** production and training sites in France

### SUPPLY CHAIN

Resilient and  
growing luxury  
goods market

Limited natural  
resources and  
adaptation  
to climate change

#### Local and sustainable sourcing:

**75** exceptional materials, without compromising on quality

**58%** of purchases made in France and **98%** in Europe

CSR supply chain briefs for our partners

**74%** of leather suppliers are LWG certified

**98%** of hides used are by-products from the food industry  
Hermès RJC COP certified

**88%** of top 50 suppliers audited

**100%** non-mining gold used in the workshops

Formalisation of the animal welfare policy

Traceability and in-depth knowledge of supply chains:

74 materials have undergone supply chain analysis

#### Logistics and transportation:

**2** logistics centres in France (Bobigny, Saint Priest)

**1** externalized logistics center in Orléans (France)

Regional logistics centres established internationally

**26%** decrease in GHG transport-related emissions in intensity  
between 2018 and 2023

Use of alternative and local transport

#### Social and environmental responsibility in the value chain

### STRONG VERTICAL

#### Exclusive omnichannel distribution network

### DISTRIBUTION

Retail  
sales

Wholesale

Online  
sales

### HOUSE OF CREATION

Creative freedom  
Exceptional materials and *savoir-faire*

### MANUFACTURING

Vertically integrated model  
Long-lasting, repairable objects

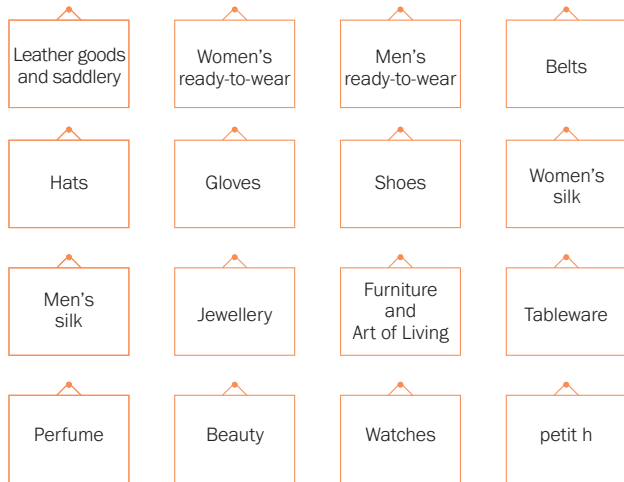
An independent creative house since 1837, guided by the skills of the craftspeople. An integrated model of French manufacturing. A humanist approach to employee management. A rich selection of useful and long-lasting objects. A socially responsible company that gives back to the world.



Responsible consumer expectations in terms of sustainability

PRODUCTION

16 métiers



50,000 product references  
Local production: **74%** in France  
Vertical integration: **55%** of objects made in exclusive in-house workshops

More than **7,300** craftspeople, i.e. 53% of the workforce in France  
**75** production and training sites worldwide

INTEGRATION

**294** exclusive stores in **45** countries  
Multi-local and international network  
Agility through local logistics platforms  
Strengthening e-commerce in **30** countries  
Quality of service for customers  
Local repairs



HERMÈS RETAIL

Purchasing freedom  
Exclusive distribution network

VALUE CREATION AND SHARING

For employees

**€1.7 billion** of payroll costs in 2023  
**€4,000** exceptional bonus paid to all employees in 2024 in respect of 2023 for a total amount of €92 million  
**€207 million** incentive schemes and profit-sharing in respect of 2023 in France  
**6<sup>th</sup>** free share plans worldwide since 2007  
More than **18,000** employee shareholders

Transmission of savoir-faire

**€13.4 million** dedicated to training  
**3** days of training per employee on average

Support for our partners

Support for the highest standards  
Payment terms **28** days on average in France

Financial value

**€203 billion** market capitalisation as at december 2023  
**€1,386 million** total dividends paid to shareholders  
**€859 million** in operating investments

Societal value

**2,400** jobs created, including 1,400 in France  
**27.8%** consolidated tax rate  
**€293 million** in purchases with social and environmental added value, from 1,261 SMEs, including €6.7 million with socially supported organisations  
**3** Fondation programmes promoting biodiversity and **2** Fondation programmes promoting transmission of skills to young people  
Contribution to the scientific and academic world  
**388** social actions carried out around the world

Environmental value

Continuation of the supply chain certification process in 2024  
**54** supply chains certified and/or awarded a label by 2023  
**92%** renewable electricity supply  
More than **200,000** repairs  
**Decrease of 50%** in scopes 1 and 2 emissions in absolute value and 52.2% in scope 3 in intensity since 2018  
Offset of direct emissions (scopes 1 and 2) as well as scope 3 transport-related emissions  
Measurement of the biodiversity footprint and collaboration with NGOs for the preservation of biodiversity  
**62.2%** reduction in water consumption in intensity in 10 years



## HERMÈS, EXCEPTIONAL OBJECTS DESIGNED TO LAST

**1. Creative freedom**

The designers sketch, innovate and revisit the House's models with the greatest artistic freedom. Around an annual theme, "Astonishment" in 2023, the artistic department proposes and renews the collections and objects.

**OUR SINGULAR HERITAGE****Creative heritage**

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

**Materials heritage**

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

**Savoir-faire heritage**

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

**Retail heritage**

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

**2. Development**

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

**7. Logistics**

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

**8. Exclusive distribution**

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



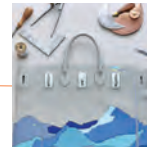


### 3. Exceptional materials

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

### 4. Integrated vertical model

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



### 5. Handcrafted production

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



### 6. Purchasing freedom

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

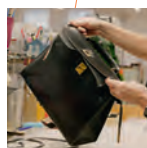
### 9. Responsible communication and transparency

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



### 11. Product end-of-life

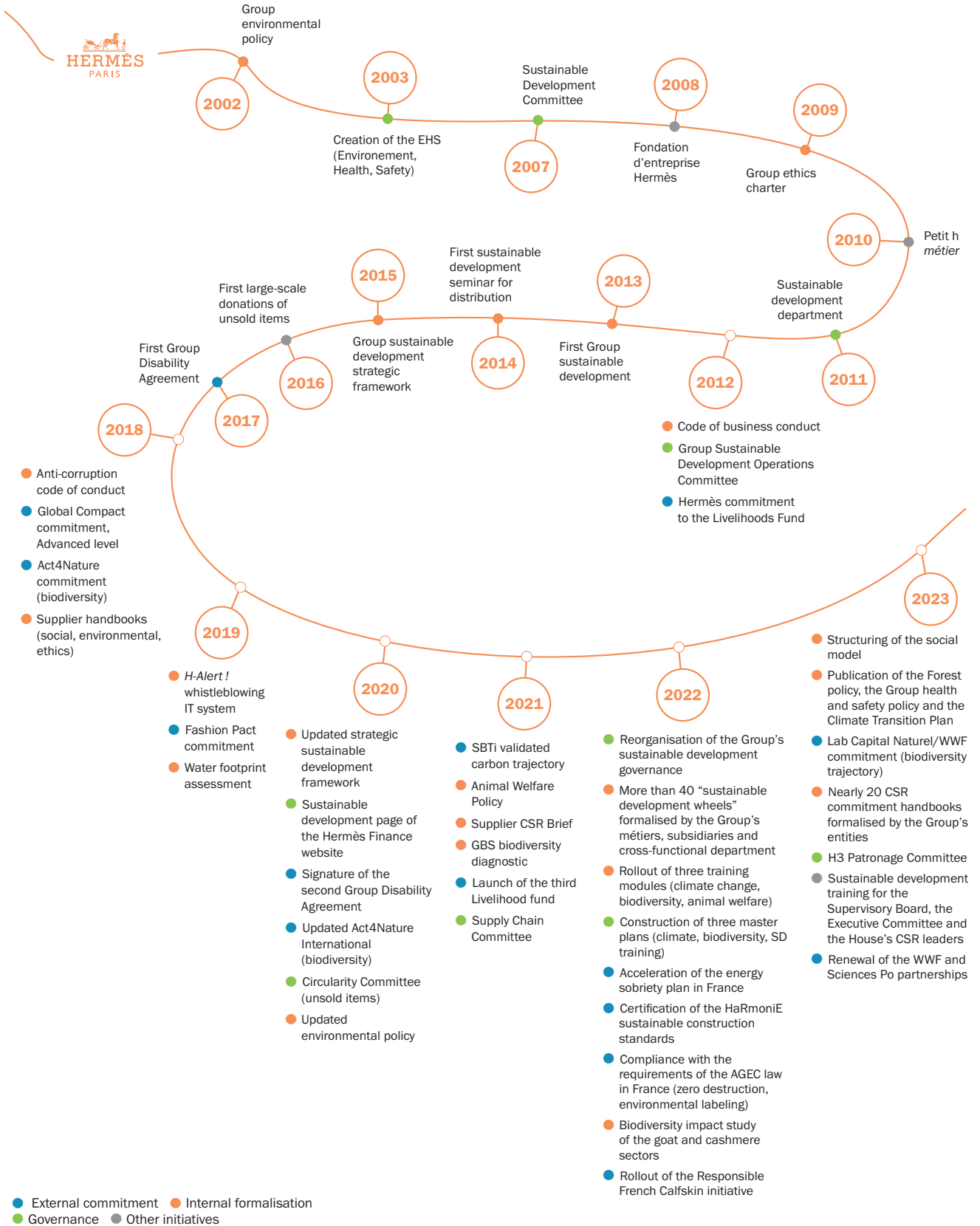
Although the craftsmanship model is, by design, a factor in the sparing and optimal use of materials, work is being carried out to anticipate the end-of-life of objects. The métiers and subsidiaries innovate and work on concrete projects which aim to extend the life of products and reuse sources of materials,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



### 10. Long-lasting objects

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

2.1.1 CONCRETE LONG-TERM COMMITMENTS



EXAMPLES OF AWARDS RECEIVED AND RANKINGS OBTAINED IN 2023

<p>AXEL DUMAS, BEST PERFORMING CEO IN THE CAC 40 INDEX FOR THE 2<sup>ND</sup> CONSECUTIVE YEAR</p> <p>CHALLENGES</p>	<p>GRAND PRIX CAC LARGE 60 2023</p> <p>TRANSPARENCY AWARDS</p>	<p>4<sup>TH</sup> PLACE - WOMEN IN GOVERNING BODIES IN THE SBF 120</p> <p>MINISTRY IN CHARGE OF GENDER EQUALITY</p>	
<p>GRAND PRIX EMPLOI FRANCE, ALL CATEGORIES</p> <p>HUMPACT</p>	<p>GRAND PRIX FOR THE VIGILANCE PLAN</p> <p>FRENCH SUSTAINABLE INVESTMENT FORUM</p>	<p>CARBON SCORE A</p> <p>AXYLIA</p>	
<p><b>Member of the A List</b> <i>climate and water</i></p>	<p><b>Member of the CAC 40 ESG and FTSE4Good indices</b></p>	<p>« AA »</p> <p>MSCI</p>	<p><b>#2</b> <i>Textiles and Apparel segment</i></p>

2.1.2 AN AMBITIOUS AND STRUCTURING CSR STRATEGY

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

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

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

The presence of these values permeates all employees, suppliers and partners. They form the platform for the House’s actions in matters of sustainable development by appropriating the notions of individual and group responsibility, authenticity in the search for excellence, or acceptance of the long-term approach as a factor influencing performance. Lived and embodied by the Senior Executives and all employees, today they are the lifeblood of its DNA and represent the founding pillars of the sustainable development approach that Hermès shares with its stakeholders:

- ♦ responsibility: a handmade leather object, for example, is the work of a single person. Following the original principle “one person, one bag”, a single person masters all of the steps necessary for an object’s creation, and is accordingly responsible for its final quality.

This sense of responsibility also covers the materials used, which must not only be the most beautiful but their origin and the conditions under which they have been obtained must also be unquestionable: they must be worthy of serving to create exceptional objects. This accountability also extends to the product’s future life: each craftsman has a view that transcends beyond the production process and leaves their own hallmark on each bag. This heightened awareness of responsibility nourishes the individual and group sustainable development practices;

- ♦ authenticity: the craftspeople are passionate about emphasising the “authenticity” of beautiful materials and eschew the use of imperfect materials, even when the end result may seem acceptable. This demanding attitude is reflected in the attention paid to all the aspects that comprise the handmade object and its craftsmanship. The inside is afforded just as much care and attention as the outside. Hermès craftspeople, and all employees of the House, are nonetheless aware of their limits and imperfections, and constantly question each stage, so as to perpetuate the values of excellence. Sustainable development is pursued in this spirit of sincerity, excellence and continuous improvement. It is built on accomplishments rather than abstract commitments, with the goal of long-term efficiency;
- ♦ acting with urgency while taking the time to do things well: our craftspeople do not like to put off until tomorrow what they can accomplish today. Hermès’ craftspeople, and by extension the House, see time as an ally, that enables them to work well, to integrate the internal or external challenges of all stakeholders, in order to see things in a balanced perspective. In the making of an object by hand, it is impossible to skip a step to save time, everything flows in continuity, everything is necessary. These modes of operation shape and determine the way projects are conducted. They encourage the implementation of responsible policies and practices, using a participative approach, blending exacting requirements and efficiency to obtain a high-quality end

result. While considering changing and accelerating contexts, projects take into account the necessary rhythm for sustainable change among employees, partners and natural ecosystems. Urgency to act and hasty execution should not be confused.

### 2.1.3 MATERIALITY ANALYSIS

As every year, Hermès updated the analysis of its priority CSR issues in 2023 to guide its actions and facilitate understanding of its strategy.

For the third consecutive year, an analysis was conducted based on the concept of double materiality, which looks at the two dimensions of value creation put forward by the European Union and EFRAG: financial materiality and impact materiality, relating to the creation of environmental and social value, which has a broader effect on all the Company's stakeholders.

In this way, with the help of its stakeholders, Hermès ranked 15 priority issues from these two perspectives:

- ◆ the materiality for Hermès – known as the “outside-in” vision, *i.e.* the amount of influence these issues have on the Group's economic activity;
- ◆ the materiality of Hermès and its value chain on the world, known as “inside-out”, *i.e.* the direct and indirect impacts on the environment and society.

This materiality matrix is also in line with the continuation of the work carried out for several years in a collaboration between the sustainable development department and the audit and risk management department. It contributes to the risk analyses carried out at Group level and validated by the Executive Committee, with the double materiality enriching the “impact” pillar of the Group's risk mapping.

In addition, for three years now, Hermès has been anticipating the transparency obligations and the use of the principle of double materiality required by the European Corporate Social Responsibility Directive, transposed into French law in December 2023 and applicable from 1 January 2024. The methodology used in 2023 will change to take into account these regulatory changes in 2024, which may lead to changes in the format of the matrix and the results.

### Identification, assessment and ranking of issues

The 15 priority issues studied are the result of analyses updated internally every year since 2015 by a study of the main general CSR topics specific to the industry to which the Group belongs. This selection of issues is reviewed annually prior to the financial year. Thus, in 2023, the list of these issues was updated twice:

- ◆ the topics “eco-design and circular economy” and “Innovation R&D” have been combined in a single issue, “eco-design, circular economy and innovative materials” in order to better correspond to the operational reality of the topic and to specify the scope of the work carried out by the Group on its natural raw materials (optimisation, circularity, exploration of new materials);
- ◆ the “regional responsibility” issue has been added to the list, in order to highlight the notions of local anchoring, the revitalisation of regions, and dialogue with our external stakeholders. Previously included under “socially responsible company”, the latter is refocused on the Group's generous and humanist commitment and its philanthropic actions.

In 2023, Hermès took into account the relative ranking of these 15 issues produced by a panel of nearly 140 respondents, in the form of an anonymous interactive questionnaire, which invited participants to classify each issue first in terms of financial materiality, then in terms of impact materiality.

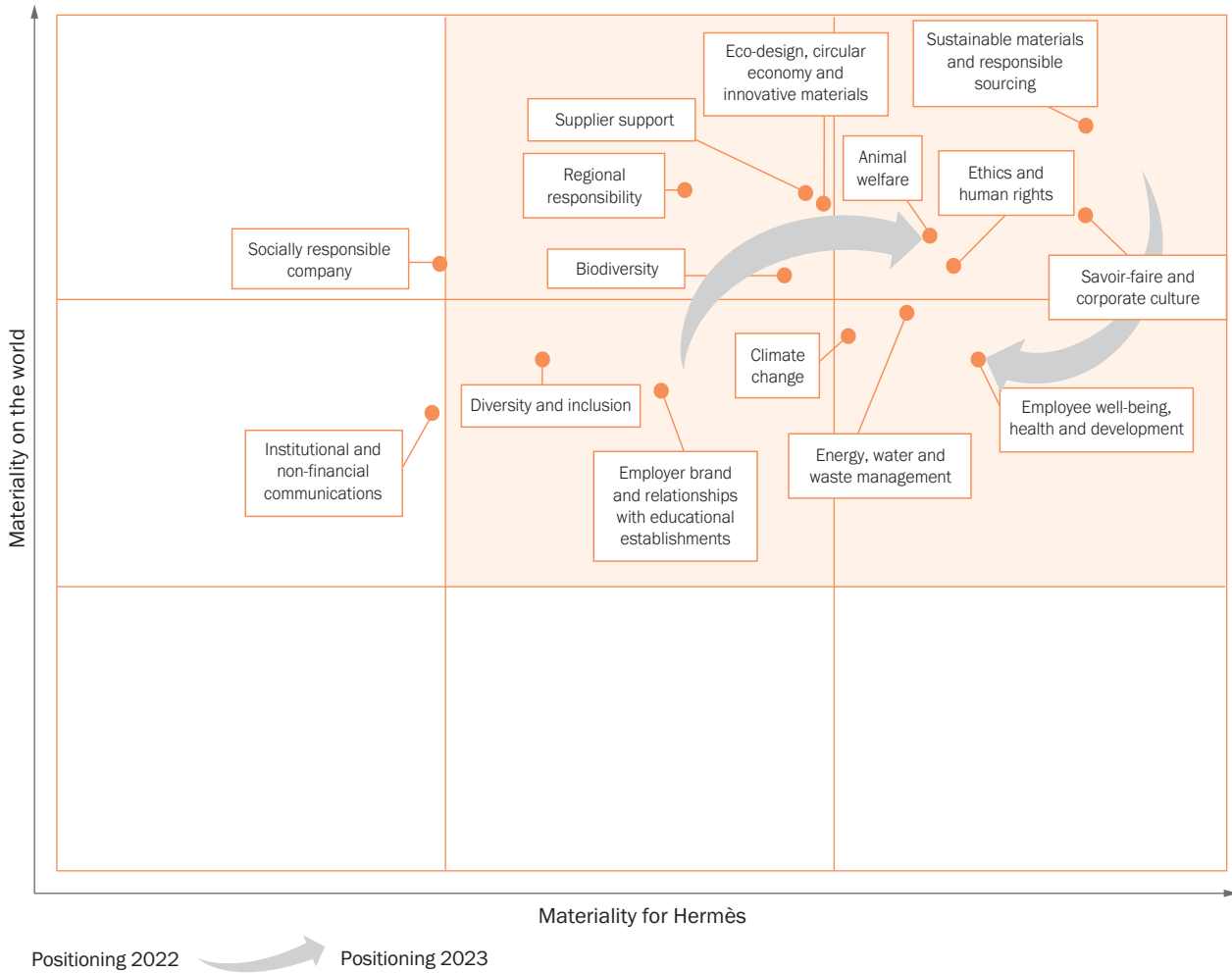
This panel consists of:

- ◆ internally, the departments of the Group's cross-functional functions and métiers, members of the Sustainable Development Operational Committee, the network of EHS correspondents, the French and international internal control network, and members of the sustainable development network in foreign subsidiaries;
- ◆ external partners, who represent 50% of respondents for the first time, demonstrating the keen interest of Hermès' partners in its sustainability approach.

The Sustainable Development Committee and the Executive Committee reviewed the results from the consolidation of the panel's responses.

Understanding that the notion of risk itself contains an opportunity factor, Hermès uses the term “issues” to qualify its CSR approach in this Non-Financial Performance Statement. These issues are summarised as part of the CSR strategy, and described in more detail in the following sections of the document.

The results of the analysis conducted in 2023 are presented in the matrix below:



**Comments on results**

In 2023, the ranking exercise led to the identification of 13 major issues from the list. These 13 issues (shown in the upper orange quadrants) are harmoniously distributed within the three pillars of the House’s strategy:

◆ **People:**

- employee well-being, health and development,
- diversity and inclusion,
- savoir-faire and corporate culture,
- employer brand and relationships with educational establishments;

◆ **Planet:**

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

◆ **Communities:**

- ethics and human rights,
- regional responsibility,
- supplier support.

The change in the positioning of several issues is consistent with the initiatives carried out by the Group for its internal and external stakeholders over the last two years, as evidenced by the following changes in positioning.

Main movements observed:

- ◆ the issue of animal welfare has increased in terms of financial materiality and impact materiality. This subject, which is an integral part of Hermès' sourcing policy, needs to encourage the continuation of the research and collaboration actions already undertaken with the international scientific community and associations, in order to promote breeding practices that increasingly take better animal welfare into account;
- ◆ the impact materiality has also increased for the subject of supplier support. This positive change echoes the detailed work carried out internally that led to the initiatives recently undertaken by Hermès to support sustainable transformation in its supply chains (for example, the publication of the forest policy). The uniqueness of our

craftsmanship model and the long-term relationships forged with our suppliers promote local support, with a "win-win" objective;

- ◆ lastly, the impact materiality of the employee well-being, health and development issue is perceived as less significant than before (relative to other issues). This issue is essentially focused on our human capital, so it has less of an impact on our external stakeholders and our ecosystem.

#### Most material issues in 2023

The four issues classified as most material (sustainable materials and responsible sourcing, ethics and human rights, animal welfare, and savoir-faire and corporate culture) are of course the subject of dedicated sections, or even chapters in the Group's Non-Financial Performance Statement. Thanks to their importance in Hermès' sustainability strategy, they are also the subject of policies and presentation materials distributed internally and externally to all our stakeholders.

Issue	Part or paragraph in chapter 2 of the universal registration document	Published documents
Sustainable raw materials and responsible sourcing	§ 2.4.2	CSR brief Supply chain brief Forest policy Supplier code of conduct (drawn up in 2023, published in 2024)
Ethics and human rights	§ 2.8	Ethics charter Code of business conduct Supplier code of conduct Anti-corruption code Vigilance plan
Animal welfare	§ 2.2.4	Animal welfare policy
Savoir-faire and corporate culture	§ 2.3	Presentation platform of the École Hermès des Savoir-Faire (in French) <a href="https://ecole.hermes.com/lecole/">https://ecole.hermes.com/lecole/</a>



### 2.1.4 ANALYSIS OF NON-FINANCIAL RISKS

As indicated in chapter 4 “Risk factors and management”, §4.1, in 2023 the Group carried out an overall analysis of its risks according to two axes, the magnitude of the multi-criteria impacts and the probability of occurrence. The materiality work carried out above made it possible to update this overall risk analysis, which distinguishes five major risk categories, three of which are more

relevant in the non-financial field. The cross-reference table below illustrates the link between this risk analysis and the 13 priority CSR issues identified by the materiality matrix. The non-financial issues taken into account also include the concepts of positive contributions and opportunities, which are more difficult to incorporate in the risk analysis.

Group risks		Priority CSR issues
4.1.1 Risks related to strategy and operations	4.1.1.2 Image and reputation	Regional responsibility
	4.1.1.5 Management of talent and savoir-faire	Employee well-being, health and development Employer brand and relationships with educational establishments Diversity and inclusion Savoir-faire and corporate culture
4.1.2 Industrial risks	4.1.2.1 Supply management	Sustainable materials and responsible sourcing Supplier support
4.1.4 Risks related to social, societal and environmental responsibility	4.1.4.1 Changes in major global climate and biodiversity issues	Climate change Biodiversity
	4.1.4.3 Availability and proper use of natural resources	Eco-design, circular economy and innovative materials Animal welfare Energy, water and waste management
	4.1.4.2 Respect for human rights, fundamental freedoms and ethics	Ethics and human rights

### 2.1.5 CSR STRATEGY

Developed in 2015 and updated in 2020, the consistency of the “Hermès ambitions” CSR strategy was confirmed by the work carried out this year, by the subjects taken into account by its stakeholders, and ultimately by the double materiality analysis in 2023. The underlying premise is: “All artisans of sustainable development”; it constitutes the CSR reference framework applicable to all Group employees and entities. It is based on appropriation and implementation of topics at a collective level, a key factor in its sustainability. The Sustainable Development Board and the sustainable development department assist the Group’s subsidiaries and métiers to ensure its proper application.

In 2022, more than 40 Group subsidiaries, métiers and cross-functional departments used this strategic framework to formalise their own “sustainable development wheel” and highlight their specific sustainability issues, ambitions and objectives. All of the House’s Management Committees have therefore increased their knowledge of this subject, and worked on the operational implementation for their scope, with the help of the sustainable development department and third parties, where applicable, on

specific technical subjects. This work reflects greater maturity within the Group, and forms the basis of an operational approach now fully deployed within the House.

In 2023, this approach continued with the gradual production of commitment handbooks, adapted at entity-level from the Group’s sustainable development roadmap presented below. Thus, each entity of the House is now working on formalising action plans, monitoring indicators and quantified objectives specific to its scope and operational challenges. For example, indicators relating to water management are included in the commitment handbook of the Hermès division (which includes tanneries and farms with one of the Group’s highest water footprints), while the retail subsidiaries include indicators relating to managing their inventories and unsold goods. These commitment handbooks, which will be more widely rolled out in 2024 and 2025, will increasingly become sustainable performance management tools for each entity’s scope, and will align with future ESRS<sup>(1)</sup>.

2023 was marked by the strategic project on compliance with the European Corporate Sustainability Reporting Directive (CSRD).

1. European Sustainability Reporting Standards.

**CSRD: a new non-financial reporting framework and an opportunity to highlight the House's sustainability**

The CSRD is an opportunity to go further in highlighting the House's CSR performance and the singularity of a responsible craftsmanship model, which places people, the planet and communities at the heart of Hermès' value creation.

This new regulation represents a lever for the harmonisation of reporting practices at sector level, and facilitates the assessment of the Group's non-financial performance and its management in all of the House's activity sectors.

In 2023, Hermès mobilised all internal teams to prepare for the upgrading of its non-financial reporting and thus better prepare for the requirements of this new directive for the 2024 reporting exercise, published in 2025.

This work, which began with an in-depth differential analysis, led to the definition of a roadmap detailing the projects to be carried out in 2024 to ensure the compliance of the Group's reporting in 2025.

This work, managed jointly by the sustainable development and financial consolidation departments, involved several support departments (legal department, audit and risk management department, human resources department, industrial department, financial communication department and information systems department), as well as the Group's operational departments, subsidiaries and métiers.

Hermès' sustainable development strategy is also supported by the "Hearts & Crafts" social model, structured in 2023 following extensive consultative work involving all the Group's Directors of Human Resources. This social model provides a frame of reference for the Group's initiatives in terms of supporting the people that make up the House. This social model is described in more detail in § 2.2 "People – teams".

The Hermès Group's CSR strategy makes a tangible and direct contribution to 10 of the 17 sustainable development goals for 2030 (see § 2.7.6), as defined by the United Nations. Its action is also aligned with the responsible principles of the Global Compact, to which the Group adheres.

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



**STRATEGIC FRAMEWORK**



This strategy provides a comprehensive and specific framework for all of the Group's actions, and serves as a common language within the Group as well as for external communication.

The materiality analysis makes it possible to define the priority actions in respect of this strategy on which the Group focused, its action and approach. The sustainable development roadmap presented below summarises the management of the system according to these priorities, which are broken down into issues, objectives and results.

Sustainable development strategic roadmap

People: Priority issues	Strategic commitments	Main concrete measures and results for 2023	Ambitions and objectives	
<b>Employee well-being and development</b>	Ensure the well-being and fulfilment, health and safety of employees	Structuring of the first major Group employee satisfaction survey to be launched worldwide in spring 2024	100% of employees covered by measurement of employee engagement, health and well-being every two years Improvement in the engagement rate	
		Decrease of 1/3 in the severity rate (and of 20% in the frequency rate) of workplace accidents with lost time over the last five years	Zero workplace accident trajectory, with the objective of halving the workplace accident rates (frequency and severity) between 2016 and 2025	
		Set up social protection systems that are accessible, as well as value-sharing schemes and ambitious compensation policies	97% of employees worldwide benefit from statutory and/or supplementary healthcare coverage 97% of employees worldwide benefit from legal and/or supplemental pension plan 96% of employees worldwide benefit from legal and/or supplemental life insurance schemes	100% of the permanent workforce covered by a common basic set of Group social benefits by 2026
			100% of employees covered by a maternity policy with compensation maintained 78% of employees are covered by a paternity/ second parent leave	Ensure parenthood coverage (maternity and paternity/second parent) with salary maintained for 100% of the employees in 2024
		Encourage the integration and recognition of talent in its diversity and promote equal opportunities and inclusion	6.8% employees with disabilities in France (2022) 68% of the workforce are women 60% of managers are women 70% of the Operations Committee are women 47% of the Top 100 are women 40% of the Executive Committee are women	Achieve a rate of workers with disabilities above 6% each year (calculated worldwide from 2024, where this is authorised) Reach 50% women in the top 100 40% women on the Executive Committee
<b>Savoir-faire and corporate culture</b>	Develop training that guarantees operational excellence and versatility and consolidate the savoir-faire of our employees, both technical and managerial	83% of employees were trained, with an average of three days of training per person	At least five days of training per year and per employee by 2026	
		Encourage the transmission of savoir-faire to our partners: schools and training centers	More than 800 learners supported by the École Hermès des Savoir-Faire 100% of learners supported by the École Hermès des Savoir-Faire obtained their certification 200 people obtained their CAP vocational qualification in leather work	Support 100% of EHSF learners registered for the 2024 exam session of the CAP leather work qualification in obtaining their certification
			21 <i>Meilleurs Ouvriers de France</i> (Best craftspeople in France – MOF)	Cultivate the excellence of our craftsmanship skills by participating in the MOF competition every three years
		Share the corporate project and its values, which are the pillars of teams' identity and long-term cohesion	100% of employees received training in the Hermès culture in the first year	Train 100% of newcomers in Hermès culture every year
		Integrating sustainable development issues into savoir-faire	More than 10,000 participations in the various sustainable development training e-learning courses provided by the Group	100% of the workforce trained in sustainable development issues by 2025

Planet: Priority issues	Strategic commitments	Main concrete measures and results for 2023	Ambitions and objectives
<b>Eco-design and circular economy</b>	Systematise circularity approaches	80% of métiers have conducted a life cycle analysis on their flagship products	100% of the most emblematic items to be covered by a life cycle analysis by 2025
		100% of unsold items in France donated or recycled (Agec law scope)	100% of unsold goods at Group level donated or recycled between 2025 and 2030
		Around 2.8 million products incorporating a circular and eco-responsible approach developed in 2023	Every year, 100% of the House's métiers develop products that incorporate a circular approach
		59% reduction in dormant leather inventories between 2021 and 2023	Reduce dormant leather inventories by 75% between 2021 and 2024
	Extend the life of goods	202,000 repairs in 2023	Guarantee a repair service for 100% of repairable items brought in by the House's customers
<b>Sustainable materials and responsible sourcing</b>	Define, share and deploy the Group's expectations in terms of sustainable supply chains, in particular through certifications and labels	Certification of the internal construction standards by Bureau Veritas 100% of projects launched in 2023 follow the standard	100% of new real estate projects aligned with the standard
		Know and trace supply chains	75 active materials, detailed analysis of 74 materials representing 99% of the Group's activity
<b>Animal welfare</b>	Define, share and deploy the Group's expectations in terms of animal welfare, in particular through certifications and labels	A distribution rate of 90% for the CSR brief and 80% for the CSR self-assessment questionnaire	100% of suppliers aligned with the CSR brief and 80% of suppliers self-assessed via the CSR questionnaire in 2024
		A distribution rate of 88% for the supply chain brief to suppliers and partners, formalising the Group's expectations, particularly in terms of certification and/or award of labels	Implementation of a process leading to certification and/or to award of labels for 54 supply chains by 2030
		Deployment of the Animal Welfare policy for 15 priority animal species	Achievement of the objectives set by the Animal Welfare policy for 100% of the Group's animal sectors by 2025
		Ostrich sector 100% certified in accordance with the SAOBC standard	
		100% of crocodilian hides produced by the Group certified in accordance with the ICFA standard	

Planet: Priority issues	Strategic commitments	Main concrete measures and results for 2023	Ambitions and objectives
<b>Climate change</b>	Define a trajectory for reducing the Group's GHG emissions across all scopes and measure the emission reductions across the various scopes	A decrease of 49.6% in absolute value of scopes 1 and 2 compared to 2018, and -52.2% of scope 3 in intensity. Emissions are in line with the Group's 2030 objectives validated by SBTi Inclusion on CDP climate A list	-50.4% in absolute terms for scopes 1 and 2  -58.1% in intensity for scope 3 between 2018 and 2030, objectives validated by the SBTi, compatible with the 1.5 °C trajectory
	Study climate risks, act to reduce their impacts, analyse resilience scenarios and integrate them into the strategy	Climate risk analyses conducted on 100% of buildings in France Analysis of transition risks in order to anticipate changes in the upstream value chain and impacts on the activity of our main supply chains Participation in the IF initiative, a collaborative approach to strategic foresight and anticipation of physical risks induced by post-2050 planetary boundaries	Update of the physical risk analysis for 100% of the scope of our physical sites by 2025  Finalisation of the IF initiative transition risk analysis by 2025
	Undertaking voluntary carbon offset actions with high environmental, social and societal value added	Offsetting for 100% of scopes 1 and 2 and 100% of the "transportation" item (upstream and downstream)	Maintain and confirm the Group's investments in Livelihoods programmes and develop regenerative agriculture programmes, allowing the increase of carbon sinks in the Group's value chain.  Achieve offsetting of 50% of our residual emissions between 2030 and 2040, and 100% by 2050
<b>Biodiversity</b>	Diagnose our impacts on biodiversity across the Group's entire value chain and define ambitions on a scientific basis	Achievement of steps 1 (materiality) and 2 (prioritisation) of the SBTN approach across the entire scope	By 2025, validation of steps 1 and 2 by the SBTN initiative and launch of step 3 (setting of local targets for water and soil issues)
	Implement training initiatives for employees	Training of more than 2,400 employees since 2021, including 900 in 2023	Train 100% of Group employees in biodiversity by 2025
	Implement actions in the métiers, in the supply chains and on sites	Biodiversity analysis of the cashmere supply chain with the University of Ulaanbaatar, WWF France and WWF Mongolia  100% of Leather Goods workshops (which have been in operation for more than a year) carried out an inventory and a biodiversity action plan (excluding Paris)	Continue biodiversity analyses in our supply chains  Diagnose and implement action plans at 100% of industrial sites in France by 2025

Communities: Priority issues	Strategic commitments	Main concrete measures and results for 2023	Ambitions and objectives
<b>Ethics and human rights</b>	Train employees in best ethical practices	Nearly 2,800 employees were trained via the “Ethics and anti-corruption” e-learning module. More than 15,000 training sessions provided since 2020	100% of employees exposed to ethics risks trained in the Group’s rules of good conduct
	Fight against breaches of ethics and integrity	Update and expansion to external participants of the H-Alert! whistleblowing system. 105 alerts were received through this system 100% of alerts resulted in follow-up	Ensure access to an internal and external whistleblowing line in the event of breaches of ethics and integrity, confirm receipt of alerts within seven days and deal with 100% of alerts received
	Exercising the Group’s duty of care	External recognition of the vigilance plan by the SIF <sup>1</sup> Updating the vigilance plan for publication in 2024	Regularly updating, disseminating and monitoring the Group’s vigilance plan
	Supporting our partners in changing their practices and ensuring the application of our social, environmental and ethics requirements	220 audits carried out at Tier 1 and Tier 2 suppliers in 2023, <i>i.e.</i> a total of 298 days of audits  More than 950 national and international suppliers invited to complete the EcoVadis assessment platform (representing more than 80% of the indirect purchasing volume), with a score 27% higher than the EcoVadis global average	Audit at least 150 Tier 1 suppliers and devote at least 300 days in total to audits  Maintain coverage of at least 80% of indirect purchasing expenditure each year and an average EcoVadis score for our suppliers that is higher than the overall EcoVadis average
<b>Socially responsible company</b>	Pursue a policy of manufacturing development in France by co-developing projects with the regions in which it operates and developing harmonious relationships with local stakeholders	More than 2,300 jobs created worldwide, including more than 1,300 jobs in France	Continue to help first and foremost the French regions reap the benefits of our growth
		Since 2018, Hermès has increased its locations in France by 18 production and training sites	Open an average of one production workshop per year over the next three years
		74% of objects made in France	Maintain mainly French craftsmanship production
	Contribute to value creation and its sharing	Cumulative added value distributed over the last three years: ♦ 20% of added value distributed to employees ♦ 26% of added value distributed to public authorities	Maintain a harmonious sharing of added value in order to secure the Group’s future development and contribute to social and societal balance
	Increase the share of social and environmental value-added purchases	€293 million in social value-added purchases (ESS, EA/ESAT, ZRR, QPR) <sup>2</sup> among suppliers for indirect purchases, of which 44% from SMEs	Continue our approach with social and environmental value-added purchases, in particular from French SMEs
Give back to the world part of what it brings to the Group through generous and philanthropic actions, undertaken at all levels of the Group or by the Fondation	388 social and solidarity actions in more than 40 countries representing approximately €13 million	Align on average, over five years, the amounts of donations and sponsorship actions carried out directly by Hermès with the Fondation’s five-year budget <sup>3</sup>	
	The amounts of all donations and philanthropic actions carried out directly by Hermès since 2020 exceed the Fondation’s budget  Continuation of the 5-year Fondation d’entreprise programmes	New five-year commitment of €61 million for the period 2023-2027	

(1) Sustainable Investment Forum.

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

(3) Hermès donations and sponsorship spendings are made in addition to the foundation budget.

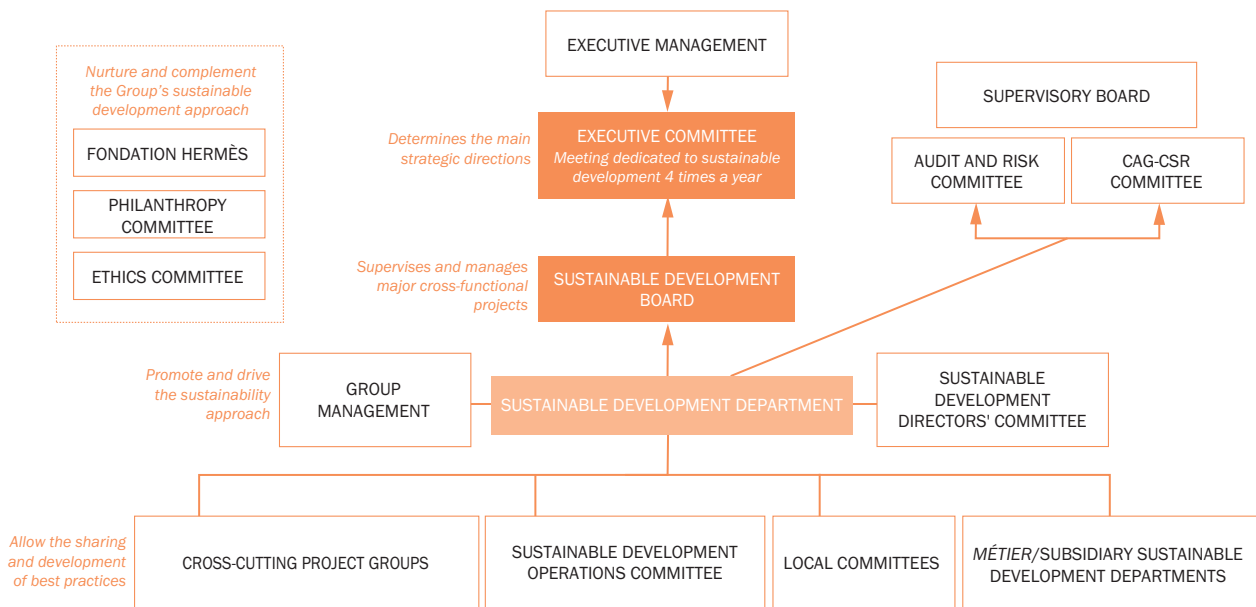
### 2.1.6 CSR GOVERNANCE

In late 2022, Hermès updated its internal organisation to improve the management of the Group’s CSR performance, with greater involvement from its governance bodies. The 2023 financial year therefore marks the first year of operation of this new organisational structure, which positions sustainable development as a strategic priority for the Group. You are reminded that this organisation provided for:

- ◆ greater involvement from the Executive Committee, which is now called upon directly by the Sustainable Development Board to arbitrate on major and strategic issues at dedicated meetings;

- ◆ the creation of a Sustainable Development Board, made up of the House’s main Managing Directors, which is tasked with managing the major cross-functional projects and ensuring the progress of the operational roadmaps of the métiers and subsidiaries;
- ◆ lastly, the creation of a Committee of Sustainable Development Directors to support change within the House’s various sustainable development departments, and promote sharing between the House’s CSR leaders.

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



#### Supervisory Board

Its CAG-CSR Committee has the role of overseeing sustainable development issues. It meets with the sustainable development department twice a year. Nine out of 12 Board members declare expertise in sustainable development, thus contributing to discussions with the operational teams and increasing the high standards demanded for the approach implemented (see chapter 3 “Corporate governance”, § 3.4.5.2). In 2023, this body benefited from the first sustainable development training sessions, which will be rolled out more widely in 2024.

#### Executive Management and Executive Committee

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

Since 2023, the role of the Executive Committee has been strengthened, thanks to sessions entirely dedicated to sustainable development held every two months. Five sessions were held in 2023 in order to validate the major strategic orientations, monitor the associated objectives and results, and ensure a periodic review of the adequacy of the resources allocated to the objectives. In 2023, the subjects monitored were submitted to the Executive Committee:

- ◆ group decarbonisation and carbon offset strategy;
- ◆ european green deal (taxonomy, CSRD);
- ◆ strategy for responding to non-financial rating agencies;
- ◆ project to support our suppliers of raw materials;
- ◆ analyses and arbitration of key points within production and raw materials sectors;
- ◆ sustainable development training programmes.

### Sustainable Development Board

The Sustainable Development Board has 16 members from outside the sustainable development department, who are directors of the Group's main central functions and integrated supply chains. This Board oversees the implementation of the CSR approach, steers major cross-functional projects, oversees the roadmaps of the House's main entities, launches and monitors *ad hoc* working groups, and identifies key decisions to be submitted to the Executive Committee. This body met six times in 2023, and has an average attendance rate of 80%.

### Sustainable Development Directors' Committee (C3D)

To complement the Board's functions and structure the management of the sustainable development function within the Group, this new body now brings together 11 sustainable development directors from the métiers, sustainable development functions and subsidiaries within the House (the Leather Goods, Ready-to-wear, Jewellery, Watches and Home métiers, the Hermès Cuir Précieux division, general services department, human resources department and communication department, as well as the French and UK distribution subsidiaries). This Committee monitors the entity's roadmaps and promotes discussion on cross-functional training and internal communication issues. It is in charge of coordinating the network of SD contributors and ambassadors in the Group. This committee met five times in 2023.

### Group sustainable development department

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

### Group Operations Committee

Composed of more than 100 members (compared to 45 in 2021 and 83 in 2022) representing the main métiers and central functions, as well as the French-speaking distribution subsidiaries, it analyses the technical and functional aspects of the projects carried out by the various entities of the House and allows its members to share sustainable development news. It met five times in 2023, including a face-to-face session during an off-site day devoted to the theme of circularity. This day enabled all members of the committee to meet with one of the House's privileged partners in terms of recycling unsold items.

### Local Sustainable Development Committees

Run by the main métiers and subsidiaries, they initiate and track actions launched, and share them during regional meetings. For the 10th consecutive year, the heads of the Sustainable Development Committees in the Asia and Europe regions met, remotely, for a half-day seminar. Environmental initiatives are driven more specifically by an "EHS<sup>(1)</sup> network" in France, run by the industrial affairs department.

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

### Métier/subsidiary sustainable development departments

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

### Reading guide

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

- ◆ an introduction detailing the commitment made by Hermès and how this relates to the Group's values;
- ◆ a summary of the key events and achievements of 2023;
- ◆ a selection of indicators giving key figures on Hermès' progress on all of its commitments in 2023;
- ◆ a more detailed presentation of the policy implemented and actions carried out at all levels of the Group, as well as the achievements and results of 2023.

1. *Environment, hygiene and safety.*





## Inauguration of the Sormonne Leather Goods workshop, 2023



© Photography credits: Paul Pintard

## 2.2 PEOPLE: TEAMS

2

Since 1837, Hermès has remained faithful to its craftsmanship model and its humanist values. A responsible family company, Hermès offers the women and men who are part of it, a collective and human project, with the opportunity to work in an authentic, stimulating and caring environment and to find a real meaning in its professional commitment. This is reflected in the attention paid to each of its employees, as a person and as a member of the House's collective. Hermès' sustainable development is thus based on the recruitment, development and well-being of its teams and on a human capital rich in its diversity.

### Introduction

Hermès places People at the heart of its corporate project. This is reflected first and foremost by the desire to recruit talents from various backgrounds and ensure their integration; then by the commitment to preserving the health and protection of all employees in the face of life's ups and downs, thanks to a core social protection. Lastly, Hermès pays particular attention to the professional development and achievement of each individual in their work.

The Hermès "Hearts & Crafts" social model is based on four strategic pillars providing a common reference framework for the Group's initiatives in terms of supporting women and men:




- ◆ a managerial philosophy anchored in humanist principles, embodied by managers cultivating a wide range of freedom in an inclusive and diverse working environment;
- ◆ special attention to the well-being and protection of employees, their physical and psychological health and the balance between their professional and private lives, particularly during periods of vulnerability;
- ◆ the recognition given to employees, through compensation and value redistribution schemes, which testifies to the value Hermès places on the commitment and work of each of its employees, regardless of their métier and geographical location. This recognition is also expressed by the development of employability and lifelong learning, thanks to particular attention paid to human development, through a wide range of training courses and support schemes and the transmission of the savoir-faire of excellence (§ 2.3);
- ◆ the ability for each person to find meaning in their work, by being part of communities on a human scale, by forming a true social collective, by constantly striving to achieve high quality in everything. The freedom of action, intrinsically linked to the craftsmanship model, also allows each employee to shape their work in their own way and to find meaning and pride in it, while allowing everyone to be involved and responsible (§ 2.3).

In 2023, the Group made progress on important societal issues, with the aim of making a long-term difference through steady improvements with a significant impact. Among these, the selected elements below are particularly illustrative of the year for this section:

- ◆ formalisation of the Hermès "Hearts & Crafts" social model with a participatory approach;
- ◆ renewal of a strong commitment through the publication of a Group health and safety policy;
- ◆ exceptional bonus of €4,000 in respect of 2023 for eligible employees across the entire Group (paid for the second consecutive year);
- ◆ in France, increase in the employment rate of people with disabilities to reach 6.8% (2022 value) despite 12% growth of the workforce.

## PEOPLE

## TEAMS

SDG	OBJECTIVE	INDICATORS	2023 RESULTS	CHANGE 2022/2023
<b>SEEKING RARITY AND DIVERSITY, KEY LEVERS FOR OUR GROWTH</b>				
	Develop tools and use relevant channels to recruit talent	Visibility and attractiveness of the employer brand	More than <b>1.3 million</b> visitors to the careers website <b>1.4 million</b> followers on the Hermès LinkedIn page <b>427,000</b> candidate profiles recorded on the career website talents.hermes.com	new indicator
		Global recruitment volume	<b>5,186</b> new employees hired worldwide in 2023, including <b>2,544</b> on permanent employment contracts	↗
	Ensure the recruitment of suitable profiles for all our métiers worldwide	Number of positions created in the production sector	<b>1,169</b> additional positions created in the production sector	↗
		Number of positions created in the sales sector	<b>825</b> additional positions created in the sales sector	↗
Promote our métiers through partnerships with educational establishments	Number of students reached by school actions	<b>70</b> actions carried out with target schools, with an audience of <b>4,000</b> students (in France)	↗	
		More than <b>1,000</b> interns and work-study students were recruited in France in 2023	new indicator	
<b>FACILITATING THE INTEGRATION AND RECOGNITION OF TALENTS IN THEIR DIVERSITY, PROMOTING EQUAL OPPORTUNITIES AND INCLUSION</b>				
	Promote the participation of women in company management	Ratio of women present overall within the Company	<b>68%</b> women in the Company	↗
		Ratio of women on the Executive Committee	<b>40%</b> women on the Executive Committee	=
		Ratio of women on the Operations Committee	<b>70%</b> women on the Operations Committee	↗
		Ratio of women managers	<b>60%</b> women managers	=
Ensure equal opportunities	Gender pay equality index (France)	The weighted average global gender equality pay index is <b>92/100</b>	↘	
	Percentage of employees working outside major urban areas in France	<b>50.2%</b>	new indicator	
Fight against discrimination	Percentage of employees under the age of 30 hired in Seine-Saint-Denis	<b>32%</b>	new indicator	
	Number of employees who completed a Diversity and Inclusion training course	More than <b>900</b> employees trained	↗	
	% of employees with disabilities in the workforce in France	<b>6.85%</b> : rate of directly employed people with disabilities in France (2022 figure) vs. 3.7% at the launch of the first Group disability agreement in 2017	↗	
Continue to recruit young people under the age of 30	% of employees under the age of 30	<b>20%</b>	=	
<b>MAINTAINING THE QUALITY OF SOCIAL DIALOGUE</b>				
	Conduct discussions with social partners or equivalent	Number of agreements and % of employees concerned	<b>96</b> agreements and amendments signed in France in 2023, covering <b>63%</b> of Group employees	↗
	Allow employees to express themselves freely via an ethics alert line	% of employees able to use the ethics alert line and number of cases handled	The H-Alert! whistleblowing system, accessible to 100% of employees and suppliers, resulted in <b>105</b> alerts in 2023, all of which were followed up.	↘

## PEOPLE

## TEAMS

SDG	OBJECTIVE	INDICATORS	2023 RESULTS	CHANGE 2022/2023	
<b>ENSURING EMPLOYEE WELL-BEING AND FULFILLMENT</b>					
	Ensure good working conditions for our employees	Group absenteeism rate	<b>2.56%</b>	↗	
	Ensure health and safety at work	Group lost-time work accident frequency rate	<b>8</b>	=	
		Group frequency rate for workplace accidents with lost-time	<b>0.30</b>	↗	
			<b>97%</b> of employees worldwide benefit from statutory or supplementary healthcare coverage.	=	
			<b>76%</b> of employees worldwide benefit from a health check-up or targeted prevention measures	new indicator	
			Life insurance: <b>89%</b> of employees worldwide benefit from a lump sum, equivalent annuities of at least two times annual gross basic salary, paid to beneficiaries	new indicator	
	Ensure a core social protection for all employees	% of employees benefiting from the Hermès core social protection covering the five pillars of social protection (health, protection, retirement, disability, parenthood)	Access to a supplemental pension plan: <b>97%</b> of employees worldwide benefit from legal and/or supplemental pension plans.	↗	
			Disability: <b>96%</b> of employees benefit from legal or supplemental permanent and definitive disability coverage	=	
			Maternity leave: <b>100%</b> of employees benefit from maternity leave of 16 weeks with salary maintained and childbirth costs paid	=	
			Paternity/second parent and adoption leave: <b>78%</b> of employees worldwide benefit from a four-week second parent and adoption leave with salary maintained	↘	
<b>ESTABLISHING VALUE-SHARING MECHANISMS</b>					
	Set up additional compensation as a supplement to fixed salary	Amount of incentive and profit-sharing schemes in France	<b>€207 million</b> (compared to €168 million in 2022)	↗	
		Exceptional Group bonus paid during the financial year, for all employees worldwide	Exceptional bonuses of <b>€4,000</b> paid in 2024 in respect of 2023, for the second consecutive year	=	
	Implement a minimum compensation policy worldwide	% of employees whose compensation is above the living wage defined locally	The analysis carried out in 2023 on the <b>living wage</b> confirmed that our standards applied to fixed compensation comply with local salary regulations and fully integrate the level of living wages, the thresholds of which are determined by independent reference bodies	new indicator	
	Promote employee shareholding	% employee shareholding	As at 31 December 2023, employee shareholding represented <b>1.09%</b> of the share capital, i.e. over <b>€2.2 billion</b>	↗	
		Number of employee shareholders	More than <b>18,000</b> employee shareholders or employees holding rights to free shares under the new 2023 free share plan, i.e. <b>80%</b> of the headcount at 31 December 2023	↗	



### 2.2.1 THE “HEARTS & CRAFTS” SOCIAL MODEL

The “Hearts & Crafts” social model is ambitious. It is broken down into commitments defined for each of these pillars, with the aim of quantifying and measuring progress.

	AMBITION	COMMITMENTS
<b>MANAGERIAL PHILOSOPHY</b>	Remain true to Hermès' heritage and uniqueness, while cultivating our managerial culture to support growth and prepare for the future. Ensure an inclusive work environment in which everyone finds their place through the meaning given by their contribution and thrives while respecting others.	<b>40%</b> women on the Executive Committee. <b>50%</b> women in the Top 100 * <b>Equal treatment (equal pay, promotion, career path).</b> <b>6%</b> : Group average direct employment rate of people with disabilities. **
<b>HEALTH &amp; WELL-BEING</b>	Ensure a working environment conducive to the physical and psychological well-being of all employees, enabling them to reconcile their work-life balance.	Zero workplace accidents trajectory, with the objective of reducing the frequency rate and severity rate of workplace accidents by <b>50% between 2016 and 2025.</b> <b>100%</b> of the workforce covered by a common basic set of Group social benefits by 2026.
<b>RECOGNITION</b>	Recognise employees for their contribution to Hermès' success, through value sharing, professional fulfilment and employability. Enable everyone to develop according to their means and ambitions through tailor-made pathways.	<b>5 days</b> of training per year per employee by 2026.
<b>MEANING AT WORK</b>	Contribute to Hermès' sustainable growth and grow together. Retain the freedom to act and undertake, for each person to shape their work in their own way. Enable everyone to contribute and be a responsible citizen.	Offer each employee the opportunity to undertake a civic commitment for up to five days per year. Regular measurement of the commitment, health and well-being of employees - 100% of employees covered.

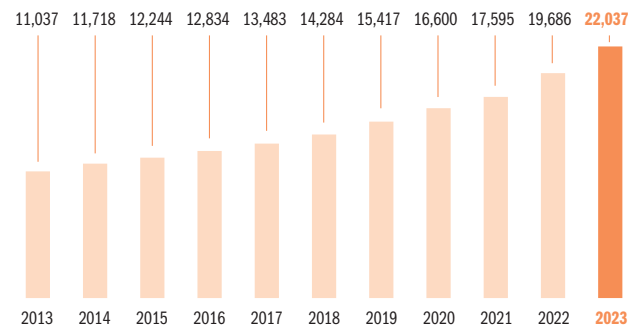
\*100 positions with the highest levels of responsibility according to the classification used by the Group.  
\*\*In countries where this indicator is legally calculable.

### 2.2.2 OUR TEAMS: GROWING OUR HOUSE, AND GROWING WITH IT

The sustainable development of the House rests on the women and men who contribute in a harmonious and positive manner to its functioning and development.

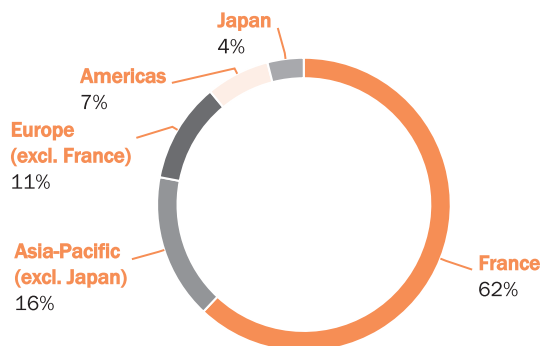
At the end of 2023, Hermès had 22,037 employees<sup>(1)</sup> of 110 different nationalities, an increase of 11.9% compared to 2022. Over the past five years, the workforce increased by 7,753 people, representing nearly one-third of the total permanent workforce in the Group today.

Growth is balanced and dynamic in all sectors and regions. Given its business model and production mainly located in France, 62.3% of the Group's total workforce is based there.

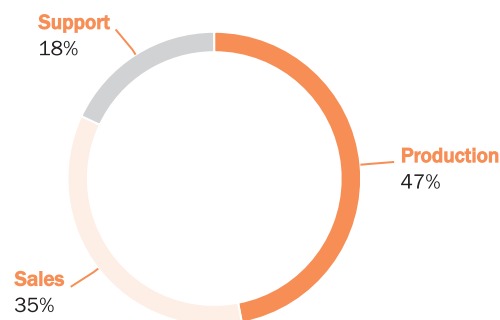


1. Employees on both permanent employment contracts and fixed-term employment contracts of more than nine months as at 31 December 2023.

BREAKDOWN OF EMPLOYEES BY GEOGRAPHICAL AREA



BREAKDOWN OF EMPLOYEES BY SECTOR



### An artisanal business model

The production workforce represents 9,355 people located in France (68% of employees in France), and 10,395 people worldwide, i.e. 47% of the Group's workforce. The number of craftspeople is 7,513 people worldwide, including 7,317 in France.

BREAKDOWN OF EMPLOYEES BY SECTOR AND REGION

	Total		Production		Sales		Support	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
France	13,723	12,360	9,355	8,561	1,748	1,554	2,620	2,245
Europe (excluding France)	2,327	2,092	878	760	1,144	1,060	305	272
Japan	965	900	2	-	880	821	83	79
Asia-Pacific (excluding Japan)	3,498	2,954	101	77	2,832	2,552	565	325
Americas	1,524	1,380	59	71	1,152	1,028	313	281
<b>TOTAL</b>	<b>22,037</b>	<b>19,686</b>	<b>10,395</b>	<b>9,469</b>	<b>7,756</b>	<b>7,015</b>	<b>3,886</b>	<b>3,202</b>

### Dynamic recruitment

Hermès supports the House's growth and the evolution of its organisation through dynamic recruitment.

In 2023, 2,351 net jobs were created within the Group. As of 31 December 2023, Hermès had 22,037 employees worldwide, of which 13,723 were in France.

Recruitment continued to be dynamic, with 5,186 new employees hired worldwide, including 2,544 on permanent employment contracts. Another illustration of the strong recruitment momentum in recent years is that 50% of the Group's total workforce has been with the Group for less than five years, for an average Group length of service of eight years, reinforced by a low turnover rate (4.78%). In addition, the average age of the Group's employees is 39.

### A "family" business model

The uniqueness of Hermès lies in its long career paths. 30% of the workforce has been with the House for more than 10 years (i.e. 6,603 people), illustrating the loyalty and opportunities for career development within the House (as a reminder, 10 years ago the workforce comprised 11,037 people). The number of employees with more than 15 years of service increased by 6% in one year, a figure that is unchanged from 2022.

Hermès employees demonstrate their commitment to the Company through long-lasting, even exceptionally long, careers.

### Highlight of the year – A celebration of employees for the years spent with the House: 25 years, 30 years, 35 years, 40 years, 45 years and sometimes even 50 years.

On 4 December 2023, around 100 people from certain French entities, accompanied by several members of the Executive Committee, were warmly applauded by 700 employees of the Hermès de Pantin workshops. Of these 100 employees, 10 had celebrated their 40 years of service, and three of them their 45 years of service.

A renewed opportunity to share the events that marked the history of the House in the year in which these employees joined. The rest of the day was full of surprises and anecdotes, triggering a lot of emotions for everyone. In this way, Hermès recognised the loyalty shown by its employees.

### A responsible house

A strong player in employment in France, Hermès is committed to its responsibility as an employer thanks to its proactive approach to anchoring itself in the regions, within which it continues its development.

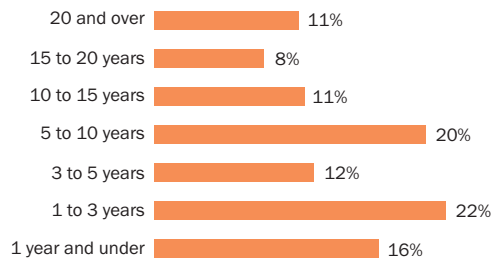
In 2023, approximately half of the workforce (50.2%) worked outside major urban areas in France (outside major cities and nearby suburbs), and 36% of the workforce at Group level.

To illustrate this desire to create jobs outside major cities, it should be noted, for example, that 32% of new employees in France under the age of 30 in 2023 concerned jobs in Seine-Saint-Denis.

Hermès' policy is to ensure job stability, and 92% of employees have permanent jobs, in line with its social model.

A symbol of the desire to include and support all of its employees in the transformation of the Company, non-voluntary departures remain limited, the total number of redundancies compared to the Group's workforce representing 1.17%. The last 10 years have not required the Hermès Group to undertake any restructuring efforts for economic reasons that had any consequences with regard to jobs.

#### GROUP LENGTH OF SERVICE



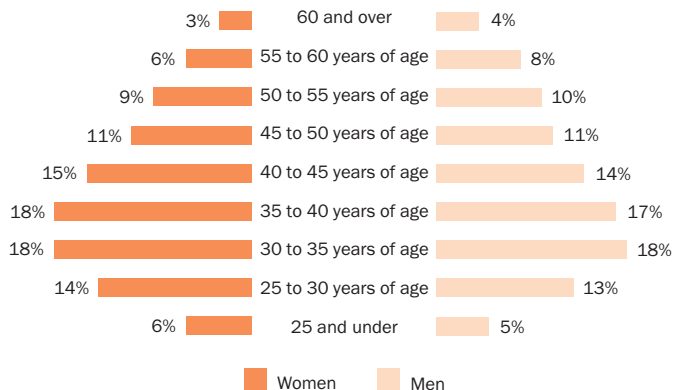
	Voluntary	Involuntary	Group
Turnover rate 2023	3.61%	1.17%	4.78%
Turnover rate 2022	4.46%	1.53%	5.99%

The workforce dynamic is positive, expressed by the balanced representation of all age groups. More generally, the dynamic illustrates and fosters our commitments to diversity and inclusion, both to ensure the wealth of talent profiles and to convey the culture of the House and its exceptional savoir-faire.

One of the elements of Hermès' uniqueness lies in its dual dynamism: that of recruitment, associated with long career paths if the employee so wishes. In this context, special attention is paid to the employment of young people and the retention of older workers:

- ◆ 50% of employees have less than five years of service. Nearly 20% of employees have more than 15 years of service;
- ◆ 20% of employees are under 30 and 19% are over 50.

#### AGE PYRAMID BY GENDER



## 2.2.3 SEEKING RARITY AND DIVERSITY, KEY ISSUES FOR OUR GROWTH

### 2.2.3.1 ACTIVELY COMMITTED TO RECRUITMENT

By the very essence of its corporate project, to create, produce and sell high-quality objects, Hermès needs to choose the talents that join it carefully. The family business culture associated with humanistic values, the breeding ground for all interactions and a management style that is as empathetic as it is stimulating, strongly guides the recruitment criteria.

Hermès is looking for personalities with strong personal qualities to integrate a project that is above all human, by leaving their mark on their role while being part of the collective adventure. This requirement drives and structures Hermès' recruitment policy. This is to ensure the necessary compatibility with the specific needs of Hermès.

In a market driven by candidates (tensions on skilled profiles and heightened requirements from candidates), the strength of the business model and the quality of the candidate experience need to be differentiating at all stages of the recruitment process.

A bold and constantly reinvented recruitment strategy is implemented to achieve growth. The key elements of the Hermès employer brand are pillars feeding the language and communication media designed to attract talent and publicise the employer brand project.

As a priority source of recruitment, internal mobility is favoured in all recruitments with the aim of developing talent internally. With equal skills, priority is given to employees in order to enable them to fulfil themselves in a career that offers diversified experiences, conducive to their development in terms of skills and openness to new challenges.



Sourcing in 2023	Recruitment in 2023	Internal mobility in 2023
<p><b>427,000 candidate profiles</b> registered on the career website talents.hermes.com</p> <p><b>232</b> job offers are published each month on the career website talents.hermes.com</p> <p>1,388,077 visitors to the career website in 2023, an average of 115,673 per month compared with 667,501 visitors in 2022, an average of 55,625 per month</p> <p><b>1.4 million</b> followers on the LinkedIn page</p>	<p><b>5,186</b> new hires made in 2023 (all types of contracts) including 2,544 on permanent employment contracts</p>	<p><b>1,059</b> positions filled through internal mobility</p>

### 2.2.3.2 ATTRACTING FOR THE RIGHT REASONS

The Hermès project requires the integration of personalities compatible with the values of freedom, authenticity, commitment and high standards. Finding the right people to join the House for the right reasons is key. Being part of a strong collective, serving Hermès over the long term and meeting quality requirements will all contribute to everyone's individual achievement.

Hermès uses two essential media to reach out to candidates: its career website and the professional LinkedIn social network.

In 2023, the Hermès career website – talents.hermes.com – posted strong performances with more than 400,000 candidate profiles registered. 232 jobs are published each month on the career website.

The angle of the LinkedIn editorial line, focused on the CSR dimensions of the corporate project, makes it possible to share the House's news with the community of 1.4 million active followers. It illustrates the many responsible initiatives and positions Hermès as a player in the economy and employment in France. In addition, it showcases Hermès employees.

### 2.2.3.3 RECRUITING YOUNG TALENTS TO SECURE THE FUTURE

Several programmes aimed at new graduates make it possible to integrate young talent after their training. They are offered programmes aimed at giving them intensive training during the first months and then offering them a role with responsibilities.

Jeunes Tanneurs   Hermès Cuir Précieux	Hermès baby   Hermès Japan	Pépinière   Holding Textile Hermès
<p>This programme welcomes engineering students from various engineering schools as part of their end-of-study internship.</p> <p>The format: 18 months, three assignments, three tanneries and two countries, an opportunity to experience different approaches in the field and in cross-functional areas and to learn about team management.</p> <p>The aim is to ultimately offer participants a permanent position in which they can make a strong contribution having already been trained in all tannery métiers.</p>	<p>This programme aims to recruit young people with high potential and train them on the ground through experiences as close as possible to the customer and the product in the subsidiary's stores.</p> <p>In 2023, Hermès Japan welcomed 23 young talents as part of this programme; 23 young talents will join the cohort of 2024 in April.</p>	<p>This programme is intended for newly qualified engineers or those with a first experience. For three years, they are entrusted with various assignments of around six months in three main functions of the textile sector: Supply Chain, Product Development and Industrialisation, and Quality. A change of subject, team and management will develop agility, technical skills and a cross-functional understanding of the sector in the newly qualified engineer. At the end of this programme, depending on the profile, experience acquired and opportunities, they will be assigned to a permanent position within the function.</p>

At Group level, a VIE (*volontariat international en entreprise*, international volunteering within the Company) recruitment strategy was defined and widely rolled out in 2023. This reflects Hermès' desire to offer international career opportunities to prepare young people to join the House with a longer-term vision. Following 12 to 18 months of experience in a context requiring adaptation to a different culture and teams, the Group has the possibility of further developing agile, international talents versed in the Hermès culture.

In 2023, the young VIE employees of Hermès were spread out across five of our seven Retail regions (Europe, the United States, South-East Asia, Greater China and Japan).

Giving meaningful assignments and sharing a sense of permanent collective exchange is the objective assigned to the recruitment of interns and work/study students within the métiers. It is with this in mind that the Hermès Métiers human resources department, for example, has set up a welcome ritual for interns and work/study students in the Creation and Collection sectors. This induction took place in three stages: a launch evening highlighting the issues and particularities of the creation and collection development métiers, where attendees were given a discovery diary ( *carnet d'étonnement*), a writing session, and a feedback evening, with candid questions put to two members of the Executive Committee, the Artistic Director and the Managing Director of Métiers.

To illustrate the care taken in recruitment, the partnership with local branches of Pôle Emploi for hiring leatherworkers is a good example. For several years, the House and Pôle Emploi have developed and implemented a system that makes it possible to recruit the best talents, of all origins, training and experience, based on an analysis of their manual skills. The success of this approach, known as MRS (simulation-based recruitment method), conducted to support psycho-technical tests, manual aptitude tests and interviews, is demonstrated by the fact that the vast majority of the craftspeople selected using this system successfully complete their initial cycle of 18 months of training.

#### 2.2.3.4 MAINTAINING QUALITY LINKS WITH EDUCATION STAKEHOLDERS

An active school relations strategy aims to promote Hermès, to create and maintain quality links with players in the world of education in line with its métiers, development issues and recruitment needs. Privileged links are maintained with art schools, engineering schools, business schools and management universities.

For example, the “Hermès in the making” event, which presents the House’s savoir-faire throughout the world, stopped in Lille in July 2023, and was an opportunity to bring together the closest school partners. For one day, the House allowed some 30 partners to share in its savoir-faire in leather goods, watches, decoration on porcelain, textile printing, and had multiple conversations to cement the close ties maintained for several years by linking them with the specificities of the business model.

Hermès carries out three types of actions:

- ◆ **transformative initiatives for the community and the individual.** These aim to have a positive impact on society. They include, for example, the commitment to refugees hosted by Sciences Po Paris as part of the certificate in social sciences, or the support for the *Des territoires aux grandes écoles* initiative to facilitate access to major universities for young people from less privileged rural areas;
- ◆ **initiatives relating to participation in public debates.** These open up initiatives, helping to embrace broader issues than those of the House, related to the métiers of the future, or to forward-looking reflections, such as involvement in the Paris School of Economics OSE Chair (Open Economic Science), the financing of the European Chair in “Sustainable Development and Climate Transition” of

Sciences Po Paris, support for the materials library and actions led by the Campus des métiers d’art et du design, located at the Gobelins production unit in Paris. For this project, Hermès’ support takes the form of the creation of a materials library and the financing of a CIFRE (Industrial Research Training Agreement) project. Hermès Maison was involved in the 2023 Young Designer award and now in the 2025 and 2026 awards. This award is innovative in two ways, in that it combines the skills of the teachers who support students and the skills of Hermès’ employees. In 2023, Hermès took part in the creation of the Chair of drawing with Ensad, by NID (Nouvel Imaginaire du dessin). Its aim is to encourage young artists to consider careers in the art of drawing. Hermès also supports the financing of scholarships for IFM students;

- ◆ **initiatives relating to participation in school life.** Hermès intends to play its role as a socially responsible company through partnerships with the Université Dauphine, IFM, ENSAM, Sciences Po Paris, its involvement in forums, welcoming students and entrusting them with study topics. In 2023, Hermès took part in nearly 100 school events to meet higher education students.

In particular, Hermès has developed various programmes with Sciences Po Paris to train students by inviting them to work on operational subjects. Under its 2020 partnership with Sciences Po Paris’ European Chair in Sustainable Development and Climate Transition, renewed in 2023, Hermès entrusted a group of first-year students on the International Management & Sustainability Masters with a study of the challenges of Retail in the luxury goods industry (Capstone project). For the third consecutive year, the House is supporting and coaching students in their thinking for eight months, in order to help them meet the strategic and international challenges of the chosen topic by giving them the opportunity to immerse themselves in Hermès’ culture and become aware of the House’s sustainable ambition. The topic proposed by Hermès is the issue of management of packaging in the luxury goods industry. The study covers different cities (located in Europe, the United States and Asia). Another collective project was proposed by Hermès for the second time for Sciences Po Paris’ Executive Master in “Regional Governance and Urban Development”, focusing on local anchoring as a lever for sustainable economic development for companies and regions. The aim of this project is to objectively identify the impacts of the Group’s local anchoring strategy and to characterise its positive contribution. The project concerns the Rhône-Alpes sites.

ACHIEVEMENTS IN 2023 | TRANSFORMATIVE INITIATIVES FOR COMMUNITIES AND INDIVIDUALS

<p><b>Programme d'excellence pour les élites de nos quartiers (PEEQ)</b></p> <p>For the second year, Hermès took part in the PEEQ programme, which consists of developing leaders, in addition to their higher education studies, through a development path guided by high-level consultants. Hermès contributes financially to this programme and hosts two students for six months. In the long term, if an employment opportunity meets their aspirations, the House may be able to offer them a permanent position.</p>	<p><b>Des Territoires aux Grandes Écoles</b></p> <p>Promoting access for young people from rural areas to the prestigious <i>grandes écoles</i> by removing barriers related to financial fragility, lack of knowledge of higher education opportunities and personal obstacles. Hermès funded six scholarships in 2023 to enable promising young talents to finance part of their higher education. Departmental federations were able to hold their meetings in Nontron and the Maroquinerie de l'Allan.</p>	<p><b>Sciences Po Refugee Certificate</b></p> <p>A curriculum designed to welcome young refugees, for whom Sciences Po Paris wants to improve the employability through the acquisition of skills adapted to the world of work. They follow a programme of company visits, which aims to promote their professional integration and help them see the world of work through a certain number of companies in France. Hermès welcomed them in 2023, immersing them in the worlds of leather goods craftsmanship and Retail, as well as organising a workshop to train them in writing their CVs and giving them the opportunity to experience a recruitment situation, assisted by recruitment professionals.</p>
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ACHIEVEMENTS IN 2023 | INITIATIVES RELATING TO PARTICIPATION IN PUBLIC DEBATES & SCHOOL LIFE

<p><b>Employer Brand events to attract young people to manual jobs</b></p> <p>By participating in the <i>les de(ux) mains du luxe</i> event at Station F in December 2023, Hermès wants to highlight the École Hermès des Savoir-Faire to young people looking for a career path and show them that it offers training leading to a diploma in the leather goods métiers, professions of the future, and creates jobs at many sites around France. With <b>Viva Fabrica</b> in Lyon in February 2023, Hermès went out to meet young people through demonstrations of savoir-faire in the tannery, leather goods and textile métiers, to awaken them to the richness of its craftsmanship métiers. More than 18,000 visitors were welcomed over four days.</p>	<p><b>In 2023, the École des arts décoratifs and Hermès created the NID – Fabrique des Nouveaux Imaginaires du dessin.</b></p> <p>Hermès' ambition is to engage, via the creation of the NID, in a large-scale educational initiative to contribute to giving a fair place to drawing by placing it at the heart of education. Hermès thus intends to play its role as a contemporary house of creation and savoir-faire and be recognised as a major player in the art of drawing.</p>	<p><b>Participation in schools life</b></p> <p><b>70 actions</b> were carried out in Hermès' target schools, for an audience of 4,000 students (in France): participation in forums, hosting of student groups to its premises, and case studies. <b>More than 1,000</b> interns and work/study students were recruited in France in 2023, some of them through "Open the Orange Box" recruitment events, promoting an immersive experience at the heart of Hermès and meeting managers and HR managers.</p>
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Within the Group's various production divisions, La Montre Hermès took part in recruitment forums throughout 2023 (University of Lausanne, École Polytechnique Fédérale de Lausanne, École Hôtelière de Lausanne) to support its recruitment in a context of sustained growth.

The Cristallerie de Saint-Louis maintains close relations with the École Nationale du Verre in Moulins to enrich its teaching and recruit interns and glass craftspeople.

In the Retail subsidiaries, partnerships have been forged with numerous universities to promote Hermès and attract candidates to its hospitality and service métiers. For example, Hermès China has

established links with nine universities specialising in the fields of linguistics, the arts and fashion in order to build long-term collaborations and constitute a pool of candidates for internships and junior positions (such as commercial assistants, operational assistants, etc.). Partnerships have been extended with universities in Shanghai and Beijing and other cities.

Hermès Italy has continued to enhance its visibility with a number of universities, such as Bocconi, Luiss University in Rome, Libera Università Internazionale degli Studio Sociali, the Catholic University of Milan and Sapienza University, as well as the Milan Chamber of Commerce.

## MEETINGS WITH SCHOOLS IN 2023

**Schools of art and design, fashion and textiles**

- ◆ Eindhoven
- ◆ Ensaama – Olivier de Serres
- ◆ ENSP Arles
- ◆ FM
- ◆ HEAD
- ◆ HEAR Strasbourg

**Engineering schools**

- ◆ Arts et Métiers Ensam
- ◆ CentraleSupélec
- ◆ Ecam Lyon
- ◆ ENSAIT
- ◆ Insa Lyon
- ◆ ITECH
- ◆ Les Mines
- ◆ UTT
- ◆ UTC Comutec

**Business and management schools and universities**

- ◆ Audencia
- ◆ CELSA
- ◆ City University of Hong Kong (EMLV)
- ◆ DJCE
- ◆ EIML
- ◆ EM Lyon
- ◆ ESCP
- ◆ ESSCA
- ◆ ESSEC
- ◆ GEM (Grenoble École de Management)
- ◆ IAE Gustave Eiffel
- ◆ IAE Paris Sorbonne
- ◆ IESEG
- ◆ ISG Luxe
- ◆ London Business School
- ◆ Mod'Art
- ◆ Rennes School of Business
- ◆ Sciences Po
- ◆ Skema Business School
- ◆ Stanford
- ◆ TBS
- ◆ Université Paris Dauphine
- ◆ Catholic University of Lille

## 2.2.3.5 ATTRACTING AND RECRUITING DIFFERENTLY

In 2023, Hermès also organised two “Open the Orange Box” events in one of its Paris stores, designed to provide an original experience for more than 100 executive candidates in work. The purpose of the first event was to attract engineering profiles and show them the extent of and issues facing Hermès’ Craftsmanship division, which draws on multiple savoir-faire and production units located in the regions in France. The second event was dedicated to attracting profiles for the House’s Support functions. Candidates were invited to discover the uniqueness of the Hermès model for an evening, to talk to managers during a job dating session and to take part in discussions to learn about the métiers and various players in Hermès. Eight other “Open the Orange Box” events were rolled out in Paris and Pantin within the House to attract and recruit interns and work/study students.

## 2.2.3.6 CONTINUOUSLY ENRICHING OUR DIVERSITY TEAMS

The recruitment strategy also reflects the Diversity & Inclusion strategy through its desire to source, identify and attract a variety of profiles. The aim is to offer candidates the opportunity to join a House that is inclusive, open and welcomes all forms of diversity. This is reflected in practice in four types of actions: the Group Disability Agreement, social diversity, gender equality and the integration and support of seniors.

As part of the Group Disability Agreement, Hermès implements awareness-raising actions to change the way its employees view disability and builds initiatives with partners to promote the employment of people with disabilities, such that it exceeds the legal obligation in France for 6% of the workforce to be recognised as RQTH (Recognition as a Worker with a Disability).

In terms of social diversity, Hermès is diversifying its recruitment actions to seek profiles from disadvantaged neighbourhoods and rural areas.

Finally, the recruitment of seniors is a common practice, with Hermès placing intergenerational transmission at the heart of the development of its craftsmanship model. The development of the expertise of employees in charge of recruitment, whether they are dedicated to recruitment full-time or whether it is just one of their functions among others, is ensured through recruitment training modules of five or three days, according to the profile of participants.

A one-day module dedicated to Disability Recruitment is offered to open up the way recruiters look at people with disabilities and learn to apply best practices for recruiting them. A “Promoting the Hermès employer brand” module aims to appropriate the dimensions of the employer brand and illustrate it through evidence to highlight their benefits for candidates.

**“Viens Voir Mon Taf!”**

Hermès is involved with the “Viens Voir Mon Taf” association. This association works to promote equal opportunities by supporting secondary school students in the priority education network in their search for internships.

In 2023, around 10 secondary school students were welcomed to the Faubourg Saint-Honoré store in Paris, the workshops of our textile entity HTH near Lyon and the workshops of Hermès Leather Goods & Saddlery in Pantin.

### 2.2.3.7 A HIGH-QUALITY RECRUITMENT SERVICE

The implementation in 2023 of a structure totally dedicated to the recruitment of managers and interns & work/study students in France aims to support Hermès entities in their recruitment, providing expertise in the recruitment business, in-depth knowledge of the employment market and a skilled approach to finding talent. Its mission is to seek out the unique and diverse, by cultivating the audacious, and guarantee an authentic candidate experience, reflecting our values, our employer promise, and furthering the House's entrepreneurial and inclusive spirit.

Organised from 2024 into four divisions by family of métiers, Hermès Recrutement department will roll out a range of services, processes and operating methods to further improve the candidate experience and offer managers faster and even more efficient services, in line with changes in the House's métiers and expertise: a reinvented approach to the recruitment business with a view to responding reactively and with an obligation to allocate resources, meet deadlines and achieve results and meet the needs of the entities.

#### **Hermès, employer of choice, recognised with several awards in 2023**

For the second consecutive year, Hermès was ranked second in the Universum ranking of the most attractive companies for students in 2023.

On Tuesday 5 December 2023, Hermès won the Grand Prix Emploi for the third time, awarded by Humpact, a non-financial rating agency (ESG) dedicated to social issues. This award recognises companies for their outstanding social policies, in particular their achievements in terms of job creation, gender parity and integration of people with disabilities, young people and seniors.

### 2.2.3.8 INDUCTION PROGRAMME

Each year, the induction programme for everyone, regardless of their type of contract, in France and abroad, is developed and is enhanced with new elements. It is becoming multimodal and aims to offer experiences that assist the understanding of and acculturation to the House, its history, the various métiers, its organisation and its people.

From day one, each employee has access to a new digital induction programme that includes the new *Histoires d'Hermès* e-learning to discover the identity, foundations and history of a family House, regulatory e-learning modules and, coming soon, a local integration e-learning module for each subsidiary, as well as training courses in tools related to each métier.

Then, within two months of arrival, each new employee is invited to follow a new remote programme "Bienvenue au 24!" to get a better understanding of the House, its organisation and its values.

This system is supplemented by face-to-face induction training in each subsidiary (*Premiers pas, Tous en selle, Himmersion* for Retail, *Au fil de HTH, Dans la peau d'HCP*), as well as the "Mosaïque" Group

programme, which brought together 1,000 employees on permanent employment contracts in 2023 (France & Europe) in several sessions, and the "H Keys" Group training, which supports new managers joining the House in taking up their position and in their understanding of Hermès' managerial culture.

Finally, each new employee on a permanent employment contract is supported in his or her first few months by an internal mentor to better understand the informal nature of the House (Attelage programme).

## 2.2.4 OUR MANAGERIAL PHILOSOPHY – MANAGING DIVERSITY, EQUITY AND INCLUSION

### 2.2.4.1 AMBITION

The sustainability of the business model relies on the contribution of each employee to a collective project. The humanist culture and social model, which are passed on from generation to generation, nurture fundamental values, one of which is freedom: freedom to create, to act and to undertake, to be who you are and for each person to bring their own unique perspective.

The Group's managerial philosophy, in this humanist model, is unique and singular. Respect for men and women, savoir-faire and the history of the House are passed on by example, exchange and dialogue, and a detailed understanding of what comprise the fundamentals of Hermès.

Faced with the challenge of transmission in a context of strong growth, and convinced that humanist values are at the heart of collective success, Hermès entrusted an academic study to a team of INSEAD researchers in 2023, with the aim of formalising the House's managerial philosophy. This large-scale study, carried out in France and abroad, enabled employees of all métiers and all levels of responsibility to explain and show in a very concrete way what the essential elements of this philosophy are and the way they are embodied. In 2024, this study will lead to work on a summary that will serve as a compass enabling everyone to act in a balanced, precise and responsible way, while leaving essential room for freedom and autonomy.

#### Managing diversity, equity and inclusion

Through the House's métiers, creations, savoir-faire, distribution network and customers, diversity is deeply rooted within Hermès. Our uniqueness is based on the Group's ongoing commitment to recruit and integrate employees from all backgrounds.

Hermès' humanist values help create an inclusive work environment in which everyone finds their place and thrives in respect for others. This strong sense of belonging and collective working together is an invitation to join the House's families and share a unique collective adventure.

The Diversity & Inclusion ambition for the entire House is built around a shared commitment and the development of specific actions that meet local needs.

Each Hermès entity is asked to commit to a “common foundation” action programme based on three areas:

- ◆ eradicate all forms of discrimination;
- ◆ achieve gender equality;
- ◆ promote the inclusion of people with disabilities.

In order to extend this approach internationally, a network of 28 D&I – Diversity & Inclusion officers (covering 100% of the Group’s workforce) – was set up in 2022 to provide local visibility, roll out joint actions and develop their own initiatives according to their local Diversity & Inclusion issues. This network was strengthened in 2023 with the organisation of a seminar for the ambassadors and reflection on a common roadmap.

Each entity has defined a Diversity & Inclusion action plan, included in its roadmap, which was shared with the entire community of officers so that they can benefit from the discussions and share best practices.

#### 2.2.4.2 FIGHTING AGAINST ALL FORMS OF DISCRIMINATION

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

For this, a common approach has been structured, enabling awareness to be raised and stakeholders to be trained on diversity, unconscious bias and micro-inequalities, in order to neutralise stereotypes in decision-making.

The entire community of the Group’s D&I contacts was trained on the issues of diversity and inclusion through the Diversity Fresk in partnership with ESSEC in March 2023, as well as on unconscious bias.

Employee representatives also benefited from training on unconscious bias, in order to facilitate their awareness and enable them to play their role fully.

An e-learning awareness module on “unconscious bias and micro-inequalities” was set up and translated into 11 languages in June 2023. It is mandatory for managers and the HR community in France and internationally, and open to all employees.

At the same time, Hermès is continuing to roll out the Alterego training programme in its subsidiaries, with the aim of promoting inclusion, explaining the value of difference for the Company and thus strengthening the equitable management of access to employment and career management. Since its launch in 2017, 946 managers and members of the HR teams have followed this programme in France, including 196 in 2023.

The aim is to share the Hermès culture as a responsible employer and an actor and to pass on the ambition of inclusion, particularly with regard to disability, religion, gender equality and intergenerational management.

An international network of contacts	Raising awareness of unconscious bias	Promoting inclusion
28 D&I officers	1 e-learning module rolled out worldwide (translated into 11 languages) in June 2023	946 managers and HR followed this programme in France, i.e. nearly 50% of this population, including 196 in 2023

Hermès of Paris has developed the “HOP Hiring Programme & Toolkit” promoting inclusive recruitment to welcome talents from various backgrounds, develop recruitment practices focused on the search for uniqueness and attract candidates by talking about the House’s values. For this, managers and HR in charge of recruitment are trained and have access to an inclusive recruitment kit.

Some entities (Hermès Distribution France, Hermès Group Services, Hermès Japan, Hermès Switzerland, Hermès Brazil) aim to build partnerships with specialised recruitment agencies to source various profiles.

### 2.2.4.3 PROMOTING GENDER EQUALITY

The Group’s policy is to promote gender diversity and equality at all levels of the organisation in all entities and countries.

Particular attention is paid to gender equality within the House, with women comprising 68% of employees overall, 60% of managers, 70% of the Operations Committee and 47% of the Top 100 (see § 3.3.4.2. "Gender balance of governing bodies").

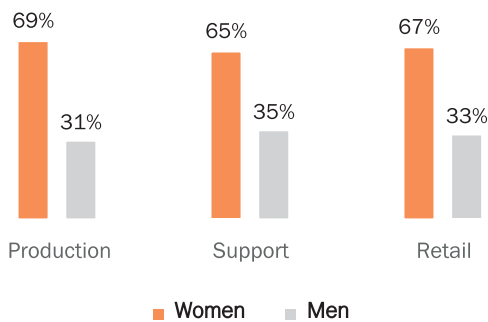
Furthermore, special attention is also paid to equality, particularly in the awarding of equal pay for equal work and ensuring equal opportunities at all levels of employment. The 2023 gender equal pay index, implemented in France, resulted in a score of 92/100.

Promoting professional equality also involves building networks and

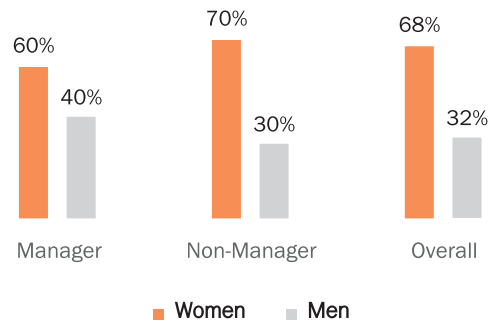
communities to support this ambition. In 2021, 13 women from different horizons in the House took the initiative to create **"Hécate", the network of Hermès women** whose objective is to create a space for listening and trust, to give everyone the means to express themselves, nurture, connect and develop. Since its creation, this network has brought together more than 100 women around various events.

In 2023, the network met for three afterworks and five morning discussions on themes such as mentoring, parenting, careers, vulnerabilities and burnout. During these meetings, which represent opportunities for discussion, inspiring women from different horizons are invited to share their experiences. An Inspiration that Hécate also shares through its cultural newsletter.

GENDER BREAKDOWN BY SECTOR



GENDER BREAKDOWN – MANAGERS AND NON-MANAGERS



### 2.2.4.4 PROMOTING THE INTEGRATION OF PEOPLE WITH DISABILITIES

True to its humanist values, the Group has always been concerned with the integration and retention of people with disabilities. Wishing to further mobilise the entire organisation, a first group disability agreement was signed with the social partners in 2017 for the period 2018-2020, and was renewed by the signature of a second disability agreement for 2021-2023. This agreement made it possible to define a structured policy, the allocation of a dedicated budget, the implementation of communication tools intended to increase this commitment, supported at the highest level of the Group, with a sponsor member of the Executive Committee, generating steady progress. A third Group Disability Agreement was signed at the end of 2023.

The Group Disability Agreement, created in 2017, has helped a network of disability officers, which has gradually been expanded and professionalised. Today, it is made up of 16 Disability Officers representing each métier to help all sites make progress in integrating and retaining those with a temporary or permanent disability. The network of Disability Officers meets on a regular basis to share best practices, visit sheltered work establishments (ESATs) and promote skills development.

In order to promote the commitment to disability as close as possible to employees, a network of 130 Disability Ambassadors has been set up. Trained in disability, these employees with varied profiles (craftspeople, support functions, sales associates, etc.), who are not necessarily disabled, have volunteered to promote actions in favour of disability on their site. Working closely with their site disability officer, their role consists of informing, communicating, advising and providing guidance, while contributing to awareness-raising actions.

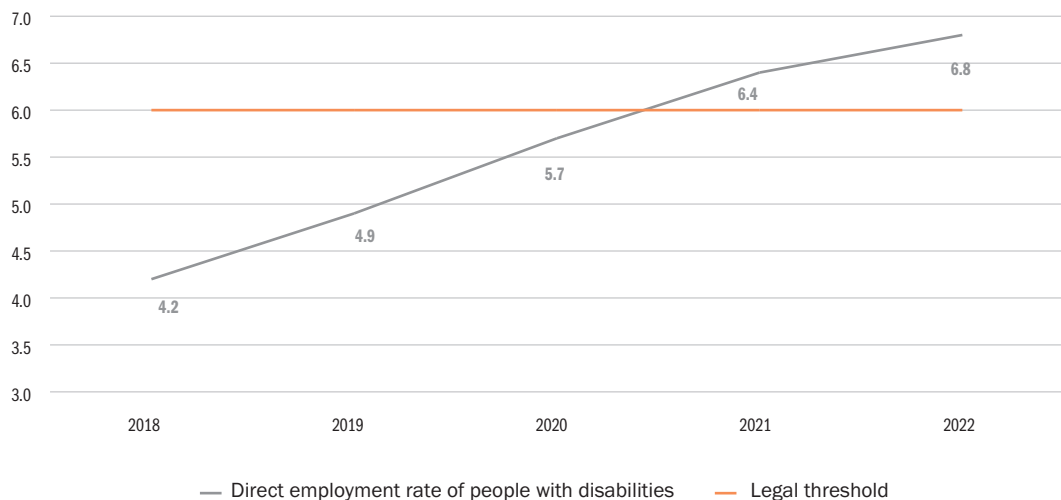
## POLICY AND COMMITMENT

As part of the second agreement approved for the years 2021-2023, the Group is pursuing its ambitions in terms of inclusion, in particular on the following issues:

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

The Group Disability Agreement anticipated the scheduled end of the approved collective agreements by **signing a third Group Disability Agreement** on 29 November 2023 in order to continue working to promote the inclusion of people with disabilities in all regions beyond 2023. This agreement came into force on 1 January 2024.

At constant legislation, the **direct employment rate** for 2022 was 6.85% *versus* 3.5% at the launch of the Group's first Disability Agreement in 2017. The number of people with disabilities has more than doubled in six years, **exceeding 760 employees recognised at the end of 2022**. In 2023, more than 55 French employees took their first steps to having their disability recognised.



In %	2018	2019	2020	2021	2022	2023
Direct employment rate of people with disabilities in France	4.2	4.9	5.7	6.4	6.8	To be published in June 2024

**Hermès is committed to continuing its efforts to include people with disabilities, for all its entities around the world, with the objective of achieving a 6% average direct employment rate of people with disabilities in the Group.**

#### Promoting the employment and integration of people with disabilities

The first objective of the agreement being recruitment, Hermès continued its participation in **recruitment fairs** dedicated to candidates with a disability, such as Hello Handicap or Open Forum ESSEC. All job offers in France appearing on the Hermès Talent website are automatically sent to the AGEFIPH recruitment site and the applications received *via* AGEFIPH are thus identified to ensure the best possible processing.

Since the first agreement, 87 recruitment and human resources players as well as managers, including 19 in 2023, have been

**trained in the recruitment of people with disabilities**, to help them feel more comfortable in recruiting and supporting people with disabilities throughout the hiring process.

#### Structuring a genuine job retention policy

More than **€200 thousand** of the Group Disability Agreement budget was devoted to workstation adjustments or the financing of individual equipment (workstation studies by ergonomists, adaptations of work organisation, skills assessments or mediation coaching). The agreement also allows for an adjustment over the final two years of someone's career by moving to part-time work (80% of full time) while maintaining compensation at 100%.

#### Strengthening indirect employment through collaboration with the sheltered and adapted sector and self-employed disabled workers

The House also has a societal commitment to responsible purchasing, in particular by providing work to adapted structures (EAs and ESATs) that welcome workers with disabilities.

The use of the external sheltered work sector can also be a **gateway to the employment and integration of people with disabilities** within the House.



The success of this inclusion model is also enabled by a committed managerial culture open to diversity, as well as by long-term partnerships established with EAs (adapted companies) and ESATs (sheltered work establishments).

Since 2013, Hermès has been supporting the **Equiphoria** Hippotherapy Institute to design a saddle that does not hinder interactions between animals and patients. The Hermès saddler craftspeople have thus used their savoir-faire to assist the teams of doctors and caregivers of this foundation, as illustrated in the film “Footsteps Across the World” broadcast for the first time in 2022 in La Canourgue and viewable on our website.

**Strengthening the fight against decision-making biases caused by stereotypes or bias in terms of disability and changing views within the Company**

The 6th edition of the **Handi'Cap forum in 2023**, an annual highlight,

was held in early September, in virtual form, and brought together nearly 250 new managers and new HR, essential levers for the effective implementation of the Disability policy, with an openness to the international through the involvement of all the world Diversity & Inclusion officers.

The Group was very active during the 2023 **DuoDays** operation, launched by the French government, by hosting 140 DuoDays. This involves changing attitudes by welcoming people with disabilities who are looking for work or who come from ESAT-type support structures and over the course of a day, showing them the work of employees so that they may take a look behind the scenes of the production or support function métiers.

Hermès continued to produce episodes of the **new series “In full agreement”** which clearly illustrates the four pillars of its Group disability agreement approach through inspiring encounters and initiatives implemented within various Group entities.

**2023 key figures**

**6.85%**: direct employment rate for people with disabilities in France in 2022 (vs. 3.5% at the launch of the first Group Disability Agreement in 2017)  
**16** Disability Officers representing each of the House’s métiers  
**130** Disability ambassadors  
**760** employees in France with disability recognition (+55 employees applied to be recognised in 2023)

**2023 key initiatives**

Week for the employment of people with disabilities in France and abroad  
**140** DuoDays  
**6th** edition of the Handi'Cap forum  
 “In full agreement” series

**Entities and subsidiaries engage through local initiatives**

**Leather**

Hermès Leather Goods & Saddlery’s commitment to disability is part of a global purchasing policy structured and anchored locally, where each regional division has developed an EA/ESAT partnership in order to increase the skills of these structures adapted to the Company’s leather savoir-faire as required for the manufacture of our objects. Some EA/ESAT partners become manufacturers for the House, to whom it entrusts the production of objects from our collections.

**Distribution subsidiary France**

Disability is an important aspect of Hermès Distribution France’s Diversity & Inclusion policy, with two major goals:

- ◆ integrate at least one person with a disability in each of our stores, regardless of the type of contract;
- ◆ at the same time, increase recruitment on permanent employment contracts to integrate and develop people on a long-term basis.

The development of partnerships with ESATs is an essential lever for achieving these commitments. Hermès Distribution France has partnerships in the form of “off site” services or provision with ESATs in 11 stores across France: in the North, West, South, Rhône and Paris regions. The aim is to extend these partnerships to all stores. ESAT workers generally take on positions in reception, inventory, sales support, ironing and retouching.

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

**Watches**

In June 2023, Hermès Horloger organised its second edition of the Week of Disability in partnership with a local foundation through a range of activities: multi-activity visits to discover the métiers, sports activities, and a new event: “round trip” DuoDays (in a reciprocal *vis-ma-vie* approach: Hermès Horloger employees hosted workers with disabilities for a day; and in turn, the employees were able to discover the professional environment of the foundation’s workers).

## 2.2.5 HEALTH & WELL-BEING

### 2.2.5.1 AMBITION

Hermès aims to guarantee all its employees a working environment conducive to their physical and psychological well-being, and enabling them to reconcile their professional activity and their personal life. In addition to the work environment, and in line with the House's protective vision towards its employees, Hermès has launched a project to roll out universal social protection for all its employees worldwide, based on five social protection pillars, which should enable everyone to face life's uncertainties with more peace of mind.

The conduct of a “**Hermès à l'écoute – Hermès Hears**” survey on the health, well-being and engagement of all our employees worldwide in the first half of 2024, will enable an inventory of our strengths and areas for improvement on these subjects to be drawn up, before undertaking new concrete actions in a cycle of continuous improvement.

### 2.2.5.2 MEASURING AND PROMOTING EMPLOYEE SAFETY, HEALTH AND WELL-BEING

#### HEALTH AND SAFETY POLICY

The diversity of the Group's métiers, from production to retail, not forgetting the support functions, involves taking into account and managing different issues. Committed to the House's humanist values, Hermès has initiated a “Zero Accidents” trajectory and formalised a Group Health and Safety policy in 2023 to support this dynamic.

This policy, prepared by a working group made up of representatives of the French stores, the métiers, support services, the Group human resources department and the industrial department, was signed by the Group Director of Human Resources and validated by the Executive Committee. It will be updated every three years and its monitoring is already the subject of an annual presentation to the CAG-CSR Committee within the Supervisory Board. This policy aims to create a common strategic framework that helps preserve the health and ensure the safety of employees. It is structured around four areas:



These four areas are broken down into 13 commitments, which are tailored to the particular nature of each activity and each country. For example, at the instigation of the Managing Director of the Cuirs Précieux sector and the Group Management Committee, an adapted version of the Health, Safety and Environment policy specifies the commitments of the sector to 2024 based on six objectives: guarantee and maintain regulatory compliance of sites; eliminate major risks and aim for “zero workplace accidents”; preserve the health of employees over the long term; control and reduce the impact on the environment; sustainably embed a Health, Safety and Environment culture at all levels of the organisation; guarantee the chemical compliance of the leathers over time. This policy leads to the development of the EHS roadmap for the sector, reviewed quarterly by a dedicated Management Committee in which the Industrial Director, the Director of Operations and the EHS team participate. Another example is the specific EHS policy of Hermès Manufacture de Métaux (HMM), which is based on six major objectives: preserve the health of our employees; prevent workplace accidents and aim for “zero workplace accidents”; reduce the environmental impact of our activities; comply with applicable EHS legal and regulatory requirements; verify the ethics of our supply chains; create and disseminate an EHS culture at all levels of the organisation. Locally, EHS managers adapt the HMM policy to the specificities of each site.

#### HEALTH AND SAFETY GOVERNANCE

The themes of prevention, Health and Safety are led by two members of the Executive Committee, each with an additional dimension: the Group Director of Human Resources, who is a signatory of the policy, monitors the consolidated indicators, presented by commitment, and the Executive Vice-President Manufacturing Division & Equity Investments, to whom the industrial department reports, is currently in charge of most of the action plan.

Each métier and support function is committed to eliminating and preventing the risk of injury, preserving health over the long term and protecting the environment by controlling the risks and reducing the impacts identified. Any new Hermès industrial site, and any renovation, is designed and built with the health and safety of the craftspeople and partners working there as a primary concern. New or existing industrial practices, as well as processes and products, are constantly analysed to minimise their risks and effects on health and safety.

Since 2003, the Group industrial department has managed an EHS network, made up of EHS managers from the House's various métiers. With around 20 people, this network meets face-to-face twice a year to work on common topics, learn from the progress of other métiers and continue to receive training. This network has gradually been enriched by the presence of employees from retail, general services and the sustainable development department. In 2023, three webinars were rolled out in addition to face-to-face meetings to strengthen the network within the EHS community and support the teams. On a one-hour format open to all, the webinars highlight certain local initiatives with strong cross-functional potential.

At the level of industrial sites, the EHS organisation of the métiers was strengthened in 2023 at Hermès Leather Goods & Saddlery, both centrally at the level of the coordination team and in each leather goods division. Thus, each division has a prevention team made up of an EHS division director, and, for each site, an EHS manager and an occupational health nurse (IDEST). Through his presence on the division's Management Committee, the EHS Director brings occupational health and safety issues to the forefront. The central team leads the community of EHS directors with monthly updates on operational issues. In addition, priority topics common to the leather métier are managed in project mode and quarterly meetings are organised to share their progress.

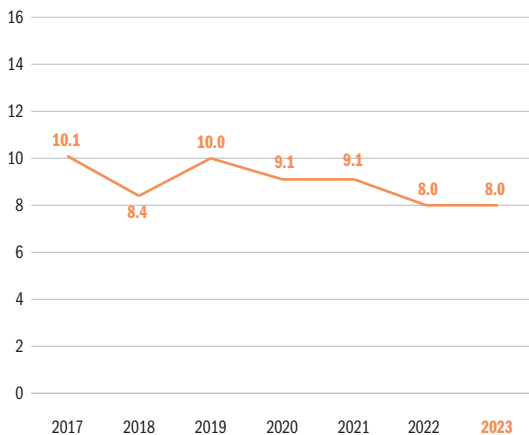
At Cristalleries Saint-Louis, a Safety Committee bringing together all department heads, health departments and the production unit management meets monthly. EHS indicators are reviewed at this,

action plans are updated and new actions are presented by department. EHS topics are included in all site management routines, starting with daily production meetings.

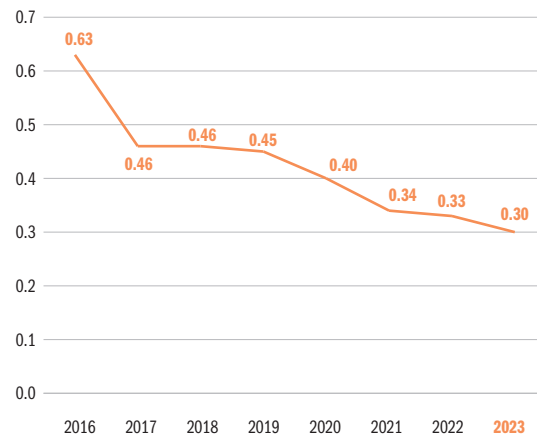
## RESULTS RELATING TO ACCIDENTS TO THE GROUP'S WORKFORCE

In 2023, the frequency rate of workplace accidents with lost-time for the Group as a whole stood at 8, with a severity rate of 0.30 (respectively 8 and 0.33 in 2022). This calculation is based on the total number of actual hours worked.

GROUP FREQUENCY RATE



GROUP SEVERITY RATE



In France, the frequency rate was 10.2 with a severity rate of 0.48 (respectively 11 and 0.51 in 2022). As the industrial workforce represents more than 68% of the workforce in France, it is consequently more directly affected by the risk of workplace accidents.

Looking solely at the international figures, the frequency rate is up slightly (4.91 compared with 3.79 in 2022). These employees, who mainly occupy positions in sales and support teams, are nevertheless significantly less affected by systemic exposure to at-risk situations.

In %	Group	France	International only
<b>Frequency rate of workplace accidents with lost time in 2023</b>	<b>8</b>	<b>10.2</b>	<b>4.9</b>
In 2022	8	11	3.8
<b>Severity rate of workplace accidents with lost time in 2023</b>	<b>0.30</b>	<b>0.48</b>	<b>0.05</b>
In 2022	0.33	0.51	0.08
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Number of fatal accidents	0	0	0

## RISK ANALYSIS AND PREVENTION

In view of Hermès' activities, the risk in terms of workplace accidents is highest on its industrial sites. Hermès International's industrial department manages an EHS programme organised according to successive cycles. The fifth cycle of this programme began in 2018 and ended in 2023. It has three components:

- ◆ provision of EHS regulatory monitoring for all industrial sites. The frequency of newsletters is adapted to changes in the regulations of the countries in which the sites are located: in France, the monitoring is shared quarterly. For the rest of the world, it is published half-yearly or annually;

- ◆ elimination of hazardous situations. Thanks to two Group standards, the proper management of work at height and the control of water discharges are ensured by an annual self-assessment;
- ◆ development of a safety culture. The level of maturity in the sites' Health and Safety culture is assessed annually using an internal framework structured into 13 pillars, relating to the fields of leadership, organisation or operations. The framework is designed to facilitate the identification of key actions enabling progress to be made in the Safety culture, and thus makes it possible to enrich operational roadmaps.

The industrial department audits the achievements of the industrial sites with the support of an external firm and regularly reports on the progress made in meeting Hermès' commitments. In 2023, 23 sites were assessed as part of this programme. The best practices identified during these audits are distributed annually to the métiers through an illustrated booklet.

In 2023, to go further in managing Safety risks on industrial sites, an internal framework of major risks was prepared by a multi-métier working group led by the industrial department. Thus, 11 major risks were targeted: Working at height; Safety of equipment; Management of hazardous energy; Fire/ATEX risk; Chemical risk; Level falls; Confined spaces; Road risk; Lifting, storage, coactivity of trolleys/pedestrians; Management of external companies; and Lone Worker. These risks have been broken down into 108 key requirements, for which the compliance of each site will be assessed as part of the sixth EHS cycle (2024-2026).

## MEASURES IMPLEMENTED AND RESULTS

Numerous approaches and initiatives implemented within the Group illustrate the commitments made in the Group's Health and Safety policy: some examples of implementation are presented below.

### Raising employee awareness

1,000 Hermès Leather Goods & Saddlery craftspeople were trained in ergonomic skills in 2023, bringing to 4,800 the number of craftspeople who have completed this module since its creation in 2011.

The Textile sector (HTH) launched new initiatives in 2023. All employees of the Pierre-Bénite site took part in a day on the theme of vigilance and at-risk behaviour, enabling a collective culture to be created on this theme. The sector also offered first aid training in mental health to prevent psychosocial risks. Thus, 23 people benefited from this two-day training course in 2023. This approach will continue in 2024. Furthermore, in order to improve the management of external companies, the sector has designed training for contractors to better identify and communicate risks when carrying out work. Inspections during works are also becoming more widespread.

At Perfume and Beauty, the initiative to develop the EHS culture continued in 2023 with a first-level EHS awareness action for all employees (50% of employees trained by the end of 2023 with a target of 100% at the end of the first quarter of 2024), and a training event dedicated to managers in June 2023. In addition, gestures and postures training sessions were rolled out in 2023 for the logistics, packaging and quality teams.

In 2023, the safety meeting support documentation for craftspeople and crystal manufacturing employees was completely revised to increase its impact and make it more attractive. This illustrates the desire to strengthen the culture of prevention in terms of health and safety at work through information and training for all employees. Moreover, awareness-raising campaigns for craftspeople and employees are distributed every month in the form of EHS news and commented on in the managerial routines of the departments.

In order to strengthen the safety culture of the HMM teams, monthly communication campaigns were rolled out in 2023, culminating in World Health and Safety Day. These prevention campaigns rolled out in each plant address a variety of specific topics: personal protective equipment, working at height practices and the importance of gestures and postures.

A two-day Safety training course, alternating between theory and practice, was provided to all members of the Watches métier's EHS Committee, with the aim of strengthening safety fundamentals and developing safety leadership. In addition, the teams were trained in risk prevention for any interventions including working at height.

In 2023, all managers of the two sites of the Home function benefited from a two-day training course on Safety Leadership.

### Internal audits

As an extension of the Safety culture assessments led by Hermès International's industrial department, actions have been taken to develop this culture for all employees.

Number of cross-visits - Shared vigilance	2023
HMS	800

In addition to the certification audits conducted in certain sectors, internal Health and Safety audits are gradually being rolled out in the various métiers. At HTH, EHS managers audit their peers from other sites on culture and risk topics. At the Cristalleries and on the sites of the ceramic sector, Safety visits involving managers, department heads and employee representatives are organised throughout the year. At HMM, audits are carried out on each site based on a detailed grid of 121 fundamental EHS questions.

### Signature actions

#### LEATHER GOODS & SADDLERY

In line with the Group's Health and Safety policy, Hermès Leather Goods & Saddlery's commitment is based on six pillars: regulatory compliance, safety culture, well-being at work, aiming for zero accidents, avoiding serious injuries and preserving the health of employees. A roadmap has been drawn up and four priority projects defined for 2023. One of these projects concerns the fight against musculoskeletal disorders (RSIs, repetitive strain injury), identified as part of the risk mapping, which is broken down into five major areas of action:

1. presence of internal "ergonomics contacts" at each site, leading working sessions in each workshop with their colleagues. These intermediaries are becoming more professional in their role through training and by leading this community;
2. programme to replace traditional workbenches by height-adjustable electric workbenches. In 2023, more than 900 such workbenches were installed. Several Leather Goods workshops are now fully equipped with adjustable workbenches;

3. continued rollout of the “Un Corps pour la Vie” ergo-motor skills training module. Since 2011, more than 4,800 craftspeople have been trained, including nearly 1,000 in 2023. This module aims to provide exercises that can help prepare the body and support the demands inherent in the specific activities of saddlers-leather workers;
4. continuation of the ergonomic analysis method, co-developed with doctors in biomechanics. This method, which makes it possible to identify the level of strain on the muscles associated with the various work operations, is used to feed into the action plans;
5. introduction of weekly on-site osteopathy slots, enabling craftspeople to benefit from these services more easily. This experiment was enthusiastically welcomed, encouraging sites to continue and increase the initiative over the coming years.

### CUIRS PRÉCIEUX

To develop leadership in EHS, and in line with the training of the Supply Chain Management Committee in 2022, the tanneries directors followed a training course on leadership and safety culture, which was then rolled out to the Management Committees of each tannery.

At the end of 2023, the six tanneries were certified according to the Leather Working Group (LWG) standard, which, inspired by ISO 14001, contains 17 sections and more than 300 requirements relating to regulatory compliance, subcontracting, monitoring of production, traceability, safety, Health and Safety, wastewater and energy management, waste management, chemical product management and the EHS management system. Certification is renewed through annual or two-yearly audits. In addition, in 2023, the Jullien tawery was also audited according to the Group Safety Culture standard.

2023 was marked by the implementation, in all tanneries, of essential Health and Safety rules, following the collaborative work undertaken since 2021. Thus, a major communication campaign was conducted, supported by posters highlighting the golden rules and the seven pillars (training, protection, circulation, machines, behaviour/responsibility, posture and coactivity). These rules are also presented during Safety meetings and are discussed between management and employees, particularly during managerial safety visits.

### TEXTILE

The HTH textile sector maintains its strategic commitment to improving the safety performance of its sites, in particular through the Safety charter.

In 2023, each site identified and communicated in a simplified manner the four major risks and the associated golden rules. These include musculoskeletal disorders, chemical risk and the management of external companies.

In terms of actions to prevent RSIs, numerous investments have made it possible to improve the ergonomics of workstations through new handling solutions (e.g. trolleys, hoists, pallet trucks, custom furniture, inspection machines, storage structures). An automated degreasing module was introduced at the Gandit workshop, significantly reducing

the number of frames handled. In addition, on the HTH site, the “ergodays” initiative was launched to enable administrative employees to benefit from support at their workstations: posture correction, supply of adapted ergonomic equipment (screens, stands, mice or chairs).

With regard to chemical risk, the chemical storage areas at SIEGL and AEI have been redesigned, standards defined and regular inspections carried out. At the AS and SIEGL workshops, a substitution project was carried out to avoid the exposure of printers to the glue solvents used to hold the parts on the tables. Now, 100% of the cashmere yarns printed on the new lines use adhesive films. This process is being rolled out for silk.

### HOME

The sites of the ceramics sector have formalised their EHS vision through site policies, which highlight the development of the Safety culture, the improvement of working conditions and workstation ergonomics.

During the Site Committee’s daily update, feedback from the ground is shared and the necessary actions are added to the EHS action plan which is examined weekly.

From an RSI prevention point of view, workstation improvement initiatives have affected different sectors at the two sites. Joint work between the sites has made it possible to introduce height-adjustable control-packaging stations and new handling tools in the logistics areas in order to limit difficult postures. Daily warm-ups have also been introduced before each shift.

In 2023, Puiforcat rolled out an EHS policy based on five areas: reduce risks by combining traditional savoir-faire and new technical resources while changing behaviour; preserve the health and integrity of craftspeople; develop a Health and Safety culture; assess and improve the impact on the environment; and ensure the regulatory compliance of its facilities and practices.

The strengthening of the EHS organisation has made it possible to accelerate measures to prevent risks and improve working conditions. Thus, 10 collaborative mini-projects were carried out in 2023, led by the various departments with the involvement of craftspeople.

### LOGISTICS

Hermès Commercial’s EHS roadmap was consolidated by the Health and Safety culture assessments led by Hermès International and carried out in April 2023 at the two logistics sites.

From an organisational point of view, the EHS team has been strengthened to face the challenges of growth and transformation projects.

In terms of preventing RSIs, the entity has set up daily muscle warm-up sessions at its sites. They are led by in-house coaches, who have been specifically trained in the movements to effectively prepare the body for the effort. In 2023, 17 employees were trained by the external organisation. In addition, a test protocol for exoskeleton and ergoskeleton technologies was carried out in the shipping department, to facilitate handling operations. In order to build on the initial positive feedback, a new experimental session will be conducted in 2024.

### 2.2.5.3 PROVIDING PLEASANT WORKING ENVIRONMENTS

With the new Leather Goods workshops already boasting state-of-the-art equipment, some of Hermès Leather Goods & Saddlery's older Leather Goods workshops have been adapted to improve working conditions. This is the case for the Belley Leather Goods workshop, which changed the lighting in the workshops to improve the visual comfort of the craftspeople. In 2023, this site also built two extensions that benefit from natural light in these spaces. The Manufacture de Haute Maroquinerie (located in Aix-les-Bains) has begun the development of a central space that will allow employees to get together and relax or can be used for collective information meetings.

Rehabilitation and asbestos removal work continued at the Tanneries du Puy, making it possible to improve working conditions, particularly in the "river" building, in terms of lighting and ventilation.

Prompted by LWG certifications, 5S-type initiatives accelerated at the six tanneries of the Precious Leathers sector. The programmes for storage, rearranging spaces and markings on the ground have resulted in a safer and more pleasant working environment.

In the HTH textile sector, major renovation work on the living and working spaces was carried out at the offices and workshops of Pierre-Bénite and on the Bourgoin-Jallieu site in 2023. Significant renovations and improvements have increased the safety of the teams. Thus, interior and exterior markings have been positioned on the ground, and speed bumps and signs have been added to reduce the risk of collisions. At the AEI site, the asbestos removal from roofs started in 2022 continued in 2023. The remaining 30% will be completed in 2024. Furthermore, the dye mixing area was completely transformed in order to reduce the exposure of craftspeople to chemicals (suction and area depressurised) and the risk of hot water burns (automatic activation of supply). The sites carried out noise exposure and awareness-raising campaigns among employees. For example, the HTH cutting workshop was subject to a complete noise mapping. The moulded earplugs were renewed to optimise employee protection. Events and awareness-raising actions were provided for the well-being of the teams. At SIEGL, a QLW week was organised in July 2023. During this week, various activities were offered to employees: massages, Laughter Yoga workshops, Smoothie bike, discussions with a physiotherapist, etc. Finally, the sector emphasised the involvement of employees in major organisational change projects. Thus, the transition to 3x8 for the HTH cutting team led to the drafting of a night shift agreement focusing on the safety and working conditions of employees, through precise measures.

In 2023, the Hermès Manufacture de Métaux (HMM) sector carried out actions relating to ergonomics, involving employees at each plant. La Fabrique de Roye rolled out a collective warm-up routine. In Cœuilly and Roye, ergonomic furniture was installed to improve the posture and comfort of employees. In Champigny-sur-Marne, workshops were reorganised, using on-the-ground surveys, to optimise workstations and a freight lift was installed to reduce the carrying of loads.

In addition to the work on the New Manufacturing extension project started in 2022 at Perfume and Beauty, interior redevelopment work was carried out in the historic building in 2023 to improve working conditions in the face of growth: optimisation of connections between the manufacture of perfumes and their packaging, improvements to packaging lines, addition of a quality control system. Furthermore, a study conducted with the product development teams made it possible to reduce the exposure of certain employees to chemical agents by replacing an adhesive classified as hazardous to health with an adhesive that is innocuous for craftspeople, while maintaining the quality of the finished product.

The ergonomics of the "main square" within Cristalleries Saint-Louis, a workshop that concentrates large and prestigious items, have been reviewed to limit difficult gestures (assistance with mallet-use), reduce load carrying through the use of handling aids and rethink work organisation. The quality controllers also benefited from new workbenches that improve the control conditions of these large items: table height adjustment, lighting adjustment and pneumatic movement of the parts. A 5S project was also conducted in the Maintenance division, and included the prevention of chemical risks. A product inventory was thus carried out, followed by an update of the chemical risk assessment and the implementation of risk reduction actions (for example: implementation of a secure cabinet and storage rules).

On the CATE site, the project to renovate the air conditioning unit in the kiln room has significantly improved the working conditions of the kiln operators, by better evacuating the heat from the kiln and introducing fresh air to targeted areas.

### 2.2.5.4 ADDRESSING THE RISK OF HARASSMENT

#### Raising awareness, preventing and alerting

Hermès does not tolerate any conduct that takes the form of behaviour, words, actions, gestures or writing likely to harm the personality, dignity, physical or psychological integrity of a person, thus undermining his or her personal balance or employment, or degrading the social climate. Preventing and combating harassment, whether moral or sexual, is one of the House's priorities.

#### ◆ Prevent

In the French entities, 55 pairs of "Harassment and sexist behaviour" officers, representatives of management and the Social and Economic Committees (SEC), were set up to prevent sexist behaviour and situations of sexual and moral harassment. They continue to be trained in adapting these concepts to their legal framework and being able to characterise a situation.

This training also makes it possible to identify at-risk behaviours, promote the implementation of prevention measures and react in the event of a whistleblowing, by demonstrating empathy and distance.

Furthermore, in order to prevent reprehensible behaviour, an e-learning module “Understanding in order to prevent sexist behaviour and situations of harassment”, dealing with the subjects of moral and sexual harassment, sexist behaviour and sexual assault, was rolled out on a mandatory basis for all managers and representatives in France and is available for all employees. In France, 86% of managers completed this module, bringing the number to 2,066 managers trained.

As this focus applies in all the countries in which Hermès operates, this module is also rolled out internationally.

◆ **Whistleblowing**

Any employee who believes that he or she is a victim or is a witness to such a situation is invited to inform their manager or a human resources manager as soon as possible or to report it through the H-Alert! professional whistleblowing system, which guarantees the confidentiality of exchanges. Group rules provide for mechanisms that make it possible to examine and deal with any situation, with complete neutrality and impartiality (for example, the establishment of an internal joint commission of inquiry with a representative of management and a representative of the SEC). To support them in their role, an internal investigation procedure has been drawn up. It describes the different stages of an investigation, the precautions to be taken and the role of the various stakeholders.

**2.2.5.5 ABSENTEEISM**

The low level of overall absenteeism, all causes combined, reflects in particular the good working conditions of employees. It was 2.56%, down to a lower level than in 2019 (2.9%).

**2.2.5.6 OFFERING SOCIAL PROTECTION AND PREVENTIVE MEASURES FOR ALL EMPLOYEES**

With the aim of protecting and supporting its employees in the face of life’s uncertainties and in line with its social model and the Group’s values, Hermès has created a basic level of universal social protection for all its employees worldwide, based on five pillars: parenthood, healthcare, retirement, death and disability. The objective is to cover 100% of employees worldwide by 2026.

This ambitious base aims to ensure a decent quality of life for employees and their families, to enable them to be covered in the event of a personal accident, and to build up savings in order to be able to plan for the medium and long term with peace of mind.

As a priority, the House’s entities ensure that each of these pillars benefits their employees, taking into account the legal provisions that may already exist locally.

	Group basic level	2023 coverage	Commitments
<b>Parenthood</b>	<p><b>Maternity leave</b> with salary maintained for 16 weeks, with no length of service conditions, and payment of childbirth costs</p> <p><b>Second parent and adoption leave</b> with salary maintained for four weeks with no length of service conditions</p>	<p>Maternity leave: 100% of employees are covered</p> <p>Second parent leave: 78% of employees are covered</p>	<b>100%</b> of employees to be covered <b>in 2024</b>
<b>Health coverage</b>	Coverage of healthcare costs including the risk of hospitalisation A health check-up (physical or on-line) or specific prevention actions	97% of employees are covered Health check-up or targeted prevention measures: 76% of employees are covered	<b>100%</b> of employees to be covered <b>in 2025</b>
<b>Life insurance</b> (Family protection in the event of the death of an employee)	A lump sum paid to beneficiaries equal to twice the annual salary.	89% of employees are covered	<b>100%</b> of employees to be covered <b>in 2025</b>
<b>Retirement</b>	Access to a pension plan	97% of employees are covered	<b>100%</b> of employees to be covered <b>in 2026</b>
<b>Disability</b>	Replacement income and/or lump sum in the event of invalidity	96% of employees are covered	<b>100%</b> of employees to be covered <b>in 2026</b>

## SOCIAL PROTECTION SCHEMES

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

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

- ◆ collective, targeting all employees;
- ◆ ambitious with respect to benchmark market practices;
- ◆ adapted to the Group's values, local regulations and locally-identified needs.

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

Hermès' aim is to protect the families of its employees, in the event of death, by paying a lump sum or equivalent annuities of at least two times gross annual basic salary. This protection covers 89% of employees worldwide. 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 plans and make it possible to protect and retain employees. These schemes are mainly financed by the Company and are very popular with employees.

### Medical concierge and health check-up:

In 2023, Hermès set up a medical concierge service in France for entities enrolled in the Group plan (for employees and their families) and a health check-up regardless of age.

Some foreign subsidiaries – Hermès China, Hermès Japan, HMESSA in Singapore, Hermès of Paris – also have these medical check-up systems, the Group's ambition being to offer this type of physical or on-line system to all employees worldwide.

### 2.2.5.7 SUPPORTING EMPLOYEES IN BALANCING THEIR VARIOUS TIMES OF LIFE AND PROVIDING THEM WITH APPROPRIATE SUPPORT (CAREGIVERS, PARENTHOOD, VULNERABILITY)

#### BALANCING THE VARIOUS TIMES OF LIFE

The House of Hermès pays constant attention to the well-being and physical and mental health of all employees, in particular by helping them to balance their professional activity and their personal life.

As part of this ambition, on 19 July 2023, Hermès signed a Group agreement with all of the representative trade unions at Group level (CFDT, CFE-CGC, CGT, FO) on balancing the various times of life. The main measures of this agreement came into force on 1 January 2024 in all Group companies in France.

These measures aim to better support those who are faced with certain personal situations impacting their daily professional life (caregivers looking after a loved one with a loss of autonomy, due to illness, disability or age; parents; people in vulnerable situations).

For these three aspects, various measures were negotiated, taking care to provide responses adapted to the diversity of the situations encountered:

#### ◆ For caregiver employees:

By providing an information and assistance platform for the most common situations, offering flexibility in more demanding situations, and freeing up time through financial support in the most difficult situations.

#### ◆ For parent employees:

By supporting parenting support measures in all their facets (traditional parenting, adoption, homoparentality, single parenthood, blended families, etc.) before and upon arrival and after the birth of the child. Measures taken include in particular leave of absence as part of a medically assisted procreation programme, return to work part-time following parental leave, breastfeeding facilitation and support for single parents.

#### ◆ For employees in vulnerable situations:

By preventing and supporting employees faced with vulnerable situations including long-term illnesses such as cancer, professional burnout, bereavement, domestic violence, addictions or over-indebtedness.

## FLEXIBILITY AND WORKING TIME ARRANGEMENTS

About 96% of employees work full-time, and 915 employees work part-time. Both benefit from the same social benefits in proportion to their presence.

Through its philosophy and its activity with a strong craftsmanship component, the House values the presence of the teams and attaches particular importance to working together, which necessarily involves a presence on sites. However, practices may vary from one métier to another and many systems promote flexible working, both in terms of on-site presence and in terms of hours.

For example, in 2023, as part of a collaborative approach, Hermès Distribution France initiated a four-month pilot project relating to a four-day week in two of the French stores. The other stores will also test this in 2024 and employees will then be invited to say how they feel at the end of the test period, to define the possible follow-up to this initiative.



## 2.2.6 RECOGNITION & REWARD

### 2.2.6.1 AMBITION

The success of the House of Hermès is above all a collective success, made possible by the quality of work and the commitment of all. The recognition given to employees is an essential pillar of the House's social model, enabling everyone to feel an actor and contributor to collective success.

This recognition is expressed in particular through compensation and value-sharing methods in which the collective plays a large part. Hermès wishes to continue this ambition, by reinforcing the pedagogy and transparency around its systems in order to allow a good understanding of them.

The recognition that the Group wishes to give to its employees is not only financial, it is also expressed through the promotion of lifelong employability, through training and transfer of savoir-faire.

#### 2.2.6.2 RECOGNISING OUR EMPLOYEES FOR THEIR CONTRIBUTION TO HERMÈS' SUCCESS

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

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

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

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

As a responsible employer, Hermès is committed not only to offering ambitious and generous individual and collective compensation, but also to contributing to the economic and financial education of its employees so that they can take full advantage of these measures and make best use of their specificities and interests in the short, medium and long term. The presentations and the discussions, given in particular during the "France Benefits Week" with the teams of the Group human resources department and the scheme partners, are very much appreciated by employees and were offered once again in 2023 in order to enable everyone to acquire or develop their economic and financial culture with the aim of autonomy and the ability to look to the future with peace of mind.

#### Compensation

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

The House pays particular attention to the compensation of its employees in order to offer them a living wage that is not limited to the legal minimum wage. The analysis carried out in 2023 on the living wage confirmed that our standards applied to fixed compensation comply with local salary regulations and fully integrate the level of living wages, the thresholds of which are determined by independent organisations of reference.

Hermès remains committed to an ongoing approach that consists of offering employees overall compensation that is rewarding, competitive and protective over the short, medium and long term.

By reference to the Universal Declaration of Human Rights, Hermès' policy is that each of its employees "has the right to just and satisfactory compensation 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 and in line with the values intrinsic to its social model, the House aims to go beyond a living wage and provide a good level of compensation and enable quality of life and long-term personal and professional development.

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

The Group's payroll (excluding profit-sharing and incentive schemes) was €1,251 million in 2023, to which shall be added €406 million in social security charges paid in 2023, **which amounts to a total of €1.7 billion**. Payroll costs (excluding exchange rate and scope impacts) reflect increases in both workforce and salaries in all geographical areas.

<i>In millions of euros</i>	2022	2023
Payroll – excluding social charges	1,129	1,251
Social charges	370	406
<b>Total payroll</b>	<b>1,499</b>	<b>1,657</b>

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

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

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

For example, in addition to the dynamic changes in fixed salaries from which all employees benefited, additional and exceptional measures were also decided by the House in 2023, in a spirit of recognition of the commitment and contribution of each employee to the Group's performance and success. Thus, a bonus of €4,000 will be paid once again during the first half of 2024 in respect of 2023 for all eligible employees worldwide, in order to demonstrate the House's deep appreciation for the commitment of its employees. A similar bonus was already paid in 2023.

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

### Employee shareholding plans

True to its family tradition and wishing to involve all its employees worldwide in the Group's sustainable and responsible growth over the medium and long term, Hermès distinguished itself again in 2023 with a free collective share allocation plan. This is a unique system in terms of its scope and generosity, renewed several times since the Group's first plan in 2007.

The Executive Management once again wished to express its belief and pride in this authentic family spirit that permeates the bonds between the House and its employees and to recognise the strength of their commitment because each employee makes his or her personal contribution to the success and influence of the House. Under this collective plan set up on 15 June 2023, each eligible employee worldwide – *i.e.* more than 18,000 employees in the House's entities in more than 35 countries – was awarded rights to 12 free shares. At the end of the acceptance period by employees, a total of 210,168 shares were allocated.

At the same time, on 3 July 2023, more than 10,500 employees acquired the first tranche of 12 shares resulting from the grants by the Executive Management on 1 July 2019. Becoming an employee shareholder of Hermès is a source of great pride, a gesture of thanks but also of confidence: it is an opportunity for everyone to express their talent and make their personal contribution to the collective dynamic that will create Hermès' future success.

All of these employee shareholding plans serve three purposes:

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

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

The Group confirms its ambition to continue to involve all its employees in its corporate project in a single way by strengthening employee's shareholding. These free share awards plans, in terms of their scope and generosity, have no equivalent on the market, either in France or abroad. The vast majority of employees who become shareholders through these employee shareholding plans keep their shares well beyond the mandatory vesting and holding periods (in France, where applicable). At the end of 2023, 80% of employees held shares or rights that were vesting and accordingly, continue to be involved in the Hermès Group's governance and operations over the long term, in a spirit of mutual trust with the House.

**Vesting of the free share plan granted on 1 July 2019**

More than **10,500 employees** acquired the fourth tranche of 12 shares granted by the Executive Management on 1 July 2019.

**New free share plan on 15 June 2023**

More than **18,000 employees** in 35 countries received rights to 12 shares. At the end of the acceptance period, 210,168 shares were allocated.

**At 31 December 2023, employee shareholding represented**

**1.09%** of the share capital, i.e. more than **€2.2 billion**.

**Profit-sharing and incentive schemes (France)**

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

Incentive scheme agreements are in place at all Group companies in France. These agreements, concluded for a period of one to three years, aim to involve employees in the development of locally-determined indicators that are relevant with regard to the activity and environment of each of these entities, notably, quality, safety (for example, work accident rate at Hermès Sellier), productivity and sustainable development objectives (for example, water consumption in the Textile division). Incentive schemes are thus an opportunity for Hermès to involve its employees in the achievement of its sustainability objectives. In France, more than 88% of the workforce is covered by an incentive agreement including objectives related to sustainable development (improvement of safety, frugal use of materials, protection of resources, etc.).

Employees of international entities (38% of Group employees in 2023) also benefit from a range of regular additional compensation initiatives in line with performance and local customs.

In France, €207 million in incentive schemes and profit-sharing in respect of 2023 (amount including expenses) will be distributed to the Group's employees, compared with €168 million respectively for the previous financial year. In total, the increase in these two amounts is more than 23%. These have a significant positive impact on the overall compensation (short, medium and long-term) of the House's employees and reflect its desire to share the fruits of its growth with everyone.

The amount distributed in 2023 in respect of employee support activities was €5.1 million (€4.5 million in 2022).

<b>Incentive schemes and profit-sharing in France (in €m)</b>	<b>Incentive schemes</b>	<b>Profit-sharing</b>	<b>Total</b>
In respect of 2022	64	104	168
<b>In respect of 2023</b>	79	128	207

**Pension schemes**

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

- ♦ in France, more than 15 years ago, Hermès set up a supplemental defined-contribution pension plan for all employees under a

collective agreement. In 2023, this plan represented total contributions of €10 million, of which over 91% financed by the employer;

- ♦ these supplemental pension plans for all local employees are also set up in the United States, Canada, the United Kingdom, Germany, Switzerland and Belgium, as well as in Asia -China, Singapore and Korea- where these mechanisms are not widespread. Implementation continues for example in Spain and Poland.

Everywhere in the world where these defined-contribution supplemental 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 systems is entrusted to specialist external partners (insurer, bank or other).

The Group's total commitment in terms of defined-benefit pensions and other employee benefit obligations was €279 million in 2023.

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

**Supra-legal leave to support parenthood**

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

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

The parental leave including paternity, adoption and second-parent leave scheme subsequently evolved rapidly to offer employees of the House four weeks of leave with salary maintained without any length of service condition. This system was initially rolled out in France and has gradually been implemented around the world. To date, 78% of the House's employees have the opportunity to access this leave to welcome their children under favourable conditions.

To support the choice of part-time working after a birth or adoption, pension contributions are paid by the employer on a full-time basis (these measures apply in the vast majority of entities in France, in accordance with the provisions of the collective agreements in force).

The effective application of this policy is monitored as part of the Group's procedures.

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

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

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

### 2.2.6.3 CREATING THE CONDITIONS FOR PROFESSIONAL DEVELOPMENT AND EMPLOYABILITY

A prolific source of long careers, tailor-made career paths and exceptional savoir-faire, Hermès is convinced that its ability to promote lifelong transmission, learning and training is an essential source of the professional fulfilment of its employees. Hermès is committed to developing the employability of its people, through access to training adapted to all, by undertaking to providing five days of training per employee per year by 2026.

These elements are discussed in more detail in § 2.3.

## 2.2.7 FOSTERING AND PROMOTING QUALITY SOCIAL DIALOGUE

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

### 2.2.7.1 SOCIAL DIALOGUE IN FRANCE

In order to strengthen social dialogue, an agreement to renew social dialogue was signed on 25 November 2021 with the representative trade unions in France. This agreement includes numerous measures intended to encourage and promote social dialogue through:

#### ◆ better knowledge of the players in social dialogue

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

#### ◆ enhanced interaction between social dialogue players

Highlight of 2023, the second "H-Day" provided for by the agreement was organised, bringing together management and employee representatives. During the morning, discussions took place to explain Group agreements, discuss best practices in social dialogue and receive training on unconscious bias in labour relations. In the afternoon, each trade union organisation had the opportunity to meet and hold discussions with its representatives;

#### ◆ better coordination of the mandate and professional activity

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

#### ◆ development of the skills of social dialogue players

A training pathway throughout the term of the mandate, paid for by Hermès, was created to promote the development and enhancement of the skills of employee representatives through two aspects:

- **training** in "The Fundamentals" **on taking office**, which includes regulatory and specific training such as "The Art of Negotiation", which brings together union representatives and HR managers; or the "Reflex" training course on day-to-day employment law management, jointly intended for managers and employee representatives to strengthen links and achieve higher quality social dialogue,
- "à la carte" **training throughout the term of the mandate**, in particular on public speaking, project management, sustainable development, cross-functional management, time management, etc.

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

**In France, i.e. 62.3%** of the Group's employees, social dialogue is organised company by company, through the employee representation bodies (such as the Social and Economic Committees, the various joint committees or local representatives) set up according to the organisation of the various divisions or sites. These bodies are regularly consulted in relation to projects relating to the Company's business activity.

In the various French companies, social dialogue also involves fruitful and active collective bargaining. Collective agreements have been concluded in all companies that have union representatives or with the Social and Economic Committees authorised to negotiate certain agreements. In France in 2023, agreements and amendments were signed, testifying to the vitality of these discussions; they break down as follows:

	2022	2023
<b>Agreements signed in France</b>	<b>88</b>	<b>97</b>
Compensation	57	58
Social dialogue	14	18
QVT/CSR	8	12
Working conditions	9	9

In addition to these information-consultation periods with the SECs, regular meetings take place between human resources, managers and employees in order to discuss the expectations and working conditions of employees on a daily basis. These discussions may lead to the establishment of joint working groups.

#### Some examples of international social dialogue mechanisms

Bodies	Collective measures implemented through negotiations in 2023	Other dialogue mechanisms
<p><b>Hermès Taiwan</b>   quarterly council meeting bringing together employee representatives and managers to discuss the operation of the entity or working conditions (salary increase, social benefits, etc.).</p> <p>Before each council meeting, employee representatives send an anonymous questionnaire to employees, so that they can freely share their ideas.</p>	<p><b>Hermès Spain</b>   negotiation of a Gender Equality Plan</p> <p><b>Hermès United Kingdom</b>   negotiations started on social dialogue</p> <p><b>Türkiye</b>   salary increase, improvement of contribution to transport and food costs</p>	<p><b>Hermès Of Paris (United States)</b>   Let's Talk (tool for formulating questions, issues) and the HOP Suggestion Box, Employee Resource Group and Roundtables</p> <p><b>Hermès Spain</b>   "Company Mood": monthly anonymous feedback on all topics</p> <p><b>Asia-Pacific</b>   Town hall meetings and H Talk</p>

Hermès' ethics charter and practices confirm its commitment to the conventions of the International Labour Organization (ILO). In all the countries concerned, the policy is to ensure that the principles of freedom of association and collective bargaining are implemented, in compliance with local regulations.

#### 2.2.7.2 INTERNATIONAL SOCIAL DIALOGUE

**Internationally**, social dialogue takes various forms, depending on local customs and regulations. It can take place through regular meetings and discussions with **employee representatives** (Taiwan, Korea, Türkiye, Japan, Germany, Italy) or **directly with employees** in order to gather their expectations, solicit their opinion and participate in decisions, or through direct investment in projects on various themes (CSR, working hours, working conditions, transport, etc.).

In general, the quality of social dialogue requires the implementation of systems to gather employee expectations and respond to them through specific action plans.

Hand-rolling of silk scarves, Textile division



© Photography credits: Jérémie Leon

## 2.3 PEOPLE: SAVOIR-FAIRE

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

2

### Introduction

Savoir-faire lies at the heart of the House of Hermès, whether craftsmanship, commercial or managerial. Recognising, strengthening and transmitting savoir-faire, enabling everyone to find the conditions for their personal development throughout their career within the Company are fundamental elements of our humanist culture.

This commitment to employee training is reflected in all métiers and in a multimodal approach with the creation of digital pathways. For production and distribution activities, training programmes are tailor-made and rolled out locally or by the Group in Paris. This can be seen, in particular, in the acquisition of savoir-faire in an employee's first job as a leather worker, in the engineering incubator within the École des Tanneurs and the École du Textile, and the qualifications gained through certification or diplomas.

Hermès contributes to the preservation and sustainability of craftsmanship savoir-faire through its École Hermès des Savoir-Faire and its training centres, in particular, as well as its partnerships with vocational schools throughout France (whose expertise is also used

by other economic players). Naturally, this savoir-faire is consolidated and developed by its daily practice, without compromising on quality and which promotes continuous improvement. Promoting its métiers externally and with younger generations in particular is a key aspect of its actions. By bringing the wealth and excellence of craftsmanship to the attention of a large number of stakeholders, and by expressing future needs, particularly in the manufacturing sector, Hermès contributes to motivating people to join its industry and offers rewarding careers.



The constant recognition and valuation of this savoir-faire, whatever kind it may be, contributes to the construction of a strong meaning that everyone can find in their work and activity. In addition to daily and individual activity, collective experiences, through communities and work collectives, contribute to the development of meaning at work, which goes beyond individual visions and brings together all employees around the same pride in belonging. This is reflected in everyone's commitment and very strong attachment to the House of Hermès.

In 2023, the Group made progress on the main issues relating to transmission, with the aim of making a long-term difference through steady improvements with a significant impact. Among these, the selected elements below are particularly illustrative of the year for this section:

- ◆ 855 learners supported as part of the École Hermès des Savoir-Faire, more than 400 candidates for the CAP vocational qualification in leather goods;
- ◆ launch of the *Hermès Bijouterie Académie* and CSR Morning Briefs (in sales subsidiaries);
- ◆ more than 391,000 hours of training, a training rate of 83%, giving around 21 hours of training per person;
- ◆ more than 10,000 employee connections to our sustainable development e-learning training courses;
- ◆ rollout of a CSR 3 course in partnership with École Polytechnique for the Group's CSR leaders.

## PEOPLE


## SAVOIR-FAIRE

SDG	OBJECTIVE	INDICATORS	2023 RESULTS	CHANGE 2022/2023
<b>FOSTERING NEW CAREERS AS CRAFTSPEOPLE AND VALUING MANUFACTURING SAVOIR-FAIRE</b>				
	Developing and preserving historical savoir-faire through integrated training schools offering learning paths, diploma or certification training	Number of learners supported Number of people receiving diplomas/certifications Number of vocational schools managed or supported	<b>13</b> partnerships with <i>écoles de maroquinerie</i> in France	=
			École Hermès des Savoir-Faire: <b>eight</b> integrated training schools with more than <b>150</b> trainers; <b>855</b> learners supported in diploma courses	↗
			École des Artisans de la vente: <b>1st</b> certification class  Hermès Bijouterie Académie: launch of HBA with <b>three</b> courses, available in six languages	
	Continue voluntary actions relating to training for our historical métiers and develop manufacturing savoir-faire	Demonstrate the excellence of our savoir-faire	<b>21</b> Meilleurs Ouvriers de France (Best craftspeople in France – MOF)	=
		Promote craftsmanship businesses	<b>Ten</b> Entreprises du Patrimoine Vivant (Living Heritage Company – EPV)	↗
<b>CREATE THE CONDITIONS FOR PROFESSIONAL DEVELOPMENT AND EMPLOYABILITY: LONG-TERM, TAILOR-MADE PATHWAYS</b>				
	Train employees in the House's values	Number of employees reached by induction actions	More than <b>600</b> employees attended the first two editions of "Bienvenue au 24" sharing the key elements of Hermès culture	new indicator
			More than <b>1,000</b> participants in the Mosaïque induction training	
			<b>83%</b> of employees having benefited from at least one training action in 2023	new indicator
	Ensure access to employee training	% of employees having followed at least one training course		
		Number of days training per employee trained	<b>Three</b> days of training per employee trained	=
	Set up long-term career development programmes within the Group	Number of employees with more than 15 years of service in the Group	<b>6%</b> increase in the workforce of people with more than 15 years of service	=
		Total number of internal transfers	<b>1,059</b> internal mobilities Group-wide	↗



PEOPLE

SAVOIR-FAIRE

SDG	OBJECTIVE	INDICATORS	2023 RESULTS	CHANGE 2022/2023
<b>INCLUDE SUSTAINABLE DEVELOPMENT AMONG THE GROUP'S SAVOIR-FAIRE</b>				
	Develop training on sustainable development topics for all métiers	Number of people taking part in training sessions related to sustainable development issues, accessible in the Group catalogue	More than <b>10,000</b> people taking part in Group e-learning training on sustainable development (Fundamentals of sustainable development, Climate change, Biodiversity and Animal Welfare)	↗
			Launch of morning CSR briefs for in-store sales associates	
		Number of employees trained in the CSR programme	Nearly <b>500</b> employees trained	↗
	Create and lead a network of ambassadors to generate a training impact and ensure it is relayed at local level	Number of employees responsible for SD within the Group	More than <b>50</b> employees responsible for SD	↗
		Number of SD ambassadors around the world	<b>350</b> SD ambassadors around the world	↗
	Number of network management events	<b>2</b> international SD seminars (Europe-Asia, United States) <b>1</b> weekly publication on Sustainable Development topics	↗	

## 2.3.1 CREATING THE CONDITIONS FOR PROFESSIONAL DEVELOPMENT AND EMPLOYABILITY

### 2.3.1.1 AMBITION

Hermès has a considerable heritage of savoir-faire. The Company's craftsmanship model highlights the importance of gestures on a daily basis and contributes to the continual development of craftspeople through even greater mastery of their knowledge and savoir-faire.

This model creates for each craftsperson the conditions for responsible work, low consumption of resources, rich in links with the collective to which they belong, enabling learning, improvement, and always with the quest for excellence as an objective. This stimulating and caring environment allows everyone to give the best of themselves and to find meaning in their work.

With the aim of supporting its employees throughout long and sustainable careers, Hermès aims to train its employees throughout their life, and to enable them to grow with the Company.

To preserve the sustainability of their career paths, Hermès is committed to developing the employability of its people, through access to training adapted to all, by undertaking to providing five days of training per employee per year by 2026.

### 2.3.1.2 OUR CRAFTSMANSHIP MODEL: FOSTERING NEW CAREERS FOR CRAFTSPEOPLE, DEVELOPING AND PRESERVING HISTORICAL SAVOIR-FAIRE

Hermès' sustainable development involves preserving the savoir-faire of its employees, who constitute a key part of its heritage. More broadly, Hermès contributes to the preservation and sustainability of multiple types of craftsmanship savoir-faire in their region of origin, thus contributing to responsible and sustainable local economic development.

Hermès is professionalising, supporting and strengthening its craftsmanship model with three major modelling initiatives for other subsidiaries in the coming years: the École Hermès des Savoir-Faire for production, the École des Artisans de la vente for Retail, and Hermès Bijouterie Académie for the métiers.

#### L'École Hermès des Savoir-Faire

In 2021, Hermès created the École Hermès des Savoir-Faire (EHSF), which aims to encourage art craftsmanship métiers and promote

apprenticeship through work/study contracts in the associated CFA's excellence métiers. This organisation has included in its corporate purpose "the preservation of all the House's art métiers". In July 2021, it obtained all approvals from the public authorities to train its future saddler-leather goods workers in-house, assess their skills and issue the state vocational qualification (CAP) in leather goods in collaboration with the French Ministry of Education.

The École Hermès des Savoir-Faire is pursuing its aim of promoting and showcasing its métiers and savoir-faire throughout the country, providing quality diploma training to people wishing to become craftspeople, setting up certification courses aimed at recognising changes in certain professions within the House.

An official training organisation, it also confirms Hermès' role as a social player and responsible employer committed to the education of able-bodied people or people with disabilities, with initial experience in a manual métier or in professional retraining.

United around social and educational responsibility, the teaching teams and external partners have enabled this school to expand its regional presence and its diploma offering. Following the CAP vocational qualification in leather goods, new diplomas are now being delivered, such as the certificate of professional qualification (CQP) in cutting, the CQP in stitching and the validation of acquired experience (VAE). More than 150 in-house trainers support the transmission in this way, on a daily basis.

Hermès works closely with the French Ministry of Education, the Ministry of Labour and joint bodies on orientation, the content of diplomas, and the creation of courses that are lacking. At the same time, action with local employment and training partners such as Pôle emploi, OPCO <sup>(1)</sup>, the regional departments and local missions allows Hermès to strengthen its anchoring in the regions.

In 2023:

- ◆ the EHSF supported 855 learners during the year in eight training schools in the regions, of whom 441 are registered for the 2024 CAP exam session;
- ◆ 202 people obtained their CAP in leather goods and 25 their CQP in cutting and stitching;
- ◆ 100% of people registered obtained their certification (as in 2022);
- ◆ 89% of people were confirmed on permanent employment contracts at the end of their training courses;
- ◆ confirmation of Qualiopi certification during the surveillance audit.

1. Skills operators, government bodies responsible for supporting vocational training.



In 2024, Hermès will support the deployment of the EHSF in two new schools: one located in Allainjoie for the Franche-Comté division and another in Pantin, for the Paris-Val-de-Seine division. 1,100 learners on three certificate courses will also be supported.

Hermès craftsmanship employs more than 7,300 people in France. It is the foundation of the House’s vocation as a creator of high-quality sustainable objects. To continue recruiting in all métiers and to support the growth momentum of the leather goods segment, Hermès has forged long-term local partnerships with high schools and further education establishments, which are committed to understanding its specificities, culture and development.

**École des Artisans de la vente**

The École des Artisans de la vente (EAV), in charge of training distribution teams in France, consolidates its ambition based on four pillars: Emotional intelligence, Networking and transmission, Growing without standardising, A school of uniqueness.

In 2023, the initial training (less than 18 months of service) was expanded. It combines e-learning and in-person training in the history of the House, the diversity of our objects, the Hermès customer

culture and sales procedures. New training courses on management of emotions and personal development were offered. The team of in-house trainers has been expanded to roll out coaching sessions in sales situations, a tailor-made experience for employees.

The EAV, accompanied by an external partner, awarded the first “Customer Relations” certificates, a title registered in the France Competences Specific Register. The first six employees were awarded their certificates in 2023.

The ambition of the Hermès Retail France subsidiary is to make the École des Artisans de la vente a tool for attracting, and professional and personal development for its employees, offering continuous training, certifications and diploma courses.

**Hermès Bijouterie Académie**

In 2023, the Jewellery métier launched its “HBA” academy, Hermès Bijouterie Académie, mainly for sales teams in Hermès stores around the world. The aim of the métier is to create a training and support structure linked to the world of Jewellery, over the long term, used on a daily basis and taking into account the reality on the ground.

The HBA also offers an educational system consisting of three progressive courses that will allow sales associates to first acquire the fundamentals of the métier and then deepen their knowledge and skills through two other courses, advanced and specialist, in areas such as: gemology, jewellery savoir-faire or CSR.

These courses, available in six languages, will offer an appropriate balance between digital and face-to-face with educational, fun and interactive tools. In addition to these three courses, the Academy will also offer access to seasonal training and news from the jewellery sector.

École Hermès des Savoir-Faire	École des Artisans de la vente	Hermès Bijouterie Académie
<p><b>8</b> training schools More than <b>150</b> trainers <b>202</b> people obtained their CAP vocational qualification in leather work <b>25</b> people obtained their CQP vocational qualification in cutting and stitching <b>855</b> learners were supported in their diploma courses, of whom 441 are registered for the 2024 CAP exam session <b>89%</b> of people were confirmed on permanent employment contracts at the end of their training courses</p>	<p><b>1st graduating class</b></p>	<p>Launch of HBA with <b>three courses</b>, available in six languages</p>

### The House is proud to count some of the Meilleurs Ouvriers de France among its craftspeople

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

Meilleurs Ouvriers de France among its craftspeople. They guarantee the excellence of the savoir-faire in addition to arousing the interest of younger generations. Hermès supports those who wish to obtain this prestigious title by financing their registration to the competition, providing them with the materials necessary for the creation of their final piece and by granting them extensive access to the various production sites. The House has 21 MOF, broken down as follows:

John Lobb	Holding Textile Hermès	Cristalleries Saint-Louis	Leather Goods & Saddlery
<p><b>2 craftspeople awarded MOF</b> Master bootmakers</p>	<p><b>10 craftspeople awarded MOF</b> for the excellence of their savoir-faire in drawing-engraving, “velours au sabre” (velvet cut) technique, weaving, printing and finishing</p>	<p><b>7 craftspeople awarded MOF</b> Master cutters on crystal Master glassmakers by hand Master glassblower using a blowtorch</p>	<p><b>2 craftspeople awarded MOF</b> Master saddler-leather workers</p>

### Entreprises du patrimoine vivant (EPV) - Living Heritage Companies

The Group is honoured to have 10 companies recognised by the “Entreprises du patrimoine vivant” (Living Heritage Companies) label (the list drawn up in early 2024 shows eight companies holding the label, and two companies engaged in a renewal process): Hermès Sellier, Holding Textile Hermès (Bucol), Ateliers AS, Ateliers de tissage de Bussières et de Challes (ATBC), Cristalleries Saint-Louis, Établissements Marcel Gandit, Puiforcat, Société d'impression sur étoffes du Grand Lempis (SIEGL), the Vivoin tannery, and the Tanneries de Montereau. These distinctions bear witness to Hermès' commitment to the safeguarding, preserving and promoting of heritage savoir-faire.

#### 2.3.1.3 GROWING OUR HOUSE AND GROWING WITH IT: LONG-TERM “TAILOR-MADE CAREER PATHS”

In order to ensure the sustainability of the House's values and unique culture and to meet the strategic issues of today and tomorrow, the Hermès Campus initiated and strengthened new multimodal and international development career paths in 2023 for buyers, industrial managers, collection development positions, store managers, sales associates and managers; with a dual ambition to develop technical

skills related to the evolution of their jobs and transform their practices and behavioural skills using, in particular, emotional intelligence.

At the same time, Hermès continues to develop multimodal programmes for everyone (more than 400 programs in France), in the areas of corporate culture, management, expertise and personal development.

In 2023, 83% of the Group's employees benefited from at least one training course, with a total of three training days per employee trained. In total, 391,050 hours of training were provided, compared to 341,689 hours in 2022. Worldwide training costs amounted to €13,435 thousand for the financial year, compared with €11,600 thousand for the previous financial year.

For 2024, 62% of employees on permanent employment contracts in France issued an average of 2.2 training requests, demonstrating the strong individual involvement of employees in order to develop. Campus Hermès is also strengthening its learning content with My Campus, a digital learning platform available to all employees and which offers more than 200 training modules in different languages.

Lastly, monitoring indicators were rolled out this year for nine regulatory and mandatory in-house training courses or e-learning in order to ensure regular individual and collective monitoring of this coverage.

To organise, develop and manage this ambition, the Hermès Campus created the L&D Council, which brings together the training and development managers of the main subsidiaries, which put into practice and roll out this strategy.

### *Tous artisans, tous talents (All artisans, All talents)*

Hermès is by nature a house of talent. At Hermès, *Tous artisans, tous talents* expresses the idea that our culture of craftsmanship is based above all on talents, whether these are talents in expertise or leadership. The high quality of the objects created, manufactured and sold calls on solid expertise and savoir-faire. It also requires the support of inspiring leaders who are aware of the importance of their role in bringing the corporate project to life in line with our values.

Two approaches with consistent objectives are combined, that of supporting all employees so that they grow with the Company and can regularly update their skills, and that of supporting people with particular qualities and recognised by those around them. Closer support is provided to these employees in order to help them grow in the short term so that they can take over the top management positions of Hermès in the long term.

### *Preparing the Hermès of tomorrow with the talents of today*

More selective talent management involves the annual talent review exercise, a strong process driven by the Group, which sets the framework and the rules of the game, in particular the criteria for identifying and selecting talented employees. The support for talents and their career paths is based on coordination between Group and local players, a desire to ensure the best match between talent and senior positions, as well as the desire to make bold decisions in relation to young talents.

Internal and external development programmes are offered to talents and development actions are closely monitored based on the development plans defined for each individual.

Various internal programmes are in place to develop managers identified as being able to take on Senior Executive positions within the Group in the short or longer term:

- ◆ in 2023, the **Leading with Art** programme benefited 60 senior talents. Since its launch, this programme has supported 110 leaders in line with the managerial philosophy and the aim of creating and inspiring a community of leaders who are stimulated by their role and demonstrate solidarity. Through two sessions of several days, it aims to make them leaders who know each other well and are ready to have a positive impact on those around them and on the world and to accomplish this through the success of their employees. In 2023, two alumni days of this programme were offered to participants from four cohorts, *i.e.* to 90 leaders, to continue to raise their awareness of their role as agile leaders, equipped to ensure the balance between care and high standards, and to share meaning and vision on a daily basis to drive their teams' motivation;
- ◆ in 2023, the **Cavaliers** programme enabled 12 young talents to spend more than eight months exploring a strategic issue assigned by the Executive Committee. This enables them to put their teamwork skills into practice and deepen their understanding of the Hermès model through a subject on which they make concrete proposals. This programme has been in place for several years.

The **Digital makers** programme was created in 2022 to train high-potential managers to manage digital transformation projects. In two week-long sessions, they learn project management, creativity and design thinking skills, in particular through a "case study" entrusted by Hermès. At the end of the programme, they submit the results of their thoughts to a few members of the Executive Committee. The concrete proposals they formulate through a "proof of concept" will then be implemented, which is an additional element of motivation and pride.

This attention paid to talent is also exercised in the distribution subsidiaries, through the definition and monitoring of individual development plans for talents, career interviews and individual coaching, 360° assessment tools, contributions to cross-functional projects or temporary assignments to expose talents to various situations and challenges and thus enrich their experience and expertise. Human resources managers are trained in the assessment tool in order to bring the approach in-house.

At Hermès China, the **H Galop** programme supports promising young talents for two years. It aims to attract talent from outside, and prepare for the future with talented people and encourage cross-functional cooperation and exchanges. Hermès China thus hires and trains 20 employees through four modules promoting exposure to others, internal coaching by their manager, mentoring by other managers and peer mentoring. Knowing oneself better, understanding one's role and taking ownership of it and achieving goals are the three steps to be taken during this training. A very empowering programme that creates strong internal ties, awakening people to the role of manager.

The Web school factory's **CFEE** programme invites four young talents to develop skills specific to digital professions such as project management, design thinking and creativity.

With **One Young World**, 13 young talents were invited to join more than 2,000 young leaders from 190 countries for four days in Belfast. The meeting focused on the five greatest challenges facing humanity, an opportunity for young leaders who have to invent the future by adapting to immense challenges.

In addition to this offering of internal programmes, talents also take part in external programmes. In 2023, the Group involved more than 70 employees in the programmes designed and offered by Danone:

### **Eve, Octave and Noé.**

Other programmes such as an Executive MBA or *Crozamento* with the École de Guerre or the Institut de l'École normale supérieure are also part of the talent development programmes. In 2023, the Colbert Labo, a system designed and led by the Comité Colbert, invited young people and seniors to reflect on the theme "*How can we better integrate young people into a reflection on the future of luxury goods to create the world of tomorrow?*". Hermès offered six employees the opportunity to contribute to this reflection.

### **Constructing "tailor-made" career paths**

Constant attention is paid to internal mobility, the primary lever for talent development, in particular through the distribution of internal newsletters in addition to the MyMobility platform on the internal digital site MyClickH. *Vis ma vie* ("Live my life") sessions offered in all divisions and regions and mentoring initiatives facilitate internal mobility and accelerate the process of taking up job openings.

In France, an internal event, the k'(H)ermès des métiers, is organised twice a year to meet the goal of making internal mobility a collective and shared issue rather than an individual project. The objectives of this half-day meeting held in Pantin are promoting knowledge of the entities, positions, inspiring career paths, the internal mobility policy and its associated tools, and employees. All management employees in France are invited to take part in an experience to better understand the methods used in internal mobility, to find out about the opportunities and possible bridges between divisions. More than 120 people are taking part in the experience based on one of the four Hermès divisions– Upstream, Métiers, Retail or Support functions – a new way to build confidence in opportunities to change jobs, entities or divisions and to encourage ambitious challenges.

In addition, a Group Career Committee bringing together the Directors of Human Resources in France every two months makes it possible to find a match between job opportunities and the development priorities of employees at a certain level of the organisation, in order to stimulate their development. Offering development opportunities through diversified paths in terms of challenge, experience and acquisition of new skills is a source of value for both employees and the Company.

#### Interaction to achieve progress

Hermès places interaction at the heart of the managerial relationship. Men and women are the key ingredients in the success of each team, each project, each activity, etc. to reconcile the demanding model and the differentiating human dimension of the House's culture. Hermès' managerial philosophy gives each employee a strong place. Reconciling attention and high standards, supporting the development of each employee: this is the key role of the manager. This requires a regular, precise and clear assessment of each person's contribution as well as the sharing of continuous and detailed feedback, conducive to a positive employee experience and punctuated by milestones that are sources of constant progress. The

end-of-year interview is designed to make it possible to continue the on-going interaction between the employee and his or her manager on the occasion of an annual review, to consider and objectively assess the contribution of the employee to the activity, to detect any factors that may be hindering the employee's performance in their position, share constructive feedback to co-build trust and sincerity. The feedback given by employees on the quality of the relationship with their manager is encouraged to prompt managers to adjust their practices and maintain a healthy and fair relationship with each member of their team, a guarantee of joint progress.

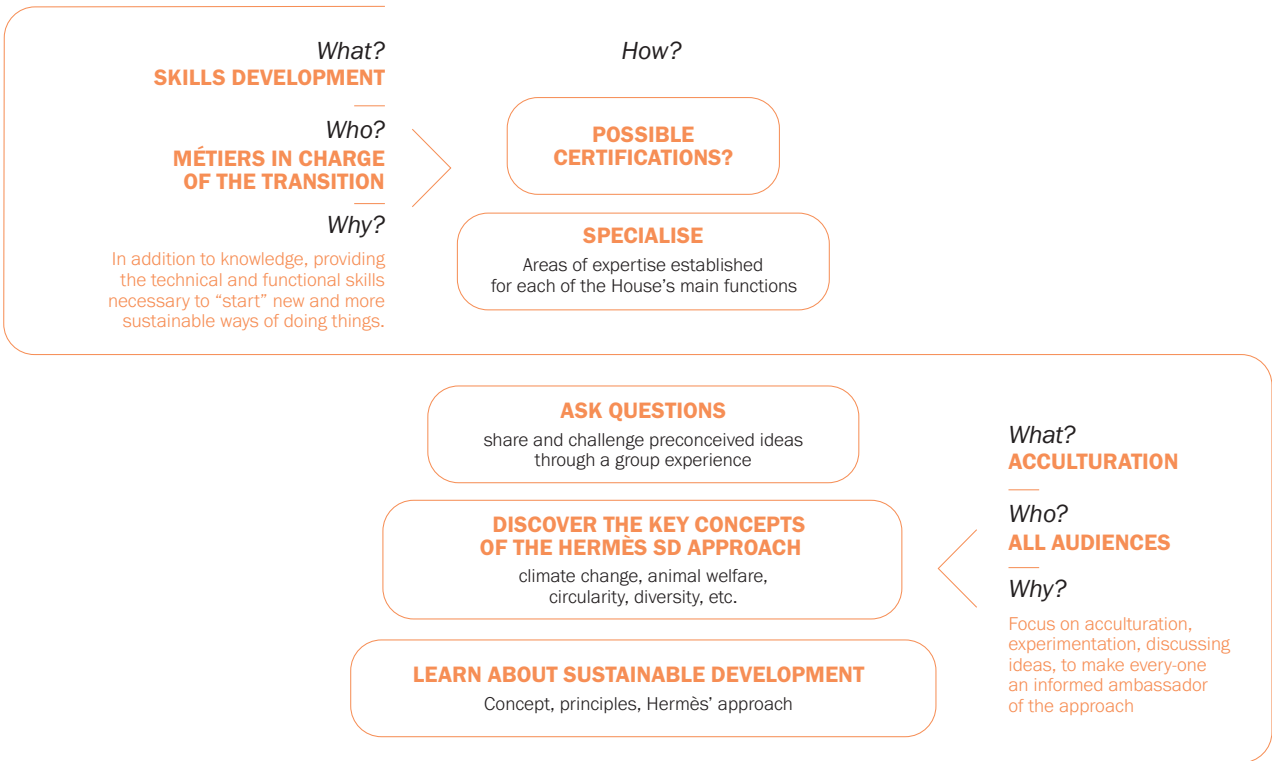
The annual interview is managed by the Group Director of Human Resources in coordination with the local Directors of Human Resources. It is shaped by multiple training sessions aimed at making the exchange a pleasant moment dedicated to taking stock of the year, looking at objectives for the coming year and putting improvements in perspective.

#### 2.3.1.4 TRAINING IN SUSTAINABLE DEVELOPMENT ISSUES

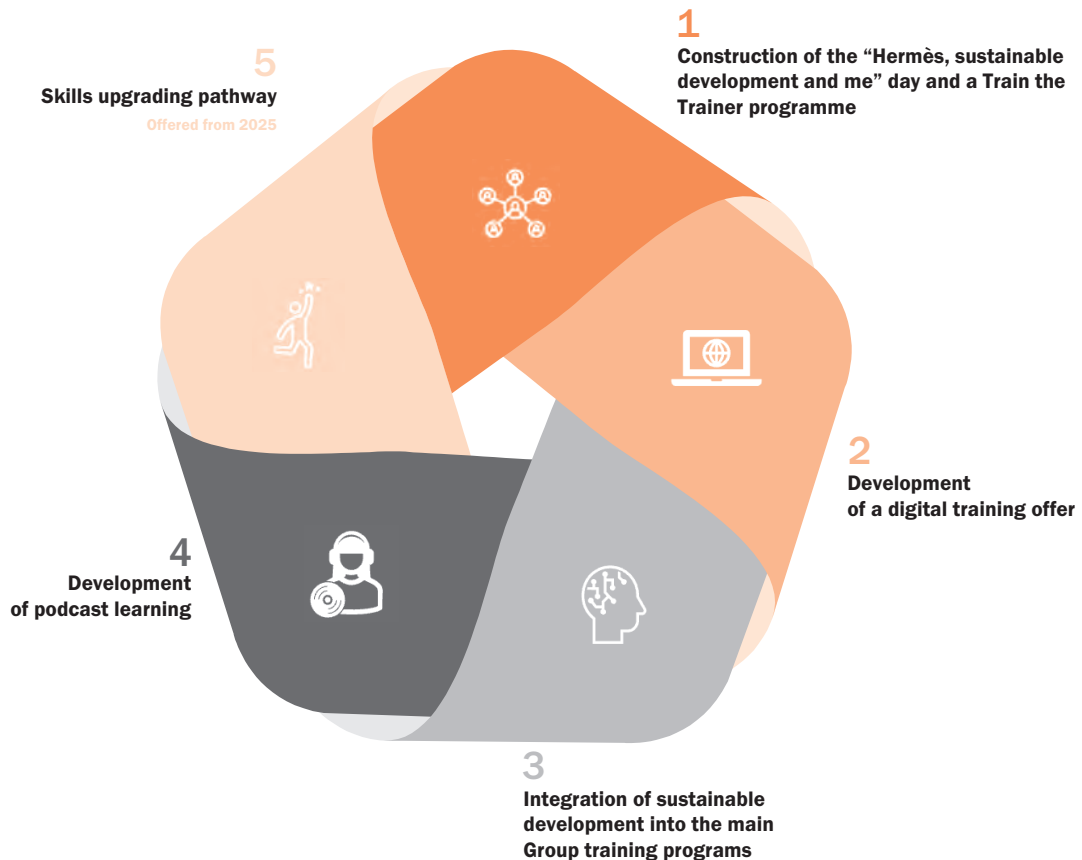
"All artisans of sustainable development" involves raising the awareness, empowerment and skills development of all of the House's employees, who are the first agents of change.

Structured in 2022, the Group training programme combines two components:

- ◆ an acculturation approach, which allows both an understanding of the Group's sustainable development strategic framework and an awareness of the major social and environmental challenges of tomorrow, which is essential as a citizen;
- ◆ a skills-improvement approach, for the major categories of jobs within the Group that will manage the environmental and social transition (industrial, creative and product development positions, etc.).



To transform this strategic approach into mobilising projects, the Group is working on training teams around five major projects, presented below and gradually rolled out in 2024:



In addition, in 2023, many awareness-raising and acculturation actions were launched or continued, *via* various levers:

- ◆ a new Climate change e-learning module was added in early 2023 to the catalogue of available e-learning training courses on sustainable development (fundamentals, animal welfare, biodiversity). In total, this catalogue of e-learning courses has recorded more than 10,000 connections since its launch. The module on the fundamentals of sustainable development is now mandatory in several subsidiaries and métiers and is an integral part of the arrival at the House;
- ◆ sustainable development is now the subject of dedicated time in the Group's main training courses, which are intended to welcome all employees on permanent employment contracts in France;
- ◆ the CSR 1 and 2 training programmes, reserved for employees of the House's various métiers (excluding leather goods), were supplemented by the CSR 3 programme, a certification module in partnership with École Polytechnique, reserved for the House's leading functions;
- ◆ launch of a training programme for the Supervisory Board and the Executive Committee;
- ◆ rollout of CSR Morning briefs.

**CSR Morning briefs: sustainable development acculturation for Hermès sales associates**

Launched in 2023, the CSR Morning Briefs include, in less than 10 minutes, the presentation of a sustainable development theme in the daily morning briefing received by in-store sales associates. Composed of 14 sheets covering all the major themes of the strategic framework (preservation of savoir-faire, management of materials and savoir-faire, relations with suppliers, etc.), these Morning Briefs provide a summary and impactful way of the main information and key figures to remember on each subject, so that everyone feels equipped to discuss sustainable development topics in their daily lives, with their colleagues or customers in stores. Rolled out in several European subsidiaries (United Kingdom, Switzerland, etc.), they will gradually be distributed throughout our distribution network in 2024 and 2025.

## 2.3.2 MEANINGFUL WORK

### 2.3.2.1 AMBITION

Hermès' craftsmanship model is by nature a model that has meaning for its employees. Working with materials, the promotion and transmission of savoir-faire, and the importance given to the gestures made by hands help to bring to life the notion of respect that emerges from our managerial philosophy.

Employees are part of human-scale teams, each site is sized so that managers remain close to and support their teams, in order to make the human project real.

Hermès' growth commits it to its employees, in order to ensure that they grow and flourish within the House, by continuing to feel like they are contributors and actors in the collective success. Hermès' ambition is to create conditions such that each person, participating in a collective adventure, within working communities on a human scale, finds meaning in their work and their career path.

Cultivating interaction and quality of connections, encouraging curiosity and openness to the world, being an actor and initiator make it possible to anchor our values and contribute to leaving a socially responsible footprint on the world.

### 2.3.2.2 UNITING AROUND VALUES, CREATING LASTING TIES AND NURTURING PRIDE IN BELONGING TO A RESPONSIBLE HOUSE

#### Creating the conditions for adherence to the corporate project and promoting commitment

Hermès takes care to create all the conditions so that employees can be actively involved in the corporate project, passing on culture and values, and growing in a family House. Throughout their professional careers, Hermès strives to provide them with unique experiences and cultivates curiosity and amazement.

In order to unite around the strategy and the issues and to support change, several systems mobilise different targets each year.

On 15 February 2023, Hermès Middle East South Asia organised its first HMESSA Forum. 300 managers from the South Asia region met in Singapore to learn about both the Group's strategy and that of the region, as well as the successes of certain local projects: the transformation of the Sydney Trust store in Australia, the scale of communication events in Singapore, the development of Hermès in Thailand, etc.

On 5 and 6 July 2023, a seminar dedicated to the internal communication community took place for the first time in Paris. 26 internal communication players from subsidiaries, sectors and métiers met on the Sciences Po Campus to share the new ambition for internal communication and rally around the challenges of amplifying networking activity.

In Oslo, from 3 to 6 October 2023, all the Management Committees of the Group's entities, the Artistic Directors, as well as some leaders of the Group's central functions were invited to meet for three days to share the Group's vision and issues and to discuss the characteristics of the managerial philosophy.

On 12 October 2023, to mark the 40th anniversary of Hermès Japan, the Japanese subsidiary organised a meeting of more than 150 managers, including the Executive Committee, around three themes: the Group's development issues, distribution and the importance of creation.



### Enhancing the employee experience

An integral part of Hermès' social model, networking is a unique activity. Its purpose is to make the Company a place of respect for differences, to enrich employees through strong and meaningful human experiences and thus create something in common.

Since 2001, more than 4,000 employees have taken part in at least one networking programme, whether professional or philanthropic.

Permanent professional programmes such as the "Parcours d'adresse" offer the discovery of savoir-faire, by exploring all stages of the life of a product, from the raw material to the object. In 2023, 100 employees from all production sites in France, Switzerland and Italy set off on a five-day discovery of the leather, crystal, silk, perfumes, porcelain and ready-to-wear métiers.

The philanthropic programmes open to all Group employees promote openness to the world, cultivate curiosity, encourage encounters and the building of relationships.

In 2022, Hermès offered a third major philanthropic networking programme: "Sur les ailes d'Hermès", which attracted more than 8,200 registrations.

This new programme, which will last until July 2024, allows many employees from all Group entities to take action by making themselves useful. Based on different themes: environment, culture and savoir-faire, 23 projects were proposed, giving employees the opportunity to make concrete contributions to the projects of associations or organisations supported locally by the Group's subsidiaries.

To make these contributions tangible, each project requiring between two and six groups, a draw took place to select 11 employees each time from different entities.

These groups spend five days of their working time on their project in order to understand its meaning and the issues and to work towards concrete achievements.

17 groups in 2022 and 39 in 2023 headed off with missions as varied as carrying out masonry work to save castles in Occitanie, working alongside the keepers at the Taronga Zoo in Australia for the preservation of fauna and flora or learning about the preservation of frescoes in Italy to become ambassadors of this heritage which needs to be protected.

Since September 2022, more than 600 employees, with multiple profiles, have thus set out to discover another reality, contributing to the realisation of a tangible project for the benefit of the host entity. They live human experiences in this way that are rich in meaning, in line with their deepest aspirations.

### Bringing family values and spirit to life

Preserving the family spirit in a House that is expanding is reflected in numerous rituals that make it possible to energise various groups: the laying of the first stones, the inaugurations and the anniversaries of the production sites are an opportunity to create energy by involving employees in inspirational highlights. All forms of celebration place employees at the heart of a unique experience.

On 7 April 2023, 500 employees were invited to the inauguration of the Maroquinerie de Louviers, in Normandy, in the presence of certain members of the Executive Committee and local stakeholders.

The same attention was paid to our employees during the inaugurations of the Maroquinerie de la Sormonne in the Ardennes on 13 May 2023 as well as the Maroquinerie-Ganterie de Saint-Junien, in Haute-Vienne on 7 June 2023, bringing together 570 and 360 employees respectively.

On 13 July 2023, the Textile division was in the spotlight for the inauguration of the "Passerelles" project, a real transformation and expansion of its historic site in Pierre-Bénite, in the Rhône. A day of astonishment for the 1,200 employees of the sector, gathered that day on the theme of a village festival: a choreography performed by professional dancers and employees of HTH, a fresco retracing the highlights of the four years of work and various activities to celebrate the event to the sound of a brass band.

On 13 November 2023, around 600 employees from Hong Kong and Macau celebrated the 50th anniversary of the subsidiary.

All these rituals, which are numerous within the Group's various entities, nurture employees' pride in belonging to a family House.

### 2.3.2.3 OFFERING EVERYONE OPPORTUNITIES TO TAKE ACTION INTERNALLY AND ACT AS A RESPONSIBLE CITIZEN

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

To do this, skills-based sponsorship with partner associations identified in conjunction with the sustainable development teams, the Fondation d'entreprise Hermès and the Group Disability Agreement team, as well as with local structures in the context of long-term partnerships, is regularly proposed to employees.

This approach enables the Group to nurture its values by supporting projects related to its identity, to strengthen pride in belonging, but also to leave employees free to choose the cause in which they wish to get involved. It also addresses an increasingly expressed desire to contribute to the common good. The projects supported must naturally be aligned with the values and priorities defined by Hermès, which relate to education and the transmission of savoir-faire, solidarity, environmental protection and cultural development. They are generally long-term. Employees involved in these projects, in areas of activity that are often little known, show real personal satisfaction, motivation and increased skills. Operations carried out by several people also reinforce cohesion within the teams and unite the group.

A network of more than 80 skills sponsorship ambassadors facilitates the rollout of this approach as closely as possible to the teams in France. Thanks to this volunteer programme, which has been formalised in a Group methodology since 2017, **employees in France can benefit from a maximum of five paid working days** to get involved with charitable associations. In Switzerland and Spain, each employee is allocated one paid day per year to carry out charitable actions.

### Organisation

Since 2020, under the leadership of the Hermès Foundation and the Hermès International cultural action and solidarity department, all sponsorship policies have been structured and formalised, including most recently skills-based sponsorship.

Each sponsorship operation is subject to a transparent selection process, which includes the necessary prior checks to ensure that the operation complies with local laws and regulations. An assignment sheet is drafted for each skills-based sponsorship intervention. Supported associations studied: governance, ethics and human rights, transparency, etc.

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

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

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

In 2023, in order to increase the internal visibility of sponsorship actions and strengthen their effectiveness, skills-based sponsorship joined the H3 (Heart, Head, Hand) programme of the Fondation d'entreprise Hermès. H3 is now home to, on the one hand, financial sponsorship – enabling employees to provide financial support to projects that are close to their heart – and, on the other hand, skills-based sponsorship, co-managed by the Fondation and the Group Director of Human Resources.



Leather inventory at the Louviers Leather Goods workshop



© Photography credits: Anne Souleuz

## 2.4 THE PLANET: RAW MATERIALS

Sustainable development at Hermès is based on exceptional raw materials, from renewable natural sources, which enable it to create long-lasting objects. They are obtained with the aim of controlling their environmental and social footprint, both in terms of biodiversity and human rights, and are used with respect by optimising their use. More broadly, Hermès is committed to sustainably developing its supply chains, by going beyond compliance with environmental, ethical and social regulations, and contributing to the future availability of these resources. Lastly, Hermès is committed to measuring its impacts on biodiversity and undertaking action to preserve it.

### Introduction

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

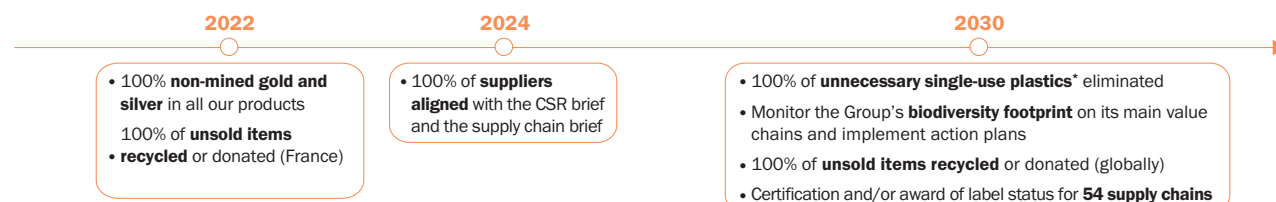
The materials are selected and supplied in each of the métiers within the framework of a rigorous process set out in the “**supply chain brief**” and detailed in technical specifications, complying with regulations, respecting biodiversity and best practices, in the constant quest for the highest quality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

supply chains, to share its requirements with its suppliers – often long-standing partners – and to develop them in order to achieve the highest quality and thus prepare for future growth while committing to integrating the issues involved in combatting climate change.

As stipulated in these “supply chain briefs”, materials or species threatened with extinction (identified in Appendix I of CITES – Convention on International Trade in Endangered Species of Wild Fauna and Flora) or whose trade is illegal, are not used by the Group.

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

### THE MAIN COMMITMENTS OF THE PLANET PILLAR: MATERIALS



\*Not having an essential technical function such as to protect the health and integrity of transportation products or regulatory information documentation.

In 2023, the Group made progress on the main issues relating to materials, with the aim of making a long-term difference through structural improvements with a steady and significant impact. Among these, the selected elements below are particularly illustrative of the year for this section:

- ◆ improvement in the level of coverage of the sectors (90 sectors in total, including 75 active sectors, enrichment of all sector briefs (six new subjects integrated, 66 in total);
- ◆ structuring of a team dedicated to life cycle analyses. 20% of the métier division's sales volumes covered by an LCA;
- ◆ “zero destruction” of unsold goods in France and operational launch of the extension of this target to unsold goods worldwide;
- ◆ more than 80% of the Leather division's leather supplies are LWG-certified, and 74% at Group level;
- ◆ renewal of RJC CoP certification;
- ◆ acceleration of in-house biodiversity work (SBTN project, employee training, blueprint);
- ◆ updating of the Forest policy and strengthening of actions to raise awareness of deforestation.





## PLANET

## MATERIALS

SDG	OBJECTIVE	INDICATORS	2023 RESULTS	CHANGE 2022/2023
<b>SEEKING THE HIGHEST QUALITY FOR ALL THE MATERIALS USED, GUARANTEEING THE OBJECTS' DURABILITY</b>				
	Have the highest quality materials and those best adapted to the functionalities and uses of the products	Number of different leathers used by the House	<b>35</b> different leathers used by the House	=
		Number of raw materials identified	<b>74 exceptional</b> raw materials used	↗
	Strengthen vertical integration to ensure mastery of savoir-faire and the quality of materials and develop long-term relationships with producers	Proportion of certified livestock farms	<b>100%</b> of raw crocodilian hides purchased by the Tanneries division comply with ICFA certification standards <b>100%</b> of ostrich farms SAOBCS-certified	↗
<b>OPTIMISING THE USE OF RAW MATERIALS THROUGHOUT THE LIFE CYCLE BY INTEGRATING THE PRINCIPLES OF THE CIRCULAR ECONOMY</b>				
	Identify eco-design levers and opportunities for all products	% of métiers having implemented an LCA approach on their emblematic products	More than <b>80%</b> of the métiers carried out at least one LCA on their emblematic products	=
	Establish a circular economy roadmap in all métiers	Proportion of métiers that have formalised a Circular economy roadmap	<b>100%</b> of métiers have included a section dedicated to the circular economy in their roadmap	=
	Engage in a process of recycling co-products from other industries	Proportion of leathers from hides recycled from agri-food channels	<b>98%</b> of leathers used by Hermès come from agri-food channels	↗
	Favour the use of recycled materials when relevant	100% recycled gold and silver for Jewellery	<b>100%</b> non-mining gold and silver used in Hermès Bijouterie workshops	=
	Develop upcycling, recycling and donation processes to improve and manage product end-of-life	Quantity of recycled materials	<b>24 tonnes</b> of textile materials recycled for the Textile division in 2023	↗
		Length of partnership with the leading association for the circular economy	Several thousand items donated to the <b>Agence du Don en Nature</b> in 2023, partner since 2016	=
	Implement processes to achieve the target of 0 destruction of unsold items from 2022 in France (Agec law scope)	Implementation of processes to achieve the target of 0 destruction of unsold items from 2022 in France (Agec law scope)	<b>0%</b> destruction in France from 1 January 2023 (Agec law scope), target extended worldwide between 2025 and 2030	=
		Incorporate a circular and eco-responsible approach into creation	Number of products put on sale that incorporate a circular approach	Approximately <b>2.8 million</b> products incorporating a circular approach developed in 2023
	Carry out product repairs	Number of products repaired	<b>202,000</b> products repaired in 2023	↗
<b>FINDING ALTERNATIVES TO THE USE OF CERTAIN MATERIALS, INCLUDING PLASTICS</b>				
	Improve the impact of all packaging, from production to customers to transportation	% of packaging (customers and intermediaries) made from renewable, recyclable and/or recycled materials	Integration of <b>500 tonnes</b> of our cardboard waste in the manufacture of recycled cardboard for our orange boxes	new indicator
	Eliminate single-use plastics	% unnecessary single-use virgin plastic by 2025	<b>100%</b> of plastic hangers recycled	=
	Consolidate the use of natural materials	Naturalness indicator (Perfume and cosmetic derivatives)	<b>76%</b> of ingredients used in perfumery are classified as natural or of natural origin, as are 59% of ingredients used in Beauty products	↗









PLANET

MATERIALS

SDG	OBJECTIVE	INDICATORS	2023 RESULTS	CHANGE 2022/2023	
<b>CONTROLLING THE ENTIRE VALUE CHAIN WITH OPERATIONAL TRACEABILITY AND PARTNERSHIPS</b>					
 	Analyse all purchasing categories and supply chains	% of purchasing categories where risks have been mapped and number of supply chains subject to in-depth analysis	<b>74</b> supply chains analysed representing 99% of revenue	↗	
		% of calf hides traced to the livestock farm	In 2023, <b>60%</b> of the calf hides tanned in the two calf hide tanneries of the HCP division were marked to ensure their traceability	↗	
		% of exotic hides traced to the farm	<b>100%</b> of crocodilian and <b>100%</b> of ostrich hides are traced back to the livestock farm	=	
		Use leathers from geographical areas with low social and environmental risks	% of materials sourced in Europe for leather	<b>91%</b> of hides sourced in Europe	=
<b>CONTRIBUTING TO THE DEVELOPMENT OF THE MOST DEMANDING STANDARDS ON THE MANAGEMENT OF SUPPLY CHAINS IN TERMS OF ENVIRONMENTAL, SOCIAL AND ETHICS CRITERIA, PARTICULARLY IN TERMS OF ANIMAL WELFARE</b>					
	Contribute to the creation of certifications and standards with exacting requirements	Contribution to industry or sector working groups	Participation in the <b>ICFA</b> (International Crocodilian Farmers Association) since its creation in 2016		
			<b>LPPS</b> (Lizard Procurement and Processing Standard) since 2016		
			<b>SAOBC</b> (South African Ostrich Business Chamber) since 2016		
			Commitment within the <b>LWG</b> (Leather Working Group) since 2020		
Implement an Animal Welfare policy by promoting the highest criteria	Number of animal sectors covered by the Animal Welfare policy	% of Group métiers with an Animal Welfare roadmap	<b>100%</b> of purchases related to animal supply chains are covered by the Animal Welfare policy	=	
			<b>100%</b> of métiers comply with the Group's Animal Welfare policy	=	
<b>INTRODUCING CERTIFICATIONS SCHEMES WITHIN OUR SUPPLY CHAINS</b>					
	Obtain and maintain supply chain certifications	Number of supply chains integrating certification targets by 2030	Distribution of the supply chain brief planning the implementation of certification or the award of label status for <b>54 selected supply chains</b>	↗	
			Number of supply chains certified and renewed	<b>1st</b> luxury house to receive RJC COP certification in 2019 and renewal of certification in 2022	=
				<b>74%</b> of the Leather Goods division's supplier tanners are LWG-certified, as well as <b>100%</b> of our in-house tanneries (HCP)	↗

## PLANET

## MATERIALS

SDG	OBJECTIVE	INDICATORS	2023 RESULTS	CHANGE 2022/2023
<b>SUPPORTING AGRICULTURE THAT IS MORE RESPECTFUL OF NATURE</b>				
	Contribute to research and field initiatives	Supported projects	Livelihoods: <b>25</b> agricultural projects supported and more than <b>149,000</b> hectares planted or preserved	↗
	Increase the share of supplies certified according to criteria guaranteeing sustainable agriculture	Implementation of certification schemes by sector	Holding Textile Hermès continues to roll out GOTS-certified silk products <b>48%</b> of cotton supplies for packaging elements are GOTS-certified	new indicator
<b>DIAGNOSING OUR IMPACTS ON BIODIVERSITY ACROSS OUR ENTIRE VALUE CHAIN (FLORA AND FAUNA) AND DEFINING OUR AMBITIONS ON A SCIENTIFIC BASIS (SBT)</b>				
	Measure our biodiversity impacts across the entire value chain	Assessment and monitoring of the impact on biodiversity by 2025 (Act4Nature)	<b>92%</b> of activities assessed according to a GBS (Global Biodiversity Score) study in 2021, with an update underway in 2023 on the leather goods activity.	=
	Conduct dedicated Biodiversity studies in certain supply chains	Supply chains studied	Achievement of steps 1 (materiality) and 2 (prioritisation) of the SBTN approach across the full scope  Biodiversity analysis on the cashmere supply chain with the University of Ulaanbaatar, WWF France and WWF Mongolia	
<b>IMPLEMENTING BIODIVERSITY TRAINING ACTIONS FOR ALL EMPLOYEES</b>				
	Develop training to raise employee awareness	Number of employees trained	<b>4,105</b> people, or <b>74%</b> of the HMS workforce, had their awareness of the culture of living things raised	↗ new indicator
			<b>450</b> participants in the 2023 conference cycle co-hosted by WWF France Training of more than <b>2,400</b> employees since 2021, including <b>900</b> who took the Biodiversity e-learning module in 2023	
<b>WORKING IN PARTNERSHIP WITH STAKEHOLDERS WHO ARE EXPERTS IN BIODIVERSITY</b>				
	Establish partnerships with leading expert organisations on the subject of biodiversity	Number and duration of relationships	<b>WWF France</b> since 2016, renewal of the partnership in 2023 for three years, member of Laboratoire Capital Naturel since 2023 <b>EPE</b> ( <i>Entreprise pour l'environnement</i> ) since 2018 <b>Orée</b> since 2023 <b>CDC Biodiversité</b> since 2020	
<b>IMPLEMENTING ACTIONS TO PROMOTE BIODIVERSITY IN THE MÉTIERS, SUPPLY CHAINS AND SITES, ACCORDING TO IMPACTS</b>				
	Measure biodiversity impacts at production site level	Number of production sites on which a Biodiversity assessment has been carried out	<b>100%</b> Leather Goods workshops (which have been in operation for more than a year) and five production sites in other métiers carried out: an inventory and a biodiversity action plan (excluding Paris)	↗
	Involve the value chain in actions to promote biodiversity	Distribution of a CSR brief to suppliers with a biodiversity component	Biodiversity section of the CSR brief updated in 2023 <b>80%</b> of suppliers received the CSR self-assessment questionnaire, including biodiversity	↗



## 2.4.1 ECO-DESIGN AND CIRCULAR ECONOMY

Each métier and each production unit is committed not only to applying the principles of eco-design to use materials wisely, but also to reduce waste and promote reuse and recycling to move towards a circular economy. The Group works to reduce the impact of its objects by focusing its approach and actions on their sustainability, circularity, reparability and traceability.

### GOVERNANCE

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

The team that makes up the industrial transition & quality department has been ramped up from seven employees at the end of 2022 to 20 in the course of 2023. It is structured into four departments to coordinate sustainable development initiatives, namely:

- ◆ quality & innovation department to coordinate cross-functional innovation and adapt processes to growth;
- ◆ continuous improvement department to manage industrial projects common to the métiers, in particular traceability;
- ◆ métiers Italy operations department/under construction, to structure the relays in the métiers with Italian partners;
- ◆ environmental impact department to support the reduction of environmental impacts, drive reparability, circularity and responsible purchasing.

Thanks to this organisation, the métiers, supported by expert internal resources, now conduct precise life cycle analyses with more and more specific data on their flagship products in order to be able to reduce their environmental impact. More than 80% of the métiers did so in 2023.

This approach is built in line with the Group's carbon strategy managed by the industrial affairs department. For example, the carbon data from the precise LCAs carried out by the métiers will make it possible to refine the scope <sup>(1)</sup> 3 calculations of the carbon footprint assessment related to the life cycle of the raw materials in our products (§ 2.5.6.2.1). The action plans will contribute to the Group's decarbonisation (§ 2.5.6.2.1)

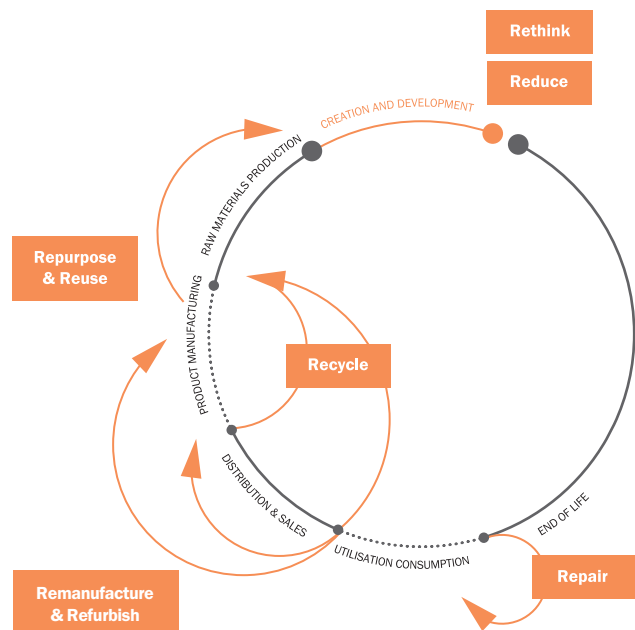
### POLICY

The Group's policy is to go even further in terms of the eco-design of its products, by using "non-renewable resources as little as possible, preferring the use of renewable resources, and which are used while respecting their renewal rate, as well as being combined with recovery processes for surplus materials and production offcuts that promote

reuse, repair and recycling". This preventive approach, based on dedicated tools, in particular LCA <sup>(2)</sup>, contributes to minimising the environmental footprint of products over their entire life cycle, without compromising on their properties in use.

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

Hermès' circular approach follows the principle of the 9Rs, a system proposed by the European Union. It begins with the design of the object, seeking to minimise its impact on the environment through optimised use of resources: reuse dormant materials, integrate recycled materials and refillable products, etc. It applies to all of the products of the House, which produces more than 55% of its objects in-house, and is gradually being rolled out to our suppliers and our value chain, in particular for the regeneration of raw materials channels, with the clear objective of reducing the consumption of raw materials and the generation of waste.



- ◆ **Rethink:** this involves rethinking the design of objects using the principles of eco-design (§ 2.4.1.1).
- ◆ **Reduce:** all métiers adopt sober approaches in the use of exceptional materials, which are often difficult to source (§ 2.4.1.7).
- ◆ **Reuse:** reuse production materials within our métiers (more than 35,000 products reuse materials) (§ 2.4.1.3) and recover materials from unsold goods (§ 2.4.1.4).

1. Definition established by the French Agency for Ecological Transition (ADEME).  
2. Life Cycle Analysis.

- ◆ **Repair/maintain:** Hermès objects can be passed on from one generation to another, due to their durability. After-sales services make it possible to maintain objects and extend their life (§ 2.4.1.5).
- ◆ **Refurbish:** this principle means refurbishing and/or modernising an old product, so that it can be used in its original function. At Hermès, this means specific repairs known as “renovation”.
- ◆ **Remanufacture, remake, rework:** this involves recovering components from a product with a similar function but with the qualities and specifications of a “new product”. This principle is beginning to be rolled out in the House, for example, in fashion accessories or ready-to-wear.
- ◆ **Recycle:** in France, unsold products are either donated or recycled (§ 2.4.1.6). This recycling is carried out in either an internal loop (the métiers use recycled materials) or an open loop (the materials are a resource for other industries).

#### 2.4.1.1 SYSTEMATIC LIFE CYCLE ANALYSES AMBITION

##### AMBITION

Hermès teams have always worked on the design of aesthetic, high-quality objects that have very long lives. An object that lasts and is passed on from generation to generation is implicitly an eco-designed object. The Life Cycle Analysis (LCA) method, implemented for a number of years, supports this responsible design approach through more standardised and quantified calculations, and provides a complementary scientific perspective. This subject has been structured in order to be able to follow the ISO standard for the environmental footprint method in the métiers based on three axes; preparation of future environmental labelling (see § 2.7.3.2), the precise measurement of the impact of materials, processes and products in order to work on a holistic impact reduction starting with emblematic and permanent projects and lastly, awareness-raising of the development and studio teams to integrate eco-design in the creative process as early as possible.

For the leather goods workshop, for example, the calculation includes farming, tanning, extraction of metals used, product manufacture, and all transportation until their arrival in stores and packaging elements (orange boxes, pouches, ribbons, and shopping bags). The calculations are based either on internal analyses or on reference databases in the LCA sector, such as the ADEME footprint database or the Ecolinvent database. With regard to livestock farming, for example, data are taken from the Agribalyse® database and the LCA are conducted according to a selection of criteria derived from the assumptions of the European PEF regulations (environmental score, Product Environmental Footprint). For tanning, the specific emission factors of the Group’s tanneries were used. This increasingly involves making use of actual and unitary metrics, which make it possible to set concrete improvement targets, rather than more descriptive sectoral averages.

##### GOVERNANCE

The subject of the environmental footprint and eco-design is overseen by the Sustainable Development Board and implemented by operational bodies as closely as possible to technical realities. In addition to the manager in the industrial department, a team of five people is dedicated, for example, to the calculation of the LCAs of the Group’s eight métiers.

The Tanneries and Leather Goods divisions are also responsible for these calculations. A community has been set up and constitutes an internal LCA network, in order to ensure consistency in the work and the sharing of best practices. It works closely with the House’s other networks, including that in charge of decarbonisation.

##### APPROACH

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

The various stages of these 50 LCAs involved several dozen employees over a period of six months, grouping the studies by major families of objects: textiles, multi-material products, complex products, etc.

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

- ◆ first of all, the teams must be trained so that these new approaches can be concretely integrated into their operations, but according to a harmonised approach and in line with best practices;
- ◆ in a second step, they will undertake pilot studies, for example in the regulatory framework of environmental labelling in the clothing textiles and shoes sector. Thus, the teams participate in the “supporting studies” for the European PEF (Product environmental footprint) to test the European methodology on two products present in all our collections (leather dress and *Oran* sandal). Internally, additional tests are carried out to assess the robustness of the tools. Hermès has also been involved in testing an alternative method for assessing and displaying the environmental and social performance of products in the fashion sector, led by the FHCM (Fédération de la Haute Couture et de la Mode) as part of ADEME’s Xtex call for projects. More holistic, based on an LCA foundation, it includes social criteria as well as a *savoir-faire* dimension. This work should make it possible to stabilise a qualitative Group methodology.

In 2023, under the aegis of the LCA network, a Group tool was tested. The objective is to have one LCA tool common to all of the Group’s métiers. The assessment method is consistent with the European Product Environmental Footprint methodology and makes it possible to calculate 16 impact indicators that tend to transcribe human health issues (toxicity, particles, etc.), impacts on natural resources (depletion of water, depletion of fossil resources, etc.) and impacts on ecosystems (climate change, soil eutrophication, etc.).

##### RESULTS

20% of the Métiers division’s volumes (which includes the Clothing, Shoes and Accessories, Jewellery and Art of living activities, see chapter 1 “Presentation of the Group and its results”, § 1.6) were covered by representative LCAs in 2023. This work is part of a strategy to prepare the métiers to meet the requirements of French environmental labelling, which is planned to be voluntary in 2024 and mandatory in 2025. In this short-term approach, a mapping of items critical to this obligation has identified clothing products as a priority.

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

These calculations make it possible to confirm major trends, as well as to identify less intuitive issues. For the vast majority of the products studied, freight, for example, represents only a relatively small part of the carbon impact (less than 5%). On the other hand, due to the very high number of hours of craftsmanship required to manufacture Hermès objects, employees commuting to and from work (included in the methodology on a voluntary basis) can sometimes represent a significant part of a product's CO<sub>2</sub> impact (for example, for a leather goods item requiring two days of craftsmanship work, the carbon emissions of four commuting trips are allocated to a single item). This calculation illustrates the specificity of Hermès' craftsmanship model, and the need to have a global vision of the impacts of the activity in relation to the expected quality and durability over time of the objects.

The Tannery division's teams have been conducting LCAs since 2021 to assess the environmental impact of the leathers tanned by the House. The scope of these LCAs extends from the breeding of animals to the leathers leaving the tanneries, such that the data can be reused directly in the LCAs of the métiers using the leathers. Access to specific data on a product's value chain is crucial in carrying out a pertinent environmental analysis. Hermès Cuirs Précieux's approach is to associate each emblematic and strategic item with an environmental footprint, in accordance with the regulatory references and eco-design approaches that the House applies. They therefore take into account each species (crocodilians, lizards and calves at this stage), each production site (farms and tanneries) and the various manufacturing processes of emblematic items (for example, the *Himalaya* Box leather or Epsom leather bag). In accordance with ISO 14040-44, the LCAs carried out by the Group's tanneries follow the methodology of the Product Environmental Footprint Category Rules (PECFR), a European environmental labelling project, for Leather, whenever possible. The latter is applicable to the hides of cattle, sheep and goats. The LCAs of exotic leathers also closely follow the guidelines of this methodology intended to inform the end consumer.

In 2022 and 2023, approximately 40 leathers have been subject to an LCA and several types of tanning have been studied in order to measure their benefits from an environmental point of view. The lessons learned from these LCAs are examined by the HCP Management Committee and the tanneries in order to identify eco-design actions. The approach was also presented to the Hermès métiers and to the HMS teams exploring chemical or material innovations related to leather. The division also contributes to the leather sector initiatives initiated by the Centre Technique du Cuir (CTC) and to those of the crocodilian breeding sector initiated by the International Crocodilian Farmers Association (ICFA).

In 2023, the rollout of LCAs as an eco-design and regulatory compliance tool continued within the Tanneries division. For example, HCP was one of the drivers of the call for tenders for the selection and testing phase of an online LCA tool for the Group. As part of the

work to respond to French environmental labelling, a mapping of items critical *vis-à-vis* this regulation (clothing items) was carried out. Thus, 14 specific LCAs were carried out in 2023 on crocodilian, lizard and calfskin leathers used more specifically for ready-to-wear, shoes or accessories such as belts or gloves.

Hermès watches are durable, repairable objects intended to be passed on from generation to generation. Hermès Horloger nevertheless wishes to minimise their environmental footprint over their entire life cycle. With the help of an external firm, the métier launched an approach in 2023, based on the LCA of the *Heure H*, an emblematic watch with high volumes, using the methodology of the European PEF regulations (Product Environmental Footprint). The results highlighted the phases and materials with the most impact over the life cycle and will be used to assist eco-design objectives. Hermès Horloger is also working with its stakeholders (competitors, professional associations, etc.) on the creation of an LCA methodology specific to the Swiss watch industry.

The Group also calculates LCAs outside its production chain. For example, the material intended for point-of-sale advertising for Perfume and Beauty products has also undergone an LCA, enabling identification and implementation of modifications to limit its environmental impact: flat-pack delivery is now widespread, in order to limit the volume transported and thus reduce the LCA impact by 47%, lamination has been eliminated to facilitate cardboard recycling, and recycled plastic is systematically used in certain parts.

#### 2.4.1.2 CIRCULARITY, ANCHORED IN THE DESIGN OF OBJECTS

Thanks to its artisanal dimension, the Group has always followed the principles of the circular economy, with the central concern of reducing production scraps as much as possible and reusing them, as well as the application of its expertise in repair and After-Sales service. The emblematic agenda leather covers were originally designed to use materials from the manufacture of saddles in the 1930s. Today, the aim is to continue along this path as much as possible by leading more systematic recycling projects for all materials and upcycling projects for objects, not forgetting the subject of packaging.

Several circularity loops have been put in place within the House. These may involve the recycling or reuse of materials or the recycling of products, in addition to the approaches presented in § 2.4.1.3, 2.4.1.4. and 2.4.1.5. Materials recovery can be carried out by a partner, or within the Group, between the various métiers, when, for example, a yarn composed of 20% recycled silk from Hermès scarves is used in the knit of a muffler.

#### GOVERNANCE

Given their strategic issues, these subjects are monitored at a higher level by the Executive Committee, to take into account their creative, industrial, cooperative and image aspects. The numerous cross-functional circular projects within the métiers are monitored operationally by two experts from the industrial transition & quality department. This department facilitates for each métier the provision of unused materials for the benefit of the Group's other métiers and coordinates recycling operations for all categories of products and métiers subject in France to the deadlines set for 2022 & 2024 by the Agec law. Given the maturity acquired by the teams, the Circularity

Committee, which had led these topics in 2021, was replaced in 2022 by specific bodies within all the métiers, working as a network, which allow the exchange of best practices and dedicated technical solutions in a more restricted network. The organisation is operational to achieve the “zero destruction” objective between 2025 and 2030 at the global level, taking into account the Group’s quality requirements, and complies with the various regulations to which it is subject in the medium term.

## APPROACH

The CSR training courses provided to the House’s various métiers include a module dedicated to circularity in order to disseminate the principles widely. They also make it possible to identify the sources of materials that can be recycled and reused.

For the sake of pragmatism, the Group works with independent service providers, often start-ups, who have developed and acquired highly specialised savoir-faire in order to carry out studies with them on the recyclability of products. The lessons learned from these studies are incorporated into the design of products to facilitate any eventual dismantling and help improve the level of maturity of these various sectors, as well as developing internal skills in this area. Like its partners, the Group is working to improve its recycling processes, avoid downcycling<sup>(1)</sup> and to move towards greater added value. It is also trying to promote use of the shortest loops, avoiding the modifications and additional processing steps that are present in the longest loops.

In order to avoid waste and promote this circularity, human and material resources are being mobilised to identify and recover all surplus raw materials and offer them internally to the métiers, as a priority, and then either as a donation or for recycling.

### Engaging our métiers and creators around circularity in a fun way – the Recycl’H award

In order for employees to take ownership of the concepts of circularity, the recycl’H award was created, with a pilot award conducted in 2022. This circularity challenge between the métiers of Hermès aims to reward the creation of a useful object for internal use by upgrading unused materials. The first teams to compete for the award chose leather scraps as their main source of material and made cases (for an access badge holder or small piece of equipment). More than 2,000 of these small objects were produced at the end of this first edition, and were used internally as gifts with such success that the operation is likely to be renewed.

The métiers have integrated this philosophy and several projects were launched in 2023:

- ◆ this year, women’s Ready-to-wear offered several capsules including the upcycling of dormant materials and components, for example with the reuse of silk scarves;
- ◆ the men’s Ready-to-wear clothing line has designed shirts embellished with silk patches using dormant materials;
- ◆ hats designed caps and headbands made from scraps of exotic hides;
- ◆ silk imagined products called “happy encounters” which are created from the association of unsold cashmere shawl designs;
- ◆ in the Shoes métier, recycled materials are incorporated into certain training shoes and exotic leather upcycling is carried out on certain flat and high-heeled sandals;
- ◆ some of the throws in the Home métier integrate 10% fine wool instead of cashmere to reduce their overall environmental impact;
- ◆ the metal buckles of our IoT objects<sup>(2)</sup> can be repolished if they have a quality defect, and if their reuse is not possible the metal parts are systematically reused elsewhere or recycled;
- ◆ some of the herringbone fabric covers that wrap our objects now include, in addition to cotton, silk from the recycling of our silk products, which makes it possible to recycle and not destroy the material, as well as to reduce the consumption of cotton. A high-quality industrial approach, requiring several years of work, was put in operation at the end of 2023 (see § 2.4.1.6 for more details).

Within the “Fashion accessories” studio, a stylist is entirely dedicated to upcycling projects and offers each collection products incorporating dormant materials and manufacturing scraps by enhancing them thanks to her creativity and the House’s savoir-faire.

Circularity is also implemented in the industrial world, for example through two projects in the Tanneries division (see § 2.5.3): one for the use of water from a sugar cane factory on our farms and then wastewater to be returned as fertilizer for fields, and a second for the use of farm water to irrigate a sandalwood plantation to be operated by Hermès Parfums.

### 2.4.1.3 PETIT H AND THE REUSE OF MATERIALS IN-HOUSE

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

1. *Devaluation, transformation into a material or product of lesser value.*  
2. *The Internet of Things.*

These reverse creations, rather than creations from a preconceived idea, make it possible to develop a new typology of original, quirky, fun objects that retain the singularities of Hermès creations, namely, useful, repairable and sustainable over time. All of the Group's métiers are involved, and given creative freedom. The end of collections, accessories, obsolete items (e.g. a whole collection of pommels dating from the 1960s, etc.).

Scraps of leather, fabrics, silk, porcelain... All these materials which, adapted, enhanced and sometimes relieved of a tiny initial defect, are given a new life thanks to the unique savoir-faire and talent of the artists. They are often combined, either with each other or with raw materials (terracotta, cane, etc.). Scenography elements with untapped potential can also be kept while awaiting a new purpose.

Each material awakens the creativity of the artists and thereby assists innovation. The teams seek to give all the material fragments a chance so that they can become a new object thanks to the exceptional savoir-faire of the craftspeople.

Thus, in 2023, thanks to techniques developed in the workshop, the leather pieces will be shaped into crystal counterforms, finely cut chandelier rings or unused pieces of porcelain, all leaving their imprints. Two materials meet, leather and crystal or porcelain depending on the inspiration of the craftspeople, in a totally artisanal manufacturing process from which, in the end, the leather emerges as a container, with original subtly worked decoration, with neither seams nor cuts.

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

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

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

Some creations are manufactured as unique pieces, depending on the availability of existing materials. Others are also produced in limited and controlled production runs. This creative and singular approach resonates through an original and inventive distribution channel that veers off the traditional paths, with a permanent base at the Sèvres store in Paris, and pop-up sales abroad. In 2023, Osaka and Beijing hosted these stopovers.

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

## 2.4.1.4 MANAGEMENT OF UNSOLD STOCK

### GOVERNANCE

The Sustainable Development Board closely monitors the issue of unsold items, for the proper application of the Agec law in France and for its application to the entire Group scope. In 2023, a new committee was created, bringing together everyone responsible for delivering Hermès' "zero destruction" ambition, enabling the sharing of best practices and the continuous improvement of all operations aimed at achieving the target set. Within this body, a continuous improvement approach has been initiated for all processes related to the end of life of products, making it possible in particular to predict the volumes to be processed according to the possible outlets and to anticipate the action plans needed. As the recovery ecosystem is still under construction, new outlets are regularly appearing and being identified by the teams.

### STRATEGY

The Hermès business model, based on the stores' freedom to purchase and the desirability of the House's products, means unsold stock volumes are naturally very low, significantly below the sector averages. In recent years, and in particular in 2023, having also been marked by difficulties in meeting the strong demand from our customers, the level of unsold items was low on account of the economic environment, which has favoured the Group's transition in this area.

The in-store offer is directly and freely defined by each manager, who is responsible for choosing the right assortment for his or her local customers. In addition, to optimise sales at regional level, the subsidiaries arrange inter-store transfers, leaving only a small number of unsold products.

The management of unsold items is organised around various successive and complementary actions. In some 15 countries, exceptional sales intended for our customers are organised as often as necessary by all distribution subsidiaries in order to enable the sale of products that have not been sold in stores, and in particular, seasonal products. Regular sales to employees of unsold goods and seconds provide an additional channel that can be used to avoid waste, in compliance with local and tax laws. Employees in the main countries now have access to a secure online sales tool.

In addition to these schemes, a "new chances for products" team has been set up to manage the collection of products that can be donated to partner associations, an approach introduced more than ten years ago. In this way, several thousand unbranded and anonymised products are donated each year to these partners, who distribute them to people in difficulty. These partners fight against the material insecurity of their beneficiaries and rely on a circular and solidarity-based economy approach while guaranteeing redistribution to the most vulnerable people they care for. This approach can rely on the collaboration of internal volunteers, and in 2023, 130 employees were mobilised in this way to unbrand the items eligible for donation, remove and replace identifying features such as buttons, and check the items before handing them over to the partner in charge of their distribution. This operation was launched in 2016 and has already involved more than 600 employees in total.

### 2.4.1.5 AFTER-SALES: MAINTENANCE TO EXTEND THE LIFE OF OBJECTS

“Luxury means items that can be repaired”, as one of the Group’s former Senior Executives used to say. Through their design, the quality of the materials and the savoir-faire, Hermès objects can be maintained, repaired and renovated in order to extend their life. From saddles to silk to watches, all owners of Hermès objects worldwide can request their repair. With 202,000 interventions or services<sup>(1)</sup> carried out in 2023, representing a 13% increase in activity, this commitment is an operational reality in all our stores. Customers, particularly in Asia, are increasingly receptive to this and do not hesitate to ask the dedicated teams to give a second life, in particular to an old object.

#### GOVERNANCE

With more than 1,000 service lines, Hermès unusually offers its customers a tailor-made After-Sales service, with no time limit, across all its métiers and throughout the world. The House makes a point of ensuring the maintenance and restoration of its objects, made by craftspeople, in order to prolong their life as much as possible.

A strategic focus for Hermès, this activity involves more than 90 craftspeople in four workshops, including a new one that opened in Paris in 2023. The objective is to support the Group’s growth and to develop the number of craftspeople and the infrastructures dedicated to this. The After-Sales activity also employs more than 70 people at the headquarters, who helped to process 82,000 products in France in 2023. The main aims of this expert service are: management of maintenance requests sent by stores, management of interventions in workshops and supplier relations, support for the métiers on quality and reparability issues, as well as store support for customers.

#### STRATEGY

The House’s strategy is to make these maintenance and repair operations as easy and efficient as possible for all our customers around the world. The first contact for these interventions is the in-store salesperson, who is trained to be able to pass on the key messages regarding the maintenance of products. In 2023, for example, the opening of a dedicated new After-Sales area in the Chicago store helped to strengthen their actions by taking advantage of the reopening of the store in November. Store renovations are an opportunity to create a special reception area, where customer requests are taken care of in optimal conditions. Details of the repair request are thus facilitated, whether for one-off services (over-dyeing of scarves, restoration of trunks, etc.), standard services (re-sizing of rings, supplying ties and cords, etc.) or essential maintenance for leather products to extend their life. Logistics for this department are unique because they involve the dispatch of individual products.

Moreover, in order to offer a local service to customers and reduce the carbon footprint associated with product returns, the After-Sales department also develops and coordinates local repairs around the

world. It ensures the selection, testing, auditing and approval of a certain number of workshops in most countries where the stores are located, as well as the monitoring and support of the subsidiaries. In this vein, the House is also continuing to set up local internal workshops dedicated to Leather repairs close to its flagships. These workshops are run by expatriate craftspeople who enable local customers to benefit from their expertise in the upkeep of all Hermès’ leather goods articles.

**Thus, in 2023, more than 120,000 repairs or services were carried out locally, of which 26% on leather goods, by 40 craftspeople expatriated to subsidiaries.** Before departing, they undergo a dedicated seven-month training course in order to enhance their savoir-faire and expertise specific to the maintenance and restoration of leather goods.

The first After-Sales seminar, bringing together several dozen members of the community, took place in June 2023 and was an opportunity to share an internal certification framework. The aim of this is to ensure the same level of service in all stores and offer our customers excellence in After-Sales. Madrid was spotlighted during this seminar as a pilot store that obtained its certification in June, following several months of preparation and a final audit carried out by the central After-Sales teams. The objective is to gradually certify all stores. The Lille store has already embarked on this certification process in France, and Singapore and Belgium will be the next countries in 2024.

### 2.4.1.6 RECYCLING INTERNALLY AND WITH SPECIALISED PARTNERS

All the operations implemented aim to come as close as possible to achieving the specifications of a new material and thus create a true closed materials loop in order to reduce the use of natural resources as well as chemical inputs.

When a material or a finished product cannot be reused and must be recycled, Hermès always favours the reintegration of the recycled material in-house, *i.e.* “in a closed loop”. Since any recycling operation transforms the raw material, it is sometimes difficult to reuse it for exactly the same purpose as when it was originally used. In addition to the technical difficulties of obtaining this new processed material, the issue is to identify a product or co-product in-house that can integrate this recycled material in a sustainable way and ensure that this operation effectively reduces the environmental impact of the entire system, while guaranteeing the traceability of the recycled materials used. In 2023, unsold items and silk production offcuts were recycled in this way: following various stages of sorting, cutting and transformation, allowing the recovery of the silk fibre, it is integrated as 20% of the materials used for the manufacture of weft yarn for protective herringbone covers. Similarly, it was possible to develop a yarn composed of 20% recycled silk and 80% virgin cashmere. Lastly, felt, used to protect leather goods, was also produced from cotton fibres and cashmere fibres from production offcuts. These initiatives are designed to lead to industrial processes aimed at recycling most of the textile production scraps.

1. *Change in the repair operations monitoring methodology: exclusion of alterations associated with an initial sale. The transactions recognised are those that contribute to the extension of the life of a product already sold. 2022 data reviewed: around 180,000 interventions or services.*

When the “closed loop” is not an option, particularly in view of the maturity of recycling technologies, the material will be directed to an “open loop”. This means that it will be sold to a professional in the recovery of this material, who will direct it once transformed to an application at another manufacturer. An illustration of this type of open-loop recycling is the melting down of surplus metal parts by specialised refiners, which then supply the European market for recycled metals.

Without waiting for the publication of the French Agec law (anti-waste and the circular economy), the métiers had accelerated their initiatives through numerous working groups, which have designed recycling solutions that are now in widespread use. In its circular economy approach, the Textile division (HTH) has intensified its reuse or upcycling actions aimed at optimising the rate of use of materials. Thus, in 2023, 24 tonnes of textile materials were recycled through internal and external projects, representing 28% of all textile waste produced by this division. This percentage has been growing in recent years.

#### 2.4.1.7 RESPONSIBLE MATERIALS MANAGEMENT, AT THE HEART OF THE STRATEGY

Hermès objects are designed to last because their technical design and manufacturing methods favour robustness, in the tradition of saddler craftspeople. The famous “saddle stitch”, still used in Leather Goods workshops, was born out of the need for seams to resist the pressure from the harness. The quality of the raw materials used is the first guarantee of the durability of Hermès objects. Their selection is subject to a rigorous process, guaranteeing the sustainability of the House’s products.

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

The materials used come from natural, renewable sources, taken while respecting their potential for regeneration, such as in the case of hides from farmed animals, or for the main textile materials (silk, cashmere and wool). The House’s historical preference for leather and natural fibres avoids the use of synthetic and non-renewable resources based on petroleum.

##### 2.4.1.7.1 Leathers

###### Leather tanning

Leather is an animal product, specially tanned and made imputrescible, either in a tannery for lamb, sheep and goatskin or in traditional tanneries for hides from cattle or reptiles. Hides used in leather goods are primarily by-products of livestock farming for food.

People occasionally refer to hides as the “5th quarter”, with tanning sometimes being referred to as one of the oldest recycling industries in the world. Hermès uses only “full-grain” leather, the top part of the hide, without altering it in order to improve its appearance. The leathers used by Hermès are thus rare and of exceptional quality. The hides come from our own tanneries or from long-standing partners. Buyers check these hides purchased from our suppliers individually, in order to verify their quality. For cowhide leather in particular, the long-standing relationships with our partners maintained by our tanneries have made it possible to develop real expertise, which is supported by the use of technology whenever necessary.

Concerning exotic skins, the management of crocodilian breeding on the alligator *mississippiensis* and *crocodylus porosus* farms (operated by the Group itself), close and constant relations with suppliers of exotic raw hides, and the control of all tannery processing operations (river, tanning, dyeing and finishing) enable the House to control as precisely as possible its purchases, quality, ethics issues and use of materials in manufacturing processes. Several projects are being rolled out in farms and tanneries to improve quality control and optimise the use of raw materials. For example, digital systems for taking images of hides at the start of the tannery process are already in use or are being rolled out. They allow the identification of defects, facilitate sorting and thus maximise the use of hides while reducing waste.

###### Leather work

The frugal use of leathers has always been a key concern of the production units: thus, cutter craftspeople are trained, from the moment they join the House, in how to cut leathers as sparingly as possible. Coordination among production units is managed on a daily basis to optimise the use of hides and offcuts: the analysis of the rate of use of hides is a management indicator used in the workshops. For this reason, new production managers and new cutting workshop managers are systematically trained in the analysis tool to ensure optimal management of this consumption, in order to assimilate best practices more rapidly and optimise the use of hides.

In addition, a guide to best cutting practices is followed on each site. This guide is gradually updated with new practices that have been successfully tested by cutter craftspeople and shared with all sites. An assessment of these best practices was carried out on 22 sites and demonstrated the proper application of the guide.

With the aim of maximising reuse within the workshops, coordination between sites was strengthened in 2023 thanks to the implementation of an internal software application allowing the digitisation of the stock of offcuts. Given the expansion of the activity, with site openings every year, it is important to promote the visibility of these inventories and the possibilities of exchanges between sites to preserve and recycle the material. The application was rolled out to all sites in 2023. It has met with real support from stakeholders and maximises the reuse of leather. Thus, **the manufacture of small items is increasingly carried out using these scraps.**

Thanks to this approach, which is being strengthened, and the computer visualisation of the data, these scraps are optimised and also make it possible to create products without the need to use new whole hides, reducing by the same amount the destruction of nature.

In 2023, substitution and eco-design operations resulted in 88,500 products being made from these scraps, without additional purchases of leather, *i.e.* an increase of 40% compared to 2022.

#### 2.4.1.7.2 Silk and cashmere

The level of integration of the Textile division through all processing operations (weaving, printing, finishing and manufacture) ensures that the raw materials supplied are used as frugally as possible. All production units carry out monitoring and actions to reduce scraps and waste, as part of the quality approach.

At the weaving stage, a working group made it possible, following analysis and technical tests, to identify and launch new ways to reduce cashmere waste by resizing the widths of the material to improve the ratio of printed surface to the area of the material. Partial lengths have been optimised to reduce material waste.

At the printing stage, the widths of silk are selected according to their specifications in order to adapt the material to the printing techniques and products being made. This approach makes it possible to increase the rate of use of the widths and avoid rejection of non-compliant widths.

For the Silk métier, the management of “lean” planning has made it possible to reduce production waste since 2018. Some silk accessories are now made from very wide pieces, which reduces the amount of cutting waste and limits energy and water requirements throughout the process. In the same way, the lengthening of printing tables at Ateliers AS enabled substantial savings in dye and textiles, thereby reducing offcuts.

#### 2.4.1.7.3 Other materials

Hermès, a creative house, has always been on the lookout for new, innovative materials, according to specifications that are constant and very demanding: physical quality and resistance, external appearance and aesthetic quality, durability over time and reparability, and controlled environmental footprint over the entire life cycle. This research is carried out on traditional materials as well as newer possibilities.

**Thus, a new material was created using the Fine Mycelium biofabrication technology**, which is made from the vegetative part of mushrooms, developed by the US start-up MycoWorks. Biodegradable and strong, the sheets of this material are then treated and finished by Hermès tanners in France to further refine their resistance and durability. They were then used by our craftspeople to create the *Victoria* bag unveiled in March 2021. The House is continuing its work to integrate this new resource into its productions.

The designer, who has been in charge of accessories and jewellery collections for three years, has further integrated the reduction of environmental impact into her creations, in an eco-design approach. One initiative consisted in creating **a new material called Vulcanium™ from the grinding of leather scraps or downgraded hides for use in fashion jewellery (Chaîne d'ancre pendent in 2023)**. In 2023, the métier also offered a larger number of parts in titanium, a metal with a lower environmental impact than those traditionally used for fashion jewellery (brass, stainless steel, etc.).

In leather goods, innovations in the field of hide tanning have also made it possible to produce leathers that are increasingly adapted to a creative offering, more flexible, with different grains and specific colours, while optimising the use of inputs and reducing the environmental footprint of materials.

The use of 3D technology reduces paper printing and patterns when manufacturing ready-to-wear collections, which are increasingly worked using more responsible materials.

#### Metals and stones

The “zero waste” principle is intrinsic to the manufacture of precious metal jewellery. Historically, it is the cost of these metals that has led industry players to develop strategies for saving materials, maximising their use and recovery of all offcuts, down to the smallest dust particles. Today, this expertise in collection and reprocessing contributes significantly to limiting the impact of the sector.

At HMM, brass is one of the main materials used to make metal parts for Hermès objects. Particular attention is paid to this alloy in order to meet the environmental issues related to the extraction of its metals (mainly copper and zinc). HMM is working on the implementation of circularity initiatives, such as the recycling of rejected parts after grinding in order to make new ones.

True to the Group's ambition to limit the use and extraction of virgin resources, Hermès Horloger has set up a workshop specifically dedicated to working with gold in order to recover as much as possible from production offcuts. The latter is then sent back to the supplier in a closed loop. A similar project is planned for 2024-2025 on 80%-recycled steel.

#### Perfumed compounds and cosmetic materials

Hermès Perfume and Beauty continues its trajectory of classification and optimisation of raw materials for its perfumes and cosmetics. More than 400 different raw materials are in its catalogue. Some 76% are natural or of natural origin for perfumes (a 15-point increase) and 59% for beauty. In order to reduce our recycling rates for expiry, safety inventory levels have been reduced and all materials are stored in the best possible conditions, including nitrogen inerting of containers for 100% of inventories.

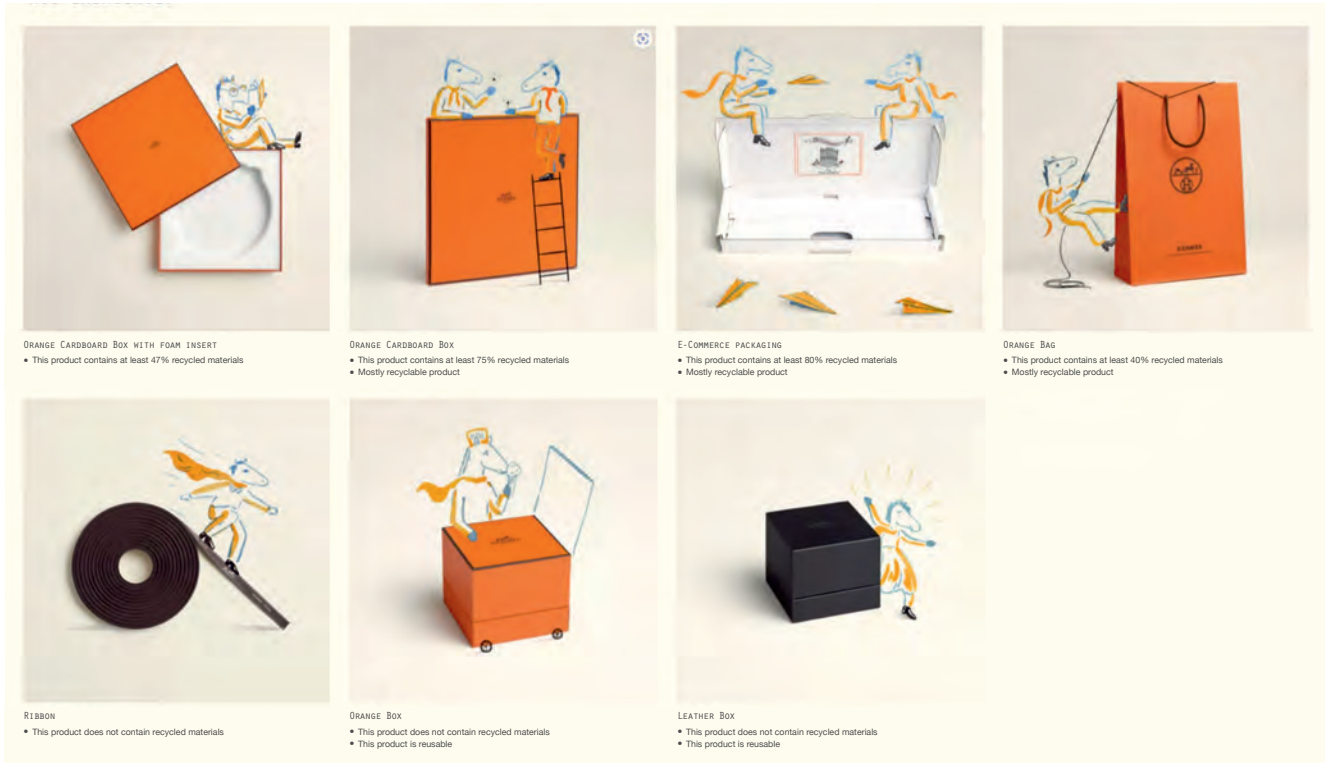


### 2.4.1.8 PACKAGING, OPTIMISED TO PROTECT EXCEPTIONAL OBJECTS AND THE ENVIRONMENT

Packaging is used at different levels throughout the life cycle of a product: during its manufacturing phase (packaging of materials, inter-site packaging) and during its sale in stores. In exclusive stores, 100% of orange bags are FSC-certified. The cardboard of the

emblematic orange boxes is made of 100% recycled material. The bags, made of 40% recycled materials, are recyclable, except for the handles. Hermès has implemented frugal packaging management: the orange box is used both as packaging for internal flows, but also for sales and customers. The boxes often have a long lifespan, as customers tend to keep them beyond purchase (they even lead to a second-hand market, etc.).

For the sake of transparency, this packaging is also presented on the House's website:



#### Single-use plastic packaging

The comprehensive inventory of plastics throughout the production chain is continuing. Single-use plastic packaging used by Hermès is either the result of external purchases (packaging for articles or materials received), or used in internal processes to transport articles between the various sites and to the exclusive stores.

A working group initiated in 2020 brings together around 50 stakeholders, with representatives from all métiers, logistics, purchasing, sustainable development and industrial affairs. With the help of experts, it is working on opportunities for plastic substitution and circularity. This working group, which meets biannually, is now a privileged space within the House for the sharing of initiatives, the review of sector benchmarks, and regulatory monitoring on plastics issues.

The inventory of packaging plastics purchased by the Group by weight is complicated by the fact that invoices do not necessarily all include the same unit (weight, volume, quantity). According to an estimate for 2022, the Group purchases less than 900 tonnes of plastic

packaging, of which half is for its perfume and cosmetics activities. Excluding cosmetics, the most significant items are: hangers, foam for tableware, logistics items (wedges, strapping, films, adhesives) and ponchos for bags.

#### Hangers

The Group is continuing its work to find an alternative to the use of plastic and ensure its recycling. Plastic hangers are already made from recycled plastic. In addition, the hangers used for in-store display are made of wood, making them more durable and easily recyclable.

#### Tableware

The foams for wedging objects meet very demanding specifications, particularly in the context of the growth of e-commerce. The Group works with its suppliers, who are some of the most expert in the sector, on cardboard solutions that meet quality expectations and volume and weight constraints (so as not to generate new carbon emissions during transport). The foams used are gradually evolving towards recycled polyethylene and hollowed-out foams to reduce their volume and weight.

### Logistics

Pending the development of a non-plastic solution that is satisfactory in terms of care for the packaged product and handling in the logistics flow, Hermès has undertaken to replace its virgin plastic bags with recycled plastic, an approach that will be fully completed in 2024. Numerous projects are being carried out in the House at the same time to identify uses and reduce the use of plastic.

After working on the elimination of plastic films in 2021 and 2022, in 2023 Hermès Commercial, which manages central logistics, identified and validated other alternative solutions to the remaining single-use plastic. One of the first changes was the use of paper instead of air cushions, to wedge the orange boxes in the shipping boxes. The second is the replacement of adhesive tape by sticky paper strips: traditional adhesive tape will be replaced by a gummed strip, and reinforced tape by reinforced kraft paper tape. Lastly, the final solution is the strapping of the supplier returns that are currently wrapped in plastic, reducing plastic consumption and improving ergonomics. These solutions are in the process of being implemented and will be in place in early 2024 for all logistics.

Work is continuing on clothing covers and the packaging of fragile items (silk).

In 2024, studies will continue to include changes in methods to eliminate remaining plastic consumables while taking into account ergonomic issues and physically difficult tasks.

### Métiers

The Leather métier is also taking action to limit the use of plastic. Thus, in 2023, rain ponchos, historically systematically given to customers in sets of two to protect certain bags purchased, are now only distributed at the customer's request. This approach made it possible to halve the plastic used between 2021 and 2023 in this operation, *i.e.* 14 tonnes. With the help of its logistics partner, this métier has also replaced disposable tarpaulins that protect leathers during transport to the workshops with reusable tarpaulins. The project was initiated in 2023 with the gradual deployment of tarpaulins between the sites and the logistics platform and will be completed in 2024. This substitution approach should ultimately reduce consumption by 90% for this operation, *i.e.* 12 tonnes.

Year	2018	2019	2020	2021	2022	2023
Plastic consumption of the Perfume and Beauty métier (expressed in base 100 from the 2018 value)	100	110	82	87	100	92
Plastic intensity compared to the revenue of the métier	1.54	1.63	1.49	1.14	1.17	0.95

For more than 10 years, Hermès Perfume and Beauty has launched refillable perfumes: *Voyage d'Hermès*, *Jour d'Hermès*, *Galop d'Hermès* and *H24*. In 2023, the entire *Jardin* collection became refillable, followed in 2024 by *Hermessence*.

The use of plastic for jewellery boxes is gradually being phased out in favour of medium-density fibreboard (MDF). In 2022, this project concerned all cases for the silver range. 33 tonnes of plastic were thereby avoided. In 2023, the same approach was continued for the leather cases used to package the gold jewellery ranges. In addition, the overwrapping elements identified in 2022 are gradually being eliminated, with their complete disappearance planned for 2024 (bubble or shipping envelopes, for example, etc.). A packaging guide was sent to the manufacturing workshops to help them move towards more sustainable packaging, which consumes less plastic. The implementation of this solution is being rolled out across the entire Hermès Bijouterie range. In the long term, these projects will make it possible to reduce the consumption of plastic in the activity flow by 50%. At the same time, work is continuing in the *haute joaillerie* segment to build circularity into the packaging used and create reuse loops. These exceptional products are fewer in number and require very specific packaging, which can nevertheless be reused.

After mapping the single-use plastics used in the production process in 2022, Hermès Horloger is continuing its zero-plastic policy with the installation of a new machine for shipments and the replacement of plastic cushioning wedges with crumpled recycled paper. The process of streamlining watch cases is also continuing and will be accompanied by a complete dematerialisation of the product environment planned for 2025.

New packaging in the Textile division is entirely or partially made from recycled or biosourced materials.

The distribution subsidiaries are also involved in the project to eliminate the use of plastics, particularly in their supply chains and for inventory management (covers, hangers, etc.).

### Cosmetics packaging

To reduce the use of plastics, a majority practice in the sector, the Group is working on various areas: extending the life of containers with the promotion of refillable fragrances (new perfumes will now be refillable), reducing the use of plastic for containers (with as a first step, priority given to the use of plastics from recycled and recyclable sources), reducing the use of plastic for packaging (both for the products themselves and for logistics operations).

Hermès Perfume and Beauty has carried out substantial work on perfume bottle caps. The caps of the Colognes have been made from 100% recyclable polypropylene since 2023. Changing the *Hermessence* cap reduced its environmental impact by 85% and made it possible to stop using neoprene glue in the range. The recyclability of this cap increased from 0 to 80%.

The film covering the product packaging has been replaced by a film made from 100% polypropylene, a highly recyclable plastic. Over a full year, this initiative makes it possible to replace 20 tonnes of materials with recyclable alternatives. Ten tonnes have been replaced since June 2023.

## 2.4.2 SUPPLY CHAINS

The sustainability of Hermès' activities is based on its ability to secure the availability of the exceptional raw materials used. Hermès is also committed to sustainably developing its supply chains, by going beyond compliance with environmental, ethics and social regulations, and contributing to the future availability of these resources.

### POLICY

The Group's strategy is to better understand its supply chains, strengthen them with high expectations to ensure their quality, ethics, environmental and societal sensitivity, and develop them to anticipate future growth.

This approach is based firstly on compliance with the regulations concerning the various materials. This notably means legislative provisions: ensuring compliance with the Washington Convention (CITES), an agreement between States for the worldwide protection of species of flora and fauna threatened with extinction. This can have an impact on the materials used in the leather goods workshops, certain tanneries, or certain perfume ingredients. The Group must also comply with health regulations (hides from cattle and sheep that were raised for meat) and regulations on animal welfare.

The policies used to implement this strategy are, on the one hand, the implementation of supply chain briefs to manage the entire value chain and co-construct sustainable development action plans, and on the other hand, a CSR brief for all suppliers and manufacturers involved in supplying Hermès' métiers, and finally, an Animal Welfare policy formalised in 2021 and updated in 2023. All of these documents are available on the Group's website<sup>(1)</sup> and updated regularly as knowledge advances.

### GOVERNANCE

Hermès has long initiated a management approach for its raw materials sectors, using a local approach with operational staff and specific sector experts. This approach was organised in a decentralised manner and made it possible to lay the foundations for a more comprehensive approach. Since 2019, the direct purchasing department has accelerated this process with the following ambitions:

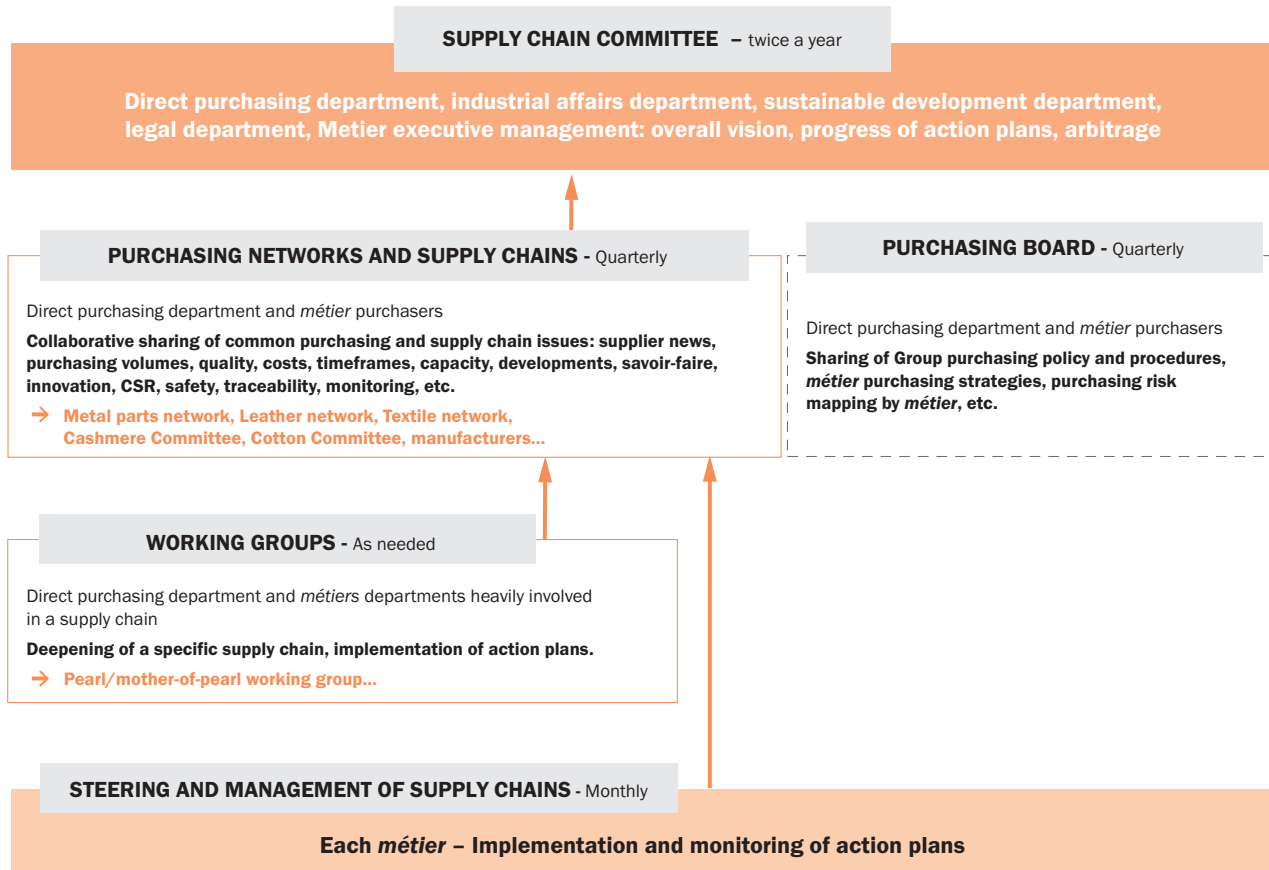
- ◆ commit to in-depth knowledge and management of all the House's raw materials supply chains;
- ◆ meet risk management commitments, in particular with regard to human rights and fundamental freedoms, health and safety of people and the environment, in line with future duty of care requirements;
- ◆ capture value creation opportunities for the House, the supply chain, local authorities and the environment;
- ◆ develop more virtuous supply chains in which CSR issues are a priority, guaranteeing that 100% of raw materials used in the manufacture of products come from sustainable and responsible channels.

Thus, with the support of an independent expert firm, since the end of 2019, Hermès has set up a systematic approach to analysing its supply chains, to map each of them, take stock of traceability, assess inherent and specific risks, avail of opportunities and define insurance and certification procedures, and accordingly implement ambitious action plans managed by the métiers. Over the past four years, more than **90 raw material supply chains have been analysed in detail**, starting with the main ones used by Hermès (calfskin, cowhide, cotton, cashmere, etc.), not forgetting those used in smaller quantities (straw, wicker, mother-of-pearl, etc.) or temporarily not used, for the sake of completeness.

The management of the supply chains is one of the points of attention of the Purchasing Board. The Purchasing Board decides on strategic orientations and any arbitration points. It reviews the métier risk mapping. Supply chain operational governance was put in place in 2021 with, in particular, the creation of a Supply Chain Committee, which, twice a year, brings together the direct purchasing department, technical and innovation industrial department, sustainable development department, legal department and the Senior Management of all the métiers. This body makes it possible to obtain an overview of the management of the supply chains and the progress of the action plans and, if necessary, arbitrate on certain points. To support this Supply Chain Committee, purchasing networks and supply chains specific to certain sectors have been set up, managed by the direct purchasing department, to share with the buyers of the métiers concerned the issues common to these sectors, in particular in terms of CSR and traceability. The risks of each sector are studied by this committee and, if necessary, are discussed by the Executive Committee for decisions to be made. In 2023, a carbon task force was created with an officer for each métier. This steering committee meets every three months and monitors the roadmap aimed at collecting accurate carbon data within each supply chain and integrating them into the Group's scope 3.

1. <https://finance.hermes.com/en/responsible-sourcing/>

## HERMÈS SUPPLY CHAIN GOVERNANCE

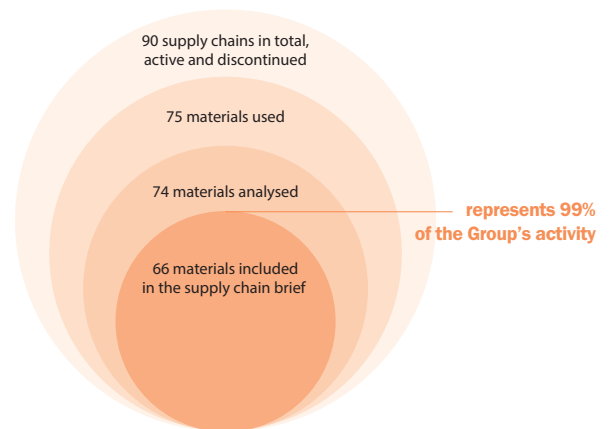


## 2.4.2.1 SUPPLY CHAIN BRIEF AND TOOLS

Since 2019, buyers have had a “supply chain toolbox” to use in structuring their supply chain analyses, provide a methodology and ensure a cross-functional Group approach. It enables:

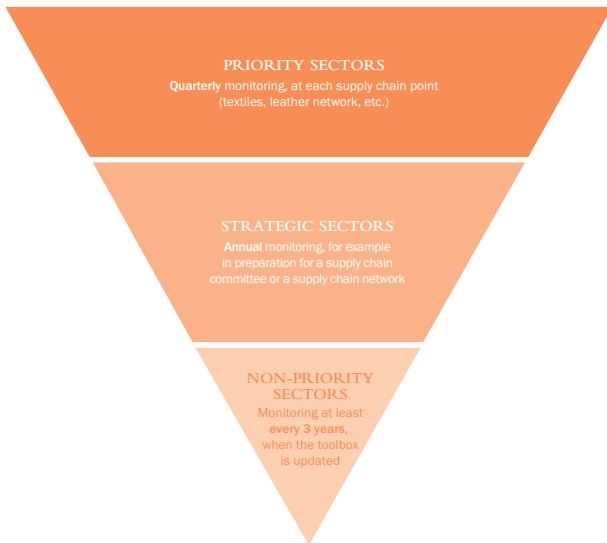
- ◆ the supply chain to be mapped, listing each link in the supply chain and the stakeholders;
- ◆ identification of the risks related to this sector, by assessing the risks with respect to human rights and fundamental freedoms, the health and safety of people, the environment (carbon, water, deforestation, biodiversity), and the risk of corruption;
- ◆ value creation opportunities to be seized for the House, the supply chain, local authorities and/or the environment;
- ◆ action plans to be defined that will sustainably improve the supply chain and make it more ethical and responsible.

Of the 75 materials used by the Group, at the end of 2023, 74 materials were subject to a detailed analysis, and 66 of these are included in the supply chain brief, *i.e.* more than 99% in terms of purchase value. Six new supply chains were analysed in 2023. These multi-criteria analyses notably include the assessment of CSR risks related to the duty of care (see § 2.8.4), and have made it possible in particular to establish the categories below and their methods for monitoring the supply chains.



These analyses of supply chains also gave rise to a supply chain brief, the roadmap in this area) co-constructed by the métiers, the sustainable development department and the direct purchasing department, with the support of an independent firm of experts. The first version, including around 10 supply chains, was published at the end of 2020. In November 2023, version 10 was released; it now includes 66 materials. The materials presented in the supply chain brief include all of the materials analysed, sometimes proposing groupings when relevant (for example, the cowhide leather section

includes different types of leather: cow, bull calf, etc.). A summary version of the Animal Welfare policy has been added to the supply chain brief for the sake of transparency. These supply chain briefs are available online and shared with our partners and suppliers.



The supply chain brief is intended for all suppliers involved in the supply of raw materials used in the manufacture of the House's products. It allows Hermès to share with them its ethics and sustainable requirements and those relating to the protection of people, animals and the environment.

It provides a reminder of the four principles of Hermès' responsible purchasing policy:

- ◆ transparency: knowledge of its supply chains through its network of manufacturers and partners, is at the heart of Hermès' concerns. It aims to guarantee the highest level of quality, the best traceability and the careful use of raw materials. Hermès wants to have a transparent vision of each link in the supply chains of its métiers, in collaboration with the players in each sector;
- ◆ high standards: Hermès rigorously selects materials, in compliance with regulations and best practices, according to the following fundamentals:
  - promoting exceptional supply chains, built locally as close as possible to the raw material: breeders, farms, cooperatives, etc. Hermès listens to the players involved in the field, to develop partnerships, improve operating conditions and generate long-term improvement projects,

- respect human rights and fundamental freedoms: in addition to compliance with benchmark conventions, the House's vigilance plan includes respect for human rights, fundamental freedoms and employment conditions for both its suppliers and their own suppliers and subcontractors,
- ensure animal welfare: anchored in a multi-stakeholder collaboration and continuous improvement approach, Hermès' policy ensures compliance with the fundamental principles of animal welfare (five fundamental freedoms of the World Organisation for Animal Health – WOAH). Hermès favours observation of animals to demonstrate results and improve animal welfare in pragmatic ways and based on science,
- respect and protect biodiversity: materials from species threatened with extinction or whose trade is illegal are strictly prohibited. Risks related to natural materials of animal origin need to be controlled through internal audits and/or audits by independent third parties and are the subject of targeted action plans,
- protect the environment: managing the environmental impact of its entire value chain is a core preoccupation for Hermès. Respecting natural resources, promoting regenerative agriculture and forestry, controlling energy resources, favouring the cleanest technologies in its production processes, limiting waste and having ambitious EHS objectives are all pillars of the environmental policy implemented;
- ◆ caring: the House believes that a long-term relationship is built with respect and a balanced vision of human and commercial relations, in a caring spirit. In addition to these fundamentals, Hermès is committed to taking advantage of the best available standards and working to improve them, while always integrating respect for people, animals and the environment;
- ◆ fairness: through their informative purpose, these guidelines are part of the Hermès métiers' desire to provide long-term support to their partners and co-construct responsible sectors. This also means promoting the virtuous initiatives already undertaken.

All the recommendations and requirements formulated in the cross-functional recommendations and in the briefs for each supply chain are communicated to the parties concerned via the specifications, purchasing terms and conditions but above all through dedicated discussions thanks to the buyers and the corporate functions responsible for the subject. All or part of these points may be subject to control visits, internal audits and/or audits by independent third parties. Targeted action plans will be drawn up jointly following these discussions, visits and/or audits.

This supply chain brief then presents, for each sector, the short-term objectives and the trajectory for 2024, the points requiring particular attention and those that are prohibitive. In particular, it includes certification objectives for most of the sectors according to the best existing standards. It is regularly updated according to the Group's progress in risk analysis and new issues identified.

## MAIN SUPPLY CHAIN CERTIFICATION COMMITMENTS

	Types of certification and/or specific procedures	Supply chain covered by the Animal Welfare policy
<b>Animal supply chains</b>		
Wool and fur	RWS/RAS/RMS/SFA certifications	Yes
Feather/down	RDS certification	Yes
Leather	LWG certification	Yes
Precious leathers	IFCA certification for crocodile farms	Yes
	SAOBCS certification for ostrich farms	Yes
	LPPS certification for the lizard sector	Yes
Silk	GOTS certification	Yes
Mother-of-pearl/pearls	ASC/MSC certifications	N/A
<b>Plant-based supply chains</b>		
Cotton	GOTS certification	N/A
Linen	“Master of Linen” certification	N/A
Cellulosic fibres	Sources of FSC fibres	N/A
Wood	FSC certification	N/A
Rubber	FSC and GOLS certifications	N/A
Palm oil derivatives	RSPO certification	N/A
<b>Mineral and metal sectors</b>		
Stones	RJC certification	N/A
Gold/silver	RJC certification and use of recycled materials	N/A
Other metals	ASi certification	N/A

In order to constantly align itself with the most demanding certification standards, and to gradually support its métiers in the sourcing of significant volumes of certified raw materials, Hermès has extended its objective of certification of the supply chains: the Group is targeting certification and/or award of labels for 54 supply chains by 2030.

## 2.4.2.2 ANIMAL WELFARE POLICY

The Group has set up a strict and ambitious policy in terms of animal welfare for all the animal supply chains concerned, both within its direct sphere of responsibility and for its external partners. Formalised in 2021, then updated in 2023, this policy, and all the concrete objectives it sets, have been shared with Hermès' suppliers and partners. It is published on the Hermès website<sup>(1)</sup>. This policy is part of a process of continuous improvement of practices. The update of the policy in 2023 aims to better take into account the latest scientific and operational advances. Hermès' Animal Welfare policy is based on the following principles:

- ◆ a commitment to the fundamental principles of animal welfare (“the five freedoms<sup>(2)</sup>” defined by the FAWC<sup>(3)</sup>), based on the most recent observations and knowledge of scientists and university experts on the subject according to the species. In order to ensure proper animal welfare, Hermès' approach focuses on the observation of animals and their behaviour. This therefore means an obligation of results (“outcome-based”) to be compared with more traditional approaches,

which are limited solely to a material analysis of resources, without taking the animal into account;

- ◆ adoption of the “One Welfare” concept. This holistic approach recognises interdependency links between animal welfare, human well-being and the environment, and promotes interdisciplinary collaboration;
- ◆ a multi-stakeholder collaboration to ensure that the results obtained on animal welfare correspond to the expectations and analyses of a wide range of stakeholders, including several international and national associations (NGOs) involved in the Group's issues;
- ◆ a formal governance framework: **created in 2019, the Animal Welfare Committee brings together members of Group Management, the purchasing departments of the various métiers, the technical and sustainable development departments.** An independent expert, a specialist in animal welfare, is also a member of this committee, which meets regularly to discuss the strategy to be followed, the validation of the policy and the standards, measure the progress made and ensure that the resources made available are adequate;

1. <https://finance.hermes.com/en/animal-welfare/>

2. *Absence of hunger, thirst and malnutrition, absence of physical or thermal discomfort, absence of pain, injury or disease, ability to express normal behavioural patterns, absence of fear or distress.*

3. *Renamed the Animal Welfare Committee (AWC) in 2019.*

- ◆ implementation of strict standards detailing best practices, specific to each supply chain, covering, depending on the species, a broad range of areas such as farming and slaughtering practices, transportation, traceability, employee working conditions and training, the environmental performance of farms and their safety, the promotion of biodiversity, conservation of species and assistance to communities and populations;
- ◆ a monitoring system adapted to each sector allowing progression of best practices by conducting regular internal, or external, controls and audits in the supply chains.

An animal welfare roadmap has been drawn up for each species concerned by the sale of products, in all of the Group's métiers, and the House is working with its suppliers to draft operational roadmaps.

### 2.4.2.3 RESPONSIBLE SUPPLY CHAINS

#### 2.4.2.3.1 Leathers

Leather reflects the animal's life. Only an animal that is well treated and cared for, growing in a controlled environment (water, food, infrastructure), will provide a beautiful hide. Hence, the Hermès Group's demand for high quality hides helps to improve the industry by encouraging livestock farming methods that respect the animals.

All leathers used for leather goods manufacturing are purchased directly from tanneries, with no intermediaries. The vast majority of the needs are covered by the French, Italian, German and Spanish tanneries, all of which must adhere to European standards, which are some of the highest in the world for the industry.

Hermès uses more than 35 different types of leather to make its goods, most of which come from calves raised in France (including our flagship "Box" leather, made using an English tanning technique), but also natural cowhide in our equestrian leather product line and "exotic" hides such as crocodile, lizard and ostrich.

Since February 2020, Hermès has been a member of the LWG (Leather Working Group). LWG is a multi-stakeholder group that promotes sustainable environmental practices in the leather industry. It has developed rigorous audit standards and protocols comparable to industry best practices. These protocols have been reviewed by several NGOs, including Greenpeace, NWF, WWF (United States), sustainability organisations and academic institutions. LWG verifies compliance through independent audits conducted by approved third parties. Its approach is holistic, both on environmental aspects, the search for best practices and by defining guidelines for continuous improvement.

Since February 2020, all Hermès Leather Goods & Saddlery tannery suppliers have been encouraged to undergo assessment using the LWG audit protocol. At the end of 2023, 81% of leather suppliers in the Leather Goods division had already been certified (an increase of 5% compared to 2022) and represented 90% of the division's total purchasing volume, either internal to the Tannery division or external to the Group.

The Tanneries division has also defined an LWG audit programme for its sites. In 2022, the Cuneo tannery obtained LWG Silver Level certification during its re-certification audit following its first audit in 2020, while the Vivoin tannery was certified LWG Bronze Level. In 2023, the Annonay Tannery and the Montereau Tannery were certified Bronze Level and Silver Level respectively during their first audit. At the end of 2023, 100% of the tanneries in the Cuirs Précieux division had been audited according to the standards prescribed by LWG.

**At Group level, at the end of 2023, 74% of leather suppliers were LWG certified. The objective is to reach 100% of suppliers certified by 2024.**

**Lastly, in 2023, the CDP Forests awarded an A- rating to Hermès for its performance in the "cattle products" sub-category.**

#### Calfskin

In 2023, the Group continued its long-term work to better understand and improve its supply chain through numerous concrete actions.

In order to have a holistic view of one of its main supply chains, in 2023 HMS conducted a multi-criteria study with AgroParistech, so that it can better understand the issues and associated economic, human and environmental impacts of the Calfskin sector in France. The results of this study, finalised at the end of the year, will be taken into account internally and in discussions with the various stakeholders. **Hermès, along with other luxury brands, was already participating in the "Cuir de Veau Français Responsable" (CVFR) collective initiative.** The approach, started in 2020, aims to pool and roll out animal welfare verification audits across the entire French calfskin production sector in collaboration with players in the Calfskin sector (breeders, integrators, slaughterers) in France. The objective is to support the players in the sector in improving the living conditions of animals and people, with the provision of training and investment programmes.

In 2023, as part of this initiative, 280 third-party audits were conducted based on the Audit Protocol<sup>(1)</sup>, a joint venture co-constructed by all members of the initiative, veterinary experts and Idele (Institut de l'Élevage), increasing the number of farmers having benefited from a third-party audit to 400 since the start of the initiative. This collective initiative aims to roll out this audit programme nationally to 1,200 farms by 2025.

The support of integrators who are members and the training efforts deployed in 2023 made it possible to achieve a rate of 76% of audits with satisfactory results. The results of audits and discussions with players in the sector will make it possible to continually improve the level of performance and better adapt the resources made available in terms of financial investment and training provided by experts.

1. *The CVFR audit protocol is built on the principle of the five freedoms (absence of discomfort, absence of hunger and thirst, absence of disease, absence of stress and fear, appropriate behaviour), covers 63 points to be verified and in particular includes points related to calf observation. This audit is valid for three years.*

The constructive dialogue between brands and players in the sector, ensured by the Imagin'Rural association, has led to the gradual adoption of the approach and the support of several integrators representing nearly 60% of French calf farms.

Furthermore, Hermès is involved in the association FECNA (*Filière d'Excellence des Cuirs de Nouvelle-Aquitaine*), which brings together several luxury French brands, the region, abattoirs, tanners, agricultural cooperatives and independent breeders of "suckling calves". The programme includes various components: animal health and welfare, environmental conditions, etc. Hermès wishes to participate in the implementation of best livestock farming practices, not only as part of its environmental policy, but also because it is aware that the quality of the farming has a direct impact on the quality of the hide. Raising awareness among farmers of best practices and training for farmers is currently being rolled out. The next step will be to implement health treatments (against ringworm and lice) on a large scale. The project also includes an approach that will ensure "end-to-end" traceability.

Convinced that the traceability of hides is essential to improve farming practices and the quality of the hides, in addition to the steps taken with suppliers to implement the marking of hides, the House's Tanneries division continued its direct laser marking of raw hides at the Annonay and Le Puy sites. Developed in partnership with the *Centre Technique du Cuir* (CTC – Leather Technical Centre), it ensures the traceability of hides from the farm to the finished leather. The number of hides traced has increased: on average over the whole of 2023, 60% of tanned leather was laser-marked by suppliers and by the tanneries themselves.

Looking ahead, a working group made up of the Tanneries division, the Leather Goods division, and the Group's sustainable development and direct purchasing departments, was set up to select pilot projects in France in the Calfskin sector. These projects, focused on "One Welfare" and regenerative agriculture, take into account the overall carbon footprint (including animal feed), water, biodiversity, animal welfare, working conditions and fair and appropriate compensation for farmers. Thus, a partnership with a dairy cooperative was signed in 2023 and the implementation of actions on the issues of animal welfare, livestock farmer welfare and the environment will begin in early 2024. This approach is an opportunity to work with stakeholders at the very beginning of the chain.

#### Goat

The Group's supplies come partly from Europe, with long-standing players and the framework of EU regulations, and partly from India.

In order to identify potential risk in terms of deforestation in connection with the farming of goats as "subsistence" farming in India, Hermès commissioned a study by the Cambridge Institute for Sustainability Leadership (CISL) in 2022. It concluded that the risk on this subject was low.

A study is also underway at the veterinary University of Tamil Nadu (TANUVAS) with the aim of analysing goat farming practices in south-east India and drawing conclusions on the evolution of the population in recent years, documenting livestock farming practices, assessing animal welfare, socio-economic impacts for farmers and impacts on water and biodiversity. The publication of the results is expected in early 2024.

Our commitment is also to roll out the entire LWG certification to our Indian tanning partners, with a target of 100% by the end of 2024.

#### Exotic hides

##### Crocodilians

The crocodilian hide industry has developed since the 1970s as a means of protecting endangered species by prohibiting the hunting of these animals in the wild and by organising a system that makes it possible to combine the preservation of the species and natural spaces with local economic development. This innovative and highly regulated organisation has helped to protect the species and allow wild populations to increase significantly. The system is based, in particular, on very controlled scheme for the harvesting of eggs, which are hatched and reared on specialised farms. Local administrations (often part of the Environment ministries) strictly control the management of populations through harvesting authorisations revised each year according to the size of the wild congregations.

Virtually all of the crocodilian hides the House uses come from farms in the United States, Africa and Australia. All Hermès partner farms must comply scrupulously with the rules drawn up under the aegis of the UN for the Washington Convention, which defines protection for endangered species. Hermès requires that its partners meet the highest standards for the ethical treatment of alligators and crocodile, in accordance with recommendations by expert veterinarians and local authorities such as the Fish and Wildlife Service in the United States, a federal nature protection agency, or the departments of environment and natural resources in Australia (Northern Territory and Queensland). In addition to strict compliance with the Washington Convention, in 2016 Hermès initiated a study with WWF France to assess respect for animal welfare and measure the environmental footprint of alligator hides in the United States. The progress plan drawn up at the end of this study is still ongoing.

All operational improvement work was carried out by structuring standards and procedures and implementing systematic audits.

The Tanneries division had drawn up a charter of best breeding practices in 2009 (an innovation for the profession at the time), which was updated in 2016. These best practices encompass in particular CITES regulations, animal welfare, the farms' environmental management, employee labour conditions, safe working conditions and infrastructure.

They were all subject to one or more audits carried out by internal teams between 2016 and 2018.



The Tanneries division then outsourced these audits to the breeding farms and the meat processing and hide inspection sites. These audits, carried out by local Bureau Veritas auditors trained in the specificities of crocodilian farming, are part of a broader process of “Bureau Veritas Group Recognition” of sites. The audit protocol associated with this best farming practices charter was also reviewed by this organisation, using its expertise in the assessment of farming conditions in other animal sectors. In 2023, 100% of the crocodilian farming sites with which the Tanneries division has commercial relations signed the best breeding practices charter.

Given the maturity of the profession’s standards, the Group decided that its audits would be carried out using this standard, and still overseen by an external auditor.

To capitalise on the internal work carried out for nearly 15 years, the Group had contributed to improving the standards of the profession and their dissemination. Since 2016, Hermès has participated in the ICFA (International Crocodilian Farmers Association) alongside the main players in the industry (farmers, tanners, manufacturers and brands). This association aims to develop and improve sustainable crocodilian breeding practices in farms and draw up standards by combining the experience of its members and a scientific community specialised in crocodiles, which has gathered together all practices and existing scientific studies.

In 2018, the ICFA accordingly defined a standard aligned with international best practices in the field. A panel of scientists, veterinarians, farmers, brands and specialists in the area of regulations or in ISO compliance participated in the approval of this standard. This was then reviewed and amended by the CSG (Crocodile Specialist Group), an NGO member of the IUCN’s Species Survival Commission and working under the aegis of the UN. The Group is continuing to work with the ICFA to support scientific research and the ongoing improvement of crocodile farming systems.

The practices thus defined are backed by scientific studies. The founding principle is to evaluate animal welfare throughout the breeding process in a manner that is both objective and measurable.

The certification process for the livestock of its founding members was introduced in 2019, with the help of the independent certifying body BSI. All farms that join the ICFA adopt its standard and are audited. As such, all farms in the division have already been audited and certified by ICFA. In addition to the issue of animal welfare, as defined by the FAWC (Farm Animal Welfare Council) and the five animal freedoms, these audits also cover various topics such as best breeding, transportation and slaughter practices, compliance with

CITES requirements, personal safety, compliance with social criteria, environmental management and site safety.

In addition, special attention is paid to biosecurity rules on farms, in order to protect livestock from the introduction of infectious agents. This includes compliance with strict requirements when transferring animals on farms or between farms, the implementation of disinfection instructions and pest control or animal vaccination programmes. These different protocols were established in collaboration with veterinarians specialising in the species concerned.

**In 2023, all HCP tanneries were thus members of the ICFA and 100% of raw crocodilian hides purchased by the Tanneries division came from farms that have been subject to an external audit by BSI as part of the ICFA certification process.**

#### Focus on *porosus*

The Australian farms are a strategic link in the *crocodylus porosus* hide supply chain. After several years of significant investment in animal breeding facilities and the improvement of savoir-faire, the quality of supplies has continued to improve.

These farms are all ICFA-certified by the independent control body BSI. As part of a continuous improvement approach, research projects are conducted in the division in partnership with scientists to study the behaviour of animals on farms.

#### Lizard

In collaboration with experts in animal welfare (also members of the World Organisation for Animal Health) and in standardisation, the LPPS (Lizard Procurement and Processing Standard) was created for the “Lizard” sector (*varanus salvator*) in Malaysia. The purpose of this standard is to ensure compliance with current regulations and best practices throughout the supply chain. It covers the following topics: management of animal welfare, compliance with permits and authorisations, environmental management, employee social conditions, and safe working conditions and infrastructure as well as CITES regulations and unit traceability of hides. The certification of the Malaysian supply chain was carried out in 2022 via audits carried out by third parties which validated the compliance with the defined standards.

In total, 43% of the lizard hides purchased by Hermès in 2023 are LPPS-certified, including **100% for hides purchased in Malaysia**.

Control and certification work on the supply chain, carried out jointly by the Leather Goods divisions, the Tanneries and Hermès’ partner, continued with the audit of the sector by BSI in November 2023.

### Ostrich

In partnership with the South African Ostrich Business Chamber (SAOBC), Hermès contributed to positive changes in the Ostrich sector (animals mainly raised for their meat and feathers, and used in the production of leather goods), through:

- ◆ the creation of a standard with all stakeholders (breeders, processors, scientists, government regulators, non-governmental organisations specialising in animal protection, and customers);
- ◆ financing and participation in the training of farmers and processors;
- ◆ a certification process conducted by an independent body since early 2020.

In 2023, as has been the case since 2021, all of Hermès' supply of ostrich hides came from certified sites.

#### 2.4.2.3.2 Silk

Silk is an essential resource for Hermès, and its production reflects the House's values of sustainability and ethics. This material is renewable and biodegradable. Its production uses less water, chemicals and energy than that of most other fibres, including cotton and synthetics.

For decades, Hermès has sourced silk through a local partnership with smallholders in the state of Paraná, in Brazil. The supply of Brazilian silk represents more than half of the Group's supplies of this material.

Hermès' local partner ensures it works in harmony with nature through a production system based on low-intensity, regenerative and circular agriculture. The ecosystem thus maintained generates income for small local farms and more than 2,000 families. There is a dedicated annual budget to develop knowledge, qualitative techniques, and the sustainability of the activities and supply chains of these silkworm farms. According to a study conducted in 2018 by an expert firm for Intersoie (Union of Silk Producers), the carbon footprint of Brazilian silk is 30% lower than that of Chinese silk. The growth of the worms involves a diet based exclusively on mulberry leaves. Mulberry plantations sequester carbon, prevent erosion and contribute to soil regeneration. Mulberry cultivation uses far fewer agrochemicals than those in the surrounding agricultural land where they grow soybeans and sugar cane. Hermès' partner supports research into the rational use of pesticides and is positively engaged in a local dialogue to reduce their use in other more intensely managed neighbouring crops, as they are harmful to silkworms. The reduction of agrochemicals in the environment is potentially beneficial to the silk industry, but also to local biodiversity, in particular pollinators and soil fauna. Hermès provides financial support to its historical supplier so that it can adapt to climate change, such as irrigation and mechanisation, as well as carry out tests of mulberry trees that are more resistant to climatic hazards, with a view to adaptation.

Much of the waste from mulberry growing and silkworm farming is recycled locally. Each part of the cocoon as well as the other co-products of the industry have multiple uses, from fish food to fabric. Such circularity reduces the demand for raw materials, which leaves more uncultivated spaces conducive to biodiversity.

In 2020, Hermès worked with the Institute for Sustainability Leadership (CISL) at the University of Cambridge, a leader in the field of biodiversity, to undertake a study to confirm the environmental value of this local partner's approach and to identify actions that could further enhance the benefits of this system. This study states: "We believe that Hermès' silk production in Brazil can be celebrated for its positive environmental benefits."

The Hermès silk supply contributes to the development of materials with a low environmental impact. More broadly, it is part of its global strategy for biodiversity.

In 2022, Holding Textile Hermès tested the first GOTS-certified production for the silk division and set itself the target of reaching 30% of its production by 2025. This objective will be achieved in accordance with the ability of our suppliers to gradually comply with these new requirements.

#### 2.4.2.3.3 Cashmere

Cashmere comes from the *capra hircus laniger* goat, known as the Cashmere goat, which lives in High Asia. Particularly well adapted to harsh climates, at the beginning of winter, the Cashmere goat develops an extremely fine and dense down beneath its permanent coat of hair, which allows it to effectively insulate itself from the cold. When temperatures rise again, this down is shed naturally during the spring moulting season. It is this extremely fine and soft down harvested by breeders that is commonly called cashmere.

For weaving, Hermès selects the most beautiful fibres. At the same time fine, long and extremely white, and boasting unrivalled softness, they come from the very best farms. The House's historic yarn manufacturer has built strong, long-standing relationships of trust with raw material suppliers, thereby ensuring supplies of an exceptional quality. Most of Hermès' supplies come from Inner Mongolia, in the People's Republic of China, where farming practices are strictly controlled by the authorities in order to preserve the resources.

Thanks to a high degree of integration, through the Holding Textile Hermès division, the Group has a significant level of expertise and control of processing operations such as weaving, printing, finishing and manufacturing. This integrated process ensures the use of exactly the right amount of raw materials, the streamlining of containers and packaging, facilitating the transport of products, and optimisation of transport.

A programme aiming for the sustainable development of the sector has been ongoing for several years with the support of NGOs present in the breeding areas in question. In 2019, an audit of practices was notably conducted in Inner Mongolia, with the support of WWF France. The conclusions, positive on the local practices implemented, led to an action plan and improvements, for example on the traceability of livestock farming practices, and optimisation of water use on hide processing sites. The monitoring of these actions has since continued. In 2023, a new study was launched by Hermès and conducted by WWF France, WWF Mongolia and the Mongolian University of Life Sciences on the biodiversity issues of the cashmere sector in Outer Mongolia. This field study made it possible to better assess the risks of the local industry and highlight best sector practices and levers for progress.

In addition, the Group's collaboration with AVSF<sup>(4)</sup> continued, with a progress report communicated at the end of 2023 to identify ways to help maintain more sustainable livestock farms in the region.

The objective is ultimately to monitor and support breeders' agro-pastoral practices in order to preserve the resource and the biotope. These studies and on-site trips by the teams are also an opportunity to verify that the local populations and communities are free to make their own choices in terms of economic trajectory.

Since 2021, Hermès has defined the 2024 trajectory of its cashmere supply chain as regards ethical, social, environmental, animal welfare and traceability aspects. This trajectory has been communicated to all of its partners. As such, since 2021, Hermès has participated in the piloting of the implementation of a code of practice for the accreditation of animal welfare and the environmental sustainability of cashmere production in China under the supervision of ICCAW (International Cooperation Committee of Animal Welfare) and the SFA (Sustainable Fibre Alliance).

In 2023, our partners and suppliers also continued their certification initiatives, and already, 33% of the cashmere they purchase is SFA certified. In 2023, 35% of Holding Textile Hermès' supplies met this standard. This proportion will continue to increase in the coming years and will be rolled out to the entire Group with the aim of gradually reaching 100% as farmers are trained and adhere to this standard.

A Cashmere Committee, dedicated to this material used in several métiers, meets twice a year for cross-functional coordination of the sector.

#### 2.4.2.3.4 Other materials

##### Cotton

Hermès uses a very small volume of cotton in its collections. As for all materials, the cotton supply policy is guided by the search for the best quality and the guarantee of traceability.

The cotton supply chain, based on long-standing partnerships, favours low-risk sources, using an analysis based on the Verisk Maplecroft database: in 2023, 71% of cotton fibres used in Hermès products came from countries mapped as low risk or controlled risk. For other origins, specific control procedures are in place.

Hermès has implemented a control approach to ensure respect for human rights throughout the supply chain, from production to dyeing and spinning.

In 2020, work was undertaken with the main suppliers to switch all supplies to organic or GOTS (Global Organic Textile Standard) cotton for protective covers and ribbons. These improvements will take place

gradually until 2024, which will significantly reduce the environmental impacts and, in particular, the corresponding water consumption. This certification also includes a mandatory criterion for the ethical treatment of workers. In 2023, the supply of GOTS-certified cotton for our packaging elements (protective covers, which represent a significant part of the Group's needs) covered 48% of its cotton supplies in this segment. A working group specific to the cotton sector, including representatives of the various user métiers, was created in 2023 to continue the work of managing the sector. In this way, for example, the 2023 target of making 50% of covers from cotton that is GOTS certified or using recycled silk was achieved. The Group is aiming for 100% achievement of the target for the 2024-2025 period. The Cama shirts and leather workshops (suppliers to Men's ready-to-wear) obtained their GOTS certification in 2023, thus becoming the first Hermès Sellier sites to be awarded this label. This result is the fruit of the joint work of the workshops, the métier's sustainable development team and the Métier division's industrial transition team. This was an opportunity to rethink all processes, and to create an excellent collective dynamic among the craftspeople. The subject is now better understood and will in turn make it possible to support manufacturers in obtaining their certification.

##### Horsehair

The Group uses horsehair for its textile production and for certain objects in its collections (leather goods, homeware, etc.). In 2023, as part of the supply chain analyses, a special study was conducted on horsehair used in leather goods. To make exceptional bags composed of horsehair, HMS sources its supplies in Mongolia, a major pastoral country with a population of more than 4 million horses. Horses bred in Mongolia are an integral part of the country's multi-herd systems, in which they are considered the predominant species by many Mongolian families and an extremely important part of their culture. The horsehair does not come from the wild horses of the Mongolian steppes (the Przewalski horse), which is also found in this region of the world.

HMS works closely with the NAERC (Northeast Asian Environmental and Agriculture Centre), a training and research institute in Mongolia, and, in partnership with local herd breeders, to promote animal welfare, the preservation of the environment and self-sufficiency of populations (One Welfare approach). The NAERC supports a scientific approach to pastoralism and works with NGOs specialising in the management of the vast expanses of grassland whose ecosystems are rich in biodiversity. Hermès offers its complementary expertise in animal welfare in order to improve the requirements related to the welfare of horses in this country.

1. *Agronomes and Veterinarians without Borders.*

The horses live in extensive herds (nomadic breeding) and have permanent access to a natural diet. They are not confined and are free to roam throughout the year. They are also an important source of food for Mongolian families, both for the milk and the meat they provide.

HMS works closely with its suppliers to promote horsehair as a by-product, ensure proper compensation for breeders, reduce the number of intermediaries and, lastly, guarantee full traceability of its purchases. An audit of the sector was carried out in 2023.

#### Wood

The supply chain briefs were updated to include the issue of deforestation, whenever this subject was a concern (wood, straw, etc.). More than 50% of the woods used for Hermès objects are FSC, PEFC or SVLK-certified. SVLK certification is a local certification implemented in Indonesia. In addition, on-site audits guarantee the preservation of forests and the absence of deforestation.

Some partners, in addition to sourcing FSC-certified timber, have ensured their entire value chain is FSC-certified, guaranteeing that supplies for Hermès' products are 100% certified.

In 2023, in conjunction with WWF France, an in-depth study was carried out on plant species from Africa. The sustainability of each species was analysed in detail in order to classify the species according to their impact on biodiversity, country and social risks. This work led to field audits enabling the end-to-end traceability of certain tropical species. Additional work was initiated at the end of 2023 to obtain scientific values and an additional perspective from a third-party organisation.

Work to replace low-volume species that could carry risks was initiated jointly by Hermès Maison and WWF. The changes in species will be effective in 2024.

In addition to the implementation of certifications, the House collects information to better manage this natural resource. For the purposes of supply chain traceability, data on country of origin, species used, forest type (plantation or natural forest) and supplier certificates are monitored and recorded. A risk assessment is conducted, looking in particular the level of corruption in the country, as well as species appearing on the IUCN (International Union for Conservation of Nature) and CITES red lists.

#### Metals and stones

The precious materials used by Hermès Watches, Hermès Bijouterie and Hermès Leather Goods & Saddlery are mainly gold, palladium and diamonds. Hermès has implemented very strict procurement practices that make it one of the leaders in the sector.

#### RJC

The Group has been a member of the Responsible Jewellery Council (RJC), an international benchmark for the profession, since 2012, and obtained RJC COP (Code of Practices) certification in 2013. The audit for the renewal of this certification took place in 2019 and was validated in 2020.

This certification guarantees best environmental, social and ethical practices, from extraction to retail sale. Initially covering only gold, platinum and diamonds, the new certification rules now include silver and certain precious stones (emeralds and sapphires). Hermès has become the first luxury house to be certified across the whole of this scope and according to the strengthened criteria of the new COP standard. In 2022, the Group's certification was renewed for an additional three years.

In addition, true to the Group's ambition to always exceed the required level, and in accordance with its sustainable development roadmap, Hermès Horloger has chosen to source only recycled COC ("Chain of Custody") gold. Les Ateliers Hermès Horloger, based in Le Noirmont, Switzerland, and producing the watch cases and dials, have applied for and obtained the RJC COC certification. It can thus guarantee the traceability of this recycled COC gold throughout the supply chain, via a strict management system and a rigorous final audit conducted by a third party. Through this certification, Hermès Horloger underlines its commitment to transparency and is moving towards its objective: to offer watches with fully traceable precious metal components.

#### PRECIOUS METALS

The commitment to use recycled precious metals is also found within Hermès Bijouterie: Hermès jewellery is mainly made of gold and silver, from shot or prepared elements such as plates or wires. This gold and silver comes from the European metal recycling sector, from the jewellery sector itself or from other industries such as electronics.

#### **Hermès does not therefore use gold from mines in its jewellery.**

More broadly, the analysis of the origin of the metal of the components (chains, clasps) and gold salts used for electroplating, initiated in 2020, confirmed that they come from similar recycling channels. On this basis, the granularity of the knowledge of refiners and the various sources of gold – in particular recycled – available on the market, was improved through systematic questioning. Lastly, a series of audits took place between 2021 and 2022, covering the vast majority of physical supplies of precious metals.

A new material, titanium, has been developed by the Fashion accessories innovation team, due to it having a lower LCA than the other metals conventionally used by the Fashion jewellery métier (brass, stainless steel).

#### PRECIOUS STONES

Both as part of and as an extension to the Group's audit and supply chain management programmes, the Jewellery métier has honed the operational mapping of its value chains. For stones, the identification of the origin of the gems has been required for several years. Each supplier must declare where it obtains its supplies and comply with the risk analysis grid for the regions of origin. The métier's teams audit or visit not only its direct partners, but also further upstream in the value chains. In 2022, the Jewellery métier audited several diamond and coloured stone cutting plants. In cooperation with other métiers that use sapphires, a detailed analysis of the sector was carried out.

The House's Diamond sector abides by the Kimberley Process and its corollary, the World Diamond Council (WDC) System of Warranties. The Kimberley Process, which came into force in 2003 and has been adopted by 81 countries including France, has prevented the arrival on the legal market of "conflict diamond", the sale of which funded guerrillas in unstable countries. The World Diamond Council's system of warranties incorporates broader issues, including working conditions and the fight against corruption.

All diamonds used by the House are natural and selected in accordance with the Hermès Group quality and ethics criteria. At the time of purchase in stores of an object containing diamonds, a certificate attesting to this commitment is given to the customer. Compliance with the aforementioned principles concerns the diamond trade, from mining to the cutting of the 57 facets, but also the trading of polished stones, as well as the setting of watches, their quality control, delivery and sale in store. The mapping of the value chain of sapphires, emeralds and rubies was completed and strengthened in 2023 with the aim of knowing the origin of 100% of the individual stones as well as in mass balance for melee. Teams travelled to Thailand and India to meet rough stone brokers traders and cutters to ensure the House's requirements were being followed.

#### Steel

Hermès Horloger has chosen to source 85% recycled steel for all its material and component purchases. Discussions are underway to set up a closed circuit to recover watchmaking steel production offcuts and reinject them into the watchmaking circuit.

#### Hard stones

Finally, the market for ornamental stones and marbles is also a complex sector, with the presence of intermediary players and wide geographical diversity linked to the various mineral materials desired. In 2021, Hermès Maison and Puiforcat carried out an in-depth audit and study of the supply chains, identifying and tracing the stones in the collections, supplemented by points of attention. The analysis of the 13 stones present in the Hermès Maison collections makes it possible to guarantee Hermès' level of social and environmental commitment. In its new developments, Hermès Maison favours the use of stones extracted, machined and worked in Europe.

## 100% non-mined gold and silver processed in the workshops

2

#### Perfume and Beauty

During 2023, the mapping of environmental and social risks was carried out on 100% of the raw materials used in perfumery. Ambitious actions have been launched for the main raw materials used and at risk: 30% of alcohol purchases are made using certified French organic alcohol, and the commitment to growth of 10% per year should make it possible to achieve the **target of 100% organic alcohol by 2030**. For **vetiver**, contracts were renewed with all supplies coming from a Fair For Life certified supply chain. The House is participating in an action plan for a living wage and the fight against child labour in the **Pink peppercorn** sector in Madagascar, involving tier one and two suppliers and a local expert from a responsible purchasing firm established locally.

At the same time, the field audit grid for agricultural supply chains has been modified and enhanced to improve feedback to suppliers. These audits are carried out by a design office with expertise in agronomy, with support from métier in the preparatory phase prior to implementation in the field. Action plans, if necessary, and any follow-up thereto, are drawn up and implemented by the métier.

For the 20 perfume raw materials that represent 81% of purchases, 35% of the supply chains were audited at the end of 2023. The 2024 audit plan has been set and that for 2025 is being drawn up in order to reach **100% of supply chains audited, within the same scope, by 2026**.

### 2.4.3 BIODIVERSITY

Maintaining an environmental setting conducive to our lives and the development of activities requires respect for and the protection of biodiversity. However, according to the recent WWF "Living Planet" report, there has been a very worrying decline in the populations of birds, mammals, amphibians and reptiles on the planet's surface since 1970, and more broadly, one after another, diagnoses are demonstrating the erosion of biodiversity.

Hermès is working to protect biodiversity in its direct sphere of responsibility, in its extended sphere of influence, and through voluntary commitments reaching beyond its economic sphere of influence.

## POLICY

In December 2022, the 196 parties (195 countries and the European Union) that have ratified the Convention on Biological Diversity (CBD), an international treaty on the conservation, sustainable use and fair sharing of biological diversity, adopted at their 15th Conference of the Parties (COP 15) the Kunming-Montreal Global Biodiversity Framework.

This framework provides the global community with a roadmap for 2050 including four goals and 23 targets to protect and restore nature and use it in a sustainable way, for current and future generations. In particular, Target 15 requires its parties to take legal, administrative or policy measures to encourage business and financial institutions to **monitor, assess and disclose their risks, dependencies and impacts on biodiversity**, throughout their value chains, to provide information to their consumers and align with regulations and measures relating to access to and the sharing of the benefits offered by biodiversity.

In November 2023, the French government presented its National Biodiversity Strategy for 2030 (SNB), to halt and then reverse the collapse of biodiversity. This national strategy focuses on four areas: reducing the pressure on biodiversity, restoring degraded biodiversity wherever possible, mobilising all stakeholders and finally ensuring the means to achieve these ambitions.

To meet the current challenges regarding the loss of biodiversity, Hermès has made a concrete commitment with a strategy formalised in 2018 and updated in 2020 around four structuring elements: train, collaborate, assess and act. These commitments are made within global, European and national frameworks.

To achieve this biodiversity strategy, the Group has a six-component blueprint:

- ◆ vision;
- ◆ governance and organisations;
- ◆ the four pillars of its commitments:
  - 1. train,
  - 2. collaborate,
  - 3. assess,
  - 4. act.

Keen to contribute to global action, and to base its objectives on science, Hermès has included the major market benchmarks in its biodiversity strategy, as detailed in the rest of this section: Act4Nature International from 2018, SBTN and TNFD (cross-reference grid in § 2.7.2.4.3).

## VISION

“Nature has been inspiring us since 1837. Protecting biodiversity is a wonderful opportunity. This wealth must be passed on to future generations. It’s a challenge we must win today.” Axel Dumas, Executive Chairman of Hermès.

By identifying its nature-related risks and dependencies and understanding the interrelationships between its value chains, nature and climate change, Hermès can better integrate the subject into its operations and seeks to anticipate and mitigate the upheavals related to the erosion of biodiversity. By calculating its biodiversity footprint and reducing it through concrete actions, Hermès wants to guarantee the sustainable use of nature, by maintaining ecosystem services, to take advantage of its opportunities. Hermès anchors its action and its biodiversity footprint trajectory in the major global frameworks and recognised standards, aiming for harmony with nature that is appreciated at its true value, conserved, restored and used in a reasonable manner.

## GOVERNANCE

The subject of “Biodiversity” is overseen by the Executive Committee, which relies on the work of the Sustainable Development Board. In addition, this issue is driven by specific competence present on the Supervisory Board (see § 4.5.2). For this highly complex subject, the Group surrounds itself with experts and uses specialist NGOs.

## COMMITMENT PILLARS

The purpose of the four pillars chosen is to guide the Group and its métiers in measuring the biodiversity footprint of value chains, to co-construct corrective and positive actions, or to support the organisation’s skills development. They include specific commitments that describe clear objectives and dedicated time horizons and are recognised by external observers, such as the French Sustainable Investment Forum, which announced in its 2023 commitment report <sup>(1)</sup> “A single player leads the pack: Hermès” for its consideration of biodiversity issues in the discretionary consumption sector.

Hermès took advantage of the update of its biodiversity strategy in 2020 to renew its individual commitment to Act4Nature International. The strategy and the related objectives have therefore been validated by a committee of stakeholders inherent to the governance of this multi-stakeholder alliance (companies, public authorities, scientists and environmental associations).

The House’s commitments are also based on the best methodologies and tools available, such as SBTNs (§ 2.4.3.5), and are summarised according to the following four strategic areas:

- ◆ Train: this involves increasing internal biodiversity awareness-raising actions and training on biodiversity issues and strategy for all employees, with a particular focus on issues where the Company has action levers (from creation to purchasing real estate, for example).

Objectives: continue the ongoing training of management bodies, sustainable development committees, site and supply chain employees, with the aim of extending this to all employees by 2025;

1. (in French only) [https://www.frenchsif.org/isr\\_esg/wp-content/uploads/FIR-RapportCAC40Responsible-AG2023\\_13fev.2024.pdf](https://www.frenchsif.org/isr_esg/wp-content/uploads/FIR-RapportCAC40Responsible-AG2023_13fev.2024.pdf)

- ◆ Collaborate: the Group has renewed its partnership with WWF France until 2026 and works with other specialist NGOs and high-level players in the field of biodiversity. This collaborative approach is crucial in the development of transformative practices and relies on the expertise of our partners to contribute to the other three pillars of the biodiversity strategy. Hermès is always looking for new collaborations with stakeholders who are experts in these subjects.

Objectives: continue work with these recognised organisations in 2024;

- ◆ Assess: Thanks to double materiality and the application of steps 1 and 2 of the SBTN method, Hermès is building a robust impact analysis matrix based on the mapping of value chains. Measurement of the Group's biodiversity footprint according to the five pressures of the IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services) allows the resulting priorities to be assessed.

Objectives: measure the biodiversity footprint, particularly of the main supply chains (leather, silk, cashmere, wood, cotton) by 2025 with WWF France and CDC Biodiversité using the Global Biodiversity Score (GBS) and integration of the issues identified into the reporting tools by 2025;

- ◆ Act: action plans proportional to the level of impact on all sites and raw materials supply chains must be carried out and be compatible with a science-based approach. At the same time, the Group is committed to continuing its positive actions beyond its area of direct responsibility.

Objectives: establish action plans for 100% of French manufacturing sites and for its main supply chains by 2025. Continue to invest in biodiversity projects via partnerships, investment in the Livelihoods fund and the Fondation d'entreprise.

#### 2.4.3.1 IMPLEMENT TRAINING INITIATIVES FOR EMPLOYEES

In order to spread knowledge about biodiversity issues, and to promote decision-making and the achievement of ambitious results, Hermès aims to train all its employees.

A training cycle is being rolled out for management bodies such as the Executive Committee and the Supervisory Board (two meetings in 2023). Management committees and various experts in sustainable development were trained thanks to a panel of educational tools, a Conservation International training course, a master class led by CDC Biodiversité, specific WWF training, GBS methodology training or a seminar to raise awareness of the IPBES report. These technical trainings were a great success. In 2023, a cycle of four technical conferences on nature (biodiversity, water, forest and climate), in partnership with the WWF, brought together a total of 450 participants, including members of governing bodies and mobilised eight external and four internal experts.

More broadly, an e-learning module dedicated to biodiversity has been available to all employees of the House since 2021, with 2,411 participants trained, including 900 in 2023. For the production sites, an introduction to biodiversity, launched by HMS, was widely rolled out to our craftspeople in 2023. Thus, 4,105 people, i.e. 74%

of the HMS workforce, were made aware of the culture of living things and this resulted in numerous local initiatives based on this theme (local management of sites, organic markets, planting of bulbs, plant fair, etc.)

Small actions on the ground help this awareness to take off. Locally, the 2023 Sustainable Development Week at the Île-de-France sites was an opportunity to offer employees presentations by scientists, "Entreprendre pour le vivant" workshops led by the Fondation d'entreprise Hermès, visits to beehives equipped with innovative systems for monitoring local biodiversity, and the discovery of internal projects that contribute to the preservation of biodiversity.

Numerous distribution subsidiaries have taken action in this area. For example, in Switzerland, Hermès Horloger's Environment and Biodiversity Week in September 2023 was an opportunity for 45 employees to participate in volunteering actions, in partnership with four associations, carrying out a total of 320 hours of volunteering. On the programme, a guided tour and maintenance work in an apiary, repair of a dry-stone wall and cleaning of the shores of the Neuchâtel and Bienne lakes. In the United States, HoP's sustainable development ambassadors met in California to understand and participate in replanting work in the Santa Monica Mountains National Park. In July 2023, two groups of employees made a stopover in Okinawa, Japan, in order to participate in the preservation of the archipelago's marine ecosystems by recovering and planting corals. They had the opportunity to discover the different facets of the coral reefs, to contribute to the strengthening of the health of the oceans and to experience the cultural heritage of Okinawa. The restoration of the Japanese coral reef ecosystem was achieved through the planting of 400 young corals which, via photosynthesis, will develop into adult reefs within a year.

#### 2.4.3.2 WORKING IN PARTNERSHIP WITH STAKEHOLDERS

Hermès wants to surround itself with the best skills to make progress in the field of biodiversity.

The partnership agreement with WWF France, signed in May 2016 and renewed in 2020, was renewed for a further three years in 2023 (2024-2026 period). The aim is to continue to work together to preserve ecosystems by analysing interactions with the Group's supply chains. The work streams were defined to adapt to the rapid changes in expectations around biodiversity and make this partnership even more ambitious:

- ◆ technical support: rolling out concrete and proactive projects. This is the historical axis of the partnership that has in recent years seen projects such as the Water Risk Filter analysis on the assessment of the freshwater footprint and water risks on the Group's activities, and the field study on the cashmere supply chains in Inner Mongolia and the tripartite collaboration with CDC Biodiversité on the global measurement of Hermès' biodiversity footprint;
- ◆ internal awareness-raising: promoting awareness among employees of the main issues related to biodiversity and aiming for acculturation on this complex subject in order to facilitate its consideration in internal processes;

- ◆ critical friends: picking up weak signals from civil society and discussing with society in a spirit of solution-oriented dialogue;
- ◆ visibility and communication: showing how the partnership shifts the lines through the collaboration of an economic player and an NGO and highlighting its results.

In 2023, Hermès concluded a study with an innovative and collaborative multi-stakeholder governance between WWF France, WWF Mongolia and the Mongolian University of Life and Sciences in order to analyse the cashmere sector in Mongolia on a macroeconomic level and assess its impact on nature. This study mobilised a multidisciplinary team made up of three professors and a doctor from the Mongolian University of Life and Sciences, together with the involvement of 40 families of nomadic herders, eight Mongolian agro-specialists and 10 cashmere traders. It focused on six case studies with cashmere farming and processing companies and herder families. It highlighted issues for nature around the overpopulation of nomadic herds, competition between domestic and wild animals and the pressure on regional ecosystems (grasslands). Thanks to its local anchoring and a scientific approach that is as close as possible to the field, solutions and opportunities have been proposed to develop the Mongolian cashmere sector in harmony with nature while improving the quality of life of farmers. These conclusions are in line with the pilot solutions already implemented by Hermès with local partners and the association AVSF (*Agronomes et vétérinaires sans frontières*).

**In 2023, Hermès joined the Laboratoire Capital Naturel (“Lab”), founded by WWF France and the Chair of Ecological Accounting, led by the AgroParisTech Foundation.** This Laboratory supports and explores the implementation of conceptual and methodological frameworks in favour of strong sustainability such as the SBTN and CARE methods. In this context, Hermès has chosen to apply the SBTN method, while remaining open to the opportunity to test the Chair of Ecological Accounting’s CARE method. In addition to the application of methods, the Lab is a catalyst for pioneering French companies in favour of the preservation of natural capital and Hermès actively participated in the 2023 workshops.

Hermès extended its links with CDC Biodiversité in 2023 with its participation in the Value Chains and Biodiversity Credits/Certificates working groups of the B4B+ Club, created to co-construct and test the GBS (Global Biodiversity Score) and to feed into discussions on biodiversity footprints.

The Group also continued its highly operational work with NGOs on the ground, involved in the protection of biodiversity: in South Africa, with the SAOBC, on the subject of ostriches but also that of local ecosystems (water). The South African hydraulic network is threatened in the south of the country by invasive plants that dry up watercourses, with a potential impact on crops and therefore ostrich food sources. As has been the case for many years, the Group works on these issues with the ICFA for crocodylians, as well as with the UK NGO RSPCA on animal welfare more broadly.

The Group also provides support to its suppliers. Hermès Leather Goods & Saddlery brought together 150 of its partners and suppliers of materials under the banner of sustainable development. This day was an opportunity to raise their awareness of CSR and to offer 12 workshops, two of which were dedicated to the biodiversity fresco.

Thus, seven classic leather tanners, two exotic leather tanners, four jewellery on leather manufacturers, one finisher and two partners from the textile world were able to follow this fresco under the leadership of the supply chain CSR department of Hermès Leather Goods & Saddlery.

#### 2.4.3.3 ALIGNING WITH INTERNATIONAL FRAMEWORKS AND THE BEST STANDARDS

There is no single monitoring system for biodiversity yet. The Group has selected a few systems, based on their pragmatism, their scientific relevance and their visibility with the stakeholders concerned. All the approaches described below are based on the same strategy, each providing a specific angle that is interesting. Cross-reference tables indicate the link between their specific features.

##### ACT4NATURE INTERNATIONAL

Act4Nature is an initiative launched in 2018 by EpE (*Entreprises pour l’Environnement*) and signed by 65 players in the French economy, including Hermès, before becoming Act4Nature International in 2020 by joining the global Business for Nature initiative. This initiative aims to mobilise companies to protect, promote and restore biodiversity through shared commitments set by scientific institutions and associations, and through individual commitments specific to each partner.

Hermès is committed to the collective “Act4Nature” commitments, supplemented by an individual Hermès roadmap. A notable point of the mechanism is that this roadmap (detailed in the commitments of the Planet pillar of this report) was validated by a set of stakeholders inherent in the governance of this multi-stakeholder alliance including not only companies, but also public authorities (OFB), scientists and NGOs and environmental associations. In concrete terms, the strategy presented by Hermès was examined by a panel of NGOs before being validated. Among the Group’s Act4Nature commitments, four were completed before 2023: training of CEOs, experts & Sustainable Development Committees, certification of the entire ostrich supply chain (completed in 2021 and renewed), assessment of freshwater at manufacturing sites (completed and renewed) and diagnostic (operations and corporate functions) of the use of single-use plastics (completed in 2022).

##### SCIENCE-BASED TARGETS FOR NATURE

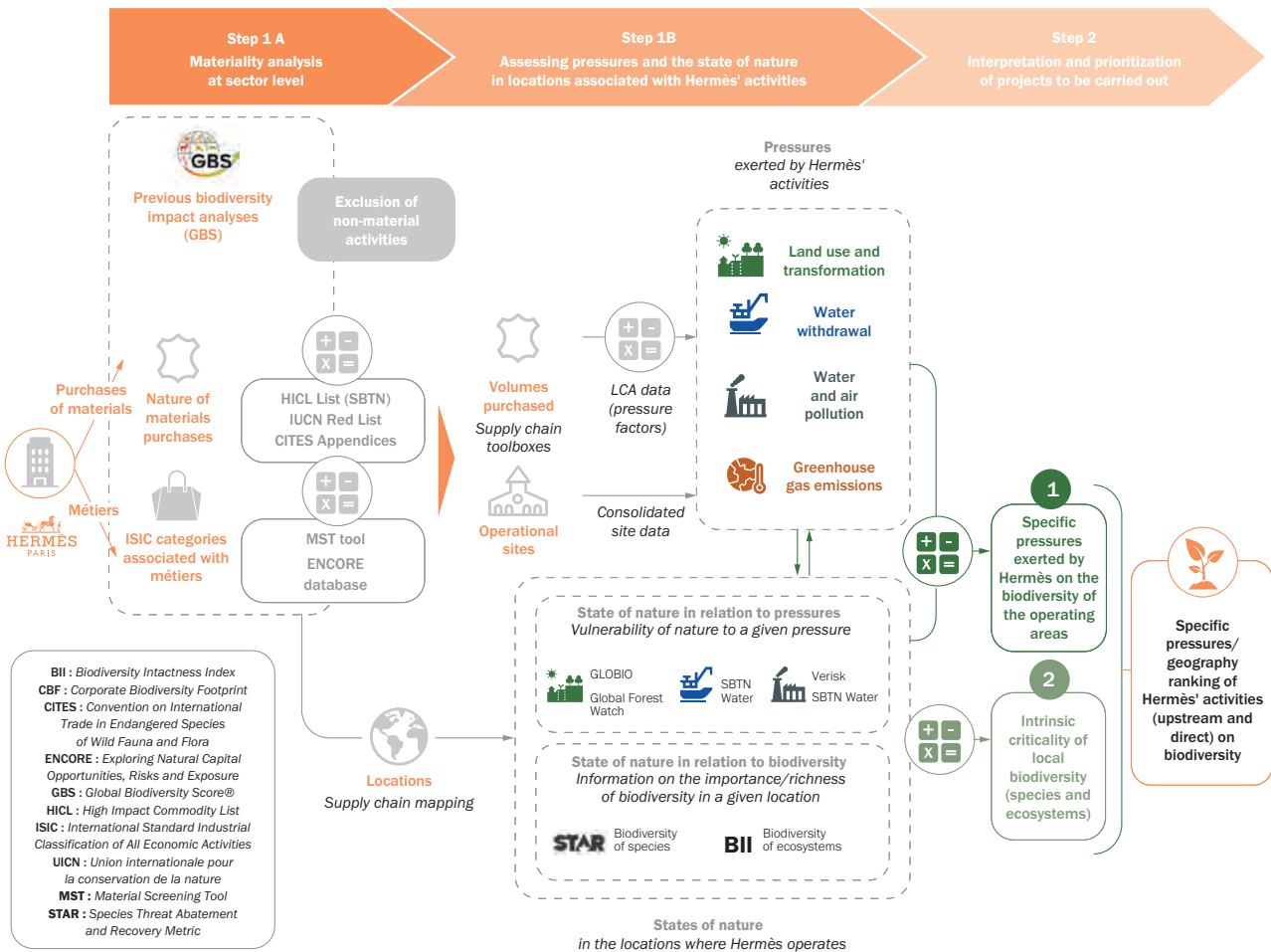
The Science-Based Targets Network was created in 2019 and brings together more than 50 organisations.

This network defines five steps for setting Science-Based Targets for Nature (SBTN), namely: (1) assess, (2) interpret and prioritise, (3) measure, set and disclose, (4) act, (5) track.

In 2023, Hermès joined the SBTN Corporate Engagement Programme and WWF France’s Capital Lab Naturel with the aim of implementing the method across all of the Group’s activities. In 2023, the Group applied the SBTN method to the first two steps, with the help of its external partners. Once again, the Group is one of the pioneers on the subject of biodiversity by joining the 130 companies that are officially applying this with a scientific approach.



STEPS 1 AND 2 OF THE SBTN APPLIED TO HERMÈS



2

Upstream of step 1, a preliminary scoping step made it possible to precisely define the scope of the study. In accordance with the expectations of the SBTN approach, the 16 Hermès métiers and all raw materials supply chains were taken into account in the analysis. The objective was to best cover these sectors and their specific features in step 1, according to the availability of pressure and location data and to have the most exhaustive vision of the impacts of Hermès' activities on nature.

Step 1 of the SBTN is a step to assess the pressures exerted by companies on biodiversity, which is broken down into two sub-parts:

- ◆ (1A) identify the main pressures that the company is likely to have on nature, according to its sector of activity;
- ◆ (1B) estimate the pressures on nature and identify the geographical areas in which these pressures are particularly harmful with regard to the state of nature.

Hermès constructed the list of material pressures of Hermès' 16 métiers by cross-referencing information from the MST sector materiality tool proposed by SBTN with the ENCORE tool, the footprint measurement exercise carried out (GBS®) and expert opinions. The

sector materiality analysis highlights materiality issues located mainly upstream of the Hermès value chain, in particular in connection with the degradation of habitats for the production of agricultural commodities (crops for textiles, food for livestock farming) and climate change. For direct impacts, the sector analysis revealed an issue relating to water consumption and pollution.

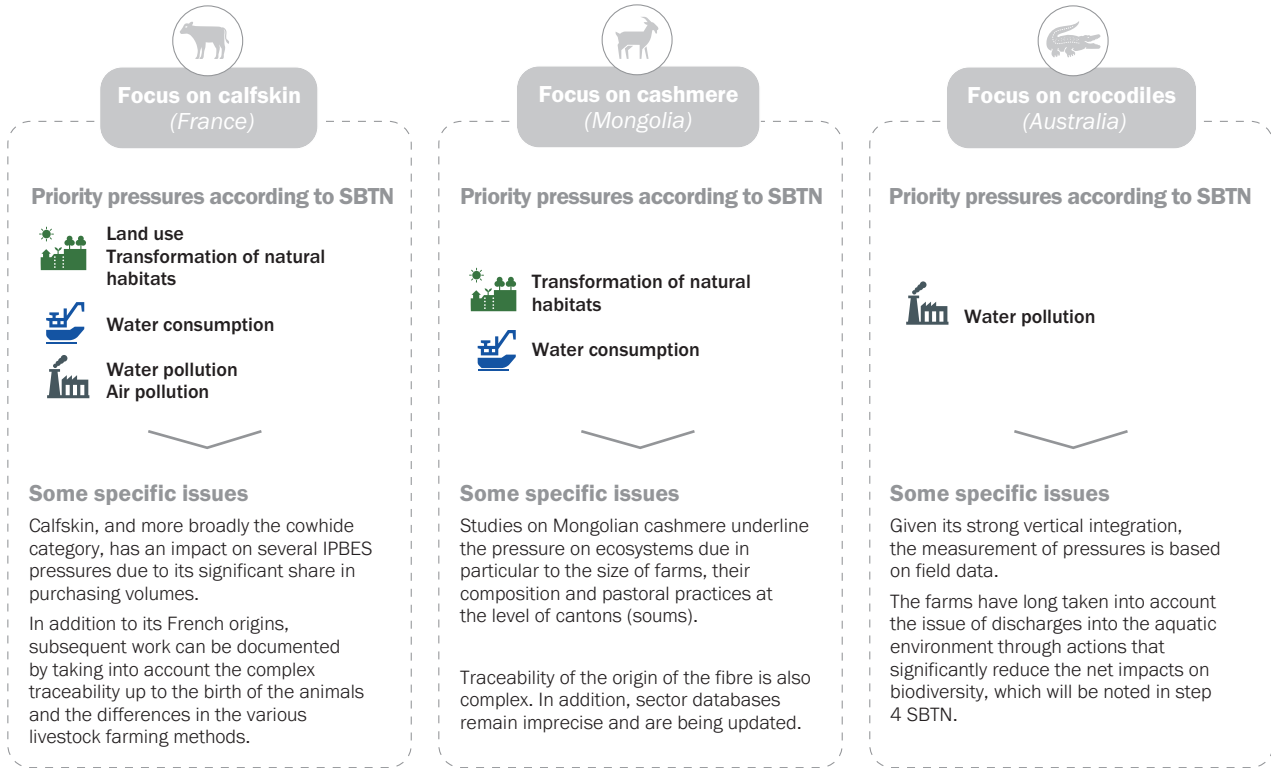
For all activities thus identified as material (*i.e.* all production unit, farm and logistics sites, as well as purchases of animal, plant-based, mineral and synthetic materials), pressures and the state of nature were modelled using site reporting data, LCA data and state of nature databases identified by SBTN (BII, STAR-t, Global Forest Watch, GLOBIO, etc.). **In total, 53% of purchases, representing 90% of the pressures on biodiversity, were thus covered by the SBTN methodology.**

Step 2, which is highly technical, consisted in combining and interpreting the pressure and state-of-nature data modelled during step 1B in order to rank the priority sites and supply chains. This ranking will subsequently make it possible to set objectives for Nature based on science, pressure by pressure, and on priority scopes (step 3 of the SBTN framework).

Hermès' data was collected and processed for supply chains, company structure, site locations, sourcing practices, their location and previous analyses (toolbox and supply chain mapping) for use in the value chain assessment. These initial results obtained at the end

of 2023 are being validated by the operational teams to confirm that the scientific calculations are consistent with the physical realities observed in the field.

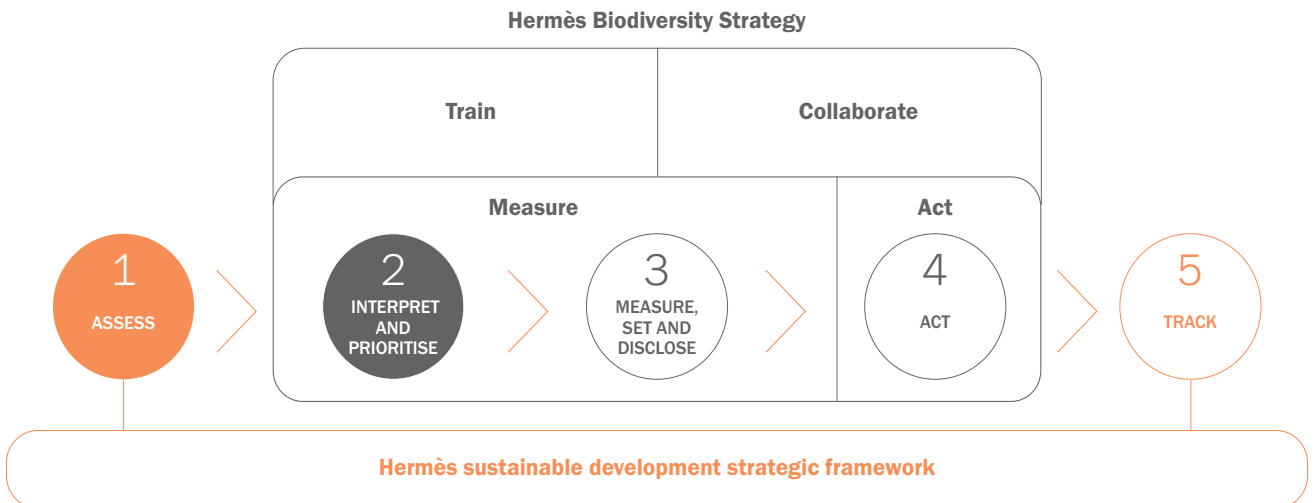
**FOCUS ON CERTAIN MATERIALS ASSESSED ACCORDING TO SBTN**



To summarise, the SBTN steps overlap with Hermès' strategic framework for sustainable development and, more specifically, steps (2) interpret and prioritise, (3) measure, set and disclose and (4) act, which are integrated into the Assess and Act pillars of the Hermès

biodiversity strategy, whereas steps (1) assess and (5) track are found in the Group's strategic framework for sustainable development. Hermès shows its uniqueness by supplementing its SBTN biodiversity strategy with the Train and Collaborate pillars.

**CROSS-REFERENCE BETWEEN SCIENCE-BASED TARGETS FOR NATURE AND THE HERMÈS STRATEGY**



● ● SBTN milestones achieved

Science-Based Targets for Nature cross-reference grid:

SBTN steps	Sections in the universal registration document	Correspondence
Assess	Conduct a materiality analysis	§ 2.1.3 Materiality analysis § 2.6.1.2 Risk mapping § 4.1.4.1 Changes in major global climate and biodiversity issues
	Map the value chain	
Interpret and prioritise	Identify spheres of influence	“Assess” – § 2.5.5.3 Diagnosing impacts across the entire value chain
	Prioritise places	
Measure, set and disclose	Measure baseline	“Assess” – § 2.5.5.3 Diagnosing impacts across the entire value chain
	Develop a monitoring plan	
	Set targets	
	Disclose baseline and targets	
Act	Avoid	“Act” – § 2.5.5.4 Implementing actions in the métiers, sectors and sites
	Reduce	
	Restore and regenerate	
	Transform	
Track	Monitor	Monitoring table – § 2.5
	Report	
	Verify	

2

### TASKFORCE ON NATURE-RELATED FINANCIAL DISCLOSURES

The Taskforce on Nature-related Financial Disclosures (TNFD), created in 2021, is composed of 40 members representing financial institutions, companies and market service providers. The TNFD’s mission is to develop and provide a reporting framework for risks and opportunities related to the evolution of nature and to act accordingly, with the ultimate aim of supporting a reorientation of global financial flows towards projects with positive externalities for nature.

In September 2023, the TNFD published the final version of its framework. Hermès applies these recommendations, in particular those relating to disclosure of information on governance (role and monitoring by governing bodies of nature-related dependencies, impacts, risks and opportunities), details requested on strategy (actual and potential impacts of nature-related risks and opportunities on activities, and associated financial planning), expected pressures on risk and impact management as well as on measurement tools. Hermès proposes a cross-reference grid between its work and the TNFD framework in § 2.7.4.3.

In addition to the basic TNFD recommendations, the work undertaken by Hermès as part of its Planet pillar, and in particular in 2023 with the SBTN approach, already makes it possible to meet a large number of the main indicators proposed for the Apparel & Textile sector, such as GHG emissions, the footprint of activities, water consumption, waste management and supply chains.

### GLOBAL BIODIVERSITY AGREEMENT OF THE CONVENTION ON BIOLOGICAL DIVERSITY

Voluntarily, without waiting for the implementation of the Convention on Biological Diversity as a French national biodiversity strategy or other binding mechanism, Hermès is already considering, with its partners such as WWF France, the concrete responses to be provided by companies under the Kunming-Montreal Global Biodiversity Framework, in particular on targets for Hermès’ activities. They are summarised in the table below:

<b>Targets of the Kunming-Montreal Global Biodiversity Framework</b>	<b>Correspondence with Hermès' strategy</b>	<b>Sections in the universal registration document</b>
<b>Objective A – Reducing threats to biodiversity</b>		
Target 1: Regional planning	Harmonie real estate benchmark to limit artificialisation of land	§ 2.5.2
Target 2: Restoration	Projects to restore sensitive ecosystems <i>via</i> Livelihoods and the replanting of 20,000 trees in Seine-Saint-Denis	§ 2.5.7.3.2
Target 4: Endangered species	Compliance with CITES regulations	§ 2.4.2.4.1
Target 5: Trade of wild species	Sustainable supply chain & CSR briefs updated and improved in 2023	§ 2.4.2.1
Target 6: Invasive species	Ostrich sector: protection, with local NGOs, of the South African hydraulic network by combatting invasive draining plants Removal of invasive plants from operated sites (e.g. Japanese knotweed)	§ 2.4.3.2 and § 2.4.3.6
Target 7: Pollution	Target of phasing out unnecessary single-use plastics, chemicals management policy	§ 2.4.1.4 and § 2.5.5
Target 8: Climate change	SBTi 1.5 °C trajectory validated	§ 2.5.7
<b>Objectives B &amp; C – Meeting people's needs through sustainable use and benefit-sharing</b>		
Target 9: Sustainable use	Promotion of the sustainable management and use of wild species in supply chains <i>via</i> sustainable supply chain & CSR briefs Eco-design, promotion of circularity and sustainable and repairable products, reducing pressure on nature thanks to a longer life cycle with less impact	§ 2.4.2.1
Target 10: Resource exploitation	Promotion of the application of biodiversity-friendly practices in supply chains <i>via</i> sustainable supply chain & CSR briefs	§ 2.4.2.1
Target 12: Urban areas	Management of tertiary sites to increase the surface area, quality and connectivity of green and blue spaces in urban areas	§ 2.5.2 and § 2.5.6
Target 13: Access to and sharing of benefits	n/a	
Target 14: Integration and normalisation	n/a	
<b>Objective D – Tools and solutions for implementation and mainstreaming</b>		
Target 15: Business	Measurement of the biodiversity footprint of the value chains of 92% of Hermès' revenue <i>via</i> the GBS and communication of major results, implementation of SBTN steps 1 & 2	§ 2.4.3.4
Target 16: Sustainable consumption	Actions to promote circularity and reduce waste production	§ 2.4.1.2 and § 2.5.4

## FRENCH NATIONAL BIODIVERSITY STRATEGY 2030

The National Biodiversity Strategy 2030 (SNB) is the expression of France's commitment to the Convention on Biological Diversity for the period 2022-2030, succeeding two previous strategies covering the periods 2004-2010 and 2011-2020. It also falls within the framework of the European Green Deal. Its major objective is to reduce pressures on biodiversity, protect and restore ecosystems, as well as initiate fundamental changes to reverse the trajectory of biodiversity decline.

## FRENCH NATIONAL BIODIVERSITY STRATEGY 2030

Pillar 1: Reduce pressure on biodiversity

Pillar 2: Restore degraded biodiversity wherever possible

Pillar 3: Mobilise all stakeholders

Pillar 4: The means to achieve these ambitions

The SNB is the result of a collaboration involving local authorities, citizens and companies, reflecting the expectations of French society in terms of consultation and inclusion. It takes the form of 40 measures divided into four pillars: reducing pressure on biodiversity, restoring degraded biodiversity, mobilising all stakeholders and ensuring the resources necessary to achieve these ambitions.

The philosophy of Hermès' biodiversity strategy (train, collaborate, measure, act) is closely aligned with the four pillars of the SNB:

SNB key measures	Correspondence with Hermès' strategy	Sections in the universal registration document
<b>Pillar 1: Reduce pressure on biodiversity</b>		
Limiting changes in land and sea use – Measures 1 and 2	The Harmonie standard includes an objective of reducing land use in the Group's real estate projects	§ 2.4.3.6 and § 2.5.2
Combatting the overexploitation of species, in France and abroad – Measures 3 and 4	66 supply chain briefs define the Group's requirements for raw materials, including certifications. In particular, the Group does not use materials or species that are threatened with extinction (CITES – appendix 1) or are sold illegally	§ 2.4.2.1
Reducing the impact of climate change on biodiversity through climate policies - Measure 5	1.5°C trajectory validated by SBTi on scopes 1, 2 and 3.	§ 2.5.7
Reducing pollution - Measures 6, 7, 8 and 9	Deployment of diagnostics and biodiversity measures on operated sites, including zero phyto. Objective of eliminating unnecessary single-use plastics. Installation of own effluent treatment plant and reduce water discharges. Group regulated substances list (RSL).	§ 2.4.3.6, § 2.4.1.8 and § 2.5.6
Combatting invasive alien species – Measure 10	Combatting invasive alien species in supply chains (draining plants in South Africa, in the ostrich sector), and on operated sites.	§ 2.4.3.2 and § 2.4.3.6
Stepping up the fight against environmental damage - Measure 11	EHS audit programmes and Vigilance plan	§ 2.6.1.1 and § 2.8.4.4
More specifically supporting priority sectors to reduce their impacts on biodiversity – Measures 12, 13, 14, 15, 16, 17 and 18	Offering suppliers support on energy and carbon, water and biodiversity aspects	§ 2.6.1
<b>Pillar 2: Restore degraded biodiversity wherever possible</b>		
Restoring ecological continuity and bringing nature back to the city – Measures 20 and 21	Biodiversity plan on operated sites, particularly in urban areas (creation of gardens, bio-monitoring using beehives) and participation in the project to replant 20,000 trees in Seine-Saint-Denis	§ 2.4.3.6 § 2.7.1.2
Strengthening the resilience of forest ecosystems – Measure 22	Publication of the Group's Forests policy, certification of the wood and paper/ cardboard sectors.	§ 2.4.3.5
Maintaining and restoring specific ecosystems (hedges, permanent grasslands, wetlands, soils) – Measures 23, 24, 25 and 26	Investment in Livelihoods projects since 2012: restoration and preservation of natural ecosystems (mangroves), agroforestry and soil restoration through sustainable agricultural practices, access to rural energy to reduce deforestation.	§ 2.5.7.3.1 and § 2.7.2.1.4
Reversing the decline in endangered flagship species, in particular endemic species in the French Overseas Departments and Collectivities – Measure 27	Preservation of natural crocodylian habitats by breeding farms	§ 2.4.3.5
<b>Pillar 3: Mobilise all stakeholders</b>		
Ensuring the exemplary nature of the State and public services – Measures 28 and 29	n/a	
Supporting the action of local authorities – Measure 30	n/a	
Supporting companies' commitment to biodiversity – Measure 31	Implementing biodiversity training actions for all employees	§ 2.4.3.1
Mobilising citizens throughout their lives – Measures 32, 33, 34 and 35	Mobilisation of the Fondation d'entreprise Hermès in favour of the preservation of the living world	§ 2.4.3.7
<b>Pillar 4: The means to achieve these ambitions</b>		
Developing and enhancing knowledge of biodiversity data and issues – Measure 36	Hermès has been measuring and publishing its footprint since 2021 using the Global Biodiversity Score tool	§ 2.4.3.4
Mobilising public and private financing for biodiversity, in France and abroad – Measures 37, 38 and 39	Investment plan for industrial projects to reduce environmental pressures (energy, water, carbon, waste, pollution)	§ 2.5
Establishing inter-ministerial governance for the oversight and accountability of the SNB – Measure 40	n/a	
Implementing detailed oversight using indicators – Measure 40	Application of the SBTN method to implement a science-based method for managing biodiversity issues	§ 2.4.3.5

2.4.3.4 DIAGNOSING IMPACTS ACROSS THE ENTIRE VALUE CHAIN

In 2021, Hermès measured its footprint using the Global Biodiversity Score<sup>(1)</sup> 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, a pioneering initiative at the time. This biodiversity footprint measurement approach is part of Target 15 of the Kunming-Montreal Agreement. The work was renewed in 2023, using a significantly more comprehensive methodology, by extending the results of the Leather Goods activity further for leather and related sectors.

The GBS is a tool for assessing the biodiversity footprint of companies, which measures scientific results taken from observations, and not a quantification of actions that have been undertaken. The results are expressed in MSA.km<sup>2</sup>, where MSA is the average abundance of species (Mean Species Abundance), a metric characterising the integrity of ecosystems.

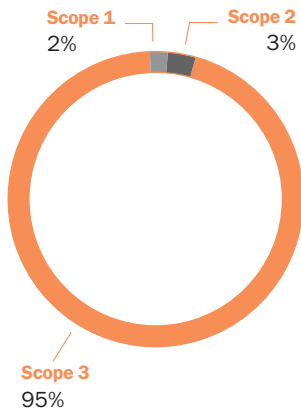
In total, 92% of Hermès' revenue is covered by the 2021 Group analysis, and 43% of the revenue is covered by the in-depth analysis of 2023 (Leather Goods & Saddlery revenue in 2022). The leather

métier carried out this analysis because it is the métier with the highest impact according to the analysis conducted in 2021. The scope of the study covers scopes 1, 2 and 3 upstream (i.e. excluding the use phase). This scope is called the "Vertically Integrated Scope" by CDC Biodiversité.

Hermès has chosen to steer the Group's actions and investments by focusing on the terrestrial dynamic impact, which reflects the annual deterioration. The majority of the footprint measured for Hermès is related to the upstream part of the value chain. The main pressures on land biodiversity are linked to land use (crops, livestock) and greenhouse gas emissions (scope 3 upstream), demonstrating a strong relationship between climate and biodiversity and guiding our supply chain actions. These analyses are also gradually used by the Group to refine its real estate development strategy, in addition to the criteria set by French (zero net artificialisation (ZAN)) and European (taxonomy) regulations.

Although calculations of the impact on biodiversity are still not widespread, initial comparisons suggest that Hermès' activity has a less intensive impact on biodiversity than that identified in available inter-sector data.

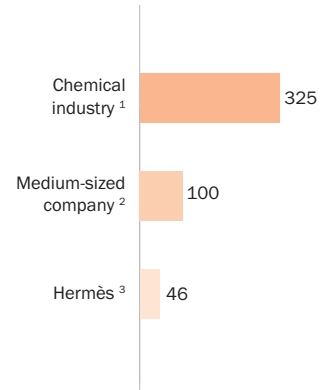
BREAKDOWN OF HERMÈS' TERRESTRIAL DYNAMIC IMPACT BY SCOPE



BREAKDOWN BY MAJOR CATEGORIES



LAND DYNAMIC IMPACT INTENSITY INDEX IN MSA.M<sup>2</sup>/€ (BASE 100)



(1) Vertically Integrated Scope.  
(2) All sectors, world, scope 1.  
(3) Vertically Integrated Scope.

Main results of the Global Biodiversity Score (2021)

1. [https://www.cdc-biodiversite.fr/publications/2024\\_dossier49-global-biodiversity-score-2023-update/](https://www.cdc-biodiversite.fr/publications/2024_dossier49-global-biodiversity-score-2023-update/)

### Focus on the Leather Goods & Saddlery métier

In 2023, particular attention was paid to the Leather Goods & Saddlery métier, which represented 45.5% of Group revenue in 2020, while contributing more than 50% of the dynamic land footprint. The work made it possible to identify two priority action levers within our supply chains: livestock farming and animal feed. To clarify these Group results, an in-depth study of this activity was launched in 2023, focusing in particular on a selection of the House's emblematic leathers (calfskin, lamb, goat, pig, cattle, crocodilian and ostrich) with their breeding systems and food rations, specific to each situation, in order to better understand the action levers of its supply chains and thus be able to act effectively on the biodiversity footprint of these sectors. This work is being finalised, which will guide the strategic biodiversity brief for 2024.

At the same time, field projects were initiated in 2023 for the cattle supply chain in France, with cooperatives, to be implemented in 2024.

#### 2.4.3.5 IMPLEMENTING ACTIONS IN THE MÉTIERS, SUPPLY CHAINS AND SITES

Together with the partners supplying it with natural materials, the Hermès Group is continuing constructive efforts incorporating biodiversity protection. The Group is collaborating with international NGOs in this area, as appropriate, in order to better assess the various biodiversity components that concern it and to assess the impact on its supply chain.

Through their location in rural areas, the production sites are involved in various biodiversity initiatives, while tertiary or mixed-use sites also carry out initiatives. These are presented in § 2.4.3.6. For the supply chains, the actions are presented in § 2.4.2.3.

##### Farms (crocodilians)

The vast majority of the animals bred on the farms come from eggs collected in the natural environment, according to quotas set each year by the local authorities. Several players ensure the smooth running of the farming industry in Australia and the United States, in particular local governments and their conservation departments, landowners, hunters and egg collectors and incubators from which the breeding farms buy the eggs or hatchlings.

As such, the income earned by landowners from the collection of eggs contributes to the upkeep of these wetlands, and therefore to the maintenance of biodiversity in these natural areas. In addition, CITES tags, the use of which is made mandatory by the Washington Convention, and egg collection permits generate benefits for local authorities (such as the US Fish and Wildlife Service or the Department of the Environment and Natural Resources of the Northern Territory in Australia). These resources are then devoted to the operation of the services involved in the management of species conservation programmes, the monitoring of animal populations in

the natural environment, the control of compliance with regulatory requirements and research programmes on crocodilians.

In addition, specific actions are decided at local level. This is particularly the case in Louisiana, where farmers must reintroduce into the natural environment at least 5% of alligators – in good health and having reached a minimum size – raised on their farm. This reintroduction is carried out in areas defined by local authorities and under their control. The alligator industry, considerably reorganised in line with the Washington Convention, has contributed to protecting the species and its unprecedented development in the areas in question and, as a result, to protecting and maintaining the marshlands where these animals live and reproduce. According to the US Fish & Wildlife department, an area of 1.2 million hectares of wetlands is thus better maintained. The objective is to continue to support farmers in their development, and thus perpetuate these effects. The population of wild alligators now exceeds 3 million individuals in Louisiana, which is a real success for the conservation of this species.

The production sites, by their activity and their location, therefore, play a key role in the preservation of species, the protection of biodiversity and the local economy. The effectiveness of their actions comes from strong local integration thanks in particular to relationships with the various authorities in charge of nature protection, egg collectors and landowners.

Most operating farms are now turning to solutions to not only reduce their footprint in terms of environmental water resources, but also for its reuse. To this end, studies and projects are being launched to produce organic fertilizers and develop irrigation projects for trees that can in turn produce vegetable tannins.

Actions are underway on Australian farms to reuse previously treated wastewater through the establishment of forest plantations. Thus, 120 hectares of mixed commercial species have been planted and are irrigated using all the wastewater from one of the farms, in an agricultural circularity approach. On another farm, 10 hectares of sandalwood that were planted with the aim of reusing previously treated wastewater as well as enabling Hermès to secure its supply of precious wood and essential oils.

Biodiversity studies are also underway in Australia in order to qualify and quantify the animal species present on sites and to monitor the evolution of this fauna in parallel with the creation of habitats.

##### Fight against deforestation

Hermès is aware of its role in maintaining forest ecosystem services. Hermès announced its Group Forests policy<sup>(1)</sup> in 2023, which applies to all areas of procurement of a selection of materials that come directly or indirectly from forests, with potential impacts on these ecosystems and their management methods. Although this material represents a small portion of its activity, the Group seeks to be exemplary, as evidenced by its A- rating on the CDP Forest questionnaires.

1. (in French) [https://assets-finance.hermes.com/s3fs-public/node/pdf\\_file/2023-07/1690458496/politique-forests-hermes.pdf](https://assets-finance.hermes.com/s3fs-public/node/pdf_file/2023-07/1690458496/politique-forests-hermes.pdf).

These raw materials have been prioritised based on an analysis of the social and environmental risks associated with their production, their weight in Hermès' chains and the Group's capacity for action. Hermès distinguishes between priority raw materials: cowhide, wood for the Home métier and production units, paper and cardboard for packaging used for Hermès objects, natural rubber, palm oil and derivatives, viscose and cellulose (textiles), and soy for farm animal nutrition.

In concrete terms, Hermès is implementing a policy whose aims are for the raw materials purchased to be produced in a responsible manner, in line with the Group's commitments and respecting the following criteria:

- ◆ regulatory (including the legality of production and compliance with applicable laws in the country of production as well as international laws);
- ◆ environmental (such as “no deforestation, conversion or degradation of natural ecosystems”, particularly areas with High Conservation Value and High Carbon Stock);
- ◆ social and human rights (respect for the rights and health & safety of workers, farmers and smallholders; recognition and respect of the rights of indigenous populations and local communities).

By 2025, Hermès will adopt the appropriate measures for priority raw materials to:

1. source from supply chains without deforestation from the reference date of 31 December 2019, for raw materials used in both products and packaging by the entire Hermès Group;
2. pursue its duty of care and ensure respect for the Human Rights of stakeholders in its supply chains;
3. restore and remedy proven harm (environmental and social, including human rights) directly related to these raw materials and caused directly by its activities.

By 2030, Hermès has the following ambitions:

1. broaden the scope of actions to include other raw materials in its portfolio, known as “secondary” materials, such as certain perfume ingredients or particle board;
2. explore investment opportunities beyond its supply chains to accelerate sector transitions and finance conservation and restoration projects at the landscape and/or jurisdictional scale. The decision as to whether or not these investments will be made will rest with Hermès.

To fight concretely against deforestation, Hermès takes into account its risks related to its upstream value chain. Within this, three main topics were identified: land use for animal feed, use of wood species for Hermès Maison objects and use of cardboard/paper in packaging.

- ◆ The GBS analysis of the terrestrial biodiversity footprint of leather at Hermès made it possible to become aware of the relative importance of cattle feed (even in absolute value, the share of imported soybeans in the feed of European livestock is low, and the

implementation of European regulations for feed suppliers should significantly reduce the risks).

- ◆ By requiring certified wood (FSC for oak, SVLK for mahogany), Hermès ensures that wood from forests is sourced with greater consideration for biodiversity, while maintaining the quality of water and ensuring soil erosion is reduced. The House conducts a biannual assessment of its suppliers taking into account the vulnerability identified by the IUCN. In 2023, analysis of the portfolio with a critical review of the vulnerability of species and country risk was carried out by Hermès Maison with the help of an independent firm, and with the support of WWF.
- ◆ As a reminder, in stores, 100% of orange bags are FSC-certified. The cardboard of the emblematic orange boxes is made of 100% recycled material.

Furthermore, in the various Hermès Métiers, the identifying of geographies, sub-geographies, including the GPS coordinates of forestry operations used for the manufacture of wooden objects and furniture, makes it possible to strengthen the demand for FSC certification or, failing that, PEFC or other local certifications incorporating a zero deforestation policy. 90% of Hermès Métiers' woods are certified, compared with 50% in 2022. To ensure proper use of the material, production waste is classified according to its end-of-life.

Moreover, an impact study incorporating issues relating to animal and plant life and the preservation of natural environments is carried out prior to establishing any new manufacturing site.

#### 2.4.3.6 BIODIVERSITY MANAGEMENT AT OPERATED SITES

The study of the impacts on biodiversity conducted in 2019 shows that the preservation of biodiversity on its operated sites is not the Group's biggest issue. Nevertheless, out of a concern for ethics and to be exemplary, Hermès wishes to implement the best standards possible to respect nature there.

In accordance with the principles of the Harmonie standard § 2.5.2, any new manufacturing site is subject to an impact study. This includes issues related to fauna and flora and the preservation of natural environments. As a reminder, most of the production sites are located in France, and are therefore subject to some of the strictest regulations in the world. The framework goes beyond these legal constraints.

In order to integrate the protection of biodiversity into the consideration of the establishment of future Leather Goods workshops, a guide listing best practices was drawn up in 2020 and included in the Harmonie standard. The following principles have been adopted: at plot level, ecological management of green spaces should be promoted. At the landscape level, the aim is to promote ecological connectivity of sites with their surrounding environment. The sustainable construction standards used for each new site project have therefore been enhanced and now enable architects and landscapers to best integrate this dimension into their projects.



As explained in § 2.4.3.4, for the location of new leather goods workshop sites, Hermès now favours the conversion of brownfield sites or wastelands whenever possible. For example, the Maroquinerie de Montereau is located on the former site of an energy sector company, that of Guyenne on a road construction aggregate site, and those of Louviers and Saint-Junien are also reconverted manufacturing sites. The future Leather Goods workshop at Riom follows this same approach, which greatly limits the artificialisation of surface areas while continuing the activity's growth. With regard to the Sormonne site, biodiversity has been preserved and restored on the green spaces surrounding the site.

In 2023, 19 Leather Goods workshops were assessed with the help of an independent expert and 16 indicators based on the five erosion factors defined by IPBES were retained; they are intended to measure the pressure on biodiversity, integrating at the same time the impact of activities on the sites, the resulting state of the environment and the responses or corrective actions taken. These indicators assess the implementation of the best practices guide of the Leather Goods division with, for example, no use of phytosanitary products. For all the green spaces at the Leather Goods workshops, the level of achievement of these best practices was 68% in 2023 compared to 60% in 2021. For example, the average mowing frequency per m<sup>2</sup> and per year decreased from 6.5 in 2021 to 5.3 in 2023. The special attention paid to these green spaces has also made it possible to detect several invasive alien species for which a specific treatment will be carried out over the coming years.

The actions carried out by the Leather métier have been extended to all production sites in France, making it possible to target 100% of sites involved in biodiversity actions by 2025.

The Group's textile supply chain also pays close attention to these issues. In 2023, an eco-management plan was drawn up with a partner of the SIEGL textile site to promote and enhance local biodiversity; this plan should also lead to the planting of new trees and shrubs around the site. The natural rain catchment of the ITH textile site and its drainage bed were dredged to return the flow to previous levels. During this work, pollution related to previous activities external to Hermès was discovered and treated; it also enabled the removal of Japanese knotweed seedlings, an extremely invasive species, from the area.

Hermès Horloger, for its part, assessed its two Swiss production sites with the assistance of independent experts (landscapers or biologists): water use, use of phytosanitary products, frequency of mowing, invasive alien species, habitats favourable to biodiversity, etc.

After finalisation of the diagnostics of the manufacturing sites, action plans were rolled out. These plans must include a series of actions to promote green spaces, fauna and flora (installation of insect hotels, beehives, etc.) and water conservation. Thus, CATE's Tableware site has planted flower meadows in the parking areas and alongside the building, installed six beehives and planted around 40 trees, including fruit trees. In this spirit, late mowing is practiced at the Beyrand printing tableware site.

With regard to tertiary and mixed-use sites, a pilot project was rolled out at the Pantin site where, as the Cité des Métiers was built, five

gardens were created covering an area of 8,000 m<sup>2</sup> and beehives were installed. A meeting with a company specialised in biomonitoring led to the idea of a project promoting urban biodiversity. Two ambitions have emerged thanks to the data likely to be collected in the context of this project: to promote biodiversity, in addition to preserving it, with the help of plant surveys and to contribute to a regional approach to environmental protection, beyond the sites, by sharing pollutant readings with local authorities. The implementation of bio-monitoring is spread over several years. It consists of using the diversity and pollution markers identifiable in the pollens brought back by bees to their hives, and taking advantage of their radius of activity of around 2 km. This approach involves fitting collectors on the beehives, collecting pollen and conducting scientific analysis of the data. The initial lessons confirmed the richness of Pantin's plant varieties, 39 compared to 18 on average at the French sites studied by the scientists. The results of the analysis also led to the identification of pollution and the substitution of antifungal treatment practices on the sites (although without synthetic chemical inputs) and the adoption of manual treatment actions.

The information collected was shared with local stakeholders to ensure that their planting projects were consistent with biodiversity needs. 2023 will mark the continuation of this dialogue with local stakeholders in the "Est ensemble" region in the Seine-Saint-Denis department, by exploring new areas of application for the coming years. This first successful experiment led to the development of bio-monitoring practices at other Group sites, such as the Vaudreuil Perfume and Beauty site in 2022.

#### 2.4.3.7 CONTRIBUTING TO POSITIVE ACTIONS OUTSIDE HERMÈS' SPHERE OF RESPONSIBILITY

##### Fondation d'entreprise

Since its creation in 2008, the Fondation d'entreprise Hermès has been committed to the preservation of the living world. The protection of biodiversity and natural ecosystems is one of the four pillars of its action and today takes shape through a variety of projects, directly led or supported by the Fondation, aimed at maintaining or restoring fragile ecological balances. Driven by the desire to perpetuate the richness of the various environments of our planet in order to pass them on to future generations, the Fondation acts through several levers: raising awareness and training, research, and support for those who carry out concrete actions on the ground.

**In September 2023, a third edition of the Manuterra programme<sup>(1)</sup>, learning from life, initiated and supported by the Fondation d'entreprise Hermès** in close collaboration with the Compagnons du Devoir and the Tour de France, was rolled out in 10 partner academies with 24 classes of students from primary to high school. Around 600 students were taught about the beauty of nature and the necessity of preserving it. Alongside professional gardeners and their teachers, the young citizens of tomorrow can discover the diversity of species and learn the savoir-faire related to gardening métiers and permaculture. **In 12 two-hour sessions, together they imagine and create a garden rich in biodiversity, which they continue to take care of afterwards. In synergy with this programme, the Fondation d'entreprise Hermès has been supporting a participatory science programme also intended for schoolchildren since 2019: the Vigie-Nature École**

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

**programme rolled out across France by the National Natural History Museum.** Wishing to reach out to young adults, in 2023 the Fondation contributed to the L'Intelligence verte association's student cooperative vegetable garden project in Blois (Loir-et-Cher), with the aim of helping young people to reappropriate savoir-faire related to food autonomy and the regeneration of ecosystems.

Since its very first edition in 2020, the Fondation d'entreprise Hermès has been supporting the forward-looking and trans-disciplinary Agir pour le vivant festival. In 2023, it also supported the "Vivre le Rhône" project led by the association LEAST – *Laboratoire écologie et art pour une société en transition*: co-creative processes (walks, surveys, mapping, writing workshops) between artists, scientists and civil society (associations, fishermen and women, young people who have dropped out of school or who are marginalised, students, etc.) around the Rhône as a living element.

Lastly, in 2023, the Fondation contributed to the development of a new biodiversity space of 12,000 m<sup>2</sup> in the Parc de la Villette. This space, a living showcase accessible to everyone, includes, for example, an educational farm and several spaces designed for mediation activities for young people and adults.

The Fondation d'entreprise Hermès is committed to supporting those who work closely with biodiversity on a daily basis. Several projects supported by the Fondation on a long-term basis illustrate this tangible attention paid to the living world: the preservation of the ancient forest of La Massane, with support for research teams within this national nature reserve in the Pyrénées-Orientales; the transmission of agro-ecological practices in the rural world with the L'Atelier paysan cooperative; the fight against the trafficking of protected species with WWF.



Maroquinerie de la Sormonne, in the Ardennes, awarded the E4C2 label (energy positive and low carbon)



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## 2.5 THE PLANET: ENVIRONMENT

The Group's sustainable development involves knowing, controlling and reducing its environmental impacts, as part of a responsible approach to its operations. More broadly, Hermès contributes, through its commitments and actions, to the fight against climate change for a responsible and sustainable development.

2

### INTRODUCTION

Respect for nature, the source of its exceptional raw materials and the living environment surrounding its sites, is one of the Group's strong and unwavering values. In 2002, the Group drafted an environmental policy, last updated in 2020, which aims to limit the impact of its activity across all areas. Pragmatic but ambitious solutions preserving the environment in the long term are systematically sought, trying to go further than regulatory requirements wherever possible. The priority is to control the impact across the entire value chain, from upstream agricultural production to distribution, and from purchases to internal operations.

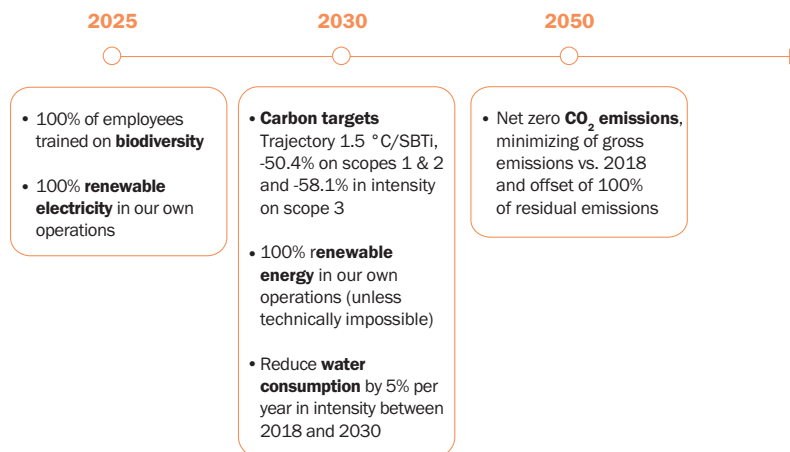
In 2023, the Group continued to significantly decouple its water and energy consumption from the growth of its activity. The Group's

energy mix is changing, with an increase in the proportion of renewable energies, which now stands at nearly 70% (compared to 55% in 2022).

Formally committed with the SBTi to follow a trajectory aligned with the 1.5°C objective since 2022, the Group continues to reduce its emissions in absolute value on scopes 1 and 2, and in intensity on scope 3, while contributing carbon offset actions with a local impact.

This mindset in favour of the environment requires the involvement of everyone, from investment decisions to everyday eco-actions, together with a robust Environment, Health and Safety (EHS) culture on all sites. It is structured around policies, procedures, tools and major commitments.

### The main commitments of the Planet pillar: Environment











In 2023, the Group made progress on the main environmental issues, with the aim of making a long-term difference through steady improvements with a significant impact. Among these, the elements selected below are particularly illustrative of 2023 for this section:

- ◆ confirmation of the reduction in carbon emissions;
  - scopes 1 and 2 market-based: -49.6% in absolute value since 2018 (-29.5% compared with 2022);
  - scope 3: -52.2% in intensity since 2018 (-13.3% compared with 2022);
- ◆ obtaining an A score on the CDP climate change questionnaire, and maintaining an A on the water questionnaire;
- ◆ 9% decrease in absolute value in industrial water consumption, and 62% decrease in consumption intensity over the past 10 years;
- ◆ maintaining a notional carbon price;
- ◆ formalisation of a Group approach to responsible IT, aimed in particular at better controlling energy consumption;
- ◆ certification of the Harmonie standard for responsible and sustainable real estate.
- ◆ offset of 100% of scopes 1 and 2 emissions and transportation emissions (upstream and downstream);
- ◆ 100% of the Group's tanneries are LWG certified;
- ◆ continued use of the ZDHC protocol (chemicals) in the Tanneries division.

## PLANET

## ENVIRONMENT

SDG	OBJECTIVE	INDICATORS	2023 RESULTS	CHANGE 2022/2023
<b>APPLYING THE HIGHEST STANDARDS IN SUSTAINABLE CONSTRUCTION</b>				
	Define an internal sustainable construction standard guaranteeing an environmental performance aligned with the best existing certifications and implement it	Benchmark certification and implementation rate in projects	Certification of the external sustainable construction standard by <b>Bureau Veritas</b> <b>100%</b> of projects launched in 2022 follow the standard	=
	Limit the CO <sub>2</sub> emissions of our most recent buildings	Limit emissions/m <sup>2</sup> below the 1,000 kg/CO <sub>2</sub> per m <sup>2</sup> mark	<b>776 kg CO<sub>2</sub>/m<sup>2</sup></b> for Louviers and <b>810 kg CO<sub>2</sub>/m<sup>2</sup></b> for Sormonne	=
<b>CONTROLLING THE CONSUMPTION OF NATURAL RESOURCES BOTH INTERNALLY AND WITH SUPPLIERS: WATER, ENERGY</b>				
	Reduce the intensity of industrial water consumption by 5% per year	Change in industrial water consumption	<b>-62.2%</b> in water consumption intensity over 10 years and <b>-9.3%</b> in absolute value compared to 2022	↗
		Definition of a notional water price	Notional price set at <b>€1.5/m<sup>3</sup></b>	=
	Reduce the intensity of energy consumption	Change in energy consumption by type and by geographical area	<b>-65.1%</b> in industrial energy intensity over 10 years and 8% decrease in stores' electricity consumption since 2020	↗
<b>DEFOSSILISING ENERGY CONSUMPTION</b>				
	Implement renewable energy programmes by 2025	Achieve 100% renewable electricity by 2025 and 100% renewable energy by 2030	<b>100%</b> renewable electricity in France since 2021	=
			Globally, <b>92%</b> renewable electricity (+3% increase compared to 2022) and <b>70%</b> renewable energy	↗
	In-house renewable energy production	Total self-generated renewable energy at production sites	<b>+3.9%</b> self-generated renewable energy at Hermès sites between 2022 and 2023	↘
<b>IMPROVING PRODUCTION PROCESSES BY FAVOURING THE CLEANEST, MOST ECONOMICAL TECHNOLOGIES AND THE MOST ENVIRONMENTALLY FRIENDLY SUBSTANCES</b>				
	Use energy-saving equipment	Implement energy sub-metering solutions at sites and stores	<b>46</b> production sites and 14 stores equipped with energy consumption monitoring solutions	↗
<b>REDUCING OUR FOOTPRINT AND CONTROLLING WASTE AND DISCHARGES, REDUCING THEIR PRODUCTION AS MUCH AS POSSIBLE AND RECOVERING THEM WHENEVER POSSIBLE</b>				
	Use water treatment equipment to control waste	Number of tanneries having installed specific purification equipment	<b>18</b> manufacturing sites equipped with wastewater purification plants <b>100%</b> of the HCP division's tanneries have their own water treatment plants	=
	Develop production, transportation and sales waste recycling	% of waste recycled and recovered	<b>50%</b> of manufacturing waste is recovered (recycling, reuse, energy recovery)	↗

PLANET

ENVIRONMENT

SDG	OBJECTIVE	INDICATORS	2023 RESULTS	CHANGE 2022/2023
<b>REDUCE GREENHOUSE GAS EMISSIONS IN ABSOLUTE TERMS (SCOPES 1 AND 2) AND IN PROPORTION TO ACTIVITIES (SCOPE 3), IN LINE WITH THE PARIS AGREEMENT</b>				
	Reduce greenhouse gas emissions in absolute value (scopes 1 and 2)	% decrease in emissions in absolute value for scopes 1 and 2	<b>49.6%</b> reduction in scopes 1 and 2 GHG emissions since 2018 (in absolute value) and <b>29.5%</b> since 2022	↗
	Reduce greenhouse gas emissions in intensity (scope 3)	% reduction in emissions intensity for scope 3	<b>-52.2%</b> in scope 3 carbon intensity since 2018 and <b>-13.3%</b> since 2022	↗
<b>STUDYING CLIMATE RISKS AND ACTING TO REDUCE THEIR IMPACTS, ANALYSING RESILIENCE SCENARIOS AND INCORPORATING THEM INTO THE STRATEGY</b>				
	Anticipate the risks related to climate change	Studies of physical risks and climate transition and of the evolution of systems	Study on physical risks and adaptation to climate change carried out on <b>100%</b> of French buildings  Participation in the <b>IF Initiative project</b> launched at the end of 2021 (post-2050 risks)	=
<b>FORMALISING A CLIMATE CHANGE STRATEGY AND GOVERNANCE, DEFINING OBJECTIVES AND MONITORING INDICATORS</b>				
	Align with global initiatives to reduce greenhouse gases	Validation of our carbon trajectory by the SBTi: reduction of 50.4% in scopes 1 and 2 (absolute value) and 58.1% in scope 3 (intensity) between 2018 and 2030	<b>Science-Based Targets initiative</b> validation of scopes 1, 2 and 3 emission reduction targets in 2021	
		Define an internal carbon price	Notional price set at <b>€40</b> per tCO <sub>2</sub> eq (industrial and real estate investments, transportation)	=
<b>UNDERTAKING HIGH VALUE-ADDED VOLUNTARY CARBON OFFSET ACTIONS</b>				
	Offset emissions corresponding to significant emission items	% of offset for scopes 1 and 2 and transportation	<b>100%</b> scopes 1 and 2 GHG offset and 100% for upstream and downstream transportation GHG	=
<b>CONTRIBUTING TO POSITIVE ACTIONS, INCLUDING BEYOND THE SPHERE OF RESPONSIBILITY</b>				
	Forge partnerships around biodiversity to support projects with a tangible impact on biodiversity	Number and duration of biodiversity awareness programmes	Through the Fondation: <b>Vigie-Nature École</b> (National Museum of Natural History) since 2019, <b>Agir pour le vivant festival</b> since 2020, <b>Espace biodiversité</b> in the centre of the Parc de la Villette since 2020 and <b>Manuterra</b>	
		Number and duration of biodiversity action programmes	Through the Fondation: <b>Africa-TWIX</b> (WWF France) since 2016, <b>Atelier Paysan</b> since 2019 and <b>Forêt de la Massane</b> (Federation of Catalan Nature Reserves) since 2021	
		Number of projects supported through Livelihoods	<b>25 extensive projects</b> with concrete social and environmental results	↗
		Continue developing our participation in the Livelihoods project	Number of hectares restored and number of trees planted	More than <b>149,000 hectares</b> restored (LCF1 and LCF2 funds) and more than 173 million trees planted by Livelihoods

## 2.5.1 ENVIRONMENTAL ACTIONS FRAMEWORK

### 2.5.1.1 ENVIRONMENTAL POLICY

Hermès' environmental policy is based on several principles:

- ◆ comply with Environment, Health and Safety (EHS) regulations, working conditions, and prepare for changes in these regulations whenever possible. The industrial department coordinates a network of EHS Officers at the manufacturing sites;
- ◆ respect natural resources and favour the cleanest, most economical technologies and the most environmentally-friendly substances;
- ◆ manage energy resources by reducing energy consumption and favouring the use of renewable energies;
- ◆ manage water responsibly and sustainably. Reduce volumes of water withdrawals, recycle and improve the quality of discharges in relation to ecosystems, particularly in areas with high water stress. Engage alongside stakeholders in watersheds to preserve this shared resource;
- ◆ minimise waste production and recycle it as much as possible;
- ◆ resolutely commit to a low-carbon world, implement scientifically-based objectives and actions compatible with a trajectory limiting global warming to 1.5°C by 2050, across the entire value chain and beyond Hermès' sphere of influence;
- ◆ increase the resilience of the Hermès model in the face of environmental changes. Study their effects, inform and collaborate with our partners and suppliers to adapt the entire value chain.

### 2.5.1.2 GOVERNANCE

**“Global warming, its impact on biodiversity and the industrialisation of raw materials are areas of concern, which we address through our climate strategy, our concrete initiatives in terms of responsible supply chains and our policies to preserve natural resources.” Axel Dumas, Executive Chairman of Hermès.**

Environmental topics are supervised by a member of the Executive Committee in charge of the Manufacturing Division & Equity Investments, who is supported by the industrial department, and the Group real estate department. These topics are clearly at the core of the Group Sustainable Development Board's discussions. An annual analysis is conducted by the main métiers of the House when the strategic plans are being prepared to identify issues in terms of environmental protection. These various challenges go hand-in-hand with practical objectives shared with the Executive Committee.

From a regulatory perspective, the Hermès Group's policy is to establish action plans that are adapted to the various métiers, in order to understand and comply with regulations but also to monitor progress made. Each métier is responsible for monitoring and implementing the applicable regulations. The industrial affairs and Group real estate departments are responsible for alerts, oversight and control in this area, along with the Group's legal department, where appropriate. More specifically, the industrial department, together with the métiers and all players in the production entities, is

pursuing an environmental policy formally approved by the Executive Committee and, with the support of the commercial and real estate departments, coordinates the House's energy programmes (construction, consumption, transportation).

### 2.5.1.3 METHODOLOGY: TOOLS, ANALYSIS AND MONITORING

Since 2012, in order to monitor environmental data from its manufacturing sites, Hermès has been using a reporting software accessible as a web resource to collect data about consumption at each site. The software also provides access to documentation explaining how the performance indicators are organised and defined. A consistency check is carried out automatically when the figures are entered, and again when the global consolidation is performed by the industrial department, as well as for audits carried out by the independent third party and the Statutory Auditors. Since 2018, all industrial environmental indicators are reported for a period running from November through October. For methodological reasons, some of the activity data used in the scope 3 carbon emissions calculation cover a calendar year.

For internal sites, oversight of environmental actions occurs in different ways. The industrial department and its EHS Officers exert a first level of control within the context of a “water, energy, carbon, waste” plan that is updated each year. In the context of this effort, the audit and risk management department conducts audits on the critical topics included in the Group's risk map (see chapter 4 “Risk factors and management”, §4.1). Lastly, external controls are performed on the Hermès Group's suppliers to ensure all entities are covered. The industrial affairs department consolidates the results of these audits as part of an ongoing process of improvement.

For external suppliers (§2.6.1), the Purchasing Committee reviews the results presented by the direct purchasing department as well as those of the indirect purchasing department several times a year. It monitors the number of audits conducted per year as well as the quality of the results. The industrial affairs department, under the control of the audit and risk management department (A&RMD), crafts action plans with the relevant métiers and monitors their progress.

In 2023, the reporting of environmental indicators covered 100% of Hermès sites (manufacturing sites, stores, tertiary sites). However, some of them were unable to report their consumption due to recently joining the Group. In the event of difficulty in accessing information, certain activity data were calculated from representative data.

### 2.5.1.4 COMPLIANCE, ENVIRONMENTAL PROVISIONS AND FINANCIAL GUARANTEES

In 2023, no sites were subject to a formal notice. As part of the prevention and control of risks, the following measures were taken:

The Pierre-Bénite Leather Goods workshop submitted a technical file in March 2023 relating to work to bring the building allowing water management in the event of fire into line with regulations. This file, validated by the prefecture in August 2023, follows the formal notice received from the DREAL in May 2022. The work is scheduled for 2024.



The amount of provisions for environmental liabilities at Hermès Cuir Précieux comprises provisions for the cost of asbestos removal work on the roofs of an industrial building at a tannery and remediation work on a manufacturing site for a total of €1.5 million. In accordance with Article R. 516-1 of the French Environmental Code, the Annonay and Le Puy tanneries, the only tanneries within the scope of the system, have provided financial guarantees. The latter were updated at the end of 2023 in agreement with the authorities and in accordance with the legal requirements for the period 2024-2028.

## 2.5.2 RESPONSIBLE REAL ESTATE

With a wealth of real estate assets of around 500 buildings, Hermès ensures that these and construction projects meet the highest environmental standards. This real estate portfolio covers a wide range of buildings: production sites, logistics centres, exclusive stores, offices. Since 2016, this scale has motivated the development and updating of a specific real estate standard, the Harmonie standard, allowing a more accurate measurement of the environmental issues of all of the House's construction, development and renovation projects, aligned with its values of high standards and uniqueness. This standard, which is significantly more demanding than the market standards, was awarded a label in November 2022 by the independent third-party verification body, Bureau Veritas. Some

52 projects were being assessed with the Harmonie standard at the end of 2023.

### GOVERNANCE





#### Responsible Real Estate Committee

In 2022, a Responsible Real Estate Committee was created, composed of members of the Group's industrial, commercial, financial, human resources, sustainable development and real estate departments. This committee aims to ensure that the real estate portfolio is in line with the best environmental, social and societal performance. To achieve this, the committee initiates actions that fall within its four missions:

- ◆ take decisions on and augment the Responsible Real Estate roadmap;
- ◆ examine the choices made in the projects and formulate recommendations to project managers;
- ◆ monitor environmental, social and societal performance;
- ◆ communicate on relevant indicators.

In 2023, the committee identified the points of contribution to the environmental performance of new projects in order to define an environmental profile, with the following main indicators, grouped by performance area:

The main indicators are detailed below, for the relevant performance areas:

	KPI	OBJECTIVE
 Carbon footprint	CO <sub>2</sub> eq/m <sup>2</sup> weight per subsidiary and per zone	Alignment with the Group's carbon trajectory
 Biodiversity	Degradation of BCS *	Striving for zero degradation
 Local sourcing	Local sourcing rate (% cost of works)	Move towards 100% local
 Indoor air quality	Number of projects meeting the thresholds set by the WHO	100% of projects meeting these thresholds

\*Biotope coefficient by surface.

#### Harmonie: the strategic expression of the real estate of tomorrow at Hermès <sup>(1)</sup>

Awarded a label for the first time in 2022, the Harmonie standard ensures a level of requirement aligned with the highest real estate standards existing today. In 2023, Bureau Veritas confirmed the label awarded to Harmonie.

#### As indicated in the report on the standard's label awarded by Bureau Veritas:

"We are able to issue an opinion validating the alignment of the

Harmonie standard with the highest standards of the market and its integration of the points of excellence of the main international sustainable real estate standards. Our opinion also validates the quality of application and operational control of the standard such that it allows a fair assessment of the environmental performance."

The standard incorporates environmental sustainability issues in all their dimensions and across the entire real estate value chain. It is based on five pillars: Carbon footprint, Biodiversity, Air quality, Local sourcing and Environmental health.

1. [https://assets-finance.hermes.com/s3fs-public/node/pdf\\_file/2023-08/1692976774/guide-referentiel\\_harmonie\\_en.pdf](https://assets-finance.hermes.com/s3fs-public/node/pdf_file/2023-08/1692976774/guide-referentiel_harmonie_en.pdf)

Harmonie includes more than 80 demanding criteria, equivalent to or superior to most market standards. The House has chosen not to – or to barely – address certain criteria, as these are either naturally applied in the reflection process or are not relevant to Hermès. This helps to ensure a balance between ambitions and reality.

It also sets binding targets for the fight against climate change, by setting a target of halving the carbon footprint per m<sup>2</sup> built and renovated by 2030 (compared to 2018).

CARBON FOOTPRINT			
HARMONIE VS	AMERICAN LABEL	ENGLISH LABEL	FRENCH LABEL
Sustainable construction: reducing the carbon impact			
Reducing on-site emissions			
Control of energy consumption			
On-site energy recovery			
Emissions from energy consumption during operations			

AIR QUALITY			
HARMONIE VS	AMERICAN LABEL	ENGLISH LABEL	FRENCH LABEL
Control of indoor emissions			
Control of incoming air quality			

LOCAL SOURCING			
HARMONIE VS	AMERICAN LABEL	ENGLISH LABEL	FRENCH LABEL
Savoir-faire and local products			
Development of existing buildings			

BIODIVERSITY			
HARMONIE VS	AMERICAN LABEL	ENGLISH LABEL	FRENCH LABEL
Smart waste management			
Protection of local biodiversity			
Promotion of biodiversity			
Integration of buildings into their environment			

ENVIRONMENTAL HEALTH			
HARMONIE VS	AMERICAN LABEL	ENGLISH LABEL	FRENCH LABEL
Mitigation of nuisances			
Comfort of use			
Services			
Natural light			
Managing water resources			
Operational efficiency			

Non-existent criterion or less stringent than Harmonie

Criterion as stringent as Harmonie

Criterion more stringent than Harmonie

Harmonie is implemented *via* an online platform enabling project managers to monitor their actions, consolidate the environmental performance of all projects and contribute to the Group's carbon trajectory. In particular, it is possible to compare gross carbon emissions per m<sup>2</sup> of surface area.

This standard, due to its technical requirements, its wide scope and its label, is one of the best practices in the real estate sector.

The Harmonie standard is continually being improved. Thus, a roadmap was defined by the Responsible Real Estate Committee in order to enhance the following pillars as a priority over the coming years:

- ◆ indoor air quality, with the aim of guaranteeing pollutant concentrations in the House's sites below the maximums of the most demanding standards and regulations;
- ◆ biodiversity, with the aim of a sober land use in the Group's projects;
- ◆ circularity, a new pillar aimed at integrating the circular economy into real estate projects, in particular the use of materials or materials from deconstruction.

In 2023, the objectives of the European taxonomy concerning eligible real estate Capex were integrated into the Harmonie standard, which will eventually make it possible to monitor their alignment, knowing that all of the Group's real estate projects represent methodologically eligible projects.

## ACHIEVEMENTS IN 2023

- ◆ 2 production sites delivered: Ganterie-Marouquinerie de Saint-Junien and École du Cuir de Franche-Comté.
- ◆ 21 stores opened: 6 new locations, 13 expansions, 2 relocations.

### Saint-Junien: 2023 rehabilitation with a positive impact

The Ganterie-Marouquinerie de Saint-Junien has moved to a new location, located a short distance from the former workshops inaugurated in 2017. This new building is a refurbishment of a former brownfield site, located on the banks of the Vienne and covers an area of more than 4,700 m<sup>2</sup>.

This extension and brownfield rehabilitation project includes the preservation of existing elements. The conservation of most of the walls of the old main building, and the reintegration of stones from the demolition of ancillary buildings make it a unique architectural project.

Regarding energy, the project achieves the level BBC<sup>(1)</sup> renovation (corresponding to the RT 2012 level – 43% for the extension and to the RT<sup>(2)</sup> existing – 40% for the renovation).

In terms of local anchoring, the companies involved in the construction were 95% local. The land that historically housed this Ganterie-Marouquinerie is located in a flood zone. All exterior work

therefore takes this constraint into account, in particular through land treatment and specific planting. The exterior landscaping, in consultation with an ecologist, aims to facilitate the circulation of rainwater by ensuring the ground is permeable and activating the site's biodiversity by enhancing the river banks and creating wetlands.

## 2.5.3 RESPONSIBLE IT

Following two years of reflection and analysis concerning responsible IT, in September 2023, Hermès launched, through Hermès Système d'Information (HSI), its CSR programme with the aim of structuring and implementing a responsible IT approach applicable to the entire Group.

A community of around 40 stakeholders supported by a dedicated central team of experts in responsible IT (four people) supports the development of a consistent approach aligned with the Group's strategic sustainable development framework.

The House's responsible IT programme aims to develop an approach to the ethical and controlled use of digital technology and data. This means being able to encourage frugal consumption and sober use of equipment, to measure the environmental and spatial footprint of IT, but also to promote actions with a measurable positive impact for the House and its communities (suppliers, associations, etc.) such as accessibility or helping to reduce the digital divide.

HSI's ambition for the House is therefore structured around three key approaches:

- ◆ **Green IT** reflects the ambition to limit the increase of the carbon footprint of information systems, in a context of growing digital needs within the Group. This involves measuring this footprint, identifying actions to reduce it, and setting up and coordinating an operational organisation to act to reduce environmental impacts;
- ◆ **IT for green** aims to make digital technology available to reduce the environmental footprint as part of a broader ambition for the benefit of society. The solutions supported by IT (pooling, virtualisation, Internet of Things, artificial intelligence, etc.) can be virtuous and help to reduce the energy impact or even decarbonise other activities;
- ◆ **IT for sustainable corporate functions** provides support for corporate functions in acquiring the right tools and the right data to carry out the various activities required to consolidate regulatory reporting, as well as to support the House in its efforts to achieve transparency and good management of planetary resources.

The scope of this programme covers information systems for all of the House's entities, all geographical areas and all functions and métiers. Whenever the consumption or use of digital equipment, identified as falling within the scope of responsibility of information systems, is measured and monitored, Hermès' responsible IT approach applies.

1. BBC: Low consumption building.  
2. RT: Thermal Regulation.

PROGRAMME STRUCTURE

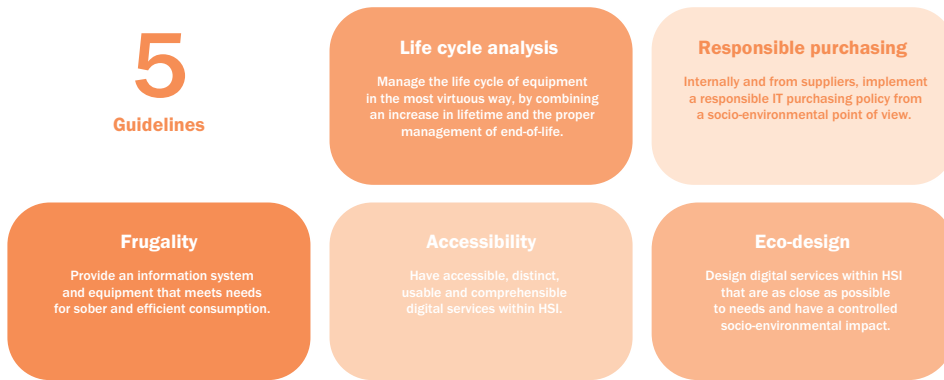
HSI's CSR programme is structured around four pillars broken down into 30 initiatives aligned with the Group's sustainable development framework.

The four pillars make it possible to structure and manage the programme consistently on a daily basis:

1. Governance;
2. Policy & Guidelines;
3. Transformation;
4. Change management.

The 30 initiatives are the result of a materiality analysis of responsible IT issues. This exercise enabled the identification of operational projects to be launched to carry out concrete actions on the following topics: Strategy, Certification, KPI, Carbon Footprint, Life Cycle, Responsible purchasing, Frugality, Accessibility and Eco-design.

For each of these initiatives, a document outlining the definitions, best practices and associated HSI guidelines is drafted in order to provide clear and self-supporting "implementation kits".



They will be rolled out between 2024 and 2026 with the following objectives:

- ◆ obtain Responsible IT certification from the Institut du Numérique Responsable at the end of 2024;
- ◆ drafting of a responsible IT purchasing policy, implementation of socio-environmental criteria in supplier calls for tenders and creation of an IT supplier maturity assessment grid;
- ◆ drafting of an equipment end-of-life management policy;
- ◆ launch of a global awareness campaign for all House employees and an "expert" training campaign for key HSI players.

PROGRAMME GOVERNANCE

Implementation of a dynamic governance process

A governance process has been defined to formalise the participation of key players in the House's priorities. In order to bring the subject of responsible IT to life, maintain a good level of mobilisation of the

teams concerned and to ensure their long-term involvement, a series of committees was organised to cover topics relating to expertise (e.g.: responsible digital purchasing), regions (with specific cultural issues), or specific functions.

The list of committees already in place is presented below:

TYPES OF COMMITTEES IN THE HSI CSR PROGRAMME



## TOOLS AND RESOURCES

### Establishment of a technical and standards monitoring unit

IT technologies are evolving fast, and responsible IT is undergoing rapid development. Regulations are gradually being introduced, accompanied by a collective awareness of the socio-environmental issues of the sector. Companies and their suppliers are adapting and becoming attentive to technical, methodological and regulatory changes. The interconnection between the House's business ethics model and the growing regulatory pressure around socio-environmental impacts on the value chain is encouraging intensified collaboration with all stakeholders. As a result, HSI has structured a watch activity, aimed at monitoring both external movements (publications, reports, etc.) and internal news.

The issue for HSI is to remain attentive to best market practices while being able to contextualise the regulatory expectations and the House's DNA, which imposes a form of exemplarity in the use of resources, whether they are physical or digital.

### Implementation of tools to equip the House to achieve its sustainable development goals

The House invests significantly in analysis of the market in terms of tools for the implementation, monitoring and management of sustainable development issues, reporting and measurement of the carbon footprint.

The approach of Maison Hermès, as for many other subjects, favours reasoned choices adapted to its actual needs over the long term, as responsible IT does not currently offer a single, comprehensive or exhaustive solution.

## TRANSFORMATION AND CHANGE MANAGEMENT

The majority of Hermès' employees today use IT solutions, and therefore potentially contribute to limiting the Group's digital environmental footprint.

The challenges of change management are numerous, in particular collaboration between the various entities in order to avoid blind spots and duplication of solutions, and to provide the right information to the right people.

To support Hermès employees in learning about and implementing the HSI CSR programme, a communication plan and a training course were created. They consist of awareness-raising elements on responsible IT, events and documents to encourage acculturation on the subject, as well as meetings on expertise relating to specific HSI métiers.

To meet the challenges of responsible IT and reduce the digital carbon footprint, some members of HSI will participate in the rollout of several responsible IT initiatives. These initiatives address various topics: monitoring of KPIs, recycling of waste electrical and electronic equipment, deletion of data and supplier challenges.

## 2.5.4 RESOURCE MANAGEMENT

The control of water and energy consumption, closely linked from an ecological and economic responsibility to the major global challenges faced today, is a goal shared by all the House's entities. Thanks to its craftsmanship model, Hermès distinguishes itself by a moderate energy and water footprint as well as the generation of only small amounts of waste in absolute terms. This is even more true in relative value. Furthermore, the métiers are working to limit their respective consumptions through actions described in more detail below and thus contribute to the energy transition.

### 2.5.4.1 LIMITING THE CONSUMPTION OF NATURAL RESOURCES: WATER, ENERGY

#### 2.5.4.1.1 Water

Hermès sites draw water from natural environments and municipal water for their sanitary, industrial and agricultural uses. Farms in the Precious Leathers métier, located in Australia and the United States, draw most of the water used by the Group for livestock farming purposes (agricultural water). Behind these volumes, the other Hermès métier sites, located in Europe, and more specifically in France, draw water for industrial uses: in the materials transformation processes used to make Hermès objects: tanning, finishing and printing of textiles, polishing and finishing of metals, crystal cutting, the addition of decoration to porcelain, etc.

The Group Industrial Director, who reports directly to the member of the Executive Committee in charge of the Manufacturing Division & Equity Investments division, coordinates water, manufacturing and agricultural issues. The objectives are validated and the achievements monitored by the Sustainable Development Committee. Each métier draws up action plans and presents the investment plans and resources required to achieve the Group's objectives to the industrial department. Major investments are approved by the Executive Committee, in particular the new wastewater treatment plants.

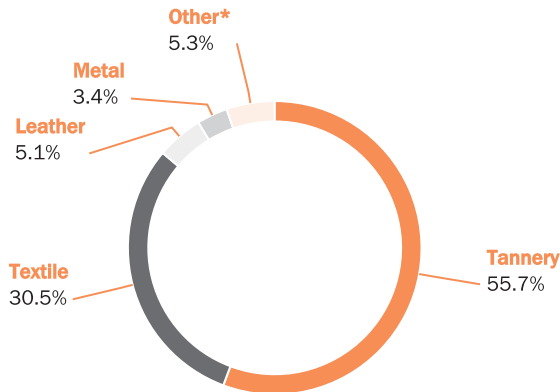
#### Objectives:

- ◆ continue the decoupling of industrial water consumption from business growth;
- ◆ reduce water consumption by 5% per year in intensity (m<sup>3</sup>/€M of revenue, like-for-like scope) on a voluntary basis over the period from 2018 to 2030, with increased attention on sites located in areas of water stress;
- ◆ implement a multi-stakeholder approach and construct with external stakeholders (regional departments, municipalities or professional associations) strategies to optimise water management and the quality of discharges.

**Industrial water**

Most of the water for manufacturing use (86.2%) is used by two métiers, tanneries and textiles. The total volume withdrawn at manufacturing sites worldwide corresponded to 608,452 m<sup>3</sup> in 2023, mainly in Europe.

**BREAKDOWN OF INDUSTRIAL WATER CONSUMPTION BY MÉTIER IN 2023 (EXCLUDING FARMS)**



\* Crystal, Logistics, Perfume and Beauty, Porcelain, Beyrand, Watch division, Bootmaker, Silversmith.

Over the past 10 years, the Group has maintained its aim of decoupling, with industrial water consumption increasing by a factor of 1.2 while activity grew 3.3-fold.

Over 10 years, water consumption (excluding farms) in intensity has fallen by 62.2%.

**In 2023, overall water consumption for industrial use decreased (-9.3%) compared to 2022**, despite the impact of the integration of new sites in the reporting scope (decrease of 10% at constant scope). This is the result of continued reduction efforts on all the Group's manufacturing sites.



**-62%**  
**water consumption  
in intensity  
in 10 years**

This year, the level of water stress was again assessed for all of the Hermès Group's 75 manufacturing sites and farms using the Aqueduct tool's new version 4.0 developed by the WRI (World Resources Institute) in 2023. Nine sites operate in areas with identified water stress. The water consumption of these nine manufacturing sites (11% of the total number) represents a very small proportion of the Group's water abstraction (0.1% – 8 ML). These sites mainly use water for domestic purposes and are regularly monitored by the group's industrial department.

**INDUSTRIAL WATER**

<b>Industrial water consumption</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
In megalitres	719.7	668.5	580.3	627.5	671.0	<b>608.5</b>

**INTENSITY**

<b>Water consumption – Group</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Objective - 5%/year</b>
Intensity m <sup>3</sup> /revenue €M	121	97	91	70	58	<b>45</b>	✓

As part of the operational implementation of the strategy to reduce water consumption, the Group has decided to implement an internal water price mechanism to reinforce decisions favourable to reducing the volumes abstracted. It is made available to the métiers in notional

form for capital expenditure calculations. This price was set at €1.5 per m<sup>3</sup> in 2021. It may change depending on economic conditions.

Water resource management is based on monthly monitoring of consumption, preventive maintenance programmes for facilities, frequent checks and calibration of meters, installation of new smart individual meters, and programmes to raise employee awareness. Significant discrepancies unrelated to production differences are analysed and verified in order to locate and repair any possible leaks.

The métiers work on a daily basis to minimise water consumption, find innovative solutions to increase the proportion of recycling (rainwater recovery, rainwater treatment, wastewater treatment, innovative efficient water and energy systems, implementation of valves that adjust the water flow, etc.). As an illustration of this approach, in the textile sector, the reduction of water consumption is one of the criteria of the incentive scheme agreement.

## ANALYSIS OF CHANGES IN INDUSTRIAL WATER CONSUMPTION BY MÉTIER

	Change 2019/2021	Change 2020/2021	Change 2021/2022	Change 2022/2023	
Activities with high water consumption by processes: >90% of total consumption	Tanneries (six in France and one in Italy)	-13.5%	+2.7%	+3.7%	-7.2%
	Textile	-1%	+19.3%	+10.5%	-14.5%
	Leather goods	-14.8%	+26.3%	-8.7% <sup>1</sup>	+6.1%
	HMM			First year of observation	-19.3%

(1) Including water consumption at the leather logistics centre.

### Tanneries / 7% reduction in consumption in 2023 compared to 2022 and reduction of 15% in the ratio of water consumed/hides put in water over the same period

Hermès operates seven tanneries, including six in France (Annonay, Le Puy-en-Velay, Vivoin, Montereau, Bellac and the Mégisserie Jullien in Chabris) and one in Italy.

Water consumption and effluent treatment are major issues for the tanneries. Historically located close to rivers, they use this resource for the tanning, dyeing and hide finishing processes. A total of 61% of the water for the division's tanneries comes from waterways or boreholes. The rest comes from municipal sources.

In accordance with the Group's commitments to reduce water consumption by 5% per year in intensity, the tanneries have launched ambitious programmes to reduce water withdrawal. These programmes are based initially, if necessary, on the modernisation of water treatment plants and secondly on the development of approaches for reusing wastewater for certain process operations.

The implementation of the Tannery division's roadmap, together with the sobriety efforts, is directly reflected in the division's performance, exceeding the Group's objectives with a 7% reduction in water consumption in absolute value compared to 2022 in a context of increasing production. Each site has been able to optimise and reduce its water use to produce leathers while maintaining their quality, with reductions in the ratios of water consumed per product of between 6% and 22%. **In 2023, more than 25,000 m<sup>3</sup> of water were saved.**

2023 was also marked by a period of severe drought. Concerned about their environmental impact and in order to contribute locally beyond the Group's objectives, the division's tanneries have put in place hydric sobriety plans (HSP). These plans have made it possible to improve the operational control of water use, ensure daily

monitoring of consumption and anticipate measures to raise employee awareness or reduce use according to the crisis thresholds of the water basins. The local authorities checked some of the plans. Thanks to consumption reduction and anticipation measures, no site was subject to regulatory restrictions during this period.

Construction work on the new tannery treatment plant at the Tanneries du Puy continued in 2023 and the first stages of treatment have begun. As a reminder, this work aims to roll out circular water management with the target of reusing more than 60% of treated water by 2028. Full commissioning is planned for July 2024 and is on track, thanks to substantial investments.

Other modernisation projects were also undertaken during the year, such as at the Montereau tannery, where a pilot test was installed to validate an additional abatement solution, and at the Mégisserie Jullien, where an activated carbon filter solution has been installed.

In 2023, reuse solutions were also explored: in Annonay, a project to reuse water from the municipal wastewater treatment plant downstream of the site is currently being studied: it could make it possible to achieve at least 60% water reuse. Discussions with the authorities are continuing and the project will enter its implementation phase in 2024, illustrating a good example of an innovative project carried out in consultation with our stakeholders. In Italy, the Cuneo tannery commissioned an installation for the recovery and use of rainwater, reducing its water consumption by 22% per leather product compared to 2022.

In parallel with these projects, the production teams and craftspeople are continuing their actions to reduce water consumption on a daily basis. This involves optimising the quantities of water used for each hide treatment recipe and improving the measurement of consumption through the use of connected management tools.

Thus, at the Tanneries du Puy, water savings this year totalled 8%, *i.e.* more than 10,000 m<sup>3</sup> by optimising the initial tanning stages.

The Mégisserie Jullien has installed a monitoring and supervision system for all its utilities in order to better manage its water consumption as well as that of electricity and gas. The introduction of an automated water dosing system is also underway.

**Textiles / 14% decrease in consumption in 2023 compared to 2022, 33% decrease in intensity by product over the same period**

Water is an essential element in the printing and finishing stages of fabrics, in particular for the transfer of colours to textiles. 93% of water needs are covered by borehole water, significantly limiting the use of drinking water for industrial processes.

In 2023, water consumption was reduced by 14.5% in absolute value and by 33% in intensity in a context of strong growth in activity.

These results are the product of work carried out for several years aimed at reducing consumption by relying on five main levers: monitoring and management of meters, raising awareness among teams, optimising processes, changing and modifying machines to achieve solutions that consume less, and the implementation of recycling solutions. In 2023, this resulted, for example, in the purchase and installation of water sub-meters on the main sites, which will make it possible to obtain results as close as possible to the consumption stations.

At the AEI and Ateliers AS sites (61% of the Textile division's total consumption), water consumption is still taken into account in the incentive scheme agreement, thus showing the importance of the subject to employees. For example, consumption indicators are analysed at least once a week at the three main sites.

The division's efforts are also focused on recycling wastewater to limit water withdrawal. In 2023, investments continued, enabling its gradual implementation: studies and modification of networks, specific treatment equipment, etc. These high-performance WWTP<sup>(1)</sup> projects include water recycling in the production process, with a rate of up to 70% (*i.e.* a potential saving of 80,000 m<sup>3</sup> of borehole water).

Since February 2023, the SIEGL site has thus activated water reuse and consumption has been reduced by 23% with a peak of 45% of water reused in September. This performance was made possible by the installation of an osmosis unit to supply the boilers with recycled water.

The Ateliers AS facility is beginning the last phase of civil engineering work and will come into operation in the second quarter of 2024: the water recycling rate will reach 20% in 2025 and may be 40% in 2026.

The AEI site is launching a call for tenders for its WWTP, which will come on stream in 2026, with a recycling rate of 50% of the site's effluents.

In April 2023, the AS, SIEGL and AEI workshops established a water sobriety plan. This plan takes stock of the actions undertaken to reduce water consumption and gives concrete expression to the division's ambition to achieve savings and limit water withdrawals to the strictly necessary.

**Leather / 6.1% increase in consumption in 2023 compared to 2022 and 4.8% decrease in water consumed per leather craftsman<sup>(2)</sup>**

Leather goods workshops have a low water environmental impact since no volume of water is used for the process. The consumption of Leather Goods workshops can therefore be assimilated to that of a tertiary activity with most of the water use being for washrooms.

However, the water impact is taken into account in the design of new production units with the implementation, from the start of operation, of key best practices. For example, at the Allan Leather Goods workshop, the implementation of several actions and in particular the change of sanitary water drainage systems has led to a significant 21% reduction in water consumption. Regular awareness-raising sessions on eco-friendly practices are also carried out. In addition, the latest leather goods workshops benefit from a rainwater recovery and treatment system to supply washrooms.

In 2023, the Leather division consumed 6.1% more water than in 2022. This increase in water consumption is due to the recruitment of new craftspeople at existing sites and the opening of new sites. Accordingly, water consumption per craftsman fell by 4.8%.

**Crystal manufacturing / 7.8% decrease in consumption in 2023 compared to 2022**

Over the reporting period, compared to the previous year, the production unit's overall water consumption decreased by 7.8% in absolute value. Water plays a major role in the crystal industry, where it is used in the "hot process" to cool production tools and in the "cold process" to avoid overheating of cutting tools. While it is technically and physically difficult to reduce gross water consumption, the main optimisation lever is water recycling and reuse. Partially implemented since the last quarter of 2022 for the cutting activity, the water treatment and recycling solution has made it possible to reduce the water needs of the facilities where it has been installed by 57% in absolute value. This process will be replicated on a larger scale to cover the entire scope of the cutting activity by 2025.

1. Wastewater Treatment Plant

2. For comparison purposes, the water consumption of the Leather logistics site located in the Lyon region is not included in the indicators in this paragraph but is included in the Group's overall consumption.



## AGRICULTURAL WATER

AGRICULTURAL WATER CONSUMPTION	2019	2020	2021	2022	2023
In megalitres	4,512	4,495	4,810	4,680	4,757
Number of farms	4	4	5	5	5

This consumption takes place in the United States and Australia.

**Farms / 2% increase in agricultural water consumption in 2023 compared to 2022, -2% at constant scope compared to 2022.**

The Farm division is respectively composed of one alligator farm (*alligator mississippiensis*) and a hide inspection centre in the United States, as well as four crocodile farms (*crocodylus porosus*) and two hide processing and hide inspection facilities in Australia. Water withdrawals from the Australian Farm division increased due to the ramp-up in capacity of the farm built in 2021.

At constant scope compared to 2022 – i.e. excluding withdrawals from this last farm – water withdrawals were reduced by 2%, i.e. savings of nearly 100,000 m<sup>3</sup>, due to the awareness-raising efforts undertaken.

Water is essential for livestock farming. The regular renewal of pool water and the control of its temperature are essential to animal welfare, and make it possible to prevent the proliferation of bacteria as well as to control the quality of the hides.

The water used in the sites of the Australian division comes mainly from boreholes (86%), while the use of municipal sources is limited (7%). The balance comes from the recovery of condensation water from a sugar cane production unit located near one of the farms: this is an innovative industrial circularity operation, exchanging hot condensation water from the sugar refinery for farm effluents to irrigate the sugar cane crops in line with an agreement with local farmers.

The American farm uses borehole water from hot springs exclusively, which allows it to significantly limit its energy requirements.

The farms are located as close as possible to the natural habitats of crocodilians, which are aquatic animals. These areas are generally not subject to water stress.

A study was launched in mid-2023 on the American farm to map and

precisely measure the various water uses, to better identify the water sources and to reduce the demand on the resource.

On one of the farms in the Australian division, a study is also underway to recycle some of the wastewater after treatment.

The water from the basins, mainly high in organic matter, is returned to the natural environment as far as possible for the irrigation of neighbouring crops, in compliance with local regulations: in Australia, 21% of the water discharged by farms is reused for irrigation purposes, i.e. a 16% increase compared to 2022. The water from one of these farms is reused to irrigate a sandalwood plantation in collaboration with Hermès Perfume and Beauty. This circular project aims to make this farm a supplier of raw materials to other divisions within 15 years, as Hermès' perfumes use sandalwood essence in their formulation. On another farm, water is reused to irrigate a mixed plantation of mahogany, white mulberry trees and a syntrophic forest.

#### 2.5.4.1.2 Energy: electricity, gas

Hermès' sites use electricity and gas to light and heat buildings, as well as for manufacturing processes and livestock farming. The manufacturing sites and farms consume three quarters of the energy purchased by the Group. This energy is used to operate a wide range of equipments: glass furnaces and kilns for porcelain decoration, tanning and finishing drums, leather drying lines, textile finishing and printing lines, machining and polishing machines, porcelain decoration printing machines, etc.

The Industrial Director, who reports directly to the member of the Executive Committee in charge of the Manufacturing Division & Equity Investments, coordinates issues relating to energy use on manufacturing sites and farms. The objectives are validated and the achievements monitored by the Sustainable Development Committee. Each métier draws up action plans and presents the investment plans and resources required to achieve the Group's objectives to the industrial department. Major investments are approved by the Executive Committee.

#### Objectives:

- ◆ put in place actions compatible with the global warming trajectory of 1.5°C and, in particular, continue the decoupling between industrial energy consumption and activity growth;
- ◆ implement a policy of 100% renewable electricity within its own operations by 2025 and 100% renewable energies by 2030, unless this is not technically possible;
- ◆ no longer use gas or any other fossil fuels as an energy source for any new industrial investments, also unless this is proven technically impossible. This programme to “phase out fossil fuels at manufacturing sites” reaffirms Hermès' desire to actively participate in the energy transition necessary to limit global warming;
- ◆ progressively equip all stores with 100%-LED lighting, unless this is technically impossible;
- ◆ contribute to the corporate sobriety effort in the context of major tensions on gas and electricity supplies by reducing energy consumption in France (manufacturing sites, tertiary buildings and stores) by 10% in 2023 compared to 2019.

		2021	2022	2023	2023
		In MWh	In MWh	In MWh	In %
<b>GROUP ENERGY CONSUMPTION</b>					
Excluding farms	Electricity	115,402	123,507	124,965	60%
	Gas	99,406	94,753	84,135	40%
	Total	214,808	218,260	209,100	100%
Farms	Electricity		3,806	3,775	79%
	Gas		1,025	1,021	21%
	Total		4,831	4,796	100%
<b>TOTAL</b>		<b>214,808</b>	<b>223,091</b>	<b>213,896</b>	

Energy consumption (electricity, gas) was 209,100 MWh/year at Group level, excluding farms. Energy consumption (electricity, gas) is distributed as follows, in a context in which the Group manufactures 55% of its objects in exclusive in-house workshops.

<b>GROUP BREAKDOWN (EXCLUDING FARMS)</b>	Industry	Stores	Services	Total
2023 in %	73%	19%	8%	100%
In MWh	152,119	40,013	16,968	209,100

<b>GROUP ENERGY INTENSITY (EXCLUDING FARMS)</b>	2019	2020	2021	2022	2023
In MWh/€M revenue	30	31	24	19	16

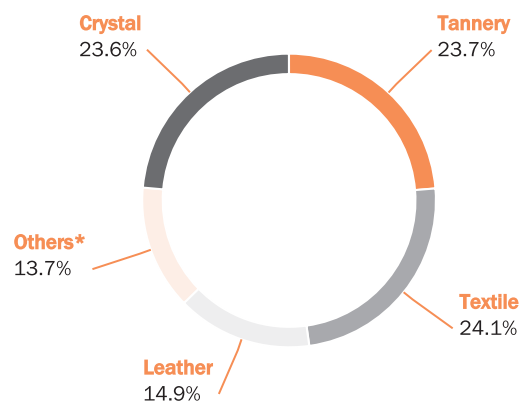
Some 71% of the energy is consumed on manufacturing sites, which therefore concentrate the majority of efforts in terms of reduction trajectories.

## INDUSTRIAL ENERGY

<b>INDUSTRIAL ENERGY CONSUMPTION</b>	2019	2020	2021	2022	2023
In GWh	158	148	162	160	152

<b>INDUSTRIAL ENERGY INTENSITY</b>	2019	2020	2021	2022	2023
In MWh/€M revenue	23.0	23.2	18.1	13.8	11.3

## BREAKDOWN OF INDUSTRIAL ENERGY CONSUMPTION (GAS, ELECTRICITY) BY MÉTIER IN 2023 (EXCLUDING FARMS)



\* Logistics, Metal, Perfumes and Beauty, Watch division, Beyrand, Bootmaker, Porcelain, Silversmith.

Over the last decade, the Hermès Group has maintained its ambition of decoupling consumption from growth with a 1.1-fold increase in industrial energy consumption compared with a 3.3-fold rise in activity volumes. This result testifies to the improved management of consumption. Industrial energy consumption intensity fell 65.1% over the same period. In 2023, overall energy consumption decreased compared to 2022 (-4.1%) thanks to the solutions implemented by the manufacturing sites and stores.

In order to monitor and manage energy consumption more closely, sub-metering solutions are being rolled out across all Group sites. To date, for example, 46 production sites and 14 stores are equipped with such systems.



# -51%

## industrial energy consumption

### in intensity, between 2019 and 2023

The voluntary energy audit campaigns, initiated in 2019 and being renewed in 2023 and 2024 on the French manufacturing sites, enrich the action plans undertaken in order to decrease energy consumption with a view to reducing greenhouse gas emissions.

The industrial affairs department coordinates these reduction plans and monitors the trajectory for reducing GHG emissions (scopes 1 and 2 including the impact of the energy consumed) to meet the Group's commitments. Three principles guide the métiers:

- ◆ sobriety: each métier examines the use of energy, to constantly reduce its needs in terms of absolute value and per unit produced on the sites;
- ◆ efficiency: each new piece of equipment is designed to improve energy efficiency compared to the previous generation. This point is all the more important as the life of industrial equipment can sometimes be counted in decades;
- ◆ decarbonisation: as part of the "Phase out fossil fuels" programme, the sites are planning to phase out fossil fuels by 2030 in favour of renewable or low-carbon energies. Each new project is an opportunity to integrate a share of self-consumed renewable energy production.

2

#### Sobriety plan

Hermès has historically been committed to a programme for reducing the carbon footprint of its activities, as well as to an energy sobriety action programme for several years. In 2020, the Group set targets for reducing its energy and environmental impacts (detailed above). At the end of July 2022, the French Association of Private Enterprises (AFEP) repeated the French President's call, inviting all companies to define a voluntary reduction plan for their energy consumption, to be implemented from September 2022, in order to see results from the beginning of winter. This follows the particularly tense energy context due to the war in Ukraine and the one-off difficulties encountered by the nuclear sector.

Efforts therefore focused on managing and regulating the thermal comfort of buildings.

Since the beginning of October 2022, in order to reduce energy consumption during the winter in France by 10%, a common approach has been adopted, adapting it to each of the sites, based in particular on:

- ◆ a 2°C reduction in heating temperatures in winter;
- ◆ the reduction of air conditioning in summer (+1°C);
- ◆ the optimisation of heating and air conditioning operating times;
- ◆ the reduction in the intensity of the lighting according to the activity;
- ◆ the anticipation of certain work to improve energy performance;
- ◆ the shutdown of certain unnecessary equipment at night and on weekends;
- ◆ the reduction of store window lighting times.

For the whole of 2023, a review of the French sites was carried out: energy consumption was reduced by 6.2% compared to 2022 at constant scope. It should be noted that gas consumption was reduced by more than 11% overall. A more in-depth assessment will be carried out at the end of next winter to confirm the best practices to be maintained, those to be corrected or those to be further developed.

#### Cristalleries de Saint-Louis / 7% decrease in consumption in 2023 compared to 2022, -21% in intensity

The processes using the most energy at the production unit are melting the material and working with it while hot. During each investment project, research is carried out to ascertain the best available technology in terms of energy efficiency and production volumes, which is then implemented.

Energy, electricity and gas consumption decreased by 7% in 2023 compared to 2022, thanks to significant technological investments that will have their full impact in 2024. **The new gas melting furnace**

**installed at the end of 2022 and fuelled by oxyfuel, made this progress possible:** the gas consumption of this new equipment has been reduced by 30%. In addition, the waste heat produced by the installation is recovered to heat the adjoining museum, thus reducing this item of gas consumption by more than 40% over one year.

#### Tanneries / 9% decrease in consumption in 2023 compared to 2022, 17% decrease in intensity per product over the same period

This year, the tanneries continued their decarbonisation and energy efficiency work and consumed around 3,500 MWh less energy than in 2022, a decrease of nearly 10%.

The energy consumed by the tanneries is still mainly of non-renewable origin with 65% gas consumed in 2023. To reduce the use of fossil energy, the tanneries are exploring different energy efficiency and decarbonisation solutions. For example, the Vivoin tannery has launched projects aimed at completely eliminating its gas boilers by 2024 and thus reducing its use of fossil energy by 90% (lower temperature settings, elimination of the steam network in favour of electric heaters, heat pump installations and photovoltaic study). An 18% reduction in gas use has already been observed with the first projects undertaken. The Montereau tannery is studying another decarbonisation solution. Discussions are underway with the operator of the city's urban heating network to connect to the site. This possibility is planned for the summer of 2024 and will enable the tannery to reduce its consumption of gas by 90%, used to heat process water as well as buildings (tertiary use). The Annonay tannery has chosen to replace its gas boiler room with a mixed system that will combine a biomass boiler and heat pumps.

The division is conducting studies on the installation of photovoltaic panels on the roofs of buildings or car parks in order to reduce the consumption of electricity from the grid (§ 2.5.3.2.1).

The sobriety actions undertaken are already producing visible results this year at all tanneries, reflected in a decrease of up to 30% in energy consumption per number of leathers produced.

At existing facilities and during redevelopment or creation of premises, the following points are given special attention to improve energy performance: supervision of equipment using centralised technical management (CTM), replacement of production equipment by equipment with superior energy performance, thermal insulation, pipe insulation or replacement of lighting with LED lighting, such as at the Cuneo tannery where relamping was carried out during the summer of 2023, which led to a 4% reduction in electricity consumption from September.

#### **Farms / 1% decrease in consumption by farms in 2023 compared to 2022, 6.1% reduction at constant scope compared to 2022**

The Farm division's energy consumption decreased by 1% in 2023 compared to 2022 in connection with the increase in capacity of the new Australian farm inaugurated in 2022.

At constant scope, consumption decreased by 6.1% compared to 2022.

Electricity is the most widely used energy on the farms, with gas accounting for 21% of energy consumption (electricity and gas).

The other energies used on the farms are fuel for agricultural machinery and, for one of them, fuel oil, which is used during the cold season to supplement the pool heating. A study is underway to find low-carbon heating solutions.

Of the electricity consumed on Australian farms, 250 MWh were of solar origin and produced by the photovoltaic panels installed. This fleet of panels will increase over the coming years to cover the needs

of all Australian sites as part of the implementation of a Virtual Power Plant (VPP). The project also plans to reinject the surplus photovoltaic energy produced during the day into the grid, which will enable the farms to draw energy from it to maintain the temperature of the pools at night.

A parallel prior study was carried out to ensure that the project was relevant by comparing the gain from renewable energy, which proved to be greater than the carbon weight of the production of the panels and batteries. The project specifications and its implementation will also take into account the possibility of reusing existing batteries.

The Australia division is also working on an ongoing basis to control refrigerant leaks from the equipment needed to preserve hides. A quarterly prevention plan has been put in place at all the sites concerned.

The sites of the United States division are building a roadmap for reducing energy consumption. The farm mainly consumes electricity (96%) for the pumping and distribution of water, as well as for lighting.

#### **Textiles / 2.5% decrease in consumption in 2023 compared to 2022, 23% decrease in intensity per product over the same period**

Despite the strong growth in activity, the energy consumption of the Textile division was reduced by 2.5% in absolute value compared to 2022, thanks to efforts to manage consumption. This resulted in a significant decrease in consumption per unit of textile produced (-23%).

This management of consumption is the result of an ambitious policy initiated in 2020 for all sites in the division, which resulted in the performance of energy audits leading to energy saving actions.

The plan to reduce consumption for all the Textile division's sites follows four major axes:

- ◆ optimisation of equipment operation (humidity regulation system at SIEGL, high-performance fans at ATBC (electricity savings of 7%), detection of presence for lighting and LED technology, optimisation of ventilation of the AEI tenter (10% saving), precise control of boiler rooms to limit boiler start-ups, etc.);
- ◆ building insulation and consumption management with the introduction of monitoring software (CTM, Building Management System, monitoring and alert software);
- ◆ phasing out of fossil fuels as energy production resources (geothermal energy, pellet boilers, photovoltaic panels);
- ◆ raising employee awareness through internal communications.

Among these achievements, the geothermal installation on the ATBC site, a heat pump using vertical boreholes, was commissioned in December 2023. This will enable the site to eliminate the use of gas, which represented around 10,000 m<sup>3</sup>/year, i.e. 150 MWh. The pellet boiler at this site, which replaced a fuel oil boiler at the end of 2021, saves 90 MWh per year. In 2023, 16.4 tonnes of pellets were consumed to enable this transition.

**Leather / 9% decrease in consumption in 2023 compared to 2022 and 15.8% decrease in energy consumed per leather craftsman<sup>(1)</sup>**

Total energy consumption in 2023 decreased by 9% in a context of increased activity. As a result, the ratio of energy per craftsman fell by 15.8%.

Due to the artisanal production model, the Leather division sites do not use very energy-intensive equipment. Electricity is the main source of energy for Leather Goods workshops (76% of total energy consumption in 2023): lighting, air conditioning, ventilation, office equipment and sometimes heating are the main consumption items.

Gas is used exclusively for heating the division's 13 Leather Goods workshops. Gas consumption in 2023 decreased by 20% there compared to 2022, in particular thanks to insulation work in certain Leather Goods workshops and the application of the French energy sobriety plan on all sites.

**2.5.4.2 CONTRIBUTING TO THE ENERGY TRANSITION**

Since 1 November 2015, Hermès has decided to actively participate in the energy transition process by planning its operations and investments in order to direct its companies towards actions compatible with the trajectory of less than 1.5 °C of global warming, via a "Just transition" to achieve net zero CO2 emissions by 2050. This was formalised via its SBTi commitment, validated according to a trajectory by 2030 (§ 2.5.7).

**2.5.4.2.1 Developing renewable energies**

Working together with the Group real estate department, in particular,

the House has a policy of using renewable energies, through the installation of geothermal heating or cooling, photovoltaic panels, the supply of green electricity for sites in France, connection to district heating and cooling networks and the use of wood-fired boilers on some sites.

Hermès wants to use energy from renewable sources (photovoltaic panels, wood-fired boilers, geothermal energy, biomass, etc.) wherever possible, and has committed to implementing a policy of 100% renewable electricity in its own operations by 2025. No new industrial investment running on fossil fuels is authorised, except where this is not technically possible.

In addition, the Group is developing pilot initiatives, designed to be expanded as and when new investment projects, available technologies and regulations in force permit.

As part of its renewable energy policy, Hermès sites (production, farms, logistics) produce electricity directly through the installation of photovoltaic panels.

All French sites (production, services, and stores) have been 100% supplied with green electricity (hydro, solar or wind) produced in France since 2021. **On a global scale, the Group's renewable electricity supply amounted to 92.1% (up 3% compared to 2022).**

In addition, in 2023, the Group purchased nearly 29 GWh of biogas. A little more than 34% of the Group's gas consumption is therefore of renewable origin.

**Overall, nearly 70% of the Group's energy consumption (69.0%) is from renewable sources<sup>(2)</sup>, compared with 55.4% in 2022.**

Energy consumed	Renewable origin		Non-renewable origin		Total (MWh)
	(MWh)	%	(MWh)	%	
Gas	28,876	34	56,280	66	85,156
Electricity	118,240	92	10,500	8	129,740
Heat	1,411	63	832	37	2,243
Cold	1,890	100	0	0	1,890
Wood	410	100	0	0	410
Total	150,827	69	67,612	31	218,439

**Leather**

Two renewable energies are used in the Leather Goods workshops:

- ◆ wood is used to heat the Abrets and Nontron production units;
- ◆ several Leather Goods workshops, including the latest to be put into operation, benefit from photovoltaic installations.

In 2019, the Manufacture de Haute Maroquinerie site in Aix-les-Bains signed a contract with an electrical energy supplier to install a photovoltaic power plant on the shades of its car park, with a power

of 292 kWp. This renewable energy production supplies 27% of the site's consumption.

At all the sites concerned, 1,016 MWh of solar energy were produced in 2023. Most of this was consumed by the sites, and represents approximately the annual energy consumption of two Leather Goods workshops.

Charging terminals for electric vehicles are installed in all site car parks. In 2023, the number of terminals increased by 46%.

1. For comparison purposes, the energy consumption of the Leather logistics site located in the Lyon region is not included in the indicators in this paragraph but is included in the Group's overall consumption.  
2. Methodological clarification: Only energies whose origin is clearly defined by a contractual arrangement with an energy supplier (examples: renewable energy purchase agreement, standardised green electricity tariff, market instruments such as guarantee of origin from renewable sources in Europe or similar instruments such as renewable energy certificates in the United States and Canada, etc.) are considered to be renewable energy sources.

### Tanneries

The tannery located in Italy increased its fleet of photovoltaic panels during the summer of 2023 by installing an additional 300 m<sup>2</sup> in order to increase the self-production of electricity by 10%. In 2023, the site produced 141 MWh of electricity from its solar panels. The division is exploring the opportunity of installing photovoltaic panels on the roofs of buildings or car parks, as in Vivoin, where the potential rate for self-production of electricity would be close to 20%.

### Textiles

The solar panels installed on the roof of the Pierre-Bénite car park generated 134.6 MWh, which were directly reused on the premises; those at the Bourgoin site generated 14.9 MWh, powering the charging terminals available to employees. With the two geothermal facilities installed on the division's sites, as well as the conversion of fuel oil to pellets at Challes, 390 MWh of renewable energy were produced per year, which represents 1% of the energy consumption of the sector.

### Farms

The photovoltaic panels installed since 2020 currently cover one-fifth of the electricity needs for three Australian farms. They produced 533 MWh in 2023.

The Australian division invested heavily to expand its fleet of photovoltaic panels by around 30,000 m<sup>2</sup>. It will operate in a closed loop with the energy produced, stored and fed back into the virtual network that will link the sites together. This project will be rolled out between 2025 and 2027 on the sites concerned.

The installation of photovoltaic panels is also being studied on the American farm.

### HMM

At the Fundão plant in Portugal, photovoltaic panels have been installed on the roof and will be operational in 2024. In addition, the plant is studying the possibility of installing two wind turbines to increase and diversify its sources of renewable electricity.

### Logistics

In the United States, the Dayton logistics centre in New Jersey has been equipped with photovoltaic panels on the roof since 2017, in order to produce the electrical energy required by the site. This centre received LEED Gold certification in 2018.

**Overall, renewable energy production at the Hermès sites was 2,582 MWh in 2023, compared with 2,485 MWh in 2022, i.e. +3.9%, representing approximately the annual energy consumption of nearly five leather goods workshops.**

#### 2.5.4.2.2 Innovating in energy efficiency

In the conception phase of new leather goods workshops, a special attention is paid to environmental impacts and more specifically, to

energy consumption. New production units are therefore built with future energy efficiency in mind. This anticipatory work is organised according to four areas of work, which are integral parts of the Harmonie standard:

- ♦ production of renewable energy: wherever possible, our projects include photovoltaic electricity production via the installation of solar panels on the roof (see § 2.5.3.2.1);
- ♦ energy consumption in buildings: this parameter constitutes one of the main issues facing the new Leather Goods workshop technical programmes. As soon as a project is launched, various solutions are envisaged and thermal simulations are carried out by specialists from design firms commissioned for the project. The most suitable solution is selected from the results. For example, the Louviers and Sormonne Leather Goods workshops are E4C2<sup>(1)</sup> certified as part of the “energy + carbon -” standard. In addition, a bioclimatic approach has been favoured in the design, in particular with the orientation of buildings and roofs;
- ♦ management tools: as soon as a new Leather Goods workshop is put into operation, meters are positioned and dedicated software is set up to control energy consumption and the identification of possible drifts as accurately as possible;
- ♦ new equipment that consumes less energy: the energy impact of equipment has been introduced as one of the decision-making criteria of the equipment investment strategy, for example, in the Leather métier. As such, new equipment introduced in both new and existing Leather Goods workshops is more energy efficient than the old. This approach is carried out in partnership with suppliers. All of the Group's other métiers benefit from feedback from this work carried out for leather goods workshops.

In particular, the Cristalleries Saint-Louis took advantage of the installation of the new gas melting furnace, by implementing a heat recovery solution to provide additional heating to the museum installed on the site. This heat comes from the cooling water network for the furnace electrodes. The solution makes it possible to reduce the museum's gas consumption by more than 40% over one year.

Energy savings have also been made thanks to the in-depth study of the operation of the “openers” (small furnaces for heating the molten crystal at workstations): it has made it possible to optimise operating times by choosing, depending on the facilities and their technologies, to shut down unused openers or put them “on standby” at a lower temperature.

## 2.5.5 WASTE MANAGEMENT

As a major aspect of environmental protection and societal responsibility, waste and discharge management means that each of the House's métiers contributes to the overall effort to reduce the production of waste and discharges and to recycle or recover them.

1. <http://www.batiment-energiecarbone.fr/niveaux-de-performance-a88.html> (in French).

**CHANGE IN VOLUME OF WASTE (EXCLUDING FARMS) OVER THE LAST FOUR YEARS**

WASTE	2020	2021	2022	2023
NHW <sup>1</sup> in tonnes	6,012	10,043	11,143	12,321
HIW <sup>2</sup> in tonnes	5,189	2,787	3,193	4,019
<b>TOTAL IN TONNES</b>	<b>11,201</b>	<b>12,830</b>	<b>14,336</b>	<b>16,340</b>

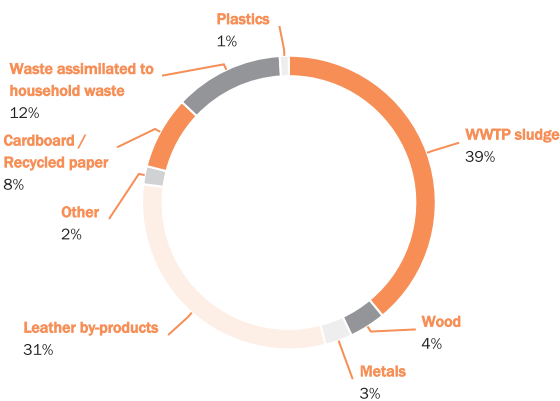
(1) Non-hazardous waste (NHW): this is waste that does not present any of the 15 hazardous properties defined at European level. Management rules are more flexible than for hazardous industrial waste. This includes, for example, bio-waste, glass or plastic waste, wood, etc.  
 (2) Hazardous industrial waste (HIW): this is waste that presents one or more of the 15 hazardous properties defined at European level: flammable, toxic, dangerous for the environment, etc. Hazardous industrial waste is subject to specific management rules due to the particular environmental and health impact risks associated with its handling.

In order to align with European legislation on waste classification, sludge from the treatment of effluents from the Tanneries division has been reported in the NHW category since 2021; it was previously reported in the HIW category).

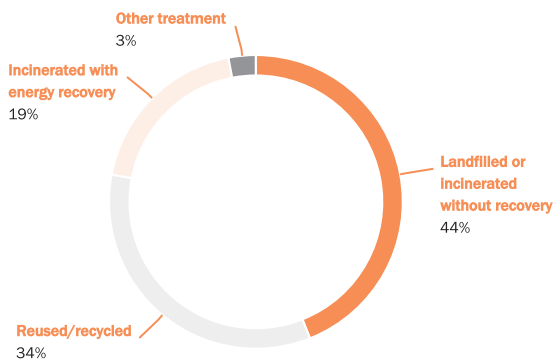
Between 2022 and 2023, the quantity of waste increased by 14.0% at Group level (excluding farms), although this increase is less significant than the increase in activity.

**Types of non-hazardous waste generated by manufacturing sites**

**TYPES OF NON-HAZARDOUS WASTE GENERATED BY MANUFACTURING SITES**



The main types of non-hazardous waste generated by manufacturing sites are WWTP <sup>(1)</sup> sludge, process sludge and matter resulting from cleaning operations, as well as leather by-products generated during the tanning steps (non-usable parts of raw hides or cutoffs related to thinning, for example).



1. WWTP: Wastewater Treatment Plant.

The hazardous industrial waste generated (24.6% of the total) consists mainly of cullet (crystal debris) that cannot be reused at the Cristalleries Saint-Louis but is reused in a metal refinery, sludge and distillate from surface treatment sites or dyes used in textile printing units.

**Waste destination**

The wide range of métiers prevents an overall waste management policy, other than the general principle of avoiding its production and working to improve its reuse and recovery. Waste management is therefore entrusted specifically to each manufacturing division by means of a dual policy of waste reduction and its recycling wherever possible. The main contributors are the tanneries, textile, crystal manufacturing, leather, perfumes and real estate divisions.

In 2023, 53% of waste was recovered (reuse, recycling, energy recovery), compared with 41% in 2022 and the Group aims to increase this ratio in the coming years.

**Tanneries / 11% increase in waste production in 2023 compared to 2022**

The increase in waste in 2023 is linked to the increase in production and the improvement in the treatment of discharged water effluent, generating more sludge.

The raw material used in the tanneries is the entire hide, referred to as “raw” hide, a putrescible organic product. Tanning involves processing the hide into a durable product, a finished leather, using successive operations that eliminate matter and generate scraps. The reduction of tannery waste naturally starts with the improvement of the quality of the raw hides. Tanning then generates unavoidable waste, associated with trimming the edges of the hides (“trimming”) or preparing the internal surface of the hide (“fleshing”) to achieve the desired mechanical properties and touch.

In 2023, an initial mapping of production waste was carried out at each tannery in order to accurately quantify the losses during the manufacture of leather and with a view to pooling in the most virtuous sectors. At the division’s sites, most of the waste is non-hazardous (over 90%). The source of non-hazardous waste produced by the leather sector in France is estimated at 37,000 tonnes/year according to a study by the CTC in 2023, which is relatively low compared to other sources of waste (elements of comparison in France: used textiles = 700,000 tonnes, wood energy = 3,500,000 tonnes). This explains the lack of recovery channels in France, especially as the sources are fragmented around the country.

The tanneries are therefore constantly seeking new reuse channels and are active participants in the think tanks that are brought together at Hermès to discuss leather waste, and in the work done by the Centre Technique du Cuir (CTC). The Tannery division is also studying the retrieval and recovery of leather scraps from tanning with various partners.

The treatment of the hides in successive baths also produces effluents which are treated in the sites' treatment plants. This water treatment generates sludge, the management of which is strictly regulated in the geographical areas where the Group operates its tanneries (European Union). In the Tanneries division, this sludge represents 43% of the non-hazardous waste generated.

The continuous improvement in the performance of effluent treatment systems led to an increase of 11% in the production of sludge, which is sent to specialised treatment centres. Ways are being studied to improve sludge drying and thus open up new recycling options.

At-source sorting of waste streams is in place on sites and 100% of the waste produced is evacuated to approved channels. On-site waste storage is optimised to prevent any pollution risk (sheltered storage areas, retention basins, etc.) and regular awareness-raising initiatives focusing on sorting and the layout of work areas are carried out among employees.

#### **Farms / 0.2% decrease in waste production in 2023 compared to 2022**

The amount of waste generated on farms remained constant in 2023 (-0.2%) in a context of growth in activity at the new Australian farm and the end of the associated works. Hide inspection activities also produce waste, mainly non-hazardous waste (95% of annual production) and is composed of operating waste (animal by-products, sludge from effluent filtration systems, wood or cardboard) as well as waste from the renovation of facilities (inert waste, plastics or ferrous scrap metal) and household waste. The salt used in the salting of raw hides is considered hazardous industrial waste (under the regulations in force in the States in which the hide processing and inspection facilities are located) and makes up almost all the hazardous industrial waste generated by the division. In order to avoid any pollution, this waste is stored in covered and retention areas. They are then evacuated to approved local treatment channels.

#### **Textile / 5.5% increase in waste production in 2023, 20% reduction in waste generated per unit produced**

The waste produced on the division's sites increased by 5.5% in 2023 in a context of strong growth in activity: expressed in intensity, this represents a reduction of 20% in waste generated per unit produced.

This result is due to specific monitoring by site, the implementation of indicators, regular discussions with the teams and the implementation of supporting actions.

The total weight of hazardous industrial waste remained stable, while dye waste, which represents 50% of the total volume of hazardous industrial waste, decreased slightly for the first year since 2020. The volume of non-hazardous waste increased by 11.8%: 98% of this non-hazardous waste is recycled, composted or recovered.

Some 72% of all the waste from the Textile division's direct production was recovered, mainly as energy; 22.6% was sorted and recycled, 4.8% followed another treatment method (mainly composting) and only 0.6% was incinerated or buried. Thus, only specific waste is disposed of in this way, such as IHCW<sup>(1)</sup> or part of the waste from isolated sites where there is currently no alternative treatment.

Through monthly meetings involving the sites as well as the service provider, the sector ensures that recycling and recovery solutions are systematically favoured. Each new flow is validated.

Each site implements local adjustments to reduce the waste emitted; for example, the AEI site has changed the packaging machine films from 110 microns to 85 microns, enabling a reduction of 23% in plastic consumed; the ATBC site is working to reduce its cardboard and plastic waste by returning the thread cones to suppliers for reuse and working with their partners on packaging optimisation, with an estimated saving of five tonnes of waste.

At the same time, the Textile division is carrying out in-depth projects to significantly reduce the volume of waste emitted. Ateliers AS and SIEGL have developed a system for holding textile parts using a reusable adhesive film to replace glue. This system avoided the consumption of 2.6 tonnes of glue while production increased.

In order to preserve and use our materials as efficiently as possible, the sector has implemented a major textile offcut recycling project. This project aims to recycle more than 50% of offcuts of natural materials by 2024. Over the reference period, 17 tonnes of textiles were sent for recycling, which represents 22% fewer offcuts compared to the previous year. Significant investments and resources have been mobilised to deal with this issue: a new workshop has been set up including a specific cutting machine and the sustainable development project manager, who joined the sector in March 2023, dedicates 60% of her time to this.

An exceptional sludge dredging operation was carried out on the ITH site in 2023 to preserve rainwater runoff around the site. 461 tonnes of sludge were disposed of as non-hazardous waste. They were not included in the total waste generated by the site.

1. *Infected healthcare waste.*



**Crystal manufacturing / 14% reduction in waste production in 2023 compared to 2022**

The Cristalleries Saint-Louis is developing a waste sorting, treatment and recovery policy adapted to the environmental and economic issues. It is coordinated around the following major axes:

- ◆ reduce the amount and harmfulness of waste produced;
- ◆ prioritise the recovery of products whenever possible;
- ◆ choose sustainable treatment channels adapted to the products;
- ◆ commit to a green economy that is more respectful of people and their environment.

In 2023, the overall quantity of waste produced on the site decreased by 14%. This reduction is the result of the efforts implemented by the production unit's proactive waste sorting, treatment and recovery policy, as well as being linked to a significant quantity of waste produced the previous year due to the renewal of the gas melting furnace and associated construction work, which generated a greater quantity of waste during the financial year.

The crystal manufacturing plant is also committed to a circular approach, with a rate of cullet (production waste) reuse reaching on average 63% of the share of the raw material composition over the last financial year compared to 57.6% in 2022. This performance has a dual advantage: recovering production waste and reducing the quantities of raw materials used in the composition of the crystal.

**Leather / 19% increase in waste production in 2023 compared to 2022<sup>(4)</sup>**

At constant scope, the quantity of waste generated decreased by 4% compared to 2022. The increase in the amount of waste generated in 2023 is linked to the increase in the number of Leather Goods workshops.

The proportion of non-hazardous waste recycled and recovered for energy out of the total tonnage generated by the Leather Goods division was 81% in 2023. Household waste represents 59% of the total. Composting facilities have been set up at certain leather goods workshops to recover organic waste and avoid its transportation. The other main sources of non-hazardous waste are cardboard (12%) and wood (5%).

The leather goods activity generates little hazardous industrial waste: 8% of the total annual tonnage of waste in 2023. Most of this deposit consists of packaging, glues and dyes used in the manufacture of

leather goods. 90% of all hazardous industrial waste is recycled or recovered.

Leather scraps, parts not used in the production unit's "cutting" activity, are sold to specialised channels, sorted and reused, both internally (§ 2.4.1.6) and externally. These by-products from activity are not included as "waste" in this report.

The division also takes part, in the context of the recovery of production waste, in working groups on the reuse, recycling and recovery of its waste within Hermès, as well as in the work carried out by the Centre technique du cuir (CTC – Leather Technical Centre) and other actors.

2

**2.5.6 CONTROL OF POLLUTION RISKS**

The policies conducted by Hermès in terms of prevention and the fight against pollution aim, based on a study of risks, to control them and limit their impact on the environment, whether on soil, air or water. Hermès assumes all its responsibilities as a company that places goods on markets, to ensure the regulatory compliance of all products sold, in all countries where it operates, in particular in terms of chemical risk management.

**2.5.6.1 EFFICIENT SOLUTIONS FOR WASTE MANAGEMENT**

Hermès is committed to going beyond current regulations to reduce the use of hazardous substances. Most sites are subject to European regulations, which are some of the strictest in the world. The House's internal requirements, for its own operations and for supplier specifications, nevertheless impose limits that may be even more stringent.

**Water discharges**

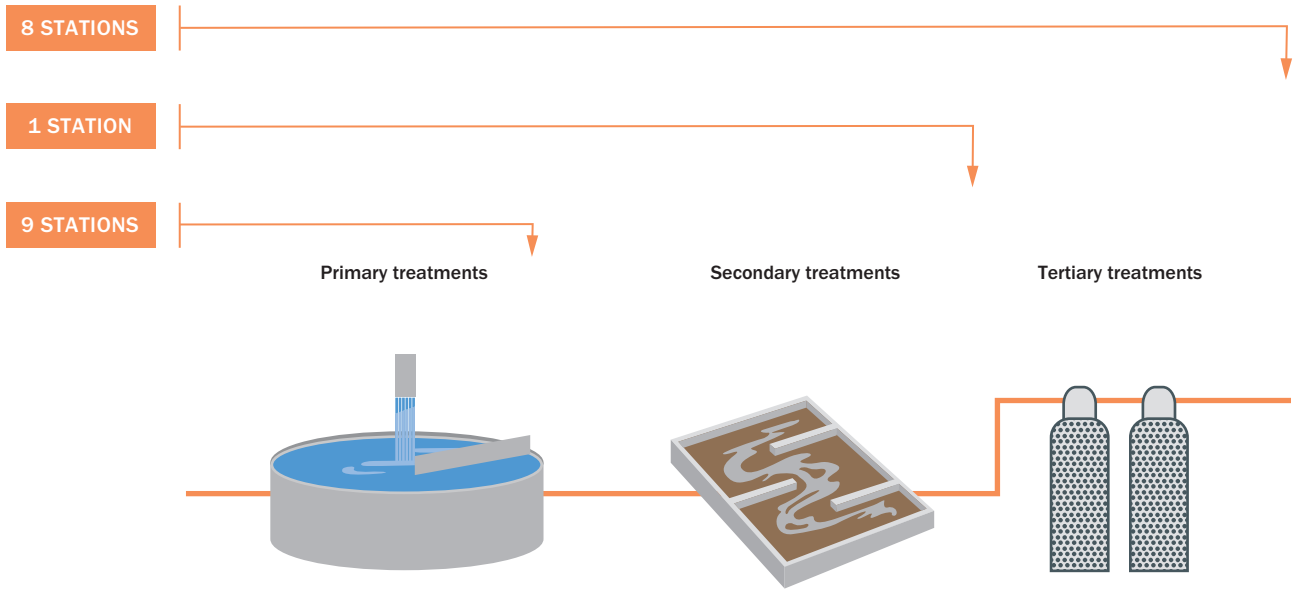
18 manufacturing sites (representing 77% of water abstraction) have their own wastewater treatment plants, including filter gardens. 78% of industrial water discharges (423,107 m<sup>3</sup>) were treated on site by these plants, with the most appropriate technologies for the substances discharged in accordance with the limits imposed by the environmental authorities, almost exclusively in France. 7% of industrial water discharges are composed of water from washrooms. The rest of the wastewater discharged is sent to municipal treatment plants.

<b>WATER DISCHARGES</b> <i>in megalitres</i>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Change 2022/2023</b>
Manufacturing sites	529.0	591.8	543.3	-8.2%
Farms	4,523.4	4,231.0	4,204.5	-0.6%
<b>TOTAL</b>	<b>5,052.5</b>	<b>4,822.8</b>	<b>4,747.8</b>	<b>-1.6%</b>

1. For comparison purposes, the waste production of the Leather logistics site located in the Lyon region is not included in the indicators in this paragraph but is included in the Group's overall waste production.

Breakdown of the highest level of treatment of the plants at manufacturing sites:

- ◆ primary treatment (primary physico-chemical treatment – flocculation, settling, formation of primary sludge): nine plants;
- ◆ secondary treatment (biological treatment – bacteria): one plant;
- ◆ tertiary treatment (with, for example, microfiltration, ultrafiltration, nanofiltration, reverse osmosis, filtration on granular media, infiltration-percolation, targeted treatment – nitrogen, chlorine disinfection, ozone, UV, dephosphatation, activated carbon): eight plants including one temporary prior to construction of the permanent plant.



Depending on the activity, regulations and agreements signed with the operators of municipal wastewater treatment plants, the manufacturing sites monitor various parameters such as temperature, pH, suspended solids, biochemical oxygen demand for five days (BOD5), chemical oxygen demand (COD), phenol index, organohalogen compounds (AOX), concentrations of nitrogen (N), phosphorous (P), nitrites (NO<sub>2</sub>), nitrates (NO<sub>3</sub>), ammonia (NH<sub>3</sub>), ammonium (NH<sub>4</sub>), and heavy metals.

At these sites, chemical oxygen demand (COD) is one of the water quality parameters measured. In 2023, 362 tonnes of oxidisable substances measured by COD were released (395 tonnes in 2022), of which a very large quantity will be treated by downstream municipal stations. New indicators and targets will be put in place by 2025 for the quality of discharged effluents, in line with the expectations in terms of reducing the “freshwater pollution” pressure that Hermès takes into account through the use of the SBTN method (§ 2.4.3).

As stipulated in § 2.5.1.4, no site has been subject to a formal notice relating to water quality.

**DESTINATION OF WATER DISCHARGES FROM FARMS AND MANUFACTURING SITES** in megalitres

	2021	2022	2023	Breakdown	Change 2022/2023
Water discharged on the surface (marshes, rivers, lakes, etc.)	4,464.0	3,818.4	3,332.3	70.2%	-13%
Water discharged to a third party	588.5	484.1	447.7	9.4%	-8%
Water used for irrigation	-	520.3	967.8	20.4%	+86%
<b>TOTAL</b>	<b>5,052.5</b>	<b>4,822.8</b>	<b>4,747.8</b>	<b>100%</b>	<b>-2%</b>

**Atmospheric emissions excluding greenhouse gases**

Air emissions from manufacturing sites are related to the operation of furnaces, boilers, surface treatment activities, dry degreasing activities, spray booths, as well as the use of solvent-based products (adhesives, chemical printing pastes, etc.). Verifications of emissions from such equipment, as identified in the prefectural orders or site permits, are performed in accordance with the applicable regulations.

The solvent management plans are regularly updated and sent to the authorities.

Depending on the activity and regulations, industrial sites monitor various parameters such as emissions of volatile organic compounds (VOCs), sulphur oxides (SOx), nitrogen oxides (NOx), hydrochloric acid (HCl), heavy metals, dust and cyanides, total acidity, total alkalinity.

## Tanneries

The quality of effluent discharges is central to sites' environmental concerns. Each tannery is equipped with an effluent treatment station and verifies that its industrial emissions comply with the applicable regulations. These points are systematically reviewed and audited as part of LWG certifications. Regulatory inspection reports, as well as improvement projects, are submitted to the local authorities on a regular basis. As a reminder, the tanneries are solely located in France (six sites) and Italy (one site), and their stringent regulations are subject to frequent controls. In accordance with these regulations, the Group monitors, among other measures, the biological and chemical oxygen demands of its discharged water and ensures that they do not exceed the thresholds set by its prefectural orders. **To date, 100% of our water is treated internally** and 98% of this water enters the municipal network for a further treatment in the municipal stations.

Among our sites, the Vivoin tannery has one of the Group's most advanced water treatment levels, with primary, secondary and tertiary water treatments enabling the achievement of COD levels well below the very strict discharge limit. This performance is achieved thanks to an ultrafiltration unit and two activated carbon filters. The Cuneo tannery and the Tanneries du Puy are also equipped with primary, secondary and tertiary treatments, and the others have a sufficient level of primary physico-chemical treatment to ensure the compliance of discharges. It is also planned that the quaternary treatment of the discharges of the Tanneries du Puy will be operational by 2028 in order to achieve the water quality necessary for its reuse in production.

Between 2020 and 2023, more than €12 million was dedicated exclusively to projects to improve the quality of water discharged.

In addition to simple regulatory compliance, the division's tanneries are working to further improve the quality of waste in order to develop solutions for the reuse of water for washing and production.

A pilot reverse osmosis unit was tested during the year at the Montereau tannery, as was the reuse of the concentrate from the evapo-concentrator.

At the end of 2023, the Vivoin tannery also began trials by directly recovering water from their treatment plant in order to measure the impact on the quality of the leathers.

The Annonay tannery is studying the possibility of reusing water directly from the municipal WWTP located downstream of the tannery.

The Cuneo tannery already reuses rainwater for maintenance and cleaning purposes thanks to retention basins installed on the roofs, thus enabling water savings of 15%. The implementation of a similar solution is also planned at the Montereau tannery.

Numerous studies and optimisation projects for tannery waste management facilities are thus carried out annually. The amount of this work represented an investment of around €10 million in 2023, a sharp increase due to the start of work on the Tanneries du Puy WWTP.

Air emissions at the division's tanneries result primarily from the operation of the boilers, the dry degreasing activity and the finishing booths. Verifications of such equipment, as identified in the prefectural orders or site permits, are performed in accordance with the applicable regulations. The solvent management plans are sent to the authorities and the consumption of VOCs per hide is audited and is subject to a performance assessment as part of the LWG certifications.

## Farms

In Australia, 32% of water discharged from animal farming is reused through irrigation projects after filtering. All of the agricultural water discharged by one of the farms is notably reused to irrigate sandalwood in collaboration with Hermès Perfume and Beauty in order to harvest the essence of the wood in a circular manner within a few years, as a raw material for their formulation.

Irrigation systems are also set up on other farms to produce fodder for local farmers or to irrigate sugar cane plantations on neighbouring agriculture farms in an industrial ecology scheme.

These projects are a priority area of work as part of the water strategy rolled out by the Farms division.

A study is also underway on the American farm to map uses, characterise the water resources and identify relevant planting/irrigation projects for the breeding and tanning activity.

For all tanneries and farms, the compliance of water discharges is checked at a frequency adapted to the monitored parameters and regulations: half-yearly, quarterly, daily or continuous measurements. Most of these parameters are measured at a higher frequency than that required by the authorities. The control samples are analysed on site or in approved external laboratories. The results of internal analyses are compared once or twice a year with those obtained by an independent and certified laboratory. In the event of a deviation from regulatory requirements, precautionary measures are immediately taken and actions are implemented to return within the defined parameters. All information is quickly transmitted to the authorities as well as to the managers of the wastewater treatment plants in urban areas, most of the time using dedicated IT platforms.

## Textile

The three sites of the Textile division, which account for 98% of water discharges, are subject to daily self-monitoring of effluents. To ensure the reliability of these data, audit and calibration plans are regularly implemented.

The AEI and Ateliers AS sites, whose effluents are treated by the municipal WWTP, are gradually being equipped with physical and physico-chemical pre-treatment plants that will improve the quality of the water discharged, while incorporating the possibility of reusing manufacturing water in the process. For example, the chemical oxygen demand (COD) will be halved at Ateliers AS and reduced seven-fold at AEI, where the objective is to discharge to the municipal WWTP water whose quality would meet the levels required for discharge into the natural environment. For Ateliers AS, the building permit was filed in December 2021 and the facility will be operational in 2024. The AEI site is in the consultation phase.

On the SIEGL site, the new high-performance WWTP, whose construction began in 2018, is equipped with secondary biological treatments as well as tertiary treatments by membrane filtration and activated carbon. The WWTP is operational and the results are in line with expectations, with COD and BOD5 concentrations below the threshold set by prefectural decree (150 mg/l). The site is beginning the final phase of this WWTP relating to the stabilisation and reuse of wastewater, whose rates reached an average of 23% in 2023, with peaks of 45%.

#### Crystal manufacturing

The Saint Louis crystal manufacture adopts the same rigorous treatment of its discharges and effluents for the excellence of its production. As such, the processes are continuously improved and optimised upstream to:

- ◆ reduce the quantity of discharges induced by the activity;
- ◆ reduce the concentration of any pollutants as much as possible in the waste;
- ◆ guarantee the harmlessness of waste coming out of treatment cycles.

In line with the decrease in water consumption in 2023, the total volumes of water discharged by the site were also down by 2% over the same period. The water discharged comes from acid effluent neutralisation plants, treatment plants by settling for suspended solids and a plant and mineral treatment for all flows, described below:

The Cristalleries Saint-Louis have implemented an innovative water purification solution based on nature and use the technique of phyto-restoration to treat part of the water discharged, a technique more respectful of the environment which avoids the use of physico-chemical treatment techniques (§ 2.5.3.1.1). Requiring no input of energy or chemicals, the “Jardins de Saint-Louis” provide optimal water purification and their performance is superior to that of a traditional physico-chemical installation. This solution is based on a triple device of filtering basins:

- ◆ plant filters, reeds of the phragmites family, planted in peat, can trap suspended matter and nitrogenous pollution;
- ◆ mineral filters, surrounded by perennial herbaceous plants (miscanthus) then trap the soluble metal compounds by drainage;
- ◆ finally, plantations of endemic species complete the device and integrate it into the landscape.

The environmental monitoring of the quality of these discharges after treatment demonstrates its effectiveness: no deviation has been observed from the reference data and the qualitative and quantitative thresholds.

#### Leather

The Leather Goods workshops mainly use manual manufacturing processes that do not require water. The only wastewater discharge concerns water used for washrooms, which does not require on-site treatment and in most cases is directed to public wastewater collection networks. However, the Nontron and Sormonne Leather Goods workshops have a wastewater treatment facility that operates using the principle of phytoremediation.

None of the Leather division’s sites received an administrative formal notice for reasons of non-compliance of wastewater discharges.

#### Manufacture de Métaux

As part of its commitments to preserve the environment and comply with regulations in force, Hermès Manufacture de Métaux implements measures aimed at significantly reducing its emissions into the environment, whether they are water or air emissions.

Concerning the management of discharges to water, the production units specialising in the surface treatment of metals are adopting an ambitious “zero discharge” policy. To this end, their sites are equipped with stations incorporating ion exchange resins and evapo-concentrators, which recycle water in a closed circuit.

With regard to atmospheric emissions, HMM’s electroplating factories comply with rigorous standards defined by prefectural decrees, thus limiting emissions into the air. To meet regulatory requirements, HMM has equipped its facilities with source capture systems.

### 2.5.6.2 CHEMICALS MANAGEMENT

#### 2.5.6.2.1 Compliance to restricted substances

##### General principles

Two main activities make it possible to respect Hermès’ commitment as a responsible company marketing products by guaranteeing their regulatory compliance, in all countries where the Group operates:

- ◆ regulatory monitoring is carried out by various players, *via* various actions and is coordinated by the industrial department:
  - coordination of the Colbert Committee’s “Chemical regulations” working group,
  - participation in the “Regulations” working group of Francéclat (Porcelain and Silversmith), the BJOP (Jewellery, Silversmith),
  - regulatory update at least once a year with the CTC (Leather), IFTH (Textiles), FPPP (Porcelain), BJOP (Jewellery, Silversmith), the Fédération du Verre et du Cristal, the Fédération Horlogère,
  - taking into account the monitoring prepared by a specialised service provider (Bureau Veritas) on certain products,
  - update twice a year (during the podiums), with all the House’s subsidiaries, on the regulatory changes relating to products in each country. Any incidents are dealt with in these meetings;
- ◆ product validation from a regulatory point of view, which is carried out at two levels:
  - the annual update of product specifications (CDC), which takes into account all the results of regulatory monitoring. These CDCs include compliance with the most stringent product regulations in the world (all countries to which Hermès exports products). It is generally the European regulations that are the most demanding, although this is not always the case,
  - all products are tested (internally and/or externally), in qualified laboratories, on the technical criteria and in accordance with the standards described in the product specifications.

**List of restricted substances**

Hermès Group has a single Restricted Substance List (RSL), which includes all substances that are or could be used in its products. For each substance, the most stringent regulations in the world are systematically adopted. The aim is to produce products that comply with regulations, regardless of the country in which they are sold.

The RSL is shared within the Colbert Committee working group. This list of substances is shared with our partners and suppliers but it is not public to preserve the confidentiality of certain exclusive processes. Such distribution would not be of great interest, since this list contains only public information, being a collation of national or federal regulations. For each substance, the name of the substance, its CAS number, the most stringent limit in the world and the laboratory control standard for the substance appear.

**Use of restricted substances**

The Group's list of substances, the permitted limits as well as the control standards, are common to the production units and apply to the suppliers. More specifically, product specifications (including this substance regulation) are shared with suppliers. The approval of products manufactured by suppliers follows exactly the same pattern as products manufactured by the Group. A good example is that of the tanneries: the Leather métier purchases hides from the Group's tanneries, but also some of its needs from external tanneries, with identical specifications regardless of the source.

Hermès has put in place preventive processes to restrict or prohibit certain substances, in particular by discussing and signing product specifications with suppliers, which contains all the regulations and technical requirements, as well as the corresponding control methods.

**Control of materials and products**

For its raw materials, Hermès adapts the frequency and type of controls according to the volumes concerned. For very limited volumes, control may be at the unit level, but it is carried out on a statistical basis for larger volumes. Depending on the nature of the materials, which can be technically very different (leathers, textiles, perfume essences, etc.), the volumes and the history of the quality results, a sampling and testing frequency is chosen by the quality department to ensure a maximum confidence level in the quality of incoming materials. In the event of a negative result, the goods are blocked and sampling and controls increased.

With regard to products (whether manufactured in-house or by suppliers), the Group procedure is exactly the same: the aim is to verify, with a maximum level of confidence, that the entity placing the goods on the market has fulfilled its responsibilities. Some of the House's products are subject to checks on every unit for certain characteristics considered critical. Others are checked on a regular basis and some are checked on a random basis. The great diversity of products (leather goods, textiles, porcelain, crystal, silversmith, jewellery, watches, ready-to-wear, perfumes, etc.) means that an

appropriate control scheme and the proper frequency must be defined for each product.

Hermès uses the services of both in-house and external laboratories for these checks. This decision is made according to the workload of the in-house laboratories as well as the nature of the measurements to be carried out.

In summary, the Group's generic procedure (SOP) is that no raw material or product is supplied without a specification being defined and accepted by the supplier, and without the raw material or the finished product having been tested according to these specifications.

**Supply chain compliance**

All raw materials purchased, like any products purchased, are subject, on the one hand, to specifications that are discussed and formally approved by the supplier and include all the regulations corresponding to the materials and/or products, and on the other hand, to technical validation including laboratory measurements. All deliveries (raw materials or products) are subject to appropriate quality control. Certain supplies (materials or products) are accompanied by an inspection certificate, the tests having been carried out by the supplier, when this provision is stipulated in the specifications. Tier 1 suppliers undertake to develop the same approach (formal specifications, control procedures, etc.) with their own suppliers (Tier 2).

In the event of non-compliance with the specifications for raw materials or products, the goods are blocked and, generally, a second verification check is launched. Hermès does not use non-compliant goods in its production. They are therefore returned for new manufacture or repair when technically possible.

**2.5.6.2.2 Management of risks related to the use of chemical products****General principles**

The Hermès craftsmanship model means that 55% of its objects are produced in-house, in exclusive workshops, 76% of which are located in France. The remaining 45% come from suppliers, the vast majority of which are located in France and Europe. Thus, of the top 50 direct suppliers (materials or products), 58% are located in France and 40% elsewhere in Europe.

For all sites located in France and Europe, labour legislation requires a chemical risk analysis and the implementation of measures to protect workers. In owned units, as well as those of suppliers, regular audits are carried out to verify that the analyses are properly carried out, and the means of protection are in place and used. The national regulator also imposes a limit on chemical substances released into the air, effluents and soil. In the House's own units, as well as those of suppliers, regular audits verify that each entity is fully aware of the regulations to which it is subject, that the necessary means to comply with them are in place, and that regular checks make it possible to ensure that these methods are working.

For the small number of suppliers further afield, for the majority of materials suppliers, regular audits are used to verify regulatory compliance, in terms of health and safety, as well as the environment. In the event that local legislation does not exist or is insufficient, Hermès helps its suppliers to adopt and comply with European standards.

### Implementation

The chemical risk management approach is based on legislation which, in France and in Europe, is generally hazard-based.

The regular and in-depth audits carried out by Hermès in all entities, as well as the appropriate frequency of product checks, ensure that any use of chemical substances banned by Reach-type regulations, for example in a French or European tannery, is immediately revealed.

The main tool for managing chemical risk is the product specification, which includes a list of restricted substances. An accurate and exhaustive reflection of the most demanding regulations worldwide, it lists all the requirements in terms of substances, the limits set, and the corresponding laboratory control methods. The procedure begins with the sharing of this document with the supplier (in-house or external), then follows a formal agreement from the supplier, and it is completed by an approval check of the first products delivered. During the “series life”, checks are carried out at an appropriate frequency.

The choice of chemical reduction and/or elimination projects is mainly based on an analysis of future regulatory changes. It is in this spirit that the Group conducts a very strict regulatory watch, both in France and abroad.

When a probable change in regulations is identified for a substance or a family of substances, an estimated decision schedule is drawn up in order to set out the work to be carried out and the timetable.

Hermès has set up a third-party certification target for each of its purchasing supply chains (more than 60 listed in the Supply chain brief), which also includes aspects related to the use of chemical products (§ 2.4.2).

In line with the commitments made by Hermès, the Tanneries division has also defined an LWG audit programme for its sites.

### Tanneries

Established in Europe (France and Italy), the Group’s tanneries meet the highest standards in terms of protecting the health of their employees, customers and the environment.

The Group’s approach is based in particular on the implementation of the European REACH regulation. It aims to control and protect human health and the environment against risks related to chemical substances by eliminating the most harmful substances and guaranteeing their absence in finished products above defined thresholds.

When standards outside the EU are even more demanding, they are adopted by the Tannery division. This is the case, for example, for

formaldehyde, whose standard is set at 100 ppm in Europe, and at 75 ppm in China: it is the latter standard that the Group has adopted.

Overall, the Group is constantly investigating scientific and regulatory developments in order to adapt the products it uses throughout the hide tanning process. It has thus replaced CMR products (carcinogenic, mutagenic and reprotoxic) and does not accept any new CMR substances. The few CMR substances still used are in minute proportions, strictly controlled and supervised in order to guarantee the safety of the teams throughout the production process.

As the management of chemical products is a major issue for its activity, Hermès Cuir précieux joined the ZDHC (Zero Discharge of Hazardous Chemicals) initiative in August 2021. The ZDHC Roadmap to Zero Programme aims to implement best practices in terms of the use of hazardous substances and the quality of wastewater discharges in tanneries. The implementation of the ZDHC protocol in the division’s tanneries began in 2021 and continued in 2022 with the support of an internal laboratory to ensure the safety of the leathers placed on the market and the quality of incoming products, in accordance with related regulations.

This is reflected, for example, in the implementation of a Manufacturing Restricted Substances List (MRS�), including during production, and guarantees by product formulators that their chemical products do not contain these substances. As part of the LWG certifications of the tanneries, the Group has mapped its level of achievement of the MRS� and is now aiming for 100% compliance.

The Group also relies on the savoir-faire of its suppliers, who themselves usually benefit from the recognition of reference labels (such as the EcoVadis gold rating, for example).

## 2.5.7 CLIMATE CHANGE

Global warming, its impact on biodiversity and the industrialisation of raw materials are areas of concern, which we address through our climate strategy, our concrete initiatives in terms of responsible supply chains and our policies to preserve natural resources.

Thanks to its craftsmanship model and a production mainly in France, Hermès is today one of the lowest carbon emitters among CAC 40 companies. Nevertheless, taking all the necessary measures to combat climate change, the Group has stepped up all actions aimed at reducing the Group’s footprint since 2020. Hermès has developed a climate transition plan which is available on the Hermès Finance website <sup>(1)</sup>. The Executive Committee thus updated and validated the Group’s strategy with ambitious objectives founded in science, through its membership of the Science-Based Targets initiative (SBTi) in order to achieve zero net emissions by 2050. SBTi validated the emission reduction targets for scopes 1, 2 and 3 at the end of 2021, thus recognising Hermès’ commitment to the fight against climate change and its commitment to reducing its direct and indirect emissions, helping to limit global warming to 1.5°C by 2100, in accordance with the Paris Agreement.

1. [https://assets-finance.hermes.com/s3fs-public/node/pdf\\_file/2023-07/1690390732/hermes-climate-transition-plan-july-2023-ven.pdf](https://assets-finance.hermes.com/s3fs-public/node/pdf_file/2023-07/1690390732/hermes-climate-transition-plan-july-2023-ven.pdf)

Hermès' policy in this area is implemented as a priority on the most significant issues. Practical measures to substitute fossil fuels used, and reduce its energy consumption and carbon footprint across all scopes. The control of greenhouse gas (GHG) emissions is achieved through direct reduction actions throughout the value chain, as well as outside Hermès' sphere of influence through financing of projects with positive impacts, including for the fight against global warming.

### Objectives:

- ◆ implement a policy of 100% renewable electricity within its own operations by 2025 and 100% renewable energies by 2030;
- ◆ achieve the phase out fossil fuels at manufacturing sites;
- ◆ reduce absolute value by 50.4% for scopes 1 and 2 emissions over the period 2018 to 2030;
- ◆ reduce relative value by 58.1% for scope 3 emissions over the period 2018 to 2030 – this objective means involving the supply chain in the process, as well as suppliers and partners;
- ◆ reduce the carbon footprint by 50% per m<sup>2</sup> of real estate space built or renovated by 2030, compared with 2018;
- ◆ achieve net zero emissions by 2050.

In addition, Hermès is attentive to the transparency and consistency of its policy with that of the sector by presenting its actions according to the framework recommended by the TCFD (Taskforce on Climate-related Financial Disclosures, § 2.7.2.2.2), responding the CDP climate questionnaire (on which it received an A rating in 2023) and participating in market initiatives such as the UNFCCC (United Nations Fashion Industry Charter for Climate Action).

## POLICY

The Group's policy is to make a resolute commitment to a low-carbon world with quantified targets set out in a timetable. This policy is reflected in its climate transition plan. It is broken down into several areas such as measuring the impacts of its activities on all scopes 1, 2 and 3, taking priority actions to reduce emissions in the various categories where the Group can act, and then implementing offsetting initiatives.

It also incorporates a forward-looking vision through an analysis of risks related to climate change that bear on its operations and business model (physical and transition risks) using scientifically recognised scenarios including those of the IPCC (SSP1-1.9, SSP1-2.6, SSP2-4.5, SSP3-7.0, SSP5-8.5).

The new CSR governance structure established at the end of 2022 (§ 2.1.6) places the supervision of the Group's climate policy directly at the heart of the Executive Committee's responsibilities.

## INTERNAL CARBON PRICE

As part of the operational implementation of the strategy to phase out fossil fuels, the Group has decided to set up an internal carbon price mechanism to strengthen decisions favourable to the energy transition. This price was calculated on the basis of internal simulations and compared to a CDP sector benchmark. Set since 2021 at €40 per tonne of CO<sub>2</sub> equivalent, it may change according to economic conditions and its revaluation is subject to the assessment of the Sustainable Development Board. It is currently used in notional form for the calculations of comparisons of industrial investments (scopes 1 and 2), real estate investments (scopes 1, 2 and 3), as well as for new transportation contracts (scope 3). More specifically, this carbon price makes it possible to "put a cost" on the negative climate externalities generated by certain industrial investments, and promotes the adoption of less emissive solutions. For example, the adoption by one of the Group's tanneries of a solution for drying hides based on using a heat pump, rather than gas, was allowed by re-weighting the actual cost, including environmental externalities, for the second option.

## MEASURES IMPLEMENTED AND RESULTS

As illustrated above (§ 2.5.1), the House has taken various measures to reduce the use of energy in its various activities, and to use renewable energies as much as possible. The programme "Phase out fossil fuels at manufacturing sites" carried out across all Hermès Group divisions is an illustration of the measures undertaken.

Hermès is working to achieve long-term change and is investing in the future to implement technical and/or organisational solutions that will make it possible to significantly reduce our energy consumption and in a sustainable manner. All métiers are therefore working on a plan to reduce their consumption and change their energy mix, which confirms our SBTi trajectories.

### 2.5.7.1 STUDYING RISKS AND ACTING TO REDUCE THEIR IMPACT

Hermès is striving to reduce the impact of its activities on the climate, and the House is examining potential adaptations to its value chain (internal, external) in order to reduce its exposure to the effects of climate change. Depending on the regions and métiers concerned, the latter will have different impacts on Hermès' activity, through:

- ◆ the physical consequences of climate change (extreme climate events, increase in temperatures, increased or decreased rainfall, etc.);
- ◆ the impacts of measures taken for the transition towards a low-carbon world, in particular the fastest measures (transition risks: carbon tax, regulatory changes, client behaviour, etc.).

The impacts will depend on the extent and severity of these changes, in the same way as the various factors such as location, sensitivity of the upstream supply chain, the quality and capacity of local infrastructures and, more generally, the behaviour of the other players in the Hermès Group's ecosystem.

Hermès has based its approach to adapting to climate change on the identification of risks and the assessment of their relevance in order to define action plans within each métier, with the assistance of a consulting firm and the use of authoritative tools.

This project, coordinated by the industrial affairs and direct purchasing departments, has involved around 20 high-level executives from the Company since 2020, in order to have both a precise vision of the issues at stake, and facilitate the subsequent implementation of measures that could result from these analyses.

The exposure to transition risk is studied both by the audit and risk management department in its vertical analysis of the House's main activities (production métiers, retail subsidiaries), by the industrial, direct purchasing and sustainable development departments and by the Sustainable Development Committee, with a more transverse vision that covers the main issues (water, climate, etc.).

In its responses to the CDP Climate questionnaire, Hermès details several examples of identified risks and opportunities related to climate change, which are listed below. The analyses are conducted along three time horizons (within three years, within five years, and within 25 years).

A risk of a carbon tax at borders could, for example, weigh on Hermès' transportation of goods or raw materials. According to the information in the 2023 World Bank report on the state of and trends in carbon pricing and the opinions of experts on its implications for French companies by 2050, this estimated price would be between €50 and €250 per tonne of CO<sub>2</sub> equivalent, according to the scenarios by 2050. Reducing the impact of this risk involves decarbonisation of supply chains and the promotion of less carbon-intensive modes of transportation, such as rail and maritime transportation.

The physical risks related to climate change could impact the production sectors for raw materials, such as Brazilian silk or European leather.

Heat waves, increased temperatures and droughts can impact the health of silkworms and silk production in Brazil. The consequences are already visible: a drought in 2020 resulted in a two-month delay in silk production. If climate change were to perpetuate these annual droughts, the consequences for Hermès could include production delays of a similar duration. To strengthen the resilience of this sector, Hermès is already providing financial support to its partner in Brazil for its work in adapting to climate change. The Group has also anticipated the subject to reduce the potential impact of this risk by setting up a buffer inventory of silk.

These climate risks can also have an impact on leather production in Europe and lead to an increase in animal mortality or a reduction in the quality of the leather. In order to prevent the risk of animal transportation bans during periods of high temperatures, Hermès optimises its use of raw materials, in particular for calves, and has established back-up reserves of hides in its own operations.

In terms of opportunities, the decarbonisation work at Hermès' sites, as well as the care taken in new buildings, are a source of energy savings for the Group, in a context of pressure on energy supplies. For example, for the latest Leather Goods workshops in Louviers and Sormonne, which hold the E4C2 label, the energy savings are significant in comparison with the energy consumption of similar manufacturing sites, for the entire period of use of the buildings. In Louviers, the site's energy consumption savings are greater than €1 million over a 15-year lifespan.

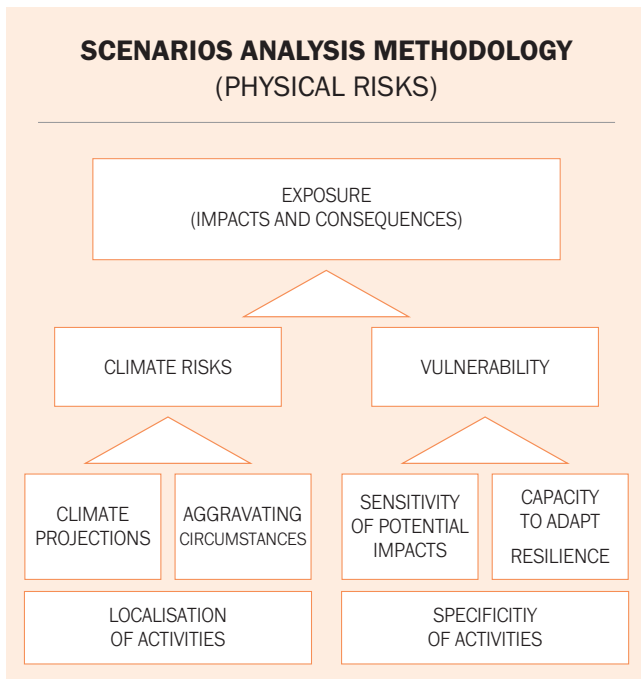
The repair service, available to Hermès customers worldwide, offers the possibility of extending the life of Hermès objects, thus limiting the carbon footprint over an extended life cycle. This is made possible thanks to the attention paid to reparability from the design stage, as well as to the craftsmanship techniques. As a reminder, in 2023, craftspeople repaired 202,000 products.

An analysis of the physical risks related to climate change was carried out on two of the House's emblematic value chains, from the sourcing of materials to the stores: leather and textiles. Eight scenarios were selected to test the resilience of these value chains. These scenarios were developed taking macroeconomic studies into account as well as industry analyses:

- ◆ six direct impact scenarios were developed for the supply of raw materials for the sectors studied: exotic leathers, cowhide, cashmere and silk. They combine various predictable impacts on the supply of raw materials and on the production of products: droughts, rising temperatures, heat waves, rain and hurricanes. They make it possible to identify existing capacities for adaptation and those that Hermès could strengthen, region by region: South America (silk); Louisiana, Australia, Africa (precious leathers); Mongolia (cashmere); Europe (manufacturing sites);
- ◆ two systemic scenarios of direct and indirect impacts on Hermès' global business were examined, modelling a succession of extreme events in France or modelling a global health and food crisis to test the resilience of the upstream and downstream logistics chains, production and product distribution. They are built on the basis of systemic failures of support functions and/or external service providers outside Hermès' métiers. They combine original hazards that are difficult to predict but have a major and systemic impact on entire regions, such as the "black swan". These scenarios make it possible to identify potential weaknesses in Hermès' value chain and enable stakeholders to be included in the consideration of the impacts of climate change. For example: implementation of operational business continuity plans, monitoring of certain signals to be put in place to anticipate these hazards and deal with them when planning ahead is not possible.



ILLUSTRATION OF THE METHODOLOGY USED FOR THE PHYSICAL RISK ANALYSIS



In each of these pessimistic scenarios, the risks likely to materialise are taken from the study of global IPCC projection data (for a period of 10 to 15 years) or regional data, for example from the European Environment Agency (20 to 30 year horizon). Each scenario describes the potential impacts of major importance for Hermès, the triggering risks and their evolution in the short, medium or long term depending on the geographical area studied. Materiality grids, classifying impacts according to their likelihood and potential impacts, make it possible to rank the issues identified. The conclusions of these risk studies are then taken into account and integrated into the métiers' action plans.

In 2023, Hermès continued to roll out the assessment of its activity's exposure to climate risks. As a reminder, an analysis of water-related climate risks (droughts, floods, water stress, etc.) was carried out by WWF France in 2021. The partnership continued this year, to conduct in-depth audits. Each audit enabled us to better understand the risks and to create a specific action plan. Hermès is ready to help its suppliers if they need to adapt to physical risks (technical, material and financial support, as needed).

The Hermès Group Services teams and the Hermès International real estate department reviewed the risk analysis previously carried out in the sectors. The two departments have deepened the analysis of the resilience of the sites by undertaking an analysis of the physical risks to which all sites located in France may be exposed. This analysis is

being presented to the management of the various sites so that appropriate resilience plans can be developed.

An analysis of transition risks was carried out in 2023 by the industrial and direct purchasing departments, with the help of an expert firm, in order to anticipate changes in Hermès' upstream value chain and the impacts on activity. It makes it possible to use different transition and climate change scenarios to test the business model, in order to identify the axes and levers of resilience in the face of identified vulnerabilities and to devise the initial solutions, which can be adapted as short, medium and long-term operating strategies for each activity impacted. The study identified paths of resilience for Hermès, in order to secure its supplies for several strategic resources to 2050. It comprises:

- ◆ a diagnostic to assess the availability of six of Hermès' strategic resources, leather and textile materials, under contrasting decarbonisation and +2°C warming scenarios;
- ◆ a strategy and initial action plans to establish low-carbon and resilient models for the production of these resources and the implementation of complementary and sustainable alternative sectors.

The availability of high-quality climate scenarios is an issue for these transition risk studies. Hermès is therefore also committed to a collaborative strategic foresight approach that brings together more than 15 large companies and organisations from various sectors, as well as research institutions (UGA, Cirad, EM Lyon, University of Paris, ESCP Europe, University of Georgetown). This project is called the IF Initiative (formerly IRIS).

Coordinated by an expert firm (Carbone 4), the work carried out by this group of players aims to:

- ◆ build shared, enforceable and rigorous tools (forward-looking scenarios) and methods that enable companies to design strategies based on "physically" realistic transformations and collectively anticipate the disruptions caused by the confrontation with planetary limits (resources, climate);
- ◆ develop a "methodological grammar" with companies in order to structure and facilitate discussions with their stakeholders on forward-looking subjects such as the future of mobility under the constraints of resource supplies, or changes in lifestyles.

All conclusions will be freely accessible (open source) to ensure their wide distribution and use.

As a founding member of the initiative, Hermès will contribute in particular, alongside representatives of other companies and a group of experts, to the construction of scenarios (for example, the determination of assumptions). After a pre-project phase completed in 2022, work continued in 2023 and breaks down into three one-year stages.

### 2.5.7.2 REDUCING GREENHOUSE GAS EMISSIONS

Since 2013, the Group has been equipped with the tools needed to carry out an annual update of the overall assessment of greenhouse gas emissions from its production and distribution sites. This work is carried out with the help of an independent specialist firm, using the Bilan Carbone® (carbon assessment) method and the GHG Protocol. In compliance with the requirements of the applicable regulations (Article 75 of law 2010-788 of 12 July 2010), since December 2015 Hermès has published its carbon footprint in accordance with the method and scope indicated by the legislation in France (direct emissions generated by fixed and mobile sources, and indirect emissions associated with the consumption of electricity, heat or steam).

Hermès details its scopes 1, 2 and 3 greenhouse gas emissions in this report and on its Hermès Finance website for the scope required by law (Article L. 229-25 of the French Environmental Code).

#### 2.5.7.2.1 Greenhouse gas emissions assessment

The Group expanded and structured its climate action in 2021, with the following choices, approved by the Executive Committee.

Carbon reporting is fully aligned with the data detailed in the CDP (Carbon Disclosure Project), for which quantitative and qualitative information is public. The CDP questionnaire gives Hermès the opportunity to develop its climate actions in more detail.

Hermès has decided to report on all scope 3 categories, even if this requires working on the basis of estimates for certain items (several stores, for example), considering that the quest for completeness contributes to the transparency of the analysis. For certain categories of the GHG Protocol, calculations or estimates led to non-material amounts (threshold below 0.5% of the total). They do not give rise to any specific monitoring and are listed below as “not significant”, in accordance with the GHG Protocol methodology.

The results will be analysed according to the long-term objectives (target for 2030), compared to the baseline situation adopted by the Group for 2018 (first year of contribution to the CDP, published in 2019). This choice makes it possible to check that the course is

maintained, beyond the irregular short-term developments, which are inevitable given the changes to be implemented, which are not all linear and may require time.

Regarding scopes 1 and 2 (which represent 3.3% of the total), Hermès uses the so-called market-based approach, which consists of calculating the carbon footprint directly related to its energy purchases in each country considered, rather than using the average mix of countries. The information based on this other methodology is nevertheless communicated (“location-based”).

The Group has decided to continue its actions in terms of carbon offset, beyond its targets of 100% coverage of scopes 1 and 2, with an additional target of covering 100% of its transportation (internal and external) mainly through long-term investments in the Livelihoods fund.

In the following tables, the data is presented according to these principles. The figures for scopes 1 and 2 have been restated according to the market-based approach, to allow a fair comparison (see footnote (1)).

As part of the work carried out with the SBTi teams to validate the Group’s trajectory up to 2030, and during the review of the Group’s emissions summary by these experts, certain emission items were distributed differently between scopes 1, 2 and 3. These reclassifications were therefore made for the entire published period, from 2018 to 2021. This improvement in the quality of the analysis has a negligible impact on the data published to date (less than 4% for all 2020 emissions).

#### Uncertainties:

In 2023, 98% of emissions are assessed using a physical approach, i.e. Hermès converts physical data (km, kWh, kg, etc.) into emissions using physical emission factors (expressed in kg CO<sub>2</sub>eq/physical unit). These emission factors are either calculated precisely using internal data or taken from leading international standards. They are naturally subject to variation over time.

Furthermore, in this 2023 carbon footprint, nearly 7% of emissions reported in scope 3 came directly from suppliers and partners.

### GREENHOUSE GAS EMISSIONS ASSESSMENT

In k tonnes CO <sub>2</sub> eq	2018	2019	2020	2021	2022	2023	Like-for-like change/2022 <sup>1</sup>	Change/2018	2030 target
Scope 1	22.1	20.9	19.9	21.3	18	12.8	-	-	-
Scope 2 market-based	21.7	20.5	18.7	16.1	13.3	9.2	-	-	-
<b>Total scopes 1 and 2</b>	<b>43.7</b>	<b>41.4</b>	<b>38.5</b>	<b>37.4</b>	<b>31.3</b>	<b>22</b>	<b>-29.5%</b>	<b>-49.6%</b>	<b>-50.4%</b>
Scope 3	578.7	483.5	462.5	490.1	609.6	643.8	-	-	-
<b>TOTAL GROUP</b>	<b>622.4</b>	<b>524.9</b>	<b>501.0</b>	<b>527.5</b>	<b>640.9</b>	<b>665.8</b>	<b>1%</b>	<b>-</b>	<b>-</b>

(1) See the greenhouse gas emissions assessment table in the appendix to § 2.5.

1. Location-based scopes 1 and 2: 49.7 (2018), 48.5 (2019), 49.3 (2020), 56.2 (2021), 57.2 (2022), 53 (2023) in k tonnes CO<sub>2</sub>eq. Scope 2 location-based: 27.6 (2018), 27.6 (2019), 29.4 (2020), 35 (2021), 37.3 (2022), 34.9 (2023) in k tonnes CO<sub>2</sub>eq.

**INTENSITY**

In tonnes CO<sub>2</sub>eq/€m Gross Margin

	2018	2019	2020	2021	2022	2023	Like-for-like change/2022 <sup>1</sup>	Change/2018	2030 target
Scopes 1 and 2	10.5	8.7	8.8	5.8	3.8	2.3	-	-	-
Scope 3	138.6	101.8	105.7	77	74.2	66.3	-13.3%	-52.2%	-58.1%
<b>TOTAL GROUP</b>	<b>149.1</b>	<b>110.5</b>	<b>114.5</b>	<b>82.8</b>	<b>78</b>	<b>68.6</b>	-	-	-

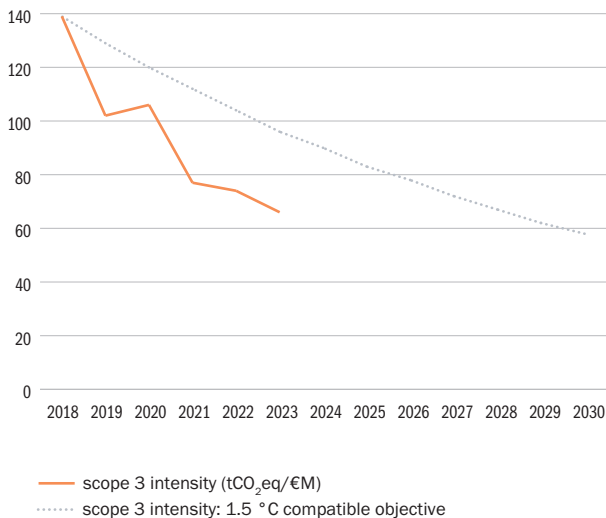
(1) See the greenhouse gas emissions assessment table in the appendix to § 2.5.

In tonnes of CO <sub>2</sub> eq/€m revenue	2018	2019	2020	2021	2022	2023
Scope 1	3.7	3.0	3.1	2.4	1.6	1.0
Scope 2 market-based	3.6	3.0	2.9	1.8	1.1	0.6
Total scopes 1 and 2 market-based	7.3	6.0	6.0	4.2	2.7	1.6
Scope 3	97.0	70.3	72.4	54.6	52.5	48.0
<b>TOTAL GROUP</b>	<b>104.3</b>	<b>76.3</b>	<b>78.4</b>	<b>58.7</b>	<b>55.2</b>	<b>49.6</b>

In 2023, the Group's GHG emissions were 666 k tonnes CO<sub>2</sub>eq (up 1% from the previous year on a like-for-like basis). With a decrease of -49.6% in absolute value of scopes 1 and 2 compared to 2018, and -52.2% of scope 3 in intensity, emissions were in line with the Group's 2030 targets validated by the SBTi.

The chart below illustrates the reduction trajectory of the intensity ratio of scope 3 emissions validated with SBTi (grey curve). The scope 3 intensity ratios recorded between 2018 and 2023, shown on the dark orange curve, demonstrate that the Group systematically managed to exceed the targets it had set itself as part of its emissions reduction trajectory. In 2023, the Group achieved 90% of its SBTi scope 3 reduction target.

**CHANGE IN THE INTENSITY TRAJECTORY OF THE GROUP'S SCOPE 3 EMISSIONS WITH REGARD TO THE TRAJECTORY VALIDATED BY SBTi**



**Analysis of the Group's overall GHG assessment**

The GHG emissions break down as follows:

- ◆ 22 k tonnes of CO<sub>2</sub>eq for scopes 1 and 2, i.e. direct and indirect emissions related to energy consumed by production sites, offices, logistics centres and stores. In understanding this figure, it should be recalled that the Company has a business model in which most objects are made in Hermès' in-house workshops, so it is representative of a very large part of production (which is rarely the case in the Fashion & Apparel industry, where production is generally subcontracted and therefore falls within scope 3). This figure is in line with Hermès' objectives validated by SBTi. With a reduction of 50% in four years, the Group is making progress in line with the 2030 target, and is continuing the necessary transformation effort for its industrial facilities, which will take several years to achieve;
- ◆ 643.8 k tonnes of CO<sub>2</sub>eq for scope 3, which essentially takes into account mainly the carbon footprint of raw materials (72% of scope 3) as well as all purchases, fixed assets, waste, subcontracting, packaging, transport of products and employee travel. Upstream and downstream transport (categories 4 and 9) represent 15% of the total scope 3. With a reduction in intensity of -52.2% in five years, the Group is also in line with its reduction targets for 2030.

These figures confirm the merits of a low-environmental-footprint French craftsmanship model: with a carbon intensity of 68.6 (all scopes), Hermès is ranked as one of the least carbon-intensive companies of the CAC 40, based on a full scope 3. The decoupling between activity growth and the Group's footprint is -52.2% over five years.

CHANGE IN GHG EMISSIONS ON THE VARIOUS SCOPES AND ITEMS OF THE GHG PROTOCOL SINCE 2018



(NB: Scopes 1 and 2 data in market-based)

**Analysis of the main carbon footprint items**

The diversity of the Hermès Group's activities means that the areas responsible for the highest scopes 1 and 2 emissions vary widely from one activity to another. Each métier has drawn up a plan addressing its own issues. The energy consumption figures provide a picture of the main contributing métiers.

The Greenhouse Gas Protocol (GHG Protocol) proposes determining the greenhouse gas emissions of scope 3 from 15 categories. Using the significant categories of the Hermès Group's activity as described in § 2.1 "Business model", the calculation of the scope 3 emissions is carried out each year with the help of a specialised consultant. It takes into account the most recent emission factors and technical definitions that are best adapted to the Hermès Group's specific needs. This approach is refined as progress is made in this area.



**-52%**  
**scope 3 carbon emissions in intensity between 2018 and 2023**

For Hermès, the main categories are as follows:

- ♦ raw materials used: all leathers, silks, cashmeres, other textiles, metals and precious stones, perfume ingredients (category [1]);
- ♦ wrapping and packaging products (category [1]);
- ♦ purchasing and subcontracting (category [1]);
- ♦ transport of goods and products upstream of production units, inter-site transport and downstream transport of products to the stores (categories [4] and [9]);

- ♦ employee travel: commuting to and from work for craftspeople, domestic and international business travel (categories [6] and [7]);
- ♦ upstream energy consumed (category [3]);
- ♦ fixed assets (category [2]);
- ♦ waste generated in operations (category [5]).

Within scope 3, in addition to materials, transportation represents a significant share of emissions, this being the trade-off for French production and global distribution. As explained below, this transport is analysed in detail and subject to operational actions to lessen the impact.

The scope 3 changes observed stem from the reduction of emissions in some categories, the improved measurement of certain other categories (estimates replaced by more precise calculations) and the update of the emissions factors.

### 2.5.7.2.2 Focus on the métiers

#### Métier supply chains and production sites: scopes 1 and 2 decarbonisation plan

The industrial department coordinates a plan to reduce scopes 1 and 2 emissions with the métiers and production sites. Prior to this, each métier analyses the emissions of its manufacturing sites, most often related to energy consumption. These analyses, often supplemented by in-depth technical studies, have made it possible to define an emissions reduction plan and a trajectory, based on actions to optimise existing equipment or investments in new, more efficient equipment or lower-carbon energy production: the combined actions described below make it possible to forecast an additional emissions reduction of 10,200 tonnes of CO<sub>2</sub>eq in absolute value between 2023 and 2030, and should make it possible to achieve a reduction of 50% in emissions from manufacturing sites by 2030 compared with 2018, including the projected growth in activity.

## Métiers

### Scopes 1 and 2 decarbonisation plan

#### Tanneries and farms

##### TANNERIES:

##### Photovoltaic electricity production at sites located in countries with carbon-based electricity:

- ♦ 2023: Conceria di Cuneo - Increase in the photovoltaic fleet (an additional 300 m<sup>2</sup> in the summer of 2023) and LED relamping.

##### Connection to low-carbon district heating networks:

- ♦ 2024: Tannerie de Montereau – Connection to the waste incineration plant for heat recovery.

##### Substitution of gas by a low-carbon alternative energy:

- ♦ 2024: Tannerie de Vivoin – Move from gas boilers and the steam circuit to all-electric, with replacement of production equipment (drums and dryers)
- ♦ 2025: Tannerie d'Annonay – Installation of two hot-air gas boilers through heat pumping and biomass boiler.
- ♦ 2025: Tanneries du Puy – Removal of gas boilers and the steam circuit. Study of technological choices in progress.
- ♦ 2025: Mégisserie Jullien – Replacement of gas boilers. Study of technological choices in progress.

##### FARMS:

- ♦ Photovoltaic electricity production at sites located in countries with carbon-based electricity.
- ♦ Increase in the fleet of photovoltaic panels at Australian sites between 2025 and 2027.
- ♦ Replacement in 2027 of a fuel oil boiler on one of the farms by a decarbonised hot water production solution.
- ♦ Increased monitoring of refrigeration facilities to limit refrigerant leaks as much as possible.

#### Leather

In 2019 and 2020, energy audits were carried out on all Leather Goods division workshops to better understand the energy profile of each one and to develop a prioritisation strategy within the division. Five Leather Goods workshops, among the oldest, were identified as priorities in terms of actions because they alone consume 54% of the entire division's energy (and generate 58% of scopes 1 and 2 carbon emissions). In 2021 and 2022, more in-depth investigations were conducted at these five production units with a specialist external firm. This made it possible to draw up a **specific investment programme with a schedule between 2023 and 2026**.

In addition to these priority production units, **progress actions are planned until 2029 for all leather goods workshops**. Optimised management of energy equipment, the permanent elimination of the use of fossil fuels (specifically gas) and work to optimise existing buildings are planned.

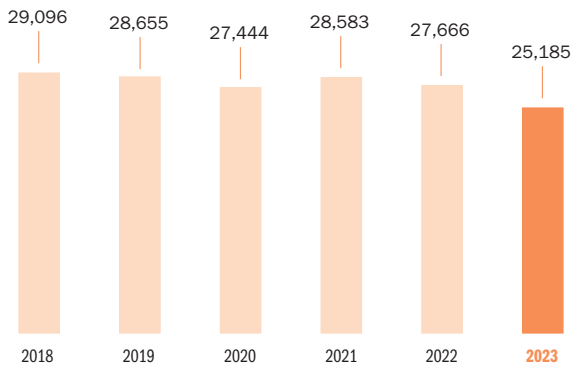
In this context, in 2023, within the Manufacture de Haute Maroquinerie, building insulation work was carried out and the gas boilers were replaced with heat pumps. In addition, the adjustment of temperature settings at all sites has led to reductions in energy consumption of up to 27%.

Furthermore, **each new Leather Goods workshop follows the Harmonie standard** (§ 2.5.2), which significantly reduces scopes 1 and 2 for new constructions, making it possible to continue decoupling activity and carbon emissions.

Métiers	Scopes 1 and 2 decarbonisation plan
Textile	<p><b>2023:</b> Energy consumption represents 8% of the sector's carbon emissions. Scopes 1 and 2 emissions were reduced by 7% compared with last year thanks to the actions implemented.</p> <p><b>Sobriety and energy efficiency:</b></p> <ul style="list-style-type: none"> <li>◆ Change in use or renewal of equipment: boilers, extractions, rooftops.</li> <li>◆ Shutdown of certain energy-intensive equipment or production.</li> <li>◆ Communications, regular monitoring and control.</li> </ul>
Crystal manufacturing	<ul style="list-style-type: none"> <li>◆ The installation at the end of 2022 of a gas melting furnace using oxy-fuel combustion has made it possible to reduce gas consumption by more than 30% compared to the old furnace.</li> <li>◆ Part of the waste heat from this new furnace is recovered to heat the adjoining La Grande Place museum, reducing the associated gas consumption by more than 40%.</li> <li>◆ The renewal of equipment, the use of waste heat and the electrification of processes associated with energy efficiency and sobriety actions are also being studied in order to continue the site's decarbonisation.</li> </ul>
Perfume and Beauty	Continuation of a feasibility study for the replacement of gas boilers by a low-carbon solution: biomass or geothermal boilers, or connection to a heating network, taking into account plans to make changes on the site.
HMM	<p><b>Actions carried out:</b></p> <ul style="list-style-type: none"> <li>◆ Fabrique de Cœuilly: removal of gas heating, reinforcement of the roof insulation, installation of an instantaneous water heater and replacement of old lighting with LEDs.</li> <li>◆ Fabrique de Bonnetage: installation of a wood pellet boiler, replacement of the electric convector by an inertia radiator, installation of LED lighting and variable speed drives on the electric motors.</li> <li>◆ Fabrique de Roye: optimisation of the centralised regulation of offices, provision of thermostats for room temperature control, and installation of LED lighting and presence detectors to reduce energy consumption related to lighting.</li> <li>◆ Fabrique de Châtillon-le-Duc: installation of LED lighting, installation of a new air compressor with self-regulating time settings to control energy consumption more precisely.</li> </ul> <p><b>Actions to be implemented:</b></p> <ul style="list-style-type: none"> <li>◆ Fabrique de Champigny-sur-Marne: optimisation of electroplating management, wall insulation, replacement of windows and installation of LED lights.</li> <li>◆ Fabrique de Fundão: studies regarding the installation of wind turbines and photovoltaic panels, improvement of wall insulation.</li> <li>◆ Fabrique de Cœuilly: study regarding the installation of solar panels and solar films to reduce the need for air conditioning.</li> <li>◆ Fabrique de Bonnetage: insulation of walls, replacement of joinery, optimisation of ventilation and updating of the machine fleet.</li> </ul>
Ateliers Hermès Horloger and LMH (Switzerland)	<ul style="list-style-type: none"> <li>◆ Validation of the Universal Objectives Agreement, under the aegis of the Swiss Confederation, with recognition of the commitments made on energy efficiency and climate protection until 2031. The reduction targets have been validated by the FOEN (Federal Office for the Environment) and will be monitored annually by an external firm.</li> <li>◆ The first measures to decrease energy consumption and reduce CO<sub>2</sub> emissions have been validated and will be implemented in the coming months: roof repair, photovoltaic solar installation, improved lighting, etc.</li> <li>◆ The 300 Hermès Horloger employees were also trained in climate issues with a day dedicated to the Climate Fresco and Hermès' climate issues. <b>It was the largest corporate climate fresco ever organised in a company in Switzerland.</b></li> </ul>
Porcelain	<p><b>Several actions were implemented in 2023:</b></p> <ul style="list-style-type: none"> <li>◆ Replacement of equipment with more efficient equipment and changes in uses: compressor, industrial dishwasher, vacuum pump, wrapping machines.</li> <li>◆ Optimisation of the filling and operating ranges of enamel kilns.</li> <li>◆ Reduction in the heating temperature settings for buildings and hot water used for decoration, shutdown of certain heating and ventilation equipment at weekends.</li> <li>◆ In addition, a decarbonisation study of the CATE site was carried out, with the support of the real estate department. It led to a plan to substitute the gas used on site in the coming years.</li> </ul>

This favourable change is linked to the Group's sobriety and efficiency efforts. All of these sobriety and efficiency efforts lead to a favourable change in GHG emissions on scopes 1 and 2 of the industrial scope, as shown in the following graph:

**CHANGE IN SCOPES 1 AND 2 LOCATION-BASED EMISSIONS OF INDUSTRIAL SITES (IN TONNES OF CO<sub>2</sub>EQ)**



### Real estate

Since 2020, Hermès International and the Group real estate department have committed to reducing the carbon footprint/m<sup>2</sup> of built or redeveloped surface areas by 50% by 2030, bearing in mind that the absolute value of emissions remains unchanged since 2018.

The Group real estate department systematically conducts a Life Cycle Analysis (LCA) of the construction materials chosen for each real estate project.

Thus, improvement of the carbon footprint of new stores and new buildings involves special attention being paid to the choice of building materials, reduction in their weight, efforts to source supplies locally, and modes of transportation with low carbon emissions.

The deployment of the Harmonie standard (§ 2.5.2) will significantly reduce scopes 1 and 2 of new buildings. This addresses carbon issues and targets stemming from the Group's commitments related to new construction, renovation and dismantling projects.

The first assessments made in 2019 enabled, on the one hand, assessment of the environmental impact of the constructions and, on the other hand, adjustment of the standard layout and construction benchmark to guide the CO<sub>2</sub> emission reduction ambitions on future projects through the Hermès sustainable construction standards.

### The Sormonne and Louviers Leather Goods workshops, demonstrating the performance of the Harmonie standard

Inaugurated in 2023, the Sormonne and Louviers Leather Goods workshops illustrate the performance of the Harmonie standard, in particular in terms of carbon:

- ◆ in the choice of materials and supplies for the Maroquinerie de Louviers, which uses locally-made bricks, and that of the Maroquinerie de la Sormonne, made of wood (frame and burnt wood facades);
- ◆ in the implementation of the carbon trajectory, with energy performance exceeding the E4C2 label (positive energy building through integrating the energy consumed by industrial processes). The LCA of the materials and energies used gives a result of 776 kg CO<sub>2</sub>eq/m<sup>2</sup> for Louviers and 810 kg CO<sub>2</sub>eq/m<sup>2</sup> for Sormonne. In comparison, a Leather Goods workshop of the same nature in 2018 emitted 1,100 kg CO<sub>2</sub>eq/m<sup>2</sup> in terms of materials and energy.

### Transportation

#### Governance

The team in charge of the Group's upstream and downstream transport works with the subsidiaries and métiers to be able to offer them more sustainable solutions. The quality reviews conducted with carriers and freight forwarders are an opportunity every quarter to share, among other things, Hermès' expectations in terms of multimodal solutions and changes in possible means of transport (new fuels, aircraft with an improved carbon footprint, routes, etc.) and to hear new proposals from them.

A newsletter keeps everyone abreast of these transportation and low-carbon solution topics and also makes it possible to share current projects and best practices identified. In order to standardise carbon data, a working group within the transport purchasing community was set up to select a Group tool to carry out a harmonised carbon footprint assessment within all the entities concerned.

In 2024, a working group will be set up to also deal with intra-country transport issues (in particular in China and the United States), to share best practices and alternatives to be studied.

#### Procurement practices

Calls for tenders systematically include a CSR dimension and suppliers are assessed on their performance in this area. The CSR performance of transport partners is carried out with the EcoVadis platform. 82% of our partners have already been assessed.

Calls for tenders for goods transport systematically include a criterion linked to the improvement of the carbon footprint: the use of NGV and bioNGV<sup>(1)</sup> for road transport, SAF (Sustainable Aviation Fuel) for air transport, SMF (Sustainable Maritime Fuel) for maritime transport, are gradually asked of the selected service providers. With regard to alternative fuels, carriers are required to source only from recognised and certified suppliers.

In addition to the quarterly reviews, the collaborative approach with partners has been strengthened. Workshops/events on decarbonisation provided food for thought and enabled new sustainable solutions to be identified through the sharing of best practices.

#### Action levers and results

To improve the carbon footprint of transport, three main levers exist and are mobilised, possibly jointly, by the sales department: continue the modal shift, deploy alternative fuels and optimise transport.

##### Modal shift

For distant transport (Asia, America, Oceania), maritime transport is preferred when the nature, volume and/or quantity of the items to be shipped permit it. To date, this mainly concerns publications (for example, the biannual review *Le Monde d'Hermès*), items related to communication events, store fittings, sales associate uniforms, packaging and store consumables. Tests conducted for sea transportation (to Asia and the United States), a rail/sea combination (to Japan, temporarily suspended) or air/sea (to Australia) demonstrated the interest for other categories of items, in particular furniture, as well as for more seasonal items such as shoes and ready-to-wear. A good increase in shipments by sea was thus observed in 2023 (+118%). 873 TEUs (20-foot containers) were sent in 2023 compared to 401 in 2022. The rail route to China via Russia has been suspended due to the current conflict.

With regard to the scope of stores in Europe, 86% of parcels are shipped by road since October 2023, resulting in a 72% reduction in greenhouse gas emissions in this scope.

Since 2010, a maritime transport network for hides has been set up for *alligator mississippiensis* from the southern United States, *crocodylus niloticus* from Africa, and, since 2013, for *crocodylus porosus* from Australia.

Overall, greenhouse gas emissions related to upstream and downstream freight of hides were reduced by 44% in 2023 compared to 2022. It is the result of work undertaken for several years by the Tanneries and Farms divisions to supply raw exotic hides in the most virtuous way possible. The transition from air transportation to maritime transportation is taking place gradually by anticipating the needs of tanneries and forging new partnerships with carriers. Gradually, the share of sea freight has increased: it is now the

predominant mode of supply (87% on average) for transport from the United States (83% maritime), Australia (98% maritime), and South Africa (96% maritime). A small proportion of air transportation is still necessary to manage unforeseen events or hurricanes in the United States.

Raw calf hides, 100% from the European Union and mainly from breeding and slaughter centres in France, are transported by truck.

Within the Tanneries and Farms division, greenhouse gas emissions related to the upstream and downstream freight of hides are constant compared to 2021.

##### Alternative fuels

Intra-European upstream logistics flows are gradually replacing diesel by gas or biogas. Rail transport has been set up with the United Kingdom, in addition to road transport, taking into account the ban on using NGV vehicles through the Channel Tunnel. The trucks therefore use a biofuel derived from rapeseed. The latter is also used by the shuttles between the Beyrand and CATE sites and the Saran site.

In 2023, numerous shuttles using XTL fuel, a synthetic not derived from fossil fuels, were rolled out, in particular between Italy and France, allowing a saving in greenhouse gas emissions of around 215 tonnes of CO<sub>2</sub> equivalent. The same approach is followed for distribution in Italy with LNG shuttles, which should switch to XTL in 2024.

The quarterly quality meetings conducted with carriers also provide visibility on the type of aircraft used by carriers or charterers, and it is possible to choose aircraft with lower emissions due to their size and modernity. Cargo aircraft are preferred, which have fewer emissions as they are loaded optimally. The data are shared, become increasingly precise and the calculated carbon footprint is refined.

Within the HMS division, a fleet of biogas trucks was introduced in 2022 to transport finished products from the leather goods workshops to the central warehouse. The carbon footprint related to this transport has been reduced by 67%. In addition, considerable work has been carried out to optimise these flows, in particular by adding components that were previously transported via courier services.

For the distribution of its perfumes and beauty products, the Comptoir Nouveau de la Parfumerie (CNP) is working to improve its carbon footprint. CNP works with partners using neutral modes of transport for short distances on a daily basis. Wherever possible, city-centre deliveries are made in electric vehicles (Hermès exclusive stores in France, and in Europe, for example). The connection between the logistics site and the depot of one of the main transport service providers is carried out by NGV-powered vehicles.

1. BioNGV is obtained from the methanisation of various and sometimes combined organic waste.



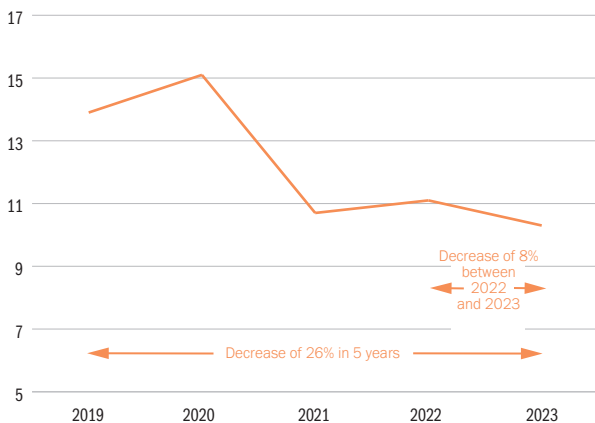
For local transport, i.e. deliveries from local warehouses to city centres, electric or biogas vehicles are used whenever possible. For example, the Parisian sites are delivered from the two French logistics centres using electric vehicles (from the Bobigny site), or biogas vehicles (from the Saran site). Since the summer of 2022, 100% of the transport between the logistics platforms and the shipping points for products (airports or ports) has been carried out by our long-standing partner using bioNGV vehicles <sup>(1)</sup>, which emit 80% less greenhouse gas than diesel <sup>(2)</sup>. In the same way, electric transportation has been rolled out for the final kilometres for several cities in Europe such as Madrid, Milan, Rome, Padua, Naples, Kampen and Athens.

**Optimisation of transportation**

This last lever is very effective and is systematically activated. For example, for the transportation of shoes, stacking tests for the palboxes were decisive and have made it possible to make better use of the height of each truck and thus reduce the number of trucks, with a saving of 39 tonnes of CO<sub>2</sub> equivalent in 2023. In another example, upstream transportation for shoes is organised on the basis of a “milk round”, in which a standard route is set up, passing at regular intervals between several manufacturers to collect finished products and transport them to our logistics site. This system is used for suppliers in certain regions of Italy and between certain French sites. The average truck load factor for the first quarter of 2023 was 81%, up compared with 2022 (80%). The shuttles departing from the Saran site (in France’s Centre region), have a load factor of 94%, up five points compared with 2022. The collection of plain goods from three suppliers for delivery to the Beyrand decoration site is also carried out on a joint weekly basis.

For deliveries in France and Europe, the optimisation of loading and the frequency of departures are also key elements: weekly and bi-weekly shuttles have been in place for several years and link the logistics warehouse and the various distribution platforms located in France or Spain.

**CHANGE IN THE INTENSITY OF EMISSIONS RELATED TO FREIGHT TRANSPORT OVER THE LAST FIVE YEARS**



**Purchases of goods**

Decarbonisation of the Purchases of goods item can only be done in conjunction with suppliers or partners. The objective is therefore to support them so that they can carry out their own carbon footprint assessment and then allocate the appropriate share to each Hermès métier. For more mature suppliers, a questionnaire is sent to them to share their CSR strategy, their carbon footprint or their reduction trajectory, starting with their scopes 1 and 2. Supplier days are also organised with a focus on carbon.

Purchases of the raw materials needed for the manufacture of Hermès objects (leather, textiles, metals and precious stones, etc.) represent 58% of the total carbon impact and 60% of scope 3.

For textiles, a multi-company group bringing together players in the cashmere sector, including the Textile division, was created to work on cashmere emissions, identify the items with the highest footprint and reduce them; the study began in 2023 and will be completed in 2024.

For leathers, the raw materials department of the Tanneries division, in conjunction with the direct purchasing department, has created Environmental guidelines to improve discussions and the sharing of best practices with its raw hide suppliers. These guidelines, co-developed with Bureau Veritas, have been introduced to assess and share best practices in an educational way, in particular energy management, in terms of carbon emissions.

In 2024, the guidelines will be rolled out to two suppliers of exotic raw hides as well as two calf feedlots/slaughterhouses.

At the same time, the division is deepening its knowledge of the environmental impact associated with crocodilian feed through discussions with its suppliers and experts in calculating the carbon footprint for hunted food. Crocodilian feed accounts for around 5% of the Farm division’s greenhouse gas emissions.

In 2024, a precise mapping of the chemicals most used in tanneries and/or the most emissive will be carried out. Suppliers will be asked about the impact of their chemicals and their steps towards decarbonisation, which will become a purchasing criterion. Purchases of chemicals represent around 10% of the Tannery division’s emissions.

For metals, Hermès Manufacture de Métaux (HMM) is committed to reducing the greenhouse gas emissions associated with its activities by implementing several initiatives aimed at ensuring the sustainability and responsibility of its supply chain. HMM sources gold and palladium exclusively from suppliers with RJC COC certification, thereby ensuring the traceability of the precious materials used. This approach ensures that each material is recycled in accordance with the guidelines of the Responsible Jewellery Council.

In 2024, HMM aims to carry out a targeted assessment of the carbon footprint for 20% of its suppliers and to define decarbonisation actions with them. HMM already includes CSR criteria in its supplier audits, designed to assess and encourage best practices in terms of ethics, the environment and governance. Each year, three suppliers are audited, ensuring that HMM’s partners adhere to the standards of responsibility.

1. BioNGV is obtained from the methanisation of various and sometimes combined organic waste.  
2. (french) <https://www.mobio gaz.fr/bilan-co2-du-gnv-ou-biog nv/>.

For Perfumes, in September 2023, a horizontal press was set up at the Vaudreuil site to reuse cardboard waste generated by the site in the manufacture of future cardboard cases and limit emissions related to packaging. 17 tonnes had been collected by the end of October 2023. The teams are also working to reduce multi-material packaging and eliminate materials with high emissions, such as zamac.

### Commuting

The Leather division has set the ambitious objective, due to its mainly rural locations, of reducing the impact of employee commuting by 4% per year. Several actions are underway within the production units, such as the implementation of a digital solution for managing sustainable mobility at work. This makes it possible to measure the impact of each employee's actual mode of travel and to identify areas for improvement in line with the specific features of each site. The location of factories often determines the carbon footprint related to employee mobility: it is studied before the construction of future Leather Goods workshops to favour the presence of public transport infrastructure nearby. Limiting the number of parking spaces also encourages soft mobility.

Within the Leather division, Leather Goods workshops are equipped with charging stations for electric vehicles to encourage and facilitate the use of hybrid and electric vehicles.

In September 2023, Saint-Louis proposed an app with a carpooling solution to all its employees in the production unit. After two months of use, 11% of the workforce had registered for the platform and 248 carpooling trips had been made in 17% of cases. 91 kg of CO<sub>2</sub>, corresponding to 736 km if travelled alone, had been saved.

For the Textile division, commuting by employees represented 3.3% of its emissions. The HTH site is present in several discussion groups with local authorities on mobility issues in order to reduce travel with a high carbon impact, requiring changes to the traffic networks.

This year, the textile sector once again took part in the mobility challenge in the Auvergne-Rhône-Alpes region in order to invite employees to test new modes of transport for their home-work journeys. A total of 132 journeys were made using soft mobility, *i.e.* 17% of employees (compared to 9% in 2022) and 2,026 km were "avoided", *i.e.* 434 kg of CO<sub>2</sub>.

An in-depth look at mobility has also been initiated with an expert firm for entities on the outskirts of Lyon, with the aim of offering an alternative to private cars. Following the diagnostic and mapping phases, which were carried out in 2023, participatory workshops bringing together directors, human resources, EHS and employee representatives, among others, will be organised in 2024 in order to identify motivating factors and support.

Hermès Manufacture de Métaux is committed to developing sustainable mobility solutions for its employees. To encourage the use of soft mobility, HMM used a carpooling app, designed to facilitate the sharing of trips between colleagues. The user interface convinced 403 employees to register and participate in this ride-sharing

programme. Charging stations for electric vehicles are installed at the Fabrique de Champigny-sur-Marne. In Val-de-Fontenay, HMM offers a bicycle rental service, both mechanical and electric, at attractive rates for its employees.

Considering that societal expectations around mobility are very high, it seemed appropriate to aim for the formalisation of a Group framework by launching a pilot mobility plan for 4,000 employees located in Île-de-France. The project began with the analysis of the sites in October 2022 carried out by a specialist service provider. The employee survey took place in December 2022 with a very high participation rate. In 2023, the action plan was defined, resulting in the signing with social partners of an agreement on sustainable mobility concluded for an indefinite period and coming into force on 1 January 2024. This agreement includes four major areas with the aim of promoting multimodality:

- ◆ rollout of the sustainable mobility package with a dedicated payment tool allowing the mode of transport to be selected (public transport, bicycle, carpooling, etc.), or even the purchase of personal protective equipment (helmets, for example);
- ◆ continued use of bicycles, with an additional focus on safety. All beneficiaries of a bicycle contract must now follow road safety training. 128 new bicycle contracts were signed in 2023. The installation of cycle paths around the sites is monitored at the same time and special attention is paid to the infrastructure on each site (presence of showers, parking areas, tools, etc.);
- ◆ choice of a platform to promote carpooling, particularly in Île-de-France;
- ◆ support for employees in the transition to electric vehicles with a collective or individual exchange offer with an expert to help employees identify the vehicle best suited to their use as well as the financial aids for which they may be eligible.

The study will be repeated after two years of implementation to measure the impact and the employee satisfaction rate.

### Business travel

Hermès also employs a proactive policy of replacing internal combustion vehicles with electric vehicles or hybrids (34% of the current fleet in France), both for company vehicles and service vehicles. Hermès' vehicle policy has always anticipated regulations, in France and internationally: limiting CO<sub>2</sub> emissions/km, limiting vehicle weight, eliminating diesel from 2017, etc. This approach is being continued with a vision for mobility and no longer solely from a motorisation perspective.

With regard to longer distance travel, the disruptions related to the health crisis have made it possible to solidify alternative working solutions (videoconferences), and accelerated the awareness of employees on the review of the most efficient working methods internationally. The distribution subsidiaries are working on organisations to reduce their carbon footprint, as part of the monitoring of their strategic CSR plans. For example, initiatives are carried out locally in France.

### 2.5.7.3 UNDERTAKING VOLUNTARY CARBON OFFSET ACTIONS WITH IMPACT

All of the initiatives taken by Hermès aim to make its business model increasingly sustainable and to contribute to a more sustainable world. This strategy, which is based on an analysis of the risks and resilience potentials that may be associated with it, is recognised by the rating agencies (§ 2.7.3.3).

#### 2.5.7.3.1 Carbon neutrality approach

##### Some guidance

As specified by ADEME (French Ecological Transition Agency), carbon neutrality aims to offset, on a global scale, any greenhouse gas emissions resulting from human activity by sequestering equivalent quantities of CO<sub>2</sub>, *i.e.* keeping them out of the atmosphere over the long term. This therefore means sequestering carbon to stabilise its concentration in the atmosphere and limit the effects of climate change on the planet. This objective of neutrality has a scientific reality only at a global level, and involves the coordination of the States by the Paris Agreement. However it also requires the mobilisation of all stakeholders, from citizens to companies.

To achieve carbon neutrality, two levers are necessary: drastically reduce GHG emissions as quickly as possible, and, at the same time, invest in biological or technological sinks to sequester residual CO<sub>2</sub> emissions.

For ADEME, this commitment by stakeholders to carbon neutrality must include the following three stages, which are applied by Hermès:

- ◆ the implementation of a climate strategy consistent with the Paris Agreement, *i.e.* enabling the reduction of emissions, and combined with a commitment to sufficient and verified resources. Hermès, which calculates its carbon emissions and ensures their audit by an independent third party, has formalised its reduction strategy since 2019, and had its SBTi trajectory validated in 2021;
- ◆ participation, through its activity, in decarbonising its suppliers upstream and its customers downstream, through the adoption of low-carbon consumption methods. Since 2021, in particular through CSR briefs for its suppliers, Hermès has been committed to reducing emissions in its supply chain. The community of buyers has benefited from training on measuring the carbon footprint since 2022, thus enabling Hermès buyers to better understand the quality of the low-carbon approach carried out by suppliers. In 2023, CSR briefs made it possible to ask the main suppliers for information on their carbon trajectories. Its craftsmanship production in a logic of quality and sustainability, and not volume or rapid renewal, is a powerful vector of consumption with a low carbon footprint;

- ◆ contribution to the financing of third party reduction, avoidance and sequestration projects to accelerate the ecological transition and contribute to the increase of carbon sinks, according to the principle of carbon offset. This is the purpose of the Group's investment in the Livelihoods project since 2012.

Hermès wishes to contribute in a proactive way to this collective neutrality by 2050, by putting its offset efforts into perspective in relation to the level of its emissions. The Group does not seek to claim carbon neutrality by itself.

ADEME thus supports the principle of voluntary carbon offset, if the company complies with five rules to which Hermès subscribes and which it applies:

- ◆ rule no. 1: undertake and publish an assessment of GHG emissions, reductions and offsets, in particular through this Non-Financial Performance Statement, but also with the public reporting of the CDP (assessed A in 2023 for the CDP's climate change assessment);
- ◆ rule no. 2: choose certified offset projects: all projects led by Livelihoods or bought from Eco-Act, and taken into account by the Group are audited and certified by Verra <sup>(1)</sup> (formerly VCS) or Gold Standard <sup>(2)</sup>;
- ◆ rule no. 3: favour projects with a "sustainable development" approach, *i.e.* long-term projects with positive impacts on local communities and biodiversity, which are the hallmarks of the projects led by Livelihoods;
- ◆ rule no. 4: define the right combination of projects supported both nationally and internationally: while the first projects led by Livelihoods were international, inspired by the Clean Development Mechanisms, in 2021 Livelihoods launched its first project in Brittany (France) on a pilot basis and Hermès is also studying the possibility of other similar projects in France;
- ◆ rule no. 5: communicate responsibly. Hermès does not claim in any way to be carbon neutral, acknowledging that the Group's activities have a carbon impact, even though it is one of the most moderate in the CAC 40. However, its actions are committed to the long term, with the aim of achieving a "net zero" trajectory by 2050, compatible with the 1.5 °C scenarios of the Paris Agreement.

This national framework set by France is fully aligned with the content of international discussions that take place, notably during COPs. The methods for setting up new carbon markets (recorded in Article 6 of the Paris Agreement) are questioned there to ensure that carbon offset projects have a positive impact on local communities. This is the position defended by the Livelihoods Venture fund to which Hermès is committed. Its purpose, from its inception, was to be supported by organisations, such as the Group, able to accept and manage the complexity of systemic approaches to try to make both communities and nature thrive.

1. <https://verra.org/>

2. <https://www.goldstandard.org/>

## Governance

Livelihoods projects are monitored throughout the year by the Group's Sustainable Development Director, who attends meetings of the Livelihoods Fund's Board of Directors and Investment Committee. A member of the Hermès Executive Committee is a director of the funds managed by Livelihoods, a witness to the Group's involvement at the highest level in these subjects. This monitoring makes it possible to validate the choices made in terms of investments and projects, and also to monitor the progress of projects that may be impacted, for example, by climate phenomena or other hazards. A presentation of Livelihoods progress is made to the Hermès Executive Committee at least once a year, in the same spirit of monitoring and sharing. The companies supporting Livelihoods provide more than just financing, they also bring a vision, stability and commitment to generate a positive impact on populations as well as biodiversity, which it is essential to share at the highest level of the Group.

## Offset strategy

The Group's ambition to achieve a "net zero" target by 2050 is based on two complementary approaches:

- ◆ focus on reducing emissions in its own value chain, which requires organisational and technological changes internally and with suppliers;
- ◆ use voluntary offsetting, which is based on so-called "nature-based solutions <sup>(1)</sup>" through natural capture mechanisms (for example, planting) with the implementation of large-scale projects that take time to set up over the long term.

This carbon offset strategy is therefore gradual for two main reasons:

- ◆ on the one hand, so that the priority remains the allocation of human and financial resources to reducing emissions;
- ◆ on the other hand, to build offset projects with local communities, in compliance with Hermès' quality and ethics requirements, which takes time.

Hermès' strategy is to follow a trajectory that will enable it to i) neutralise a growing part of its residual carbon emissions by 2030, calculated on the basis of emission reduction projections (as taken into account in the SBTi analyses), and ii) achieve expected volumes of voluntary carbon offsets (forecasts of carbon credits deliveries from the Livelihoods business plans). Hermès is continuing its work and investments to offset all of its residual emissions by 2050.

### 2.5.7.3.2 High environmental and social contribution projects including the Livelihoods carbon funds

In June 2012, Hermès joined the Livelihoods carbon funds (LCF), a coalition of companies financing carbon offset projects with high social and environmental value. Livelihoods initiatives are described below as well as in the section covering relations with stakeholders (see § 2.7.2.1.4), notably explaining that more than 158 million trees have already been planted, benefiting more than 1.83 million people.

The operation of this system is based on seven structuring principles, the foundations of the Livelihoods charter, which contribute to its interest:

- ◆ reduction first: the carbon credits generated by Livelihoods projects serve to complement internal reduction efforts, and are one of the parameters for achieving carbon neutrality by 2050;
- ◆ the additionality principle: the projects supported by Livelihoods would not have seen the light of day without its investment alongside project developers, the vast majority of which are NGOs, which requires detailed study in complex social and ecological contexts. These are not off-the-shelf or standardised projects, but projects that require a systemic and tailor-made approach. Starting from the aspirations of disadvantaged and sometimes marginalised communities, this involves helping them out of poverty by increasing their income and improving their food security;
- ◆ carbon credits certified to the highest standards, Gold Standard and Verra (formerly VCS), which validate the carbon effectively removed (and not carbon reduction estimates or future projections). In addition, each project gives rise to monitoring and impact calculations in accordance with the United Nations SDG framework, given its contributions, which extend beyond just carbon sequestration (no poverty, gender equality, life on land, etc.);
- ◆ taking an entrepreneurial risk to finance projects from the beginning: Livelihoods does not buy credits "on the market" from projects that have already been started, accepting to pay a margin to an intermediary. It helps communities by investing for them right from the beginning, and by taking a risk of between €2 million and €6 million on each project, with no absolute guarantee of any return. The communities concerned do not have the means to carry out their projects without this risk-taking. Project financing occurs during the first years, with the results seen, for example, when the trees grow. This can sometimes be five years after the main investments have been made;
- ◆ a long-term approach: companies and project sponsors, as well as communities, are committed to projects lasting between 10 years (energy projects) and 20 years (farming projects). During this period, the fund will help communities, monitor projects and receive credits after a few years. Commitments of this length are rare for company coalitions;
- ◆ local communities that benefit directly from projects: thanks to the NGOs that coordinate projects at local level, communities benefit directly from the advances provided by the projects: increases in soil fertility, regenerative farming, efficient agro-ecological practices, restoration of ecosystems, generation of farming, forestry and fishing income and the improvement of living conditions. This is actually one of the key success factors of the projects: the communities mobilise themselves because they find that there is a direct advantage to the project;

1. *Nature-based solutions are defined by the International Union for the Conservation of Nature (IUCN) as actions that rely on ecosystems to meet global challenges such as the fight against climate change, management of natural risks, health, access to water, food safety, etc.*

- ◆ a coalition of companies driven by the same spirit: all investors in Livelihoods pool their commitment and therefore receive credits from a portfolio of projects that have been developed and discussed together.

The Livelihoods funds are organised by a system of successive compartments. The first LCF1 compartment (Livelihoods carbon fund 1, €45 million), was opened in 2011, and until 2020 was the only one to issue carbon credits. Hermès has also been a shareholder since 2017 in a second sub-fund, LCF2 (€65 million), whose first deliveries took place in 2021. Numerous projects have already been launched by this fund, in India, Indonesia, Kenya, Rwanda and Malawi, on agroforestry, mangrove and energy projects.

Capitalising on 10 years of experience with private investors, at the end of 2019, Livelihoods announced the launch of a third carbon

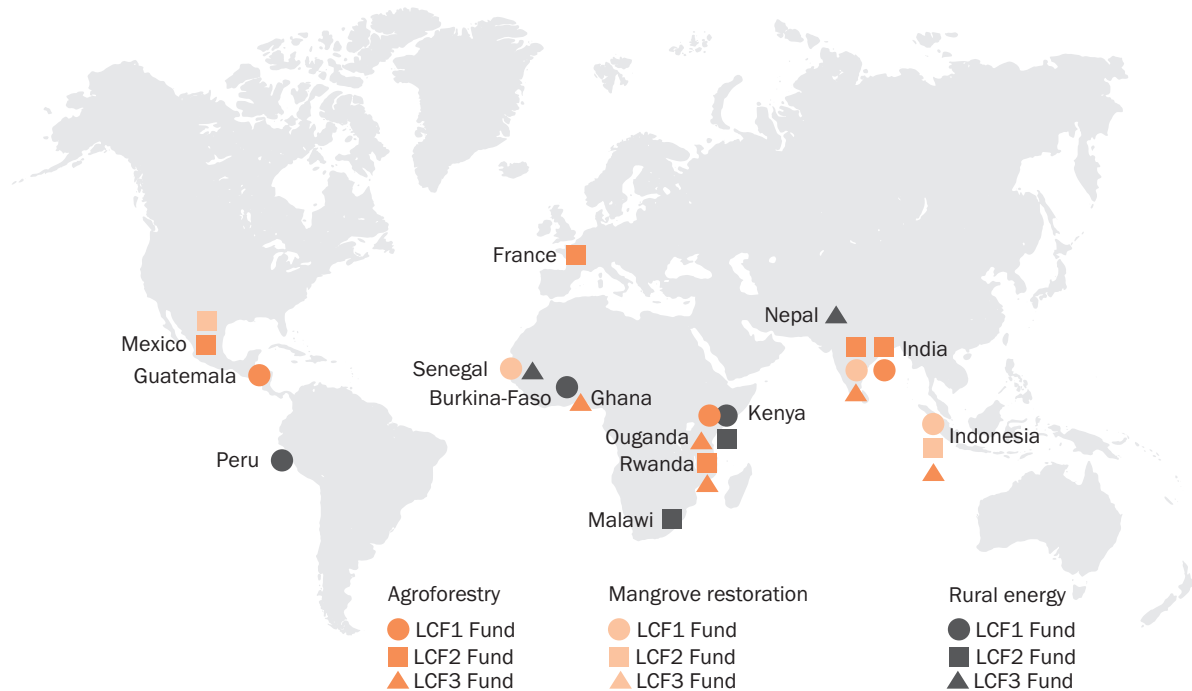
fund (LCF3), which was closed in June 2021 and which aims for an investment objective of €150 million to improve the lives of 2 million beneficiaries in developing countries. In 2022, the LCF3 Board approved several projects located in Ghana, Rwanda, Peru, Nepal and Indonesia, which began to be rolled out in 2023.

More than €260 million have been collected to fight against climate change through the three Livelihoods funds.

Hermès has thus confirmed its commitment to the climate, communities and biodiversity through investments in this third LCF3 compartment. With each of these funds having a lifespan of 20 years, the Group is demonstrating its long-term philosophy, and its ability to assume long maturities (2040) and continue its commitment to reducing the impact of climate change.

Livelihoods projects produce positive impacts that go beyond the sequestration or reduction of carbon emissions, as illustrated by the following diagram:

**LIVELIHOODS CARBON FUND #1, #2 AND #3**  
25 extensive projects with concrete social and environmental results



**Targeted objectives**

More than <b>2.8 M</b> project beneficiaries	More than <b>173 M</b> trees being planted	More than <b>456,000</b> households being equipped with efficient cookstoves	More than <b>148,752</b> hectares planted or preserved	<b>26 M</b> tonnes of CO <sub>2</sub> sequestered over 20 years	<b>25</b> current projects (Asia, Africa, Latin America, Europe)
----------------------------------------------------	--------------------------------------------------	------------------------------------------------------------------------------------	--------------------------------------------------------------	--------------------------------------------------------------------	---------------------------------------------------------------------

Livelihoods launched a working group in May 2023 to formalise and further measure the impact of projects on biodiversity. Although the projects have clear biodiversity protection aspects, the objective is to be able to quantify them in a robust and scientific manner. A framework and a roadmap will be presented in February 2024 in order to define recommendations to be followed for all projects, in line with the TNFD reporting framework.

The carbon deliveries expand as the trees grow (the projects span a period of 20 years). They were made in 2023 after verification by specialised auditors (according to the Gold Standard and Verra – VCS standards), and Hermès cancelled all the credits granted to it.

In addition to its investment in the Livelihoods carbon funds, and to meet its commitments, Hermès has chosen to support projects

proposed by EcoAct, a major player in the field for more than 15 years. One of the projects selected, which makes it possible to obtain Gold Standard certified carbon credits, is located in Uganda, and consists of equipping local populations with improved cooking stoves, avoiding the use of charcoal and therefore deforestation and improving air quality inside homes. Another, on the same issue, is located in India.

Until 2022, Hermès accounted for its carbon credits each year on the basis of the amounts approved by the Boards of Directors of the underlying carbon funds. The year used corresponded to the actual capture of the projects, the files prepared locally and previously by the NGO partners and the start of verification operations by third parties (Verra, Gold Standard), with the following results:

Reminder of carbon credits received and cancelled as published in 2022	2018	2019	2020	2021	2022
<b>Carbon credits received and cancelled</b>					
<i>in k tonnes CO<sub>2</sub>eq</i>	36	44	46	81	127
% coverage of scopes 1 and 2 market-based (2019-2021)	82%	100%	100%	100%	100%
% coverage of scopes 1 and 2 market-based and Transportation (2022-2023)					100%

Since 2022, the Livelihoods carbon funds have had to deal with difficulties setting up the necessary verification processes, with extended deadlines, without significant impact on the certified volumes. These difficulties are explained by the disruptions brought about by Covid-19 and a form of growth crisis in the certifying bodies, called on for an exponentially increasing number of projects. To apply a precautionary principle, in 2023 Hermès decided to change its accounting method. The carbon credits received and cancelled will

now only be recognised on receipt of the invoices attesting to the end of the legal certification operations, and therefore relating to carbon credits from previous years.

This approach leads to a reduction in the amounts reported by the Group, as a precautionary measure, and introduces greater variability to the schedule. It leads to the following results, reconstructed over the last five years for the sake of transparency:

#### CARBON CREDITS RECEIVED AND CANCELLED

<i>In tonnes CO<sub>2</sub>eq</i>	2019	2020	2021	2022	2023	Cumulative 2019-2023
<b>Carbon credits received and cancelled</b>	<b>36</b>	<b>42</b>	<b>51</b>	<b>56</b>	<b>197</b>	<b>382</b>
Reminder of scopes 1 & 2	41	39	37	31	22	170
Reminder of the Freight transportation item (items #4 and #7 in scope 3)				91	100	191
Total coverage commitment	41	39	37	122	<b>122</b>	<b>361</b>
<b>% coverage of scopes 1 &amp; 2 market-based (2019-2021)</b>	<b>88%</b>	<b>&gt;100%</b>	<b>&gt;100%</b>	<b>&gt;100%</b>	<b>&gt;100%</b>	
<b>% coverage of scopes 1 &amp; 2 market-based and Transportation (2022-2023)</b>				<b>46%</b>	<b>&gt;100%</b>	<b>&gt;100%</b>
Difference in cancelled credits vs. commitments	-6	3	13	-67	76	20
Cumulative differences	-6	-3	11	-56	20	
% credits vs. Group carbon emissions	7%	8%	10%	9%	30%	

Over the period as a whole, Hermès met its 2019 target of offsetting its emissions to the extent of its scopes 1 and 2 (offsetting 224% cumulative). In 2022, Hermès decided to add a new target, complementary to scopes 1 and 2, and to also include the offset of emissions related to its internal and external transportation. To meet its commitments and take into account the unfavourable

impact of the change in method, the Group occasionally increased its purchases of carbon credits in 2023. It thus confirms compliance with its overall targets (scopes 1 and 2 and transportation over the period) with a bonus of 20 kt CO<sub>2</sub>eq difference (i.e. 5% above target for the 2018-2023 period). In 2023, the Group offset 30% of its emissions.

This voluntary investment in carbon offset projects is part of a strategy of gradually increasing the coverage rate of the Group's residual emissions, with the target of an intermediate situation of 50% between 2030 and 2040, and 100% of residual emissions by 2050, with a view to "net zero". The deliveries of these carbon credits will accelerate in the coming years with the achievement of the targets of the LCF funds. It should be noted that SBTi took a position

in September 2022 in its paper "Net-Zero: Urgent Beyond Value Chain Mitigation Is Essential". In short, SBTi is encouraging companies to take the leadership initiated by Livelihoods from the outset, namely to commit to large-scale societal projects, recognising them as an effective means of combatting climate change. The House's actions are therefore fully in line with SBTi's position on carbon offset.

## APPENDIX TABLES

§ 2.7.2.1.4 provides further information on the Livelihoods societal aspects.

### WATER

#### BREAKDOWN OF INDUSTRIAL WATER CONSUMPTION BY ACTIVITY

<i>In megalitres</i>	2019	2020	2021	2022	2023
Tannery	407	343	352	365	339
Textile	198	165	196	217	186
Leather	29	26	33	30	31
Metal	-	9	13	25	20
Crystal manufacturing	11	9	8.9	9	8
Logistics	6.6	7.0	4.2	5.5	5.5
Perfume and Beauty	5.1	6.7	6.2	5.9	6.7
Watch division	3.2	4.9	4.9	5.2	3.6
Beyrand	2.6	2.3	2.1	1.8	2.8
Bootmaker	3.0	5.0	3.3	2.7	2.2
Porcelain	2.3	2.3	2.3	2.8	2.8
Silversmith	-	0.24	0.18	0.18	0.15
<b>TOTAL</b>	<b>668</b>	<b>580</b>	<b>627</b>	<b>671</b>	<b>608</b>
Farms	4,514	4,514	4,810	4,680	4,757

#### CHANGE IN INDUSTRIAL WATER CONSUMPTION (EXCLUDING FARMS)

Year	<i>In m<sup>3</sup></i>	<i>Intensity (m<sup>3</sup>/€M)</i>
2012	376,938	108
2013	510,314	136
2014	493,252	120
2015	502,632	104
2016	768,163	148
2017	713,533	129
2018	719,725	121
2019	668,469	97
2020	580,253	91
2021	627,491	70
2022	670,981	58
<b>2023</b>	<b>608,452</b>	<b>45</b>

Note: The reporting scope includes Les Tanneries du Puy, acquired in November 2015. From 2018, the reference period is the 12-month period from 1 November of the previous year to 31 October of the current year. The scope of reporting includes the Mégisserie Jullien (acquired in May 2020) whose data measured over the period from May 2020 to October 2020 are included in these figures.

## ENERGY

## BREAKDOWN OF THE GROUP'S ENERGY CONSUMPTION BY DIVISION (EXCLUDING FARMS)

<b>GROUP BREAKDOWN</b> (in MWh)	<b>Industry</b>	<b>Stores</b>	<b>Services</b>	<b>Total</b>	<b>intensity</b> In MWh/€M revenue
2018	161,531	31,305	15,846	208,682	35
2019	158,117	31,952	13,952	203,640	30
2020	147,955	36,969	14,253	199,177	31
2021	162,147	38,451	14,209	214,808	24
2022	160,256	41,290	16,715	218,260	19
<b>2023</b>	<b>152,119</b>	<b>40,013</b>	<b>16,968</b>	<b>209,100</b>	<b>16</b>
2023 in %	72.8%	19.1%	8.1%	100%	

## BREAKDOWN OF INDUSTRIAL ENERGY CONSUMPTION BY ACTIVITY

<i>In GWh (gas, electricity)</i>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Tanneries	40	38	37.9	34.6
Textile	31	36	38.6	37.7
Leather	23	24	23.8	21.9
Metal	-	4.3	4.8	6.0
Crystal manufacturing	40	42	37.8	35.1
Logistics	4.8	4.4	4.2	3.9
Perfume and Beauty	3.1	3.7	3.5	3.6
Watch division	1.4	1.5	1.6	1.7
Beyrand	3.7	4.1	4.1	4.1
Bootmaker	0.95	1.1	1.0	1.0
Porcelain	1.7	2.4	2.5	2.5
Silversmith	0.64	0.56	0.41	0.12
<b>Sub-total</b>	<b>148</b>	<b>162</b>	<b>160</b>	<b>152</b>
Farms	4.1	5.1	4.8	4.8
<b>TOTAL</b>	<b>152.1</b>	<b>167.1</b>	<b>164.8</b>	<b>156.8</b>



2023 consumption	Gas (GWh)	Electricity (GWh)
Tanneries	22.4	12.2
Textile	22.5	15.1
Leather	5.7	16.2
Metal	0.06	5.9
Crystal manufacturing	27.3	7.9
Logistics	0.79	3.1
Perfume and Beauty	1.2	2.3
Watch division	0	1.7
Beyrand	1.9	2.2
Bootmaker	0.09	0.90
Porcelain	0.55	2.0
Silversmith	0.01	0.11
<b>Sub-total</b>	<b>82.5</b>	<b>69.6</b>
Farms	1.0	3.8
<b>TOTAL</b>	<b>83.5</b>	<b>73.4</b>

Note: The reporting scope includes the Tanneries du Puy, acquired in November 2015. From 2018, the reference period is the 12-month period from 1 November of the previous year to 31 October of the current year. Lastly, the scope of reporting includes the Mégisserie Jullien (acquired in May 2020), whose data measured over the period from May 2020 to October 2020 are included in these figures.

#### CHANGE IN INDUSTRIAL ENERGY CONSUMPTION (EXCLUDING FARMS)

Year	Gas (MWh)	Electricity (MWh)	Total (MWh)	Intensity (MWh/€M revenue)
2012	79,429	41,893	121,322	35
2013	90,052	47,818	137,870	37
2014	83,397	50,398	133,795	32
2015	81,625	51,678	133,303	28
2016	99,449	54,645	154,094	30
2017	105,894	54,768	160,662	29
2018	105,042	56,489	161,531	27
2019	101,744	56,373	158,117	23
2020	91,106	56,849	147,955	23
2021	99,406	62,741	162,147	18
2022	93,213	67,043	160,256	14
<b>2023</b>	<b>82,538</b>	<b>69,581</b>	<b>152,119</b>	<b>11</b>

#### BREAKDOWN OF ELECTRICITY CONSUMPTION OF STORES BY GEOGRAPHICAL AREA IN 2021, 2022 AND 2023 (MWH)

Geographical area	2020	2021	2022	2023
France	2,721	3,536	4,018	<b>3,282</b>
Europe (excluding France)	7,321	7,513	7,625	<b>7,478</b>
Americas	9,698	10,682	11,930	<b>9,557</b>
Japan	5,164	4,471	5,683	<b>5,806</b>
Asia-Pacific (excluding Japan)	12,066	12,249	12,033	<b>13,889</b>
<b>Total</b>	<b>36,969</b>	<b>38,451</b>	<b>41,290</b>	<b>40,013</b>

## WASTE

2023	NHW <sup>1</sup> (t)	HIW <sup>2</sup> (t)	Total (t)
Tanneries	8,333	760	9,093
Textile	656	909	1,565
Crystal	146	819	965
Leather	1,291	103	1,394
Perfume and Beauty	808	260	1,068
Logistics	517	1	518
Metal	212	1,053	1,265
Porcelain	81	19	100
Beyrand	49	35	84
Watches	129	45	174
Bootmaker	98	0	98
Silversmith	2	15	17
<b>TOTAL (EXCLUDING FARMS)</b>	<b>12,322</b>	<b>4,019</b>	<b>16,341</b>
Farms	1,261	51	1,312

(1) Ordinary industrial waste.

(2) Hazardous industrial waste.

Industrial waste intensity (excluding farms) over the last three years	2020	2021	2022	2023
NHW intensity (t/€M)	0.94	1.12	0.93	1.01
Change	+9%	+19%	+17%	+8.6%
HIW intensity (t/€M)	0.81	0.31	0.27	0.30
Change	+12%	+62%	+14%	+11.1%

CLIMATE CHANGE

GREENHOUSE GAS EMISSIONS ASSESSMENT – SCOPES 1 AND 2 AND DETAIL OF SCOPE 3

In k tonnes CO <sub>2</sub> eq		2018	2019	2020	2021	2022	2022 like-for-like	2023
<b>Scopes 1 and 2 market-based</b>		<b>43.7</b>	<b>41.4</b>	<b>38.5</b>	<b>37.4</b>	<b>31.2</b>	<b>31.2</b>	<b>22.0</b>
<b>Scope 3</b>								
Upstream	1. Products and services purchased	402.9	365.6	336.2	361.8	415.1	433.6	462.4
	2. Capital goods	26.7	10.7	31.5	24.6	61.2	61.2	31.0
	3. Fuel- and energy-related activities not included in scopes 1 or 2 emissions	3.0	2.9	2.8	3.0	2.9	2.9	2.6
	4. Upstream transportation and distribution	20.7	14.2	17.7	10.9	17.8	17.8	17.6
	5. Waste generated by the sites	8.8	9.3	5.8	6.2	7.3	7.3	8.1
	6. Business travel	27	15.9	3.2	1.3	4.8	4.8	10.7
	7. Employee commuting	19.7	13.1	14.6	20.3	22.6	22.6	25.3
	8. Upstream leased assets	N/S	N/S	N/S	N/S	N/S	N/S	N/S
Downstream	9. Downstream transportation and distribution	70	51.7	48.5	57.7	73.5	73.5	82.1
	10. Processing of products sold	N/S	N/S	N/S	N/S	N/S	N/S	N/S
	11. Use of products sold	N/S	N/S	N/S	N/S	N/S	N/S	N/S
	12. End-of-life treatment of products sold	N/S	N/S	N/S	1.9	1.9	1.9	1.6
	13. Downstream leased assets	N/S	N/S	N/S	N/S	N/S	N/S	N/S
	14. Franchises	-	-	2.1	2.4	2.6	2.6	2.6
	15. Investments	N/S	N/S	N/S	N/S	N/S	N/S	N/S
<b>TOTAL SCOPE 3</b>		<b>578.7</b>	<b>483.5</b>	<b>462.5</b>	<b>490.1</b>	<b>609.6</b>	<b>628.1</b>	<b>643.8</b>

NB: calculations or estimates that led to non-material amounts (threshold <0.5% of the total) are included as "not significant" (N/S).

NB 2: the data in the "2022 like-for-like" column include changes in scope, methodology and emission factors to make the data comparable to those for 2023.

2

Manufacture of charms, small bag accessories, by an ESAT partner of the Sayat Leather Goods workshop



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## 2.6 COMMUNITIES: SUPPLIERS & PARTNERS

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

More broadly, Hermès contributes to the deployment of responsible sustainable development practices through its influence, and by exercising a duty of care towards its partners as well as by promoting socially supported organisations and local economic activity, particularly in disadvantaged areas.

2

### POLICY

A key part of its strategy of preserving unique savoir-faire and securing supplies, most of Hermès' production is integrated. In 2023, 55% of objects were made in exclusive in-house workshops, and this share has remained stable in recent years. Our ability to grow is however also linked to the retention and development of our suppliers and subcontractors, whose exceptional savoir-faire and future success will contribute to that of the Hermès Group and whose social and environmental practices must be irreproachable.

These subcontractors and suppliers of the House are, for the most part, historical partners. As such, for direct purchasing (production purchases), **the average length of trading relationships with the Hermès Group's 50 largest suppliers in 2023 was 19 years**. They operate mainly in the Leather Goods division (tanneries and manufacturers) but also in Textiles (HTH division) and other sectors (Jewellery and Shoes, notably). This stability is also true for smaller suppliers, some of which have been working with the House for more than 60 years.

The Hermès Group has also been working with socially supported organisations in France for many years for its direct and indirect purchases, and this practice is growing steadily every year. The system of making purchases with a social contribution is now being extended to other players located, for example, in economically disadvantaged areas, whether urban or rural. It now includes suppliers in the social and solidarity economy. In 2017, Hermès thus set itself the target of increasing the volume of purchases made from organisations helping people with disabilities into work in France by 20% each year.

### GOVERNANCE

In terms of organisation, indirect purchases are supervised by a Group department, which pools certain items (such as packaging) and coordinates a network of dedicated buyers in the métiers, subsidiaries and central services. It also coordinates Group action plans on major topics, such as the elimination of single-use plastics (§ 2.4.1.4).

Direct purchasing (*i.e.* related to production) is also supervised by a dedicated Group department which coordinates a network of buyers within the métiers and coordinates the process of analysing supply chains (§ 2.4.2), managing supplier risks and the supplier audit programme. Moreover, it also defines the Group's purchasing policy as well as the CSR objectives for suppliers and partners (human rights and labour-related rights, biodiversity, energy and carbon, water, plastics).

Close attention is paid to the management of human rights issues. A dedicated section in a commitment handbook is notably signed by all of the Group's suppliers (available in French and English). Hermès is pursuing a corporate project in which respect for ethics and good business conduct are the foundations and ensure responsible and sustainable performance. Traceability software is starting to be systematically rolled out for better monitoring and control of risks, for example within the Home and PAP H métiers for 2023.




An Ethics Committee has been set up to collect and process alerts issued by internal stakeholders and within the value chain. This committee also issues advice and recommendations on the Group's ethics culture (§ 2.8).

In 2023, the Group made progress on the major procurement issues, with the aim of making a long-term difference through steady improvements with a significant impact. Among these, the selected elements below are particularly illustrative of the year for this section:

- ◆ CSR brief and supply chain brief communicated to suppliers, a total of 66 materials covered, including new material risk analyses and more precise requirements on decarbonisation issues;
- ◆ rollout of the CSR self-assessment questionnaire for direct purchases from suppliers, which can be completed on the Hélios digital supplier portal, online since 2023;
- ◆ opening of the ethics whistleblowing line to our suppliers and external stakeholders (105 alerts);
- ◆ in France, among our social value-added suppliers (organisations helping people with disabilities into work, regional revitalisation, social and solidarity economy), which represent a total of €293 million in purchases, 44% are SMEs.



## COMMUNITIES

## SUPPLIERS AND PARTNERS

SDG	OBJECTIVE	INDICATORS	2023 RESULTS	CHANGE 2022/2023
<b>SUPPORTING THE DEVELOPMENT AND EVOLUTION OF SUPPLIER PRACTICES TO PRESERVE KEY SAVOIR-FAIRE AND SECURE SUPPLIES</b>				
		Average length of relationships with the top 50 direct suppliers	<b>19 years</b> of trading for relationships with the top 50 direct suppliers. A relationship of almost 30 years with the silk supplier in Brazil. Among the longest supplier relationships: 65 years in textiles, 42 years in jewellery and leather	=
	Create lasting relationships with our suppliers to promote long-term action plans	Supplier payment terms in France	An average of <b>28 days</b> for supplier payments in France in 2023, compared to a general average of 42 days in France (according to the Banque de France)	=
		Amount paid in advance of the contractual term	In 2023, <b>€4,439 million</b> were paid in advance of the contractual deadline by all the Group's French entities in order to support the cash flow of partners. Thus, <b>91%</b> of suppliers were paid before the contractual deadline.	↗
<b>CO-CREATING SUSTAINABLE DEVELOPMENT ACTION PLANS WITH OUR SUPPLIERS AND PARTNERS</b>				
	Work with our suppliers to achieve the highest existing standards	% of suppliers that are part of certified supply chains	<b>100%</b> of jewellery workshops are RJC-COP certified	=
			<b>100%</b> of the paper and cardboard used for orange boxes and bags is FSC-certified	=
			<b>100%</b> of tanneries are LWG (Leather Working Group) certified	↗
<b>ENSURE THE APPLICATION OF OUR SOCIAL, ENVIRONMENTAL AND ETHICS REQUIREMENTS (DUTY OF CARE)</b>				
	Guarantee suppliers' adherence to the Group's CSR commitments	% of purchasing suppliers that have signed handbooks 1 and 2	<b>85%</b> of direct purchasing suppliers have signed handbooks 1 and 2	↘
	Monitor the CSR performance of suppliers	Number of suppliers (French and international) assessed by EcoVadis and average score of suppliers by EcoVadis	<b>956 suppliers</b> (French and international) invited onto the EcoVadis platform, with an average score of 59.1, compared to 46.5 for all assessments carried out by EcoVadis, <i>i.e.</i> an outperformance of 27% ( <i>i.e.</i> 2 percentage points better than in 2022)	↗
	Control the application of the Group's requirements by all suppliers	Number of audits performed on direct suppliers	<b>122 audits</b> carried out at Tier 1 direct suppliers and 98 performed at Tier 2 direct suppliers, <i>i.e.</i> 298 days of audit assignments	↗
	Allow suppliers to report actions that do not comply with the Group's codes	Activation of an alert system	Opening of the H-Alert! whistleblowing system to <b>100%</b> of suppliers and external stakeholders	↗

## COMMUNITIES

### SUPPLIERS AND PARTNERS

SDG	OBJECTIVE	INDICATORS	2023 RESULTS	CHANGE 2022/2023
<b>DEVELOPING BALANCED PARTNERSHIPS, SUPPORTING OUR PARTNERS, AND ENCOURAGING LOCAL INTEGRATION AND REGIONAL DEVELOPMENT AROUND THE BASINS AND SITES WHERE THE GROUP IS LOCATED</b>				
	Contribute to regional development through our purchasing policies	% of our suppliers that contribute to the development of priority areas (rural areas, districts, the long-term unemployed)	<b>€293 million</b> in social and environmental value-added purchases from 1,261 SMEs (ESS, EA/ESAT, ZRR, QPR), <i>i.e.</i> more than 44% of indirect purchasing suppliers in France	↗
<b>INCREASE PARTNERSHIPS WITH ORGANISATIONS HELPING PEOPLE WITH DISABILITIES INTO WORK AND PARTICIPATE IN THE REVITALISATION OF CERTAIN URBAN AND RURAL AREAS</b>				
	Encourage suppliers to use socially supported organisations and employ socially supported organisations directly	Amount of purchases made from socially supported organisations	<b>€6.7 million</b> in purchases from adapted companies (EAs) and sheltered work establishments (ESATs)	↗
		Amounts of purchases made with Social and Solidarity Enterprises (ESS)	<b>€144 million</b>	↗

### 2.6.1 SUPPORT AND CONTROL

Committed to providing long-term support for all its partners and maintaining balanced relationships, Hermès ensures, in addition to quality issues, that everyone shares and respects its social, environmental and ethics ambitions. In particular, the Group monitors issues related to human rights and fundamental freedoms, employment conditions (hygiene, health, safety, working hours, wages, etc.), the protection of the environment and biodiversity, as well as animal welfare. This monitoring applies to its Tier 1 suppliers, but also to their own suppliers (Tier 2) and subcontractors, with the aim of always better understanding all the supply chains and aligning their CSR objectives with those of Hermès.

#### POLICY

At Group level, the direct and indirect purchasing departments coordinate and monitor policies, tools and outcomes. The **Group purchasing policy**, issued in May 2013 and updated in January 2021, is based on four elements:

- ◆ security: ensuring long-term relationships with suppliers, in particular, with the preservation of key savoir-faire, securing of supplies and services, and the establishment of balanced and sustainable relationships with partners;
- ◆ quality and innovation: seeking the best quality and enriching Hermès' creation with concrete proposals, resulting from the innovation of partners;
- ◆ CSR: ensure a social, societal, environmental and ethical commitment across all supply chains, by sharing the House's objectives in these areas with partners and supporting them in their implementation;
- ◆ cost control: contribute to the House's economic performance both by controlling costs, considered as a whole, and by providing value to the customer, while respecting a balanced approach with suppliers.

This policy was updated to strengthen its CSR component, by adding a CSR brief and a supply chain brief (updated in 2023):

- ◆ the **CSR brief** specifies the House's objectives and its expectations *vis-à-vis* suppliers on five themes: human and social rights, biodiversity, energy and carbon, water and plastics. Since then, new themes have been included: forestry, traceability, circularity, materials and process innovation, pollution, safety and chemical substances;
- ◆ the **supply chain brief** presents, for each raw material, both the short-term objectives and the trajectory for 2025, the points requiring particular attention, and those that are prohibitive. In particular, this brief includes certification objectives for most materials according to the best existing standards (§ 2.4.2.1).

Operationally, each métier is responsible for managing its suppliers and more generally, its supply chains. This approach guarantees proximity, understanding of issues and pragmatism of its mechanisms, while complying with the House's rules.

The CSR brief and the supply chain brief, are shared with all partners and analysed during supplier panel meetings. The House's main métiers, having a wide range of suppliers, are the spearheads of

these documents. Thus, all direct suppliers of HTH (Holding Textile Hermès) received the CSR brief (also available in Italian) and the supply chain brief. This is also the case for Tier 1 suppliers in the Shoes métier and for certain Tier 2 suppliers. Meetings were organised by the métiers with their main suppliers to present these documents in person and advise them on the implementation of these objectives.

In 2023, the distribution rate to suppliers was 88% for the supply chain brief and 90% for the CSR brief (as a % of purchasing revenue). Suppliers who so wish are also offered more in-depth training, to which Hermès contributes financially, in particular in the areas of energy and carbon, water and biodiversity, in order to continue to support them in the best possible way using a collaborative approach. Suppliers are also invited to share their carbon data (scopes 1, 2 and 3), which will feed detailed figures into the Group's data. On this subject, a group of buyers was trained in carbon issues in the value chain, with a specific focus on reading carbon data (carbon footprint, GHG protocol, internal grid). A campaign to raise awareness and collect carbon data through sessions of five webinars in French, English and Italian was launched for Tier 1 suppliers. Data collection work with the support of an expert firm has been launched. Lastly, a Carbon Steering Committee meets three times a year to share the objectives and progress of each métier.

#### 2.6.1.1 SOCIAL, ENVIRONMENTAL AND ETHICS REQUIREMENTS

The supplier risk management system, which had already existed in the Hermès Group for many years, has been strengthened since 2018 as part of the rollout of a reasonable vigilance plan with respect to suppliers and subcontractors as required by French law. The future European law on the duty of care (corporate sustainability due diligence directive) is also being watched closely.

**This monitoring is undertaken in the specific context of Hermès, which carries out more than 55% of its production internally:** this not only reduces its exposure to risk, but it often gives it a better understanding of operational issues (being itself an actor on the subject). In this way, through its purchasers by métier, the Group is in most cases close (geographically, on account of an ongoing relationship and thus also technically) to its suppliers. The distribution and understanding of the documents transmitted, particularly those that include a human rights dimension, are facilitated by translations (in English or Italian), and by discussion sessions within the buyer network to explain specific issues related to social and environmental requirements.

In addition to quality issues the EHS audit programmes pay particular attention to human rights and fundamental freedoms (absence of labour that is forced, undeclared or not aligned with ILO standards or local regulations), health and safety of people, and more generally their employment conditions, as well as the protection of the environment and biodiversity. Ethics, specifically the prevention of corruption and influence-peddling, are also closely monitored. The H-Alert! line, open to third parties, allows them to report any identified breaches.

All of this work is carried out systematically across the entire scope of the Group, using a "risk-based" approach that aims to prioritise the issues using successive filters, to focus efforts on the most significant issues.



In accordance with the recommendations of law no. 2017-399 of 27 March 2017 on the duty of care of parent companies and ordering companies, **this vigilance plan** is specifically structured around:

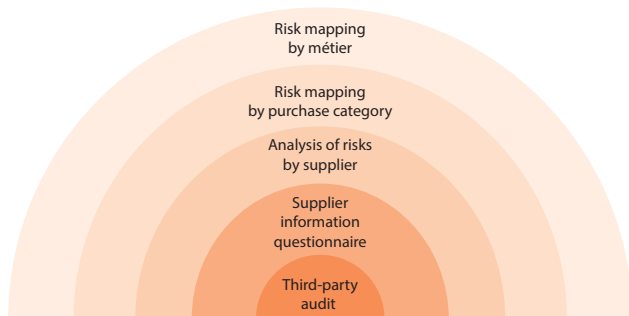
- ◆ risk mappings aimed at identifying and assessing the risks generated by the activities of suppliers and subcontractors, and more generally by all of the supply chains;
- ◆ procedures to regularly assess the situation of suppliers and subcontractors with which the Group has an established trading relationship, but also to assess the situation of Tier 2 suppliers and subcontractors, in order to gain an ever-stronger understanding of the supply chains;
- ◆ appropriate action to mitigate risks identified and prevent serious breaches of human rights, fundamental freedoms and health, safety and environmental regulations;
- ◆ a whistleblowing mechanism and alert monitoring (H-Alert!);
- ◆ a system for monitoring the measures implemented and assessing their effectiveness. This system is described in detail in §2.8.4 below.

The Group ensures that there are no negative impacts on local communities or indigenous communities in its value chain by cross-referencing data from risk mapping and supply chains with data and analyses from Verisk Maplecroft. This company has specialised in the analysis of sector and geographical risks for more than 15 years, and is a benchmark in the market.

As also described in section 2.8 “Ethics and compliance”, §2.8.4.4, in 2022 the Group published a specific vigilance plan, which is being updated for publication in 2024.

A methodology for monitoring supplier risks was formalised in 2018 and is applied by the direct purchasing and indirect purchasing departments at all the House’s métiers.

The diagram below summarises this methodology and the corresponding tools:



The métier purchasers must sort their suppliers by purchase category, then, for each of these categories, map the global risks and then analyse the risks by supplier. For suppliers identified as “at-risk” (notably corruption, politically exposed persons, negative press, breach of human rights, risk to the health and safety of persons, environmental risk) and those identified as strategic or sensitive (volume of business, special savoir-faire, *intuitu personae*, succession, financial health), the purchasers must complete a “supplier information questionnaire” to enable them to investigate the risks further. If the risk is confirmed, an external audit is requested.

### 2.6.1.2 RISK MAPPING

The Group has produced a risk mapping (see chapter 4 “Risks and control”, §4.1), into which the mappings produced by each of the main métiers, retail subsidiaries and support activities are fed. Each one takes risks related to suppliers and subcontractors into account.

In addition, to guarantee the thorough assessment of all suppliers and, more generally, all supply chains, the purchasers in each métier formalise a risk mapping for each of their purchasing categories, assessing in particular the risks with respect to human rights and fundamental freedoms, the health and safety of people, social aspects, the environment, biodiversity, ethics and corruption risks. Since 2019, these risk analyses by purchasing category (manufacturing methods, metal parts, fabrics, etc.) have been supplemented by analyses of the supply chains by raw material (cotton, linen, gold, silver, etc.) (§2.4.2.1).

Since 2018, the emphasis has been on direct production purchases, for which control of the supply chain is a strategic challenge. With its 16 métiers, the Group has around 100 direct purchasing categories and 75 raw materials supply chains in use. At the end of 2023, risk mapping and a risk analysis by supplier had been conducted for 99% of purchasing categories and a comprehensive analysis had been completed for 74 raw materials supply chains.

Among the risks identified, ensuring the sustainability of craftsmanship savoir-faire and maintaining our capacity in France are major challenges for several divisions, as is improving the traceability of raw materials throughout the supply chain. The impact of climate change, water and energy consumption and biodiversity are important issues, systematically taken into account (§2.5). Issues relating to the health and safety of people are also identified, but deemed to be less critical, this point being already controlled thanks to the long-standing monitoring with all Tier 1 and 2 suppliers, notably through audits, with a particularly high level of exigence. Lastly, as the majority of suppliers are located in France, the risk of violation of human rights and fundamental freedoms as well as the risk of corruption are generally assessed as lower; nevertheless, these are closely monitored.

### 2.6.1.3 REGULAR ASSESSMENT PROCEDURES

For each purchasing category previously covered in a risk mapping, the métier purchasers carry out a second-level risk analysis by supplier. This aims to assess the performance (deliveries, quality, etc.) and financial independence of each supplier, but also the risks related to human rights and fundamental freedoms, the health and safety of people, and more generally, employment conditions, as well as environmental risks. Corruption risks are also assessed according to the country in which the supplier is based and its activity. Expert tools, compiling the most up-to-date data, are used in this process.

If a risk is suspected, the purchaser conducts a more detailed analysis to confirm or rule out this risk, supported by a “supplier information questionnaire” setting out the various topics included in the previously completed supplier risk analysis framework.

This “supplier information questionnaire” is more generally used by the direct purchasers as the basis of visits to a Tier 1 or higher supplier with the aim of constantly improving their knowledge of the supply chains. Purchasers also use this questionnaire during pre-accreditation visits before starting to work with a new supplier. These pre-accreditation visits are compulsory within the scope of direct purchasing.

#### CSR self-assessment

In addition, the CSR briefs, created in 2020, and the supply chain briefs, developed in January 2021 and updated annually, specify the House’s objectives and its expectations *vis-à-vis* suppliers on these topics. To strengthen supplier engagement, a “CSR self-assessment questionnaire” has been developed, comprising 69 questions relating to CSR. It allows purchasers to retrieve all the information they need from their suppliers in terms of CSR (social policy, commitments to the environment and biodiversity, ethics charter, waste management, commitments to reduce the water footprint, carbon footprint and greenhouse gas emissions, etc.). Tailor-made by the Hermès’ teams, it is both comprehensive and corresponds to their typology and needs. The resulting progress plan will be easier to manage, having been jointly constructed. For example, this approach has made it possible to better understand manufacturers’ social and energy issues. Likewise, 10 major suppliers in the Women’s ready-to-wear métier were supported in the construction of a remediation plan, following analysis of the responses collected by these questionnaires.

The “Hermès Purchasing” digital information system is gradually being improved in order to better match buyer and supplier information and better integrate new parameters, in particular carbon emissions. Since 2023, a supplier portal has also enabled them to submit their various supporting documents independently and to download available resources (supply chain briefs, CSR brief, CSR self-assessment questionnaire, carbon grid). Webinars were organised to present the tool.

#### Audits

##### Direct purchases

A procedure for conducting and monitoring external audits of Hermès’ suppliers, updated in August 2022, governs the overall process of the supplier audit programme. Initiated on a voluntary basis in 2011, the process was strengthened with the implementation of the laws on the duty of care and Sapin II. The supplier audit programme is managed by the direct purchasing department (DAD) in partnership with all of the House’s métiers.

In essence, if the supplier information questionnaire confirms a significant level of risk, the purchaser alerts the direct purchasing department and their line manager, a member of the métier’s Management Committee, and an action plan is drawn up to prevent or mitigate the risks. If the risk is related to the environment, the health and safety of people, social issues or human rights and fundamental freedoms, an external body recognised for its expertise in these areas, is asked to conduct an audit. The results of these audits and the quality of action plans are taken into account during any continuation of relationships.

Audits are also requested for strategic or sensitive suppliers (volume of business, specific *savoir-faire*, *intuitu personae*, located in a country far from France, etc.). Specifically, in terms of direct purchases, the Hermès Group’s 50 largest suppliers must be audited at least once, and suppliers outside Europe may be audited regularly, depending on the results of audits.

These on-site audits last an average of two days each and are carried out in the presence of a Hermès representative. They make it possible to verify *in situ* the reality of suppliers’ social, environmental and ethics commitments, the proper implementation of regulations that concern them, and the reality of the working conditions and well-being of employees. This audit approach favours the quality of the work over the number of suppliers reviewed.

In keeping with the supplier information questionnaire, these audits cover the following seven issues, with a higher level of requirement than that of the SA 8000 standard:



Of these seven topics, the three priorities, which also meet our obligations under the duty of care law are those identified in orange in the diagram above. If the audited supplier uses subcontractors, most of its subcontractors will also be audited by the third-party firm. These Tier 2 audits last an average of half a day and focus on health and safety, environment, and human rights, fundamental freedoms and labour.

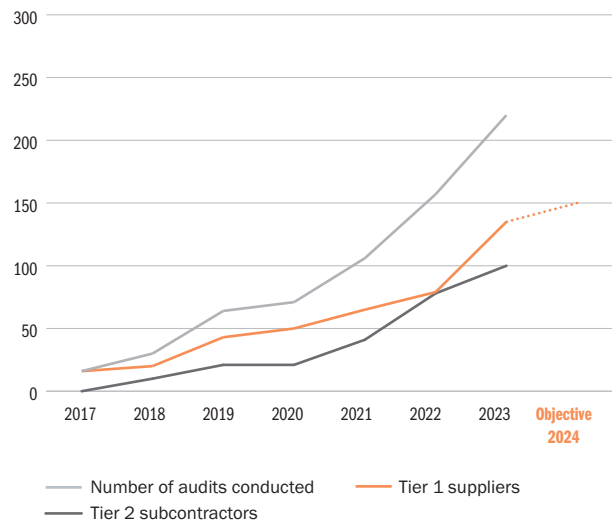
The schedule of this supplier audit programme begins in September of year N-1 with the establishment by the métiers of the list of suppliers to be audited according to the priorities defined above. This list is validated by the direct purchasing department with the associated budget. Preparatory meetings for the audits are held before the end of the year with the métiers and the third-party firm. They make it possible to properly dimension the audits and establish the provisional schedule for year N. The suppliers concerned are then informed of the planning of an audit. Prior to it being undertaken, a financial analysis is conducted using dedicated tools. The audit takes place according to a precise schedule including an in-depth site visit and interviews with employees. A report is published by the third-party firm within 15 days to quickly implement any corrective actions. A Direct Purchasing Audit Committee meets twice a month

and brings together the direct purchasing department, the audit and risk management department, purchasing and internal control of the métier that requested the audit, as well as all métiers that have a commercial relationship with this supplier. During this committee meeting, the main audit findings are presented and the priority actions to be carried out by the supplier are discussed. The urgency of these actions is defined and shared with the supplier. The aim is to have all action plans completed, other than clearly urgent situations, within 12 months of the audit. A site visit may be organised to validate the proper closure of the action plan.

**In a context where more than half of the production is in-house, the Group devoted 25,000 hours to auditing its direct suppliers, i.e. the equivalent of 16 full-time employees over the year.** The audit firm spent 11,000 hours working on Hermès' supplier audit programme and the teams devoted 14,000 hours to it. The number of audits increased by 60% between 2022 and 2023:

- ◆ 88% of the top 50 suppliers were audited;
- ◆ more than 80% of manufacturers for Men's ready-to-wear, Women's ready-to-wear and Shoes were audited;
- ◆ 100% of Italian manufacturers of Men's ready-to-wear and Women's ready-to-wear will now be audited every three years;
- ◆ in Shoes, 100% of Italian manufacturers will now be audited every two years;
- ◆ More than 60% of Tier 2 manufacturers in the PAP women métier were audited in 2023 and more than 80% of them for the PAP H.

**SUPPLIER AUDITS**



**BREAKDOWN OF AUDITS PERFORMED ON DIRECT TIER 1 AND 2 SUPPLIERS**

Direct purchases	2021	2022	2023	Objective 2024
Audits carried out	106 *	157	220	150 Tier 1 suppliers
Types of suppliers	Tier 1: 65* suppliers at 87 sites Tier 2: 41 suppliers located 93% in Italy	Tier 1: 79 out of 102 sites Tier 2: 78 located mainly in Italy	Tier 1: 122 out of 147 sites Tier 2: 98 mainly located in Italy	
Number of audit days	144 *	204 (7,000 hours for the external firm)	298	More than 300 days
Results	1,364 findings, of which 0.2% considered critical, 18.5% major and 52.5% significant. The remaining 28.8% concern simple points for improvement, with proposals for best practices to encourage suppliers to constantly progress in a spirit of continuous improvement.	1,793 findings, of which 0.7% considered critical. <i>See below for more details</i>	2,612 findings, of which 0.5% considered critical. <i>See below for more details</i>	

\* Method changed in 2021.

Hermès places the safety of people at the heart of its concerns, which is why the level of health and safety audits is particularly high. It is therefore no surprise that, in 2023, 61% of the findings were related to this topic, i.e. 1,596 findings, of which 27% were considered major or critical.

The most frequent major observations in terms of personal health and security relate to:

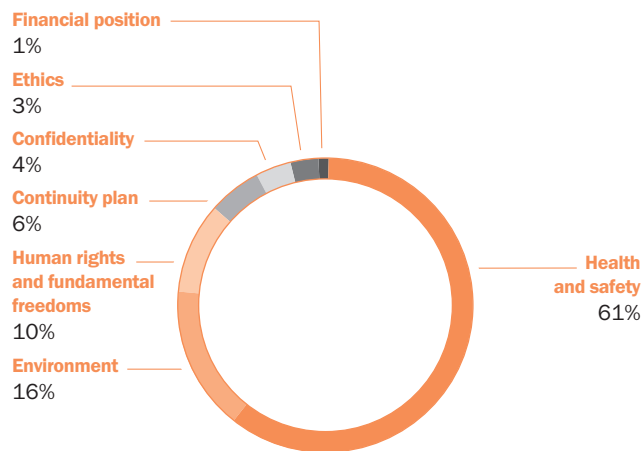
- ◆ fire risk;
- ◆ chemicals risk;
- ◆ risks related to workspaces;
- ◆ compliance with mandatory periodic checks.

In terms of labour, the most frequently occurring observations concern the non-compliance with or exceeding of the overtime quota.

In terms of the environment, the main recurring findings relate to non-compliance with the obligations related to ICPE regulations, the management of waste, and the absence of an asbestos technical file.

In terms of ethics and anti-corruption, although some suppliers have not yet formalised their own ethics and anti-corruption charter, they can all use Hermès' social, environmental and ethics policy as a basis (Handbook 2), which notably contains clauses relating to the fight against corruption.

**BREAKDOWN OF FINDINGS RECORDED IN 2023**



In more detail, in 2023, 12 critical findings were identified at nine suppliers. Four findings were related to personal health and safety (fire, absence of protection during work), seven were related to the labour topics (working time, day off) and one was related to the environment (storage of waste and risk of pollution). They all took immediate steps to implement the necessary actions to correct the situation and comply once more.

The audits are a fundamental part of the risk assessment system for suppliers and subcontractors. They also contribute to the quality of the relationship, a key factor in the success of sustainable support towards best practices. This is why the métier purchasers are involved in the auditing of their suppliers, supporting the process upstream, participating in audits alongside the external firm, and in monitoring the progress made in the action plans in a more formal manner. An employee from the direct purchasing department is also involved in most of the audits. It also helps develop the purchasers' CSR expertise, which they can then apply to the identification of risks when visiting their suppliers.

### Direct Purchasing Audit Committee

Since 2019, a Direct Purchasing Audit Committee is tasked with analysing the various audit reports and defining the actions to be implemented as a priority with each of the audited suppliers. This Supplier Audit Committee brings together the direct purchasing department, the audit and risk management department and the purchasers concerned within the métiers. The Supplier Audit Committee meets twice a month to review the findings of new audits and dedicate time to follow up on past audits. The purchaser of the métier in question is responsible for distributing the conclusions of the Supplier Audit Committee to each supplier and monitoring action plans. Audit follow-up visits are planned three months, six months and/or one year after the audit, depending on the type and severity of the findings. If necessary, a member of the Group direct purchasing department can accompany the purchaser on these visits. Lastly, once all the findings have been cleared by the supplier, where necessary, a closing visit is carried out by the purchaser concerned and a member of the Group direct purchasing department to confirm the successful completion of all corrective actions and ensure their sustainability over time.

### Indirect purchases

Audits of indirect suppliers last between one and two days depending on the type of activity carried out at the suppliers' premises. They often target less specific métiers than direct purchases, which are less complex to monitor. As with direct purchases, a risk-based approach is used. Since 2014, Hermès Sellier's strategic packaging suppliers have all been audited. Each year, this list is extended to strategic suppliers from other departments (logistics, temporary work, transportation, etc.) or to suppliers whose buyers have identified a risk.

In 2023, indirect purchasing thus carried out 22 audits in France and abroad. Several times a year, the audits are reviewed by a dedicated Indirect Purchasing Audit Committee in order to review the audit results and approve the action plans decided upon. This is also an opportunity to study the follow-up audits carried out by buyers in charge of suppliers.

### BREAKDOWN OF AUDITS CARRIED OUT AT INDIRECT PURCHASING SUPPLIERS

Indirect purchases	2020	2021	2022	2023	Objective 2024
Audits carried out	6	10 (+67%)	18 (+80%)	22 (+22%)	+36%
				France 70%	
		France 40%	France 65%	Portugal 15%	
		China 30%	Italy 15%	Italy 5%	
Geographical locations	France 100%	Portugal 20%	Portugal 10%	Spain 5%	
				India 5%	

In 2023, an audit of suppliers outside the European Union (India) was carried out as part of the store renovation project in Mumbai. This audit did not reveal any issues related to the human and social rights of workers.

### EcoVadis

In line with its responsible purchasing strategy, the Indirect Purchasing division selected EcoVadis at the end of 2018, which offers a collaborative platform for assessing the environmental performance and social responsibility (CSR) of its suppliers on four themes: environmental, social and human rights, ethics and

responsible purchasing. Each company is assessed on these fundamental issues according to their size, location and sector of activity. Evidence-based assessments are recorded in assessment sheets enabling the implementation of corrective action plans.

	2020	2021	2022	2023	Objective 2024
Number of national and international suppliers invited to use the EcoVadis platform since 2018	200, i.e. 50% of indirect purchasing expenditure	322, i.e. 60% of indirect purchasing expenditure	736, i.e. 70% of indirect purchasing expenditure	956 invited (900 expected), i.e. 81% of the France indirect purchasing expenditure covered by the responses	Maintain coverage of 80% of indirect purchasing expenditure
Average score	50.8 (18% higher than the overall EcoVadis average of 42.8)	55.4 (29% higher than the overall EcoVadis average of 42.8)	55.2 (23% higher than the overall EcoVadis average of 44.9)	59.1% (27% higher than the overall EcoVadis average of 46.5)	

Number of suppliers assessed in 2023	Average score	Average score Environment	Average score Labour and human rights	Average score Business ethics	Average score Responsible purchasing (for the suppliers concerned)
646	59.1 EcoVadis: 46.5	61.4 EcoVadis: 47.3	61.0 EcoVadis: 49.1	55.0 EcoVadis: 44.1	53.6 EcoVadis: 38.6
Of these 646 suppliers, 41% were reassessed	Average score increase of +3.6 points	Average score increase of +4.3 points	Average score increase of +3.1 points	Average score increase of +3.3 points	Average score increase of +3.9 points

The results of supplier assessment with the platform are reflected in action plans proportionate to the risk exposure according to the score. The latter triggers a new assessment at a variable date according to the level of performance. Thus, suppliers can be congratulated or encouraged to implement a corrective action plan or, after an explanatory meeting, be supported in a traditional site visit and specific questioning process.

#### 2.6.1.4 RISK MANAGEMENT AND MITIGATION OR PREVENTION OF SERIOUS HARM

The Group's policy is also based on a desire to train purchasers in an increasingly complex métier and formalise concrete commitments by suppliers.

##### Network management and training

The two purchasing divisions, direct and indirect, are responsible for coordinating the network of purchasers and organising joint training actions.

The Direct Purchasing Coordination Committee, led by its Group department, regularly brings together purchasers from the métiers to review the Group's policy and procedures, regulations, legal rules and tools for monitoring suppliers and subcontractors. These meetings are also an opportunity to share the purchasing risk mapping of the various métiers. This helps purchasers to exercise their duty of care *vis-à-vis* their suppliers and subcontractors, and more generally *vis-à-vis* all supply chains. In particular, in 2021, the enhancement of the CSR component of the Group's purchasing policy was presented to the entire community of purchasers, *i.e.* 120 direct purchasers, during these meetings.

In addition, networks specific to certain supply chains, common to several métiers, have existed since 2019 and meet on average three times a year, and more frequently if necessary. These are the leather, textile, metal and stone purchasing networks. Other networks have been created to address other supply chain categories such as wood and plant-based materials, raw materials in the Perfume & cosmetics métier, and ceramics, enamel, glass and crystal. These meetings provide the opportunity to discuss the risks identified within the chains and steer the action plans to prevent or mitigate these risks.

Since the end of 2018, the development of a training course for purchasers has been ongoing, with the aim of strengthening and structuring the training already existing within the Group. These dedicated sessions are either more general, with detailed CSR components, or more technical on EHS (Environment, Health and Safety), legal compliance and human rights topics:

- ◆ a "Hermès Purchasing Excellence" training course was finalised in early 2021 and is continuing to be rolled out. It lasts three days,

including a full day dedicated to CSR, responsible purchasing and supply chain management;

- ◆ an "Environment, health and safety" training course has also been running since 2020. It addresses purchasers, as a priority, but also everyone who is required to travel to the House's suppliers and subcontractors. In 2023, more than 50 people were trained and the Group now has nearly 260 people trained;
- ◆ a 3.5-hour "GOTS certification" training course was made available to the métiers so that they could understand its inclusion in Hermès' CSR policy and its consequences for partners. This will make it easier to support them and develop their skills in the subject. Some 45 employees who work with textile suppliers were trained in 2023;
- ◆ all buyers other than in the Leather métier were trained in CSR during specific sessions.

As part of the management of its strategic partners, Hermès Horloger has increased the number of suppliers involved in the "supplier relationship management" cycle: bimonthly meetings are organised to strengthen ties with a view to jointly building lasting relationships. Within this framework, the central topics of the purchasing policy are addressed, such as the vision of CSR, financial health and recent investments, as well as the short-, medium- and long-term needs of Hermès Horloger, in order to be able to systematically give its partners a clear vision and thus secure supplies.

As an extension of the Group's supply chain management programmes, Hermès Horloger continued its work on the precise mapping of its value chains: work carried out jointly by the métier's purchasing and CSR teams also served as a basis for identifying environmental and social risks coupled with supply risks in the value chain, in order to define the priority supply chains on which to focus actions and efforts in 2023 and the following years.

In its risk analysis, out of a panel of 145 suppliers and subcontractors, Hermès Horloger analysed 45 suppliers and identified 15 suppliers likely to be monitored more closely over the long term, but no alerts according to the OECD's due diligence principles were identified. Following this analysis, eight audits were carried out (including four diamond cutting plants, Tier 2 suppliers) and a strategic and operational action plan was put in place for 2023.

Furthermore, Hermès continues to conduct buyer training on carbon footprints, with 55 people trained. The objective of these training courses is to better understand the methodology, but above all to be able to explain it to the Group's suppliers in order to help them in their own carbon footprint analyses. In 2023, this training was enriched by a module to help analyse and explain the results and propose action levers to suppliers.

A “Social Issues and Human Rights” training course was rolled out in 2023 and 72 people were trained.

In addition, a “Legal and Compliance” training course is being finalised with the legal department.

### Supplier commitments

From a legal standpoint, Hermès systematically requests a formal commitment from its suppliers to comply with their social, regulatory and environmental obligations through two contractual undertaking handbooks, signed by both parties. These handbooks, which define the contractual relationships, are regularly updated (publication of the new Supplier Code in 2024):

- ◆ handbook 1: defining undertakings with respect to non-disclosure and fair trading;
- ◆ handbook 2: defining undertakings with respect to social, environmental and ethics policies.

These two handbooks are public and available online. They were updated in 2020 to include an email address facilitating the reporting by suppliers of any breaches they witness in terms of ethics.

The signature campaign launched in 2018 continued to present and encourage all the Group’s suppliers to subscribe to this new version.

Handbook 2 includes items relating to international standards and agreements, rules of labour-related, environmental and ethical conduct, as well as personal data.

By signing handbook 2, suppliers and subcontractors formally undertake to carry out their own duty of care with respect to their suppliers and subcontractors. Moreover, they are responsible for declaring all their subcontractors to Hermès and may not subcontract any production of Hermès products to a new subcontractor without Hermès’ prior written agreement. This agreement is tied to a pre-accreditation visit based on the “supplier information questionnaire”.

Purchasers regularly remind their suppliers and subcontractors of the undertakings they have made by signing handbooks 1 and 2. Furthermore, any new supplier is required to sign handbooks 1 and 2 before any partnership can be undertaken, and in particular prior to participating in any call for tenders or listing. In other words, CSR criteria are systematically taken into account in the supplier selection process and their performance in this area is monitored during the contractual period. Similarly, the termination of the supplier relationship could be considered by the Group in the event of a proven breach of Hermès’ CSR requirements. In 2023, 85% of direct purchasing suppliers signed commitment handbooks 1 and 2.

In 2024, handbooks 1 and 2 will be combined in a single document called the “Supplier Code of Conduct” <sup>(1)</sup>.

### Examples of the application of the approach by the métiers

The Cashmere working group finalised the identification of its supply chain issues and rolled out a specific questionnaire to shearers. The first métier audits of the division’s upstream chain were launched in 2023.

The Leather division organised a day for its suppliers in 2023, to share CSR issues and engage them on these topics. On this occasion, 106 people were trained in the Climate Fresco. Similar days dedicated to suppliers on the theme of CSR were organised for buyers in the Women’s ready-to-wear métier, and the Hermès Manufactures de Métaux subsidiary.

Within the Fashion jewellery métier, suppliers are supported in implementing a zero plastics supply chain approach. They are thus made aware of the importance of not including intermediate plastic packaging when sending articles. The Home métier has drawn up a roadmap with its suppliers for all of its textile supply chains in order to manage a transition to 100% certified materials by 2030.

#### 2.6.1.5 ALERT MECHANISM AND MONITORING SYSTEM FOR MAJOR ISSUES

The close relationships between Hermès and its suppliers are key to identifying suspicious conduct. On-site visits by purchasers and frequent assessments are important aspects that make it possible to detect any breaches and to alert the Group.

Each métier is responsible for monitoring the issues identified and the proper implementation of corrective actions with suppliers. Similarly, the legal framework of relations with suppliers and subcontractors is regularly updated in light of actual experience. In particular, the conclusions of the audits, which bring together the purchasers and the Group direct purchasing department, offer deep insights solidly anchored in the real circumstances of suppliers and subcontractors.

In accordance with the code of business conduct, any employee who identifies suspicious behaviour in the supply chain is invited to report it internally thanks to the H-Alert! mechanism. Furthermore, in accordance with the French Sapin II law, in the event of a breach or situation contrary to the ethics, social and environmental principles, the Hermès Group has provided its suppliers and subcontractors with a whistleblowing mechanism using a dedicated digital platform.

French law no. 2022-401 of 21 March 2022, which fundamentally amended the Sapin II law, broadens the scope of whistleblowing as well as those people benefitting from whistleblower status.

As a result, the global H-Alert! whistleblowing system was supplemented in 2022, in order to:

- ◆ strengthen the protection of whistleblowers against any form of retaliation. To this end, a new information notice on the whistleblowing system has been published;
- ◆ provide Hermès suppliers, dealers, distributors, intermediaries and co-contractors in general with access to the unique H-Alert! whistleblowing system.

1. [https://assets-finance.hermes.com/s3fs-public/node/pdf\\_file/2024-02/1706808629/24-01-30-supplier-code-of-conduct-en-final.pdf](https://assets-finance.hermes.com/s3fs-public/node/pdf_file/2024-02/1706808629/24-01-30-supplier-code-of-conduct-en-final.pdf).

This external H-Alert! occupational whistleblowing system is now accessible on the HermèsSphère intranet and the Hermès Finance institutional website. Available in 21 languages, it was validated by the Group's Governing bodies and communicated to all its entities and structures.

These alerts are analysed by the legal compliance department and the Group purchasing department. § 2.8.1.3.2 describes in more detail the implementation of this alert system.

### 2.6.1.6 HUMAN RIGHTS IN THE SUPPLY CHAIN

The Hermès craftsmanship model, in which 55% of objects are made in Hermès' exclusive in-house workshops, and 74% in France, relies on a network of suppliers based mainly in Europe, where labour practices are stricter than in other environments. Hermès' exposure to supplier risk is therefore reduced, all the more so as 58% of the top 50 direct suppliers are in France and 40% in other European countries. Just 2% of purchases are made in more distant countries, mainly raw materials (e.g. exotic leathers), and control and monitoring there are extremely strong. The House's practice is to have a close relationship with its suppliers, historically for reasons relating to quality, however this historical mode of operation is now also very useful when it comes to ensuring the quality of ethics, social and environmental practices.

The Group's policy, for its own operations as well as for those carried out by its suppliers and subcontractors, is to enforce compliance with major international Human Rights principles:

- ◆ Hermès' internal and external ethics approach is based on the universal framework established by major international principles. The ethics charter, signed by the Executive Chairman, established in 2009 and updated in 2022, is communicated to all employees. It is available on the intranet and can be accessed by the public on the financial website <sup>(1)</sup>.

As stated in § 2.8, the ethics charter specifies that these principles apply to both Group companies and suppliers. In particular, explicit reference is made to the Universal Declaration of Human Rights, the charter of fundamental rights of the European Union, the charter of fundamental principles of the International Labour Organization, which covers freedom of association, the fight against forced labour, child labour and the fight against discrimination, and the OECD Guidelines. It is also a member of the United Nations Global Compact, which invites companies to adopt, support and implement in their sphere of influence a set of 10 core values (relating to issues involving human rights, labour standards, environment, the fight against corruption), and the UN Guiding Principles on Business and Human Rights, which commit companies to respect human rights and address the negative impacts of their activities;

- ◆ this approach is regularly shared with the teams and through the work of the legal compliance department. It is shared with suppliers during operational exchanges with purchasers, and was formalised in the signing of handbook 2 (§ 2.6.1.4), which is also available to the public online <sup>(2)</sup>.

Monitoring of practices is primarily the responsibility of the métiers and their purchasers, who are in direct contact with suppliers. The topics that are monitored closely include working conditions (hours, health and safety, compensation, right to organise and representation, disciplinary practices), risks of discrimination, forced labour, child labour, and, more broadly, acceptable living conditions (considering the local environment). Industry (for the packaging sector, for example) and geographical discussions are held to help identify the issues more precisely. When a subject is identified, it is discussed with the partner to help it understand why the topic is important to Hermès, examine possible improvement solutions and put in place an action plan as part of a long-term relationship. If this process cannot be put in place, the subject is discussed by the Management Committee of the appropriate métier, the industrial affairs department and the Sustainable Development Committee. the relationship is suspended.

Respect for Human Rights and fundamental freedoms is part of the vigilance plan put in place by the Group as part of its duty of care. This is repeated and detailed in § 2.8.4.

### 2.6.2 DEVELOPMENT OF PURCHASES WITH A SOCIAL CONTRIBUTION OR RESPONSIBLE SOCIAL IMPACT

Aware of its societal responsibility and driven by the development of purchases from socially supported organisations both for its direct and indirect purchases, Hermès implements a strategy of developing its responsible purchasing, wishing to extend its societal commitment beyond the strict definition of socially supported organisations.

#### POLICY

The Group is very sensitive to the subject of disability, with an employment rate in excess of 6.8% within its teams in France (see § 2.2.4.5). Moreover, Hermès has long pursued an external policy in favour of people with a disability through partnerships with organisations helping people with disabilities into work (EA <sup>(3)</sup>, ESAT <sup>(4)</sup>) in France. This ambitious purchasing policy with socially supported organisations is based on enabling EA and ESAT workers to exercise a professional activity in an adapted framework that provides a meaningful environment. The legislation changes of the Disability Reform, which set a ceiling for the tax reductions generated by purchases from socially supported organisations, will not threaten this policy, which has been reaffirmed to all players and decision makers.

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

2. <https://finance.hermes.com/en/ethics-human-rights-and-diversities/>.

3. EA – Adapted company.

4. ESAT – Sheltered work establishment.



The ambitious target set in 2017 to increase the use of the socially supported and sheltered organisation sector in France by 20% per year was widely exceeded in 2023, with purchases made growing from €0.7 million at the end of 2017 to €6.7 million at the end of 2023 (vs. €5.2 million in 2022), *i.e.* an increase of nearly 30% compared with last year and a 10-fold increase in six years. Driven by a proactive policy, these purchases are mainly made at the initiative of Hermès Leather Goods & Saddlery and Hermès Group Services.

The Group regularly uses the Hors les Murs initiative, in which EA and/or ESAT workers come and carry out tasks in the workshops. In many métiers (Hermès International, Hermès Group Services, Hermès Leather Goods & Saddlery, Hermès Perfume and Beauty, Hermès Distribution France, etc.), these workers, made available on a daily basis by EAs and ESATs, contribute to various activities (cutting, preparation of orders or meeting rooms, logistics, security, concierge, mail dispatching, etc.). These collaborations provide long-term employment opportunities. For example, at Puiforcat, a partnership with APF Entreprise enabled this structure to provide a person with a disability to assist in the workshops as a controller and assembler,

meeting a need for reinforcements due to growth in the activity. After becoming multi-skilled and having increased her skills, she is now a full-time member of the teams. In addition, specific systems can also enable the structures of the adapted sector to benefit from the organisations set up at Hermès, in the form of a transfer of experience.

Building on this inclusive base, the Group now measures the impact of its purchases in the regions in France, and the results represent a significant impact in terms of social responsibility.

Indirect purchases thus contribute to the development of priority regions. In 2023, these purchases were made from 1,261 SMEs in France (<250 people, revenue <€50 thousand) spread across 236 ESS – social and solidarity enterprises, 367 suppliers located in ZRR (rural revitalisation zones), 628 suppliers located in QPV (priority city neighbourhoods) and 30 ESATs/EAs. In summary, 44% of the amount of value-added social purchases (contributing to the revitalisation of regions as well as organisations helping people with disabilities into work) are made from SMEs.

In total, in France in 2023, 1,856 partners enabled the Group to make purchases with social and environmental added value in the amount of €293 million:



## MEASURES IMPLEMENTED AND RESULTS IN ORGANISATIONS HELPING PEOPLE WITH DISABILITIES INTO WORK

Hermès Maroquinerie-Sellerie’s objective is for each internal regional division to develop a partnership with one or more EAs/ESATs in its region. Each partnership is first and foremost a human journey, providing an opportunity to integrate people with disabilities into the teams, drawing on the experience and skills of these structures.

The first step is to have the EA/ESAT partners work locally on the skills they already offer: green spaces, company canteens, renovation of workbenches, small equipment, etc. Once this potential is tapped, a ramp-up of skills is envisaged in the techniques necessary for the manufacture of objects. The ultimate goal is to enable certain EA/ESAT partners to become contract manufacturers to whom the sites could entrust the manufacture of certain small, finished products. These supported long-term partnerships in short make it possible to free up internal production capacity within the leather goods workshops, while allowing the EAs/ESATs to improve their skills and develop their activity.

Undertaken since 1999, the Hermès Leather Goods & Saddlery collaboration with EAs/ESATs on the core métier expanded further in 2023, now representing 133 FTEs spread across nine EA/ESAT partners. In addition, the development of “off-site” secondment missions continued this year by integrating more operations such as the slitting of stiffeners at five partners and trimming operations at two of them. All partners benefit from the growth in activity and machines can also be sold to them for a symbolic €1. For 2024, two partners should be listed, in Montereau and in Normandy. Manufacturers are also supported in starting a stiffener cutting activity with an EA or ESAT near their premises. Lastly, HMS will organise the third Handispensable day in July 2024, an internal event that brings together the various entities of the Group and their partners in organisations helping people with disabilities into work, to share their skills and experience and encourage the use of responsible purchasing.

The other major player in the collaboration with EAs/ESATs is Hermès Group Services, which for the third consecutive year exceeded the threshold of €1 million in purchases from EAs/ESATs. By structurally integrating into each call for tenders an inclusive clause on purchases from socially supported organisations and the sheltered sector, and regularly setting up tripartite co-contracting contracts, they have developed numerous opportunities for collaboration with socially supported organisations: cleaning of premises, waste management, concierge service at the Faubourg premises, in-store packaging management, reception at the switchboard, management of meeting rooms, maintenance of green spaces, postage, inter-site shuttles, premises maintenance, etc. The growth in partnerships is aligned with that of the Group. In addition, the teams of Café Joyeux, a company that employs people with disabilities, work in the tea rooms and cafeterias.

Hermès Perfume and Beauty continued its partnership with an ESAT in addition to the packaging partnership that had been in place for several years, with support from Hermès for the implementation of an “RAE” (Recognition of skills Acquired through Experience) system, the provision by Hermès Parfum of a conveyor belt within their establishment so that ESAT employees can learn to adapt to working at a steady pace and finally welcoming a small team from the ESAT within the premises of Hermès Perfumes directly on our packaging lines.

Lastly, Hermès Commercial has developed a collaboration with three EAs/EATs/ ESATs over several years. At the logistics department in Bobigny, three workers are currently seconded to the site by APF (Association des Paralysés de France) to work as logistics operators and an administrative assistant. Building on this successful experience, a team of two people was also recently deployed within the exceptional sales department to prepare products for donations to associations or recycling (§ 2.4.1.2.4). Some of these collaborations have resulted in hires.



Manufacto, introducing the craftsmanship métiers and savoir-faire, a programme run by the Fondation Hermès



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## 2.7 COMMUNITIES: STAKEHOLDERS AND TRANSPARENCY

Hermès' sustainable development is rooted in harmonious long-term relationships with its stakeholders. Hermès acts as a socially responsible company wherever it operates, contributing to the economic, social and cultural vitality of the regions.

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

2

### Introduction

Aware of its responsibility in terms of contribution to regional development, Hermès mainly locates its production activities in France. With 75 own production and training sites worldwide, including 60 in France, Hermès contributes to the sustainable development of the regions through employment (4,877 new employees in France over the past five years) and promotes the creation of sustainable value (recruitment in the local area, employee training, etc.).

Diverse initiatives enable Hermès to express its uniqueness, as well as extend its outreach into numerous regions, and create constructive ties with local economic players. These harmonious relationships with stakeholders contribute to its local integration and its contribution to having a positive impact. They reinforce employees' pride in belonging.

Moreover, the House's subsidiaries and sites organise local charitable operations. They stimulate and cultivate the desire of employees to become more involved in these very diverse subjects, each in their own way. Dedicating time, investing personally, being open to others and giving back to society a part of what it gives us... around the world, a multitude of local interest projects thrive thanks to Hermès.






The founding values of Hermès are also expressed through the Fondation d'entreprise Hermès, created in 2008. This creates favourable conditions for the design of works, the transmission of savoir-faire, the preservation of the environment and the promotion of solidarity actions.

In 2023, the Group made progress in its local anchoring and stakeholder relations approach with a philosophy of undertaking steady in-depth improvements over the long term. Among these, the elements selected below are particularly illustrative of 2023 for this section:

- ◆ nearly 388 solidarity and social actions around the world;
- ◆ an emblematic project to replant 20,000 trees with the Est Ensemble urban community;
- ◆ 26% of the added value redistributed to the public authorities and 20% redistributed to employees, on average over the last three years;
- ◆ progress in non-financial assessment scores:
  - keeping its place on the "A list" of the Carbon Disclosure Project (CDP) for water, new entry to the "A list" for climate, and A- for forests,
  - B- "prime" awarded by ISS ESG,
  - winner of the best improvement class in the Best Vigilance Plan rankings awarded by the Sustainable Investment Forum for the 2023 edition;
- ◆ alignment of information relating to the Group's non-financial performance with the main ESG (environmental, social and governance) standards: TCFD (Task Force on Climate-related Financial Disclosures), TNFD (Task Force on Nature-related Financial Disclosures); SASB (Sustainability Accounting Standards Board); GRI (Global Reporting Initiative); PAI indicators (principal adverse impacts) of the SFDR (European Sustainable Finance Disclosure Regulation);
- ◆ reasonable assurance report on a selection of CSR information published in this document.

## COMMUNITIES

## STAKEHOLDERS AND TRANSPARENCY




SDG	OBJECTIVE	INDICATORS	2023 RESULTS	CHANGE 2022/2023
<b>PURSUE A MANUFACTURING DEVELOPMENT POLICY IN FRANCE BY JOINTLY DEVELOPING PROJECTS WITH THE REGIONS WHERE IT OPERATES</b>				
	Maintain a high level of commitment in terms of production in France	Share of production in France	<b>74%</b> of objects are produced in France	↘
		Number of production sites in France and number of new sites established in France	<b>60</b> production and training sites in France	↗
	Continue to develop new production sites in France	Number of regions in which the Group has established sites	<b>11</b> of the 13 French regions (including nine for production and training sites)	=
		Number of new employees in France	<b>4,877</b> new employees in France over five years	↗
<b>DEVELOP HARMONIOUS RELATIONSHIPS WITH LOCAL STAKEHOLDERS</b>				
	Implement stakeholder relations action plans in each host region	Number of local events with local authorities, local institutions, associations, etc.	Partnerships with local employment centres to promote local recruitment  Participation in <b>Réseau Entreprendre 93</b>  Support for the <b>“Des Territoires aux Grandes Écoles”</b> initiative	
<b>GIVE BACK TO THE WORLD A PART OF WHAT IT GIVES TO THE GROUP</b>				
	Ensure value is shared	Group tax rate	<b>27.8%</b> Group consolidated tax rate	
		Group income tax expense in millions of euros	<b>€1,623 million</b> in consolidated income tax expense	↗
	Establish the necessary conditions for the creation of works of art, transmission of savoir-faire, protection of the environment and encouragement of solidarity actions	Fondation budget by mandate	<b>€63 million</b> <sup>(1)</sup> ; budget of the Fondation d'entreprise (over five years)	↗
	Strong commitments from the entire Group to local sponsorship initiatives	At least one sponsorship or social and solidarity action per year and per country	See table § 2.7.2.1.2	=
		Number of solidarity projects set up	Nearly <b>388</b> solidarity projects around the world	=
	Develop global philanthropic actions	Projects led by the Group	Project with Est Ensemble to plant <b>20,000</b> trees across the Est Ensemble region over four years	
		Livelihoods project	<b>2.8 million</b> people supported by Livelihoods projects worldwide	↗

1. Including €2 million euros for skills-based sponsorship.

COMMUNITIES

STAKEHOLDERS AND TRANSPARENCY

2

SDG	OBJECTIVE	INDICATORS	2023 RESULTS	CHANGE 2022/2023
<b>CONTRIBUTE TO DISCUSSIONS BY CIVIL SOCIETY OR ACADEMIC RESEARCH EFFORTS BY PARTICIPATING IN MULTI-STAKEHOLDER INITIATIVES</b>				
	Establish partnerships with educational establishments	Number of partnerships with educational establishments, chairs, etc.	20 partner educational establishments  Continuation of partnerships with the Sciences Po Paris Sustainable Development Chair and the PSE "Opening up science to the economy" Chair	=
<b>PARTICIPATE IN ADVOCACY ACTIONS FOR DIFFERENT PRODUCTION METHODS (CRAFTSMANSHIP, LESS INTENSIVE AGRICULTURE, LOCAL INTEGRATION)</b>				
	Contribute to initiatives and coalitions	Contribution to an action in each of our value chains	<p>UNFCCC (United Nations Fashion Charter for Climate Change)</p> <hr/> <p>Act4Nature International</p> <hr/> <p>SBTN (Science Based Target Network)</p> <hr/> <p>ICFA (International Crocodilian Farmers Association)</p> <hr/> <p>LPPS (Lizard Procurement and Processing Standard)</p> <hr/> <p>SAOBCS (South African Ostrich Business Chamber Certification Scheme)</p> <hr/> <p>CVFR (Cuir de Veau Français Responsable)</p> <hr/> <p>Lab Cap Naturel</p> <hr/> <p>La Fabrique de la Circularité</p>	
<b>DEVELOP A CONSTRUCTIVE AND TRANSPARENT DIALOGUE WITH ALL OF THE COMPANY'S STAKEHOLDERS</b>				
	Be transparent about our non-financial performance	Number of non-financial assessments	15 main non-financial assessments	↗
			CDP climate: inclusion on <b>A List</b>	↗
	Achieve the highest rating category in each assessment	Improve non-financial ratings	MSCI: <b>AA</b>	↗
			Moody's ESG: <b>65 "Advanced"</b>	↗
			ISS ESG from C+ to <b>B- "prime"</b>	↗
	Be transparent about the strategic actions taken by the Company and the results obtained	Number of CSR documents shared on Hermès' websites	18 documents published on the Hermès Finance website in addition to the annual report	↗

## 2.7.1 REGIONAL RESPONSIBILITY IN FRANCE

As part of its regional responsibility, Hermès undertakes initiatives in France in particular to support the regions in which it is located, enhancing their value and transforming them.

### POLICY

Hermès chooses to locate its manufacturing sites mainly in France. Where other companies that have chosen to relocate more centrally are now seeking to return, Hermès remains faithful to its long-term model. This is the case for its Leather Goods & Saddlery division's activity, where the industrial development approach is that of spin-offs: organic development that creates human-scale production sites (approximately 250 people), that start with a core group of experienced craftspeople, who train newcomers.

Hermès' ambition is also to contribute to the development of the regions in which it is located by creating direct and indirect jobs, as well as by local initiatives in social, educational and cultural fields, among others.

#### 2.7.1.1 PURSUE A MANUFACTURING DEVELOPMENT POLICY IN FRANCE

Hermès is present in 11 of the 13 regions of mainland France (production and stores). The House establishes itself for the long term and today has 13,723 employees in France, with an increase in its workforce of 4,877 employees in five years, *i.e.* growth in the workforce in France of nearly 55% over this period.

Since the launch of the first site in 1837, the locations for production units have been chosen to support hubs of regional expertise. Hermès has 60 production and training sites of its own in France in nine of the 13 French regions. The Textile division, which has five sites in the Lyon region (around 1,000 jobs), concentrates the House's savoir-faire in this domain. The complementary lines of savoir-faire – such as weaving, engraving, printing, dyeing, finishing and sewing – are grouped together under the holding company Holding Textile Hermès. The major “Passerelles” project at Pierre-Bénite (near Lyon) has enabled the addition of two new printing lines, thereby creating additional jobs. Moreover, this project, which provides social support for people in difficulty in the Lyon region, has earmarked 5% of the workforce time for employees in professional integration programmes (the long-term unemployed or coming from disadvantaged neighbourhoods).

The CATE porcelain production site is based in the Limousin region, the cradle of the porcelain métiers, with Beyrand, a colour printer since 1926, which joined the Group in 2013.

In the Périgord region, the Nontron site is a good example of the Group's desire to develop its local footprint. Hermès, thanks to its decision to set up a porcelain production site, was able to hire 200 people impacted by the closing of a manufacturing site in 1990. Today, with three companies, Hermès has more than doubled its workforce and employs around 600 people at Nontron, making it the largest private employer in the area.

The Cristalleries Saint-Louis, founded in 1586, are located in the heart of the Lorraine forest, the source of all the raw materials necessary for crystal manufacture. They hold more than 10,000 moulds that can be reactivated at any time to fashion the production unit's crystal objects. The Cristalleries Saint-Louis form a remarkable area of activity in the Pays de Bitche region, including thanks to the presence of the Musée du Cristal “La Grande Place”, located in the heart of the production unit.

The Leather Goods sites continue to expand according to customer demand. In December 2023, the Leather Goods métier had 26 own production and training sites. In 2023, the new Leather Goods workshops opened in Louviers (Eure), Sormonne (Tournes-Cliron) and Saint-Junien (Haute-Vienne), thus strengthening the centres already established in the Normandy, Limousin and Ardennes regions.

The choice of new sites responds to a desire for local integration on three levels: respect for local expertise, sustainability of savoir-faire, and desire to create local jobs bringing life to the regions.

The geographical location of the integrated production and training sites covers the whole of France (see map of production sites in chapter 1 “Presentation of the Group and its results”, § 1.4.2 and § 1.4.3).

The history of the local architecture and the emblematic materials of the region are also integrated in the thinking and design of new production units, as part of Hermès Harmonie standard for responsible real estate (§ 2.5.2). Local companies are preferred whenever possible in calls for tenders when they meet the specifications.

In addition, the creation of sites organised by division (maximum three sites) promotes project synergies, recruitment of experts, skills improvement, and also presents opportunities for internal mobility ensuring the sustainability of the model.

Hermès has expanded its sites in France with 18 production and training sites since 2018. Located outside the Paris region, these sites demonstrate the Group's desire to contribute to regional development in all regions of France.

#### 2.7.1.2 DEVELOP HARMONIOUS RELATIONSHIPS WITH REGIONAL STAKEHOLDERS

In order to contribute to the development of the host regions, site construction projects are prepared in cooperation with the local cluster of municipalities. They address the impacts related in particular to employment, training, mobility (mobility plans, impacts on transport), biodiversity and, more generally, the integration of the House in the issues of the area concerned.

Special attention will be paid to the potential of the local employment pool, in particular transport infrastructures, possibilities for local housing and schooling for families. The quality of the partnership with local councils is decisive, driven by the desire for a real local life for the families who settle there.

The Group works to promote these relationships, based on trust, transparency and joint actions.



### The development of craftsmanship métiers and job creation

The sites all maintain close relations with local Job Centres (Pôle Emploi) and schools. The goal is to help train the new generations of craftspeople, as well as showcase our offers and métiers, allow hands-on practice, and explain the Group's métiers to the young generations. Regardless of the site's activity (leather, silk, or other métier) or its geographical location, this approach consists of:

- ◆ workshop visits by high school students to discover the craftsmanship métiers;
- ◆ talks in secondary schools to present the métiers prior to the pupils' choice of a career path;
- ◆ organising information forums with the French National Employment Agency;
- ◆ the creation of appropriate local training programmes.

The establishments, which are often in rural areas, provide a major local boost to the communities concerned: stimulation of local consumption, supporting real estate, impact on community needs (maintenance of classes in schools, public transport support, etc.).

Thanks to the creation of the "École Hermès des Savoir-Faire" schools, Hermès also contributes to the training effort as close as possible to the regions and to the influence of the craftsmanship métiers.

In addition to actions linked to its own activities, it is also a socially responsible company in the places in which Hermès conducts its business, building harmonious and constructive relations with stakeholders. The production sites interact with the municipalities, the local association of municipalities, and local Agencies such as Action Logement. Hermès cooperates with partner associations for employment, as well as with junior and high schools which will provide the House with fresh young talent, thereby contributing to its expansion.

The following examples illustrate the operations conducted in 2023:

#### Leather

As part of a brand new project, the école de Guyenne workshop was set up. Future employees are trained for a period of 18 to 24 months before the opening of the site and sit their certification exams during their training.

Recruitment is carried out locally; the first classes, each consisting of around 30 craftspeople, are recruited without CVs, regardless of their previous career path. Their manual skills and their ability to learn are assessed in a joint MRS process with Pôle emploi. Every six months, a new group is brought on board for an 18-month training period. The craftspeople are then provided with continuous training from tutors. In this way, upon opening, about 100 people are already operational and ready to launch the leather goods activity. In the long term, the average workforce will be 250 craftspeople. This number of employees will allow the craftsmanship dimension to be preserved, and quality relations between employees and management.

In 2023, Hermès entrusted the Executive Master of the École urbaine de Sciences Po Paris with a field mission on the Group's regional implementation and production network strategy. The objective is to understand and qualify the externalities of the establishment of a Leather Goods workshop in a region, to objectify and measure the

impact and creation of Hermès' values on it with regard to multiple quantitative and qualitative criteria. Through this approach, Hermès is seeking the means to create stronger and long-term local anchoring. The students carried out field studies by visiting the Maroquinerie des Ardennes in Bogny-sur-Meuse, the Maroquinerie de Guyenne in the Bordeaux area, and the Cité des métiers in Pantin. The analysis grid they then built took into consideration the economic fabric and employment, the attractiveness of the region, the contribution to the region's project and the social impact. Each theme was the subject of several questions addressed to stakeholders in the field of leather goods, public, civil and private players in each region. The data collected made it possible to draw up a regional matrix that is designed to complement the tools Hermès uses to choose its site locations. The conclusions of the study highlighted the importance of employee well-being in the choice of locations, as well as relationships with local players defined as stable, good and regular. To strengthen the performance of Hermès' sites, the students issued nine recommendations on local anchoring and five recommendations on new sites, some of which have already been implemented, such as accessibility by public transport or the prioritisation of sites that can reuse a piece of wasteland.

#### Local anchoring in Seine-Saint-Denis

Between Pantin, Bobigny and Le Pré-Saint-Gervais, the Hermès sites in Seine-Saint-Denis represent a total surface area of nearly 200,000 m<sup>2</sup> (including 13,000 m<sup>2</sup> under construction in Pantin) and employ more than 2,600 people, of whom 700 live in the department. This proportion is expected to increase thanks to help in finding candidates from the employment agency in Pantin. Hermès is one of the largest employers in Seine-Saint-Denis, and the Group is therefore involved in promoting talent from this region. Hermès has thus been a member of the Réseau Entreprendre 93 association from its creation in 2003. The House participates, along with the other members, in the selection, financial support and coaching for start-up projects whose common point is their strong job creation potential. In 20 years, 5,000 jobs have been created by 372 new companies under this system. Some 10 employees of the House are involved in an advisory role with start-ups fostered by Réseau Entreprendre 93. Since 2022, this support has been strengthened by creating one of the first partnerships involving a company for the sponsorship of a group of *Entreprendre* winners. This sponsorship consisted of regular exchanges between young entrepreneurs and Hermès to help them in their development. In 2023, Hermès co-organised a Boostercamp morning at the House's premises in conjunction with the *Entreprendre* 93 network, bringing together 40 people around the projects of four winning entrepreneurs from the network. These entrepreneurs each benefited from a morning of managerial and entrepreneurial support from other winners, business leaders who are members of the Réseau Entreprendre 93 and a dozen employees of the House.

In Seine-Saint-Denis, many projects are set up using the framework of the *Entreprise-territoire* charter signed in 2017 with Est Ensemble. This association of nine municipalities includes Pantin, Le Pré-Saint-Gervais and Bobigny, where Hermès is also located. One of the objectives is to strengthen the company's participation in the economic development and local employment of this region, which has many vulnerabilities, whether in the face of climate change or socio-economic developments.

Thus, in 2023, Est Ensemble launched a project to plant 20,000 trees in four years wherever possible, in order to reintroduce biodiversity into the city, to cool and provide shade to residents and thus contribute to improving the region's resilience in the face of climate change. The objective is to provide each inhabitant with 10 m<sup>2</sup> of green space, as recommended by the WHO. Motivated by the shared interest in strengthening the presence of nature and biodiversity in the city, Hermès is committed to supporting this ambitious project, which represents an amount of €3 million.

In Pantin, the House has launched an "equal opportunities" strategy in conjunction with two secondary schools in Pantin. Each year since 2021, it has offered internships to young students, aimed at allowing them to discover the métiers that make up a company, to see the diversity of career paths and showcasing the work. This initiative enables employees to appreciate daily life in the neighbourhoods without bias. In 2023, employees also rolled out the Climate Fresco for 40 students, selected for their role as eco-delegates.

#### Textile

Holding Textile Hermès maintains close relations with the silk apprentice training centre (CFA Textile) and FrenchTex, France's leading regional professional textile organisation. As such, it also sits on the Boards of Directors of Cepitra and the Chambre d'Apprentissage des Métiers Textile. The Managing Director of HTH is Chairman of Intersoie, an inter-professional organisation in the sector in France.

Holding Textile Hermès also participates in the "Alliances et Territoires" community, a network of major Lyon companies as well as the MMIE du Rhône, which develops cross-functional events and actions on current topics or issues related to recruitment, training and skills development. The SME BoostInnov programme thus enables HTH's employees to receive training while providing support to small businesses in the region. The new non-profit project of Alliance et Territoires has been in progress since September 2023, with the support of the Regional Directorate for the Economy, Employment, Labour and Solidarity (DREETS) of the Rhône, with which a 24-month revitalisation agreement was signed.

HTH is also a member of Alliance Coaching alongside other local companies and CARSAT<sup>(1)</sup>. This is an inter-company partnership agreement enabling the internal coaches of each of the structures to carry out individual coaching actions for employees of other companies bound by the agreement. The operating principle is based on reciprocity of services, which makes it possible to provide professional coaching without a budget to devote to the training plan (one or two assignments per year). In 2023, an Ateliers AS employee was able to benefit from this. In addition, Holding Textile Hermès is a partner for the third year in a row of *Entreprise des Possibles*, a

corporate collective aiming to pool the human, financial and real estate resources of companies and mobilise them in helping people in difficulty and the homeless. HTH is also a partner of the association "Viens voir mon taf" ("Come see my work"), enabling students in priority education areas, without a network or contacts, to carry out an internship in a company. Lastly, the division helps job seekers in the region by offering them job interview simulation workshops.

## 2.7.2 SOCIALLY RESPONSIBLE COMPANY

Hermès seeks to fit harmoniously into the local economic environment. The House is determined to be a socially responsible company actively involved in the life of local communities with which it builds and develops strong ties. The craftsmanship model that it employs in France brings with it a regional corporate responsibility, and even beyond, because its employees contribute to the development of their communities through simple actions: giving time, getting involved, being open to others, receiving, and so on. Around the world, a multitude of opportunities are available at Hermès.

### POLICY

The Hermès Group's policy is to ensure that each production and distribution unit maintains a dialogue and undertakes concrete actions with local authorities and stakeholders, with the goal of healthy integration in the local community, as a good, trustworthy, civic-minded neighbour, poignant examples of which are set out below.

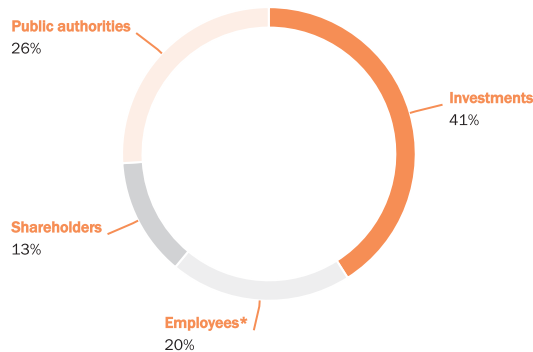
The distribution subsidiaries, for example, have an annual target in this area.

#### 2.7.2.1 GIVING BACK TO THE WORLD A PART OF WHAT IT GIVES, THROUGH IMPACTFUL ACTIONS

##### 2.7.2.1.1 Corporate Responsibility – sharing value

Hermès participates in value creation in France through the direct employment of 13,723 people, and increased its workforce by 1,363 people in 2023 compared with the previous year. Although 74% of the objects are produced in France, 91% of the Group's sales are made outside France, thus making a positive contribution to the French trade balance. In addition, the Group is attentive to the harmonious sharing of added value in order, on the one hand, to secure its future development and, on the other hand, to contribute to social and societal equilibrium. Thus, on average over the last three years (*i.e.* from 2021 to 2023), the value added and the share distributed break down as presented in the following diagram:

1. *Caisse d'assurance retraite et de la santé au travail (retirement insurance and occupational health organisation).*



\* The portion paid to employees only includes gross compensation received directly by employees. Social security charges, which are included under the "Public authorities" share represent 7% of added value.

In particular, the Group's consolidated income tax expense amounted to €1,305 million, i.e. a tax rate of 27.8% (see note 6 to chapter 5 "Consolidated financial statements").

Concerning taxes, the Group follows the recommendations of the CSR GRI 207 reporting standard:

- ◆ Hermès' tax strategy is based on the following principles:
  - compliance by all Group companies with the regulations in force in the States where its companies are located, compliance with the deadlines provided for by the regulations applicable in each State, for the filing of the required declarations and the payment of the taxes due,
  - income is taxable in the place where the income is generated,
  - absence of creation of legal structure or transactions to meet a primarily tax-related objective,
  - the fight against tax evasion with the absence of use of tax evasion schemes or structures without substance.

This tax strategy is implemented by Group Financial Management, based on internal (the tax department) and external expertise in France and abroad. This strategy is reviewed and approved by the Executive Committee at least once per year;

- ◆ the location of the Hermès Group's activities is based exclusively on operational choices, and tax considerations do not modify this approach. The location of production in France, which is a key element of the Hermès Group's strategy for sustainable development, thus impacts the amounts of taxes paid in the country as well as the Group's effective tax rate;
- ◆ the Hermès Group's tax positions are tracked and audited by the consolidation and tax department, which reports directly to a member of the Executive Committee, one of whose objectives is to anticipate, identify, and manage, with the finance department, the tax issues;

- ◆ every year, the Group files, as part of its tax obligations, a statement of transfer prices and a country-by-country statement, the Cross-Border Currency Reporting (CBCR) with the French tax administration. The CBCR is created in accordance with the recommendations of the OECD (as interpreted in French tax law). It is subject to an exchange of information between the tax administrations of the countries in which the Group is established. In the countries in which the exchange of information is not operational, the Group has a CBCR programme with the local tax administration.

### 2.7.2.1.2 Tangible and generous commitments: financial donations, contributions in-kind and skills-based sponsorship

#### Group entities get involved

In 2023, Hermès continued its efforts to extend its generous initiatives in all the regions where it operates. Manufacturing sites and distribution subsidiaries get involved regularly, and are keen to continue the partnerships established. While Group Management is at the root of many initiatives and commitments, the international distribution subsidiaries remain a source of ideas and contribute significantly to the development of local initiatives and partnerships, with dedicated budgets. They encourage involvement and nurture a sense of belonging among employees, who come together around a project and with common objectives. In recent years, the Group's generosity has taken various forms depending on the regions, the needs identified in the field and the resources available internally, namely financial donations, donations of materials and, lastly, skills-based sponsorship. These commitments, made locally, are carried out in addition to the philanthropic initiatives carried out by the Fondation d'entreprise Hermès and are broken down according to its areas of intervention (see § 1.11).

As explained in § 2.2.7, these actions give rise to centralised monitoring and control in Paris, thanks to the Sponsorship Committee and dedicated tools.

Some examples of actions carried out in France and abroad are presented below to illustrate the scope of the Group's commitment.

#### Create works

Strongly anchored in the Auvergne-Rhône-Alpes region, HTH supports the Maison de la Danse financially in its artistic programming and its cultural actions in connection with the public. Opened in Lyon in 1980, the Maison de la Danse offers a programme that combines dance, technique, style and the most diverse audiences. Today it is a key cultural player in Lyon, with a reputation both nationally and internationally. In early 2026, the dance workshops will open, to create a place where dance can flourish through residencies, practical artistic workshops and various actions that are in tune with the local cultural fabric.

Hermès Italy has decided to support the Associazione Cultura 360, which seeks to highlight heritage and culture in Italy based on three pillars: raising awareness among young people and people far-removed from sources of culture; the enhancement and conservation of works and heritage, in particular 15th and 16th century frescoes; the promotion of young talents in various artistic fields. In 2023, various frescoes were renovated in Rome, Bologna and Bari.

### Transmission of savoir-faire

Hermès Manufacture de Métaux decided to support Casa 93 Moda Fusion in the implementation of a free fashion training course, in which creative young people with atypical profiles can enrol, without qualification requirements. The training course, located in Seine-Saint-Denis, where Hermès has a strong presence, is accessible to talented young people between the ages of 18 and 25, including those with disabilities who are able to use sewing equipment. Participants are trained to rethink the fashion of tomorrow in a more human, supportive, transparent and responsible way.

In Mexico, Hermès Mexico has chosen to support Enseña por Mexico, an organisation that fights against inequalities in access to education and seeks to improve teaching in less privileged communities in the country. In 2022-23, 14 municipalities in the Puebla region were targeted, with 3,500 people involved (including 1,568 students, mainly in secondary schools). The idea is to develop innovative and effective educational tools for communities that do not have the means to offer their children all the levers that would enable them to afford an education with the highest standards. For the year 2023-24, 15 municipalities are taking part, once again in the Puebla region, with more than 2,200 young people involved.

### Protect the environment

Hermès of Paris (HOP) supports Ocean Conservancy, an NGO created in 1972 with the aim of protecting marine ecosystems and opposing practices that threaten the climate, marine life and human life. Their priorities are to establish fair and sustainable fishing areas, protect fauna from human impact and improve ocean management. HOP employees were made aware of this cause and were able to take part in the cleaning up of squares near Naples (Florida) as part of the opening of the new store.

As mentioned above, Hermès is also participating in a project with Est Ensemble to plant 20,000 trees in four years throughout the region (see § 2.7.1.2 “Local anchoring in Seine-Saint-Denis”).

### Encourage solidarity actions

The “Carrés Solidaires” editions are continuing, providing an

opportunity to support and promote solidarity projects on a global scale. In 2023, subsidiaries and concessionaires in Italy, Qatar, China, the United Kingdom, Hong Kong, Switzerland and Luxembourg actively took part in this initiative. The number of scarves created especially for these actions and sold for the benefit of eight associations has increased from 2,000 in 2021 to 2,700 in 2022, and exceeded 3,350 scarves in 2023.

The Bo Charity Foundation Limited T/A Food Angel<sup>(1)</sup> is supported financially by Hermès Asia Pacific (HAP). This organisation provides quality food assistance to the least privileged communities, using unsold food, in strict compliance with health protocols and with attention paid to the nutritional quality of the meals offered.

The MyHandicap public utility foundation is supported by Hermès Germany. It aims to support people with disabilities in managing their challenges through various means. Financial sponsorship should continue in 2024 with a project involving employees.

Since 2017, toys have been collected at several Group sites in France. In 2023, 350 kg of toys and childcare articles were collected for the partner association, promoting solidarity and participating in a more circular economy. In addition, most sites in France organise collections of essential items throughout the year (clothing, food, etc.).

The Group also continued its Equiphoria programme in France, which aims to manufacture and adapt equestrian saddles for people with disabilities, enabling therapeutic practice of the activity. The work of this association is described in a wonderful film in the “Footsteps across the World” series.

Overall, the subsidiaries completed 388 projects in 2023, amounting to €13 million, excluding skills-based sponsorship linked to the Fondation. Employees sometimes contributed to this, during their working hours as well as in their own time, undertaking environmental, cultural or solidarity actions with local communities. Since 2020, a Group Donations and Sponsorship Committee has been monitoring and validating the projects that subsidiaries wish to support, in order to confirm the quality of the operations carried out:

Breakdown of actions carried out by geographical area	2021	2022	2023
France	90	77	98
Europe	109	146	117
Asia and Asia-Pacific	110	80	81
Americas	69	73	92
<b>TOTAL</b>	<b>378</b>	<b>376</b>	<b>388</b>

The causes supported by the Group through the various initiatives carried out are as follows:

	Craftsmanship, culture and education	Solidarity and health actions	Protection of animals and the environment	Total
Number of shares	156	179	53	388
In %	40%	46%	14%	100%

1. <https://www.hermes.com/uk/en/content/135446-footsteps-across-the-world/>

### 2.7.2.1.3 Fondation d'entreprise Hermès (see chapter 1 "Presentation of the Group and its results", § 1.11)

The mission of the Fondation d'entreprise Hermès since its creation in 2008 has been to support those who act to promote the common good. One of its specificities resides in being an operator – or semi-operator – that is to say, it implements specific programmes or it is the major player in the fields of artistic creation, transmission of savoir-faire, preservation of biodiversity or solidarity in order to act as closely as possible on the ground in response to targeted needs. Whether they are artists, project leaders or simply students, the beneficiaries of its actions can thus experience very tangibly how the Fondation contributes, on its own scale, to building a better world.

In 2023, the Fondation continued its commitments through its programmes.

**Transforme**, a new programme dedicated to the performing arts, is a travelling festival created with four partners: La Comédie in Clermont-Ferrand, SUBS in Lyon, the Théâtre de la Cité Internationale and the Théâtre National de Bretagne in Rennes. In order to spread the vitality of the performing arts to other regions and thus reach new audiences, Transforme aspires to move spectators and artists alike through a multidisciplinary programme. Inaugurated in November 2023 in Paris, this first edition includes 15 hybrid shows scheduled by partner theatres until spring 2024. Moreover, as part of its commitment to creation, this year the Fondation produced and scheduled 10 contemporary art **exhibitions** this year in its four spaces spread across Europe (Brussels and Saint-Louis-lès-Bitche) and Asia (Tokyo and Seoul). Dedicated to contemporary photography, the **Immersion** programme was highlighted specifically in New York in 2023 at the International Centre of Photography, which presented a collective exhibition bringing together the last three winners of this programme. Lastly, the **Artist Residencies** programme enabled the visual artist Bianca Bondi to produce unique textile sculptures within Holding Textile Hermès, with the help of the site's craftspeople.

A legacy of the House's craftsmanship culture, transmission is naturally one of the Fondation's focus areas. The **Manufacture** programme is continuing its rollout among educational establishments for the eighth consecutive year. Spread across 15 academies – including Reunion Island – since the start of the 2023 school year, 2,100 students from primary to high school have been keen to discover the craftsmanship métiers during sessions organised as part of the school day. Open to savoir-faire professionals such as craftspeople, designers and engineers, the **Académie des savoir-faire** was extended this year to architects, due to the material to which this 6th edition was dedicated – stone – under the educational direction of the architect Lina Ghotmeh. For students seeking a work-study course, the various projects of the **Artists in the City** programme continued to be funded by the Fondation, and first and foremost the system of scholarships based on social criteria for the talents of tomorrow undertaking higher education in dance, theatre or circus skills. At the start of the 2023 school year, all classes combined, 140 students were thus receiving financial supported in this respect.

While the importance of ecological issues is measured every day, the Fondation is working actively with tomorrow's generations through **Manuterra**, a programme to raise awareness of the living world. For the third edition of this programme, more than 600 students in 10 academies are learning about the savoir-faire of permaculture by taking care of a garden plot through the seasons. At the same time, the Fondation is also committed to various project leaders who, on the ground, contribute to the preservation of **biodiversity and ecosystems** through multiple levers.

Lastly, the internal **H3 programme – Heart, Head, Hand**, which structures the Fondation d'entreprise Hermès' solidarity actions, completed its fourth edition before being reconfigured with the help of the Group's human resources department. In addition to the financial support granted to projects identified by the House's employees, they can now participate in a skills-based sponsorship format, enabling them to assist associations directly in the context of time slots taken from working hours.

Skills-based sponsorship in the framework of H3 has been rolled out in particular by certain subsidiaries (Switzerland, Hermès Horloger, United Kingdom) and recently in France, by the Hermès Group Services (HSG) team and HMS. The objective is to offer volunteer employees up to five days per year to carry out one or more missions with an association. In order to connect the selected associations with employees and present the proposed missions, a forum of associations was organised by HSG in June 2023 and by HMS in October. Missions may involve mentoring, preparation and/or distribution of food parcels or basic necessities. The collective dynamic has been launched and will be extended to other regions.

In 2023, the Fondation entered its fourth five-year term (April 2023-April 2028) with an increased budget of €63 million <sup>(1)</sup> over five years.

#### 2.7.2.1.4 Social impacts of carbon contribution programmes

All of the programmes presented in § 2.5.6.3 have social benefits that are measured and monitored with the partners selected by Hermès.

##### Livelihoods Carbon Fund

Since 2012, Hermès has been a partner of the Livelihoods Carbon Fund (LCF), which aims to improve the living conditions of disadvantaged communities in a sustainable manner by developing large-scale projects with real impact against climate change and simultaneously contributing to local populations and the restoration of biodiversity. Ecosystem restoration, agroforestry and conservation agriculture have the ability not only to sequester carbon sustainably, but also to enable nature and communities around the world to thrive.

LCF aims to be a start-up investor (with an entrepreneurial approach and investment risk) in three types of projects (ecosystems, agroforestry and energy) in Africa, Asia and Latin America as well as in France. The fund has 10 partners in its LCF1 & LCF2 compartments: Danone, Crédit Agricole, CDC, Schneider Electric, La Poste, Hermès International, Voyageurs du Monde, SAP, Firmenich and Michelin. Some of these companies, such as Hermès, have also joined the LCF3 fund with the Bel group, Chanel, DEG, Eurofins, the Global Environment Fund, the L'Occitane group, Mars, Mauritius Commercial Bank, McCain Foods and Orange.

1. Including €2 million euros for skills-based sponsorship.

The initial duration of the funds is 24 years, and the duration of a project varies between 10 and 20 years. By participating in these three funds for 12 years now, Hermès is committed to local economic

development, the protection of biodiversity and the fight against climate change.

### KEY INDICATORS OF THE LCF1 FUND

Results for the first Livihoods Carbon Fund (9 projects):



Macro objectives	Social results	Environmental results	Economic results
	Number of beneficiaries <sup>1</sup> : <b>961,000</b> people positively impacted to date	Number of trees planted <sup>3</sup> : <b>127 million</b> to date	Investment capacity of the fund <b>€45 million</b>
Categories of impact	Number of households supported <b>193,987</b>	Amount of carbon sequestered or avoided <b>8 MtCO<sub>2</sub> eq.</b> forecast <b>3.8 MtCO<sub>2</sub> eq.</b> verified to date	Duration of commitment <b>20 years</b>
	Farmers trained <sup>2</sup> <b>24,324</b>	Hectares planted or preserved <b>27,030 hectares</b>	
	Women given access to cooking equipment <b>120,000</b>	Hectares converted to sustainable agricultural practices: <b>16,750 hectares</b>	

#### Definitions

- (1) Number of people involved who are positively affected by the project's activities.  
 (2) Farmers trained in sustainable agricultural practices.  
 (3) Trees, seeds, propagules (mangroves and agro-forestry trees) planted as part of the project's activities.

### KEY INDICATORS OF THE LCF2 FUND

Results for the 2<sup>nd</sup> Livihoods Carbon Fund (nine projects to date):



Macro objectives	Social results	Environmental results	Economic results
	Number of beneficiaries <sup>1</sup> : <b>868,300</b> people positively impacted to date	Number of trees planted <sup>2</sup> : <b>31 million</b> to date	Investment capacity of the fund: <b>€65 million</b>
Categories of impact	Number of households impacted <b>177,530</b>	Amount of carbon sequestered or avoided (target) <b>10.3 MtCO<sub>2</sub> eq.</b> <b>200 KTCO<sub>2</sub> eq.</b>	Duration of commitment <b>20 years</b>
	Number of farmers trained <b>43,233</b>	Hectares planted or preserved <b>9,321</b>	Farming associations <b>849</b> strengthened <b>347</b> created
	Number of women supported <sup>3</sup> <b>121,361</b>	Hectares converted to sustainable agricultural practices <b>34,865</b>	
Farming associations created <b>557</b>			

#### Definitions

- (1) Number of people involved who are positively affected by the project's activities.  
 (2) Trees, seeds, propagules (mangroves and agro-forestry trees) planted as part of the project's activities.  
 (3) Number of women participating in training on how to create improved stoves and/or agroforestry and natural ecosystem restoration activities.

The third Livelihoods Carbon Fund (LCF3) aims to invest €150 million to improve the lives of 2 million beneficiaries in developing countries. Following on from LCF1 (2011, €45 million) and LCF2 (2017, €65 million), this new impact fund will invest in community projects for the restoration of natural ecosystems, agroforestry and regenerative agriculture. With the LCF3 fund, 1 million additional people will be positively impacted by the projects put in place.

More than €260 million have thus been collected to help disadvantaged communities, the fight against climate change and the protection of biodiversity. Fully operational, the fund has approved its first two major projects. An agroforestry project in Ghana covering 17,000 hectares aims to support the adaptation to climate change of small cocoa farmers and improve their living conditions.

The second is located in Rwanda, near the Nyungwe National Park, one of the most important sites for the conservation of birds and certain mammals in Africa and recognised by Unesco as a World Heritage Site. The project aims to implement agroecological practices with tea producers. Local populations will be able to benefit from new sources of revenue and consolidate their local positions. Annual monitoring will be carried out as part of Hermès' participation in LCF3.

The projects selected by Livelihoods for the first funds launched (LCF1 and LCF2) are already generating profits for local communities and ecosystems, as well as for the partners in the funds, which earn carbon credits with a significant environmental and social impact over the project development period, in proportion to their investment.

These projects, one of the characteristics of which is to extend their scope to a very large scale, are in particular the following:

- ◆ **restoration and preservation of natural ecosystems**, for example mangrove forests. Nearly 10,500 hectares have been replanted in this way over the past 10 or so years in Casamance ("Océanium" project) and 4,500 hectares in the Ganges delta ("News" project). With a strong educational dimension for local populations, these projects ensure their safety (protection against cyclones or seawater flooding) and provide food sources through ecosystem regeneration. The "Yagasu" project in Indonesia, covering 10,000 hectares, was faced with heavy government subsidies for the establishment of ponds for intensive fish farming. However, 50% of the surface areas were nevertheless preserved thanks to the joint efforts of LCF and the partner. The "Pronatura" project located in Mexico was also started to restore the working of the mangrove swamp ecosystem and improve the region's resilience;
- ◆ **agroforestry and soil remediation through sustainable agricultural practices**. With the support of the Naandi Foundation, Adivasi tribal communities in the Araku valley in India have, for example, planted six million trees (fruit trees, as well as for firewood, construction, etc.), including three million coffee bushes, in accordance with agroforestry models, with the aim of tripling these plantings in the coming years through the LCF2 project (the total project is expected to cover 14,500 replanted hectares). In Guatemala, 1,750 hectares of trees and food crops have been

planted in the Cerro San Gil mountain area ("Fundaeo" project), allowing rural families to increase their food security and incomes, while protecting biodiversity. 1,615 hectares have already been planted, positively impacting 400 people (out of the 500 targeted). They now have revenues from rubber, cardamom and rambutan.

In Kenya (project VI "Agroforestry"), on the slopes of Mount Elgon near Lake Victoria, the livelihoods of 15,000 small farmers will improve through the intensification of agriculture respectful of natural resources (Sustainable Agricultural Landscape Management – SALM) already implemented on half of the planned area. Dairy farming has already expanded, benefiting nearly 7,000 farmers. The project also contributes to the protection of water resources and generates positive social impacts for women's jobs.

In Rwanda, the ambitious project to replant 3,495,176 trees in an agriculture conservation scheme with Arcos was rolled out on 15,466 hectares and reached nearly 25,000 farmers, with the distribution of livestock financed by microloan operations.

In India, the "Pradan" project is making it possible to replant more than 3.6 million trees that host Tasar silkworms on more than 3,200 hectares, with the aim of restoring biodiversity on an additional 3,600 hectares, and thus contributing to the development of this silk-related activity locally with more than 5,000 new jobs expected. Each of the 4,835 families should be able to earn a decent income.

In Mexico, in the mountainous region of Oaxaca, Livelihoods and its partners launched a shaded agroforestry coffee project to restore the fragile local mountainous ecosystem, while helping more than 3,000 smallholders to improve their incomes. This 20-year project was implemented by the local cooperative CEPCO, which has more than 30 years of experience with coffee producers in the region. The Livelihoods-CEPCO initiative enabled the restoration and preservation of 2,325 hectares, as well as the generation of 865,000 CO<sub>2</sub> over its entire duration. The cooperative is working to maintain momentum in a context where the market price of organic coffee is being overtaken by that of conventional agriculture;

- ◆ **access to rural energy to reduce deforestation**. In Kenya, the "Hifadhi" projects are equipping 120,000 households with improved wood stoves, as planned, which, by significantly reducing wood consumption, reduce the pressure on forests, the time it takes to collect wood for families, as well as exposure to toxic fumes.

In Burkina Faso, with the support of the Tiipaalga NGO, 31,089 improved stoves were installed by inhabitants in their villages, in an effort to secure their use over time in part of the Sahel region. Women were trained in the maintenance and repair of facilities. With the financial support of the French Development Agency (AFD), an agroforestry component has been added to this project.

In the Peruvian Andes, the "ITYF" project (named after the NGO Instituto Trabajo y Familia) installed 30,000 improved wood-burning stoves with a significant impact against deforestation.

In Malawi, the “Chitetezo” project has equipped 5,000 families with access to drinking water and installed more than 61,000 improved cooking stoves under an innovative commercial scheme;

- ◆ **regenerative agriculture.** For the first time in Europe, in 2022 LCF2 launched a project called “Sols de Bretagne” in the Brittany region of France<sup>(1)</sup>. By interacting with local stakeholders (the Brittany region, the Regional Chamber of Agriculture and the local association Sols d'Armorique), this project supports around 100 farmers in the transition to regenerative agriculture covering 11,000 hectares, as well as sequestering 133,000 tonnes of CO<sub>2</sub> in 10 years. The objective is for farmers to avail of technical levers such as less ploughing, continuous cover, a reduction in inputs and crop rotation so that the soil is enriched and the biomass improved. Agricultural practices must evolve for environmental but also social benefits, by attracting young farmers motivated by these changes. Numerous indicators have been put in place to demonstrate the impact of these changes in practices. 93 farmers in this programme were identified as of September 2023.

In 2023, since their creation, the above LCF1 and LCF2 projects have helped replant 151 million trees, *i.e.* an area equivalent to five times the size of Paris and impacted the lives of more than 1.83 million people, having equipped more than 294,000 families with improved cooking stoves, which reduce deforestation and preserve women's health, with a target of 16.6 million tonnes of CO<sub>2</sub> captured or avoided over the period (projects last between 10 to 20 years). They therefore help to offset Hermès' carbon emissions on a voluntary basis (§ 2.5.6.3.2).

#### Other projects

In addition to the Livelihoods fund and on the recommendation of experts in the subject, Hermès has chosen to support projects presented by EcoAct and located in Uganda. Recognised as a major player in carbon offset, this company has existed since 2008 and has supported more than 370 projects in 36 countries with dedicated support and constant updating of impact indicators.

The Bihar Cookstoves project aims to replace inefficient cooking techniques that are responsible for deforestation with improved, sustainable and energy-efficient cooking stoves. Launched in 2021, it has already demonstrated social benefits, particularly for women, who are often in charge of collecting firewood, and has improved the quality of life of households by reducing indoor pollution. Hermès has been supporting this project since 2023.

#### 2.7.2.1.5 Projects conducted with local populations abroad

Hermès has been sourcing ostrich hides in South Africa for decades, mainly in the Klein Karoo region, where a resilient agricultural model has been developed thanks to a network of dams and irrigation canals erected a century ago.

However, this model is now threatened by the invasion of invasive exotic plants such as the “black wattle” black mimosa and the

“Poplar” white poplar, which have gradually formed thick forests in the valley floors. These plant formations smother endemic vegetation, destroy the original biodiversity, reduce or cancel out the low-water flow of watercourses and increase the frequency and intensity of fires. The fight against these invasive plants has become a national issue in South Africa.

Faced with these challenges, the provincial government is funding an association of farmers to carry out projects to eradicate this invasive vegetation, under the control of the Cape Nature association, which has defined best environmental practices promoting the regeneration of endemic vegetation.

Hermès, after having verified the compatibility of these operations with its policy, decided to contribute to these operations, which benefit biodiversity, the water supply of local populations and agriculture, thus preserving the Ostrich supply chains (meat-leather-feathers) essential to the economic and social fabric of this emblematic region of South Africa.

## 2.7.3 COMMUNICATION AND TRANSPARENCY VIS-À-VIS STAKEHOLDERS

### 2.7.3.1 COMMUNICATE WITH OUR STAKEHOLDERS

As a company with a specific culture, Hermès aims to make its sustainable development strategy, objectives and initiatives understandable, while taking into account the uniqueness of its model. In a constantly changing environment: changes in regulatory frameworks, increasing demands and expectations from stakeholders, the Group is multiplying opportunities to explain the value of its specific business model, its ambitions and its actions in this area.

The House's teams are fully engaged in creating the conditions for external communication that is as transparent as possible. This includes in particular the responses given to questionnaires and external analysts, as well as the dialogue established with the press, and influence.

A page dedicated to CSR on the Hermès Finance webpage<sup>(2)</sup> presents the site's main actions.

Launched in 2020, this digital space incorporates in its communication the best practices established by:

- ◆ CDP for carbon, water and forestry issues;
- ◆ SASB (Sustainability Accounting Standards Board);
- ◆ TCFD (Task Force on Climate-related Financial Disclosures);
- ◆ TNFD (Task Force on Nature-related Financial Disclosures);
- ◆ SFDR (Sustainable Finance Disclosure Regulation);
- ◆ the GRI framework.

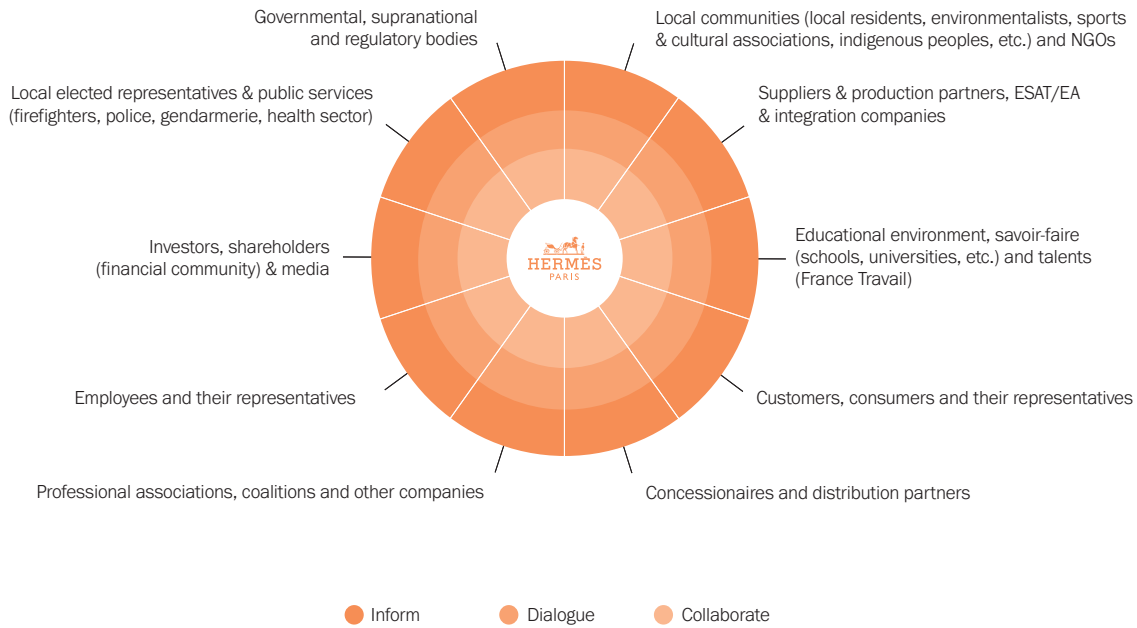
1. <https://livelihoods.eu/portfolio/brittany-france-regenerative-agriculture/>

2. <https://finance.hermes.com/en/a-value-creating-and-sustainable-french-model/>



The Group's interactions with its stakeholders are rich, diversified and take many forms. In order to represent the different existing discussion methods, the Group uses the matrix below, working around three types

of relations (information, two-party dialogue, collaboration) with a typology of contacts as follows <sup>(1)</sup>:



The table below summarises the main forms of exchange and dialogue undertaken with each of these stakeholders:

Affected communities	Inform	Dialogue	Collaborate
Employees and their representatives	HermèSphère internal social network Internal training	Employee representation bodies Quality of life at work surveys	Working groups and committees (see governance in § 2.1)
Education/Savoir-faire (schools, universities, etc.) and employment (France Travail)	Information conferences	Participation in student fairs and events	Creation of professional training courses in craftsmanship métiers Funding of scholarships Funding of university chairs Academic research projects (Sciences Po) Collaborative projects to promote local employment (École des Savoir-Faire/Pôle Emploi) Interventions and participation in professional and university training courses
Suppliers & production partners and EAs/ESATs & integration companies	Communication of the Group's commitments Internal network of Disability Ambassadors	Supplier assessment and audits Discussions with stock market groups and sector initiatives Joint contracting agreements with EAs/ESATs, off-site assignments	Quality support, product co-development CSR training actions Support in measuring their carbon footprint Social and environmental value-added purchases from SMEs (ESS, EA/ESAT, ZRR, QPR)
Local elected representatives & public services (firefighters, police, gendarmerie, health sector)	Meeting and welcoming of elected representatives	Local integration projects	Local biodiversity (tree planting in the regions in conjunction with the communities of municipalities) Blood donation Local projects (such as the reuse of water from the municipal wastewater treatment plant in Annonay, see § 2.5.3.1.1)
Professional associations, Coalitions and other companies	Detailing our sector specificities	Monitoring of market discussions	Participation in studies, surveys and working groups (Afed, Medef, Interprofession des métiers, etc.)

1. List not exhaustive.

Affected communities	Inform	Dialogue	Collaborate
Governmental, supranational and regulatory bodies		Dialogue at Global Compact France events (United Nations)	Participation in SBTN (Science Based Targets Network) initiatives
Customers, consumers and their representatives	Empreintes sur le Monde ("Footsteps across the World") films Social Networks (LinkedIn) Websites	Open days Site visits Hermès in the Making	Fondation d'entreprise projects
Concessionaires and distribution partners	Monthly meeting with all concessionaires	Raising awareness of the Group's regulations and commitments	Participation in internal purchasing days (Podiums) Integration of activities into our production capacities
Local communities (local residents, sports, cultural and environmental associations, indigenous peoples, etc.) and NGOs	Internal WWF conference	NGO surveys Real estate location projects	Co-development of projects (Water Risk Filter, WWF, GBS) Project financing (Livelihoods) Donations & local sponsorship of projects related to the arts, culture, sports, environmental preservation and biodiversity Projects with local stakeholders (e.g. recovery of condensation water from neighbouring cane sugar farms in Australia, see § 2.5.3.1.1)
Investors, shareholders (financial community) & Media	Press releases and letters to shareholders Investors section of the Hermès Finance website Non-financial publications and Group policies on the Hermès institutional website Publications on the websites of the AMF, in the <i>Bulletin des Annonces Légales Obligatoires</i> (BALO), as well as on <a href="http://infogreffe.fr">infogreffe.fr</a>	Dialogue with shareholders Roadshows Investor meetings Store events and meetings with institutions	Participation in Euronext Committees, studies and working groups (AFEP-MEDEF, AMF)

### 2.7.3.2 RESPONSIBLE COMMUNICATION

Hermès' unique communication is based on building an authentic relationship with its various stakeholders.

Hermès traditionally favours the design and production of events, both private and open to the public, to a space-buying approach.

The Group is committed to responsible, sincere, non-misleading, accurate and balanced communication, with an important focus on multi-local expression. Through its communication, the Group also undertakes not to make unfounded allegations. This founding commitment is enshrined in the Group's ethics charter <sup>(1)</sup>.

In addition, the Group is making progress in providing transparent information on the environmental impact of its products. Thus, and driven by the French regulatory context of the AGEC law and in

particular the section relating to environmental labelling, Hermès has undertaken several pieces of work in anticipation of expected changes. Customers will be able to access the ecological footprint of their item either through a QR Code printed on the label or directly on the website. The information will also be included in a link printed on the invoice. It will include the environmental characteristics of the product and the sorting instructions for its end of life. Traceability is also documented.

The Company also participates in the Supporting Studies of the Product Environmental Footprint with two of its emblematic products and in discussions on methodologies via the Fédération de la Haute Couture et de la Mode, with a final version expected in 2027-2028. In France, the House took part in discussions on an alternative methodology as part of an ADEME call for projects, with a timetable expected to be adapted to that of the European Union.

1. Ethics charter published on the Hermès finance website: <https://finance.hermes.com/en/ethics-human-rights-and-diversities>.

### 2.7.3.3 NON-FINANCIAL COMMUNICATION

The sustainability and performance of Hermès' business model have been recognised on several occasions by independent bodies, such

as dedicated ESG <sup>(1)</sup> rating and ranking agencies through their 2022 ratings. These assessments were carefully chosen by Hermès for their credibility, rigour and representativeness of the priority issues of the sector, including, but not limited to, the following analysts:

SUBJECT	Assessor	2021 score	2022 score	2023 score	Change 2022/2023
Climate	CDP	A-	A-	A	↗
Water	CDP	A-	A	A	▬
Forests	CDP	A-, livestock questionnaire A-, timber questionnaire	A-, livestock questionnaire B, timber questionnaire	A-, livestock questionnaire A-, timber questionnaire	↗
ESG risks	ISS ESG	C+ "Prime"	C+ "Prime"	B- "Prime"	↗
ESG risks	Sustainalytics	10.2 "Top 1%"	9.4 "1st/192"	9.4 "2nd/200"	▬
ESG risks	MSCI	A	AA	AA	▬
ESG risks	Moody's ESG Solutions	61/100 "Advanced"	65/100 "Advanced"	65/100 "Advanced"	▬
ESG risks	FTS4GOOD	2.9/5	3.8/5	3.6/5	↘
ESG risks	S&P CSA questionnaire		45/100	54/100	↗
Human resources	Humpact	Grand Prix	Top 3 companies promoting employment in France Top 3 companies promoting access to employment for people with disabilities	Grand Prix Emploi France	↗
Classification	Corporate Knights	5th in the category <sup>1</sup>	5th in the category <sup>1</sup>	2nd in the category <sup>1</sup>	↗
General	UN Global Compact	Advanced	Advanced	Submitted <sup>2</sup>	

(1) "Textiles and clothing manufacturing" category.

(2) Status differentiation removed in 2023.

The CDP is an international organisation measuring the environmental performance of cities and companies according to a rating ranging from A to F with three distinct assessments: Climate, Water and Forests. This year, Hermès entered the prestigious double A list, achieving the maximum score on Climate and maintaining it on Water.

**The Group is now ranked alongside the 71 companies deemed to have the best environmental performance on two or more themes. Hermès is rated A on Climate, A on Water and A-/A- on Forests.**

ISS ESG is a specialist ESG (environment, social and governance) non-financial rating agency. The scores it attributes range from D- to A+. Hermès has made further progress this year to reach the B-rating, and retains the "Prime" status, distinguishing the top 10 best-rated companies in the sector (with B as the best rating).

The Sustainalytics rating agency, a subsidiary of Morningstar, one of the world's leading providers of information and independent financial research, assesses the sustainability of companies through an analysis combining more than 80 ESG criteria. For the second consecutive year, in 2023 the House was still ranked as the best player in the Textiles and Apparel sectors (2nd out of 200 companies); Sustainalytics did not update its Hermès assessment in 2023.

The MSCI ESG rating index, which assesses more than 8,500 companies worldwide, measures the resilience of companies to risks (ESG) between AAA and CCC. The House confirmed its performance in 2023 in all categories: Environment, Social, Governance, with an AA rating despite the introduction of new rating criteria.

As a reminder, since 2021 Hermès has been included in the CAC 40 ESG index, which includes 40 companies on the basis of their environmental, social and governance performance and is based on Moody's ESG Solutions' rating (formerly Vigeo-Eiris). Hermès saw its rating improve in 2023, with a score of 65/100, and its position in the "Advanced" category was maintained.

Hermès is included in the FTS4GOOD index, which reflects commitments and action plans on ESG issues, based on the FTS4G agency rating of 3.7 compared to 2.9 in 2020.

Hermès is making rapid progress on its S&P ESG rating, which now stands at 54/100 vs. 45/100 in 2022, an increase of +9 points and +28 points compared to 2020.

The rating agency Humpact measures the performance of 280 listed French companies, according to social dimensions such as job creation for young people and seniors, job quality and gender parity. The House was awarded the Grand Prix Emploi France for the third time in 2023.

1. Environment, social and governance.

For almost 20 years, the Corporate Knights ranking has revealed the companies that have increased their investments in green solutions such as renewable energy, energy efficiency and the circular economy. Hermès made great progress by increasing its score against its peers from 28.58 to 50.54 (+21.96 points) in 2023 and reaching second place in the “Textiles and clothing manufacturing” category.

Hermès publishes its Communication on Progress (COP) on the UN Global Compact website every year.

These assessments were also supported in 2023 by various awards and studies conducted by the press or external organisations (§ 2.1.1), including the “CAC Large 60” award at the Transparency Awards, after receiving the Grand Prix All categories last year (for which the Group was no longer eligible to compete). Beyond the financial world, Hermès actively participates in civil society campaigns such as the Corporate Human Right Benchmark (CHRB), the WBA Gender Benchmark and the Know the Chain study.

## 2.7.4 APPLICATION OF THE EUROPEAN TAXONOMY TO THE HERMÈS GROUP

### 2.7.4.1 REMINDER OF THE REGULATORY CONTEXT

The European Taxonomy for sustainable activities, or “Taxonomy” Regulation<sup>(1)</sup> establishes a list of economic activities considered environmentally sustainable, on the basis of ambitious and transparent technical criteria. The introduction of this standard designed to distinguish economic activities contributing to the European objective of carbon neutrality – the Green Deal –

underlines the scale of the economic and industrial transformations to be achieved as well as the ambition of the European authorities in terms of Sustainable Finance and transparency. On the strength of its environmental, social and societal commitments, Hermès supports the European Commission in its work to analyse activities and define technical review criteria intended to guide the investments of public and private players towards projects contributing to the transition to a sustainable and low-carbon economy.

An activity is thus said to be taxonomy “eligible” if it is explicitly included in the list of activities drawn up by the European Commission. This activity then becomes “aligned” if it cumulatively meets three conditions:

1. comply with the minimum technical thresholds for environmental performance (substantial contribution criterion);
2. do no harm to the other five remaining criteria, known as the “Do No Significant Harm” (DNSH) criterion;
3. the activity must be carried out in accordance with the “Minimum Safeguards” (MS) criterion in terms of human rights, corruption, taxation and competition law.

Six environmental objectives have been defined by the Taxonomy Regulation and delegated acts<sup>(2)</sup> were published by the European Commission aimed at specifying the sectors concerned and the information required. Since its implementation in 2021, the content of the Taxonomy information to be published has changed as follows.

Environmental objectives	FY21	FY22	FY23
1. Climate change mitigation	Eligibility	Eligibility and alignment	Eligibility and alignment
2. Climate change adaptation			Eligibility and alignment
3. Protection of water and marine resources			Eligibility
4. Transition to a circular economy			
5. Pollution prevention and reduction			
6. Protection of biodiversity and ecosystems			

For each of the environmental objectives, the regulation requires the publication of the percentage of eligible and/or aligned activity for each of the following three indicators<sup>(3)</sup>:

- ◆ Turnover (%);
- ◆ CapEx (%);
- ◆ OpEx (%).

1. Regulation (EU) 2020/852.  
2. Delegated regulation (EU) 2021/2139 specifying the classification of sustainable activities on climate topics.  
Delegated regulation (EU) 2023/2486 specifying the classification of sustainable activities on other topics.  
3. Delegated Regulation (EU) 2021/2178 (“Article 8”) specifying the reporting obligations of companies in relation to the taxonomy.

## 2.7.4.2 APPLICATION TO THE HERMÈS GROUP

The detailed financial information was analysed and checked jointly by the sustainable development department, the finance department, the real estate development department, the industrial, technical and innovation department and the métier teams. The methodological elements on which the Group conducted its analysis – assumptions, estimates and limitations – are described in § 2.7.4.3.

### Turnover eligibility and alignment ratios

The Hermès métiers do not present any significant turnover currently on the list of eligible activities published by the European Commission. Nevertheless, the Group is continuing the efforts undertaken for several years to limit its carbon footprint, promote the circular economy and preserve biodiversity, as described in § 2.5 and § 2.4.

The corresponding regulatory table is available in § 2.7.4.4.

### OpEx eligibility and alignment ratios

In accordance with the regulation, as the ratio of operating expenses, as defined by the Taxonomy, to the Group's total operating expenses is less than 5%, the Group has used the exemption provided for allowing it not to publish the taxonomy eligibility and alignment ratios for its OpEx.

The corresponding table is available in § 2.7.4.4.

### Taxonomy CapEx eligibility and alignment ratios

The CapEx eligibility and alignment ratios, as defined by the Taxonomy, are detailed below:

The corresponding regulatory table is available in § 2.7.4.4.

In millions of euros	2023	Eligible CapEx		Aligned CapEx		
		Amount	as a % of total CapEx	Amount	as a % of total CapEx	as a % of eligible CapEx
<b>GRAND TOTAL TAXONOMY CAPEX</b>	<b>1,327</b>	<b>832</b>	<b>63%</b>	<b>267</b>	<b>20%</b>	<b>32%</b>
<b>Taxonomy real estate CapEx:</b>	<b>832</b>	<b>832</b>	<b>63%</b>	<b>267</b>	<b>20%</b>	<b>32%</b>
Renovation of existing buildings <sup>1</sup>	228	228	17%	76	6%	33%
Acquisition and construction of buildings <sup>1</sup>	136	136	10%	82	6%	60%
IFRS 16 right-of-use assets <sup>2</sup>	468	468	35%	109	8%	23%
<b>Other Taxonomy CapEx <sup>1-3</sup></b>	<b>494</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(1) I.e. total operating investments of €859 million over the financial year, see Notes 7.2.1 and 7.2.2 to the consolidated financial statements.

(2) Corresponds to the implementation of new contracts and revisions of rights-of-use for the financial year, see Note 7.3.1 to the consolidated financial statements.

(3) Concern CapEx not eligible under the Taxonomy. These are mainly IT investments and land acquisitions.

In millions of euros	2022	Eligible CapEx		Aligned CapEx		
		Amount	as a % of total CapEx	Amount	as a % of total CapEx	as a % of eligible CapEx
<b>GRAND TOTAL Taxonomy CapEx</b>	<b>848</b>	<b>582</b>	<b>69%</b>	<b>72</b>	<b>8%</b>	<b>12%</b>

### a. Grand total Taxonomy CapEx

In accordance with regulations, the Group analysed its acquisitions of property, plant and equipment and intangible assets (IAS 16 and IAS 38), right-of-use assets (IFRS 16) and business combinations (IFRS 3) constituting the CapEx Taxonomy denominator. This

amounted to €1,327 million for 2023, compared with €848 million in 2022. It includes:

- ◆ acquisitions of property, plant and equipment and intangible assets (operating investments) for €859 million;
- ◆ the increase in right-of-use assets (IFRS 16) for €468 million.

### b. Eligible CapEx

Eligible CapEx are mainly related to the construction and renovation of buildings owned and rented for a total amount of €832 million.

The environmental objectives concerned by these eligible CapEx are as follows:

- ◆ climate change mitigation, including the following Taxonomy activities:
  - 7.2. Renovation of existing buildings, for €228 million,
  - 7.7. Acquisition and ownership of buildings, activity concerning both buildings for the Group's own account, for €136 million and new property leases recognised in accordance with IFRS 16, for €468 million;
- ◆ transition to a circular economy, including the following Taxonomy activity:
  - 3.2 Renovation of existing buildings, for €228 million.

Other Taxonomy CapEx, which are non-eligible, amounted to €494 million and mainly included:

- ◆ investments in land for €166 million;
- ◆ IT investments amounting to €128 million;
- ◆ investments related to recurring maintenance, for €101 million;
- ◆ equipment and tooling for workshops, amounting to €64 million;
- ◆ real estate investments of individually less than 500 K€, which were not analysed, represent a total of €9 million.

### c. Aligned CapEx

In 2023, the alignment of CapEx under the Taxonomy totalled 20% (aligned CapEx out of total Taxonomy CapEx), compared to 8% in 2022.

The Group owns almost all of its production sites. Hermès has created its own sustainable construction framework, called Harmonie, certified in 2022 for its alignment with the most ambitious labels and certifications on the market (§2.5.2). This framework is gradually being enhanced with the criteria and evidence required by the Taxonomy. Thus, the application of the Harmonie framework contributed significantly to the increase in the CapEx alignment rate.

In addition, the Hermès Group leases most of the stores in the cities where it operates. These stores are often located in the shopping avenues of historic city centres, in buildings that do not yet meet the highest energy performance standards, and are currently incompatible with the standards set by the Taxonomy. Nevertheless, whenever possible, Hermès undertakes renovation work to improve the environmental performance of the occupied point of sale.

In total, the alternative indicator showing the ratio of aligned Taxonomy CapEx to eligible Taxonomy CapEx amounted to 32% in 2023.

### 2.7.4.3 METHODOLOGICAL NOTE

In accordance with the regulatory requirements for the 2023 financial year, the alignment analysis was conducted for the sole purposes of climate change mitigation and adaptation.

#### Substantial contribution

Alignment is based on compliance with the substantial contribution criteria and the non-enforceability of a generic or specific DNSH criterion (see methodology below). Compliance is assessed in the light of the supporting documents available to the Group. For example, large-scale renovation projects significantly improving the energy performance of buildings were considered aligned because they had such supporting documents.

#### 7.2 Renovation of existing buildings

In order to qualify the alignment of building renovation investments, meticulous work was carried out for each investment of more than 500 K€ in order to analyse the alignment with the substantial contribution, notably by demonstrating a reduction in demand for primary energy of at least 30%.

#### 7.7 Acquisition and ownership of buildings

The analysis of the substantial contribution criteria for activity 7.7 was based on the identification of elements to define the energy performance of buildings (RE2020, primary energy demand, DPE, etc.). As permitted by the Commission Communication of 20 November 2023 on the interpretation and implementation of certain legal provisions of the delegated act on the climate aspect of the Taxonomy, investments in the construction of new buildings by the Hermès Group were analysed using the relevant criteria of activity 7.7 and are reported under this activity.

#### Methodology for assessing generic and specific DNSH criteria

As indicated in the table presenting the CapEx eligibility and alignment ratios, only eligible activities categorised as 7.2 and 7.7 show an alignment component. The DNSH criteria, for each of the Taxonomy activities, were applied as follows:

#### 7.2 Renovation of existing buildings

DNSH adaptation – The Climate Delegated Act recommends compliance with three criteria:

- ◆ analysis of the various physical climate risks that could affect the activity;
- ◆ assessment of these risks using climate projections in order to determine their significance;
- ◆ assessment of adaptation solutions.

Hermès has carried out an analysis of the physical risks impacting its main sectors since 2019. This analysis ranks, for each of the French sites, a list of chronic and acute physical climate hazards and projects them over different climate horizons based on the IPCC RCP2.6, RCP4.5 and RCP8.5 scenarios. Depending on the ranking obtained and the results of the climate projections, Hermès undertakes the construction of adaptation plans consistent with the nature of the assets concerned, their geographical location and the priority physical climate risks.

DNHS water – This DNSH imposes compliance with water flow rates per minute, which vary according to the water supply equipment. To ensure compliance with this criterion, Hermès verified the existence of water meters or solutions to manage water consumption. These solutions indicate alignment with the thresholds set by the European Commission.

DNHS circular economy – The delegated act imposes compliance with three criteria:

- ◆ the preparation of at least 70% by weight of construction waste for recycling, reuse or any other form of recovery;
- ◆ operators must limit waste production;
- ◆ building design and construction techniques must promote circularity.

Eligible real estate investments meeting the criteria of substantial contribution in accordance with these three criteria are considered aligned.

DNHS pollution – Three criteria must be met:

- ◆ list of pollutants in Appendix C of the Climate Delegated Act that must not be used in the context of the Taxonomy activity concerned;

- ◆ compliance with the thresholds set for certain polluting substances such as volatile organic compounds;
- ◆ adoption of measures to limit noise, dust and pollutant emissions during work.

The DNSH pollution criteria were in particular considered to be met for eligible real estate investments according to the substantial contribution criteria when these projects were located in France, in view of the applicable national and European regulations in terms of pollution.

#### 7.7 Acquisition and ownership of buildings

DSNH adaptation – The applicability criteria and compliance with them by Hermès are the same as those detailed for activity 7.2.

#### Methodology for assessing minimum safeguards

Hermès followed the recommendations of the European Platform on Sustainable Finance report dated October 2022 concerning the study of minimum safeguards (“Final report on Minimum Safeguards”). With regard to the four themes of human rights, corruption, taxation and competition law, as well as the non-alignment criteria described in the report, Hermès carried out a controversy analysis for 2023. No breaches were identified. The Group complies with the minimum safeguard requirements for this second alignment exercise. All of the Group’s commitments to its employees and suppliers are described in § 2.8.

## 2.7.4.4 REGULATORY TABLES REQUIRED BY THE EUROPEAN TAXONOMY REGULATION

Key to the regulatory tables: EL: eligible, N/EL: not eligible

## TURNOVER ALIGNMENT TABLE

Economic activities (1)	Code (2)	Turnover (3)	Substantial contribution criteria							Do no significant harm criteria ("DNSH criteria")							Minimum safeguards (17)	Proportion of turnover aligned with the Taxonomy (A.1.) or eligible under the Taxonomy (A.2.), Year N-1 (18)	Category of enabling activity (19)	Category of transitional activity (20)
			Proportion of turnover, year N (4)	Mitigation of climate change (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Mitigation of climate change (11)	Adaptation to climate change (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)					
<b>A. Activities eligible under the Taxonomy</b>																				
<b>A.1. Environmentally sustainable activities (aligned with the Taxonomy)</b>																				
Turnover from environmentally sustainable activities (aligned with the Taxonomy) (A.1.)		0	0%															0%		
Of which enabling		0	0%															0%	E	
Of which transitional		0	0%															0%	T	
<b>A.2. Activities eligible under the Taxonomy but not environmentally sustainable (not aligned with the Taxonomy)</b>																				
Turnover from activities eligible under the Taxonomy but not environmentally sustainable (not aligned with the Taxonomy) (A.2.)		0	0%	0%	0%	0%	0%	0%	0%									0%		
<b>A. Turnover from activities eligible under the Taxonomy (A.1 + A.2)</b>		<b>0</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>									<b>0%</b>		
<b>B. Activities not eligible under the Taxonomy</b>																				
Turnover from activities not eligible under the Taxonomy		13,427	100%																	
<b>TOTAL (A + B)</b>		<b>13,427</b>	<b>100%</b>																	

## PROPORTION OF TURNOVER FROM ECONOMIC ACTIVITIES THAT ARE ELIGIBLE AND/OR ALIGNED WITH THE TAXONOMY BY ENVIRONMENTAL OBJECTIVE

	Proportion of turnover/total turnover	
	Aligned with the Taxonomy by objective	Eligible under the Taxonomy by objective
Climate change mitigation	0%	0%
Climate change adaptation	0%	0%
Water	0%	0%
Pollution	0%	0%
Circular economy	0%	0%
Biodiversity	0%	0%



CAPEX ALIGNMENT TABLE

Economic activities (1)	Code (2)	CapEx (3)	Substantial contribution criteria							Do no significant harm criteria ("DNSH criteria")							Minimum safeguards (17)	Proportion of CapEx aligned with Taxonomy (A.1) or eligible (A.2) under the Taxonomy, year N-1 (18)	Category of enabling activity (19)	Category of transitional activity (20)
			Proportion of CapEx, year N (4)	Mitigation of climate change (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Mitigation of climate change (11)	Adaptation to climate change (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)					
<b>A. Activities eligible under the Taxonomy</b>																				
<b>A.1. Environmentally sustainable activities (aligned with the Taxonomy)</b>																				
Renovation of existing buildings	CCM 7.2	76	6%	YES	N/EL	N/EL	N/EL	NO	N/EL	YES	YES	YES	YES	YES	YES	YES	3%		T	
Acquisition and ownership of buildings	CCM 7.7	191	14%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	5%			
<b>CapEx of environmentally sustainable activities (aligned with the Taxonomy) (A.1.)</b>		<b>267</b>	<b>20%</b>	<b>20%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>8%</b>			
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%	YES	YES	YES	YES	YES	YES	YES	0%		E	
Of which transitional		76	6%	6%						YES	YES	YES	YES	YES	YES	YES	3%		T	
<b>A.2. Activities eligible under the Taxonomy but not environmentally sustainable (not aligned with the Taxonomy)</b>																				
Renovation of existing buildings	CCM 7.2 and CE 3.2	152	11%	EL	N/EL	N/EL	N/EL	EL	N/EL								18%			
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3 and CCA 7.3	0	0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%			
Acquisition and ownership of buildings	CCM 7.7	413	31%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								42%			
<b>CapEx of activities eligible under the Taxonomy but not environmentally sustainable (not aligned with the Taxonomy) (A.2)</b>		<b>565</b>	<b>43%</b>	<b>43%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>60%</b>			
<b>A. CapEx of activities eligible under the Taxonomy (A.1 + A.2)</b>		<b>832</b>	<b>63%</b>	<b>63%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>69%</b>			
<b>B. Activities not eligible under the Taxonomy</b>																				
CapEx of activities not eligible under the Taxonomy		494	37%																	
<b>TOTAL (A + B)</b>		<b>1,327</b>	<b>100%</b>																	

PROPORTION OF CAPEX FROM ECONOMIC ACTIVITIES THAT ARE ELIGIBLE AND/OR ALIGNED WITH THE TAXONOMY BY ENVIRONMENTAL OBJECTIVE

	Proportion of CapEx/Total CapEx	
	Aligned with the Taxonomy by objective	Eligible under the Taxonomy by objective
Climate change mitigation	20%	63%
Climate change adaptation	0%	0%
Water	0%	0%
Pollution	0%	0%
Circular economy	0%	17%
Biodiversity	0%	0%

## OPEX ALIGNMENT TABLE

Economic activities (1)	Code (2)	OpEx (3)	Substantial contribution criteria					Do no significant harm criteria ("DNSH criteria")							Minimum safeguards (17)	Proportion of OpEx aligned with the Taxonomy (A.1.) or eligible under the Taxonomy (A.2.), year N-1 (18)	Category of enabling activity (19)	Category of transitional activity (20)
			Proportion of OpEx, year N (4)	Mitigation of climate change (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Mitigation of climate change (11)	Adaptation to climate change (12)	Water (13)	Pollution (14)	Circular economy (15)				
<b>A. Activities eligible under the Taxonomy</b>																		
<b>A.1. Environmentally sustainable activities (aligned with the Taxonomy)</b>																		
OpEx of environmentally sustainable activities (aligned with the Taxonomy) (A.1)		0	0%													0%		
Of which enabling		0	0%													0%	E	
Of which transitional		0	0%													0%	T	
<b>A.2. Activities eligible under the Taxonomy but not environmentally sustainable (not aligned with the Taxonomy)</b>																		
A2 - OpEx of activities eligible under the Taxonomy but not environmentally sustainable (not aligned with the Taxonomy) (A.2)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL						0%		
<b>A. OpEx of activities eligible under the Taxonomy (A.1 + A.2)</b>		<b>0</b>	<b>0%</b>	<b>N/EL</b>	<b>N/EL</b>	<b>N/EL</b>	<b>N/EL</b>	<b>N/EL</b>	<b>N/EL</b>	<b>N/EL</b>						<b>0%</b>		
<b>B. Activities not eligible under the Taxonomy</b>																		
OpEx of activities not eligible under the Taxonomy		7,989	100%															
<b>TOTAL (A + B)</b>		<b>7,989</b>	<b>100%</b>															

## PROPORTION OF OPEX RESULTING FROM ECONOMIC ACTIVITIES THAT ARE ELIGIBLE AND/OR ALIGNED WITH THE TAXONOMY BY ENVIRONMENTAL OBJECTIVE

	Proportion of OpEx/Total OpEx	
	Aligned with the Taxonomy by objective	Eligible under the Taxonomy by objective
Climate change mitigation	0%	0%
Climate change adaptation	0%	0%
Water	0%	0%
Pollution	0%	0%
Circular economy	0%	0%
Biodiversity	0%	0%

## 2.7.5 ANALYSIS OF CORRESPONDENCE WITH THE MAIN NON-FINANCIAL REPORTING FRAMEWORKS

### 2.7.5.1 SASB CORRESPONDENCE ANALYSIS

The Sustainability Accounting Standards Board (SASB) is an independent, not-for-profit standard-setting body that develops and maintains reporting standards for financially material sustainable development information. The SASB has established standards specific to 77 activity sectors including with the “Apparel, Accessories and Footwear (consumer goods)” sector.

In addition to the information presented in this report, Hermès presents a summary of its actions according to the sector reading grid. This publication is also an opportunity to highlight the House’s progress. Hermès’ business model is quite unusual compared to the sector taken into account by the SASB. The SASB identifies nine key topics for the sector, five of which concern the supply chain (CG-AA-430); very few concern human resources and societal

aspects. Hermès operates according to a highly integrated business model (55% of production is manufactured in Hermès’ own workshops), with partnership relationships with its suppliers (the average length of relationships with the top 50 direct suppliers is 20 years), and production made in France (for example, for 100% of leather goods, which represents half of the Group’s sales) and 74% in total. Although important, the topics highlighted by the SASB relating to the supply chain are not the only ones. Human and societal issues are also key to the House’s sustainability. In terms of risk, the categories identified by the SASB are not always the most significant for Hermès. As explained in §2.1, the Group has identified and prioritised 13 key topics that structure its reporting and provide material non-financial economic information that is useful, comparable (even if sometimes specific) and evidence-based. In addition, as presented in this document, the Group uses the CDP reporting framework for its carbon, water and forest issues, and complies with the TCFD recommendations.

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### SASB CORRESPONDENCE GRID

SASB topic	Correspondence with Hermès’ strategy	Sections in the universal registration document
Management of Chemicals in Products (CG-AA-250a)	Hermès assumes all its responsibilities as a company that places goods on markets, to ensure the regulatory compliance of all products sold, in all countries where it operates.  The list of restricted substances monitored by the Group is the list of restricted substances worldwide. The Group has set a target of compliance with the most stringent regulations, which are generally European regulations.	§ 2.5.5.2
Environmental impacts in the supply chain (CG-AA-430a)	Hermès ensures that it monitors the environmental footprint of its supply chain. The Group verifies through regular audits that its suppliers (Tier 1) comply with local regulations regarding the regulatory compliance of their effluents.  The Group’s entities and those of its suppliers are regularly subject to audits carried out by Hermès’ teams and external consultants, in addition to those carried out by the authorities (in particular for sites subject to authorisation).	§ 2.6.1, § 2.5.3, § 2.6, § 2.4.2 and § 2.6
Labour conditions in the supply chain (CG-AA-430b)	The Group’s supplier relations policy is based on four pillars: safety, quality & innovation, cost control and CSR.  Hermès systematically requests a formal commitment from its suppliers to comply with their social, regulatory and environmental obligations through two undertaking handbooks signed by both parties.	§ 2.6.1, § 2.6.2, § 2.8.1 and § 2.8.4
Raw materials sourcing (CG-AA-440a)	The Group exercises close control over these raw materials, particularly in terms of quality and the conditions for obtaining these materials and their environmental and social impact.  As soon as a risk related to social or environmental non-compliance is detected, the Group carries out investigations that may lead to supplies being halted.  The objectives and recommendations concerning Hermès’ supply chains are presented in the supply chain brief.	§ 2.4 and § 2.4.2.1

## 2.7.5.2 TCFD CORRESPONDENCE ANALYSIS

Hermès presents its actions according to the framework recommended by the TCFD. The TCFD (Task Force on Climate-related Financial Disclosures) is a working group created in December 2015 during COP 21. This working group has published recommendations, updated in 2021, on how to report and publish the risks and

opportunities related to climate change, with the aim of increasing transparency between companies and investors in order to reduce investment risks, and reconcile the short-term financial decisions with the long-term consequences of climate change.

TCFD recommendations	Correspondence with Hermès' strategy	Sections in the universal registration document
<b>Governance</b>		
Oversight by the Board of Directors of climate-related risks and opportunities	The CAG-CSR Committee oversees sustainable development issues and interviews the sustainable development department twice a year, enhancing the stringency of requirements regarding climate topics.	§ 2.1.6 and § 2.5.6
Management role in assessing and managing climate-related risks and opportunities	The Group's Executive Chairman, Axel Dumas, has been involved in many climate-related issues in recent years, including in particular the decisions to revise Hermès' climate commitment upwards with the SBTi validation for a trajectory of 1.5°C. The Executive Committee devotes at least four weeks per year to CSR, including the climate.	§ 2.1.6, § 2.5.1 and § 2.5.6
<b>Climate strategy</b>		
Risks and opportunities related to the climate that the Group has identified in the short, medium and long term	<i>The exposure to transition risk is studied both by the audit and risk management department in its vertical analysis of the House's main activities, by the industrial and sustainable development departments and by the Sustainable Development Board, with a more cross-cutting vision.</i>	§ 2.5.6.1
Impact of climate-related risks and opportunities on the Group's activities, strategy and financial planning	<i>Climate system disruptions and related operational, regulatory and political transition issues, such as carbon pricing, are already identified as physical and transition risks with impacts on the Group's supply chain, various operations (manufacturing, logistics, distribution), as well as on the behaviour of its customers.</i>	§ 1.10
Resilience of the organisation's strategy, taking into account different climate-related scenarios, including a 2°C or lower scenario.	<i>In 2019, the Group analysed the IPCC (Intergovernmental Panel on Climate Change) scenarios RCP2.6 (equivalent to a 2°C scenario), RCP4.5 and RCP8.5 over three time scales (two-year budget vision, within five years and a long-term vision of 25 years).</i>	§ 2.5.6
<b>Management of climate risk</b>		
Group processes to identify and assess climate-related risks	The Group's risk management process is based on the preparation of risk mapping as well as the use of additional tools to define the level of priority to be associated with the risks identified and the actions to be implemented to mitigate them.	§ 2.5.6 and § 4.3
Group processes for managing climate-related risks	The risk maps are regularly updated and the action plans are monitored directly by the Group's various entities under the supervision of the audit and risk management department.	§ 4.3
Integration of processes for identifying, assessing and managing climate-related risks into the organisation's overall risk management	The risk maps are consolidated annually into a Group-wide risk mapping, including climate-related risks such as the scarcity of certain raw materials.	§ 4.3
<b>Metrics and targets</b>		
Indicators used by the Group to assess climate-related risks and opportunities, in accordance with its strategy and risk management process	The SBTi validated Hermès' carbon emission reduction targets, confirming the consistency of its policy with the Paris Agreement's 1.5°C trajectory.	§ 2.5.1 and § 2.5.6
Communicate scopes 1, 2 and, if appropriate, 3 greenhouse gas (GHG) emissions, as well as related risks	Hermès bases its carbon emissions calculations on the rules of the GHG Protocol. The Group has set up a specific reporting tool and regularly calls on experts to refine the calculations of emission factors and revise some of the calculations carried out by the métiers or subsidiaries. Hermès ensures that the calculation of its carbon emissions is audited by an independent third party.	§ 2.5.6
Objectives used by the Group to manage climate-related risks and opportunities and performance against these objectives	The science-based targets, aligned with a world at 1.5°C, aim to reduce the absolute value of GHG emissions for scopes 1 and 2 by 50.4%, and the relative value by 58.1% (GHG emissions per million euros of gross margin) for scope 3 emissions over the period from 2018 to 2030.	§ 2.5.6

### 2.7.5.3 TNFD CORRESPONDENCE ANALYSIS

A working group was set up on the disclosure of financial information relating to nature (Taskforce on Nature-related Financial Disclosures – TNFD) to develop and provide a reporting framework for risks and opportunities related to the evolution of nature and to act accordingly,

with the ultimate aim of supporting a reorientation of global financial flows towards projects with positive externalities for nature. In September 2023, this group published a transparency framework, to which Hermès is aligned by publishing the information required in this Non-Financial Performance Statement. The details of the alignment with this framework are presented in the table below:

TNFD recommendation	Correspondence with Hermès' strategy	Sections in the universal registration document
<b>Governance</b>		
Board oversight of nature-related dependencies, impacts, risks and opportunities	The CAG-CSR Committee oversees sustainable development issues and interviews the sustainable development department twice a year, enhancing the stringency of requirements regarding biodiversity topics.	§ 2.1.6 and § 2.4.3
Management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities	The subject of "Biodiversity" is overseen by the Executive Committee, which relies on the work of the Sustainable Development Board. In addition, this issue is driven by specific competence present on the Supervisory Board.	§ 2.1.6 and § 2.4.3
The organisation's human rights policies and engagement activities, as well as the oversight conducted by the Board of Directors and management, with respect to indigenous peoples, local communities, stakeholders affected and others, in the assessment and response of the organisation to nature-related dependencies and impacts, risks and opportunities	Driven by its humanist values, the Hermès Group's ethics and compliance policy aligns with the universal framework set down by the major international principles, standards and agreements, in particular those covering the subject of human rights. The Group has several requirements in terms of ethics: 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 form the foundation of the approach.	§ 2.8
<b>Nature strategy</b>		
Disclose the actual and potential impacts of nature-related risks, opportunities and dependencies on the activities, strategy and financial planning of the organisation when this information is material	The Group's biodiversity master plan is built around six components in line with the recommendations of the TNFD and those of the Act4Nature International system: vision, governance and organisations, the four pillars of our commitments (train, collaborate, assess, act). In line with the biodiversity blueprint, the SBTN approach was launched in 2023.	§ 2.4.3. and § 4.1.4
Nature-related dependencies, impacts, risks and opportunities that the organisation has identified in the short, medium and long term	The diagnostics carried out on the sites' biodiversity and water resources made it possible to assess the risks for the Group's direct activities. Since 2019, Hermès has methodologically mapped 80 supply chains in order to identify their risks, including on the environment.	§ 4.1.4
Effects that nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analyses	The rollout of the biodiversity strategy is overseen by the Executive Committee and the Sustainable Development Board, and regularly reviewed by external organisations such as Act4Nature International. The action plan follows four areas: training all employees in biodiversity, collaboration with recognised external stakeholders, measuring Hermès' relations with biodiversity and the activation of action plans commensurate with the issues.	§ 2.4.3 and § 4.3
Resilience of the organisation's strategy to nature-related risks and opportunities, taking into account different scenarios	The large diversity of types (more than 35 different leathers) and geographical origins of Hermès' natural materials, and its mainly French production, make it possible to reduce its exposure to the occasional or chronic degradation of certain ecosystems.	§ 2.4.2 and § 4.1.4

<b>TNFD recommendation</b>	<b>Correspondence with Hermès' strategy</b>	<b>Sections in the universal registration document</b>
Disclose the locations of assets and/or activities in the organisation's direct operations and, if possible, the upstream and downstream value chain(s) that meet the priority location criteria	Hermès publishes supply chain briefs for its suppliers, which also take into account biodiversity issues as well as the mapping of its production sites.	§ 2.1 and § 2.4.3
<b>Management of nature-related risk and impacts</b>		
Organisational processes to identify, assess and prioritise nature-related dependencies, impacts, risks and opportunities in its direct operations	The Group's risk management process is based on the preparation of risk mapping as well as the use of additional tools to define the level of priority to be associated with the risks identified and the actions to be implemented to mitigate them. In addition, steps 1 and 2 of the SBTN approach have made it possible to assess the materiality of the issues and establish the conditions for prioritisation.	§ 2.4.3 and § 4.3
The organisation's processes to identify, assess and prioritise nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s)	Risk management for value chains is included in the Group process. It is thus based on the preparation of risk mapping, and supplemented by steps 1 and 2 of the SBTN approach, which have made it possible to assess the materiality of the issues and establish the conditions for prioritisation.	§ 2.4.3 and § 4.3
Organisational processes to manage nature-related dependencies, impacts, risks and opportunities	The risk maps are regularly updated and the action plans are monitored directly by the Group's various entities under the supervision of the audit and risk management department.	§ 4.3
Processes for identifying, assessing and managing nature-related risks are integrated into the organisation's overall risk management	The risk maps are consolidated annually into a Group-wide risk mapping, including for risks related to biodiversity such as reduced ecosystem integrity.	§ 4.3
<b>Measurement tools and targets</b>		
Measurement tools and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.	Hermès uses specific metrics to assess and manage nature-related risks and opportunities, in line with its risk management strategy and process.	§ 2.4.3, § 2.5 and § 4.3
Measures used by the organisation to assess and manage dependencies and impacts on nature	In 2021, Hermès measured its footprint using the Global Biodiversity Score tool developed by CDC Biodiversité (a subsidiary of Caisse des Dépôts), implemented with the support of WWF France and based on field, financial and theoretical data from 2019. An update is underway for the leather activity. This biodiversity footprint measurement approach is part of Target 15 of the Kunming-Montreal Agreement. Launch of the SBTN approach during the financial year.	§ 2.4.3
Targets & objectives used by the organisation to manage nature-related relationships of dependency, impacts, risks and opportunities, as well as its performance in relation to these	Hermès sets targets that are both specific on biodiversity but also related to its industrial performance (water, waste, pollution) and the responsibility of these sectors (certification). These objectives are reviewed at least annually to ensure performance.	§ 2.4.2, § 2.4.3 and § 2.5

#### 2.7.5.4 SFDR-PAI CORRESPONDENCE ANALYSIS

The Sustainable Finance Disclosure Regulation (SFDR), which entered into force in March 2021, is a European regulation introduced to improve transparency in the sustainable investment products market and to increase transparency around sustainability claims made by financial market players. This new regulation establishes, exclusively for

financial-sector players, the obligation to publish information on non-sustainability risks, as well as indicators measuring the Principal Adverse Impact (PAI) indicators for their activity.

Although this new regulation does not apply to Hermès, the Group publishes, for the sake of transparency and alignment with the Action Plan for Sustainable Finance defined by the European Commission, its own PAI indicators, identifiable thanks to the following:

Thematics	PAI	Information for Hermès
<b>Greenhouse gases (GHG)</b>	<ul style="list-style-type: none"> <li>◆ Greenhouse gas emissions</li> <li>◆ Carbon footprint</li> <li>◆ Intensity of greenhouse gas emissions</li> <li>◆ Exposure to the fossil fuel sector</li> <li>◆ Share of non-renewable energy consumption and production</li> <li>◆ Intensity of energy consumption</li> </ul>	<ul style="list-style-type: none"> <li>◆ § 2.5.7.2.1 (Direct emissions, indirect emissions related to energy, other indirect emissions, carbon footprint, emission intensity)</li> <li>◆ No exposure to the fossil fuel sector</li> <li>◆ § 2.5.4.2</li> </ul>
<b>Biodiversity</b>	Activities significantly affecting biodiversity-sensitive areas	Diagnostic under way, § 2.4.3.4
<b>Water</b>	Water consumption	§ 2.5.4.1.1
<b>Waste</b>	Rate of hazardous industrial waste	§ 2.5.5
<b>Social and employee issues</b>	<ul style="list-style-type: none"> <li>◆ Violations of the principles of the United Nations Global Compact and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises</li> <li>◆ Lack of compliance processes and mechanisms to monitor compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises</li> <li>◆ Unadjusted gender pay gap</li> <li>◆ Gender diversity on the Board of Directors</li> <li>◆ Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)</li> </ul>	<ul style="list-style-type: none"> <li>◆ No violation</li> <li>◆ Processes and mechanisms described in § 2.8.2.1</li> <li>◆ 92/100 for the gender equality index (France)</li> <li>◆ 50% women on the Supervisory Board as at 31 December 2023</li> <li>◆ No exposure</li> </ul>

## 2.7.5.5 GRI CORRESPONDENCE ANALYSIS

The Hermès Group's reporting protocol also complies with the framework defined by the Global Reporting Initiative (GRI) and addresses all the sustainability themes recommended by this standard, as presented in the table below:

GRI 1	General principles	Methodological note – chapter 2
GRI 2	General disclosures	Methodological note – chapter 2
GRI 3	Management approach	§ 2.1.6
GRI-201	Economic performance	§ 1.5, § 1.6, § 1.7
GRI-202	Market presence	§ 1.4
GRI-203	Indirect economic impacts	§ 2.7
GRI-204	Procurement practices	§ 2.6
GRI-205	Anti-corruption	§ 2.8.2
GRI-206	Anti-competitive behaviour	§ 2.8.1.2.3
GRI-207	Tax	§ 2.7.2.1.1
GRI-301	Materials	§ 2.4
GRI-302	Energy	§ 2.5.4.1.2
GRI-303	Water and effluents	§ 2.5.4.1.1
GRI-304	Biodiversity	§ 2.4.3
GRI-305	Emissions	§ 2.5.7.2
GRI-306	Effluents and waste	§ 2.5.5
GRI-307	Environmental compliance	§ 2.5.6.2.1
GRI-308	Supplier environmental assessment	§ 2.6.1.1
GRI-401	Employment	§ 2.2.2
GRI-402	Labour/management relations	§ 2.2.7
GRI-403	Health and safety at work	§ 2.2.5.2
GRI-404	Training and education	§ 2.3
GRI-405	Diversity and equal opportunity	§ 2.2.3
GRI-406	Non-discrimination	§ 2.2.4.2
GRI-407	Freedom of association and collective bargaining	§ 2.2.7
GRI-408	Child labour	§ 2.6.1.6
GRI-409	Forced or compulsory labour	§ 2.6.1.6
GRI-410	Security practices	§ 2.6.1.6
GRI-411	Rights of indigenous peoples	§ 2.6.1.6
GRI-412	Human rights assessment	§ 2.6.1.1, § 2.8.1.2.1
GRI-413	Local communities	§ 2.7.1, § 2.7.2
GRI-414	Supplier social assessment	§ 2.6
GRI-415	Public policy	§ 2.7.1, § 2.7.2
GRI-416	Customer health and safety	§ 2.7.3.2
GRI-417	Marketing and labelling	§ 2.7.3.2
GRI-418	Customer privacy	§ 2.8.3
GRI-419	Socio-economic compliance	§ 4.1.3



## 2.7.6 HERMÈS' CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS



### No. 3: Good health and well-being

- 3.d** Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks.
- 3.8** Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

#### Hermès' main contributions in 2023

**20%** decrease in the frequency rate of workplace accidents with lost time, and decrease of 1/3 in the severity rate

**97%** of employees worldwide benefit from schemes in addition to statutory health plans

Group absenteeism rate **2.56%**



### No. 4: Quality education

- 4.4** By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.
- 4.7** By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development.

#### Hermès' main contributions in 2023

**three days** of training per employee

**800** learners supported and trained in the Leather Goods métiers in 2024 thanks to the École Hermès des Savoir-Faire

More than **10,000** people took part in Group training courses to learn about sustainable development issues



### No. 6: Clean water and sanitation

- 6.4** By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

#### Hermès' main contributions in 2023

**9%** decrease in its overall water consumption over the year and **62%** decrease in intensity over 10 years

**100%** of its tanneries (the industrial sites that consume the most water in its operations) are equipped with their own water treatment plants



### No. 7: Affordable and clean energy

- 7.2** By 2030, increase substantially the share of renewable energy in the global energy mix.
- 7.3** By 2030, double the global rate of improvement in energy efficiency.

#### Hermès' main contributions in 2023

**69%** of the Group's energy consumption is from renewable sources

**3%** decrease in overall energy consumption over the year, and halving (-49%) of energy intensity since 2019

**No. 10: Reduced inequalities**

- 10.2** By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
- 10.3** Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.
- 10.4** Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.

**Hermès' main contributions in 2023**

**68%** women at Hermès,  
and 60% of managers  
are women

**100%** of Group employees covered by a maternity policy  
with compensation maintained, 83% of employees  
are covered by "second parent" leave

**6,8%** of employees in France  
have disabilities in 2023  
(above the legal minimum)

**No. 11: Sustainable cities and communities**

- 11.a** Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning.
- 11.b** By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels.
- 11.3** By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.
- 11.4** Strengthen efforts to protect and safeguard the world's cultural and natural heritage.

**Hermès' main contributions in 2023**

**75** production sites  
of which 60 in France

**1,300** jobs created in France

**€293 million** in purchases with social added value  
(organisations helping people with disabilities  
into work, social and solidarity economy, regional  
revitalisation) in France, of which 44% from SMEs

**No. 12: Responsible consumption and production**

- 12.b** Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products.
- 12.2** By 2030, achieve the sustainable management and efficient use of natural resources.
- 12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
- 12.6** Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.
- 12.8** By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.

**Hermès' main contributions in 2023**

**0%** destruction of Hermès objects in France  
(Agec law scope), target extended globally  
between 2025 and 2030

**202,000**  
repaired products

More than **2.8 million** objects sold  
have circular and eco-designed characteristics



**No. 13: Climate action**

- 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
- 13.2 Integrate climate change measures into national policies, strategies and planning.
- 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

**Hermès' main contributions in 2023**

A decrease of **49.6%** in absolute value of scopes 1 and 2 compared to 2018, and -52.2% of scope 3 in intensity.

Physical risk analyses conducted on **100%** of our buildings in France

Offset of **100%** of GHG scopes 1 and 2 emissions, and emissions related to upstream and downstream transportation



**No. 15: Life on land**

- 15.a Mobilise and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.
- 15.b Mobilise significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation.
- 15.c Enhance global support for efforts to combat poaching and trafficking of protected species, including by increasing the capacity of local communities to pursue sustainable livelihood opportunities.
- 15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.
- 15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.
- 15.7 Take urgent action to end poaching and trafficking of protected species of flora and fauna and address both demand and supply of illegal wildlife products.
- 15.9 By 2020, integrate ecosystem and biodiversity values into national planning, development processes, poverty reduction strategies and accounts.

**Hermès' main contributions in 2023**

**100%** of Leather Goods workshops have a biodiversity plan

**100%** of purchases related to animal supply chains are covered by the Group's Animal Welfare policy

**100%** of orange bags are FSC-certified



**No. 17: Partnerships for the goals**

- 17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

**Hermès' main contributions in 2023**

Collaboration with more than **50** associative and academic stakeholders

**25** projects supported worldwide via the Livelihoods funds, more than 149,000 hectares planted or preserved

## 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, in particular those covering the subject of human rights. The Group has several requirements in terms of ethics: 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 form the foundation of the approach.

The Hermès Group maintains relationships with its employees and partners based on trust, open communication and a control strategy adapted to the issues. To ensure that each employee adheres to the rules of good conduct adopted by Hermès, numerous training sessions help them to understand the importance and the issues of the Group's ethics approach in the performance of their activities. Partners are informed of the Group's expectations and the existence of information reporting channels and the procedures for using these.

In 2023, the Group strengthened its compliance programmes, in particular by:

- ◆ the update and extension of the H-Alert! whistleblowing system to all Hermès Group stakeholders. This change is accompanied by direct access to the digital platform of the H-Alert! whistleblowing system on the Group's institutional website;
- ◆ the continuation of training, in particular with the "Ethics, integrity and anti-corruption" module. In 2023, 2,818 employees were trained, thus totalling more than 14,000 people trained since the module's launch in 2017;
- ◆ the publication of the updated and detailed vigilance plan as a stand-alone document.

### ETHICS – COMPLIANCE

OBJECTIVE	INDICATORS	2023 RESULTS	CHANGE 2022/2023
<b>PROMOTING THE MAIN ETHICS STANDARDS AND THE APPLICATION OF HUMAN RIGHTS AND ANTI-CORRUPTION REGULATIONS</b>			
Ensure employees adhere to ethics and compliance principles	100% of employees informed	<b>100%</b> of employees receive codes of business conduct, ethics charter and anti-corruption code of conduct	=
Strengthening the Group's duty of care	Publication of a stand-alone vigilance plan	Publication of the Group's <b>2023 vigilance plan, which won an award from the French Sustainable Investment Forum</b> (see § 2.1.1)	↗

## 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 Director of Human Resources, who is also a member of the Executive Committee, the Group Director of Social Development, Group General Counsel and the Chief Compliance Officer.

The Ethics Committee oversees ethics actions with three main duties:

- ◆ advise on the Group's ethics culture and make recommendations;
- ◆ receive alerts (through various reporting channels);
- ◆ direct and monitor the treatment of these alerts.

The Ethics Committee met formally four (4) times in 2023 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. The latter 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.

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 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 and is composed of the following functions:

- ◆ Chief Compliance Officer;
- ◆ Head of Legal Compliance;
- ◆ Group General Counsel;
- ◆ Director of Audit and Risk Management;
- ◆ Director of Internal Audit;
- ◆ Head of Risks and Foresight;
- ◆ Director of Sustainable Development;
- ◆ Director of Consolidation, Taxation and Management Control;
- ◆ Group Director of Social Development;
- ◆ Group Direct Purchasing Manager;
- ◆ Group Indirect Purchasing Manager;
- ◆ Group Director of Retail Activities;
- ◆ Director of Retail Activity Compliance.

Its duties specifically include:

- ◆ define compliance guidelines, particularly in terms of human rights;
- ◆ advice and recommendations on prevention and monitoring actions, notably in terms of duty of care and the fight against corruption for all Group entities;
- ◆ monitor the development of compliance programmes: ethics and anti-corruption, vigilance plan, anti-money laundering, economic sanctions;
- ◆ the management of the deployment of awareness-raising and training campaigns for employees most at risk;
- ◆ monitor and update the entire vigilance plan.

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;
- ◆ develop the Group's policies in this area;
- ◆ supporting and monitoring compliance programmes.

For example, in 2023, 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 liaison officers

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 international legal departments monitor compliance issues with the local teams. By way of illustration, a regional Compliance Committee was created in 2020 and meets quarterly to deal with all compliance, ethics and personal data issues in the South East Asia region. This committee brings together the legal, human resources, internal control and management functions of the entities concerned.

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.

In addition, in the Supplier Code of Conduct (rolled out in 2024), it is specified that when the national legislation of the supplier's country and the Code deal with the same subject, the most stringent norms or standards apply, in compliance with local public order provisions. This provision stems from the OECD principles and makes it possible to protect all people involved in our entire value chain (see § 2.7).

## 2.8.1.2 FRAMEWORK AND TOOLS

### 2.8.1.2.1 Promotion of and compliance with fundamental conventions on human rights and fundamental freedoms

Hermès is involved in promoting respect for human rights and fundamental freedoms and, as such, undertakes to comply with the principles, standards and international agreements listed in the table below:

Major international ethics principles	Internal framework	Examples of implementation	
<p><b>The Universal Declaration of Human Rights</b></p> <p><b>The Charter of fundamental rights of the European Union</b></p> <p><b>The International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the ILO Fundamental Conventions</b></p> <p><b>The OECD Guidelines (2023) for Multinational Enterprises</b></p> <p><b>The Global Compact under the aegis of the United Nations</b></p>	<p><b>Ethics charter</b></p> <p><i>Aims to promote respect and ensure proper application of major international ethics principles.</i></p>	<p><b>Ethics Committee</b></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><b>H-Alert! system</b></p> <p><i>Employees are encouraged to report grave and serious incidents through several information channels.</i></p> <p><b>Supplier brief</b></p> <p><i>Suppliers integrate the Group's human rights expectations.</i></p> <p><b>Métier/subsidiary EHS policies</b></p> <p><i>Policies include good working conditions for employees.</i></p>	
	<p><b>Code of business conduct</b></p> <p><i>Aims to raise awareness of certain risks and give employees appropriate behavioural reflexes.</i></p>		
	<p><b>Anti-corruption code</b></p> <p><i>Aims to promote an ethics culture in which breaches of probity have no place.</i></p>		
	<p><b>Supplier Code of Conduct</b></p> <p><i>Aims to promote ethical, responsible and sustainable conduct for all suppliers.</i></p>		<p><b>UK modern slavery act</b></p> <p><b>California transparency supply chain act</b></p> <p><b>Modern slavery act Australia</b></p>

The Group's policy is to adhere to the 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 <sup>(1)</sup>.

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, updated in 2023, distributed to all employees worldwide and available in 12 languages so that it is accessible to everyone.

A summary version is also available on the website<sup>(1)</sup> and on the HermèSphère 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, designed as a tool for progress and dialogue, seeks to promote compliance and ensure the proper application of laws, regulations and fundamental principles. It invites employees, in the event of difficulty in application or misunderstanding, to talk to their line manager. 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;
- ◆ the 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.

1. <https://finance.hermes.com/en/ethics-human-rights-and-diversities/>

2. <https://finance.hermes.com/en/ethics-human-rights-and-diversities/>

### 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 code of business conduct, available in 13 languages, is distributed to all employees worldwide. It sets out the House’s guiding principles on business ethics. It was updated in 2023, in particular to strengthen the Group’s commitment in terms of competition law.

The code is given to all employees as soon as they join the House, is signed by the Executive Management and is available on the internet<sup>(2)</sup>.

Its purpose is to raise employees’ awareness about 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! whistleblowing system.

The H-Alert! whistleblowing system is also open to third parties; its operating methods are set out below (see § 2.8.1.3.2).

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.

## 2.8.1.3 PREVENTION AND CONTROL MEASURES

### 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 be designed by the legal department or the human resources department, with the help of internal control.



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. These people include in particular employees with financial commitment authority and/or employees with links to external stakeholders. Since the rollout of the e-learning module in 2020, more than 15,000 employees have completed it. In 2023, 5,227 employees followed the anti-corruption e-learning module.

Furthermore, **specific 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 may be buyers, people in charge of internal control, members of management committees, etc. 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. They are also an opportunity to set out all internal procedures relating, for example, to gifts and invitations, conflicts of interest, accounting control and the third-party assessment system. In financial year 2023, 505 employees benefited from these specific training courses.

The "**Ethics, integrity and anti-corruption**" (EIAC) 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 2023, 2,818 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 module was rolled out, more than 14,000 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<sup>(1)</sup>.

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 focusing 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.

The roll-out of all training sessions on ethics issues is closely monitored by the legal compliance department, in collaboration with internal control and human resources.

The themes of the fight against corruption are also addressed as part of the policies and training courses put in place within the Group to combat counterfeiting and the parallel market.

### 2.8.1.3.2 Whistleblowing system

In accordance with laws and in order to boost the fight against breaches of ethics and integrity, in 2019 the Group set up a global whistleblowing system called H-Alert!

This system is composed of several channels, including in particular the traditional communication channel (HR/manager) as well as the H-Alert! platform. This system has been designed to enable its employees worldwide, its external and occasional employees and all external stakeholders to report breaches and violations.

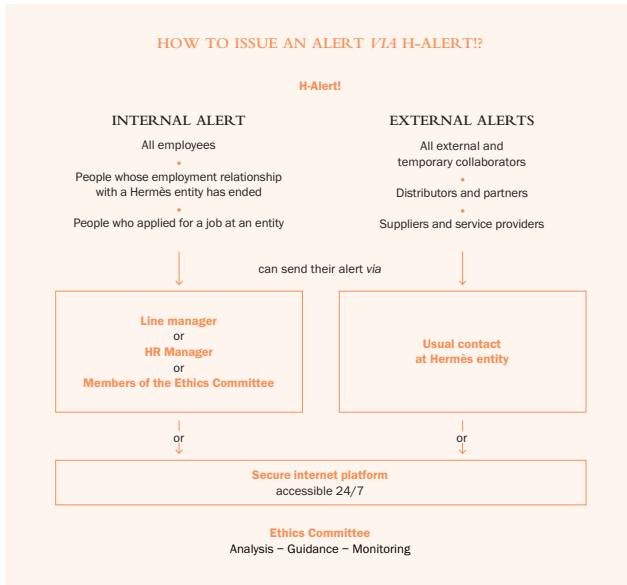
Available seven days a week, 24 hours a day and operated by an external service provider, the H-Alert! platform makes it possible to report facts that may constitute a violation of any law or regulation, or a violation of the Group's codes, procedures and ethics standards, as well as to report the existence of risks or violations of human rights and fundamental freedoms, the health and safety of people or the environment resulting from the activities of the Group and/or its subcontractors or suppliers.

The H-Alert! global whistleblowing system was updated in 2022 and 2023 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 to all Group stakeholders, both internal and external, either via the HermèsSphère intranet site or the Hermès Finance institutional website. Available in 21 languages to ensure its proper distribution, the new information notice was the subject of a communication within the Group and our suppliers.

1. <https://finance.hermes.com/en/responsible-sourcing/>



In terms of whistleblower protection, 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 and commercial relationships (with suppliers or business partners) 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. To strengthen the independence of the people responsible for handling alerts, investigations are conducted separately from the management line against which the complaint is made. Always in accordance with applicable local rules, the House may also use third parties, such as lawyers, to conduct these investigations.

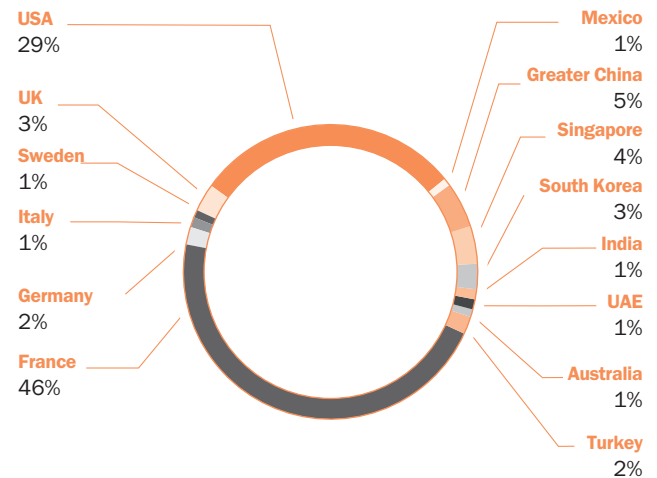
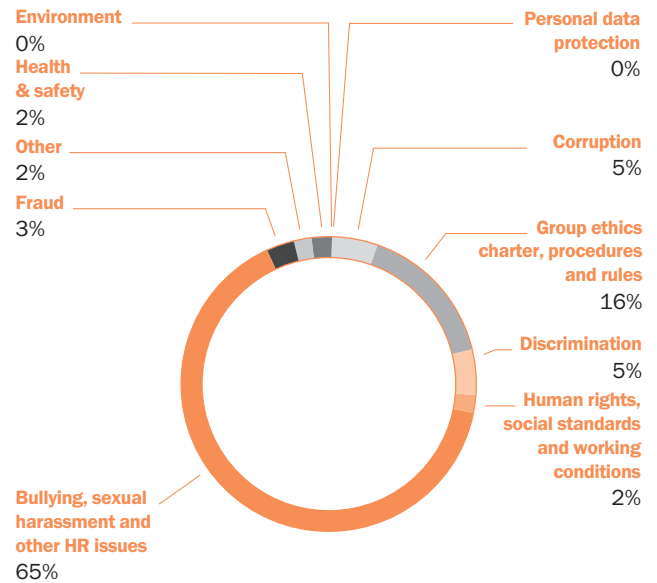
Upon receipt of an alert, an acknowledgement of receipt is systematically sent within seven (7) days of receipt of the alert. The admissibility of alerts is processed within a maximum of one month and, if the alert is admissible, it is immediately assigned to the entity concerned by the subject reported. Thus, the admissibility of reports on social issues (discrimination, harassment, etc.) is analysed by the human resources department. The admissibility of other reports is made by the Ethics Committee, which, as a reminder, includes two members of the Hermès Executive Committee. Reports relating to social issues are dealt with by the local HR or Director of Human Resources (outside the managerial line against which the complaint is made) and its follow-up is shared with the Ethics Committee. Other reports are handled by a person appointed by the Ethics Committee according to their topic (purchasing department, legal department, etc.).

In 2023, 105 alerts were received through the whistleblowing system, compared with 69 alerts in 2022. This increase reflects a process that is now well-known and efficient, but also the opening up of this system to all our external partners.

100% of the 105 alerts received in the financial year 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.

The categorisation of alerts received is presented below.



To ensure that this whistleblowing system is properly used by external stakeholders, a dedicated section is included in the Supplier Code of Conduct updated and rolled out in early 2024. Specific communication aimed at suppliers and service providers will also be put in place.

### 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. In the event of a breach of the Group's ethics rules and compliance programmes, commercial relations with a distributor or supplier may be suspended pending the implementation of corrective actions or be terminated.

The Group has not been convicted of corruption.

## 2.8.2 FIGHTING CORRUPTION

"Combatting 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 <sup>(1)</sup>.

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.

1. <https://finance.hermes.com/en/ethics-human-rights-and-diversities/>

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 the Group's anti-corruption risk mapping is scheduled for 2024.

#### 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

The anti-corruption code of conduct is available on the Group's website and is updated at least annually<sup>(1)</sup>.

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 MEASURES

#### 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 consists mainly of purchasing materials from suppliers and manufacturing most of its production in-house, in order to then market it to its end customers via a network of exclusive Hermès stores (most of which are owned by the Group) as well as via selective distribution networks comprising specialised boutiques (perfumes and watches in particular). 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:

- ◆ 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;
- ◆ best environmental practices: compliance with environmental regulations, management of natural resources and consumption, effluent and waste, respect for biodiversity;
- ◆ 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 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, assessing and managing suppliers and service providers, business intermediaries, agents, distributors and concessionaires;

1. <https://finance.hermes.com/en/ethics-human-rights-and-diversities/>

- ◆ 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 2023 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 are carried out regularly.

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, 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 2023, the audit and risk management department carried out checks on its anti-corruption system and in particular on the system relating to gifts and conflicts of interest and the codes of conduct and anti-corruption charters.

#### 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, Internal Control Officers and Regional Data Protection Officer. 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.

Lastly, as part of the creation of the Group data department in October 2022, a governance has been put in place in which the Data Protection Officer will handle the protection of personal data through the Data Governance Committee. This governance will also address the issues posed by artificial intelligence (AI), in particular in terms of risks and ethics, through the AI Assessment Committee.

### 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 since 2020 for all Group employees, translated into 11 languages. To date, more than 15,000 people in the most sensitive functions and métiers have taken this module. In 2023, 5,173 employees completed the personal data protection e-learning module;
- ◆ face-to-face training sessions for the most exposed employees, in particular employees in the human resources departments and employees in the stores.

The principles of protection of privacy by design and by default are ensured by the use of tools for managing data protection impact assessments (DPIA) 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 Chief Information Security Officer (CISO) and Data Protection Officer teams. In 2023 (figures cover November 2022 to November 2023), 357 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 2023 (figures from November 2022 to November 2023), 1,196 requests to exercise rights were processed, of which 5% were requests for modification, 11% requests for access, 67% requests for deletion of data and 17% requests of various types (in particular, for information). 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").

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.

In 2023, the IA Assessment Committee (see § 2.8.3.1 above) held its first meeting in the presence of the Group's Data Protection Officer and representatives of the Group's legal department, in particular. This committee focuses on the implications of the artificial intelligences that are used or could be used in the House's projects, including the issues they may raise in terms of personal data protection.

### 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.

In 2023, the Group published its vigilance plan in a stand-alone document, accessible on its institutional website <sup>(1)</sup>. The measures required by the duty of care are presented in detail there. They are summarised below.

#### 2.8.4.1 GOVERNANCE

The Compliance and Vigilance Committee oversees the vigilance plan. It met three times in 2023 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 vigilance plan, with the support of an independent firm. For its update, stakeholders were again questioned, to follow up on the weak signals identified and integrate the societal issues that had emerged over the period.

1. Available on [finance.hermes.com](https://finance.hermes.com).

### 2.8.4.2 RISK MAPPING AND ASSESSMENT METHODOLOGY

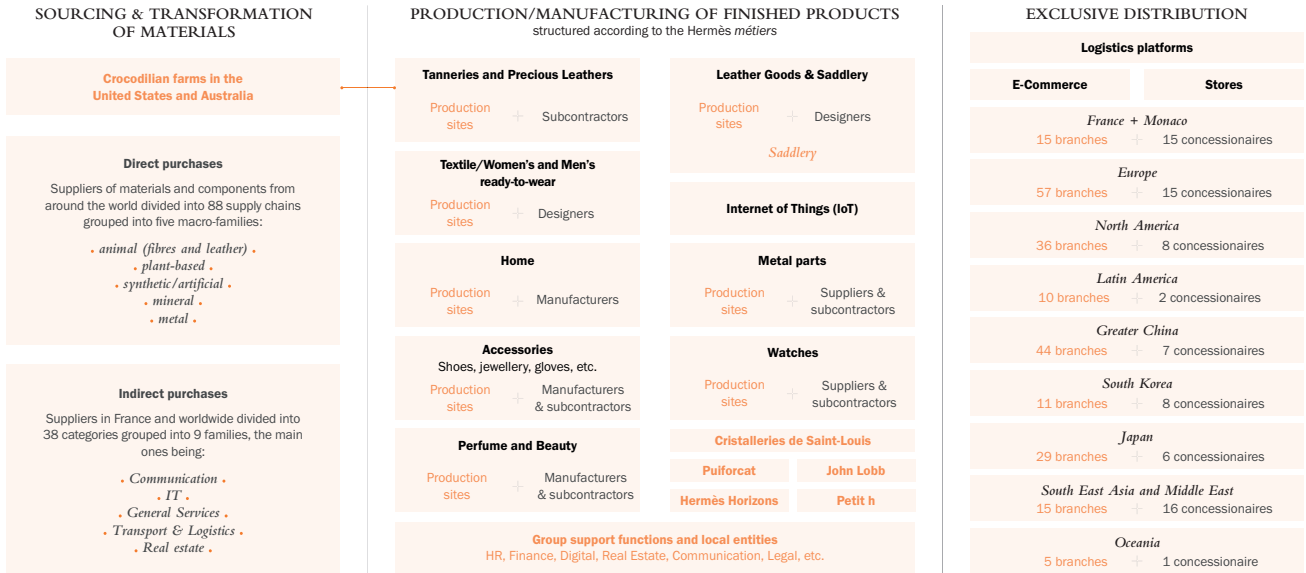
In order to identify and assess risks throughout its value chain and to strengthen its mapping of risks related to the duty of care, Hermès has used the analysis of non-financial risks, the materiality analysis and the risk mapping generated for its activities and supply chains. In addition, the risk 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.

The Group's vigilance plan was constructed by analysing its entire value chain as presented below (values and information date from 2022)

#### HERMÈS VALUE CHAIN



This analysis enabled the Group to draw up the following mapping of risks related to the duty of care.

#### 2022 RISK MAPPING RELATED TO THE DUTY OF CARE

##### GLOBAL RISK MAPPING

Assessment of risks according to their net criticality:  $impact \times probability \times level\ of\ control$

RISKS	HERMÈS MATERIALS AND COMPONENTS	RAW MATERIALS SUPPLY CHAIN	PRODUCTION WORKSHOPS	MANUFACTURERS AND SUBCONTRACTORS	LOGISTICS PLATFORMS	SERVICE PROVIDERS & TRANSPORT	HERMÈS BRANCHES	CONCESSIONAIRES	SUPPORT FUNCTIONS
Human rights	●	●	●	●	●	●	●	●	●
Social dialogue	●	●	●	●	●	●	●	●	●
Discrimination	●	●	●	●	●	●	●	●	●
Decent 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 and climate change	●	●	●	●	●	●	●	●	●
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. Thus, for example, any investment in health and safety within a manufacturing site is a priority.

#### 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.

### 2.8.4.4 ON THE VALUE CHAIN

#### Human rights related to affected communities

The House is concerned with the protection and promotion of human rights within its value chain wherever it operates. The level of risk of serious human rights violations is relatively low in Hermès' activities, including given the geography of its production operations (mainly Europe). Its commitments to comply with the OECD principles, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights and its two conventions, and the United Nations Declaration on the Rights of Indigenous Peoples are the documents underpinning the human rights policy set out in the vigilance plan updated annually.

#### Direct purchases

The Hermès craftsmanship model, with 74% 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.

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.

#### Concessionaire partners

Hermès works with concessionaire 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.

#### Summary of the application of the law on the Duty of Care in the value chain – references are to the vigilance plan

	Suppliers and subcontractors	Human rights and fundamental freedoms	Health & safety	Environment
Risk mapping	Risk mapping and assessment methodology (chapter 2 – Vigilance plan framework) <i>Mapping by theme in the chapters in question</i>			
Regular assessment procedures	Chapter 6 – Direct purchases and Chapter 7 – Indirect purchases	Chapter 3 – Human rights and fundamental freedoms Chapter 6 – Direct purchases and Chapter 7 – Indirect purchases	Chapters 4 – Health and safety, Chapter 6 – Direct purchases and Chapter 7 – Indirect purchases	Chapter 5 – Environmental protection
Mitigation and prevention measures	Transversal actions, chapters 3 to 8			
Measuring and monitoring system	Transversal actions, chapters 3 to 8			
Alert mechanism	Chapter 9 – Alert collection and processing system			



#### 2.8.4.5 WHISTLEBLOWING SYSTEM

In 2019, the Group set up a platform as part of its H-Alert! global whistleblowing system (terms and conditions described in §2.8.1.3.2), intended for its employees worldwide and for external and occasional employees.

#### 2.8.4.6 SUMMARY & OUTLOOK

In 2024, Hermès will continue to strengthen the vigilance programme through the following actions:

- ◆ rollout of the Supplier code of conduct;
- ◆ update of the Group ethics charter for all employees and stakeholders;

- ◆ continued rollout of human rights training for buyers (see § 2.6);
- ◆ raising awareness among suppliers and partners of ethics and social issues;
- ◆ strengthening of the vigilance system in anticipation of the future European Directive on the duty of care (Corporate Sustainability Due Diligence Directive);
- ◆ continuing communication and training on the update of the whistleblowing system;
- ◆ active monitoring of new European and international regulations.

## 2.9 REPORT OF ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE VERIFICATION OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

(Year ended December 31, 2023)

*This is a free English translation of the report by one of the Statutory Auditors issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To Hermès International's General assembly,

In our capacity as Statutory Auditor of the company Hermès International (hereinafter the "Entity"), appointed as independent third party ("third party") and accredited by the French Accreditation Committee (Cofrac) (Cofrac Inspection Accreditation, n° 3-1862, scope available at [www.cofrac.fr](http://www.cofrac.fr)), we have undertaken a limited assurance engagement on the historical information (observed or extrapolated) in the consolidated non-financial statement, prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), for the year ended December 31, 2023 (hereinafter the "Information" and the "Statement", respectively), presented in the group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

### CONCLUSION

Based on the procedures we have performed as described under the "Nature and scope of procedures" and the evidence we have obtained, nothing has come to our attention that cause us to believe that the consolidated non-financial statement is not prepared in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

### PREPARATION OF THE NON-FINANCIAL PERFORMANCE STATEMENT

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, significant elements of which are available upon request from the entity's head office.

### INHERENT LIMITATIONS IN PREPARING THE INFORMATION

The Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the Statement.

### RESPONSIBILITY OF THE ENTITY

Management is responsible for :

- ◆ selecting or establishing suitable criteria for preparing the Information;
- ◆ preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators and the information set-out in Article 8 of Regulation (EU) 2020/852 (Green Taxonomy);
- ◆ preparing the Statement by applying the Entity's "Guidelines" as referred above; and
- ◆ implementing internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by the entity's Management.

## RESPONSIBILITY OF THE STATUTORY AUDITOR APPOINTED AS INDEPENDENT THIRD PARTY

Based on our work, our responsibility is to express a limited assurance conclusion on :

- ◆ the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- ◆ the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, *i.e.* the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the “Information”.

As we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

It is not our responsibility to report on :

- ◆ the Entity's compliance with other applicable legal and regulatory provisions (particularly with regard to the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy), the French duty of care law and against corruption and tax evasion);
- ◆ the fairness of information set-out in Article 8 of Regulation (EU) 2020/852 (Green Taxonomy);
- ◆ the compliance of products and services with the applicable regulations.

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## APPLICABLE REGULATORY PROVISIONS AND PROFESSIONAL GUIDANCE

We performed the work described below in accordance with Articles A. 225-1 *et seq.* of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to such engagement, in particular the professional guidance issued by the Compagnie Nationale des Commissaires aux Comptes, *Intervention du commissaire aux comptes – Intervention de l’OTI – déclaration de performance extra-financière*, and acting as the verification programme and with the international standard ISAE 3000 (revised) – *Assurance engagements other than audits or reviews of historical financial information*.

## INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of Article L. 822-11 of the French Commercial Code and French Code of Ethics for Statutory Auditors (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement.

## MEANS AND RESOURCES

Our work engaged the skills of 7 people between October 2023 and February 2024 and took a total of 18 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted 15 interviews with people responsible for preparing the Statement, representing in particular the Industrial Affairs Department, the Construction Development Department, the Group Human Resources Department and the Sustainable Development Department.

## NATURE AND SCOPE OF PROCEDURES

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Information is likely to arise.

The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Information, we:

- ◆ obtained an understanding of all the consolidated entities' activities and the description of the main risks associated;
- ◆ assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, best practices within the sector;
- ◆ verified that the Statement includes each category of social and environmental information set out in article L. 225-102 1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- ◆ verified that the Statement provides the information required under Article R. 225-105 II of the French Commercial Code where relevant with respect to the main risks, and includes, where applicable, an explanation for the absence of the information required under Article L. 225-102-1 III, paragraph 2 of the French Commercial Code;

- ◆ verified that the Statement presents the business model and a description of the main risks associated with of all the consolidated entities' activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the main risks;
- ◆ referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the main risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the main risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning social and societal risks, our work was carried out on the consolidating entity, for other risks, our work was carried out on the consolidating entity and on a selection of sites:
    - Direction of Industrial Affairs:
      - Compagnie des Cristalleries de Saint-Louis,
      - Pyramide,
      - Pierre-Bénite,
      - Ateliers AS,
      - SIEGL,
      - Tannerie de Vivoin,
      - Tanneries d'Annonay,
      - Cairns croc farm,
      - Conceria di Cuneo,
      - Pinnacle Alligator Farm,
      - Tanneries du Puy,
      - Logistique Bobigny,
    - Construction Development Department:
      - Hermès Munich 8 Maximilianstrasse,
      - Hermès Milan Via Montenapoleone,
      - Hermès Sydney Trust Building,
      - Mumbai Fort,
      - Hermès Séoul Dosan Park,
      - Hermès Beijing China World Trade Center 2,
      - Hermès Changsha IFS Tower T1,
      - Hermès Chengdu Taikoo Li,
      - Hermès Chongqing Mixc,
      - Hermès Dalian Timesquare 2,
      - Hermès Guangzhou Taikoo Hui 2,
      - Hermès Hangzhou Hubin,
      - Hermès Ningbo Heyi Avenue 2,
      - Hermès Shanghai IFC,
      - Hermès Shanghai Maison Hermès,
      - Hermès Shanghai Plaza 66,
      - Hermès Shenyang Mixc Dep Store,
      - Hermès Shenzhen Bay MixC,
      - Hermès Suzhou Matro,
      - Hermès Wuhan Heartland 66,
      - Hermès Xian Sky mall shop,
      - Hermès HK Central Princes Building – LP,

- Hermès HK Kowloon Harbour City – HC,
- Hermès Macau Galaxy – Galaxy,
- Hermès Macau Wynn Cotai – WP,
- Hermès Taipei Bellavita,
- Hermès Kobe Daimaru,
- Hermès Nagoya Mitsukoshi,
- Hermès Osaka Daimaru Shinsaibashi,
- Hermès Sendai Fujisaki,
- Hermès Tokyo Ginza,
- Hermès Tokyo Nihonbashi Takashimaya,
- Hermès Austin state House,
- Hermès Beverly Hills North Rodeo Drive,
- Hermès Chicago East Oak St 2,
- Hermès Dallas Highland Park Village,
- Hermès Hawaï ala Moana Center,
- Hermès Las Vegas Crystals,
- Hermès Miami Design District,
- Hermès New York Wall St,
- Hermès NY Madison 706,
- Hermès Royal Hawaï Center Waikiki
- Hermès San Francisco Grant Av.,
- Hermès South Coast Plaza Costa Mesa 2,
- Hermès filiale New York 59th St. 2nd Floor, 3rd Floor, 4th Floor,
- Tomosato – Hermes Logistic Center (LHJ),
- Hermès HK Causeway Bay – HAP Office,
- Logistique Dayton Herrod Blvd,
- Direction of Human Resources:
  - Hermès of Paris,
  - Les Maroquineries des Alpes,
  - Manufacture de Franche Comté,
  - Comptoir Nouveau de la Parfumerie,
  - Maroquinerie des Ardennes,
  - Les Manufactures d’Auvergne,
  - Hermès Asia Pacific Hong Kong,
  - Hermès Korea,
  - Cristalleries de Saint-Louis,
  - La Montre Hermès,
  - Hermès GB,
  - Holding Textile Hermès,
  - Ateliers AS,
  - Hermès Asia Pacific Taiwan,
  - Hermès Australia,
  - Tannerie de Vivoin,
  - Hermès Suisse,

- Société Novatrice de Confection,
  - Tannerie du Puy,
  - SIEGL,
  - Hermès Singapour Retail,
  - Tannerie d'Annonay,
  - JL & Co,
  - Hermès Iberica,
  - Compagnie des Cuirs Précieux,
  - Hermès Distribution France,
  - Hermès Commercial,
  - Hermès Services Groupe,
  - Hermès Femme;
- ♦ verified that the Statement covers the consolidated scope, *i.e.* all the entities within the consolidation scope in accordance with Article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
  - ♦ obtained an understanding of internal control and risk management procedures the Entity has implemented and assessed the data collection process aimed at ensuring the completeness and fairness of the Information;
  - ♦ for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix, implemented:
    - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
    - tests of details, using sampling techniques, in order to verify the proper application of definitions and procedures and reconcile the data with supporting documents. This work was carried out on a selection of contributing sites, cited above, covers between 20 % and 67 % of the consolidated data relating to the key performance indicators and outcomes selected for these tests,
    - assessed the overall consistency of the Statement in relation to our knowledge of all the consolidated entities.

The procedures performed in a limited assurance review are less in extent than for a reasonable assurance opinion in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes); a higher level of assurance would have required us to carry out more extensive procedures.

Neuilly-sur-Seine, February 27, 2024

One of the Statutory Auditors,  
PricewaterhouseCoopers Audit

Amélie WATTEL  
Partner

Sylvain Lambert  
Sustainable Development Partner

## APPENDIX : LIST OF THE INFORMATION WE CONSIDERED MOST IMPORTANT

### Selection of qualitative and quantitative information :

- ◆ KPI 1 – Talents (Group Workforce)
- ◆ KPI 2 – Total number of layoffs reported compared to total group workforce
- ◆ KPI 3 – Number of training hours
- ◆ KPI 4 – Absenteeism rate
- ◆ KPI 5 – Severity rate of work-related accidents with time off
- ◆ KPI 6 – Group energy consumption (electricity and gas)
- ◆ KPI 7 – Group renewable energy consumption rate
- ◆ KPI 8 – Greenhouse gas emissions scope 1
- ◆ KPI 9 – Greenhouse gas emissions scope 2, location-based
- ◆ KPI 10 – Greenhouse gas emissions scope 2, market-based
- ◆ KPI 11 – Greenhouse gas emissions scope 3
- ◆ KPI 12 – Total waste mass (excluding farms)
- ◆ KPI 13 – Mass of non-hazardous waste (excluding farms)
- ◆ KPI 14 – Mass of hazardous waste (excluding farms)
- ◆ KPI 15 – Total water consumption in industrial sites and farms
- ◆ KPI 16 – Number of sites in water-stressed areas

### Qualitative information (actions and results) :

- ◆ Actions
  - “H Day” organisation
  - Deployment of an e-learning awareness module on “unconscious biases and micro-inequities”
  - Launch of the “HBA” (Hermès Bijouterie Academy)
  - Hermès Japan meeting with over 150 managers, including the executive committee, focusing on three themes : group development challenges, distribution, and the importance of creativity
  - Establishment of the “zero destruction” ambition committee at Hermès
  - Certification of the Annonay and Montereau tanneries at the Bronze and Silver levels
  - Transition risk analysis conducted by the Industrial department
  - Hermès joined the Corporate Engagement Program of SBTN and the Natural Capital Lab of WWF France
  - Workshops by AS, SIEGL, and AEI established a Water Sobriety Plan in April 2023
  - Renovation of various frescoes in Rome, Bologna, and Bari
  - Inclusion of forests, pollution (waste), and pollution (safety and chemicals) in the CSR (Corporate Social Responsibility) brief
  - Update of the ethical charter
- ◆ Results
  - Number of collective agreements signed in France
  - Number of managers and HR professionals trained in inclusion through the Alterego program
  - Number of senior talents benefiting from the Leading with Art program in 2023
  - Number of employees celebrated for their length of service
  - Number of global new hires
  - Number of global permanent hires
  - Average seniority level
  - Average age
  - Tonnes and percentage of recycled textile materials

- Percentage of Business Division volumes covered by representative Life Cycle Assessments (LCAs)
- Percentage of raw crocodilian skins from farms audited annually by BSI as part of ICFA certification
- Proportion of material purchases integrated into the supply chain brief after analysis
- Percentage of emissions from scopes 1 and 2, and transport (scope 3) offset
- Proportion of purchases covered by the SBTN methodology
- Percentage of biodiversity pressures exerted by purchases covered by the SBTN
- Percentage of waste subject to valorization (reuse, recycling, energy recovery)
- Proportion of labor time allocated to employees in insertion for the “Passerelles” project in Pierre-Bénite
- Supplier dissemination rate for supply chain briefs and CSR briefs (as a percentage of procurement revenue)
- Number of reports received through the alert system
- Number of requests for exercising rights processed



## 2.10 REASONABLE ASSURANCE REPORT FROM ONE OF THE STATUTORY AUDITORS ON THE IDENTIFIED SUSTAINABILITY INFORMATION OF HERMÈS INTERNATIONAL'S NON-FINANCIAL PERFORMANCE STATEMENT AS AT/ FOR THE YEAR ENDED DECEMBER 31ST, 2023

*This is a free English translation of the report by one of the Statutory Auditors issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

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To the General Assembly of Hermès International,

In our capacity as Statutory Auditor of Hermès International (hereinafter the “Company”) and in accordance with your request, we have undertaken a reasonable assurance engagement on the selected key sustainability performance indicators as at/for the year ended December 31<sup>st</sup>, 2023 (the “Identified Sustainability Information”) presented below and included in the document Extra-financial Performance Declaration presented in the 2023 *Universal Registration Document* (hereinafter “URD 2023”):

- ◆ KPI 1 – Talents (Group Workforce) – 22,037;
- ◆ KPI 2 – Total number of layoffs reported compared to total group workforce – 1.17%;
- ◆ KPI 3 – Number of training hours – 391,050;
- ◆ KPI 4 – Absenteeism rate – 2.57%;
- ◆ KPI 5 – Severity rate of work-related accidents with time off – 0.30;
- ◆ KPI 6 – Group energy consumption (electricity and gas) – 213,896 MWh;
- ◆ KPI 7 – Group renewable energy consumption rate – 69%;
- ◆ KPI 8 – Greenhouse gas emissions scope 1 – 12.8 k tonnes CO<sub>2</sub>eq;
- ◆ KPI 9 – Greenhouse gas emissions scope 2, location-based – 34.9 k tonnes CO<sub>2</sub>eq;
- ◆ KPI 10 – Greenhouse gas emissions scope 2, market-based – 9.1 k tonnes CO<sub>2</sub>eq;
- ◆ KPI 11 – Greenhouse gas emissions scope 3 – 644.1 k tonnes CO<sub>2</sub>eq;
- ◆ KPI 12 – Total waste mass (excluding farms) – 16,340 tonnes;
- ◆ KPI 13 – Mass of non-hazardous waste (excluding farms) – 12,321 tonnes;
- ◆ KPI 14 – Mass of hazardous waste (excluding farms) – 4,019 tonnes;
- ◆ KPI 15 – Total water consumption in industrial sites and farms – 5,365 megalitres;
- ◆ KPI 16 – Number of sites in water-stressed areas – 9.

Our assurance does not extend to information in respect of earlier periods or to any other information included in the 2023 URD.

### **Our Reasonable Assurance Opinion**

In our opinion, the Identified Sustainability Information set out in the 2023 URD presented in Chapter 2 for the year ended December 31<sup>st</sup>, 2023 is prepared, in all material respects, in accordance with the 2023 reporting protocols of the Industrial Affairs and Human Resources Directions composed of i. reporting procedures (“HR quantitative indicators” from October 2023 for KPI 1 to 6, “Environmental and Industrial reporting procedure: 2023” for KPI 7 to 12, and “Retail Energy consumption & Environmental Report : 2023 Procedure” for KPI 13 to 16), ii. a glossary and iii. additional information embedded in the internal reporting tools as well as the detailed preparation bases in the paragraph ‘methodological note’ of section 2 of the 2023 Universal Registration Document for the year ended December 31, 2023.

### ***Understanding how Hermès International has Prepared the Identified Sustainability Information***

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure Identified Sustainability Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Identified Sustainability Information needs to be read and understood together with the reporting framework defined by the Company in the 2023 reporting protocols of the Industrial Affairs and Human Resources Directions composed of i. reporting procedures (“HR quantitative indicators” from October 2023 for KPI 1 to 6, “Environmental and Industrial reporting procedure: 2023” for KPI 7 to 12, and “Retail Energy consumption & Environmental Report : 2023 Procedure” for KPI 13 to 16), ii. a glossary and iii. additional information embedded in the internal reporting tools, available at the Company's headquarter on request, as well as the detailed preparation bases in the paragraph ‘methodological note’ of section 2 of the 2023 Universal Registration Document for the year ended December 31, 2023 (together “the Reporting Criteria”).

### ***Inherent Limitations in Preparing the Identified Sustainability Information***

As indicated in Chapter 2 of the 2023 URD, the Identified Sustainability Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and the quality of external data used. Moreover, some information is sensitive to the choice of methodology and the assumptions and/or estimates used for its preparation and presented in the company's reporting protocols.

In addition, greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

### ***Hermès International's Responsibilities***

Management of the Company is responsible for:

- ◆ selecting or establishing suitable criteria for preparing the Identified Sustainability Information, taking into account applicable law and regulations related to reporting the Identified Sustainability Information;
- ◆ the preparation of the Identified Sustainability Information in accordance with the Reporting Criteria;
- ◆ designing, implementing and maintaining internal control over information relevant to the preparation of the Identified Sustainability Information that is free from material misstatement, whether due to fraud or error.

### ***Our Responsibilities***

We are responsible for:

- ◆ planning and performing the engagement to obtain reasonable assurance about whether the Identified Sustainability Information is free from material misstatement, whether due to fraud or error;
- ◆ forming an independent opinion, based on the evidence we have obtained; and
- ◆ reporting our opinion to the Head of the Company.

As we are engaged to form an independent opinion on the Identified Sustainability Information as prepared by management, we are not permitted to be involved in the preparation of the Identified Sustainability Information as doing so may compromise our independence.

### ***Professional Standards Applied***

We performed our reasonable assurance engagement in accordance with the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to such engagement and the *International Standard on Assurance Engagements 3000 (Revised)*, and, in respect of greenhouse gas emissions included in the Identified sustainability information, in accordance with the *International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board.

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the French Code of Ethics for Statutory Auditors (*Code de Déontologie*) as well as the provisions set forth in Article L.821-28 of the French Commercial Code (*Code de Commerce*) and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our work was carried out by an independent and multidisciplinary team with experience in sustainability reporting and assurance.

### **Summary of the Work we Performed as the Basis for our Assurance Opinion**

A reasonable assurance engagement involves performing procedures to obtain evidence about the Identified Sustainability Information. The nature, timing and extent of procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error, in the Identified Sustainability Information. In making those risk assessments, we considered internal control relevant to the Company's preparation of the Identified Sustainability Information. A reasonable assurance engagement also includes:

- ◆ evaluating the suitability in the circumstances of the Company's use of the Reporting Criteria;
- ◆ evaluating the appropriateness of measurement and evaluation methods, reporting policies used and the reasonableness of estimates made by the Company; and
- ◆ evaluating the disclosures in, and overall presentation of, the Identified Sustainability Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Neuilly-sur-Seine, February 27<sup>th</sup>, 2024

One of the Statutory Auditors,  
PricewaterhouseCoopers Audit

Amélie Wattel  
Partner

Sylvain Lambert  
Sustainable Development Partner



# 3

## CORPORATE GOVERNANCE AFR

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# SUPERVISORY BOARD REPORT ON CORPORATE GOVERNANCE **AFR**

This chapter 3 “Corporate governance” incorporates in § 3.1 to 3.9 the Supervisory Board corporate governance report prepared pursuant to Article L. 22-10-78 of the French Commercial Code (*Code de commerce*) and in accordance with the recommendations of the French Financial Markets Authority (AMF).

A cross-reference table for the corporate governance report is presented in chapter 9 “Additional information”, § 9.5.3.

It was prepared with the assistance of the Chairman of the Supervisory Board, the CAG-CSR Committee and the Secretary of the Board, on the basis of the work and procedures carried out by the functional departments concerned. It was approved by the Supervisory Board at its meeting of 8 February 2024.

## 3.1 THE COMPANY’S CORPORATE GOVERNANCE CODE

### 3.1.1 CORPORATE GOVERNANCE PRINCIPLES APPLIED

The Supervisory Board officially adopted the Afep-Medef recommendations on corporate governance in 2009, as it deemed these recommendations to be entirely in keeping with the Group’s corporate governance policy. This framework includes the Afep-Medef Corporate Governance Code for listed companies, updated in December 2022, available on the Afep website ([www.afep.com](http://www.afep.com)) or the Medef website ([www.medef.com](http://www.medef.com)), and the application guide of the High Committee on Corporate Governance (HCGE), revised in June 2022, which explains the recommendations of this code.

The positions and recommendations issued by the French Financial Markets Authority (AMF) are also taken into account:

- ◆ concerning corporate governance and the compensation of Executive Corporate Officers (AMF position-recommendation - DOC-2021-02 and AMF recommendation - DOC-2012-02);
- ◆ on Shareholders’ General Meetings of listed companies (AMF recommendation DOC-2012-05).

With each revision of the Afep-Medef Code, the CAG-CSR Committee performs an exhaustive comparative analysis of the Company’s application of the Afep-Medef Code’s recommendations, and reports to the Supervisory Board.

These periodic reviews, as well as monitoring of market practices and analyses, make it possible to adapt the systems in force each year with the aim of constant improvement.

### 3.1.2 PROVISIONS OF THE AFEP-MEDEF CORPORATE GOVERNANCE CODE NOT APPLIED AND THOSE NEWLY COMPLIED WITH

The table below lists the provisions of the Afep-Medef Code not applied by the Company at the date of publication of this universal registration document, together with the corresponding explanations.

We have also listed the changes made since the most recent update of the Afep-Medef Code in December 2022 to ensure compliance therewith.

The Afep-Medef Code states as a preamble that its recommendations “most of them have been written with reference to public limited companies (*sociétés anonymes*) with a Board of Directors. Public limited companies with a Management Board and a Supervisory Board, as well as partnerships limited by shares (*sociétés en commandite par actions*) will therefore need to make the necessary adjustments”.

A *société en commandite par actions* (partnerships limited by shares, SCA) is a flexible legal form and intended as such by the legislator. Furthermore, if some constants can be observed between the various large French SCAs, there is also a very diverse variety of organisation and functioning within the framework of the law.

The Afep-Medef Code also recognises the freedom of organisation of companies (Article 2.2): “The wide diversity of listed corporations does not allow formal and identical forms of organisation and operation to be imposed for all Boards of Directors. The organisation of the Board’s work, and likewise its membership, must be suited to the shareholder make-up, to the size and nature of each firm’s activity, and to the particular circumstances facing it. Each Board is the best judge of this, and its foremost responsibility is to adopt the mode of organisation and operation that enable it to carry out its tasks in the best possible manner. ”

The very specific functioning of an SCA and the organization of powers between the Executive Management, the Supervisory Board and the Active Partner make certain recommendations of the Afep-Medef

Code inapplicable. These recommendations have therefore been rejected or adapted by Hermès International due to its legal form. No recommendations were dismissed for other reasons.

### Provisions of the Afep-Medef Code not applied due to the Company's legal form

#### The Board and CSR (Articles 5.1 to 5.3)

The Board's missions are strengthened so that it determines the multi-year strategic orientations in terms of CSR and is the guarantor of their implementation.

#### Explanations

The Supervisory Board of Hermès International has powers strictly defined by the Company's Articles of Association and does not have the authority to determine the strategic orientations that fall within the exclusive competence of the Executive Management.

It is therefore the responsibility of the Executive Management to:

- ◆ determine the CSR strategy including climate objectives;
- ◆ decide on the implementation methods: action plan and time horizons within which these actions will be carried out;
- ◆ annually review the results obtained and the opportunity to adapt the action plan or modify the objectives in light of changes in the Company's strategy, technologies, shareholder expectations and the economic capacity to implement them.

The governance put in place by Executive Management to monitor CSR issues is presented in chapter 2 "Corporate social responsibility and non-financial performance", § 2.1.6).

As part of its management control role, the multi-year strategic guidelines in terms of CSR and their implementation methods were presented to the Supervisory Board.

The results obtained are presented each year to the CAG-CSR Committee, which reports to the Supervisory Board.

This provision of the Afep-Medef Code is therefore not applicable to Hermès International, given its legal form and the role assigned to the Supervisory Board (described in § 3.5.1).

#### Board meetings and Committee meetings (Article 12.3)

It is recommended that at least one meeting not attended by the Executive Corporate Officers be organised each year.

Hermès International's Supervisory Board holds powers that are strictly defined by the Company's Articles of Association and does not have the power to appoint the Executive Chairmen or determine their compensation policy. These decisions are the responsibility of the Active Partner, Émile Hermès SAS, under the aegis of its Executive Management Board. Furthermore, and this is an essential point of the Company's governance, the duties of the Supervisory Board do not entail any involvement in the Executive Management, nor any liability for management actions and the results thereof. This provision of the Afep-Medef Code is therefore not applicable to Hermès International, given its legal form and the role assigned to the Supervisory Board (described in § 3.5.1).

#### Succession plan for Executive Corporate Officers (Article 18.2.2)

The Appointments Committee (or an *ad hoc* committee) should design a plan for replacement of Executive Corporate Officers. This is one of the Committee's most important tasks even though it can, if necessary, be entrusted by the Board to an *ad hoc* committee. The Chairman may take part or be involved in the Committee's work during the conduct of this task.

The Company's CAG-CSR Committee (described in § 3.6.2) is not in charge of establishing the succession plan for the Executive Chairmen, a task that does not fall within the remit of the Supervisory Board in a *société en commandite par actions* (partnership limited by shares).

In accordance with its rules of procedure, since 2016 the CAG-CSR Committee has been tasked with ensuring the existence of a succession plan for the Executive Chairmen, which is reviewed annually (see § 3.3.5.1). Since 2018, the CAG-CSR Committee has also ensured the existence of a succession plan for the Chairman of the Supervisory Board (see § 3.4.4) and this mission is included in its rules of procedure

(see <https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/>).

#### Composition of the Compensation Committee (Article 19.1)

The Compensation Committee "shall not include any Executive Corporate Officers and shall be composed of a majority of independent directors. It is recommended that the Chairman of the Committee be independent and that an employee director be a member."

This recommendation is supplemented in Article 19.2 by the description of the powers of the Compensation Committee, as defined by Afep-Medef: "The compensation committee is responsible for reviewing and proposing to the Board all of the elements determining the compensation and entitlements accruing to the company officers. The Board of Directors in its entirety is responsible for making the corresponding decisions."

This recommendation is primarily intended for monist or dual-tier *sociétés anonymes* (public limited companies) since it is up to the Board of Directors or the Supervisory Board of such structures to establish the compensation policy and the effective compensation of Executive Corporate Officers (Article L. 225-37-2 of the French Commercial Code (*Code de commerce*)).

Its application remains debatable in the case of *sociétés en commandite par actions* (partnerships limited by shares) (SCA).

In an SCA, the Supervisory Board is the body representing the Limited Partners. Its duties and powers of control are defined as those of a Statutory Auditor. The Supervisory Board of an SCA has exceptional powers of control (in the audit sense) of the management of the company, as a counterpart to the dormant partner role of the Limited Partners.

The Supervisory Board of Hermès International has powers strictly defined by the Company's Articles of Association and does not have the authority to determine the compensation policy for the Executive Chairmen, which falls within the sole remit of the Active Partner Émile Hermès SAS, under the aegis of its Executive Management Board.

The law (Article L. 226-8-1 of the French Commercial Code) provides that the role of the Supervisory Board of an SCA is limited to issuing an advisory opinion on the compensation policy and deliberating on the actual compensation.

The role of Hermès International's CAG-CSR Committee is strictly limited to that of monitoring compliance with the Articles of Association and the compensation policy and monitoring the actual compensation proposed by the Active Partner as well as the assessment of the achievement of the variable compensation CSR criterion.

The responsibilities of the CAG-CSR Committee therefore do not correspond to the responsibilities of the Committee in charge of compensation as defined by the Afep-Medef Code.

The Board therefore decided to set aside this provision of the Code, in a clear, relevant and detailed manner, due to the legal form of the company.

The role of the Supervisory Board in the decision-making process applicable to the compensation policy for the Executive Chairmen is described in § 3.8.1.2.



**Provisions of the Afep-Medef Code not applied due to the Company's legal form****Proportion of independent members on the Audit Committee (Article 17.1)**

Independent directors should account for at least two thirds of Audit Committee members and the Committee should not include any Executive Corporate Officers.

**Explanations**

This provision of the Afep-Medef Code is therefore not applicable to Hermès International, given its legal form and the role assigned to the Supervisory Board (described in § 3.5.1).

The Supervisory Board determined that slightly less than two-thirds of the Audit and Risk Committee members are independent (60%, i.e. three out of five members). This situation enables the Audit and Risk Committee to carry out its duties in an appropriate manner. The Audit and Risk Committee rules of procedure stipulate that at least one-half of the seats on the Audit and Risk Committee should be held by members who qualified as independent at the time of their appointment and throughout their term of office.

The HCGE considers:

- ◆ in its 2014 report "that an Audit Committee with, for example, three independent members out of five remains compliant with the spirit of the Code, provided that the Chairman is an independent member";
- ◆ in its 2017 report "that it would prefer to see the proportions not completely achieved rather than having the independence criteria interpreted too freely (for example by excluding the criterion requiring 12 years of service on the Board), and that it considers that 60% independent members on the Audit Committee or 50% on the other two committees does not constitute a serious deviation".

There are no immediate plans to increase the proportion of independent members of the Audit and Risk Committee to two-thirds, however the Board will review the matter at each annual evaluation.

**Severance payment (Article 26.5.1)**

The performance requirements set out by Boards for these benefits must be evaluated over at least two financial years. They must be demanding and may not allow for the indemnification of a director unless his or her departure is forced, regardless of the form of this departure.

The Company made a commitment to pay Mr Axel Dumas a severance payment under the conditions described in § 3.8.1.2.4.

Given the importance of the role of the Active Partner in a *société en commandite par actions* (partnership limited by shares) - who has the power to appoint and dismiss any Executive Chairman - and in the case of a legal entity, its legal representative, it was considered that the termination of duties as Executive Chairman of Mr Axel Dumas, which would result from the replacement of the Chairman of Émile Hermès SAS, should be treated as a forced departure.

The Supervisory Board therefore considered that the deferred compensation commitment made to Mr Axel Dumas complied with the requirements of the Afep-Medef Corporate Governance Code.

In its November 2018 report on corporate governance and Senior Executive compensation, the AMF recommends that the Board carry out a regular review of the components of compensation that may be due at the time of or subsequent to the departure of a Senior Executive and that it questions the possibility and desirability of compliance with new Code provisions.

**Provisions of the Afep-Medef Code excluded for other reasons****Explanations**

None

The compliance measures carried out during the last update of the Afep-Medef Code in December 2022 were described on page 257 of the 2022 universal registration document (which is available on the website <https://finance.hermes.com/en/>, under "General Meetings").

**Corporate governance award**

True to the values of the craftspeople and the authenticity of its craftsmanship model, Hermès is committed to seeking quality in all domains and is constantly reinventing itself in a spirit of continuous progress.

Since 2009, the Grand Prix de la transparence, now known as the **Transparency Awards**, have rewarded the quality of regulated information of French SBF 120 companies. The objective of these awards is to enable issuers to measure their performance each year in terms of transparency and to identify market best practices.

The Transparency Awards are based on the criteria of accessibility, accuracy, comparability, availability and clarity of information in each company's key media (universal registration document, finance website, notice of general meeting brochure). An independent Scientific Committee ensures the neutrality and fairness of the ranking. It is composed of approximately 10 members of organisations and associations representing users of information, including Paris Europlace, Euronext, AMF, IFA, SFAF, AFG and F2ic. These awards recognise the work of all the House's teams who contribute to the production of regulated information.

- ◆ 2023: Winner of the "**CAC Large 60**" (CAC 40 and CAC Next 20) **Transparency Award** and nominated for the "ESG Information",

"Universal registration document" and "Notice of meeting" awards

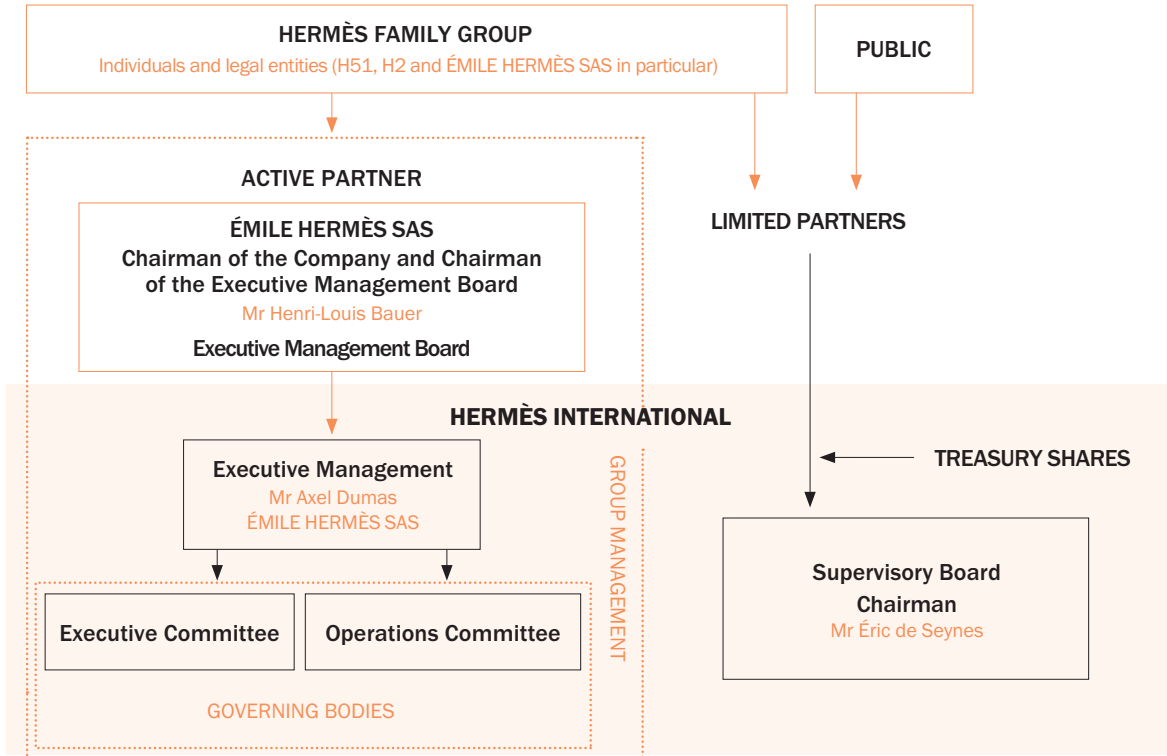
- ◆ 2022: Winner of the "**SBF 120**" **Transparency Award** (All categories) and nominated for the "ESG Information", "Universal registration document", "Website" and "Notice of meeting" awards
- ◆ 2021: Winner of the "**CAC Large 60**" (CAC 40 and CAC Next 20) **Grand Prix de la Transparence** and nominated for the "All categories" and "Website" awards
- ◆ 2020: Winner of the "**Notice of meeting**" **Grand Prix de la Transparence**
- ◆ 2019: Nominated for the "Clarity of the registration document" award
- ◆ 2018: Winner of the "**Best progress**" **Grand Prix de la Transparence**

Launched in 2004, the **AGEFI Corporate Governance Awards** have become a benchmark over the years for best practices in governance.

- ◆ 2017: Winner of the "**Governance Dynamics**" **Gold Grand Prix**
- ◆ 2014: Winner of the "**Operation of corporate bodies**" **Silver Governance Grand Prix**

## 3.2 AMBITIOUS AND BALANCED GOVERNANCE

### 3.2.1 ORGANISATIONAL STRUCTURE OF HERMÈS INTERNATIONAL AS AT 31 DECEMBER 2023



### 3.2.2 TWO TYPES OF PARTNERS

Hermès International was converted into a *société en commandite par actions* (partnership limited by shares – SCA) by a decision of the Extraordinary General Meeting held on 27 December 1990, in order to preserve its identity and culture and thus ensure its sustainability over the long term, in the interests of the Group and all shareholders. This singular legal form, whose capital is divided into shares, brings together two types of partners:

#### The Active Partner (Émile Hermès SAS) – § 3.3.1

The Active Partner Émile Hermès SAS is involved in the operation and organisation of the Company. It has structuring powers.

##### Powers:

- ◆ determining for the Group: (i) strategic options, (ii) consolidated operating and investment budgets, and (iii) proposals to the General Meeting for the distribution of share premiums, reserves and retained earnings;
- ◆ approving the decisions of the General Meeting of Limited Partners (except those falling within their own powers);
- ◆ appointing or dismissing the Executive Chairmen;
- ◆ establishing the compensation policy for the Executive Chairmen;
- ◆ authorising all significant transactions (loans, guarantees, investments, etc.) when their amount exceeds 10% of the Hermès Group's net consolidated financial position;
- ◆ formulating recommendations to the Executive Management on all issues of general interest to the Group;
- ◆ proposing the appointment or dismissal of members of the Supervisory Board.

Émile Hermès SAS has been the sole Active Partner of Hermès International since 1 April 2006.

The Executive Management Board of Émile Hermès SAS exercises the powers attached to being an Active Partner of the Company.

The Active Partner cannot participate in the vote on the appointment of members of the Supervisory Board at a General Meeting. The shares held in the Company are therefore removed from the quorum of the resolutions of the General Meetings concerned.

The Active Partner is jointly and severally liable for all the Company's debts, for an indefinite period of time.

In accordance with Article 26 of the Articles of Association, each year, the Company pays the Active Partner an amount equal to 0.67% of the distributable profits.

#### The Limited Partners (shareholders) – chapter 7 "Information on the Company and its share capital", § 7.2.2

The Limited Partners or shareholders, who provide capital, enjoy limited prerogatives.

##### Powers:

- ◆ voting the parent company financial statements and the consolidated financial statements approved by Executive Management;
- ◆ determining the allocation of net income (including the distribution of dividends);
- ◆ approving related-party agreements;
- ◆ appointing the Statutory Auditors;
- ◆ appointing and dismissing the members of the Supervisory Board.

Any other decision of the shareholders is only valid if approved on the same terms by the Active Partner.

The law explicitly prohibits them from any interference in the Company's management, for any reason whatsoever, on pain of being liable under the same conditions as the Active Partner.

The liability of the shareholders is limited to the amount of their contribution.

Shareholders receive a share of the profits in the form of dividends.

The main Limited Partners are listed in chapter 7 "Information on the Company and its share capital", § 7.2.2.5.

### 3.2.3 GOVERNANCE BY NATURE DISSOCIATED

The organisation of governance within an SCA follows the principle of the separation of powers. Executive powers are exercised by the Executive Management and control powers by the Supervisory Board. Hermès International's governance therefore has a structure that is by nature dissociated.

#### Executive Management – § 3.3.2

The Company is currently administered and managed by two Executive Chairmen, one of whom is the Active Partner. The role of Executive Chairman is to manage the Group.

##### Powers:

- ◆ defining and implementing the Group's strategy in accordance with the strategic options adopted by the Active Partner;
- ◆ directing the Group's operations;
- ◆ establishing and implementing internal control and risk management procedures;
- ◆ approving the parent company and consolidated financial statements;
- ◆ convening General Meetings and setting their agendas;
- ◆ preparing the management report for the General Meeting;
- ◆ exercising the broadest of powers to act on behalf of the Company in all circumstances with regard to third parties, subject to the limits of the corporate purpose and powers granted to the Supervisory Board and to Shareholders' General Meetings.

The Executive Management is controlled by a Supervisory Board representing the Limited Partners.

The Afep-Medef Code qualifies the Executive Chairmen as "Executive Corporate Officers".

The Executive Management is assisted by the Executive Committee (see § 3.3.3.1) and the Operations Committee (see § 3.3.3.2), which constitute the Governing bodies.

#### The Joint Council – § 3.5.2.2

The Joint Council, composed of the members of the Executive Management Board of Émile Hermès SAS (see § 3.3.1.4), the Active Partner (see § 3.2.2 and § 3.3.1) and the members of the Hermès International Supervisory Board (see § 3.4), is a consultation body that has no decision-making powers of its own.

It is aware of all issues that are submitted to it or that it takes up, without being able to replace the bodies to which the decision-making powers are assigned.

Nevertheless, the Active Partner, through the Executive Management Board, and the Supervisory Board may, as the Joint Council if they so wish, take any decisions or issue any opinions within their competence.

#### Supervisory Board – § 3.4

The Supervisory Board is an offshoot of the General Meeting of Limited Partners. The appointment of members of the Board (except for the employee representatives) is solely that body's responsibility.

##### Powers:

- ◆ controlling the management of the Company (power comparable to that of the Statutory Auditors): audit of the parent company and consolidated financial statements and respect for equality between shareholders;
- ◆ determining the allocation of net income to be put to the General Meeting each financial year;
- ◆ convening the Shareholders' General Meeting whenever it deems it appropriate;
- ◆ preparing the corporate governance report;
- ◆ preparing a report to the General Meeting on the performance of its duties;
- ◆ authorising or downgrading related-party agreements;
- ◆ authorising the Executive Management to grant sureties, endorsements and guarantees;
- ◆ establishing the compensation policy for the members of the Supervisory Board;
- ◆ deliberating on the actual compensation of the Executive Chairmen;
- ◆ approving any proposed new wording of certain clauses of the Articles of Association of Émile Hermès SAS;
- ◆ is required to be consulted by the Active Partner with regard to: (i) strategic options, (ii) consolidated operating and investment budgets, (iii) proposals to the General Meeting pertaining to the appropriation of share premiums, reserves or retained earnings, and (iv) setting the compensation policy for the Executive Chairmen;
- ◆ issuing, for the intention of the Active Partner, a reasoned opinion on: (i) any appointment or dismissal of any Executive Chairman of the Company, and (ii) the reduction in the notice period in the event of resignation of the Executive Chairman.

The functions exercised by the Supervisory Board do not entail any interference with the Executive Management, or any liability arising from the management's actions or from the results of such actions.

The law does not confer any other powers on the Supervisory Board. Consequently, it may neither appoint or dismiss the Executive Chairmen, nor set their compensation policy.

The Afep-Medef Code qualifies the Chairman and the members of the Supervisory Board as "non-Executive Corporate Officers".

The Board is supported by the work of two permanent committees:

- ◆ the Audit and Risk Committee;
- ◆ the Compensation, Appointments, Governance and CSR Committee or "CAG-CSR Committee".

These committees act under the collective and exclusive responsibility of the Supervisory Board. Their role is to discuss, analyse and prepare for certain deliberations of the Board, to which they submit their opinions, proposals or recommendations.

## 3.3 ADMINISTRATIVE AND MANAGEMENT BODIES

### 3.3.3 GOVERNING BODIES

The definition of the Governing bodies retained for a number of years includes the committees established by the Executive Management several years ago to regularly assist it in exercising its general duties, namely:

- ◆ the Executive Committee;
- ◆ the Operations Committee.

This scope complies with the definition of Article L. 23-12-1 of the French Commercial Code (*Code de commerce*) in its wording resulting from law no. 2021-1774 of 24 December 2021 aimed at accelerating economic and professional equality (known as the Rixain law).

As Hermès International employs fewer than 1,000 employees, it is not subject to the obligations of the Rixain law.

The policy of non-discrimination and gender balance within the Governing bodies is described in § 3.3.4.

#### 3.3.3.1 EXECUTIVE COMMITTEE

##### 3.3.3.1.1 Role and composition

###### Role

The Executive Chairmen are supported in their management of the Group by the Executive Committee. This consists of Executive Vice-Presidents, each of whom has well-defined areas of responsibility.

The role of the Executive Committee is to oversee the Group's strategic and operational management.

The Executive Committee meets every two weeks.

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

###### Composition at 31/12/2023

<b>11</b> MEMBERS	<b>40%</b> WOMEN (EXCLUDING THE EXECUTIVE CHAIRMAN)	<b>9 years</b> AVERAGE LENGTH OF SERVICE ON THE EXECUTIVE COMMITTEE
<b>20 years</b> AVERAGE LENGTH OF SERVICE IN THE GROUP	<b>56 years</b> AVERAGE AGE <sup>1</sup>	



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

**Mr Axel Dumas**

Executive Chairman

◆ **Mr Florian Craen**Executive Vice-President  
Sales & Distribution◆ **Ms Charlotte David**Executive Vice-President  
Communication◆ **Mr Pierre-Alexis Dumas**Artistic Executive  
Vice-President◆ **Mr Olivier Fournier**Executive Vice-President Corporate Development and  
Social Affairs◆ **Ms Catherine Fulconis**Executive Vice-President Leather Goods & Saddlery  
(which also includes Ateliers Horizons and  
Equestrianism) and petit h◆ **Mr Wilfried Guerrand**Managing Director Métiers, Information Systems and  
Data◆ **Mr Éric du Halgouët**

Executive Vice-President Finance

◆ **Ms Sharon MacBeath**

Group Director of Human Resources

◆ **Mr Guillaume de Seynes**Executive Vice-President Manufacturing Division &  
Equity Investments◆ **Ms Agnès de Villers**Chairwoman and Executive-Vice President of Hermès  
Perfume and Beauty**Changes in the Executive Committee in financial year 2023:** None.*(1) Average calculated on the basis of the age of the members of the Executive Committee, determined on a full-year basis as at 31 December 2023.***3.3.3.1.2 Profile, experience and expertise of the members of the Executive Committee**

<b>Name</b>	<b>Age</b>	<b>Date of birth</b>	<b>Nationality</b>	<b>Date of appointment to the Executive Committee</b>	<b>Education</b>	<b>Positions held within the Hermès Group (date of appointment)</b>	<b>Other positions</b>
◆ <b>Axel Dumas</b>	53 years <sup>1</sup>	03/07/1970	French	02/05/2011	see § 3.3.2.2		
◆ <b>Florian Craen</b>	53 years <sup>1</sup>	31/10/1970	French	01/09/2013	École Supérieure du Commerce Extérieur de Paris (1992) Harvard Business School (AMP 184)	Executive Vice-President Sales & Distribution of Hermès International (since 1 September 2013) Managing Director of Hermès North Asia (2009) Managing Director of Hermès Great Britain (2006) International Director of Hermès Travel Retail (2001) European Director of Hermès Travel Retail (1997)	
◆ <b>Charlotte David</b>	48 years <sup>1</sup>	28/03/1975	French	12/10/2015	Essec (1997)	Executive Vice-President Communication (since 12/10/2015)	
◆ <b>Pierre-Alexis Dumas</b>	57 years <sup>1</sup>	04/06/1966	French	01/10/2005	Graduate in visual arts from Brown University (1991)	Artistic Executive Vice-President (since 01/10/2005)	
◆ <b>Olivier Fournier</b>	62 years <sup>1</sup>	10/07/1961	French	01/06/2015	EM Lyon (1983) Graduate degree in accounting and finance	Executive Vice-President Corporate Development and Social Affairs of Hermès International (2015) Executive Vice-President Hermès Sellier craftsmanship division (2008) Managing Director of Holding Textile Hermès (2001) Managing Director of Bucol (1998) Managing Director of Sport Soie (1994) Director of Internal Audit and Taxation of Hermès International (1991)	Chairman of the Fondation d'entreprise Hermès (since 08/02/2016)
◆ <b>Catherine Fulconis</b>	62 years <sup>1</sup>	01/09/1961	French	01/04/2019	École des hautes études commerciales (HEC) (1983)	Executive Vice-President Leather Goods & Saddlery (which also includes Ateliers Horizons and Equestrianism) and petit h (since 01/04/2019) Executive Vice-President Hermès Maroquinerie-Sellerie and Chairwoman of the Board of Directors of Hermès Parfums (2015) Chairwoman and Managing Director of Hermès Parfums (2010) Managing Director and Chairwoman of the Management Board of Hermès Parfums (2006)	

Name Age Date of birth Nationality	Date of appointment to the Executive Committee	Education	Positions held within the Hermès Group (date of appointment)	Other positions
♦ <b>Wilfried Guerrand</b> 52 years <sup>1</sup> 01/02/1971 French	01/07/2014	Neoma Business School (1993, Rouen) MBA from London School of Economics, NYU Stern and HEC (2011, TRIUM)	Managing Director Métiers (Hermès Femme, Hermès Homme, Hermès Bijouterie, Hermès Soie et Textiles and Hermès Maison), Information Systems and Data (since 01/04/2019) Executive Vice-President Digital Projects and E-commerce of Hermès International (2014) Managing Director of Hermès Femme (2012) Managing Director Europe of Hermès International (2009) Group Director of Sales of Hermès International (2007) Managing Director Hermès France for Hermès Sellier (2004) Director of Industrial Development of Hermès International (2002) Advisor to the Chairman of Hermès Sellier (1999) Financial Controller for Hermès Sellier (1995)	Director of Iclide Carven China France ("ICCF") (since 23/11/2023)
♦ <b>Éric du Hailouët</b> 60 years <sup>1</sup> 14/03/1963 French	01/06/2015	Neoma Business School (1986, Rouen) Graduate degree in accounting and finance	Executive Vice-President Finance of Hermès International (2015) Chief Financial Officer (2007) Director of Consolidation and Financial Control (2006)	
♦ <b>Sharon MacBeath</b> 54 years <sup>1</sup> 30 March 1969 British	01/03/2022	University of Glasgow Master's degree in psychology & management (1990) University Panthéon-Sorbonne Paris I Master's degree in HR (1994) INSEAD (2004)	Group Director of Human Resources (since 17/06/2019) Member of the Supervisory Board (from 2016 to 2019) Member of the Audit and Risk Committee (from 2016 to 2019) Member of the CAG-CSR Committee (from 2017 to 2019)	Coface – Independent Director and Chairwoman of the Appointments, Compensation and CSR Committee (since 01/07/2014)
♦ <b>Guillaume de Seynes</b> 66 years <sup>1</sup> 14/10/1957 French	01/01/2005	Graduate in law and political science in Paris (1978) and an Essec graduate (1982)	Executive Vice-President Manufacturing Division & Equity Investments of Hermès International (since 02/05/2011) Chairman of John Lobb (2007) Deputy Managing Director of Hermès International (2006) Managing Director Métiers of Hermès Sellier (2004) Managing Director of La Montre Hermès (1999) Director of Sales and Marketing of La Montre Hermès (1997)	Chairman of the Colbert Committee (since 10/06/2016 and until June 2022) Chairman of the Strategic Committee, Fashion and Luxury sector (from 2018 to November 2023)
♦ <b>Agnès de Villers</b> 54 years <sup>1</sup> 24/12/1969 French	01/03/2022	Institut d'études politiques de Paris Economics and Finance (graduated in 1993) University of Paris X Master's in Economic History (1991) Hypokhâgne/Khâgne Modern Letters (1988-1989)	Managing Director of Hermès Perfume and Beauty (since 01/05/2015) and Chairwoman of the Board of Directors (since 06/06/2019)	Director of CEW (since 2015) Director of the FEBEA (Fédération des Entreprises de la Beauté) Director of SFP (Syndicat Français de la Parfumerie)

(1) The ages indicated are determined in number of full years as at 31 December 2023.

## 3.3.3.2 OPERATIONS COMMITTEE

**Role**

The Operations Committee, which reports to the Executive Management, is made up of certain members of the Executive Committee and the Senior Executives of the main métiers and geographical areas, as well as the sales and support functions of the Group.

Its duties are:

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

The Operations Committee meets two or three times a year.

**Composition as at 02/01/2024 <sup>1</sup>**

**24**  
**MEMBERS**

**70%**  
**WOMEN**

**30%**  
**FOREIGN NATIONALS**

(EXCLUDING THE EXECUTIVE CHAIRMAN AND MEMBERS OF THE EXECUTIVE COMMITTEE)

**Composition of the Operations Committee as at 1 February 2024 <sup>1</sup>****Executive Committee members**

(see § 3.3.3.1)

- |                                                                                                                                   |                                                                                                                                            |                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>◆ <b>Mr Florian Craen</b><br/>Executive Vice-President Sales &amp; Distribution</li> </ul> | <ul style="list-style-type: none"> <li>◆ <b>Ms Catherine Fulconis</b><br/>Executive Vice-President Leather Goods &amp; Saddlery</li> </ul> | <ul style="list-style-type: none"> <li>◆ <b>Mr Wilfried Guerrand</b><br/>Managing Director Métiers, Information Systems and Data</li> <li>◆ <b>Ms Agnès de Villers</b><br/>Executive Executive-Vice President of Hermès Perfume and Beauty</li> </ul> |
|-----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Senior Executives of the métiers**

- |                                                                                                                                                                                                                   |                                                                                                                                                                                                          |                                                                                                                                                                                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>◆ <b>Ms Alix Coindreau</b><br/>Silk and Textiles</li> <li>◆ <b>Mr Laurent Dordet</b><br/>Watches</li> <li>◆ <b>Ms Cielo Dunbavand</b><br/>Women's ready-to-wear</li> </ul> | <ul style="list-style-type: none"> <li>◆ <b>Mr Julien Faurie</b><br/>Shoes</li> <li>◆ <b>Ms Ly Lallier</b><br/>Leather goods</li> <li>◆ <b>Ms Véronique Nichanian</b><br/>Men's ready-to-wear</li> </ul> | <ul style="list-style-type: none"> <li>◆ <b>Ms Anne-Sarah Panhard</b><br/>Home</li> <li>◆ <b>Ms Élodie Potdevin</b><br/>Fashion accessories and IoT</li> <li>◆ <b>Ms Ambre Pulcini</b><br/>Jewellery</li> </ul> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Senior Executives of the Geographical areas**

- |                                                                                                                                                                   |                                                                                                                                                                                                                  |                                                                                                                                                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>◆ <b>Mr Masao Ariga <sup>2</sup></b><br/>Japan</li> <li>◆ <b>Ms Ségolène Audras-Verdillon</b><br/>Travel Retail</li> </ul> | <ul style="list-style-type: none"> <li>◆ <b>Ms Caroline Jacques <sup>2,3</sup></b><br/>France</li> <li>◆ <b>Mr Éric Festy</b><br/>South Asia</li> <li>◆ <b>Mr Luc Hennard <sup>2</sup></b><br/>Europe</li> </ul> | <ul style="list-style-type: none"> <li>◆ <b>Ms Diane Mahady <sup>2</sup></b><br/>United States and Latin America</li> <li>◆ <b>Ms Sophie Vissing <sup>2</sup></b><br/>Greater China</li> </ul> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Senior Executives Sales and support functions**

- |                                                                                                                                                                          |                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>◆ <b>Mr Frédéric Agostini</b><br/>Hermès Commercial (central logistics, services to subsidiaries, after-sales service)</li> </ul> | <ul style="list-style-type: none"> <li>◆ <b>Ms Corinne Fénéon</b><br/>Retail operations (Supply chain Retail, eco-responsibility)</li> <li>◆ <b>Ms Caroline Jacques <sup>2,3</sup></b><br/>Retail activities (customer experience, customer services and relationships, Retail)</li> </ul> | <ul style="list-style-type: none"> <li>◆ <b>Ms Hinde Pagani</b><br/>Digital Sales and Service</li> <li>◆ <b>Ms Paola Triolo <sup>2</sup></b><br/>Information systems</li> </ul> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Changes in the Operations Committee in financial year 2023**

- 01/01/2023: Mr Luc Hennard took over the general management of the Europe region.
- 18/01/2023: the composition of the Operations Committee was refocused on the market métier and support functions. At this time, Mr Frédéric Agostini, Ms Corinne Fénéon, Ms Caroline Jacques, Ms Ly Lallier and Ms Paola Triolo joined the Operations Committee.
- 31/03/2023: Ms Diane Mahady took over the general management of the United States, replacing Mr Robert Chavez.
- 01/07/2023: Mr Julien Faurie took over the Shoes division, replacing Ms Ambre Pulcini.
- 20/10/2023: Ms Sophie Vissing took over the general management of Greater China, replacing Mr Luc Hennard.

**Changes in the Operations Committee since 31 December 2023**

- 01/01/2024: Since this date, the monitoring of activities in the Middle East (United Arab Emirates, Qatar, Kuwait, Bahrain and Lebanon) has been separated from the South Asia region and transferred to the Europe region.
- 01/02/2024: Ms Caroline Jacques took over the general management of the France region, replacing Ms Héléne Dubrule.

(1) The appointment to the Operations Committee on 1 February 2024 changed its composition. As at 31 December 2023, it was composed as follows:

- ◆ 25 members;
- ◆ 71% women and 29% foreign nationals (excluding the Executive Chairman and members of the Executive Committee).

(2) Members with a foreign nationality.

(3) Ms Caroline Jacques took over the general management of the France region on 1 February 2024, replacing Ms Héléne Dubrule. She retains her position as Director of Retail Activities (customer experience, customer services and relationships, Retail).



### 3.3.4 NON-DISCRIMINATION AND DIVERSITY POLICY

#### 3.3.4.1 GENDER BALANCE POLICY WITHIN GOVERNING BODIES

In accordance with the provisions of 2 of Article L. 22-10-10 of the French Commercial Code (*Code de commerce*), the way in which the Company seeks balanced representation of men and women on the committees established, where relevant, by the Executive Management, in order to regularly assist it in exercising its general duties, is presented below, alongside the results in terms of gender balance in the 10% of management positions with the greatest responsibility.

Since 2018, the Supervisory Board has been tasked with ensuring that the Executive Chairmen implement a non-discrimination and diversity policy in the Governing bodies.

This policy was presented to the Supervisory Board in late 2018.

Pursuant to Article 8 of the Afep-Medef Code, updated in December 2022, Boards are recommended to set gender balance objectives within Governing bodies.

The HCGE implementation guide revised in June 2022 stipulates that in *sociétés en commandite par actions* (partnerships limited by shares):

- ◆ it is the responsibility of the Executive Management to set gender balance objectives and the time frame for attaining them, as well as to determine how these objectives and the action plan are implemented;
- ◆ the Supervisory Board ensures compliance with and monitoring of this recommendation. It is informed annually by the Executive Management of the results obtained so that they can be included in the corporate governance report.

The Executive Management has set Company gender balance objectives since 2020 as follows:

**Overall gender balance target for Governing bodies:** that the proportion of members of each gender be at least equal to 40%. The scope of the Governing bodies selected includes the committees established by the Executive Management several years ago to regularly assist it in exercising its general duties, namely:

- ◆ the Executive Committee (role and composition described in § 3.3.3.1);
- ◆ the Operations Committee (role and composition described in § 3.3.3.2).

**Time horizon:** the proportion set having already been reached in 2019, the Executive Management has set the target of maintaining the current balance (over both the medium and long term).

**Action plan:** for several years now, the Company has been encouraging female representation among Senior Executives, which should help achieve this goal.

The diversity policy applied to the members of the Supervisory Board is described in § 3.4.3.

#### 3.3.4.2 GENDER BALANCE OF GOVERNING BODIES

The table below illustrates gender balance on the governance bodies, on the Supervisory Board and in the Senior Executives category:

	As at 1 February 2024 <sup>1</sup>	As at 31 December 2022	
<b>Governing bodies (Executive Committee and Operations Committee, excluding the Executive Chairmen)</b>			
Proportion of women	60% <sup>1</sup>	18/30	54.2%
Proportion of men	40% <sup>1</sup>	12/30	45.8%
<b>Overall female representation</b>			
Supervisory Board (excluding the employee representatives on the Supervisory Board)	50.0%		50.0%
CAG-CSR Committee	66.7%		66.7%
Audit and Risk Committee	40.0%		40.0%
Senior Executives <sup>2</sup>	47.0%		47.0%

(1) Ms Caroline Jacques took over the general management of the France region on 1 February 2024, replacing Ms H el ene Dubrule. This appointment changed the composition of the governing bodies. As at 31 December 2023, the proportions were as follows (excluding the Executive Chairman):

- ◆ Proportion of women: 61.3%, i.e. 19 women out of 31 members (excluding the Executive Chairman);
- ◆ Proportion of men: 38.7%, i.e. 12 men out of 31 members (excluding the Executive Chairman);
- ◆ 71% women and 29% foreign nationals (excluding the Executive Chairman and members of the Executive Committee).

(2) Within the meaning of Article L. 3111-2 of the French Labour Code. This category consists of 100 positions with the highest responsibility in the classification adopted by the Group.

Hermès International is fourth in the general ranking of the number of women in governing bodies published on 19 December 2023, which establishes the ranking of the 120 largest French companies, according to their commitment to increase the number of women on governing bodies and more generally in favour of gender equality at work.

### 3.3.4.3 PROFESSIONAL GENDER EQUALITY INDEX

The Hermès Group is committed to the principles of recognition and respect, irrespective of one's origin, gender, family situation or position. Employees are reminded of this respect for differences in the ethics charter (available at <https://finance.hermes.com/en/ethics-human-rights-and-diversities/>) ensuring objectivity and equal opportunities and promoting diversity and inclusion in recruitment, career development and day-to-day management.

As the results published below illustrate, the Hermès Group is constantly committed to promoting gender equality. Particular attention is paid to equality, particularly in the awarding of equal pay for equal work and ensuring equal opportunities in access to employment and internal promotions. At all levels of the organisation, equality of opportunity, diversity and inclusion in terms of employment, training, supervision and compensation are backed by the House's commitment, with the objective of taking concrete and sustainable actions.

Since 2019, Hermès has harmonised its international maternity leave practices by defining a minimum maternity leave period of 16 weeks, maintaining 100% of basic pay and making 100% coverage of maternity expenses available in all locations.

In addition, in order to offer an increasingly inclusive framework for parenthood and to support the professional careers of women, since 1 January 2022, the Group has been offering paternity or adoption leave for employees in France (i.e. 62% of the House's workforce) by maintaining the compensation of the persons concerned at 100%. This policy was extended on 1 January 2023 to the rest of the subsidiaries worldwide.

In July 2023, an agreement on "Work-life balance" was signed with all representative trade unions at Group level. It aims to support employees faced with personal situations impacting their professional daily life: caregivers, parents or those in vulnerable situations. For these three aspects, various measures were negotiated, taking care to provide responses adapted to the diversity of the situations encountered:

- ◆ supporting caregiver employees:
  - (I) by providing an information and assistance platform for the most common situations,;
  - (II) by offering flexibility in more demanding situations,
  - (III) by freeing up time through financial support in the most difficult situations;
- ◆ supporting parenting before and upon arrival and following the birth of a child;

- ◆ preventing and supporting people in vulnerable situations: long-term illnesses such as cancer, professional burnout, bereavement, domestic violence, addictions or excess debt.

In France, agreements or action plans relating to professional equality are regularly renewed in order to reaffirm the guarantee of a balanced salary positioning between men and women, as well as respect for equal treatment in the allocation of salary increases. These agreements define progress targets in order to promote the role of fathers in the exercise of family responsibility, and to enable women to carry out a professional activity corresponding to their wishes. Women in managerial roles and positions of responsibility at production sites also benefit from personalised coaching support.

In accordance with Article L. 1142-8 of the French Labour Code (*Code du travail*), on 1 March 2024 Hermès International published the professional gender equality index for 2023, which was 98/100.

This index measures the gender pay gap within a single company. It takes into account all components of a compensation package and must be calculated each year, thereby serving to identify any points of progress. This index includes the following five indicators (the results obtained for each indicator are given in brackets):

- ◆ gender pay gap (38/40);
- ◆ difference in the breakdown of individual pay increases (20/20);
- ◆ breakdown of promotions (15/15);
- ◆ number of employees receiving a pay increase upon their return from maternity leave (15/15);
- ◆ number of employees of the under-represented gender among the 10 highest-paid employees (10/10).

*The methodology for calculating the index includes all compensation paid (fixed + benefits).*

The overall weighted average index of the Group for financial year 2023 was 92/100.

The results of the other Group companies are available at <https://finance.hermes.com/en/ethics-human-rights-and-diversities/>.

### 3.3.4.4 DIVERSITY POLICY AND RESULTS IN TERMS OF GENDER BALANCE IN THE TOP 10% OF POSITIONS WITH THE HIGHEST RESPONSIBILITY

Whether appointments to governing bodies, recruitment or the appointment of any employee, the Hermès Group is particularly committed to compliance with the principle of non-discrimination.

Whenever possible, all employees are reminded of the importance of this principle.

The "Hermès, a Responsible Employer" policy insists on compliance with two essential principles: the principle of non-discrimination and the principle of gender equality. This policy is described in chapter 2 "Corporate social responsibility and non-financial performance", § 2.2.

The Group has also made commitments to promote the professional integration and employment of people with disabilities (see in chapter 2 “Corporate social responsibility and non-financial performance”, § 2.2.3.6).

In 2021, 13 women from different backgrounds in the House took the initiative to create Hécate, a network of Hermès women, whose ambition is to enable each woman to be a driving force in her own development at Hermès. Hécate aims to be active in three areas: networking, inspiration and development. Since its creation, Hécate has brought together more than 100 women, who have begun to structure the network and reflect on themes as varied as parenthood,

careers and vulnerabilities. The network continued its work in 2023 to promote inclusion and diversity at all levels of the organisation.

The Group has put in place an “Alterego” training programme which focuses on integration and diversity management. This training is attended by all Management Committee members and the Group’s local managers. It takes the form of a one-day programme, which alternates between a theory-based and a more hands-on approach, for preventing and identifying all forms of discrimination (direct, indirect or even involuntary) and reaffirming the Group’s zero tolerance with regard to this type of practice.

### 3.3.5 SUCCESSION PLAN FOR SENIOR EXECUTIVES

It should be noted that the existence of two Executive Chairmen, one of which is a legal entity, guards against the Executive Management falling vacant unexpectedly.

The succession plan for the Chairman of the Supervisory Board is presented in § 3.4.4.

#### 3.3.5.1 SUCCESSION PLAN FOR EXECUTIVE MANAGEMENT

A succession plan was established in 2016 for the Executive Management. This succession plan, which has been set down in writing since 2019, covers:

- ◆ temporary interim succession (temporary absence of an Executive Chairman, e.g. due to illness or accident);
- ◆ unplanned succession (permanent impairment, death or resignation of an Executive Chairman in the short or medium term).

Every year, the CAG-CSR Committee conducts an annual review of this

plan. In early 2024, it noted that it remained unchanged and maintained its assessment that this plan is understandable, of good quality and sufficiently protective to ensure business continuity.

#### 3.3.5.2 TALENT REVIEW

An annual Talent Review process was rolled out throughout the Group in 2020, with the following objectives:

- ◆ take stock of our leadership talents to ensure succession within Hermès;
- ◆ improve anticipation of succession plans;
- ◆ engage a stronger dynamic in the development of talents.

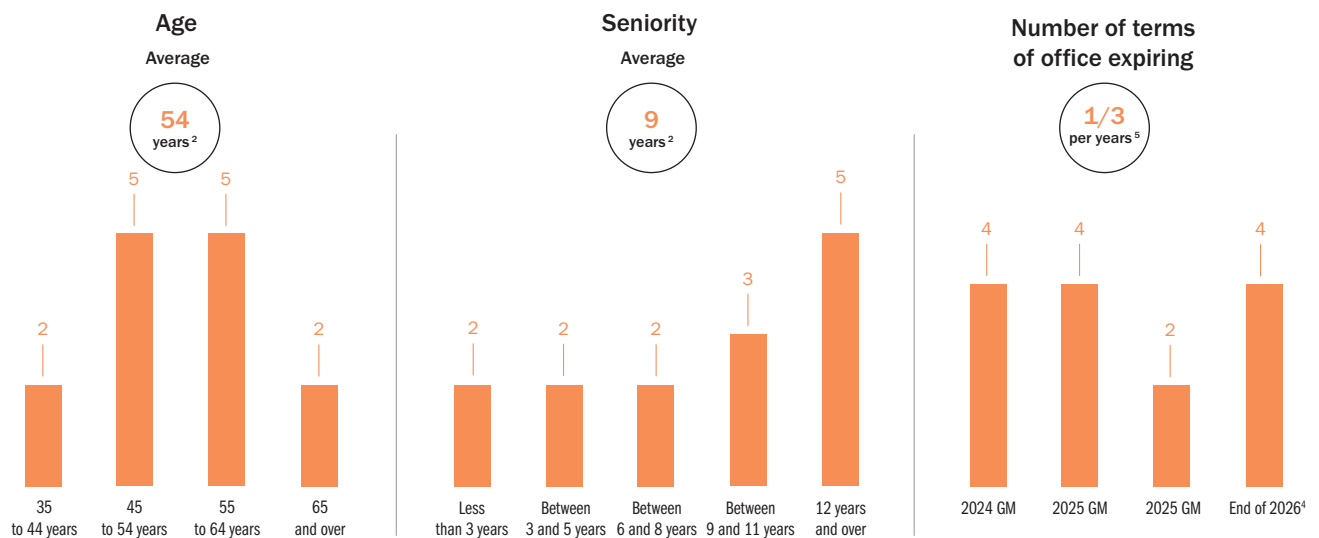
This Talent Review covers the succession of the members of the Executive Committee and of the members of the Operations Committee.

The Talent Review and succession plans for the Executive Management and the Chairman of the Supervisory Board are presented to the CAG-CSR Committee every year.

### 3.4 ORGANISATION OF THE SUPERVISORY BOARD

#### 3.4.1 KEY DATA ON THE SUPERVISORY BOARD AS AT 31 DECEMBER 2023

##### SUPERVISORY BOARD



- The members of the Supervisory Board representing employees are not taken into account for the calculation of these proportions.
- Average calculated on the basis of ages and lengths of service of members of the Supervisory Board, determined on a full-year basis as at 31 December 2023
- 12 members are appointed by the Shareholders' General Meeting and two members, representing employees, are appointed by the Group Works Council.
- Supervisory Board members representing employees.
- Excluding Supervisory Board members representing employees.

## 3.4.2 APPLICABLE PRINCIPLES

### Number of Supervisory Board members

The Supervisory Board is composed of between three and 15 members (not including members representing employees). These members are chosen from among shareholders who are neither Active Partners nor legal representative of the Active Partner nor Executive Chairmen (Article 18.1 of the Articles of Association). They are appointed by the Shareholders' Ordinary General Meeting.

The Afep-Medef Code qualifies the Chairman and the members of the Supervisory Board as "non-Executive Corporate Officers". The Supervisory Board accordingly does not include any Executive Corporate Officers.

When appointments to the Supervisory Board come up for renewal, the number of Supervisory Board members is set by a decision adopted by the Active Partner.

Two Supervisory Board members (one woman and one man) representing the Group's employees are designated by the Group Works Council in accordance with the provisions of Article L. 225-79-2 of the French Commercial Code (*Code de commerce*).

The diversity policy applied within the Supervisory Board is described in § 3.4.3.

### 3.4.2.1 SELECTION PROCESS FOR NEW MEMBERS OF THE SUPERVISORY BOARD

#### 3.4.2.1.1 Members of the Supervisory Board appointed by the General Meeting (Article L. 226-4 of the French Commercial Code (*Code de commerce*))

The selection process for Supervisory Board members appointed by the General Meeting is as follows:

- ◆ the Supervisory Board sets objectives for changes in its composition in accordance with the diversity policy (see § 3.4.3);
- ◆ a recruitment advisor is tasked with identifying candidates (male and/or female) in addition to those proposed by the Executive Management Board and Supervisory Board;
- ◆ the profiles of male or female candidates from a variety of backgrounds and likely to be interested in joining the Supervisory Board are then preselected by the recruitment advisor;
- ◆ on the basis of a detailed report and an oral presentation from the recruitment advisor, the Chairman of the Supervisory Board and a member of the CAG-CSR Committee draw up a shortlist of candidates whom they will meet individually;
- ◆ the selected candidates then meet the other members of the CAG-CSR Committee and the Executive Chairmen;
- ◆ the CAG-CSR Committee discusses the results of these interviews and submits its recommendations to the Émile Hermès SAS Executive Management Board and the Supervisory Board;
- ◆ this selection is carried out taking into account the personal and professional qualities of the candidates and ensuring that they are able to comply with the guiding principles for exercising the duties of Supervisory Board member laid down in the rules of procedure (Article 2.2.2.1).

#### 3.4.2.1.2 Members of the Supervisory Board representing employees appointed by the Group Works Council (Article L. 225-79-2 of the French Commercial Code (*Code de commerce*))

Pursuant to Article L. 225-79-2 of the French Commercial Code (*Code de commerce*), a Supervisory Board of more than eight members must appoint two employee representatives, respecting gender parity.

Conditions of eligibility are as follows:

- ◆ to have or have had an employment contract for at least two years with the Company or one of its direct or indirect subsidiaries having its registered office in France or abroad;
- ◆ to have a clean criminal record;
- ◆ to complete the application form prepared by the Group Works Council.

Each trade union active at Group level may submit a candidate through its union representative on the Group Works Council.

Each Economic and Social Committee may nominate one candidate by secret ballot.

As an exception, companies with more than 300 employees may present two candidates (one male and one female).

Candidates submitted by representative trade union organisations and employee representative bodies are examined by the Group Works Council, which appoints two employee representatives to the Supervisory Board, one male and one female, in two rounds.

Since late 2019, the Supervisory Board has included two members representing employees.

#### 3.4.2.1.3 Effective implementation

The selection process was not implemented in 2023.

It was not implemented at the beginning of 2024 insofar as no appointment of new members of the Supervisory Board is proposed to the General Meeting of 30 April 2024.

### 3.4.2.2 APPOINTMENT OF THE CHAIRMAN AND VICE-CHAIRMEN

The Supervisory Board elects a Chairman (a natural person) and two Vice-Chairmen from among its members (Article 19.2 of the Articles of Association) whose duties are described respectively in § 3.5.1.2 and § 3.5.1.3.

### 3.4.2.3 TERM OF OFFICE

Category	Appointment procedures	Term of office	Number
Board members	Appointment by the Shareholders' General Meeting	3 years (until the end of the third Ordinary General Meeting following their appointment)	12
Board members representing employees	Designated by the Group Works Council	3 years (from the date of their appointment)	2

The term of office of the members of the Supervisory Board is three years (Article 18.2 of the Articles of Association).

This duration may be less:

- at the time of first appointment, in accordance with the principle of replacing one-third of the Supervisory Board, as set out in Article 18.2 of the Articles of Association;
- if there is a renewal, in accordance with the rules relative to the duration of the term of office for independent members or to the age limit.

Following the General Meeting of 2 June 2009, the Company has introduced, in accordance with the recommendations of the Afep-Medef Code, the practice of replacing one-third of Supervisory Board members each year.

### 3.4.2.4 CO-OPTATION

In the event of a vacancy, the Supervisory Board may appoint a new member of the Board on a provisional basis, subject to ratification by the next Ordinary General Meeting, for the remaining term of office of his or her predecessor.

### 3.4.2.5 NUMBER OF SHARES TO BE HELD BY MEMBERS OF THE SUPERVISORY BOARD

The rules of procedure (Article 2.2.1), since their adoption in 2009, require Supervisory Board members, except for the employee representatives, for whom this requirement is waived, to own a relatively significant number of registered shares. The number was originally set at 200. In view of the high Hermès International share price, the number of shares to be held by the members of the Board was reduced in 2019 to 100 shares.

At the Hermès International share price as at 29 December 2023 (€1,918.80), this represents an average of more than two and a half years of compensation for a member of the Board.

The Supervisory Board meeting of 11 January 2024 noted that all members of the Supervisory Board continued to comply with this obligation as at 31 December 2023.

The number of shares held by each member of the Supervisory Board is shown in § 3.10.1.

Information on the restrictions on the sale of shares by members of the Supervisory Board is provided in § 3.10.2.3.

### 3.4.2.6 AGE LIMIT

Pursuant to Article 18.3 of the Articles of Association: "No person over the age of 75 may be appointed to the Supervisory Board if their appointment would result in more than one-third of Board members being over that age" (collective age limit).

In 2021, the Supervisory Board's rules of procedure (Article 2.1.7.1) provide that, as an internal rule, no person may be appointed to the Supervisory Board or have his or her term renewed if they have reached the age of 80 (individual age limit).

The Chairman and Vice-Chairmen are not subject to any age limit other than the age limits applicable to all Board members (individual and collective).

No member of the Supervisory Board has reached the age of 75 and the oldest member was 70 in 2023.

The breakdown of Board members by age group is detailed in § 3.4.1.

### 3.4.2.7 EMPLOYEE REPRESENTATION ON THE SUPERVISORY BOARD

#### 3.4.2.7.1 Employee representative members of the Supervisory Board (with voting rights)

Pursuant to Article L. 225-79-2 of the French Commercial Code (*Code de commerce*), two members of the Supervisory Board representing the Group's employees (one woman and one man) sit on the Board with voting rights.

The process for selecting the members of the Supervisory Board representing employees is described in § 3.4.2.1.2.

They have the same status, rights and obligations as any other member of the Supervisory Board, including confidentiality. They are required to comply with the Board's rules of procedure.

The members of the Supervisory Board representing employees are not counted for the purpose of determining the minimum and maximum number of members of the Supervisory Board, nor for the calculation of the diversity of the Board or the proportion of independent members.

Their term of office as a member of the Supervisory Board is three years.

Notwithstanding the rule contained in Article 18.1 of the Articles of Association, the members of the Supervisory Board representing employees are not required to be shareholders.

They have a credit of 15 hours per meeting (plus meeting time) to carry out their duties.

In accordance with Article L. 225-30-2 of the French Commercial Code (*Code de commerce*), the members of the Supervisory Board representing employees receive training adapted to the performance of their duties, at the expense of the Company. This training must ensure that they acquire and improve the knowledge and techniques required to carry out their duties. It mainly concerns the role and functioning of the Supervisory Board, the rights and obligations of the members of the Supervisory Board and their responsibilities, as well as the organisation and activities of the Group.

This training period, which may not be less than 40 hours per year, is not deducted from the hours credited. A portion of this training time is carried out within the Group but most of it is carried out by an external training organisation (in particular the IFA). After obtaining the favourable opinion of the members concerned, the Supervisory Board determines the training programme for the year at the beginning of each year.

### 3.4.3 DIVERSITY POLICY APPLIED WITHIN THE SUPERVISORY BOARD

#### 3.4.3.1 CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board is composed of members, one-third of whom are independent, with qualifications or a professional background enabling them to contribute effectively to the work of the Supervisory Board, as a collegiate body, in all its areas of activity and to the quality of the discussions.

In accordance with the provisions of Article L. 22-10-10 (2) of the French Commercial Code (*Code de commerce*), the diversity policy applied to members of the Supervisory Board is presented below, based on criteria such as age, gender or qualifications and professional experience, along with a description of the objectives of this policy, its means of implementation and the results obtained in the financial year ended.

During the first year of their term of office, Ms Anne-Lise Muhlmeyer and Mr Prescience Assoh completed the following training program:

- ◆ internal training: On-boarding;
- ◆ internal training: Stock market ethics;
- ◆ internal training: Family group / Emile Hermès SAS;
- ◆ IFA training: Being a salaried director;
- ◆ IFA training: Fundamentals of finance;
- ◆ IFA training: The Board and CSR;
- ◆ internal training: networking at the Ateliers d'Ennoblement d'Irigny.

#### 3.4.2.7.2 Representative of the Social and Economic Committee (without voting rights)

In accordance with the provisions of Article L. 2312-75 of the French Labour Code (*Code du travail*), a full member of the Social and Economic Committee (SEC) appointed by the latter attends all meetings of the Supervisory Board in an advisory capacity (meetings and site visits). The SEC has decided to set up a rotation in order to allow several representatives of the SEC to sit on it for one year each.

The SEC representative receives the same documents as those provided to the members of the Supervisory Board and at the same time. During the meeting, he or she has the opportunity to take the floor and give opinions on the items on the agenda.

Since 2011, the CAG-CSR Committee has been assigned the duty to advise the Supervisory Board of its recommendations as to the changes in the Board's composition.

The Supervisory Board has set itself objectives or principles in terms of optimal Board size, age limit, number of independent members and diversity (representation of women and men, nationalities, international experience, expertise, etc.) and has gradually changed the composition of the Board to achieve this.

The work carried out has been presented in each subsequent registration document/universal registration document.

At the end of 2020, the Supervisory Board reviewed and approved the diversity policy applied to the members of the Supervisory Board, taking into account the changes in the composition of the Board in recent years, as set out in § 3.4.3.2.

At the end of 2023, it reviewed the diversity policy applied within the Supervisory Board and considered that there was no need to change the composition of the Board for 2024.

## 3.4.3.2 SUMMARY TABLE OF THE DIVERSITY POLICY APPLIED TO MEMBERS OF THE SUPERVISORY BOARD

**Size (number of Board members)**

Pursuant to Article 18.1 of the Articles of Association, the Supervisory Board comprises between three and 15 members appointed by the General Meeting.

Objective:

Maintain the size of the Board at 14 members, which is satisfactory, ensures a balanced representation of men and women, meets the legal obligation to appoint two members representing employees and fulfils the market recommendations in terms of proportion of independent members.

This objective could be reconsidered if new constraints lead to the need to review the size of the Board.

Implementation procedures and results obtained:

Since November 2019, the Board has comprised 12 members appointed by the General Meeting and two members representing employees, appointed by the Group Works Council.

**14 members****Age**

Pursuant to Article 18.3 of the Articles of Association, the number of members aged over 75 cannot exceed one-third of the total (collective age limit).

Since 2021, pursuant to Article 2.1.7.1 of the Board's rules of procedure, as an internal rule, no person may be appointed to the Supervisory Board or have his or her term renewed if they have reached the age of 80 (individual age limit).

Objective:

Maintain the current statutory age limit rule, which is satisfactory.

Implementation procedures and results obtained:

As at 31 December 2023:

- ◆ no member was over the age of 75;
- ◆ the members of the Board were between the ages of 40 and 70;
- ◆ the average age of Board members was 54;
- ◆ as shown in the "Age" chart in § 3.4.1, the breakdown of age groups within the Board is balanced.

**Average age:  
54 years****Gender parity <sup>1</sup>**

Article L. 22-10-74 of the French Commercial Code (*Code de commerce*) requires a minimum of 40% of each gender.

Objective:

Maintain a proportion of women and men in line with legal requirements.

Implementation procedures and results obtained:

Since the end of 2017: 50% women and 50% men; the legal requirement is therefore exceeded.

**50%  
women <sup>1</sup>****Number of independent members <sup>1</sup>**

In accordance with Article 10.3 of the Afep-Medef Code revised in December 2022, independent members must make up at least one-third of the Supervisory Board in controlled companies as defined by Article L. 233-3 of the French Commercial Code (*Code de commerce*). This minimum proportion has been included in the Supervisory Board's rules of procedure (Article 2.1.5.3).

Objective:

Maintain the proportion of independent members, which is satisfactory and complies with market recommendations.

Implementation procedures and results obtained:

The proportion of one-third independent members has been met since it was introduced in 2009, i.e. as at 31 December 2023, four out of 12 members appointed by the General Meeting.

**1/3  
independent**

(1) Only Board members appointed by the General Meeting are included in the calculation of the percentages of women members (Article L. 225-79, II of the French Commercial Code (*Code de commerce*)) and independent members (Afep-Medef Code - Article 10.3), not employee representatives.



### Nationalities, experience and expertise

#### Objectives:

- ◆ retain a variety of skills and experience that can cover each of the seven areas of expertise and experience (see § 3.4.5.2) corresponding to the Hermès Group's major operational challenges and the main issues that the Supervisory Board and its committees are required to monitor as part of their duties:
  - ◆ business management/operational management of companies/director of large companies,
  - ◆ finance/internal control/risks,
  - ◆ human resources/CSR,
  - ◆ international/Asia,
  - ◆ legal/ethics/compliance/governance,
  - ◆ IT/cybersecurity/artificial intelligence/digital,
  - ◆ knowledge of the history and culture of Maison Hermès;
- ◆ maintain a composition that takes into account the specific nature of the Maison Hermès with members:
  - ◆ all French-speaking, culture of the Maison Hermès being very French,
  - ◆ benefiting from experience or belonging to a family group (collective rather than individual ambition),
  - ◆ having a good knowledge of the history and culture of the Maison Hermès,
  - ◆ without experience in the luxury goods sector (given potential conflicts of interest).

#### Implementation procedures and results obtained:

As at 31 December 2023:

- ◆ the proportion of Board members competent in each of the seven areas of expertise and experience (see § 3.4.5.2) corresponded to the Hermès Group's major operational challenges and the main issues that the Supervisory Board and its committees are required to monitor as part of their duties;
- ◆ the composition takes into account the specific nature of the Maison Hermès:
  - ◆ all members were French-speaking,
  - ◆ a majority of members are direct descendants of Mr Émile-Maurice Hermès, belonging to the Hermès family, who bring to the Board their knowledge of the history and culture of Maison Hermès,
  - ◆ no member had experience in the luxury goods sector.

### 3.4.3.3 NUMBER OF MEMBERS AND REPRESENTATION OF WOMEN AND MEN ON THE SUPERVISORY BOARD

31/12	2021	2022	2023
Members appointed by the General Meeting	12	12	12
Employee representative members appointed by the Group Works Council	2	2	2
Women <sup>1</sup>	50%	50%	50%
Men <sup>1</sup>	50%	50%	50%

(1) Only Board members appointed by the General Meeting are included in the calculation of these percentages (Article L. 225-79-2, II of the French Commercial Code (Code de commerce)), not employee representatives.

n/a: not applicable.

### 3.4.4 SUCCESSION PLAN FOR THE CHAIRMAN OF THE SUPERVISORY BOARD

A succession plan for the Chairman of the Supervisory Board was drawn up in 2018.

This succession plan, which has been set down in writing since 2019, covers:

- ◆ temporary interim succession (temporary absence of the Chairman, e.g. due to illness or accident);
- ◆ unplanned succession (permanent impairment, death or resignation of the Chairman in the short or medium term);
- ◆ normal succession (medium and long term).

The succession plan for the Chairman of the Supervisory Board was co-signed by Ms Dominique Senequier then placed in two sealed envelopes, one of which was handed to the Chairwoman of the CAG-CSR Committee and the other to the legal department.

Every year, the CAG-CSR Committee conducts an annual review of this plan. In early 2024, it noted that it remained unchanged and maintained its assessment that this plan is of good quality and appropriate.

### 3.4.5 COMPOSITION OF THE SUPERVISORY BOARD

#### 3.4.5.1 COMPOSITION OF THE SUPERVISORY BOARD AS AT 31 DECEMBER 2023

The Company has a Supervisory Board comprising 14 members, including:















- ◆ 7 women and 7 men (*i.e.* 50% of each gender);
- ◆ 4 independent members (*i.e.* one-third, see § 3.4.6); and
- ◆ 2 members representing employees (see § 3.4.2.1.2).

Twelve members are appointed by the General Meeting from among the shareholders who are neither the Active Partner nor the legal representative of the Active Partner nor Executive Chairman.

As the provisions of Article L. 225-79-2 of the French Commercial Code (*Code de commerce*) apply to the Company, two members of the Supervisory Board representing employees are appointed by the Group Works Council, given the role of this employee representative body which is the preferred contact for management and whose members are drawn from the Social and Economic Committees of the Group companies.

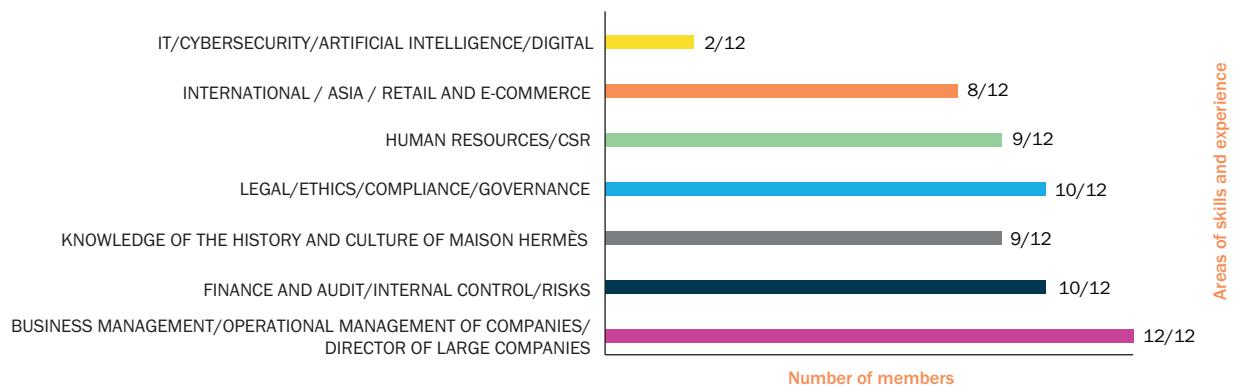
All the Supervisory Board members are French except Ms Olympia Guerrand, who is Franco-Portuguese.

Ms Nathalie Besombes, Director of Corporate law and Stock Exchange regulations and Compliance Officer, is the Supervisory Board Secretary.

MEMBERS APPOINTED BY THE GENERAL MEETING											
											
<b>Éric de Seynes</b> Chairman	<b>Monique Cohen</b> Vice-Chairwoman	<b>Dominique Senequier</b> Vice-Chairwoman	<b>Dorothee Altmayer</b>	<b>Charles-Éric Bauer</b>	<b>Estelle Brachlianoff</b>	<b>Matthieu Dumas</b>	<b>Blaise Guerrand</b>	<b>Julie Guerrand</b>	<b>Olympia Guerrand</b>	<b>Renaud Momméja</b>	<b>Alexandre Viros</b>
	★ ★	★ 🌱		★	★ 🌱 ★	🌱				★	★ ★
MEMBERS REPRESENTING EMPLOYEES APPOINTED BY THE GROUP WORKS COUNCIL											
											
	<b>Prescience Assoh</b>	<b>Anne-Lise Muhlmeyer</b>									

★ Independence 🌱 CAG-CSR Committee ★ Audit and Risk Committee

#### Main areas of skills and expertise of the members of the Board appointed by the General Meeting <sup>1-2</sup>



1. Excluding Supervisory Board members representing employees.
2. According to the annual declarations of the Board members.

## SUMMARY PRESENTATION OF THE MEMBERS OF THE SUPERVISORY BOARD AS AT 31 DECEMBER 2023

Personal details		Experience		Position on the Board		Membership of Board committees		
Gender, nationality, age <sup>1</sup> , date of birth	Number of shares (direct holding)	Number of offices in listed companies <sup>5</sup>	Independence <sup>2</sup>	Date of first appointment	Date term ends	Length of service on the Board <sup>1</sup>	Audit and Risk Committee	CAG-CSR Committee
<b>Members of the Supervisory Board appointed by the General Meeting</b>								
<b>Éric de Seynes</b> (M) (Chairman) Nationality: French 63 years old - 09/06/1960	226 (BO) <sup>6</sup> 285			07/06/2010 03/03/2011 (Chairman)	2026 GM	13 years		
<b>Monique Cohen</b> (F) (Vice-Chairwoman) Nationality: French 67 years old - 28/01/1956	250	2 BNP Paribas Safran	✓	03/06/2014	2026 GM	9 years	✓ (Chairwoman)	
<b>Dominique Senequier</b> (F) (Vice-Chairwoman) Nationality: French 70 years old - 21/08/1953	200		✓	04/06/2013	2025 GM	10 years		✓ (Chairwoman)
<b>Dorothee Altmayer</b> (F) Nationality: French 62 years old - 01/03/1961	200			06/06/2017	2026 GM	6 years		
<b>Charles-Éric Bauer</b> (M) Nationality: French 59 years old - 09/01/1964	75,748			03/06/2008	2025 GM	15 years	✓	
<b>Estelle Brachlianoff</b> (F) Nationality: French 51 years old - 26/07/1972	100	1 Veolia	✓	04/06/2019	2025 GM	4 years	✓	✓
<b>Matthieu Dumas</b> (M) Nationality: French 51 years old - 06/12/1972	1,433 (US) <sup>7</sup> 30			03/06/2008	2024 GM	15 years		✓
<b>Blaise Guerrand</b> (M) Nationality: French 40 years old - 04/06/1983	200			29/05/2012	2024 GM	11 years		
<b>Julie Guerrand</b> (F) Nationality: French 48 years old - 26/02/1975	6,825			02/06/2005	2025 GM	18 years		
<b>Olympia Guerrand</b> (F) Nationality: French and Portuguese 46 years old - 07/10/1977	600			06/06/2017	2024 GM	6 years		
<b>Renaud Momméja</b> (M) Nationality: French 61 years old - 20/03/1962	3,959 (US) <sup>7</sup> 109,944			02/06/2005	2026 GM	18 years	✓	
<b>Alexandre Viros</b> (M) Nationality: French 45 years old - 08/01/1978	100		✓	04/06/2019	2024 GM	4 years	✓	
<b>Members of the Supervisory Board representing employees appointed by the Group Works Council</b>								
<b>Prescience Assoh</b> (M) Nationality: French 40 years old - 26/01/1983	13 <sup>3</sup>		n/a <sup>4</sup>	15/11/2022	15/11/2025	1 year		
<b>Anne-Lise Muhlmeyer</b> (F) Nationality: French 58 years old - 10/10/1965	32 <sup>3</sup>		n/a <sup>4</sup>	15/11/2022	15/11/2025	1 year		
Average: 9 years								

(1) The ages and length of service indicated are determined in number of full years as at 31 December 2023.

(2) The independence criteria for its members, formalised since 2009 by the Supervisory Board, are described in § 3.4.6.1.

(3) The obligation to hold a minimum number of Company shares does not apply to members of the Board representing employees.

(4) n/a: not applicable. In accordance with the provisions of the Afep-Medef Code (Article 10.3), employee representatives are not included in the calculation of independent members.

(5) Other than the Company. In accordance with the recommendation of the Afep-Medef Code (Article 20.4), a member of the Supervisory Board may not hold more than four other offices in listed companies outside the Group, including foreign ones.

(6) BO: Bare ownership.

(7) US: Usufruct.

### 3.4.5.2 MAIN AREAS OF EXPERTISE AND EXPERIENCE OF BOARD MEMBERS

Each member of the Supervisory Board is asked to make a declaration listing the areas in which he or she has particular expertise. This declaration is made upon their appointment and again each year when the universal registration document is prepared.

The seven areas proposed correspond to:

- ◆ the Hermès Group's major operational issues;
- ◆ the main subjects that the Supervisory Board and its committees are required to monitor as part of their duties (see § 3.4.3.2); and
- ◆ CSR issues resulting from the materiality analysis presented in chapter 2 "Corporate social responsibility and non-financial performance", § 2.1.3.

The chart "Main areas of experience and expertise of the members of the Board appointed by the General Meeting" in § 3.4.5.1 indicates:

- ◆ the seven areas of expertise selected;
- ◆ the number of Board members for each area of expertise.

A description of the main areas of expertise and experience of each Board member can be found in the individual presentations in § 3.4.8.

<b>Criteria for the validation of expertise</b>	
Computing	Several years' training or experience, technical or managerial, in information technology.
Cybersecurity	Several years' training or experience, technical or managerial, in cybersecurity, data processing or networks.
Digital/Artificial intelligence/New technologies/Innovation	Expertise and knowledge in the digital sector, digitization, data and innovative technologies, artificial intelligence. Experience in digital transformation.
International experience	Several years' professional experience abroad or at the head of departments in charge of or present in international/geographically varied markets.
Asian markets	More specific knowledge of the Asian market or several years' professional experience in an Asian country.
Retail/e-commerce	Several years' expertise and knowledge, technical or managerial experience in the Retail and distribution sector. Development experience in e-commerce.
Human resources/Social issues	Degree in human resources, psychology or sociology. Experience in a human resources department or committee of listed companies dealing with these subjects. Experience as a manager.
Sustainable development/Management of raw materials and supplies/ Resource and waste management	Attendance at a training course covering these topics, including those offered by Hermès (water, sustainable forest, sustainable development, etc. - see § 3.5.6.1.2). Experience in a sustainable development department or equivalent. Experience as a member of a CSR Committee for a listed company. Experience in sustainable development strategy.
Climate change/Biodiversity	Attendance at a training course covering these topics, including those offered by Hermès (climate change, biodiversity, animal welfare, etc. - see § 3.5.6.1.2). Significant contribution to sustainable development in the context of their activities or known for their promotion of sustainable activities in the economy in general. Experience as a member of a CSR Committee for a listed company.
Legal	Legal training or professional experience in a legal profession.
Ethics/Compliance	Experience and theoretical knowledge in ethics, human rights, compliance and governance. Member of the Ethics Committee of a listed company.
Governance	IFA membership. Knowledge of corporate governance through training. Experience within a governance committee of a listed company.

### Criteria for the validation of expertise

● Knowledge of the history and culture of Maison Hermès	Direct descendant of the founder, in-depth knowledge of the House's history and culture.
Finance and audit	Experience in banking, investment, corporate finance, restructuring, mergers and acquisitions, audit and control processes, risk management, as well as accounting. Member of an Audit Committee (or equivalent) of a listed company.
● Internal control/Management control	Experience in internal control and management control, in a finance department or general management.
Risk management	Experience in the field of insurance or risk mapping. Company Senior Executive.
Executive of a listed company	Several years' management experience in listed companies, as a Chief Executive Officer, Senior Executive or in other senior management positions.
● Executive of an unlisted company	Several years' management experience in unlisted companies, as a Chief Executive Officer, Senior Executive or in other senior management positions.
Director of a listed company	One or more terms of office in a listed company.
Director of an unlisted company	One or more terms of office in an unlisted company.

Skills and experience matrix as at 31/12/2023 <sup>1</sup>	Consulting		Specialised committees		
	By domain <sup>2</sup>	By sub-domain	Overall rate in %	CAG-CSR Committee	Audit and Risk Committee
● Computing	2	2	16.67%	1	2
● Cybersecurity		2	16.67%	1	2
Digital/Artificial intelligence/New technologies/Innovation		2	16.67%	1	2
International experience	8	7	58.33%	2	3
● Asian markets		4	33.33%	1	1
Retail/e-commerce		4	33.33%	0	2
Human resources/Social issues	9	8	66.66%	3	4
● Sustainable development/Management of raw materials and supplies/ Resource and waste management		7	58.33%	3	2
Climate change/Biodiversity		3	25.00%	1	2
Legal	10	4	33.33%	2	1
● Ethics/Compliance		5	41.66%	2	3
Governance		8	66.66%	2	2
● Knowledge of the history and culture of Maison Hermès	9	9	75.00%	2	2
Finance and audit	10	9	75.00%	3	4
● Internal control/Management control		6	50.00%	2	2
Risk management		6	50.00%	1	3
Executive of a listed company	12	3	25.00%	1	2
Executive of an unlisted company		8	66.66%	2	4
● Director of a listed company		3	25.00%	2	2
Director of an unlisted company		12	100.00%	3	5

(1) Excluding Supervisory Board members representing employees.

(2) Combines the skills and experience mastered in the sub-fields by at least one member.

### 3.4.5.3 CHANGES IN THE SUPERVISORY BOARD DURING FINANCIAL YEAR 2023

The General Meeting of 20 April 2023 renewed the terms of office as members of the Supervisory Board of Ms Dorothée Altmayer and Ms Monique Cohen, as well as Messrs. Renaud Momméja and Éric de

Seynes, for a term of three years expiring at the end of the Annual Ordinary General Meeting called in 2026 to approve the financial statements for the financial year ending 31 December 2025.

#### SUMMARY OF CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD OVER THE PAST THREE FINANCIAL YEARS

	Departures	Appointments	Renewals
<b>2021</b>			<ul style="list-style-type: none"> <li>◆ Ms Olympia Guerrand (04/05/2021)</li> <li>◆ Mr Matthieu Dumas (04/05/2021)</li> <li>◆ Mr Blaise Guerrand (04/05/2021)</li> <li>◆ Mr Alexandre Viros (04/05/2021)</li> </ul>
<b>2022</b>	<ul style="list-style-type: none"> <li>◆ Ms Pureza Cardoso (12/11/2022)</li> <li>◆ Mr Rémy Kroll (12/11/2022)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Mr Prescience Assoh (15/11/2022)</li> <li>◆ Ms Anne-Lise Muhlmeyer (15/11/2022)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Ms Estelle Brachlianoff (20/04/2022)</li> <li>◆ Ms Dominique Senequier (20/04/2022)</li> <li>◆ Ms Julie Guerrand (20/04/2022)</li> <li>◆ Mr Charles-Éric Bauer (20/04/2022)</li> </ul>
<b>2023</b>			<ul style="list-style-type: none"> <li>◆ Ms Dorothée Altmayer (20/04/2023)</li> <li>◆ Ms Monique Cohen (20/04/2023)</li> <li>◆ Mr Renaud Momméja (20/04/2023)</li> <li>◆ Mr Éric de Seynes (20/04/2023)</li> </ul>

Changes in terms of diversification (representation of women, nationality or experience) or change with respect to corporate governance

The renewal of Board members in 2021, 2022 and 2023 made it possible for:

- ◆ the proportion of independent members on the Board (1/3), the Audit and Risk Committee (60%) and the CAG-CSR Committee (2/3) to be maintained;
- ◆ the proportion of women (50%) to be maintained;
- ◆ the balance of powers within the Board to be maintained;
- ◆ the proportion of employee representative members to be maintained (2).

A summary of changes in the composition of the Board committees can be found in § 3.6.1.2.

### 3.4.5.4 CHANGES IN THE SUPERVISORY BOARD AFTER 31 DECEMBER 2023

None.

## 3.4.5.6 FUTURE CHANGES TO THE SUPERVISORY BOARD

The “Number of terms expiring” chart in § 3.4.1 indicates the number of terms of office expiring over the next three years.

## SUMMARY OF TERMS OF OFFICE

Maturity	Member concerned	Office(s) concerned	Impacted functions
2024 GM	Mr Matthieu Dumas	Board member appointed by the General Meeting	Member of the CAG-CSR Committee
	Mr Blaise Guerrand		
	Ms Olympia Guerrand		
	Mr Alexandre Viros		Member of the Audit and Risk Committee
2025 GM	Ms Dominique Senequier	Board member appointed by the General Meeting	Vice-Chairwoman of the Board Chairwoman and member of the CAG-CSR Committee
	Mr Charles-Éric Bauer		Member of the Audit and Risk Committee
	Ms Estelle Brachlianoff		Member of the Audit and Risk Committee Member of the CAG-CSR Committee
	Ms Julie Guerrand		
End 2025	Mr Prescience Assoh	Member of the Board representing employees appointed by the Group Works Council	
	Ms Anne-Lise Muhlmeyer		
2026 GM	Mr Éric de Seynes	Board member appointed by the General Meeting	Chairman of the Board
	Ms Monique Cohen		Vice-Chairwoman of the Board Chairwoman and member of the Audit and Risk Committee
	Ms Dorothee Altmayer		
	Mr Renaud Momméja		Member of the Audit and Risk Committee

## 3.4.5.6.1 Renewal of terms of office expiring in 2024

The terms of office of four members of the Supervisory Board (Ms Olympia Guerrand and Messrs Matthieu Dumas, Blaise Guerrand and Alexandre Viros) expire in 2024 and all four wish to present themselves as candidates for their own succession.

It is proposed that the General Meeting of 30 April 2024 renew their terms of office for the period of three years as set out in the Articles of Association, for the reasons set out in chapter 8 “Combined General Meeting of 30 April 2024”, § 8.2.1 “Explanatory statement to the thirteenth to sixteenth resolutions”.

## 3.4.5.6.2 Non-renewal of terms of office expiring in 2024

As indicated above, it is proposed that the General Meeting of 30 April 2024 renew all terms of office expiring in 2024.

## 3.4.5.6.3 Appointment of new members of the Supervisory Board proposed to the General Meeting of 30 April 2024

No appointment of new members of the Supervisory Board is proposed to the General Meeting of 30 April 2024.

## 3.4.6 INDEPENDENCE OF THE MEMBERS OF THE SUPERVISORY BOARD

### 3.4.6.1 DEFINITION AND INDEPENDENCE CRITERIA

Members of the Supervisory Board are independent if they have no relationship of any kind whatsoever with the Company, its group or its management that is liable to compromise the exercise of their freedom of judgement in any way (Article 2.1.5 of the rules of procedure). This independence allows for freedom of expression and judgment that contributes to the quality of the Board's debates and deliberations.

In 2009, the Supervisory Board formally adopted the following criteria for its members to be deemed independent:

- ◆ comply with the criteria set out in the Afep-Medef Code revised in December 2022 (Articles 10.5 to 10.7):

---

<b>Criterion 1:</b>	<p><i>Employee or Corporate Officer in the previous five years</i> Not to be and not to have been during the course of the previous five years:</p> <ul style="list-style-type: none"> <li>◆ an employee or Executive Corporate Officer of the Company;</li> <li>◆ an employee, Executive Corporate Officer or a director of a company consolidated by the Company;</li> <li>◆ an employee, Executive Corporate Officer or a director of the Company's parent company or a company consolidated by this parent.</li> </ul>
<b>Criterion 2:</b>	<p><i>Cross-directorships</i> Not to be an Executive Corporate Officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an Executive Corporate Officer of the Company (currently in office or having held such office during the last five years) is a director.</p>
<b>Criterion 3:</b>	<p><i>Significant business relationships</i> Not to be a customer, supplier, commercial banker, investment banker or consultant:</p> <ul style="list-style-type: none"> <li>◆ that is material to the Company or its group;</li> <li>◆ or for which the Company or its group represents a significant part of its business.</li> </ul> <p>The evaluation of the significant or non-significant relationship with the Company or its group must be debated by the Board and the quantitative and qualitative criteria that lead to the evaluation (continuity, economic dependence, exclusivity, etc.) must be explicitly stated in the corporate governance report.</p>
<b>Criterion 4:</b>	<p><i>Family ties</i> Not to be related by close family ties to a Corporate Officer.</p>
<b>Criterion 5:</b>	<p><i>Statutory Auditors</i> Not to have been a Statutory Auditor of the Company within the previous five years.</p>
<b>Criterion 6:</b>	<p><i>Term of office exceeding 12 years</i> Not to have been a Director of the Company for more than 12 years. The status of independent director is lost as soon as the 12 years is reached.</p>
<b>Criterion 7:</b>	<p><i>Status of non-Executive Corporate Officer</i> A non-Executive Corporate Officer cannot be considered as independent if he/she receives variable compensation in cash or in shares or any compensation linked to the performance of the Company or the Group.</p>
<b>Criterion 8:</b>	<p><i>Status of main shareholder</i> Directors representing main shareholders of the Company or its parent company can be considered as independent provided that they do not contribute to the control of the Company. However, beyond the threshold of 10% shareholding or voting rights, the Board, based on the report of the Appointments Committee, systematically reviews the qualification of independence, by taking into account the share ownership in the Company and the existence of a potential conflict of interest.</p>

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- ◆ comply with an additional criterion specific to Hermès International:

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<b>Criterion 9:</b>	<p><i>Status of partner or member of the Executive Management Board of the Active Partner</i> Not to be a partner or member of the Executive Management Board of Émile Hermès SAS, Active Partner.</p>
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## 3.4.6.2 SITUATION AS AT 31 DECEMBER 2023 WITH REGARD TO THE INDEPENDENCE CRITERIA SET OUT ABOVE

## 3.4.6.2.1 Independence of the Supervisory Board

The proportion of independent members on the Supervisory Board has been one-third (i.e. four out of 12 members appointed by the General Meeting) since the criteria were introduced in 2009. In accordance with the provisions of the Afep-Medef Code, revised in December 2022 (Article 10.3), employee representative members of the Board are not taken into account when calculating this proportion.

This proportion is consistent with:

- ◆ the recommendations of the Afep-Medef Code (Article 10.3) for controlled companies within the meaning of Article L. 233-3 of the French Commercial Code (*Code de commerce*);
- ◆ the Supervisory Board rules of procedure (Article 2.1.5.1).

As at 31 December 2023, the CAG-CSR Committee examined the situation of each of its members in respect of the above criteria on a case-by-case basis, and deemed four of them to be “independent”: Mses Estelle Brachlianoff, Monique Cohen, Dominique Senequier and Mr Alexandre Viros.

This analysis is carried out each year on the basis of a questionnaire sent to all Supervisory Board members (see § 3.4.7.5) in which they are asked to make a sworn statement:

- ◆ in order to categorise Board members as independent under the criteria set out above;
- ◆ to detail the business relationships with the Group during the year and to confirm that these are not likely to create a potential conflict of interest.

In particular, the Board identified no significant business relationships between its members and the Company.

The table below summarises the criteria satisfied for each member of the Supervisory Board:

Criteria	Éric de Seynes (Chairman)	Monique Cohen (Vice-Chairwoman)	Dominique Senequier (Vice-Chairwoman)	Dorothée Altmayer	Prescience Assoh (employee representative)	Charles-Éric Bauer	Estelle Brachlianoff	Matthieu Dumas	Blaise Guerrand	Julie Guerrand	Olympia Guerrand	Renaud Momméja	Anne-Lise Muhlmeyer (employee representative)	Alexandre Viros
Criterion 1		√	√				√							√
Criterion 2	√	√	√	√	√	√	√	√	√		√	√	√	√
Criterion 3	√	√	√	√	√	√	√				√	√	√	√
Criterion 4		√	√		√		√						√	√
Criterion 5	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Criterion 6		√	√	√	√		√		√		√		√	√
Criterion 7	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Criterion 8		√	√		√		√						√	√
Criterion 9		√	√		√		√						√	√
<b>INDEPENDENT</b>		√	√		N/A		√						N/A	√

√: represents an independence criterion satisfied.  
n/a: not applicable.

## 3.4.6.2.2 Independence of the CAG-CSR Committee

The proportion of independent members on the CAG-CSR Committee is two-thirds (i.e. two out of three members), including its Chairwoman.

This proportion is in line with the recommendations of the Afep-Medef Code, revised in December 2022 (Article 19.1).

## 3.4.6.2.3 Independence of the Audit and Risk Committee

The proportion of independent members on the Audit and Risk Committee is 60% (i.e. three out of five members), including its Chairwoman.

This proportion is slightly lower than the recommendation of the Afep-Medef Code revised in December 2022 (Article 17.1). The Board considered however that it enabled the Committee to function properly. In its 2014 report, the HCGE considered “that an Audit Committee with, for example, three independent members out of five remains compliant with the spirit of the Code, provided that the Chairman is an independent member”, as is the case for this Company.

### 3.4.7 SUPERVISORY BOARD ETHICS

#### 3.4.7.1 SUPERVISORY BOARD RULES OF PROCEDURE

At its meeting of 18 March 2009, the Supervisory Board adopted its rules of procedure, which set out the terms governing the structure and functioning of Hermès International's Supervisory Board and its committees, in addition to applicable legal and statutory provisions. Their purpose is to enhance the quality of the Board's work by promoting the application of good corporate governance principles and best practices, in the interests of ethics and greater effectiveness.

These rules of procedure are regularly reviewed to adapt to legal and regulatory changes and to take into account the recommendations of the French Financial Markets Authority (AMF) and revisions to the Afep-Medef Code.

The full text of the **Supervisory Board's rules of procedure** is made available at each update at <https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/>.

The main provisions of the Supervisory Board and committee rules of procedure are set out in this chapter 3.

It details in particular the ethics principles during the holding of office:

- ◆ duties: guiding principles;
- ◆ confidentiality;
- ◆ prevention of insider trading – stock market ethics – abstention obligation – reporting obligation;
- ◆ business relationships, conflicts of interest and personal statements.

#### 3.4.7.2 COMMITTEE RULES OF PROCEDURE

Committee rules of procedure are described in §3.6.2.2 for the CAG-CSR Committee and §3.6.3.2 for the Audit and Risk Committee.

The full text of the **committees' rules of procedure** is made available at each update at <https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/>.

#### 3.4.7.3 STOCK MARKET ETHICS CODE

On 1 February 2017, the Supervisory Board adopted a **Hermès Group Stock Market Ethics Code** as recommended by the AMF. Its purpose is to describe the measures put in place within the Hermès Group to prevent market abuse in Hermès International shares.

This Stock Market Ethics Code is regularly reviewed to adapt to legislative and regulatory changes and to take into account the recommendations of the French Financial Markets Authority (AMF).

A summary of the Hermès Group Stock Market Ethics Code can be found in chapter 7 “Information on the Company and its share capital”, §7.2.4.

It is made available at each update at <https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/>.

It covers the following measures:

- ◆ prevention of insider trading;
- ◆ stock market ethics;
- ◆ abstention requirement (blackout periods);
- ◆ reporting obligation.

This code is sent to all members of the Supervisory Board each time it is updated.

The members of the Supervisory Board are subject to blackout periods. They are also required to report transactions in Hermès International shares to the AMF within three trading days. The AMF General Regulation provides that the reporting obligation only applies when the total amount of transactions carried out during the calendar year is greater than €20,000.

The declarations made during 2023 are listed in chapter 7 “Information on the Company and its share capital”, §7.2.3.

They may seek the advice of the Compliance Officer prior to carrying out a transaction.

In addition, the Company has developed an e-learning training course on the prevention of market abuse, which all Supervisory Board members must follow.

## 3.4.7.4 ATTENDANCE

The Supervisory Board's rules of procedure (Article 2.2.2.1) state that Supervisory Board members undertake to participate actively in all meetings of the Board and of the specialised committees of which they are a member.

The compensation policy for members of the Supervisory Board established by the Board is described in § 3.8.1.3.

This policy includes a majority variable component proportional to attendance at meetings (see tables in § 3.5.7.1).

Barring an unforeseen obstacle or exceptional circumstances, remote participation by telecommunication means should remain exceptional but is remunerated under the same conditions.

During financial year 2023, seven meetings of the Supervisory Board, six meetings of the Audit and Risk Committee and six meetings of the CAG-CSR Committee were held, with the regular attendance of almost all members, as shown in the table below: 10 of the 14 members attended all Board meetings.

Each absence was the subject of a precise and detailed justification by the relevant Board members.

All members were physically present at the meetings in which they participated (no remote participation by videoconference).

2023	Attendance at Supervisory Board meetings	Attendance at Audit and Risk Committee meetings	Attendance at CAG-CSR Committee meetings
<b>Total number of meetings</b>	<b>7</b>	<b>6</b>	<b>6</b>
<b>Overall attendance rate</b>	<b>93.88%</b>	<b>100.00%</b>	<b>94.44%</b>
Éric de Seynes (Chairman)	100.00%	n/a	n/a
Monique Cohen (Vice-Chairwoman)	100.00%	100.00%	n/a
Dominique Senequier (Vice-Chairwoman)	57.14%	n/a	83.33%
Dorothee Altmayer	100.00%	n/a	n/a
Prescience Assoh (employee representative)	100.00%	n/a	n/a
Charles-Éric Bauer	100.00%	100.00%	n/a
Estelle Brachlianoff	85.71%	100.00%	100.00%
Matthieu Dumas	100.00%	n/a	100.00%
Blaise Guerrand	100.00%	n/a	n/a
Julie Guerrand	100.00%	n/a	n/a
Olympia Guerrand	100.00%	n/a	n/a
Renaud Momméja	85.71%	100.00%	n/a
Anne-Lise Muhlmeyer (employee representative)	85.71%	n/a	n/a
Alexandre Viros	100.00%	100.00%	n/a

Attendance calculated by establishing the ratio between the number of actual attendance or attendance using telecommunication and the number of meetings applicable to each member.

n/a: not applicable.

### 3.4.7.5 MEASURES TAKEN TO ENSURE A BALANCE OF POWERS WITHIN THE BOARD AND AVOID POTENTIAL CONFLICTS OF INTEREST

The governance of the Company is by nature dissociated (see § 3.2.3), which guarantees a strict separation of executive powers and control powers.

The Supervisory Board comprises at least one-third independent members (see § 3.4.3.2). The Audit and Risk Committee is three-fifths independent members and the CAG-CSR Committee two-thirds.

In accordance with Article 2.2.2.4 of the Supervisory Board's rules of procedure, each member of the Supervisory Board shall at all times maintain his or her independence of thought, analysis, judgment and action and shall endeavour to this end to avoid any conflicts of interest.

Each member shall inform the Supervisory Board of any conflicts of interest in which they might be involved. In the event of a potential conflict of interest, the member concerned must immediately notify the Chairman of the Supervisory Board, who then informs the CAG-CSR Committee so that, based on an analysis of the situation declared, it can form an opinion. This opinion is then submitted to the Supervisory Board and, if the Board decides to follow it, is then notified to the person concerned by the Chairman of the Board. The Board's decision is recorded in the minutes of the meeting. The Supervisory Board member concerned shall refrain from attending the discussions and from voting on the corresponding deliberation and any decisions on the matters in question.

More specifically, the member concerned shall inform the Chairman of the Supervisory Board of their intention to accept a new corporate office or any involvement in the specialised committees of a corporate body, or any new position, such that the Supervisory Board, upon the proposal of the CAG-CSR Committee, may decide on the compatibility of such an appointment with the term of office as a member of the Company's Supervisory Board.

At the end of their term of office, members of the Supervisory Board must respect a minimum period of three years before seeking and/or accepting the exercise of a term of office in a company conducting activities that compete with those of the Group and/or in a company in which the Group holds a significant investment.

Each member of the Supervisory Board must also make a sworn statement stating whether or not there is a conflict of interest, even a potential one:

- ◆ at the time of his or her appointment;
- ◆ each year when the universal registration document is being prepared.

The declaration describes all possible situations, with precise examples, inviting the members of the Board to declare all situations that could represent a potential conflict of interest.

The declaration serves as a basis to evaluate the material nature of business relationships that could affect the independence of a Supervisory Board member as required by recommendation 10.5.3 of the Afep-Medef Code revised in December 2022. The business relationship evaluation criteria are quantitative (amount of sales or revenue generated during the financial year and the percentage represented by those amounts in relation to the counterparty's total sales or revenue) and qualitative (nature of existing business relationships).

As regards the quantitative criteria, the Supervisory Board did not consider it appropriate, given the diversity of possible situations, to set a threshold below which a business relationship would be deemed immaterial. The evaluation is made on a case-by-case basis.

Mses Monique Cohen and Estelle Brachlianoff, and Mr Alexandre Viros did not declare any business relationship with the Company.

Ms Dominique Senequier declared a non-significant business relationship described in chapter 5 "Consolidated financial statements", § 5.6 (Note 13.2 [Ardian Holding]) under related-party transactions.

After examining each of these situations in early 2024, the CAG-CSR Committee concluded that none of them were of such a nature as to constitute a conflict of interest for the persons concerned and that none of the independent members of the Board had, directly or indirectly, significant business relationships with the Company or its group.

### 3.4.7.6 PLURALITY AND NUMBER OF OFFICES

The offices of members of the Supervisory Board are not taken into account when calculating the plurality of offices, Articles L. 225-21 and L. 225-77 of the French Commercial Code (*Code de commerce*) being expressly excluded from the provisions applicable to *sociétés en commandite par actions* (partnerships limited by shares).

Each member of the Supervisory Board must disclose the list of offices and positions held in any company during the last five years at the time of his or her first appointment and each year when the universal registration document is being prepared. The information disclosed, and in particular the offices held in listed companies, is detailed in the information on each individual Board member presented in § 3.4.8.

The examination of the situation of each member of the Supervisory Board and of the Executive Chairmen as regards the plurality and number of offices, showed that no member of the Supervisory Board or Executive Chairman was in a situation of concurrent holding of offices, with regard to both the legal rules and to the principles set out in Article 20.4 of the Afep-Medef Code revised in December 2022.

## 3.5 FUNCTIONING OF THE SUPERVISORY BOARD

### 3.5.3 INFORMATION AND TRAINING OF THE SUPERVISORY BOARD

#### 3.5.3.1 SUPERVISORY BOARD'S MASTER FILE

Since 2011, a “master file” has been provided to the members of the Supervisory Board. This master file has been available since 2016 on the Board's collaborative platform, Herboard (see § 3.5.3.2).

It currently contains the following sections:

- ◆ a list with contact details of the members of the Executive Committee, Supervisory Board, Statutory Auditors and the Board secretary;
- ◆ a table of the dates of terms of office;
- ◆ the Supervisory Board rules of procedure;
- ◆ the Audit and Risk Committee rules of procedure;
- ◆ the CAG-CSR Committee rules of procedure;
- ◆ the Hermès Group Stock Market Ethics Code;
- ◆ a calendar of closed periods applicable to Permanent Insiders;
- ◆ the AMF Guide to Permanent Information and Management of Inside Information (DOC 2016-08);
- ◆ regulations regarding the declaration obligations of Senior Executives and registration of shares;
- ◆ principles governing the allocation of compensation to Supervisory Board members;
- ◆ rules on the reimbursement of expenses;
- ◆ certification and summary of Corporate Officers' civil liability insurance;
- ◆ the last three registration documents/universal registration documents;
- ◆ the notice of meeting for the last General Meeting;
- ◆ a summary of the results of the last formal three-year evaluation of the Supervisory Board;
- ◆ presentations made during site visits since 2011 (see § 3.5.3.5);

- ◆ the Hermès Group code of business conduct (Hermès Group guidelines);
- ◆ anti-corruption code of conduct;
- ◆ professional whistleblowing system notice;
- ◆ ethics charter of the Hermès Group;
- ◆ presentations of Hermès International and Émile Hermès SAS;
- ◆ the annotated Articles of Association;
- ◆ the Afep-Medef Corporate Governance Code revised in December 2022.

This master file is updated on a regular basis.

#### 3.5.3.2 “HERBOARD” DIGITAL PLATFORM

Since 2016, the Supervisory Board has made use of a secure digital Board management platform hosted in France by Oodrive and customised for Hermès.

Dubbed “Herboard” at Hermès, the platform is accessible from a web browser or *via* a tablet application and can be used to:

- ◆ organise Board and committee meetings (scheduling of meetings, sending of meeting invitations, tracking of attendance);
- ◆ provide highly secure and paperless documents relating to Board and committee meetings and to the Supervisory Board's master file in real time (*via* a username, password and confirmation code sent *via* SMS);
- ◆ manage document permissions and track document use;
- ◆ circulate minutes and reports.

Following the implementation of Herboard, an iPad® was issued to Supervisory Board members who requested one.

Herboard is also available to the Statutory Auditors and the representative of the Social and Economic Committee for documents relating to Board meetings.

### 3.5.3.3 TRAINING OF MEMBERS OF THE SUPERVISORY BOARD – INDUCTION PROGRAMME

Members of the Supervisory Board receive press releases and information intended for shareholders (universal registration document, letters to shareholders) and the press review.

They are regularly informed of CSR issues (see § 3.5.6) or in terms of ethics/compliance/personal data protection (see § 3.5.5).

Each year at least two major annual themes are presented to the Board (see § 3.5.3.4) and an on-site visit is organised (see § 3.5.3.5).

Supervisory Board members can make use of the Company's Group membership of the IFA (Institut Français des Administrateurs), and thereby take advantage of all of its services and training. Ms Julie Guerrand became a certified Company director (receiving the ASC France Certificate) in 2013 and Mr Matthieu Dumas in 2015. Other Board members will likely be taking part in this company governance certification programme carried out by IFA in partnership with Sciences Po.

In 2014, the CAG-CSR Committee set up an induction and training programme for new Board members, which entails:

- ◆ presentation by the Board secretary:
  - the SCA legal form and the role of the members of the Supervisory Board,
  - confidentiality rules,
  - the Group's organisation chart,
  - the Hermès Sellier divisional organisation chart;
- ◆ minutes of the Supervisory Board for the last three financial years together with those of the current year;
- ◆ meetings with the Director of Sustainable Development, the Group Director of Human Resources, the General Counsel and all members of the Executive Committee (for external members);
- ◆ receipt of a new Supervisory Board member integration kit of legal and governance documents containing:
  - the Supervisory Board's master file (see § 3.5.3.1),
  - the IFA Director's *Vade-Mecum*;
- ◆ enrolment in an in-house "Mosaïque" immersion training session with employees (for external members);
- ◆ briefing on the Company's ownership structure and Active Partner (Émile Hermès SAS);
- ◆ IFA training (particularly for new members).

Pursuant to Article L. 225-30-2 of the French Commercial Code (*Code de commerce*), the members representing employees must follow a training programme under the conditions described in § 3.4.2.7.1.

Since 2022, all members of the Supervisory Board must take and pass an e-learning training course on the prevention of market abuse.

### 3.5.3.4 MAJOR ANNUAL THEMES

Every year, one or more detailed presentations are made by the relevant management team on a specific or general topic relating to the Group's activities.

In 2023, the Board:

- ◆ attended a presentation of the exceptional sales strategy in the face of the issues of destruction;
- ◆ attended a presentation on the roll-out of the cosmetics range.

### MAJOR THEMES IN PREVIOUS YEARS

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2011	◆ Presentation of the Group's human resources policy
2012	◆ Report on the strategy seminar ◆ Strategy to combat counterfeiting and prevent the risk of brand democratisation
2013	◆ Customer survey carried out using CRM (customer relationship management) ◆ Market abuse training
2014	◆ Update on the vertical integration of the métiers following recent acquisitions
2015	◆ The strategy of a growth driver: shoes ◆ Subcontractors in women's ready-to-wear ◆ Leather subcontractors
2016	◆ Presentation of the Group's digital strategy ◆ Presentation on shareholding, institutional investors ◆ Customer service and price trends by geographical area ◆ Communication and media
2017	◆ La Montre Hermès ◆ Real estate strategy
2018	◆ Group disability agreement and discussion on well-being at work ◆ Presentation of sustainable development and CSR issues
2019	◆ Feedback from the first year of the new e-commerce site ◆ Internal communication objectives and actions ◆ Hermès Parfums new product development strategy
2020	◆ Presentation on the measures implemented to protect employees and customers of the Group's stores in the context of Covid-19 ◆ Presentation of investment projects ◆ Cybersecurity within the Group
2021	◆ IT strategy within the Group ◆ HR strategy
2022	◆ Analysis of customer behaviour and the customer experience ◆ Digital communication policy
2023	◆ Exceptional sales strategy facing the issues of destruction ◆ Roll-out of the cosmetics range

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### 3.5.3.5 SITE VISITS

Since 2011, the Board has devoted one of its meetings to a site visit to improve its knowledge of one of the Group's subsidiaries or to gain a concrete understanding of an area of the Group's activity.

These site visits are an opportunity for Board members to meet and discuss with the Group's Senior Executives and employees.

In 2023, the Board visited the Textile division production site in Pierre-Bénite, where it was able to benefit from:

- ◆ a presentation of the activity and results of the Textile division (see chapter 1 "Presentation of the Group and its results", § 1.6.7.4);
- ◆ a presentation of the Passerelles project;
- ◆ a visit to the new Ateliers A.S. printing workshops and the office building housing the support services and development department teams.

### SITE VISITS IN PREVIOUS YEARS

2011	◆ Leather goods and silk printing site at Pierre-Bénite
2012	◆ Cristallerie Saint-Louis
2013	◆ Puiforcat workshops and archives then Cité des Métiers Hermès in Pantin
2014	◆ Tannerie Gordon Choisy in Montereau ◆ Podiums (Buyer days)
2015	◆ Maroquinerie Iséroise in Les Abrets ◆ SIEGL in Le Grand-Lemps (wide-web cashmere printing site)
2016	◆ Hermès Parfums in Vaudreuil ◆ Maroquinerie de Normandie site
2017	◆ John Lobb in Northampton
2018	◆ John Lobb (bespoke workshops) in Mogador ◆ Finishing workshops from Irigny to Pierre-Bénite ◆ Ateliers de Tissages de Bussières et de Challes in Bussières
2019	◆ Logistics in Bobigny
2020	◆ Hermès Horizons in Pantin ◆ Conservatoire des Créations Hermès in Pantin
2021	◆ Compagnie des Arts de la Table et de l'Émail in Nontron
2022	◆ Hermès Of Paris (American subsidiary) in New York
2023	◆ Passerelles site in Pierre-Bénite

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### 3.5.4 MAIN DUTIES OF THE SUPERVISORY BOARD AND WORK CARRIED OUT IN 2023

The purpose and nature of the main duties and work carried out by the Supervisory Board in 2023 were as follows:

Purpose	Main duties and work carried out in 2023 <sup>1</sup>
<b>Group activity and finance</b>	<ul style="list-style-type: none"> <li>◆ be updated on the Group's activities by the Executive Management at each meeting;</li> <li>◆ be given a presentation by the Executive Management on the annual and half-year consolidated financial statements and parent company financial statements and related draft financial press releases;</li> <li>◆ be informed about the Company's financial position, cash position and commitments;</li> <li>◆ be informed of the Statutory Auditors' conclusions relating to the annual and half-year consolidated financial statements;</li> <li>◆ review the budget for each financial year;</li> <li>◆ review documents on forecasting and planning;</li> <li>◆ review the situation of certain affiliates;</li> <li>◆ formally note proposals for Group acquisitions, disposals and equity investments;</li> <li>◆ formally note investment proposals;</li> <li>◆ examine and/or approve the reports and work of the Audit and Risk Committee described in § 3.6.3.4;</li> <li>◆ regularly review, <i>via</i> the Audit and Risk Committee, the opportunities and risks, such as financial, legal, operational, social and environmental risks, as well as the measures taken accordingly;</li> <li>● be informed of changes in the composition of the Executive Committee [<i>n/a in 2023</i>];</li> <li>● be informed of changes made by the Executive Management to the list of banks, the list of bank signatories and the prudential rules;</li> <li>◆ attend a presentation on the stock market performance of Hermès International shares.</li> </ul>
<b>General Meeting of 20 April 2023</b>	<ul style="list-style-type: none"> <li>◆ be informed of the Executive Management's decision to pay an interim dividend;</li> <li>◆ decide the proposed allocation of net income to be submitted to the General Meeting;</li> <li>◆ prepare the Supervisory Board's corporate governance report;</li> <li>◆ prepare the Supervisory Board's report to the General Meeting;</li> <li>◆ approve the explanatory statements and the resolutions put to the General Meeting and acquaint itself with the reports drawn up by the Executive Management.</li> </ul>
<b>Appointments</b>	<ul style="list-style-type: none"> <li>● decide how new independent members would be recruited and how the target profile would be defined [<i>n/a in 2023</i>];</li> <li>◆ approve the proposals of reappointment or replacement of members of the Supervisory Board to be considered at the General Meeting;</li> <li>● decide on the renewal of the duties of the Chairman and Vice-Chairmen after the General Meeting;</li> <li>◆ decide on the renewal of the composition of the Audit and Risk Committee and the CAG-CSR Committee.</li> </ul>

(1) List not exhaustive.

◆ Annual topics ● Occasional or multi-year topics.

Purpose	Main duties and work carried out in 2023 <sup>1</sup>
<b>Governance</b>	<ul style="list-style-type: none"> <li>◆ keep itself informed at each meeting of all transactions carried out by the Executive Chairmen pursuant to the AMF's position-recommendation set out in DOC-2016-08 "Guide to Permanent Information and Management of Inside Information";</li> <li>◆ examine and/or approve the reports and work of the CAG-CSR Committee described in § 3.6.2.4 and be informed of governance news (AMF reports, Afep-Medef reports, HCGE report and application guide, IFA studies, etc.);</li> <li>◆ annually review the individual situation of the members of the Supervisory Board with regard to independence, plurality of offices, potential conflicts of interest and compliance with the threshold of 100 shares;</li> <li>● approve the revised rules of procedure of the Supervisory Board, the CAG-CSR Committee and the Audit and Risk Committee [<i>n/a in 2023</i>];</li> <li>◆ review the annual report of the Chairman of the Supervisory Board on his duties with regard to shareholder dialogue;</li> <li>◆ take note of the succession plans in place for Senior Executives and issue an assessment of the quality and appropriateness of these plans;</li> <li>◆ take note of the gender equality objectives set by the Executive Management, as well as its implementation methods and the results obtained;</li> <li>● approve or refuse the acceptance by an Executive Chairman of any new office in a listed company [<i>n/a in 2023</i>];</li> <li>◆ ensure that the Executive Corporate Officers implemented a policy of non-discrimination and diversity, notably with regard to the balanced representation of men and women on Governing bodies;</li> <li>◆ decide on the diversity policy applied to the Supervisory Board (representation of women and men, nationalities, ages, qualifications and professional experience, etc.);</li> <li>◆ conduct a periodic self-assessment of its operation (see § 3.7);</li> <li>◆ set the amount of preparation time allocated to the members of the Supervisory Board representing employees to carry out their duties (minimum 15 hours per Board meeting);</li> <li>◆ determine the content of the training program to be followed by the employee representative members of the Supervisory Board (see § 3.4.2.7.1);</li> </ul>
<b>CSR/HR</b> (see § 3.5.6)	<ul style="list-style-type: none"> <li>◆ be informed through the CAG-CSR Committee of the main challenges facing the Company in the area of corporate social responsibility and non-financial performance;</li> <li>◆ be informed through the CAG-CSR Committee of the main HR issues facing the Company;</li> <li>◆ assess, through the CAG-CSR Committee, the level of achievement of the CSR criterion attached to the compensation of the Executive Chairmen (see § 3.8.2.1.2).</li> </ul>
<b>Compensation</b>	<ul style="list-style-type: none"> <li>◆ establish the compensation policy applicable to members of the Supervisory Board;</li> <li>◆ issue an advisory opinion on the compensation policy for Executive Chairmen established by the Active Partner;</li> <li>◆ set the allocation and payment of compensation of members of the Board and committees;</li> <li>● be informed of the adoption of free share allocation plans by the Executive Management;</li> <li>● be informed of the payment of additional profit-sharing decided by the Executive Management [<i>n/a in 2023</i>];</li> <li>● be informed of the general increase in the gross monthly compensation of all employees in France.</li> </ul>
<b>Ethics and compliance</b> <b>Personal data protection</b> (see § 3.5.5)	<ul style="list-style-type: none"> <li>◆ regularly review, through the Audit and Risk Committee, the anti-corruption system;</li> <li>◆ ensure, through the Audit and Risk Committee, the implementation of a system for the prevention and detection of corruption and influence-peddling and be regularly informed of the Group's situation;</li> <li>◆ be informed, through the Audit and Risk Committee, of the personal data protection system put in place within the Group and its compliance with the GDPR regulation (European regulation of 27 April 2016 no. 2016/679).</li> </ul>
<b>Recommendations, authorisations and other items</b>	<ul style="list-style-type: none"> <li>◆ authorise and declassify, where applicable, related-party agreements and carry out an annual review of those whose effect persisted over time (see the Supervisory Board's report to the General Meeting in chapter 8 "Combined General Meeting of 20 April 2023", § 8.3);</li> <li>◆ take note of the annual report of the Current Agreements Committee (see § 3.9.1.3);</li> <li>◆ discuss the Company's policy with regard to gender equality and equal pay;</li> <li>◆ authorise the Executive Management to grant sureties, endorsements and guarantees to commitments by the companies controlled without limit of amount and time and be informed annually by the Executive Management of the guarantees granted;</li> <li>◆ conduct an annual review of all sureties, endorsements and guarantees granted that are still in force;</li> <li>◆ take note of the opinion of the Social and Economic Committee on the strategic orientations of the Company, on which the Executive Management is required to formulate a reasoned response;</li> <li>● take note of the update of the Hermès Group Stock Market Ethics Code;</li> <li>◆ remind the relevant persons of the responsibility inherent in holding inside information and take note of the blackout periods applicable to Permanent Insiders;</li> <li>● approve the amendment of certain articles of the Articles of Association of Émile Hermès SAS, Active Partner [<i>n/a in 2023</i>];</li> <li>● approve the renewal of the Fondation d'entreprise Hermès.</li> </ul>
<b>Major annual themes – site visits</b> (see § 3.5.3.4 and § 3.5.3.5)	<ul style="list-style-type: none"> <li>◆ attend several detailed presentations in the year on a specific or general topic relating to the Group's activity;</li> <li>◆ devote one of its meetings to a site visit to improve its knowledge of one of the Group's subsidiaries or to gain a concrete understanding of an area of the Group's activity.</li> </ul>

(1) List not exhaustive.

◆ Annual topics ● Occasional or multi-year topics.



### 3.5.5 ETHICS AND COMPLIANCE – PERSONAL DATA PROTECTION

The systems implemented in the Group are described in chapter 2 “Corporate social responsibility and non-financial performance”, §2.8.

#### 3.5.5.1 ETHICS AND COMPLIANCE – ROLE AND TRAINING OF THE BOARD AND COMMITTEES

Ethics and compliance issues as well as the related programmes have been shared regularly with the Supervisory Board since 2015. It is regularly informed about the ethics and compliance programmes and on the progress of the corruption prevention plan within the Group in compliance with law no. 2016-1691 of 9 December 2016, known as “Sapin II”.

Since 11 September 2018, the Supervisory Board’s rules of procedure have included duties relating to the system for the prevention and detection of corruption and influence-peddling (Article 1.1.3.2), following the revision of the Afep-Medef Code in June 2018.

As a result, on 16 November 2018, the Audit Committee was assigned a new duty relating to the prevention of corruption: “ensure the implementation of a system for the prevention and detection of corruption and influence-peddling”. On 19 March 2019, it was accordingly renamed the “Audit and Risk Committee”.

Since 2021, the Supervisory Board has delegated the regular review of the anti-corruption system to the Audit and Risk Committee.

In 2023, the Chief Compliance Officer presented the vigilance plan to the Audit and Risk Committee (see § 3.6.3.4).

In 2024, a presentation is planned to the Audit and Risk Committee of the measures implemented to strengthen all the key processes deployed within the Group, including those relating to the assessment of third parties and the H-Alert! whistleblowing system (see § 2.8.4)

#### 3.5.5.2 PERSONAL DATA PROTECTION – ROLE AND TRAINING OF THE BOARD AND COMMITTEES

A presentation to the Supervisory Board on the personal data protection system, in accordance with the GDPR (EU Regulation no. 2016/679 of 27 April 2016), implemented in the Group, was made in 2019.

In 2023, the Data Protection Officer presented to the Audit and Risk Committee:

- ◆ the latest developments in terms of personal data, and in particular, international data transfers;
- ◆ an update on the follow-up to the data protection audit carried out in 2022.

A presentation to the Audit and Risk Committee on the progress of the action plan presented in 2022 is scheduled for 2024.

### 3.5.6 CORPORATE SOCIAL RESPONSIBILITY (CSR)

The governance bodies’ responsibilities in terms of CSR are described in chapter 2 “Corporate social responsibility and non-financial performance”, § 2.1.6.

#### 3.5.6.1 ROLE AND TRAINING OF THE SUPERVISORY BOARD

##### 3.5.6.1.1 Role of the Board in terms of CSR

The duties of the Supervisory Board in terms of CSR are as follows (Article 1.1.3.2 of the rules of procedure):

- ◆ the Board is informed, in particular through the CAG-CSR Committee, of the main issues faced by the Company in the area of corporate social responsibility and non-financial performance;
- ◆ the Board regularly reviews, *via* the Audit and Risk Committee, the social and environmental opportunities and risks, as well as the measures taken as a result.

A presentation of CSR challenges has been made to the Board regularly since 2015.

As part of its management control role, the multi-year strategic guidelines in terms of CSR and their implementation methods were presented to the Supervisory Board.

The results obtained are presented each year to the CAG-CSR Committee, which reports to the Supervisory Board.

##### 3.5.6.1.2 CSR training for Board members

A comprehensive training program has been set up for Supervisory Board members on environmental and climate issues.

In 2024, the model for the annual declaration of the members of the Supervisory Board was completed to enable each member to confirm the CSR training courses actually attended.

##### **Practical training**

During visits to production sites (see 3.5.3.5), members of the Board receive a presentation on the CSR issues of the site concerned.

**IFA training**

All members of the Supervisory Board have access to training provided by the Institut français des administrateurs.

Education	Learning objectives	Number of members who completed the training as at 31/12/2023
The Board and CSR (1 day)	<ul style="list-style-type: none"> <li>◆ understand the issues and themes covered by CSR;</li> <li>◆ become familiar with the current and future legislative and regulatory framework;</li> <li>◆ identify the role and expectations of stakeholders;</li> <li>◆ assess the impact of these issues on the directors' responsibilities and due diligence;</li> <li>◆ contribute to the optimal mobilisation of the Board on CSR issues and dialogue with the executive team.</li> </ul>	3

**E-learning modules**

Since 2023, all members of the Supervisory Board have access to internal e-learning training modules and are encouraged to participate in them:

Modules	Learning objectives	Number of members who validated the module as at 31/12/2023
Climate change (20 minutes)	◆ understand the mechanisms of climate change, the associated issues, risks and consequences, as well as the House's strategy and its objectives in this area.	7
Animal welfare (15 minutes)	◆ understand what animal welfare is, what the associated issues are and what the House's strategy is, as well as the objectives sought.	7
Biodiversity (15 minutes)	◆ understand what biodiversity is, what the associated issues are and what the House's strategy is, as well as the objectives sought.	7
Fundamentals of sustainable development (30 minutes)	◆ understand what sustainable development is, how Hermès' strategy is organised and, as an employee, how everyone can contribute whatever their job.	7

**WWF conferences**

Since 2023, all members of the Supervisory Board have been invited to participate in presentations organized jointly by WWF France and the sustainable development department.

In 2023, the talks proposed covered the following topics:

Modules	Learning objectives	Number of members who attended or viewed the talk as at 31/12/2023
Biodiversity and COP 15 (120 minutes) 5 January 2023	<ul style="list-style-type: none"> <li>◆ presentation by WWF of the conclusions of their latest "Living Planet" report on the state of biodiversity and the decisions of the COP 15 biodiversity conference in Montreal;</li> <li>◆ link with the Group's direct activities or within supply chains.</li> </ul>	11
Water (90 minutes) 28 June 2023	<ul style="list-style-type: none"> <li>◆ overview by WWF on the issues facing water and sharing of water, around the world and in France;</li> <li>◆ the Group's ambition and operational successes in this area.</li> </ul>	11
Sustainable forest, non-deforestation & restoration (90 minutes) 20 September 2023	<ul style="list-style-type: none"> <li>◆ definition by WWF of the concepts of imported deforestation and sustainably managed forests, as well as their application in companies, with a section on restoration and offsetting;</li> <li>◆ the Group's ambition and operational successes in this area.</li> </ul>	11
Climate change and UN Climate COP (90 minutes) 12 December 2023	<ul style="list-style-type: none"> <li>◆ presentation by WWF France's climate and advocacy experts of the negotiations and the latest progress made at COP 28 held in Dubai;</li> <li>◆ the Group's climate ambition and operational successes in this area.</li> </ul>	11

The video recording and presentation of each talk are made available in Herboard.

**Multi-year CSR training programme**

A multi-year training programme (2023-2026) on environmental and climate issues was created in 2023 in collaboration with PWC. This programme is structured according to future European ESRS reporting standards to address essential topics, from the environment to ethics.

In 2023, the training offered focused on the following topics:

Modules	Learning objectives	Number of members who attended or viewed the session
Session1 (60 minutes) 15 June 2023	◆ kick-off session: major political, geopolitical, regulatory and economic developments to date on the subject, presentation of major strategic regulations.	12
Session 2 (60 minutes) 23 November 2023	<ul style="list-style-type: none"> <li>◆ ESRS 1 and 2: general principles of CSRD/strategy/double materiality analysis: How a company should structure its CSR training in terms of strategy and governance. What is expected?</li> <li>◆ taxonomy (Part 1).</li> </ul>	12

The video recording and presentation of each session are available in Herboard.

### 3.5.6.2 ROLES OF THE COMMITTEES IN TERMS OF CSR

Preparatory work on topics related to CSR is carried out by the Supervisory Board's specialised committees.

#### CAG-CSR Committee

The duties of the CAG-CSR Committee in terms of CSR are as follows:

- ◆ assist the Supervisory Board in monitoring matters relating to CSR in order that the Hermès Group better anticipate associated opportunities, challenges and risks;
- ◆ assist the Supervisory Board in monitoring the Hermès Group's social policy and the policy of non-discrimination and diversity;
- ◆ annually assess the achievement of the three indices making up the CSR criterion of the variable compensation of the Executive Chairmen (see § 3.8.1.2.4 and § 3.8.2.1.2).

The topics addressed in 2023 concerned:

- ◆ the assessment of the CSR criterion on which the variable compensation of the Executive Chairmen for 2022 was based;
- ◆ the external evaluation;
- ◆ the guidelines for the 2023 financial year;
- ◆ the presentation of CSR risks;
- ◆ the presentation of the new features of the NFPS in the universal registration document;
- ◆ the presentation of the main achievements in the 2022 financial year compared to the objectives set and in particular:
  - environmental issues,
  - climate policy,
  - the compensation policy,
  - biodiversity;
- ◆ the presentation of the Company's social model and policy with regard to gender equality and equal pay;
- ◆ the presentation of the "Human Resources" outlook and issues for the coming years.

#### Audit and Risk Committee

Executive Management is responsible for setting up the information and governance systems that enable the preparation of non-financial information.

A scoping study was conducted in 2023 with the following objectives:

- ◆ define and structure non-financial information and indicators;
- ◆ measure and monitor the achievements against the Group's objectives;
- ◆ ensure the relevance and integrity of the CSR information provided to the Supervisory Board, in particular on the basis of the report of the independent third party (see chapter 2 "Corporate social responsibility and non-financial performance", § 2.10);
- ◆ ensure consistency between non-financial and financial information.

The conclusions of this study may be presented to the Audit and Risk Committee in 2024.

3

#### Joint meeting of the CAG-CSR Committee and the Audit and Risk Committee

Since 2021, a joint meeting has been organised between the CAG-CSR Committee and the Audit and Risk Committee dedicated to the presentation of CSR risk exposure. This joint meeting is held every year. This practice makes it possible to comply with the recommendations of the Afep-Medef Code, updated in December 2022 (Article 16).

#### Duties in terms of sustainability

European Directive No. 2022/2464 of 14 December 2022 on the publication of information on sustainability by companies (Corporate Sustainability Reporting Directive or "CSRD") introduced the requirement to provide detailed information on sustainability issues. It was transposed into national law by Order No. 2023-1142 of 6 December 2023 on the publication and certification of information on sustainability and the environmental, social and corporate governance obligations of commercial companies.

Article L. 821-67 of the French Commercial Code (*Code de commerce*) resulting from this transposition provides that the current prerogatives and duties of the Audit and Risk Committee relating to the duty of certifying the financial statements are extended to the duty of certifying information in terms of sustainability. However, it specifies that these prerogatives and duties may be exercised by a separate committee.

These duties will mainly consist of:

- ◆ monitoring the process of preparing information on sustainability and, where appropriate, making recommendations to ensure its integrity;
- ◆ monitoring the process implemented to determine the disclosures to be made in accordance with sustainability reporting standards;
- ◆ monitoring the effectiveness of the internal control and risk management systems, as well as, where applicable, the internal audit, with regard to the procedures relating to the preparation and processing of sustainability information;
- ◆ issuing a recommendation to the Supervisory Board on the Statutory Auditors certifying the sustainability information or the independent third party proposed for appointment by the General Meeting;
- ◆ monitoring the performance of sustainability information certification assignments;
- ◆ ensuring compliance with the independence conditions required for stakeholders to carry out sustainability information certification assignments;
- ◆ regularly reporting to the Supervisory Board on the results of sustainability information certification assignments.

They may, if necessary, be adapted to take into account the specificities of the *société en commandite par actions* (partnership limited by shares) and the distribution of powers between the Executive Management and the Supervisory Board.

In 2024, the Supervisory Board will reflect on the specialised committee to which these duties will be entrusted under the collective and exclusive responsibility of the Supervisory Board.

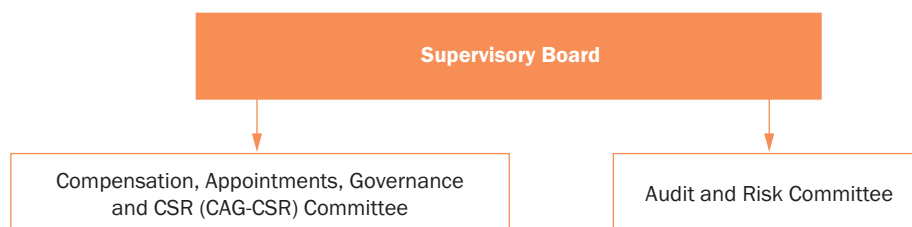
### 3.5.6.3 CSR PRESENTATION TO THE GENERAL MEETING

In accordance with the provisions of the Afep-Medef Code (Article 5.4), the climate strategy – which is aligned with a trajectory of less than 1.5°C – validated by the Science Based Targets (SBTi) initiative, and the main CSR actions are presented each year to the General Meeting.

The items presented to the 2023 General Meeting are available on the Hermès Finance website (<https://finance.hermes.com/>), section “General Meetings”.

## 3.6 SPECIALISED COMMITTEES

### 3.6.1 APPLICABLE PRINCIPLES



Since 2005, the Supervisory Board has relied on the work of two permanent specialised committees:

- ◆ the Audit Committee (26 January 2005), set up in application of Article L. 823-19 of the French Commercial Code (*Code de commerce*), whose remit was subsequently extended by the Board and which was renamed the Audit and Risk Committee (19 March 2019);
- ◆ the Compensation Committee (26 January 2005), which was subsequently assigned new duties and responsibilities by the Board and renamed the Compensation and Appointments (18 March 2009), Governance (20 January 2010) and CSR (16 November 2018) Committee or the “CAG-CSR Committee”.

These committees act under the collective and exclusive responsibility of the Supervisory Board. Their role is to discuss, analyse and prepare for certain deliberations of the Board, to which they submit their opinions, proposals or recommendations. Their powers do not reduce or limit the powers of the Board and the opinions, proposals or recommendations made are in no way binding on the Board.

The members of the committees do not incur any legal responsibilities in respect of their duties other than those of members of the Supervisory Board.

The Company’s CAG-CSR Committee is not tasked with setting the compensation of the Executive Chairmen, a task governed by the provisions of the Articles of Association and which falls within the remit of the Active Partner and not the Supervisory Board. It was therefore not relevant to create separate Compensation and Appointments Committees.

The Supervisory Board decides on the composition of the specialised committees, taking into account the skills of the Board members in the areas in question and their availability, as well as the legal requirements (Article L. 823-19 of the French Commercial Code (*Code de commerce*)) and the recommendations of the Afep-Medef Code updated in December 2022 (see § 3.1.2).

#### 3.6.1.1 COMMITTEE MEMBER SKILLS REQUIRED

The skills of the members of a committee must correspond to the missions entrusted to this committee (see § 3.6.2.4 and § 3.6.3.4).

The current composition of each committee is in line with this objective.

The skills and experience matrix presented in § 3.4.5.2 lists the skills of the members of each committee.

#### 3.6.1.2 CHANGES IN THE COMPOSITION OF THE COMMITTEES OVER THE FINANCIAL YEAR

The Supervisory Board meeting of 20 April 2023:

- ◆ reappointed as members of the Audit and Risk Committee Mses Monique Cohen (Chairwoman) and Estelle Brachlianoff and Messrs Charles-Éric Bauer, Renaud Momméja and Alexandre Viros;
- ◆ reappointed as members of the CAG-CSR Committee Mses Dominique Senequier (Chairwoman) and Estelle Brachlianoff and Mr Matthieu Dumas.

#### SUMMARY OF CHANGES IN 2023

	Departures	Appointments	Renewals
Audit and Risk Committee			Ms Monique Cohen, Chairwoman (20/04/2023) Ms Estelle Brachlianoff (20/04/2023) Mr Charles-Éric Bauer (20/04/2023) Mr Renaud Momméja (20/04/2023) Mr Alexandre Viros (20/04/2023)
CAG-CSR Committee			Ms Dominique Senequier, Chairwoman (20/04/2023) Ms Estelle Brachlianoff (20/04/2023) Mr Matthieu Dumas (20/04/2023)

### 3.6.1.3 FUTURE CHANGES TO COMMITTEES

The terms as members of the Supervisory Board of Messrs Matthieu Dumas and Alexandre Viros expire in 2024.

No changes are currently planned in the composition of the committees, subject to the renewal of their terms as members of the Supervisory Board by the General Meeting of 30 April 2024.

## 3.6.2 CAG-CSR COMMITTEE

### 3.6.2.1 COMPOSITION AS AT 31 DECEMBER 2023

Its rules of procedure provide that the CAG-CSR Committee is composed of at least three members of the Supervisory Board with expertise in or carrying out professional activities in the areas in which the Committee performs its duties.

At least half of its members must, at the time of their appointment and for the entire term of their office, be qualified as independent under the Supervisory Board's rules of procedure. This is currently the case.


The CAG-CSR Committee does not include any Executive Corporate Officers.

The main areas of expertise and experience, and the key skills of the members of the CAG-CSR Committee are presented in the information concerning them (see § 3.4.8).

It is chaired by Ms Dominique Senequier, Vice-Chairwoman of the Board, who is independent.

Changes in the composition of the CAG-CSR Committee are presented in § 3.6.1.2.

As at 31 December 2023, the CAG-CSR Committee was composed of the following three members, including two women and one man:

2023 data	Personal details	Independence	Date of appointment	Expiry of term of office on the Board on the Committee <sup>1</sup>	Length of service on the Committee <sup>1</sup>	Attendance
<b>3</b> MEMBERS	 <b>Dominique Senequier</b> (F) (Chairwoman) <b>Nationality: French</b> 70 years old <sup>1</sup> – 21/08/1953	√	04/06/2013	2025 GM	10 years	<b>83.33%</b>
<b>6</b> MEETINGS	<b>Estelle Brachlianoff</b> (F) <b>Nationality: French</b> 51 years old <sup>1</sup> – 26/07/1972	√	04/06/2019	2025 GM	4 years	<b>100.00%</b>
<b>67%</b> INDEPENDENT	<b>Matthieu Dumas</b> (M) <b>Nationality: French</b> 51 years old <sup>1</sup> – 06/12/1972		03/06/2008	2024 GM	15 years	<b>100.00%</b>
<b>67%</b> WOMEN						
<b>AVERAGE ATTENDANCE</b>						<b>94.44%<sup>2</sup></b>

(1) The ages and length of service indicated are determined in number of full years as at 31 December 2023.

(2) This figure reflects the average attendance of the members of the CAG-CSR Committee in office as at 31 December 2023, and does not take into account members who left the Committee during the year, where applicable.

### 3.6.2.2 RULES OF PROCEDURE

On 24 March 2010, the Supervisory Board adopted rules of procedure which specify the rules governing the composition, powers and operating procedures of the CAG-CSR Committee.

These rules of procedure are regularly reviewed to adapt to legal and regulatory changes and to take into account the recommendations of the French Financial Markets Authority (AMF) and revisions to the Afep-Medef Code.

The full text of the CAG-CSR Committee's rules of procedure is made available at each update at <https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/>.

The main provisions of the CAG-CSR Committee's rules of procedure are set out in chapter 3 of the universal registration document.

### 3.6.2.3 OPERATION

The operation of the CAG-CSR Committee complies with the principles applicable to Board committees (see § 3.6.1).

The Chairman of the Supervisory Board can be invited to certain CAG-CSR Committee meetings in order to hear his or her opinion in matters of appointments or governance, which was not the case in 2023.

As part of its responsibilities in terms of social and environmental responsibility, a meeting dedicated to the presentation of exposure to CSR risks has been held every year since 2021 with the Audit and Risk Committee. The purpose of this joint meeting is to strengthen coordination and sharing between the two committees on this related subject.

Before each CAG-CSR Committee meeting, Committee members are sent, in good time, with reasonable lead time and subject to confidentiality requirements, a file containing documentation on items on the agenda requiring prior analysis and review.

The Executive Vice-President Corporate Development and Social Affairs, and the Group Director of Human Resources, systematically participate in the meetings of the CAG-CSR Committee. The Group Director of Sustainable Development participates at least twice a year for subjects relating to CSR.

The secretarial duties of CAG-CSR Committee meetings are provided by the Director of Corporate Law and Stock Exchange Regulations and Compliance Officer, and secretary of the Supervisory Board, under the responsibility of the Chairwoman, or by a member of the CAG-CSR Committee appointed as rapporteur by the Chairwoman.

At the first Supervisory Board meeting following a meeting of the CAG-CSR Committee, the Chairwoman gives an oral report on the Committee's work to the members of the Board, a summary of which is then included in the minutes of the Board meeting.

The CAG-CSR Committee uses the Herboard secure digital platform (see § 3.5.3.2).

Minutes of CAG-CSR Committee meetings are drawn up at the end of each meeting and sent to all members of the Committee, who are invited to comment. Any observations are discussed at the next Committee meeting, which approves the final text of the minutes of the previous meeting.

The CAG-CSR Committee uses a dashboard to plan and prepare its work in a balanced way over the year.

## 3.6.2.4 MAIN DUTIES AND WORK CARRIED OUT IN 2023

Without prejudice to the powers of the Supervisory Board, which it does not replace, the main duties of the CAG-CSR Committee and the work carried out in 2023 are as follows:

Purpose of duties	Main duties of the Committee and work carried out in 2023 <sup>1</sup>
<b>General</b>	<ul style="list-style-type: none"> <li>◆ conduct a periodic self-assessment of its operation;</li> <li>◆ approve the revision of the CAG-CSR Committee rules of procedure [n/a in 2023].</li> </ul>
<b>Compensation</b>	<p data-bbox="411 442 1023 470"><u>Compensation of the Executive Chairmen and the Supervisory Board</u></p> <ul style="list-style-type: none"> <li>◆ assess the achievement of the indices making up the CSR criterion of the variable compensation of the Executive Chairmen (see § 3.8.2.1.2);</li> <li>◆ check the compliance of the actual compensation of the Executive Chairmen with the Articles of Association and the compensation policy established by the Active Partner;</li> <li>◆ make any proposals on the compensation policy for members of the Supervisory Board and committees;</li> <li>◆ check the compliance of the planned distribution of the compensation of the members of the Supervisory Board with the compensation policy;</li> <li>◆ assist the Supervisory Board in determining the conditions and performance criteria to be applied to awarding options to subscribe for or purchase shares, performance-based shares and/or supplemental pensions to the Executive Chairmen [n/a in 2023];</li> <li>◆ review the explanatory statements to the resolutions of the General Meeting on Senior Executive compensation (Say on Pay).</li> </ul> <p data-bbox="411 783 1051 810"><u>Compensation of the Group Executive Committee and Senior Executives</u></p> <ul style="list-style-type: none"> <li>◆ be consulted and prepare the recommendations of the Supervisory Board to the Executive Management on the terms of compensation (fixed compensation for 2023, actual bonus for 2022 and target bonus for 2023) of the members of the Executive Committee;</li> <li>◆ approve the compensation arrangements (fixed compensation for 2023, actual bonus for 2022 and target bonus for 2023) of the Executive Corporate Officers of the French subsidiaries paid for their office;</li> <li>● review proposals for plans to award options to subscribe for or purchase shares and grant free share awards to Senior Executives to enable the Supervisory Board to determine the aggregate or individual number of options or shares allotted and the terms and conditions of allotment.</li> </ul> <p data-bbox="411 1017 660 1044"><u>Group compensation policy</u></p> <ul style="list-style-type: none"> <li>◆ review proposals for plans to award options to subscribe for or purchase shares and grant free share awards to employees and draw up recommendations thereon to Executive Management;</li> <li>◆ examine the achievement of the performance conditions and its consequences on the number of free shares actually awarded to beneficiaries;</li> <li>◆ carry out specific tasks entrusted to it by the management or supervisory bodies of the Hermès Group's main French subsidiaries [n/a in 2023];</li> <li>◆ be informed of the Company's policy with regard to gender equality and equal pay.</li> </ul>
<b>Appointments</b>	<ul style="list-style-type: none"> <li>◆ organise a selection procedure in conjunction with the Executive Chairmen for future independent members of the Board and carry out its own research on potential candidates [n/a in 2023];</li> <li>◆ prepare the Board's proposals to the Active Partner concerning the composition of the Supervisory Board after having examined all the elements that it must take into account in its deliberation: desired balance in the composition of the Board in relation to the diversity policy applied within the Supervisory Board, the composition and changes in the Company's shareholding structure, search for and assessment of potential candidates, opportunity for reappointments;</li> <li>◆ set up and participate in the induction and training programme for new members of the Supervisory Board [n/a in 2023];</li> <li>◆ ensure the existence of a talent succession plan, which covers the members of the Executive Committee and the Operations Committee;</li> <li>◆ ensure the existence of a succession plan for the Executive Chairmen and the Chairman of the Supervisory Board and conduct an annual review.</li> </ul>

(1) List not exhaustive.

◆ Annual topics ● Occasional or multi-year topics.



Purpose of duties	Main duties of the Committee and work carried out in 2023 <sup>1</sup>
Governance	<ul style="list-style-type: none"> <li>◆ propose regular updates to the governance rules taking into account the recommendations issued by the Afep-Medef Code, the application guide of the High Committee on Corporate Governance (HCGE) and the French Financial Markets Authority (AMF) in its annual report on corporate governance and Senior Executive compensation;</li> <li>◆ periodically verify the situation of the members of the Supervisory Board with regard to the independence criteria set by the rules of procedure, the number of directorships, potential conflicts of interest and compliance with the requirement to hold a minimum of 100 shares;</li> <li>◆ review the composition of the specialised committees;</li> <li>◆ determine at least annually the members of the Audit and Risk Committee with specific expertise in finance or accounting and risk management;</li> <li>◆ oversee the annual debate and evaluation of Supervisory Board practices;</li> <li>◆ manage the formal three-year assessment of the Supervisory Board: use or not of an external consultant, assessment process and questionnaire, launch of the assessment, summary and analysis of results, areas for improvement [n/a in 2023];</li> <li>◆ update the Supervisory Board's permanent file;</li> <li>● analyse related-party agreements before reclassifying them and giving an opinion to the Supervisory Board [n/a in 2023];</li> <li>● give an opinion to the Supervisory Board on the classification of an agreement entered into under arm's length conditions [n/a in 2023];</li> <li>◆ review chapter 3 on corporate governance of the universal registration document and in particular the provisions of the Afep-Medef Code that have been set aside and the related explanations;</li> <li>◆ approve the revision of the CAG-CSR Committee rules of procedure [n/a in 2023].</li> </ul>
HR/CSR (see § 3.5.6)	<p><u>HR challenges</u></p> <ul style="list-style-type: none"> <li>◆ assist the Supervisory Board in monitoring social, non-discrimination and diversity policies;</li> <li>◆ be informed of the annual rankings regarding the representation of women in large companies and the criteria taken into account in their preparation;</li> <li>◆ be informed of the summary of the talent review and leadership development actions;</li> <li>◆ be informed of the publication of the Hermès International gender equality index;</li> <li>● be informed of recruitment issues, employer brand and support for growth;</li> <li>● be informed of the Group's approach to diversity, inclusion and gender balance.</li> </ul> <p><u>CSR challenges</u></p> <ul style="list-style-type: none"> <li>◆ assist the Supervisory Board in monitoring CSR issues;</li> <li>◆ be informed of sustainable development and CSR issues;</li> <li>◆ be informed of the achievements of the past financial year in relation to the objectives set;</li> <li>◆ be informed of the CSR outlook;</li> <li>◆ monitor non-financial performance indicators and consideration of social and environmental issues;</li> <li>◆ be regularly informed of the assessments of non-financial agencies;</li> <li>◆ be informed of the content of the Non-Financial Performance Statement (NFPS);</li> <li>◆ be informed of the main new features of chapter 2 "Corporate social responsibility and non-financial performance" (NFPS) of the universal registration document;</li> <li>◆ be informed of the Group's energy situation.</li> </ul>

(1) List not exhaustive.

◆ Annual topics ● Occasional or multi-year topics.

### 3.6.3 AUDIT AND RISK COMMITTEE

#### 3.6.3.1 COMPOSITION AS AT 31 DECEMBER 2023

Its rules of procedure provide that the Audit and Risk Committee is composed of at least four members of the Supervisory Board with expertise in or carrying out professional activities in the areas in which the Committee performs its duties; and in particular in terms of finance, risk management and CSR.

At least half of its members must, at the time of their appointment and for the entire term of their office, be qualified as independent under the Supervisory Board's rules of procedure. This is currently the case.


The Audit and Risk Committee does not include any Executive Corporate Officers.

It is chaired by Ms Monique Cohen, Vice-Chairwoman of the Board, who is independent and an expert in finance.

Changes in the composition of the Audit and Risk Committee are presented in § 3.6.1.2.

The main areas of expertise and experience of the members of the Audit and Risk Committee are presented in the information concerning them (see § 3.4.8).

As at 31 December 2023, the Audit and Risk Committee comprised the following five members, including two women and three men:

2023 data	Personal details	Independence	Date of appointment	Expiry of term of office on the Board	Length of service on the Committee <sup>1</sup>	Attendance	
<b>5</b> MEMBERS -- <b>6</b> MEETINGS -- <b>60%</b> INDEPENDENT -- <b>40%</b> WOMEN	 <b>Monique Cohen</b> (F) (Chairwoman) <b>Nationality: French</b> 67 years old <sup>1</sup> - 28/01/1956	√	03/06/2014	2026 GM	9 years	<b>100.00%</b>	
	<b>Charles-Éric Bauer</b> (M) <b>Nationality: French</b> 59 years old <sup>1</sup> - 09/01/1964			26/01/2005 <sup>2</sup>	2025 GM	18 years	<b>100.00%</b>
	<b>Estelle Brachlianoff</b> (F) <b>Nationality: French</b> 51 years old <sup>1</sup> - 26/07/1972	√	04/06/2019	2025 GM	4 years	<b>100.00%</b>	
	<b>Renaud Momméja</b> (M) <b>Nationality: French</b> 61 years <sup>1</sup> - 20/03/1962		03/06/2008	2026 GM	15 years	<b>100.00%</b>	
	<b>Alexandre Viros</b> (M) <b>Nationality: French</b> 45 years old <sup>1</sup> - 08/01/1978	√	04/06/2019	2024 GM	4 years	<b>100.00%</b>	
<b>AVERAGE ATTENDANCE</b>						<b>100.00%<sup>3</sup></b>	

(1) The ages and length of service indicated are determined in number of full years as at 31 December 2023.

(2) Mr Charles-Éric Bauer was appointed to the Audit and Risk Committee before joining the Supervisory Board (before Order no. 2008-1278 of 8 December 2008, there was no law requiring Board membership).

(3) This figure reflects the average attendance of the members of the Audit and Risk Committee in office as at 31 December 2023, and does not take into account members who left the Committee during the year, where applicable.

#### 3.6.3.2 RULES OF PROCEDURE

On 24 March 2010, the Supervisory Board adopted rules of procedure which specify the rules governing the composition, powers and operating procedures of the Audit and Risk Committee.

These rules of procedure are regularly reviewed to adapt to legal and regulatory changes and to take into account the recommendations of the French Financial Markets Authority (AMF) and revisions to the Afep-Medef Code.

The full text of the Audit and Risk Committee rules of procedure is made available at each update at <https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/>.

The main provisions of the Audit and Risk Committee's rules of procedure are set out in this chapter 3 of the universal registration document.

#### 3.6.3.3 OPERATION

The operation of the Audit and Risk Committee complies with the principles applicable to the Supervisory Board committees (see § 3.6.1).

The Audit and Risk Committee meets as many times as necessary and usually six times per financial year, including once before the approval of the annual financial statements by the Executive Management and once before the review of the half-yearly financial statements by the Supervisory Board.

As part of its responsibilities in terms of social and environmental responsibility, a meeting dedicated to the presentation of CSR risk exposure has been held every year since 2021 with the CAG-CSR Committee. The purpose of this joint meeting is to strengthen coordination and sharing between the two committees on this related subject.

The Audit and Risk Committee meets when convened by its Chairwoman, who sets the agenda of the meeting in writing or verbally, in any location indicated in the notice of meeting.

Before each Audit and Risk Committee meeting, Committee members are sent, in good time, with reasonable lead time and subject to confidentiality requirements, a file containing documentation on items on the agenda requiring prior analysis and review.

The Executive Vice-President Corporate Development and Social Affairs, systematically participates in the meetings of the Audit and Risk Committee.

The Director of Audit and Risk Management is responsible for the Secretariat under the responsibility of the Chairwoman.

The Statutory Auditors attend the two meetings relating to the review of the annual and half-year financial statements.

At the first Supervisory Board meeting following a meeting of the Audit and Risk Committee, the Chairwoman gives an oral report on the Committee's work to the members of the Board, a summary of which is then included in the minutes of the Board meeting.

The Audit and Risk Committee uses the Herboard secure digital platform (see § 3.5.3.2).

Minutes of Audit and Risk Committee meetings are prepared at the end of each meeting and sent to all members of the Committee.

The Audit and Risk Committee uses a dashboard to plan and prepare its work in a balanced way over the year.

### 3.6.3.4 MAIN DUTIES AND WORK CARRIED OUT IN 2023

In accordance with Article L. 823-19 of the French Commercial Code (*Code de commerce*) and without prejudice to the powers of the Supervisory Board, which it does not replace, the main duties of the Audit and Risk Committee performed in 2023 are as follows:

Purpose of duties	Main duties and work carried out in 2023 <sup>1</sup>
<b>General</b>	<ul style="list-style-type: none"> <li>● conduct a periodic self-assessment of its operation;</li> <li>● approve the revision of the Audit and Risk Committee rules of procedure [<i>n/a in 2023</i>].</li> </ul>
<b>Preparation of accounting and financial information</b>	<ul style="list-style-type: none"> <li>◆ be informed of the budget for the financial year;</li> <li>◆ review and comment on the parent company and consolidated financial statements before they are approved by Executive Management and presented to the Supervisory Board;</li> <li>◆ note the consensus of financial analysts on the full-year and interim results;</li> <li>◆ review press releases on quarterly revenue, full-year and interim results;</li> <li>◆ ensure that the accounting policies applied are relevant and consistent;</li> <li>◆ verify that internal data collection and control procedures guarantee the quality of the information provided;</li> <li>◆ review the work programme and results of audit assignments;</li> <li>◆ monitor the process of preparing financial information and, where appropriate, make recommendations to ensure its integrity;</li> <li>◆ monitor the effectiveness of internal control and risk management systems and internal audits regarding the procedures for preparing and processing accounting and financial information, without jeopardising its independence.</li> </ul>

(1) List not exhaustive.

◆ Annual topics ● Occasional or multi-year topics.

**Purpose of duties****Audit of accounting and financial information and the work of the Statutory Auditors****Main duties of the Committee and work carried out in 2023 <sup>1</sup>**

- ◆ issue a recommendation to the Supervisory Board on the Statutory Auditors proposed for appointment or renewal by the General Meeting;
- ◆ monitor the performance by the Statutory Auditors of their assignment (audit approach, audit conclusions, presentation of the Board's fees);
- ◆ ensure that the Statutory Auditors comply with the independence conditions;
- ◆ hold in closed session with the Statutory Auditors;
- ◆ approve, on a case-by-case basis, the provision by the Statutory Auditors of services other than the certification of the financial statements;
- ◆ report on the results of the engagement regarding the certification of the financial statements, on the way the engagement contributed to the integrity of the financial reporting and the role it has played in this process.

**Control of risk exposure and prevention of corruption**

- ◆ be informed of the security system by analysing the incidents of the past financial year and the actions implemented;
- ◆ be informed of the results of risk management, audit and internal control activities;
- ◆ be informed of the audit plan;
- ◆ regularly review exposure to risks such as financial, legal, operational, social and environmental risks and the actions taken as a result;
- ◆ be informed, in a joint meeting with the CAG-CSR Committee, of exposure to CSR risks (see § 3.5.6.2);
- ◆ be informed of personal data risks and the corresponding action plans;
- ◆ be informed of risks related to the duty of care;
- ◆ be informed of operational risk mapping: in 2023, Hermès Femme;
- be informed every three years of the Group risk mapping;
- be informed of Group risk factors and the corresponding action plans;
- ◆ be informed annually of IT risks, in particular cyber risks, and the corresponding action plans;
- ◆ proofread chapter 4 "Risk factors and management" of the universal registration document;
- ◆ ensure the establishment of a system for preventing and detecting corruption and influence-peddling;
- ◆ be informed of the update of the plan to prevent and fight against corruption;
- be informed of the vigilance plan;
- be informed of the establishment of a new banking relationship;
- be informed of the means implemented by the Group to fight against counterfeiting.

(1) List not exhaustive.

◆ Annual topics ● Occasional or multi-year topics.

As part of its duties, the Audit and Risk Committee heard in particular from the Executive Vice-President Finance, with regard to both accounting data and treasury data, the Director of Consolidation, Taxation and Management Control, the Director of Audit and Risk Management, the Director of Group Safety, the Director of Group IT (and members of her team), the Director of Information Systems

Security, the Director of Financial and Non-Financial Communication and Investor Relations, the Director of Financial Operations, the Chief Financial Officer of the Hermès Femme division, the Director of Legal Compliance, the Data Protection Officer, the Group General Counsel, the Director of Sustainable Development and the Statutory Auditors.

## 3.8 COMPENSATION AND BENEFITS OF CORPORATE OFFICERS

### 3.8.1.2.4 Specific elements comprising the compensation policy for the Executive Chairmen (Article R. 22-10-40, II of the French Commercial Code (*Code de commerce*))

Performance criteria	Weighting		Performance	% allocation
Sales growth	40%	Lower limit	50% of target (annual budget)	50%
		Target	80% of target (annual budget)	100%
Recurring operating income	40%	Lower limit	50% of target (annual budget)	50%
		Target	80% of target (annual budget)	100%
CSR criterion Objectives related to decoupling between activity growth at constant scope and exchange rates and the evolution of industrial energy consumption	20%	Lower limit	50% of target	50%
		Target	80% of target	100%

### 3.8.2 OVERVIEW OF COMPENSATION AND BENEFITS OF ALL KINDS FOR CORPORATE OFFICERS

In accordance with the provisions of Article L. 22-10-77 of the French Commercial Code (*Code de commerce*), the corporate governance report must present all compensation and benefits of all kinds paid to Corporate Officers during the financial year or allocated in respect of their duties in 2023.

The report must also:

- ◆ disclose any compensation paid or granted by a company in the scope of consolidation;
- ◆ enable comparison between (i) the compensation of the Executive Corporate Officers (*i.e.* the Executive Chairmen) and the non-Executive Chairman (*i.e.* the Chairman of the Supervisory Board) on the one hand, and (ii) the average and median compensation of the Company's employees on the other hand.

This section presents the aforementioned items, which will be subject to global and individual *ex-post* votes at the General Meeting of 30 April 2024 (see chapter 8 "Combined General Meeting of 30 April 2024", § 8.2.1 - Explanatory statement to the 7th to 10th resolutions).

#### 3.8.2.1 COMPENSATION PAID TO THE EXECUTIVE CHAIRMEN OR GRANTED IN RESPECT OF THE 2023 FINANCIAL YEAR (EXECUTIVE CORPORATE OFFICERS) (ARTICLE L. 22-10-77 OF THE FRENCH COMMERCIAL CODE (*CODE DE COMMERCE*))

##### 3.8.2.1.1 Compensation paid in financial year 2023

All the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during the 2023 financial year to Mr Axel Dumas, on the one hand, and Émile Hermès SAS, on the other hand, in respect of their terms of office as Executive Chairmen, appear in chapter 8 "Combined General Meeting of 30 April 2024", § 8.2.1 - Explanatory statement to the 8th and 9th

resolutions).

These elements are all consistent with the compensation policy for the Executive Chairmen presented in § 3.8.1.1 and § 3.8.1.2 above and approved by the General Meeting of 20 April 2023.

##### 3.8.2.1.2 Compensation awarded in respect of financial year 2023

The 2024 variable compensation of the Executive Chairmen, awarded in respect of financial year 2023, must be submitted to the General Meeting for approval prior to payment.

All the fixed, variable and exceptional components of the total compensation and benefits of any kind granted in respect of financial year 2023 to Mr Axel Dumas, on the one hand, and Émile Hermès SAS, on the other hand, in respect of their terms of office as Executive Chairmen, appear in chapter 8 "Combined General Meeting of 30 April 2024", § 8.2.1 - Explanatory statement to the 8th and 9th resolutions).

These elements are all consistent with the compensation policy for the Executive Chairmen presented in § 3.8.1.1 and § 3.8.1.2 above and approved by the General Meeting of 20 April 2023.

The CAG-CSR Committee evaluated the level of achievement of the CSR criterion applicable to 10% of the variable compensation of the Executive Chairmen at its meeting of 11 January 2024 and noted that the three indicators making up the criterion were fully achieved (see table below).

Consequently, the 2024 variable compensation, awarded in respect of financial year 2023, has been calculated by applying the change in the Company's consolidated net income before tax for financial year 2023 compared with financial year 2022, *i.e.* an increase of +26.9%, to the variable compensation paid in 2023 in respect of 2022.

CSR criteria indicators	Importance	Level of achievement and justification
<p><b>Quantifiable environmental criterion:</b>            Decoupling between activity growth at constant scope and exchange rates and the evolution of industrial energy consumption</p> <p><b>Link with strategy and NFPS indicators:</b>            See chapter 2 "Corporate social responsibility and non-financial performance" § 2.1.5, § 2.5 and § 2.5.3</p> <p><b>Review of the indicator by the independent third party:</b>            See chapter 2 "Corporate social responsibility and non-financial performance" § 2.10</p>	1/3	<p>100%</p> <p>Constant improvements to equipment, buildings and energy-consuming industrial processes, particularly as part of "decarbonisation" and "sobriety" plans, continued to bear fruit with a further reduction in energy consumption, and in particular that of fossil fuels, while consolidated revenue increased significantly over the reference period.</p> <p>During the reference period – from 1 November 2022 to 31 October 2023:</p> <ul style="list-style-type: none"> <li>◆ the Group's consolidated revenue at constant exchange rates grew by +20.6%;</li> <li>◆ total industrial energy consumption (including any scope effects) amounted to 149,979 MWh, a decrease of -5% (compared with 160,256 MWh previously).</li> </ul> <p>Overall energy consumption fell for the second consecutive year. The "defossilisation" plan, launched three years ago, and the "sobriety" plan continue to show very positive results.</p> <p>More specifically:</p> <ul style="list-style-type: none"> <li>◆ gas consumption fell sharply, while electricity consumption rose by only 4% in a context of growth in the number of industrial sites and activities;</li> <li>◆ in the HCP division, significant gas savings were made in the tanneries, in particular by optimising the operation of the boilers (-3,315 MWh);</li> <li>◆ Compagnie des Cristalleries de Saint-Louis's gas consumption decreased by one-third compared to the previous furnace in the first year of full operation of the new gas melting furnace burning oxy-fuel (mixture of oxygen and gas);</li> <li>◆ in the HMS division, work on insulation and phasing out the use of fossil fuels in the heating systems in the production units, coupled with the application of the energy sobriety plan, made it possible to offset the additional consumption of the new leather goods workshops and to generate energy savings;</li> <li>◆ in the HTH division, the decrease in energy consumption is the result of the métier's plan to reduce its carbon footprint (insulation, reducing the use of fossil fuels in the production of energy and increasing employee awareness).</li> </ul>

CSR criteria indicators	Importance	Level of achievement and justification
<p><b>Qualitative societal criterion:</b> Actions taken to promote the Group's local integration in France and around the world, outside of major cities</p> <p><b>Link with strategy and NFPS indicators:</b> See chapter 2 "Corporate social responsibility and non-financial performance" § 2.1.5 and § 2.7</p>	1/3	<p>100%</p> <p>The House continued its ambitious policy and numerous local anchoring actions in 2023, 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 are closely aligned with the House's model, which includes, 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><i>Job creation</i> Our actions in favour of strong local anchoring continued in 2023 throughout the country and through a very broad network, concretely reflecting the House's commitment to act as a humanist, responsible company involved in the creation of 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's policies and actions to ensure strong local anchoring, 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>◆ Hermès won the Grand Prix Emploi for the third time, awarded by Humpact, a non-financial rating agency (ESG) dedicated to social issues. This award recognises companies for their outstanding social policies, in particular their achievements in terms of job creation, gender parity and integration of people with disabilities, young people and seniors;</li> <li>◆ the House was included on the CDP A list, which brings together the 330 companies deemed to be the best performing worldwide on environmental issues;</li> <li>◆ Challenges magazine ranked Mr Axel Dumas in first place in the list of the most successful CAC 40 owners, a ranking established by the experts at Roland Berger and Ethics &amp; Boards;</li> <li>◆ Hermès was identified as the best player in the Textiles &amp; Apparel (out of 191 companies) and Luxury Goods (out of 102 companies) sectors by Sustainability in its analysis of companies' ESG risk exposure;</li> </ul> </li> <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 +12.5% (compared with +8.6% from 2021 to 2022) to reach a total of more than 7,700 employees, of whom 94% in production. This represents 35% of job creation;</li> <li>◆ 855 new employees joined the Group, excluding major cities, between 2022 and 2023. 812 of them joined the production sector.</li> </ul> <p><i>Disability policy - Craftsmanship model</i></p> <ul style="list-style-type: none"> <li>◆ the Group's disability policy reached a new milestone in 2023 and also illustrates the reality of particularly strong local anchoring: <ul style="list-style-type: none"> <li>◆ 6.85% direct employment rate for people with disabilities in France in 2022 (compared to 3.5% at the launch of the first Group disability agreement in 2017);</li> <li>◆ 16 disability officers representing each of the House's métiers;</li> <li>◆ 130 disability ambassadors;</li> <li>◆ 760 RQTH (Recognition as a worker with a disability) employees in France;</li> <li>◆ €5.2 million in purchases of services from more than 100 adapted structures (in the subsidized sector);</li> <li>◆ a week for the employment of people with disabilities in France and abroad;</li> <li>◆ 140 Duodays in 2023;</li> <li>◆ sixth edition of the Handi'Cap forum;</li> <li>◆ new episodes in the "In full agreement" series to concretely illustrate the four pillars of the Group Disability Agreement approach.</li> </ul> </li> <li>◆ the École Hermès des Savoir-Faire, created in September 2021, which awards a State diploma, the CAP vocational qualification in leather goods, confirmed the Qualiopi certification during the oversight audit, supported 855 learners in 2023, in eight training schools in the regions, of which 441 were registered for the CAP examination session in 2024 and 100% of people registered were awarded their certification, with 89% of people having been confirmed on permanent employment contracts at the end of their training course;</li> <li>◆ the "Young Tanners" programme at Hermès Cuir Précieux welcomes engineering students from various engineering schools as part of their end-of-studies internship. This programme, lasting 18 months, with three assignments involving three tanneries and two countries, is an opportunity to experience different approaches in the field and in cross-functional areas and to learn about team management. The aim is to ultimately offer participants a permanent position in which they can make a strong contribution having already been trained in all Tannery métiers;</li> <li>◆ the "Pépins" programme within Holding Textile Hermès is a programme intended for newly-qualified engineers or those with some initial experience. For three years, these engineers are entrusted with various assignments of around six months in three major areas of the Textile sector: Supply Chain, Product Development and Industrialisation or Quality. At the end of this programme, depending on their profile, the experience acquired and opportunities, they will usually be offered a permanent position.</li> </ul>



CSR criteria indicators	Importance	Level of achievement and justification
<b>Qualitative social criterion:</b> Group initiatives in favour of gender equality  <b>Link with strategy and NFPS indicators:</b> See chapter 2 "Corporate social responsibility and non-financial performance" § 2.1.5 and § 2.2	1/3	100% Hermès, a responsible employer, promotes genuine equal opportunities, diversity and inclusion in terms of employment, training, supervision and compensation, at all levels of the organisation. The House strongly reaffirms its commitment and its strategy of global performance and virtuous long-term growth. <ul style="list-style-type: none"> <li>◆ Gender Equality Index: the weighted average index for the Group in France is 95/100 and 99/100 for Hermès International. In 60% of the entities concerned, the index is higher than 90/100, including in industrial environments such as Tanneries de Montereau (99/100), HMM/J3L (91/100), CATE (97/100), HMM Fabrique de Champigny-sur-Marne/Lasco (97/100); in the other entities, it is higher than 75/100.</li> <li>◆ Gender diversity within governing bodies: Hermès climbed to fourth place in the Women in governing bodies rankings published in December 2023, an improvement of 12 places compared to the previous year.</li> <li>◆ Global Diversity &amp; Inclusion (D&amp;I) approach: the global Diversity &amp; Inclusion approach continued in 2023, in particular with the launch of a network of 28 contacts, aimed at ensuring for each of our employees an inclusive, respectful and harmonious working environment that resonates with the local environment of our subsidiaries and built around three common pillars:               <ul style="list-style-type: none"> <li>◆ respect for the principle of non-discrimination and equal opportunities;</li> <li>◆ diversity and gender equality;</li> <li>◆ disability.</li> </ul> </li> <li>◆ Awareness-raising and training actions on unconscious bias:               <ul style="list-style-type: none"> <li>◆ the entire community of the Group's D&amp;I contacts was trained on the issues of diversity and inclusion through the Diversity Fresco in March 2023, as well as on unconscious bias;</li> <li>◆ an e-learning awareness module on "unconscious biases and micro-inequities" was made available in 11 languages in June 2023. It is mandatory for managers and the HR community in France and internationally and open to all employees. 211 employees have already had their awareness raised in France and abroad;</li> <li>◆ more than 950 managers have already been trained in diversity management since the launch of the ALTEREGO training (including 205 in 2023).</li> </ul> </li> <li>◆ Group agreement on work-life balance:               <ul style="list-style-type: none"> <li>◆ signature of a Group agreement in France on the work-life balance on 19 July 2023, structured around three components – Caregivers, Parenthood, Vulnerabilities;</li> <li>◆ the agreement provides for parenting support measures in all their facets (traditional parenting, adoption, homoparentality, single parenthood, blended families, etc.) before and upon arrival and after the birth of the child;</li> <li>◆ measures taken include in particular – leave of absence as part of a medically assisted procreation programme, return to work part-time following parental leave, breastfeeding facilitation and support for single parents.</li> </ul> </li> <li>◆ The HECATE women's network has more than 100 members and is continuing its work to promote inclusion and diversity at all levels of the organisation.</li> <li>◆ Prevention of sexist behaviour and harassment:               <ul style="list-style-type: none"> <li>◆ e-learning modules for the prevention of sexist behaviour and harassment have been set up for managers and all employees. In France, 86% of managers have completed this module, bringing the number to 2,066 managers trained in 2023;</li> <li>◆ the modules are also available internationally;</li> <li>◆ in addition, 55 pairs of harassment officers were trained with an investigation procedure put in place.</li> </ul> </li> </ul>

### 3.8.2.2 COMPENSATION PAID TO THE CHAIRMAN OF THE SUPERVISORY BOARD IN THE COURSE OF OR ALLOCATED IN RESPECT OF FINANCIAL YEAR 2023

All the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid in the course of or awarded in respect of financial year 2023 to the Chairman of the Supervisory Board, on which the shareholders are asked to give a binding *ex-post* vote, are set out in chapter 8 "Combined General Meeting of 30 April 2024", § 8.2.1 – Explanatory statement to the 10th resolution.

These elements are all in line with the compensation policy for the Chairman of the Supervisory Board presented in § 3.8.1.1 and § 3.8.1.3 above and approved by the General Meeting of 20 April 2023.

### 3.8.2.3 RATIOS AND ANNUAL CHANGE IN COMPENSATION, COMPANY PERFORMANCE, AVERAGE EMPLOYEE COMPENSATION AND RATIOS (ARTICLE L. 22-10-9 – 6° AND 7° OF THE FRENCH COMMERCIAL CODE (*CODE DE COMMERCE*))

We present below:

- ◆ the changes over the last five years in the ratios between the level of compensation of each Executive Chairman and the Chairman of the Supervisory Board and:
  - on the one hand, the average pay on a full-time equivalent basis of the Company's employees other than Corporate Officers,
  - on the other hand, the median pay on a full-time equivalent basis of the Company's employees other than Corporate Officers;
- ◆ the annual change in the compensation of the Executive Chairmen and Chairman of the Supervisory Board, the performance of the Company, the average compensation on a full-time equivalent basis of Company employees other than Senior Executives, and ratios, over the past five years.

#### 3.8.2.3.1 Methodology used

The methodology used, in line with the Afep guidelines updated in February 2021, is as follows:

- ◆ the notion of full-time equivalent (FTE) reflects a job performed on a full-time basis, *i.e.* as per legal working hours. As such, for part-time employees, compensation has been reconstituted on a full-time basis;
- ◆ based on the INSEE definition, the median wage is that which splits the Company's employees into two equal parts, such that half of the employees of the company in question earn less and the other half earn more. It differs from the average wage, which is the average of all wages in the company in question;
- ◆ the numerator shows the gross compensation (excluding social security contributions) paid to each Executive Chairman during the financial year, *i.e.*:
  - the fixed ("additional") compensation paid during the financial year under review,
  - the variable compensation set by the Articles of Association ("statutory compensation") paid during the financial year under review in respect of the prior year,
  - the exceptional compensation paid, if any, during the financial year under review,
  - other long-term compensation instruments and multi-year variable compensation paid, where applicable, during the financial year under review (taken at their IFRS value);

- ◆ the denominator shows the gross compensation (excluding social security contributions) of employees (continuously present in the year under review between 1 January and 31 December) of Hermès International – paid during the financial year, *i.e.*:
  - the fixed compensation paid during the financial year under review,
  - the variable compensation paid during the financial year under review in respect of the prior year,
  - the exceptional compensation paid, if any, during the financial year under review,
  - other long-term compensation instruments, in particular grants of free shares, when the rights were allocated or were vesting during the current financial year; measured at their IFRS value, less an annual amount depending on the length of the vesting period(s),
  - employee savings: profit-sharing and incentive schemes;
- ◆ the scope used in the denominator is that provided for by law, *i.e.* employees of the listed company Hermès International whose headcount is representative within the meaning of the law for the determination of the ratios. It represented 463 employees as at 31 December 2023. In addition to strict compliance with the legal requirement, this choice is likely to facilitate understanding of changes in ratios and the consistency of the calculation basis over time, which will be less affected by changes in the scope of consolidation (acquisitions/disposals) within the Group;
- ◆ the following are excluded from the numerator and denominator:
  - severance payments and non-compete payments, which do not constitute recurring compensation,
  - the defined-contribution supplemental pension plan (Article 83 of the French General Tax Code), which is a post-employment benefit,
  - the defined-benefit supplemental pension plan (Article 39 of the French General Tax Code), which cannot be valued insofar as payment is conditional on the completion of the beneficiary's career in the Company,
  - benefits in kind, which represent an insignificant amount of the compensation of the Executive Chairmen.

With regard to the Company's performance, it was decided to use the consolidated revenue (at constant rates) and the consolidated income before tax, which serve as a reference for the compensation of the Executive Chairmen and which are performance indicators that are particularly relevant to the Group's business model. In addition, they are commonly used in results press releases.

AMOUNT OF COMPENSATION USED WITH REFERENCE TO THE NUMERATOR

	2023	2022	2021	2020	2019
<b>MR AXEL DUMAS</b>	€5,582,276	€4,486,458 <sup>1</sup>	€3,182,697	€3,403,423	€3,403,423
<b>ÉMILE HERMÈS SAS</b>	€2,450,571	€1,866,465 <sup>1</sup>	€1,279,003	€1,381,933	€1,381,933
<b>MR ÉRIC DE SEYNES</b>	€140,000	€140,000	€140,000	€140,000	€140,000

(1) The Executive Chairmen waived more than 75% of the increase, provided for by the applicable compensation policy, in their fixed compensation for 2022 ("additional").

Thus, in 2022, the Executive Chairmen received actual fixed compensation up 10% from their actual fixed compensation for 2021.

3.8.2.3.2 Presentation of ratios and annual change in compensation, the performance of the Company, the average compensation of employees and ratios

<b>Mr Axel Dumas – Executive Chairman</b>	2023	2022	2021	2020	2019
Change in total compensation paid during the financial year compared with the previous financial year	24.4%	41.0%	- 6.5%	0,0%	10,0%
Ratio compared with the average compensation of employees Change compared with the previous financial year	26 +4 points	22 +5 points	17 0 point	17 -1 point	18 0 point
Ratio compared with the median compensation of employees Change in % compared with the previous financial year	53 +9 points	44 +10 points	34 -3 points	37 -1 point	38 +3 points
<b>Émile Hermès SAS – Executive Chairman</b>	2023	2022	2021	2020	2019
Change in total compensation paid during the financial year compared with the previous financial year	31.3%	45.9%	- 7.4%	0,0%	10,0%
Ratio compared with the average compensation of employees Change compared with the previous financial year	11 +2 points	9 +2 points	7 0 point	7 0 point	7 0 point
Ratio compared with the median compensation of employees Change in % compared with the previous financial year	22 +4 points	18 +4 points	14 -1 point	15 0 point	15 +1 point
<b>Mr Éric de Seynes – Chairman of the Supervisory Board</b>	2023	2022	2021	2020	2019
Change in total compensation paid during the financial year compared with the previous financial year	0.0%	0,0%	0,0%	0,0%	0,0%
Ratio compared with the average compensation of employees Change compared with the previous financial year	1 0 point	1 0 point	1 0 point	1 0 point	1 0 point
Ratio compared with the median compensation of employees Change in % compared with the previous financial year	1 0 point	1 0 point	1 -1 point	2 0 point	2 0 point
<b>Employees of the listed company</b>	2023	2022	2021	2020	2019
Change in the average compensation compared with the previous financial year	9.0%	8.0%	- 3.8%	3.4%	10,4%
<b>Group performance</b>	2023	2022	2021	2020	2019
Change in consolidated revenue at constant rates	20.6%	23.4%	41.8%	- 6.0%	12.4%
Change in consolidated net income before tax	26.9%	35.1%	73.2%	- 12.4%	9.9%

Explanatory notes on the employees

The changes over the five financial years presented in the tables above take into account the overall change in payroll.

The change in overall employee compensation also reflects (i) a positive dynamic of salary measures throughout the years presented, as well as (ii) the impact of allocations under employee shareholding plans and in particular the latest plan awarded on 15 June 2023. Depending on the plans and the respective duration of the vesting

periods, the portion relating to these allocations may lead to a certain variation in the average and median compensation of employees in the reference scope.

The overall policy, and all of the components of the compensation awarded to employees of the listed company, and those of other Group entities in France and abroad, are presented and set out in chapter 2 "Corporate social responsibility and non-financial performance", § 2.2.2.6.

#### 3.8.2.4 COMPENSATION OF THE SUPERVISORY BOARD, AUDIT AND RISK COMMITTEE AND CAG-CSR COMMITTEE ALLOCATED IN RESPECT OF 2023 OR PAID IN 2023

Compensation awarded to and received by members of the Supervisory Board in the last two financial years by Hermès International and the entities it controls as defined by Article L.233-16 of the French Commercial Code (*Code de commerce*) is detailed in §3.8.4.3. This compensation constitutes the only elements referred to in Article L. 22-10-9, I of the French Commercial

Code (*Code de commerce*) awarded in respect of 2023 or paid in 2023. Data relating to the past financial year will be voted on by the General Meeting in 2024 (“global” *ex-post* vote), see chapter 8 “Combined General Meeting of 30 April 2024”, §8.2.1 – Explanatory statement to the 7th resolution.





# 4

## RISK FACTORS AND MANAGEMENT AFR

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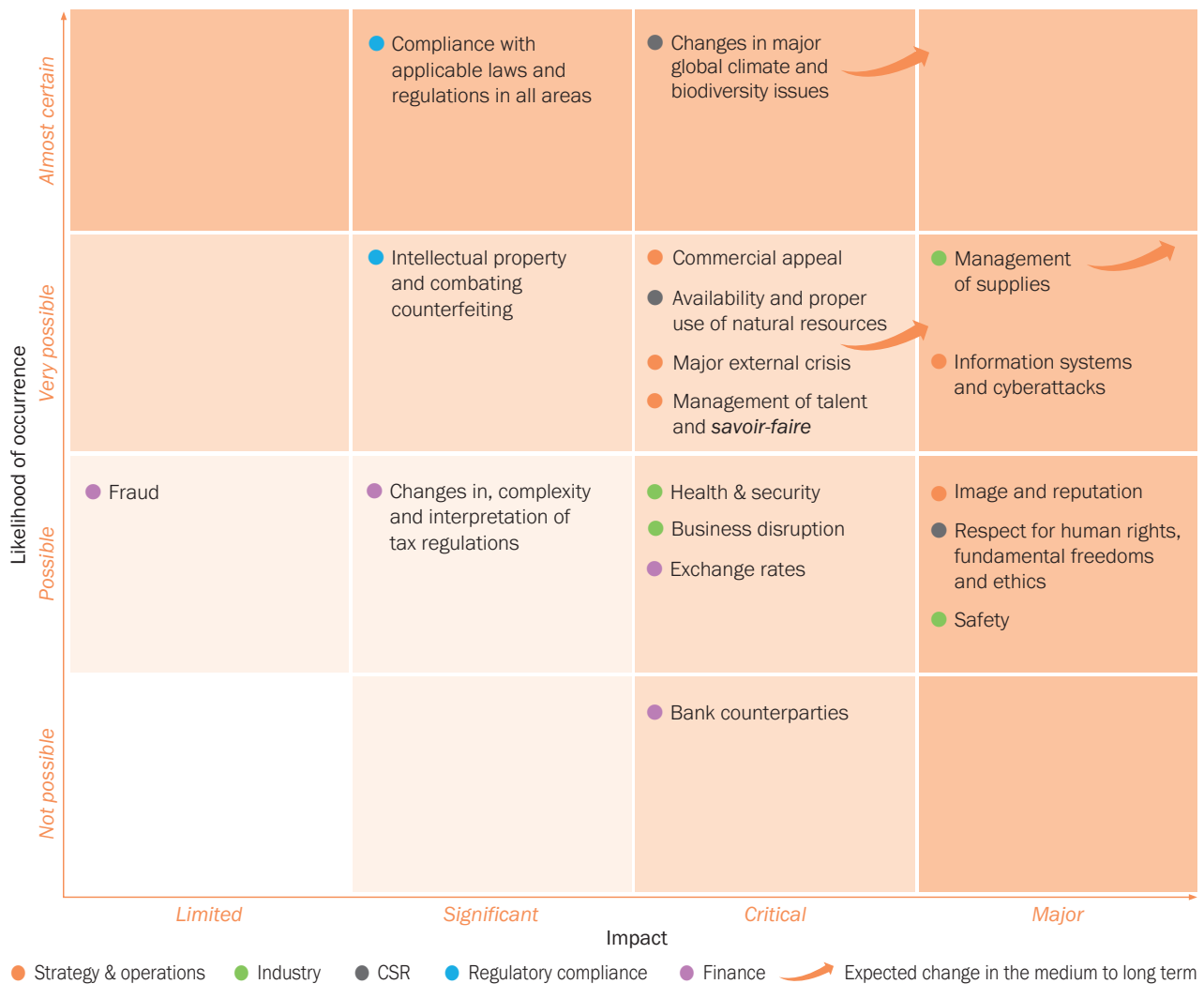
## 4.1 RISK FACTORS

In accordance with European regulation no. 2017/1129 of 14 June 2017 (Prospectus), supplemented by European Delegated Regulation no. 2019/980 of 14 March 2019, and the ESMA guidelines, the risk factors presented in this chapter are, as at the date of this universal registration document, those that the Hermès Group believes could have a material adverse effect on its activity, results, financial position or prospects. These are the risks specific to the Hermès Group identified in the Group risk mapping, updated in 2023.

Generally, the Group has set up a system enabling it to anticipate and control the risks identified. It is periodically updated to take into account regulatory, legislative, economic, societal, geopolitical and competitive developments. A detailed description of the management of these risks is presented in this chapter.

Risk factors are presented in five main categories according to their nature, the most material risks being presented first. The mapping below classifies these risk factors according to their potential impact and probability of occurrence and therefore reflects the Group’s exposure, after taking into account the control measures implemented. It includes emerging risks and their changes. The impact of the risks identified is assessed using a multi-criteria grid defined at Group level and shared with the subsidiaries. The analysis criteria include, as an inseparable whole, financial, reputational and legal criteria, as well as criteria relating to social, societal and environmental responsibility. This methodology makes it possible to address a concept of double materiality by taking into account the impacts on the Group itself and on its stakeholders.

The Audit and Risk Committee was involved in drawing up this matrix.



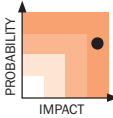


RISK RANKING BY CATEGORY (FROM MOST TO LEAST SIGNIFICANT)

● 4.1.1 Risks related to strategy and operations	4.1.1.1 Information systems and cyberattacks
	4.1.1.2 Image and reputation
	4.1.1.3 Commercial appeal
	4.1.1.4 Major external crisis
	4.1.1.5 Management of talent and <i>savoir-faire</i>
● 4.1.2 Industrial risks	4.1.2.1 Supply management
	4.1.2.2 Security
	4.1.2.3 Health and safety
	4.1.2.4 Business disruption
● 4.1.3 Legal and regulatory risks	4.1.3.1 Compliance with applicable laws and regulations in all areas
	4.1.3.2 Intellectual property and the fight against counterfeiting
● 4.1.4 Risks related to social, societal and environmental responsibility	4.1.4.1 Changes in major global climate and biodiversity issues
	4.1.4.2 Respect for human rights, fundamental freedoms and ethics
	4.1.4.3 Availability and proper use of natural resources
● 4.1.5 Financial risks	4.1.5.1 Exchange rates
	4.1.5.2 Bank counterparties
	4.1.5.3 Changes in, complexity and interpretation of tax regulations
	4.1.5.4 Fraud

## 4.1.1 RISKS RELATED TO STRATEGY AND OPERATIONS

## 4.1.1.1 INFORMATION SYSTEMS AND CYBERATTACKS ●

<p>◆ <b>DESCRIPTION OF THE RISK</b></p> <p>Information systems are of paramount importance in the smooth running of the Group's day-to-day operations. They concern customers, suppliers or employees, and relate in particular to the processing and storage of their data.</p> <p>Personal data protection is a priority for the Group.</p>	<p>◆ <b>POTENTIAL IMPACTS ON THE GROUP</b></p>  <p>Partial or total unavailability of certain information system elements could disrupt or paralyse key production or distribution processes.</p> <p>A breach of information systems, caused by a cyberattack, for example, could result in a data breach leading to the unauthorized disclosure of personal data or the leakage of confidential information.</p>
<p>◆ <b>RISK MANAGEMENT</b></p> <p>A global information system governance model clearly defines the roles and responsibilities of the Group's headquarters and subsidiaries. Common architecture and urbanisation rules favour a centralised model when technical or regulatory constraints allow. The sovereign functions of the information systems remain managed by the headquarters. The Group Cybersecurity Director manages all activities at both the headquarters and subsidiaries. He leads a set of committees, allowing projects and the evolution of cyber risks to be monitored in order to report to the Executive Committee as well as to the Audit and Risk Committee through the IT Safety and Group Safety Committees.</p> <p>A cybersecurity community is led by the Group team, which relies on dedicated experts and local managers. Collaboration between these different actors is facilitated by the organisation of monthly updates (sharing on current positions and the evolution of threats, monitoring of the roadmap, reminders of best practices), monthly themed webcasts and the organisation of <i>ad hoc</i> events.</p> <p>Hermès' IT spending (investment and operating budget) is reassessed each year to ensure that investments are aligned with the Group's strategic challenges. Its objective is to align the technical infrastructures and systems with the growing needs of users, while ensuring good operational performance. They also aim to keep IT risks under control and to develop information systems, in particular for new digital and cloud uses, whilst being socially and environmentally responsible.</p> <p>The information systems department adheres to an information technology charter and a set of procedures applicable to all Group companies. In particular, an information systems security policy (ISSP) is updated annually to adapt to threats. Audits of IT security and compliance with procedures are carried out periodically in all subsidiaries, in collaboration with the audit and risk management department and with the help of external service providers. They ensure that the internal control systems remain effective and adapted to the main current and emerging threats and are aligned with the laws and regulations applicable wherever the House operates.</p> <p>In the field of IT risk prevention, IT risk mapping is regularly updated and presented to the Audit and Risk Committee. This exercise is supplemented by the regular assessment of cyber maturity, including the main regions around the world.</p> <p>A Zero-Trust approach has been initiated, enabling modernisation of the security of infrastructures, directories, management of the identity life cycle, access security (employees, partners and privileged accounts), prevention of data leaks, protection of cloud applications and the physical security of data centres. Special attention was paid to industrial facilities (in particular at the time new structures were acquired) and the security of connected objects. Improved backup and fault tolerance arrangements for critical systems were also included to ensure continuity of operation in the event of an incident.</p>	

The cybersecurity department has reinforced its capacity to detect and deal with incidents. All computers and servers are equipped with software to detect anomalies (endpoint detection response – EDR), enable security patches to be installed and conduct investigations. Security incidents are dealt with by a dedicated team comprising the components of the incident response, SOC (Security Operation Centre) and CERT (Computer Emergency Response Team). CERT Hermès is a member of InterCERT France, which brings together the mature incident response units of major French organisations.

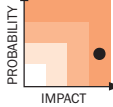
Exercises are carried out regularly by the internal teams to continuously test and adjust the response system (red/blue/purple team initiatives). A second team dedicated to the qualification and treatment of vulnerabilities manages the Group's attack surface.

New initiatives to raise employee awareness of security issues have taken various forms within the framework of a global programme (conferences, films, e-learning, escape games, dedicated website in eight languages). Each year, Cybersecurity Month gives special emphasis to these topics. Employees are encouraged to use an internal whistleblowing system to report safety incidents of which they are aware so that these can be addressed immediately.

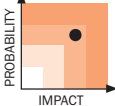
Intrusion tests on internal, Wi-Fi and external networks were carried out, as well as IT disaster simulations, and corresponding action plans were formalised. The continuity of IT operations is also tested regularly. Crisis simulation exercises are carried out annually and are followed by feedback and action plans. In addition to the information systems department, they involve various Group departments (internal communication department, financial communication and investor relations department, insurance and prevention department, audit and risk management department, legal compliance department and the Data Protection Officer, etc.) as well as a member of the Executive Committee.

Furthermore, the Group ensures that it complies with the various standards and regulations applicable to the protection of personal data (in particular GDPR, the Group's standard in terms of personal data) and payment card data (PCI-DSS). Compliance with the GDPR standard is ensured by a global governance made up of relays (Group and local) and assessed regularly through internal controls and external audits. In 2022, the Group's personal data protection standard was audited by an external firm on various topics, in particular related to data governance and the processing of customer, employee and third-party data. The information systems department accordingly works with other departments to reduce the risks of damage to information systems and its impacts in the event such risks were to materialise.

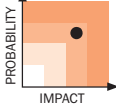
## 4.1.1.2 IMAGE AND REPUTATION ●

<p>◆ <b>DESCRIPTION OF THE RISK</b></p> <p>The Hermès Group's reputation is based on the quality of its products and services offered to customers, the <i>savoir-faire</i> of its craftspeople and its unique communication.</p> <p>In a globalised world and surrounded by the growing influence of social networks, unfavourable media coverage or individual behaviour contrary to the House's values of ethics and integrity could affect the Group's image and reputation.</p>	<p>◆ <b>POTENTIAL IMPACTS ON THE GROUP</b></p>  <p>An unfavourable media campaign could negatively affect the image of the Group.</p>
<p>◆ <b>RISK MANAGEMENT</b></p> <p>Maison Hermès, through its production and distribution entities, has built a robust internal control system for all key processes to protect its tangible and intangible assets, including its image and reputation.</p> <p>The Group has rolled out an ethics charter, a code of business conduct and an anti-corruption code of conduct to all employees.</p> <p>These three documents are sent to all new employees as soon as they join the House and are also made available to them on the HermèsSphère intranet in the "Our Ethics" section and on the external website <a href="https://finance.hermes.com/en/ethics-human-rights-and-diversities/">https://finance.hermes.com/en/ethics-human-rights-and-diversities/</a>.</p> <p>In addition, a continuous training system on the prevention and on the fight against corruption is rolled out to operational staff.</p> <p>In order to act in accordance with the House's ethics principles and values, the Group also ensures the proper conduct of the various third parties with which it has a business relationship (suppliers, partners). Systems have been set up for managing ethics and CSR risks and are detailed in chapter 2 "Corporate social responsibility and non-financial performance". Through the structure of its family shareholding, the House remains independent in the way it implements its strategy and conducts its activities, which are carried out in line with its values.</p> <p>The Group has also put in place a permanent monitoring system on the web under the responsibility of the communication department.</p> <p>Furthermore, Hermès has set up a crisis management system with the aim of managing and limiting the impacts of undesirable events on the Group. This system includes an annual simulation exercise and a crisis management manual.</p>	

### 4.1.1.3 COMMERCIAL APPEAL ●

<p>◆ <b>DESCRIPTION OF THE RISK</b></p> <p>The commercial attractiveness and desirability of the products are based on the Group's unique model. The latter is characterised by its radical style, ancestral <i>savoir-faire</i> mainly "Made in France", high quality products and services, its openness to local cultures and its unique communication.</p> <p>In a constantly changing world, any failure of the Group to take into account customer expectations, CSR challenges or quality issues could negatively impact the House's appeal.</p> <p>The attractiveness of products could also be affected by the parallel market and networks of resellers undermining the customer experience.</p>	<p>◆ <b>POTENTIAL IMPACTS ON THE GROUP</b></p>  <p>The loss of commercial appeal could lead to a gradual loss of interest from customers.</p>
<p>◆ <b>RISK MANAGEMENT</b></p> <p>The creative offering is the responsibility of the artistic department and its many talented employees, who ensure the creative synergies of the collections while preserving the House's identity and style. Their mission is to create, innovate, put forward new concepts and collections whose forms, materials and colours will astound customers and be enhanced by craftspeople. The freedom of creation, reinforced by the freedom of the stores to purchase, is exercised while preserving the harmony and coherence of the collections, expressed through an annual theme.</p> <p>Absolute product quality has always been a priority. Tests carried out on all products before they are sold ensures their compliance and durability. The Group has also implemented a support system for its craftspeople and suppliers with a view to developing their <i>savoir-faire</i>.</p> <p>The Hermès Group has introduced a number of tools, both in-store and online, to enrich the customer experience by raising the level of service to match the quality of its products. The stores are also regularly renovated, the omnichannel offer is being expanded and customer services, such as after-sales service, are developing. Lastly, the Group continues to structure itself by allocating human and IT resources to fight against corruption in stores, while paying particular attention to the prevention of all forms of discrimination.</p>	

## 4.1.1.4 MAJOR EXTERNAL CRISES ●


<p>◆ <b>DESCRIPTION OF THE RISK</b></p> <p>The Group is exposed to economic, political, social and health and climate developments in the many countries in which it operates.</p>	<p>◆ <b>POTENTIAL IMPACTS ON THE GROUP</b></p>  <p>Geopolitical, economic or social tensions as well as a pandemic situation or natural disaster could cause sales to decline. The consequences would be even more unfavourable in areas where the Group has a significant presence, particularly in Asia.</p> <p>The breakdown of the Group's revenue by geographical area is presented in chapter 1 "Presentation of the Group and its results", § 1.7.</p>
<p>◆ <b>RISK MANAGEMENT</b></p> <p>Hermès holds a unique position in the luxury market. Its broad portfolio of products reduces the risk of dependence on any particular range, while its distribution is well balanced geographically.</p> <p>The Group operates 294 exclusive stores under the Hermès banner, including 225 branches that generate over 91% of revenue. In addition, the Group is continuing to develop its online sales activity with the successive deployment of e-commerce platforms in its distribution subsidiaries.</p> <p>Some Hermès products are also distributed <i>via</i> a network of multi-brand points of sale carefully selected on the basis of qualitative and/or quantitative criteria. This distribution method concerns in particular perfumes, watches and certain products from the Home universe. Lastly, the Group also owns other brands that distribute their products directly or through their own selective network. Details of these brands are described in § 1.4.1.</p> <p>In addition, there is little exposure of sales to seasonality.</p> <p>The policy of opening new points of sale is prudent and aims to spread the risks over several geographical areas. In this respect, the acceleration of the development of the Americas region aims in particular to reduce the weight of Asia in the Group's sales.</p> <p>In addition, a crisis management system is in place. This was implemented in particular in 2022 during the suspension of activities in Russia (§ 4.3.4 on crisis management).</p>	

4.1.1.5 MANAGEMENT OF TALENT AND SAVOIR-FAIRE ●

<p>◆ <b>DESCRIPTION OF THE RISK</b></p> <p>The <i>savoir-faire</i> of craftspeople, and more broadly the development of the potential of employees, is one of Hermès' key assets. They are based on preserving, enriching and passing on this often exclusive <i>savoir-faire</i> in a context of growth for our <i>métiers</i> and our workforce.</p>	<p>◆ <b>POTENTIAL IMPACTS ON THE GROUP</b></p>  <p>A loss of <i>savoir-faire</i> or the disappearance of exclusive craftsmanship <i>métiers</i> would have an impact on the Group's operations and reputation, thus negatively affecting its financial results.</p>
<p>◆ <b>RISK MANAGEMENT</b></p> <p>The Group human resources department is in charge of identifying and developing talent at all levels of the organisation. It uses specific individualised pathways and implements a policy of integration and training for new employees and employees throughout their careers.</p> <p>Training, along with internal mobility, is one of the major levers to support employees throughout their careers in the House.</p> <p>The continuous improvement of craftspeople's skills and <i>savoir-faire</i> is achieved through training and professional qualification programmes carried out in Hermès internal training schools (Écoles Hermès des Savoir-Faire, des Tanneurs or du Textile, among others), as well as through collaborations with external training structures. The promotion of crafts <i>métiers</i> and craftsmanship among younger generations and people undertaking retraining is carried out with the support of partners: schools, training and apprenticeship centres, in order to ensure the knowledge and sustainability of <i>savoir-faire</i>. In addition, the École des Artisans de la Vente, a structure dedicated to the continuous training of sales associates, was inaugurated in 2022.</p> <p>The responsible employer policy implemented in the Group consists of establishing conditions that provide equal opportunity in terms of recruitment and employment and fighting all forms of discrimination.</p> <p>True to its family tradition and wishing to involve all employees in its growth, Hermès has set up various measures for sharing economic benefits: incentive schemes, profit-sharing, employee shareholding plans, etc.</p> <p>All initiatives undertaken by the Group relating to the management of talent and the preservation of <i>savoir-faire</i> are presented in chapter 2 "Corporate social responsibility and non-financial performance".</p>	

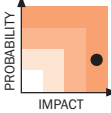
## 4.1.2 INDUSTRIAL RISKS

## 4.1.2.1 SUPPLY MANAGEMENT ●

<p>◆ <b>DESCRIPTION OF THE RISK</b></p> <p>Most of Hermès' production is integrated, in line with its strategy of preserving unique <i>savoir-faire</i> and securing supplies.</p> <p>However, the ability of the Hermès Group to grow is also linked to the development of its suppliers, whose exceptional <i>savoir-faire</i> and future successes will contribute to those of the Group.</p>	<p>◆ <b>POTENTIAL IMPACTS ON THE GROUP</b></p>  <p>A supply shortage, in terms of volume or quality, of certain exceptional materials for the Group could lead to disruptions in production and eventually a loss of business.</p>
<p>◆ <b>RISK MANAGEMENT</b></p> <p>The Hermès Group makes most of its products in-house, primarily in France. Hermès has long been committed to a responsible partnership approach with its suppliers. It enters into special partnerships with its suppliers and producers, based on ethics and trust, by fostering long-term relationships with them. This stable relationship allows for close collaboration on many subjects over time.</p> <p>The Group's approach is based on in-depth knowledge of all its supply chains. A total of 90 supply chains have been analysed since the beginning of 2020, resulting in the creation of a supply chain brief for each of them, which formalises the Group's short and medium-term ambitions to ensure ethical and responsible supply chains.</p> <p>The Group Director of Direct Purchasing handles supplier risk transversally. His role is in particular to manage the community of buyers by supporting them on a daily basis in managing supplier risk, as described in chapter 2 "Corporate social responsibility and non-financial performance", § 2.6.</p> <p>Hermès has developed long-term relationships with its partners and suppliers, thereby better protecting its supplies and critical <i>savoir-faire</i>.</p> <p>Drawing up supplier risk mapping enables action plans to be determined, assessed and prepared in response to the risks identified, wherever necessary, in particular in relation to the duty of care (human rights, environment, health and security). Significant work has also been carried out to optimise and secure the supply chain.</p> <p>Committed to providing long-term support for all its partners and maintaining balanced relationships characterised by goodwill and high standards, Hermès ensures that its partners respect its social, environmental and ethics ambitions. Moreover, a CSR brief was formalised in January 2021 to set out the House's expectations on this subject. In particular, it includes targets for reducing the Group's carbon footprint, with which suppliers are invited to collaborate. Supplier audits, conducted using internal resources as well as independent external firms, serve notably to check that their operations meet the Group's expectations.</p> <p>The Group is strengthening supply protection, implementing a policy of diversification and limitation of supplier dependence, and building up security inventories. In line with the strong growth in volumes and, since 2022, the context of global market tensions on supplies, these actions were strengthened in particular. Notably, capacity plans were drawn up with suppliers in order to anticipate production needs.</p> <p>One of the challenges of the "know your supplier" system is ensuring that the latter have identified the risk areas related to their activity that could lead to a total or partial stoppage of their production (critical raw materials, equipment, processes, sources of energy or key people, etc.). The formalisation of backup solutions and their regular testing are recommended. Where appropriate, equity investments may help to secure these relationships. In a constant spirit of partnership, the Group continued to closely monitor its suppliers in order to best support them in the event of any difficulties arising from the health crisis.</p>	




4.1.2.2 SAFETY ●

<p>◆ <b>DESCRIPTION OF THE RISK</b></p> <p>The safety of property means all measures and means for combating threats and malicious acts. The main threats identified are: physical damage to property, people and infrastructure, and damage to <i>savoir-faire</i> and intangible property.</p>	<p>◆ <b>POTENTIAL IMPACTS ON THE GROUP</b></p>  <p>Such breaches could cause damage to property and people working at the Group's sites (production, distribution, logistics or offices) or at events on external sites.</p> <p>Moreover, they could expose craftspeople and sales associates to risks, causing moral and psychological damage to all Group employees.</p> <p>In addition to direct financial losses, they could harm the Group's image.</p>
<p>◆ <b>RISK MANAGEMENT</b></p> <p>The following actions have been taken:</p> <ul style="list-style-type: none"> <li>◆ safety governance is set out in a safety policy covering all the Group's activities and sites;</li> <li>◆ since 2018, procedures for transportation safety have been regularly updated based on the analysis of incidents and on the decisions taken by the Transportation Safety Committee;</li> <li>◆ in the case of a serious event, a crisis management process is implemented. It provides for the activation of the crisis unit and dedicated resources. Crisis management exercises are regularly conducted.</li> </ul> <p>Hermès is organised to take account of these risks on a daily basis: a central monitoring station, permanently operational, is connected to the 91 production and distribution sites in France and Switzerland. The Group took the decision to employ 72 agents in its internal safety division, to which external service providers are added. A service offering has also been developed to support the <i>métiers</i> and divisions that do not have an internal safety department. This concerns, for example, the development of safety systems for real estate projects and events.</p> <p>In addition, experts within the Group safety department update a body of procedures and technical documentation. They regularly travel to the various sites and events in France and abroad to ensure compliance with Group safety procedures. A questionnaire on safety is also completed during site visits or audits. Furthermore, the Group safety department has an advisory role to the <i>métiers</i> and subsidiaries.</p> <p>In March 2021, a computerised safety tool was rolled out at certain sites in the Paris region (production units, tertiary and logistics sites and Paris stores), to standardise the operational procedures of the Group safety department teams and manage their actions in real time. It also offers crisis management support capabilities. In 2023, its rollout began to all stores in France. At the same time, the tool has been configured so that it can contact any employee if necessary. Trials are underway for rollout to other production sites. It will gradually be rolled out internationally over the coming years, depending on the level of risk identified at each site.</p> <p>This system is also backed by partnerships set up through agreements signed with the police force and the Ministry for Europe and Foreign Affairs.</p> <p>To contribute to the safety of employees working elsewhere, an <i>ad hoc</i> platform is gradually being rolled out to all subsidiaries. This tool makes it possible to inform employees, before and during their trip, of possible events and, in the event of an emergency, to put them in contact with an operational centre and the Group safety department. Training and information sessions specific to certain destinations were also offered.</p> <p>Safety incidents are reported in a specific database and are regularly reported to the Group Safety Committee and the Audit and Risk Committee. They are analysed in detail, contributing to the continuous improvement of the system.</p> <p>A monitoring unit was created in November 2022. It aims to provide the crisis unit with advance warning scenarios and, on a daily basis, to provide the Group safety department with geopolitical, economic and social analyses.</p> <p>Since the end of 2022, e-learning modules on safety and security have been offered to employees.</p>	

## 4.1.2.3 HEALTH AND SAFETY ●


<p>◆ <b>DESCRIPTION OF THE RISK</b></p> <p>The Group ensures respect for human rights, fundamental freedoms, health and security of people, whether they are customers, employees, suppliers or subcontractors.</p> <p>The Hermès Group is committed to respecting local regulations in the countries in which it operates. The quality of the products sold and their compliance with the strictest regulations on personal security, are priorities for the Group.</p>	<p>◆ <b>POTENTIAL IMPACTS ON THE GROUP</b></p>  <p>Damage to the health and security of employees, customers or third-parties working at Hermès sites, and non-compliance with the quality and security standards of the products sold, could give rise to litigation and undermine the Group's reputation.</p>
<p>◆ <b>RISK MANAGEMENT</b></p> <p>The Group's policy is to integrate health, security and well-being issues in its operational strategy as a priority, in particular for its manufacturing activities. In accordance with law no. 2017-399 of 27 March 2017 on the duty of care of parent companies and contractors, the Hermès Group has drawn up a vigilance plan. It aims to identify the risks and prevent violations of human rights and fundamental freedoms, the health and security of people and the environment, resulting from its activities, as well as those of its subcontractors or suppliers (see chapter 2 "Corporate social responsibility and non-financial performance", § 2.8).</p> <p>Moreover, the Group's industrial department leads an environment, health and security (EHS) network comprising around 20 EHS managers from the House's different <i>métiers</i>. In addition to the traditional coordination of the network with two face-to-face meetings per year, three webinars were organised in 2023 to share results, learn from best practices from each of the business lines and define objectives.</p> <p>The main initiatives of the House's various <i>métiers</i> are described in chapter 2. In most cases, they go beyond simple regulatory compliance to achieve true well-being at work. Each <i>métier</i> has its specific needs as regards working conditions, so it is logical for each one to develop its own arrangements.</p> <p>Employee workstation risk assessments are carried out by EHS managers for each of the Group's sites (stores and production sites). They are updated annually.</p> <p>The House of Hermès is committed to a "Zero Accident" trajectory. In 2023, a Group Health and Safety policy formalised the strategic framework aimed at preventing risks, preserving the health of employees, partners and customers, advancing the Group's safety culture and managing associated performance.</p> <p>Hermès products are regularly tested throughout the supply and production chains. Tests on finished products are also carried out by independent laboratories in Europe, Asia and the United States, to verify their compliance with the most stringent regulations in force, as well as their security. Monitoring is carried out to analyse constantly changing regulations, with the results being formalised in a restricted substances list (RSL) shared with all <i>métiers</i> and transcribed in the multi-material product specifications. The Group's industrial department coordinates a network of regulatory correspondents from the <i>métiers</i> and distribution subsidiaries, which meets several times a year to discuss regulatory changes in the various countries where the Group operates. The mitigation and prevention mechanisms for these risks are addressed specifically in chapter 2.</p>	

4.1.2.4 BUSINESS DISRUPTION ●


<p>◆ <b>DESCRIPTION OF THE RISK</b></p> <p>Hermès relies on a highly integrated French production method. The vast majority of our objects (74%) are made in France in exclusive in-house workshops (over 55%).</p> <p>The Group's ability to deal with a major industrial accident at one of its production, distribution or logistics sites (fire, flood), a natural disaster (tsunami, earthquake) or a major health crisis, is a key issue for Hermès.</p>	<p>◆ <b>POTENTIAL IMPACTS ON THE GROUP</b></p>  <p>The occurrence of such events on the production chain would impact the conduct of activities and would have consequences on the Group's commercial and financial performance.</p>
<p>◆ <b>RISK MANAGEMENT</b></p> <p>The management of industrial risks is carried out by the Group's industrial department. It is based on EHS networks in both the Group and internally within the <i>métiers</i>, as described in chapter 2 "Corporate social responsibility and non-financial performance".</p> <p>The production sites are spread across the country and comply with French regulations, some of the most demanding in the world, thus reducing the risk of a complete shutdown. Regulatory changes are monitored in the countries where the sites are located.</p> <p>Hermès implements initiatives designed to protect its manufacturing assets, employees and the environment on all of the House's production sites. The Group's industrial department relies on the <i>métiers'</i> industrial departments and Site Managers to carry out internal diagnostics. Audits conducted by external specialists enable operational improvement plans to be drawn up. The recommendations resulting from these analyses in the areas of organisation, procedures, training or investment are subject to careful follow-up. Safety-related expenditures and investments are considered to be a priority when making budget choices.</p> <p>Two studies were carried out in collaboration with the Group's insurer in order to quantify the financial exposures related to production and storage sites as well as strategic suppliers for the Leather and Silk <i>métiers</i>. These analyses identified the sites, subcontractors and critical suppliers on which the Group should target its actions in order to ensure activity continuity. The Leather study was updated in 2020 and the Silk update was finalised in 2022. In 2023, a study was also conducted on the supply chain to identify the physical and transition risks related to climate change, thus enabling the construction of resilience plans.</p> <p>During its audits, the audit and risk management department ensures that activity continuity plans are formalised and tested on the Group's various sites and, where appropriate, issues recommendations. The process of coordinating plans for the entire Group continued in 2023.</p> <p>In addition, the Group safety department, in collaboration with internal experts, coordinates regular site visits. Dedicated action plans are implemented and monitored operationally by the sites concerned.</p>	

## 4.1.3 LEGAL AND REGULATORY RISKS

## 4.1.3.1 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS IN ALL AREAS ●

<p>◆ <b>DESCRIPTION OF THE RISK</b></p> <p>The Hermès Group is committed to complying with the laws and regulations to which it is subject in France and internationally. These laws and regulations are increasingly numerous and complex.</p>	<p>◆ <b>POTENTIAL IMPACTS ON THE GROUP</b></p>  <p>Regulatory non-compliance could have a negative impact on the Group's operations, tarnish its reputation and give rise to financial penalties.</p>
<p>◆ <b>RISK MANAGEMENT</b></p> <p>The Group keeps abreast of developments in regulations and case law as well as technology in all relevant areas to ensure that it maintain compliance both in France and internationally. This monitoring is carried out in-house and by external firms:</p> <ul style="list-style-type: none"> <li>◆ internally, given the increasing complexity of each legal matter, the legal department is organised into specialised divisions, with departments or divisions specialising in one area of law (corporate and securities law, real estate law, mergers and acquisitions law, anti-counterfeiting). Business divisions with generalist teams in charge of the various <i>métiers</i> and regional divisions with legal teams in China, Japan, Singapore, South Korea and the United States, complete this organisation. The compliance department, which includes the experts in personal data protection law also reports to it. Employment and tax matters are respectively handled by the Group's human resources and finance departments, which work in conjunction with the legal department. The legal department also works closely with the Group's industrial department to ensure the regulatory compliance of Hermès products (safety, marking and physical properties) in all of the Group's areas of activity;</li> <li>◆ externally, in each of the regions where the Group develops its activity, Hermès is advised by specialised local law firms. The Group continues to be involved in ongoing litigation, but there are no pending settlements that are expected to have an impact on its activity or on its financial results. The Company is not aware of any other pending or potential governmental, legal or arbitration proceedings that may have, or that over the last 12 months have had, a significant impact on the Group's financial position or profitability.</li> </ul>	

#### 4.1.3.2 INTELLECTUAL PROPERTY AND COMBATING COUNTERFEITING ●

<p>◆ <b>DESCRIPTION OF THE RISK</b></p> <p>The Group is very committed to the protection and defence of its intellectual property rights. It is very active in the fight against counterfeiting in both the real and virtual worlds.</p>	<p>◆ <b>POTENTIAL IMPACTS ON THE GROUP</b></p>  <p>Infringements of the Group's intellectual property rights could have a negative impact on its revenue and damage its brand image.</p>
<p>◆ <b>RISK MANAGEMENT</b></p> <p>The Group has a particularly comprehensive portfolio of brands, models, patents and domain names, which is regularly expanding.</p> <p>Within each <i>métier</i> legal division, teams are specifically dedicated to these issues and ensure that the Group's creations are protected effectively.</p> <p>Finally, the Group ensures that its rights are respected and pursues an active anti-counterfeiting policy involving both preventive measures (guidance and training) and coercive measures (administrative, civil and criminal proceedings) around the world as well as on the Internet. The anti-counterfeiting department undertakes these actions with the support of external consultants (investigators, law enforcement agents, industrial property consultants, lawyers) and in collaboration with the competent local authorities. They are carried out in both traditional markets and on the Internet (metaverse, online sales platforms, social networks, retail websites, instant messaging, etc.).</p> <p>These actions make it possible to protect the House's rights, seize and destroy (in compliance with CSR rules) several hundred thousand potentially dangerous counterfeit products each year, to trace the source of the production chain and dismantle what are usually criminal networks. Where applicable, the payment of damages compensates the prejudice suffered and such amounts are immediately reinvested in new actions in the fight against counterfeiting.</p>	

#### 4.1.4 RISKS RELATED TO SOCIAL, SOCIETAL AND ENVIRONMENTAL RESPONSIBILITY

The Group's social, societal and environmental responsibility issues are described in detail in chapter 2 "Corporate social responsibility and non-financial performance", and are articulated around the Hermès Group's six strategic sustainable development pillars:


- ◆ teams;
- ◆ *savoir-faire*;
- ◆ raw materials;
- ◆ environment;
- ◆ suppliers and partners;
- ◆ stakeholders.

Based on the analysis of its priority CSR issues updated in 2023, Hermès continued to roll out its strategy and the associated actions. This materiality analysis was conducted by interviewing a panel made up of internal stakeholders who are experts in the subject (in France and abroad), and external stakeholders identified for their knowledge of the sector, the House and its functioning. Details of the method followed and the materiality matrix thus constructed are presented in chapter 2. This study confirmed and detailed the analysis conducted more widely at Group level in 2019 on three main themes:

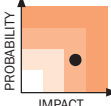
- ◆ risks related to changes in major global issues regarding climate and biodiversity;
- ◆ risks related to availability and judicious use of natural resources (water, energy, raw materials, waste management and recycling);
- ◆ risks related to human rights and fundamental freedoms, in particular, as regards the ethics aspect and the well-being of our employees.

More details by type of risk, and the mitigation and prevention mechanisms for these risks are addressed specifically in chapter 2. CSR topics are also part of the impact assessment criteria for each of the risk factors.

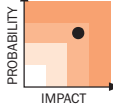
## 4.1.4.1 CHANGES IN MAJOR GLOBAL CLIMATE AND BIODIVERSITY ISSUES ●

<p>◆ <b>DESCRIPTION OF THE RISK</b></p> <p>Climate change causes disruption (heat, rising water levels, extreme events) and impacts on biodiversity and ecosystems.</p> <p>It also involves operational, regulatory and political transition issues (taxation, restriction of operations).</p> <p>The loss of biodiversity and the degradation of ecosystems threaten the sustainability of the natural resources from which the House's materials are sourced, weaken the planet and disrupt the living conditions of populations.</p>	<p>◆ <b>POTENTIAL IMPACTS ON THE GROUP</b></p>  <p>Rapid changes could impact supply chains, manufacturing operations, logistics or distribution, as well as customer behaviour.</p>
<p>◆ <b>RISK MANAGEMENT</b></p> <p>To anticipate risks and ensure the resilience of its business model, Hermès has implemented a climate strategy described in chapter 2 “Corporate social responsibility and non-financial performance”, § 2.5. Climate issues are managed by the Executive Committee, which has defined the Group's main objectives. A Group Decarbonisation Committee ensures the consistency of the various actions according to the activities concerned (purchasing, production, transportation, real estate). All the entities concerned have included a decarbonisation target in their CSR roadmap.</p> <p>The analyses carried out by the Group cover both physical risks and transition risks (see chapter 2 “Corporate social responsibility and non-financial performance”, § 2.5.7.1).</p> <p>With a strategy aligned with the Paris Agreements and validated by the SBTi (Science Based Targets initiative), Hermès is committed to reducing its scopes 1, 2 and 3 emissions, in a trajectory aimed at limiting global warming to 1.5 degrees Celsius. At the same time, adaptation measures are taken into account by activity and by country.</p> <p>Hermès has set up a decarbonisation programme for its own activities (scopes 1 and 2) and is committed to reducing scope 3 emissions. In particular, actions are carried out on major sources of emissions such as purchases, transportation, real estate and employee travel, as well as with its suppliers.</p> <p>The Group publishes its greenhouse gas emissions calculations annually, which are audited by a third party.</p> <p>Since 2018, the Group has implemented a formal biodiversity strategy which, through better understanding of the relationships between nature and its activities, enables Hermès to control its dependence on them (chapter 2 “Corporate social responsibility and non-financial performance”, § 2.4.3). This strategy benefits from the eyes of stakeholders thanks to the mechanism set up by the Act4Nature International initiative.</p> <p>Biodiversity risks mainly concern Hermès' supply chains for natural raw materials and, to a lesser extent, its production sites.</p> <p>Since 2020, Hermès has methodologically mapped 90 sectors in order to identify risks, including on the environment (water, deforestation, biodiversity, carbon). The great diversity of types (more than 35 different leathers) and geographical origin of Hermès' natural materials makes it possible to reduce its exposure to the occasional or chronic deterioration of certain ecosystems.</p> <p>The rollout of the biodiversity strategy is overseen by the Executive Committee and the Sustainable Development Board. It monitors four areas:</p> <ul style="list-style-type: none"> <li>◆ biodiversity training for all employees by 2025;</li> <li>◆ collaboration with recognised external stakeholders <i>via</i> partnerships (WWF France) and sectoral (ICFA, SAOBC) or cross-functional (Science Based Targets Network Corporation Engagement Program, Lab Capital Natural, Club B4B+) initiatives;</li> <li>◆ the measurement of the Group's biodiversity footprint <i>via</i> the Global Biodiversity Score and SBTN targets;</li> <li>◆ sector analyses and the activation of action plans commensurate with the issues.</li> </ul> <p>These action plans give rise to matrix monitoring at least once a year, horizontally by the entities or working groups in charge of the issues in the House, and vertically by the Sustainable Development Board and the central functions.</p>	

#### 4.1.4.2 RESPECT FOR HUMAN RIGHTS, FUNDAMENTAL FREEDOMS AND ETHICS ●

<p>◆ <b>DESCRIPTION OF THE RISK</b></p> <p>The risks of infringement of human rights, fundamental freedoms, ethics values and the health and safety of people, mainly concern the Group's external activities. Over 62% of the workforce is in France and is therefore subject to strict regulations. The multiple nature of the <i>métiers</i> and supply chains, combined with the desire to use exceptional raw materials, means that the Group works in partnership with suppliers from all over the world. These partnerships require constant vigilance to ensure respect of these rights and ethics throughout the value chain.</p>	<p>◆ <b>POTENTIAL IMPACTS ON THE GROUP</b></p>  <p>A violation of human rights, fundamental freedoms, health and safety or a breach of the Group's ethics rules could damage its reputation and image.</p>
<p>◆ <b>RISK MANAGEMENT</b></p> <p>The Group promotes a demanding ethics culture and does not tolerate any breaches of probity. The approach is structured around a specific governance, supported at the highest level of the organisation. Documents formalising commitments and tools for identifying, assessing, raising awareness, preventing and detecting these risks complete the control systems (see chapter 2 "Corporate social responsibility and non-financial performance", § 2.8).</p> <p>1) The Group has written its ethics values and its commitment to respect human rights and fundamental freedoms into the following documents:</p> <ul style="list-style-type: none"> <li>• an ethics charter that defines the Hermès Group's fundamental principles;</li> <li>• a code of business conduct that gives them a practical framework in terms of ethics;</li> <li>• an anti-corruption code of conduct that sets out the rules to be followed in terms of integrity and probity;</li> <li>• commitment handbooks, signed by suppliers and commercial partners, that explicitly address these subjects.</li> </ul> <p>These documents, which are regularly updated, are in line with fundamental principles such as the Universal Declaration of Human Rights, ILO rules, the OECD guidelines and the United Nations Global Compact as regards sustainable development.</p> <p>2) In accordance with law no. 2017-399 of 27 March 2017 on the duty of care of parent companies and contractors, the Hermès Group has drawn up a vigilance plan. It aims to identify the risks and prevent violations of human rights and fundamental freedoms, the health and safety of people and the environment, resulting from its activities, as well as those of its subcontractors or suppliers. Systems for identifying, mitigating and preventing these risks have been put in place for employees, suppliers and subcontractors.</p> <p>3) Risk analyses and procedures for the regular assessment of the situation of suppliers and subcontractors as well as audits make it possible to verify <i>in situ</i> the reality of the commitments made by suppliers. These relate to human rights and fundamental freedoms, health and safety and compliance with environmental regulations (see chapter 2 "Corporate social responsibility and non-financial performance", § 2.6.1).</p> <p>4) A single whistleblowing system (available internally and externally) enables any breaches or situations contrary to ethics, social and environmental principles to be reported (see chapter 2 "Corporate social responsibility and non-financial performance", § 2.8.1.3.2).</p> <p>The content of these action plans, and the vigilance plan in particular, is detailed in chapter 2.</p>	

## 4.1.4.3 AVAILABILITY AND PROPER USE OF NATURAL RESOURCES ●

<p>◆ <b>DESCRIPTION OF THE RISK</b></p> <p>The Group seeks to secure quality supplies of natural and renewable materials, obtained while fully respecting biodiversity.</p> <p>The risk relates to access and availability of materials, as well as the conditions under which they are obtained: social and environmental impact and their societal acceptability (animal welfare).</p>	<p>◆ <b>POTENTIAL IMPACTS ON THE GROUP</b></p>  <p>Decrease in the quality and volumes of exceptional natural raw materials, increase in costs. Loss of some customers who choose not to purchase leather.</p>
<p>◆ <b>RISK MANAGEMENT</b></p> <p>The Group works in each of its <i>métiers</i>, under the coordination and control of the direct purchasing department, to gain a better understanding of the supply chains and develop operational practices in order to jointly build the resilience of these channels. This entire system is described in chapter 2 “Corporate social responsibility and non-financial performance”, §2.4.2. The approach undertaken aims to:</p> <ol style="list-style-type: none"> <li>1) Control the entire value chain with operational traceability and long-term partnerships with suppliers, partners and NGOs;</li> <li>2) Contribute to the development of the most demanding standards for responsible and sustainable management of supply chains: <ul style="list-style-type: none"> <li>• environmental footprint: biodiversity, water, energy, carbon,</li> <li>• social: working conditions, ethics, corruption,</li> <li>• societal: link with communities.</li> </ul> </li> </ol> <p>Audits supplement this system and are carried out regularly with specialised service providers, or for certain sectors with the WWF, in order to best identify risks;</p> <ol style="list-style-type: none"> <li>3) Support regenerative agriculture that is more respectful of nature;</li> <li>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 formalised in 2021. An e-learning module on animal welfare was made available to all employees in March 2022 to raise their awareness of the issues and share the Group’s strategy and objectives;</li> <li>5) Creating circularity: the industrial transition &amp; quality department, created in 2022, provides cross-functional support for the Women’s and Men’s Ready-to-wear, Shoes, Fashion Accessories, Silk and Textile, Home and Jewellery métiers on eco-design and the circular economy. This approach is also underway in the Leather Goods, Watches and Perfume and Beauty métiers.</li> </ol> <p>With a view to continuous improvement, these processes are reviewed on a regular basis and action plans are implemented.</p> <p>The content of these action plans is detailed in chapter 2 “Corporate social responsibility and non-financial performance”.</p>	



## 4.3 RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT

### 4.3.1 A DEMANDING CONTROL ENVIRONMENT

While Hermès has attained the stature of an international group, it remains a company with family values, dedicated to a culture and spirit of craftsmanship and seeks to cultivate strong values among its employees.

At the forefront of these values is the demand for quality, the very essence of Hermès' activity. The Group's commitment to quality applies not only to its products and services, but also to its management methods. Hermès attaches great importance to its Senior Executives' managerial skills. Induction programmes for new managers and specific training sessions forge the Hermès culture. Everyone can thus understand their place in the organisation and integrate the House's rules of conduct and integrity. The demanding quality-oriented values and commitment shared by employees also serve as a solid foundation to underpin behaviours and observance of stringent internal control policies and procedures. The culture of risk management, the management of teams and the ethics of the Company ensure the demonstration and balance of these values.

In this respect, an ethics charter has been in place and has been distributed to employees since 2009. The code of business conduct, which specifies the behaviour expected of the Group's employees, has been supplementing it since 2012. These two documents, translated into 12 languages, have been updated several times since their creation. They are the foundation of Hermès Group integrity and ethics:

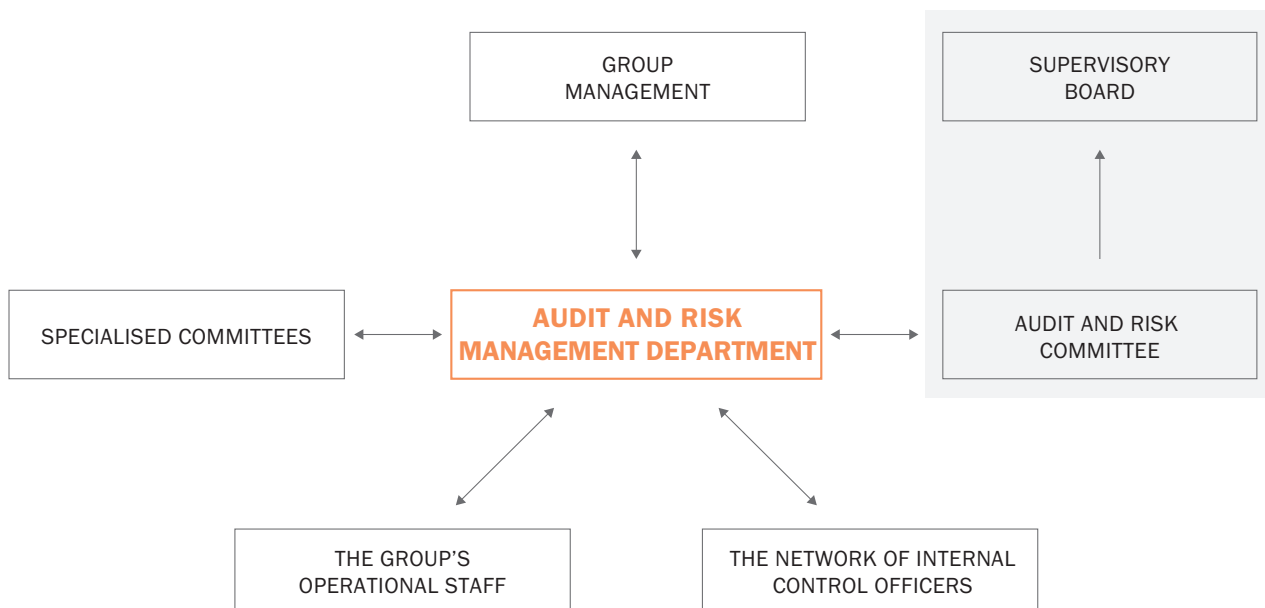
- ◆ the ethics charter promotes respect for the broad fundamental principles. It is intended as an instrument of progress and dialogue, and encourages employees to discuss with their line managers in cases where the principles are difficult to apply or are open to misunderstanding;
- ◆ the purpose of the code of business conduct is to raise employees' awareness about ethics risks and to instil behavioural and alert reflexes.

In addition, an anti-corruption code of conduct, including concrete illustrations, is distributed to all employees. It is translated into 18 languages (see chapter 2 "Corporate social responsibility and non-financial performance", § 2.8.2.2 on the corruption prevention system). This anti-corruption code of conduct has been accompanied since 2021 by an anti-corruption e-learning module translated into 12 languages.

These documents are available on the Company intranet under "Our Ethics" and on the website (<https://finance.hermes.com/en/ethics-human-rights-and-diversities/>), and are subject to formal acknowledgement of receipt when given to employees. Additional training on the Group's anti-corruption system and human rights is organised for operational staff, thus strengthening the Group's ethics culture. Actions relating to ethics and compliance are presented in chapter 2, "Corporate social responsibility and non-financial performance", § 2.8.

### 4.3.2 COMMITTED PARTIES RESPONSIBLE FOR RISK MANAGEMENT AND CONTROL

The risk management and internal control systems are applicable to the parent company and to the controlled subsidiaries. They are presented in the notes to the consolidated financial statements.



### Group Management

The Group Management designs risk management and internal control procedures commensurate with the Company's size, business operations, geographical footprint and organisation. In addition to establishing procedures for delegating authority established at different hierarchical levels, Group Management has responsibility for guaranteeing the quality and effectiveness of the risk management and internal control systems. It thus ensures their adequacy for meeting the Group's strategy objectives.

To this end, Group Management is provided with audit reports and the risk mapping of subsidiaries, *métiers* and support functions, and regularly meets with the audit and risk management department. It therefore oversees the system as a whole to safeguard its integrity and, where applicable, initiate any corrective measures needed.

### Audit and Risk Committee

The Audit and Risk Committee was established in 2005 within the Supervisory Board pursuant to Article L. 823-19 of the French Commercial Code (*Code de commerce*), and without prejudice to the powers of this Board, which it does not supersede.

The roles and duties of the Audit and Risk Committee were formally documented in rules of procedure drawn up by the Supervisory Board in 2010 and regularly updated. The latest version, updated on 26 November 2021, is available via the link <https://https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/>.

Each meeting of the Audit and Risk Committee gives rise to written minutes that are approved. At each meeting of the Supervisory Board, the Chairwoman of the Audit and Risk Committee gives the Board a report of the work of the Audit and Risk Committee.

In accordance with Article 11.3 of the Afep-Medef Code, the work and operation of the Audit and Risk Committee were subject to:

- ◆ a formal assessment in 2022, as part of the Supervisory Board's three-year self-assessment (see chapter 3 "Corporate governance", § 3.7.3);
- ◆ a debate during a meeting in 2023, at the end of which the members of the Committee unanimously considered that the functioning of the Committee remained very satisfactory (see chapter 3 "Corporate governance", § 3.7.3).

As part of its oversight of the risk management and internal control system, the Audit and Risk Committee has access to information relating to internal audit, internal control and risk management. The risk mapping of Group entities and the corresponding action plans are regularly presented to it. A list of the work carried by the Audit and Risk Committee is provided in chapter 3 "Corporate governance", § 3.6.3.4.

### Audit and risk management department

The audit and risk management department reports to the Group's Executive Vice-President Corporate Development and Social Affairs, which guarantees its independence, and has unlimited authority to review any matter at their discretion.

The audit and risk management department consists of a core team of experienced auditors, and runs a decentralised network of internal control officers. It performs a threefold mission for the Group:

- ◆ it identifies and analyses risks and ensures the implementation of action plans;
- ◆ it conducts internal audits and monitors the implementation of the recommendations;
- ◆ it ensures the deployment of internal controls adapted to Group's issues.

The insurance and prevention department is an integral part of the audit and risk management department, enabling synergies in terms of risk identification and management. Risk mapping now includes an insurance section in order to look at risks alongside the corresponding insurance coverage.

Since 2022, the audit and risk management department has included a data, innovation and method optimisation team in its workforce.

The duties of the audit and risk management department also consist of:

- ◆ carrying out a continuous improvement initiative as regards the internal control and risk management systems;
- ◆ working alongside the Group's various departments in order to promote the upstream handling of the main risks, as well as emerging risks, and running the risk mapping approach of the main *métiers*, distribution subsidiaries, support functions and cross-cutting subjects. The risk mapping methodology is regularly reviewed: in 2017 and 2020, specialised external firms supported this continuous improvement process. The audit and risk management department thus ensures that it has a relevant, effective and motivating methodology for its contacts. The action plans resulting from the risk mapping are monitored each year by the network of internal control officers;
- ◆ coordinating a network of around 80 internal control officers, in France and abroad, working within the *métiers*, distribution subsidiaries and support functions. Internal control has been strengthened, notably thanks to targeted and differentiated communication methods in order to better address the issues faced by the Group. A three-day seminar dedicated to the internal control issues of the distribution subsidiaries was organised in 2023, bringing together 40 internal control officers from all the subsidiaries concerned. In addition, regular thematic webinars for internal control officers and financial directors have been set up. Furthermore, annual meetings are organised with the Chief Financial Officers of the main regional distribution subsidiaries on the one hand, and the *métiers* on the other hand, to discuss their main internal control issues.

An audit charter has formalised the duties and responsibilities of the internal auditors and their professional conduct. It sets out the way in which their audit engagements are conducted. A risk charter, setting out the principles and rules for risk management, and an internal control charter, formalising the roles and responsibilities of its players, complete the system.

Lastly, the Director of Audit and Risk Management attends Audit and Risk Committee meetings. She meets with this committee six times a year, including once without the presence of third parties. This meeting is dedicated to the presentation of the audit and risk management department's activity report, and to discussions on its work and the resources at its disposal.

### Internal control officers

Internal control officers oversee the implementation of the internal control system within their scope, *métiers*, distribution subsidiaries or support functions. They report locally to the Chief Financial Officer of their entity, and functionally to the audit and risk management department.

They work according to an annual plan, shared with their department and the audit and risk management department, taking into account the Group's internal control priorities and the risks specific to their scope. Their main duties are as follows:

- ◆ identify major risks and adapt the organisation of internal control accordingly;
- ◆ verify the implementation of Group procedures in accordance with the activity and local regulations;
- ◆ participate in self-assessment of internal control work;
- ◆ spread the culture of internal control to all employees;
- ◆ monitor the risk mapping action plans;
- ◆ follow up on the audit recommendations of the audit and risk management department;
- ◆ in general, contribute in all their actions to improving risk management.

They are the contacts responsible for the rollout of systems to prevent corruption and cybersecurity risk.

### Specialised committees



The Hermès Group has deployed specific processes to monitor certain risks through specialised committees or working groups.

These committees meet on a regular basis.

For example, committees focusing on safety, IT risks, treasury risks and compliance risks analyse the issues, and study the appropriate corrective measures so that they can be implemented in the entities. They also check that existing control systems comply with Group procedures. The main operational contacts involved participate in

these committees with the audit and risk management department. Its role is to facilitate the identification of risks and the associated action plans.

The IT Safety Committee brought together IT safety stakeholders four times in 2023: the Group Cybersecurity Director, the information systems department, the audit and risk management department, the Group safety department, the digital projects and e-commerce department, and the Managing Director of the *métiers*, information systems and data (member of the Executive Committee). Its purpose is to monitor the progress of the roadmap, the IT audit plan and mitigation actions, share significant incidents and make the necessary trade-offs to adjust safety policies or positioning with regard to IT risks.

A Hermès Product Transportation Safety Committee, made up of the Group safety department, the transportation department, the insurance and prevention department, and the departments of the relevant *métiers*, meets as needed to define the necessary actions. Its objective is to improve transportation safety, in a practical way according to the risks specific to the products transported and any difficulties encountered.

The Compliance and Vigilance Committee is made up of representatives from the legal department, including compliance, the sustainable development department, the direct purchasing department, the indirect purchasing department, the audit and risk management department, the commercial department, the finance department and the labour law department. It participates in, monitors and oversees the implementation, effectiveness and control of compliance programmes. Its duties are detailed in chapter 2 "Corporate social responsibility and non-financial performance", §2.8.1.1.3 of this document.

The Group Safety Committee makes decisions on cross-functional safety issues identified during the specialised committee meetings. It also reviews the main safety incidents in order to adapt the overall system. This committee is composed of the Executive Vice-President Corporate Development and Social Affairs, the Director of Human Resources, the General Counsel, the Director of Group Safety, the Director of Group Cybersecurity, the Managing Director of Hermès Group Services and the Director of Audit and Risk Management. If necessary, it can call on experts on specific issues.

### The Group's operational staff

The Senior Executives, the major functional and operating departments, and members of the Management Committees of the Group's various entities are responsible for internal control and risk management; as the main beneficiaries and also key contributors to its proper application.

The control activities carried out at the level of each entity are the joint responsibility of the Managing Director and the Chief Financial Officer. A letter of confirmation relating to Hermès' internal control objectives and the quality of the controls in place within the entity is signed annually. This letter includes the results of an annual self-assessment questionnaire on the implementation of internal control.

### 4.3.3 A CONTROLLED RISK MANAGEMENT SYSTEM



The Group's risk management process is based upon the preparation of risk mappings as well as a range of complementary tools that facilitate identification of risks and definition of actions to better control them.

Set up in 2004, the mapping initiative has been rolled out to the main entities, and also to cross-functional areas, under the supervision of the audit and risk management department. The methodology applied is regularly updated and enables a precise assessment of the risks specific to the Group.

These mappings serve to identify, evaluate and systematically rank the main risks. An insurance section compares the risks with the corresponding insurance coverage. They are an operational awareness-raising and management tool and are a lever for improving performance. They contribute to effective management by providing a summary and shared vision of risks and defining operational action plans and the responsibilities of each person.

The entities periodically update their risk mapping, under the supervision of the audit and risk management department. Each year, between 5 and 10 risk mappings are carried out at the level of the distribution subsidiaries, *métiers* or cross-functional areas in the Group.

The internal control officers within the entities are the local relays for the mapping initiative. They participate in the initial risk analysis, while updating and monitoring the action plans.

The consolidated Group risk mapping is prepared every three years and was updated in 2023. The risk mappings of subsidiaries, *métiers* and cross-functional areas, as well as individual assessments by Executive Committee members, feed into it. This mapping is the subject of a specific Executive Committee workshop. It is also shared with the Audit and Risk Committee. The Group risk mapping is also used as a starting point for the audit and risk management department's audit plan.

In the areas of fraud and corruption:

- ◆ awareness-raising campaigns for the functions most exposed to the risk of fraud are conducted on a regular basis. Awareness-raising, identified as an effective fraud prevention tool, is rolled out and adapted to the types of fraud (risk of system intrusion, "CEO fraud", etc.). Information on safety is regularly reported to the Group Safety Committee, as well as to the Audit and Risk Committee. An *ad hoc* security system has also been introduced and is monitored by the Group safety department;
- ◆ the corruption risk mapping was updated in 2020 with the help of a specialist external firm and with the collaboration of the legal compliance department, which is responsible for its management, as described in chapter 2 "Corporate social responsibility and non-financial performance", § 2.8.2.2.1.

The audit and risk management department can modify its audit programme and carry out *ad hoc* assignments in order to deal with new risks, particularly in the event of an alert issued by a Group division. Cross-functional audits can thus be carried out.

In order to better anticipate changes in issues relating to companies, technologies, the environment, the economy and governance, the audit and risk management department actively monitors emerging risks externally and has initiated prospective studies since 2019. As in 2022, a forward-looking day was organised in 2023. It brought together 120 of the House's employees around presentations and collective workshops. Enhanced by a forward-looking operational project conducted for a *métier*, the objective of the approach is to cultivate a mindset that is resolutely oriented towards the future and to raise awareness among participants of the multiplicity of trends already at work and the issues that could arise in the short, medium and long term.

Finally, an IT platform for the sharing of incidents enables assessment of changes in certain risks and early detection of any signs of potential weakness. This prevention tool contributes to the continuous improvement of the control system, as closely as possible to reality. Several times a year, the audit and risk management department conducts an analysis of the incidents reported by the subsidiaries and *métiers*. It is communicated to the Group's internal control officers and internal control departments, including incident statistics for the period and a reminder of the Group's procedures and related best practices.

## 4.3.4 A MATURE INTERNAL CONTROL SYSTEM

### 4.3.4.1 GENERAL ORGANISATION

#### Internal control objectives

Internal control systems rely on ongoing, recurring actions that are integrated into the Company's operating processes. They apply to all functions and processes, including those associated with the preparation of financial and accounting information.

The Hermès internal control objectives include:

- ◆ compliance with laws and regulations;
- ◆ proper observance of instructions and strategy directions given by the Group Management;
- ◆ operating efficiency of the Company's internal procedures, particularly those that help to protect its assets, as well as the safety and security of property and persons;

- ◆ the reliability of financial information and, in general, control over its activities, efficiency of its operations and optimisation of the use of its resources.

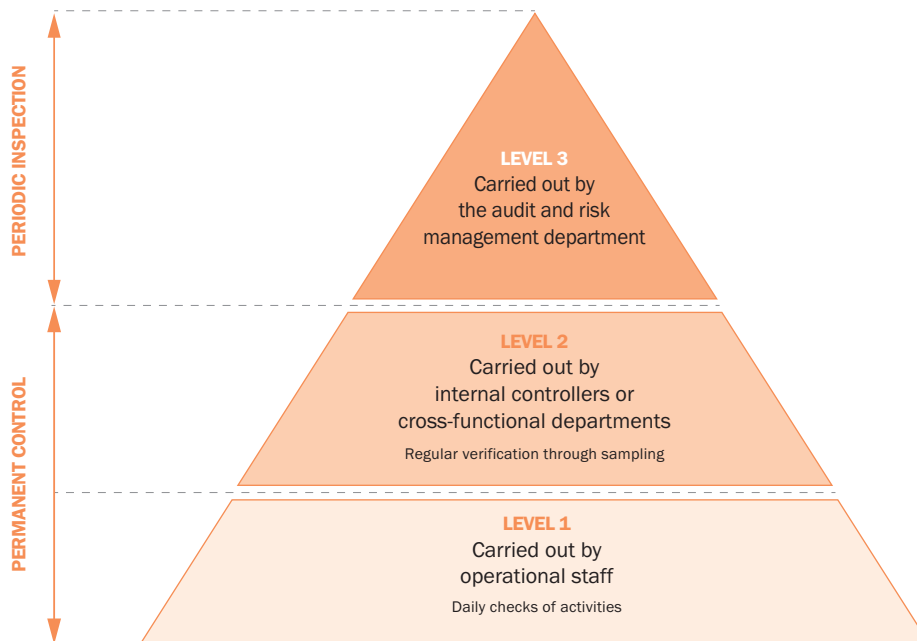
#### Organisation

The Company's management, organised into an Executive Committee and several specialised committees, ensures the strategic alignment and distribution of information. Detailed organisational charts and memoranda outlining strategic directions give staff members a thorough understanding of their role in the organisation and a way to periodically evaluate their performance by comparing it with targets. The Group's organisation is based on an approach designed to foster a high level of accountability among local managers, whose duties and responsibilities are clearly defined.

Regarding human resources processes, Hermès has established hiring, training and skills development programmes, enabling each individual to perform their current and future duties effectively. Within Hermès International, the finance department has primary responsibility for the preparation and control of financial information.

#### Internal control system monitoring

The monitoring system includes three levels of control:



Regular reviews are carried out by internal control officers at a local level and are supplemented by the audit and risk management department depending on the issues at stake in each entity. The network of internal control officers is responsible for ensuring that suitable controls cover the principal risks related to distribution and production operations, as well as to support functions, notably regarding the security and traceability of assets.

This network, made up of around 80 internal control officers, enables the presence of local contacts in the Group's main entities. As part of

its role of coordinating the network of internal control officers, the audit and risk management department is involved in their appointment, reviews the subsidiaries' annual internal control plans and disseminates best practices. It relies in particular on a social and collaborative information-sharing platform, identifies internal control priorities and promotes the sharing of experience between all members of the network. It also publishes a quarterly newsletter.

Audit assignments represent the third level of control. They are explained in § 4.3.5 "An agile internal audit system" below.

### Self-assessment of internal control

The self-assessment of internal control, which began in 2005, is now a mature process within the Group. It is based on questionnaires completed by all controlled subsidiaries. This system contributes to the dissemination of the internal control culture within the Group. It also provides support for assessing the level of internal control and assessing the extent to which operational and functional risks are properly addressed. If the control processes are found to be ineffective, the subsidiaries are required to draw up an action plan to remedy the situation.

The subsidiaries self-assess each year using five questionnaires available on the intranet in the dedicated “CHIC” IT tool (Check your Hermès Internal Control). They are administered by the audit and risk management department. The self-assessment is based on a general internal control questionnaire (CHIC Practices), the guidelines for which are drawn up in line with the AMF “Reference Framework”. A

questionnaire specific to cash management (CHIC Trésorerie), a questionnaire on operating procedures in the retail network (CHIC Boutique) and a questionnaire on operational procedures governing online sales (CHIC E-commerce) are also part of the system. Lastly, a questionnaire dedicated to the leather goods workshops (CHIC Maroquinerie) was launched in 2023.

These questionnaires are updated on an annual basis, in order to include any new risks and controls identified as key at Group level. The results are reported in a dedicated IT tool where they are centralised and analysed by the audit and risk management department, in order to identify areas for improvement and internal control priorities for the following year. They are shared with the departments concerned in order to define action plans for all the Group’s subsidiaries.

CHIC Questionnaires	Number of themes *	Examples of themes addressed
Practices	12	Finance, Human resources, Control environment, Information systems, Communication, Ethics and Compliance, Sustainable development, etc.
Leather goods	11	Inventories, Production, Finance, Investments and Real Estate, Ethics and Compliance, Information Systems, etc.
E-commerce	9	Sales, Shipping and Deliveries, Returns and Refunds, Storage, Customer Data, etc.
Boutique	7	Customer relationship management, Checkout closing, Stock-taking, Safety/Security, etc.
Trésorerie	7	Management of bank accounts, Processes and Payment means, Regulatory compliance, E-payments, etc.

\* The themes are then sub-divided into several questions addressing all related procedures in an exhaustive manner.

The internal control officers are involved in the self-assessment, and are in charge of monitoring the action plans. The audit and risk management department checks and compares the responses given by subsidiaries to the questionnaires with its own assessment when performing audits. It ensures that the controls have been correctly undertaken, and that corrective action plans have been implemented.

### Internal control procedures

The internal control processes are described in the Group procedures. They are defined at Group level, then rolled out and adapted by each division to the specific contexts and local regulations. All Group employees have access to them *via* a secure intranet website.

Group procedures cover the Company’s main cycles (purchases, sales including digital, treasury, inventory management, fixed assets, human resources, information systems, safety and security, closing of financial statements, compliance, etc.). The audit and risk management department updates them regularly, in collaboration with the experts in their respective fields and the internal control officers.

More specifically, extremely stringent cash management procedures have been put in place. The treasury security rules manual details the following procedures:

- ◆ a treasury management procedure that defines the roles and responsibilities between Group treasury and the subsidiaries;

- ◆ rules for opening and operating bank accounts, called “prudential rules”, for each of the Group’s companies, which are constantly updated and include among others the monitoring of authorised signatories;
- ◆ an exchange rate policy approved by the Group’s Supervisory Board (this policy presents all the authorised financial instruments, the horizon and the hedging ratios);
- ◆ intra-group agreements signed by each subsidiary concerned, which structure the relationship between the Hermès Group and its subsidiaries and specify the management policy and rules applicable to all financial flows (cash flows, foreign currency transactions, etc.) that may generate liquidity or market risk;
- ◆ a Group cash management policy, approved by the Hermès International Supervisory Board, which sets out the authorised investment vehicles and all the criteria for managing liquidity and counterparty risk.

### Information systems

The use of tools adapted to Hermès’ needs facilitates the preparation and control of information. The consistency of information system urbanisation and architecture is managed at Group level. The projects follow a methodology that includes mandatory milestones, in particular that of the Architecture Committee, which ensures the coherence and compliance of projects, including with regard to security (compliance with the Group process of integration of security in projects – ISP).

Integrated applications are used to facilitate centralisation of data reported to Hermès International by the subsidiaries, consolidation of accounts and cash management. Managers have access to data generated by the management systems on a weekly and monthly basis, giving them the information they need to manage business operations effectively, to monitor performance consistently, and to identify any irregularities.

The information systems are designed to ensure that, in particular, the accounting and financial information produced complies with security, reliability, availability and relevance criteria. Specific rules on the organisation and operation of all IT systems have been defined, applying to access, validation of processing and closing procedures, data archiving and record verification.

Furthermore, procedures and controls have been set up to ensure the quality and security of operations, maintenance and upgrading of accounting and management systems as well as all systems that send data to them.

In addition to the detailed reviews carried out by the information systems department in the main subsidiaries, the audit and risk management department organises a review of second-level IT controls through a self-assessment questionnaire completed by the subsidiaries, and of third-level controls *via* audits on:

- ◆ general IT controls in subsidiaries and centrally;
- ◆ IT projects;
- ◆ the cybersecurity system.

For third-level controls, the audit plan has been considerably enhanced since 2021, and is conducted with the assistance of specialists in each of the subjects audited.

#### **Crisis management**

Since 28 February 2020, in response to the health crisis linked to Covid-19, a monitoring unit has been set up to coordinate the necessary actions within the Group and the exchange of information. Through committees by type of activity and geographical area, the unit makes it possible to address operational issues in terms of employee protection, business continuity and adaptation of the internal control system.

The crisis unit comprises members of the audit and risk management department, the Group safety department and the Group human resources department, including in particular the directors of internal communication and labour relations. This crisis unit reports to the Executive Committee, *via* the Executive Vice-President Corporate Development and Social Affairs, on matters requiring a collective decision.

A crisis management exercise, designed with the support of an external firm, was conducted in December 2021. This exercise made it possible to test the reaction and communication of the various stakeholders of the crisis unit around various scenarios such as a cyberattack, a fire or a pollution incident. Following this exercise, the Group updated its crisis management system and is conducting discussions to strengthen its coordination with the subsidiaries and *métiers*. In addition, a cybersecurity crisis management exercise was conducted in December 2022 with the aim of improving the Group's resilience to the potential loss of digital services.

### **4.3.4.2 PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION**

#### **Definition, objectives and scope**

The processes relating to the preparation and processing of accounting and financial information are at the heart of the Group's internal control system. They ensure stringent financial oversight of the production and reporting of accounting and financial information for the parent company and the companies integrated into the consolidated financial statements. The processes are designed to meet the following objectives:

- ◆ compliance with accounting regulations and the proper application of the principles used for the preparation of the financial statements;
- ◆ the prevention and identification of any accounting or financial fraud or inconsistencies, as far as possible;
- ◆ the reliability of the information circulated and used in-house by Group Management for steering purposes;
- ◆ the reliability of the published accounts and of other information reported to investors.

Hermès has set up an organised and documented system that ensures the quality of consolidated and reported accounting and financial data. It is based on a Group Management manual, strict segregation of duties, and strong control by Hermès International over the information produced by the subsidiaries.

#### **Actors in the accounting and financial internal control process**

The internal control process for accounting and financial information involves the following stakeholders:

- ◆ Group Management, which is carried out by the Executive Committee, led by the Executive Management. As part of the closing of the annual and consolidated financial statements, the Executive Management obtains all the information it deems useful. It analyses the subsidiaries' accounts on a regular basis and meets with their Senior Executives from time to time, particularly during the budget preparation and account closing periods;
- ◆ the Supervisory Board, which exercises ongoing control over the Company's management. By consulting Group Management, the Board can verify that oversight and control systems are sufficient to ensure that the financial information published by the Company is reliable;
- ◆ the Audit and Risk Committee, whose roles and missions are described in § 4.3.2;
- ◆ the Executive Vice-President Corporate Development and Social Affairs, member of the Executive Committee, who ensures the implementation of appropriate methods (organisation, skilled resources, tools) and oversees the audit and risk management department responsible for the risk management system and internal control coordination;
- ◆ the Executive Vice-President Finance, member of the Executive Committee. He relies on dedicated teams of specialists in the consolidation, tax and management control department, the financial management department, the treasury department and the financial communication department to support:
  - the consolidation of financial information in accordance with IFRS accounting standards, as adopted by the European Union,

- monitoring and coordination of activity during regular reviews (year-end and half-year accounts closure, forecast updates and budgets),
- accounting and financial internal control within the operational entities,
- strict compliance with tax regulations,
- hedging foreign exchange risk;
- ◆ external communication of financial information in accordance with regulations;
- ◆ the Managing Directors and Chief Financial Officers of the subsidiaries, who have primary responsibility for the quality of the financial information preparation processes and internal control applied by the entities they oversee. They are also responsible for circulating procedures drawn up and issued by Hermès International and for ensuring that these are properly applied.

#### Group standards

The Group has adopted a body of accounting rules and policies, in accordance with IFRS as adopted by the European Union, the framework for consolidated financial statements. The application of these standards is mandatory for all consolidated subsidiaries in order to provide consistent and reliable financial information. The chart of accounts applies to all subsidiaries and the income statement is common to management and accounting.

These rules and policies are presented in Group reporting manuals, which are regularly updated by the consolidation department to take into account changes in regulations and accounting standards.

#### Financial and accounting information production systems

The management of accounting and financial information flows is mainly carried out through the SAP integrated management software used in almost all the Group's subsidiaries.

The production of the annual and half-yearly consolidated financial statements, as well as the reporting of all the financial information used to manage and control the activity of the operational units, is carried out through a unified and centrally managed consolidation software package (SAP Financial Consolidation).

These systems allow the accounting entries to be traced and a strict separation of duties.

#### Procedures for preparing published accounting and financial information

The Group's organisation, which is based on reporting issued by each subsidiary and sent directly to the parent company, without any intermediate consolidation thresholds, ensures that Hermès International exercises strong control over the financial information produced by the subsidiaries.

The Managing Director and Chief Financial Officer of each subsidiary jointly undertake to ensure the quality, reliability and comprehensiveness of the accounting and financial information that they have prepared and sent to the Group Finance Management, by means of a letter of confirmation they sign jointly at the closing of the half-yearly and annual financial statements.

The accounts closing process is governed by precise instructions and is based on a detailed timetable, which is circulated to all subsidiaries in order to ensure respect of the deadlines and consistency in the preparation of financial statements. Throughout the year, the consolidation department validates the main accounting estimates used by the subsidiaries and central functions and, where applicable, simulates complex transactions in the consolidation software. In addition to quarterly closings, closings in May and November make it possible to better anticipate half-yearly and annual closings.

For the preparation of the consolidated financial statements, control procedures apply at each stage of the financial information reporting and processing process and are intended to ensure:

- ◆ checking of consolidation packages prior to integration (compliance with Group accounting standards and practices and verification of consistency, etc.);
- ◆ analysis of the financial statements of consolidated subsidiaries;
- ◆ the proper elimination of internal transactions;
- ◆ the proper application of IFRS;
- ◆ verification of consolidation transactions;
- ◆ analysis and validation of all items in the consolidated financial statements;
- ◆ the reliability of the financial information.

Lastly, in the context of these audits, the audit and risk management department coordinates its work on internal control with the Statutory Auditors.

### 4.3.5 AN AGILE INTERNAL AUDIT SYSTEM

#### Duties

The role of the audit and risk management department is to provide the Hermès Group's Management with reasonable assurance regarding the level of control over operations in the various entities. It fulfils this role in particular by carrying out audit missions, the purpose of which is to assess:

- ◆ the compliance of activities and operations with the Group's internal control rules and procedures, as well as the regulatory provisions in force;
- ◆ the relevance of the risk control processes implemented by operational staff;
- ◆ the implementation of the Group's strategic orientations through the consistency of the operational actions of the entities and the use of resources in relation to the actions undertaken;
- ◆ more generally, the likelihood, severity and level of control of risks that could have a significant impact on the Group's strategy.

There are several types of audits including:

- ◆ audit of distribution subsidiaries including the audit of stores;
- ◆ audit of production sites and *métiers*;
- ◆ audit of support departments for upstream or downstream flows;



- ◆ special audits conducted with the help of external firms, in particular on information systems;
- ◆ support for affiliates in the setting up of the internal control system.

Upon completion of the audits, reports are prepared detailing the audit findings and risks identified, and recommending solutions to remedy them. Proper implementation of the recommendations is verified during follow-up audits. The audit reports are sent to the managers of the audited subsidiaries or departments and to Group Management.

Since 2020, the audit and risk management department uses an analysis tool for accounting entries in its audits. This tool improves the relevance of certain tests undertaken, by facilitating the identification of atypical transactions. Moreover, since 2021, the Group has had a tool for analysing in-store transactions based on 39 indicators that can continuously highlight any non-compliance with Group procedures. Initially developed for internal control officers, this tool is also used by the audit and risk management department to perform in-store tests on the most sensitive sales transactions and stock movements. More broadly, this tool is also a means of fighting corruption and money laundering in stores. Collective and individual training sessions against fraud, for Chief Financial Officers and internal control officers, were organised by the data, innovation and method optimisation team in the audit and risk management department.

#### **Audit plan**

The auditors work on the basis of an annual audit plan, validated by the Executive Management and the Audit and Risk Committee, which is adapted every six months, if necessary. An overall analysis of risks, in particular financial, operational and compliance risks, feeds into the audit plan. The Executive Committee's proposals and audit follow-ups complete it. It must allow a regular review of all Group entities and processes, with a frequency appropriate to the magnitude of the risks and the relative weight of each entity.

The audit and risk management department also carries out support assignments for the internal control roll-out within newly acquired entities. For specialised audits, it may use external service providers and data analysis tools, particularly in the context of fraud prevention. In addition, it regularly performs integrated audits with the Group's experts: IT security, safety, compliance, insurance, etc.

The 2023 audit plan was adapted to the context of recent years to include in-person audits of entities located in countries where health restrictions have been the most prolonged. The strengthening of IT safety audits continued in 2023. In the field of cybersecurity, and more broadly the IT control environment, most audits are entrusted to external expert firms. In addition, the audit and risk management department has been carrying out dedicated audits of communications expenditure with the support of external firms.



# 5

## CONSOLIDATED FINANCIAL STATEMENTS AFR

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Comments on the consolidated financial statements are set out in chapter 1 "Presentation of the Group and its results", § 1.8.

## 5.1 CONSOLIDATED INCOME STATEMENT

<i>In millions of euros</i>	<i>Notes</i>	<b>2023</b>	<b>2022</b>
<b>Revenue</b>	<b>3 and 4</b>	<b>13,427</b>	<b>11,602</b>
Cost of sales	4	(3,720)	(3,389)
<b>Gross margin</b>		<b>9,708</b>	<b>8,213</b>
Sales and administrative expenses	4.2	(3,169)	(2,680)
Other income and expenses	4.3	(889)	(836)
<b>Recurring operating income</b>	<b>3</b>	<b>5,650</b>	<b>4,697</b>
Other non-recurring income and expenses		-	-
<b>Operating income</b>	<b>3</b>	<b>5,650</b>	<b>4,697</b>
Net financial income	9.1	190	(62)
<b>Net income before tax</b>		<b>5,840</b>	<b>4,635</b>
Income tax	6	(1,623)	(1,305)
Net income from associates	8	105	50
<b>CONSOLIDATED NET INCOME</b>		<b>4,322</b>	<b>3,380</b>
Non-controlling interests		(12)	(13)
<b>NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<b>4,311</b>	<b>3,367</b>
Basic earnings per share <i>in euros</i>	11.6	41.19	32.20
Diluted earnings per share <i>in euros</i>	11.6	41.12	32.09

## 5.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In millions of euros</i>	<i>Notes</i>	<b>2023</b>	<b>2022</b>
<b>Consolidated net income</b>		<b>4,322</b>	<b>3,380</b>
Changes in foreign currency adjustments <sup>1</sup>	11.5	(114)	126
Hedges of future cash flows in foreign currencies <sup>1 2</sup>	11.5	7	129
♦ <i>change in fair value</i>		69	23
♦ <i>recycling through profit or loss</i>		(63)	106
Assets at fair value <sup>2</sup>	11.5	-	333
Employee benefit obligations: change in value linked to actuarial gains and losses <sup>2</sup>	11.5	10	41
<b>Net comprehensive income</b>		<b>4,225</b>	<b>4,009</b>
♦ <i>attributable to owners of the parent</i>		4,213	3,996
♦ <i>attributable to non-controlling interests</i>		13	14

(1) Transferable through profit or loss

(2) Net of tax

## 5.3 CONSOLIDATED BALANCE SHEET

### ASSETS

<i>In millions of euros</i>	Notes	31/12/2023	31/12/2022
Goodwill	7.1	72	-
Intangible assets	7.2	225	213
Right-of-use assets	7.3	1,716	1,582
Property, plant and equipment	7.2	2,340	2,007
Investment property		7	8
Financial assets	9.2	1,141	1,109
Investments in associates	8	200	54
Loans and deposits		70	65
Deferred tax assets	6.3	631	555
Other non-current assets	4.4	37	39
<b>Non-current assets</b>		<b>6,438</b>	<b>5,630</b>
Inventories and work-in-progress	4.4	2,414	1,779
Trade and other receivables	4.4	431	383
Current tax receivables	4.4	51	19
Other current assets	4.4	300	263
Financial derivatives	10	188	160
Cash and cash equivalents	9.3	10,625	9,225
<b>Current assets</b>		<b>14,008</b>	<b>11,828</b>
<b>TOTAL ASSETS</b>		<b>20,447</b>	<b>17,459</b>

### LIABILITIES

<i>In millions of euros</i>	Notes	31/12/2023	31/12/2022
Share capital	11	54	54
Share premium		50	50
Treasury shares	11	(698)	(674)
Reserves		10,744	8,795
Foreign currency adjustments	11.5	189	303
Revaluation adjustments	11.5	553	546
Net income attributable to owners of the parent		4,311	3,367
<b>Equity attributable to owners of the parent</b>		<b>15,201</b>	<b>12,440</b>
Non-controlling interests		2	16
<b>Equity</b>		<b>15,203</b>	<b>12,457</b>
Borrowings and financial liabilities due in more than one year	9	50	35
Lease liabilities due in more than one year	7.3	1,720	1,629
Non-current provisions	12	31	30
Post-employment and other employee benefit obligations due in more than one year	5.3	151	181
Deferred tax liabilities	6.3	2	20
Other non-current liabilities	4.4	106	103
<b>Non-current liabilities</b>		<b>2,060</b>	<b>1,998</b>
Borrowings and financial liabilities due in less than one year	9	1	2
Lease liabilities due in less than one year	7.3	289	268
Current provisions	12	134	133
Post-employment and other employee benefit obligations due in less than one year	5.3	16	15
Trade and other payables	4.4	880	777
Financial derivatives	10	45	74
Current tax liabilities	4.4	586	496
Other current liabilities	4.4	1,233	1,239
<b>Current liabilities</b>		<b>3,183</b>	<b>3,004</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>20,447</b>	<b>17,459</b>

Name or other means of identification of the reporting entity	Hermès International
Domicile of the entity	24, rue du Faubourg Saint-Honoré, 75008 Paris (France)
Legal form of the entity	<i>Société en commandite par actions</i> (partnership limited by shares)
Country of incorporation	France
Address of the entity's registered office	24, rue du Faubourg Saint-Honoré, 75008 Paris (France)
Principal place of business	24, rue du Faubourg Saint-Honoré, 75008 Paris (France)
Description of the nature of the entity's operations and its principal activities	Hermès is an independent, family-owned craftsmanship House that manufactures and distributes its objects through a dynamic network of stores around the world.
Name of parent company	Hermès International
Name of ultimate parent of the Group	Hermès International

## NOTE 1 ACCOUNTING PRINCIPLES AND POLICIES

### 1.1 Basis of preparation

The consolidated financial statements of Hermès International and its subsidiaries (the "Group"), published for financial year 2023, are prepared in accordance with IFRS, the International Financial Reporting Standards, as adopted in the European Union as at 31 December 2023.

The Group's consolidated financial statements were approved by the Executive Management on 8 February 2024 and will be submitted for approval to the General Meeting on 30 April 2024. The Audit and Risk Committee, which met on 7 February 2024, also examined the consolidated financial statements.

The consolidated financial statements and notes to the consolidated financial statements are presented in euros. Unless otherwise stated, the values shown in the tables are expressed in millions of euros and rounded to the nearest million. As a result, in certain cases, the effects of rounding up/down can lead to a non-significant difference in the totals or changes. In addition, the ratios and differences are calculated on the basis of the underlying amounts and not on the basis of rounded amounts.

### 1.2 New accounting principles and regulations applicable to the Hermès Group

#### 1.2.1 AMENDMENT TO IAS 12 - REFORM OF INTERNATIONAL TAXATION - RULES OF THE PILLAR II MODEL

In December 2021, the Organisation for Economic Co-operation and Development (OECD) published a draft reform of international tax rules proposing in particular the introduction of a minimum tax of 15% on the profits made by multinational groups ("Global Anti-Base Erosion Rules" or Pillar II "GloBE Rules"). In December 2022, the European Union adopted the "Pillar II" Directive, which aims to transpose the GloBE Rules. France transposed the directive on 31 December 2023 through the 2024 finance act. This new

legislation will therefore apply to Hermès from the 2024 financial year. The Group closely monitors the progress of the legislative process in each jurisdiction where it operates, in order to be in a position to implement the system there once adopted.

In this context, the IASB published an amendment to IAS 12 "International Tax Reform - Pillar II Model Rules" applicable for financial years beginning on or after 1 January 2023, which introduces a mandatory temporary exemption to the recognition of deferred tax assets or liabilities related to this minimum taxation.

On the basis of the GloBE Model Rules to date and the tax rates currently in force in the countries where it operates, the Pillar II legislation would not have had a significant impact on the Group's consolidated effective tax rate if the legislation had been in force for the 2023 financial year. Hermès has applied the exemption to the recognition of deferred taxes provided for by the amendment to IAS 12.

#### 1.2.2 PENSION REFORM

In France, law 2023-270 of 14 April 2023 on the amended financing of Social Security for 2023 includes a pension reform, around two main axes. The legal retirement age will be gradually raised from 1 September 2023 to reach 64 in 2030 for employees under the general scheme. The contribution period required to receive a full-rate pension will increase from 42 years to 43 years from 2027.

This reform has no significant impact on the value of the obligation for Hermès.

### 1.3 Use of estimates

The preparation of the consolidated financial statements under IFRS sometimes requires the Group to make estimates in valuing assets and liabilities and income and expenses recognised during the financial year. The Group bases these estimates on historical experience and on a variety of assumptions, which it deems to be the most reasonable and probable in the current economic environment.

The main judgments and estimates are presented in the following notes:

	<b>Notes</b>
Depreciation period for property, plant and equipment and intangible assets	7.2
Leases	7.3
Impairment of inventories	4.4
Financial instruments	10
Provisions	12
Post-employment and other employee benefit obligations	5.3
Share-based payments	5.4
Income tax	6

## 1.4 Climate issues

Hermès' French craftsmanship model and its locations in France limit the Group's current exposure to climate issues. Consequently, at this stage, the impacts of climate change on its consolidated financial statements are not significant.

The House is on a trajectory of net zero emissions by 2050, aligned with the 1.5°C scenarios of the Paris Agreement. In this context, Hermès has set itself targets, validated by the SBTi initiative, of reducing scopes 1 and 2 emissions by 50.4% in absolute value and scope 3 emissions by 58.1% in intensity (per € million of gross margin) over the 2018-2030 period. To achieve them, Hermès is committed to reducing by 50% the carbon footprint/m<sup>2</sup> of real estate areas built or renovated by 2030 and to implementing 100% renewable electricity in direct operations by 2025. These efforts are reflected in the consolidated financial statements through operating investments and operating expenses.

The long-term effects of climate change are not quantifiable at this stage.

## 1.5 Scope and methods of consolidation

The consolidated financial statements include the financial statements of Hermès International and subsidiaries and associates over which the parent company directly or indirectly exerts control or significant influence.

They are prepared on the basis of annual financial statements for the period ended 31 December, and are expressed in euros.

The list of the main companies included in the scope of consolidation as at 31 December 2023 is presented in note 16.

The financial statements of controlled companies are fully consolidated. This method is used, following elimination of internal transactions and results, in order to fully integrate assets, liabilities, income and expenses. Equity and net income attributable to non-controlling interests are identified separately as non-controlling interests in the consolidated balance sheet and the consolidated income statement.

The financial statements of other companies, known as associates, over which the Group exercises significant influence, are accounted for using the equity method (see note 8).

Financial statements expressed in foreign currencies are converted in accordance with the following principles:

- ◆ items in the balance sheet are converted at the year-end exchange rate for each currency;
- ◆ items in the income statement are converted at the average annual exchange rate for each currency.

This results in a translation difference (attributable to owners of the parent), which is shown separately in consolidated equity. The principle is the same for non-controlling interests.

**NOTE 4 ITEMS RELATING TO OPERATING ACTIVITIES****Accounting principles****Revenue**

Revenue consists essentially of sales of goods and services produced by the Group's main operating activities.

- ◆ Revenues mainly include retail sales in the Group's stores, which are recognised at the time of purchase by customers;
- ◆ Wholesale distribution to store concessionaires, distributors in the Perfume and Beauty activity and sales to producers (textile printing, tanning, metal parts, etc.) are recorded when control of the goods is transferred, which generally occurs at the time of shipping. Distributors and concessionaires therefore take control of products until sale to the final customer and thus act as the principal under the provisions of IFRS 15.

Any contractual or implicit inventory returns are recorded as a deduction from revenue.

**Cost of sales**

The cost of sales mainly comprises purchases of raw materials, the cost of production labour, indirect production costs, variable selling expenses, as well as impairment of inventories.

**Sales and administrative expenses****Communication**

Communication expenses include expenses designed to promote brands and products to customers. These expenses are recognised as expenses in the financial year in which they are incurred.

**Other sales and administrative expenses**

Other sales and administrative expenses include costs usually borne by the Company in the course of its operations and which are not related to production. These mainly include expenses for sales staff and support functions, variable rent expenses and other administrative expenses (fees, insurance, travel, etc.).

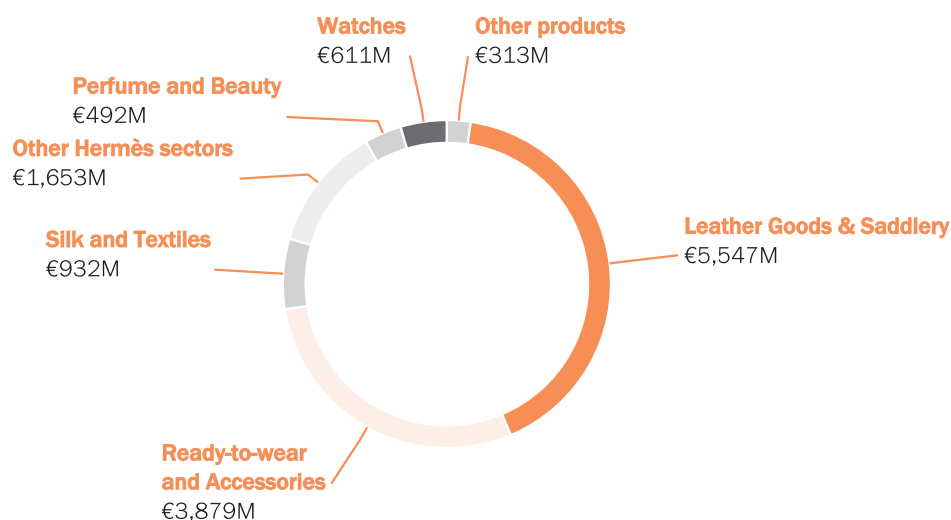
**Other income and expenses**

Other income and expenses mainly include:

- ◆ depreciation and amortisation of fixed assets and right-of-use assets, with the exception of charges relating to items allocated to production, which are classified as "Cost of sales" (see note 7);
- ◆ the cost of pension plans and other long-term benefits (see note 5.3);
- ◆ expenses related to free share allocation plans (see note 5.4);
- ◆ changes in provisions (see note 12);
- ◆ impairment losses (see note 7.4);
- ◆ donations and sponsorship expenses.

**Other non-recurring income and expenses**

This item enables the separate presentation of major non-recurring events that occurred during the financial year, whose financial impact was material and whose presentation under recurring operating income could affect the understanding of the Group's economic performance.

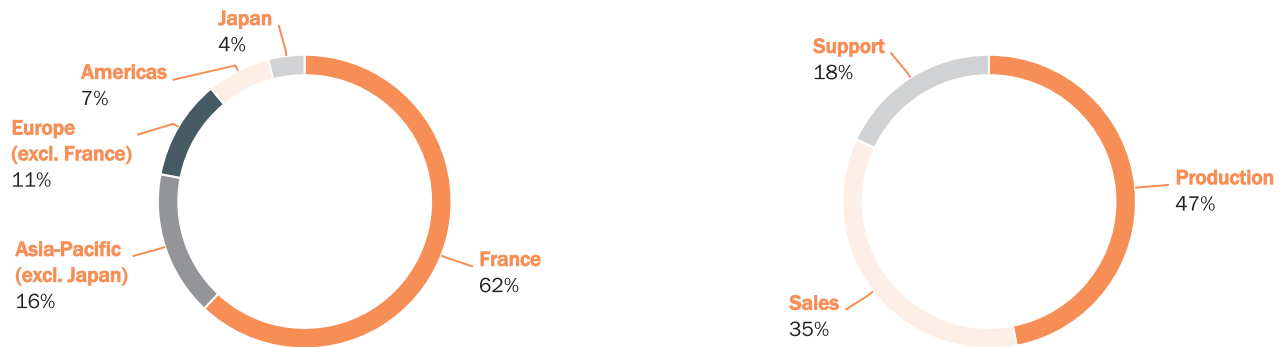
**4.1 Revenue by métier**



<i>In millions of euros</i>	<b>2023</b>	<b>2022</b>	<b>Change at current exchange rates</b>	<b>Change at constant exchange rates</b>
Leather Goods & Saddlery	5,547	4,963	12%	17%
Ready-to-wear and Accessories	3,879	3,152	23%	28%
Silk and Textiles	932	842	11%	16%
Other Hermès sectors	1,653	1,371	21%	26%
Perfume and Beauty	492	448	10%	12%
Watches	611	519	18%	23%
Other products	313	306	2%	5%
<b>REVENUE</b>	<b>13,427</b>	<b>11,602</b>	<b>16%</b>	<b>21%</b>

**NOTE 5 HEADCOUNT, PERSONNEL COSTS AND EMPLOYEE BENEFITS**

## 5.1 Headcount by geographical area and sector



	Total		Production		Sales		Support	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
France	13,723	12,360	9,355	8,561	1,748	1,554	2,620	2,245
Europe (excluding France)	2,327	2,092	878	760	1,144	1,060	305	272
Japan	965	900	2	-	880	821	83	79
Asia-Pacific (excluding Japan)	3,498	2,954	101	77	2,832	2,552	565	325
Americas	1,524	1,380	59	71	1,152	1,028	313	281
<b>TOTAL</b>	<b>22,037</b>	<b>19,686</b>	<b>10,395</b>	<b>9,469</b>	<b>7,756</b>	<b>7,015</b>	<b>3,886</b>	<b>3,202</b>

Headcount corresponds to employees on permanent employment contracts and those on fixed-term contracts of more than nine months.

## 5.2 Personnel costs

Employee expenses recognised in 2023 totalled €2,067 million, compared with €1,765 million in 2022.

## NOTE 6 INCOME TAX

### Accounting principles

#### Income tax

The income tax expense includes the current tax due for the financial year by fully consolidated companies and deferred tax.

The Group's companies are regularly audited by the tax authorities of the countries in which they operate. Appropriate liabilities are recorded in respect of any uncertain tax positions, the amounts of which are reviewed in accordance with the criteria of IAS 12 and IFRIC 23.

#### Tax consolidation regimes

The French tax consolidation regime allows certain French companies in the Group to offset their taxable income for the purpose of determining the overall income tax expense, for which only the parent company, Hermès International, remains liable.

Furthermore, there is another tax consolidation regime outside France.

#### Deferred tax

Deferred taxes are calculated on all timing differences existing at financial year-end at the tax rate in force on that date, or at the enacted tax rate (or nearly enacted rate) for the subsequent financial year. Previous deferred taxes are revalued using the same method (liability method). The restatement of assets and liabilities related to leases also gives rise to the recognition of deferred tax.

Deferred tax assets are recorded to the extent that their future use is probable given the expected taxable profits. If a non-recovery risk arises on some or all of a deferred tax asset, an impairment is recorded.

### 6.1 Breakdown of income tax

<i>In millions of euros</i>	2023	2022
Current tax	(1,745)	(1,364)
Deferred taxes	122	59
<b>TOTAL</b>	<b>(1,623)</b>	<b>(1,305)</b>

### 6.2 Rationalisation of the income tax expense

The difference between the theoretical income tax expense and the net actual income tax expense is explained as follows:

<i>In millions of euros</i>	2023	2022
Net income attributable to owners of the parent	4,311	3,367
Net income from associates	105	50
Net income attributable to non-controlling interests	(12)	(13)
<b>Income tax expense</b>	<b>(1,623)</b>	<b>(1,305)</b>
Net income before tax	5,840	4,635
<b>Effective tax rate</b>	<b>27.8%</b>	<b>28.2%</b>
Current tax rate in France	25.8%	25.8%
Theoretical income tax expense	(1,509)	(1,197)
<i>Reconciliation items:</i>		
♦ <i>differences relating to foreign taxation (primarily the tax rate)</i>	17	(8)
♦ <i>permanent differences and other</i>	(131)	(100)
<b>TOTAL</b>	<b>(1,623)</b>	<b>(1,305)</b>

The tax rate applicable in France in 2023 is the basic rate of 25.00% increased by the social contribution of 3.3%, i.e. a total of 25.83%.

"Permanent differences and other" include income and expenses that will never be deductible or taxable, the impact of tax loss carry forwards that have not been activated, tax adjustments for prior years and any risks and uncertain tax positions.



# 7

## INFORMATION ON THE COMPANY AND ITS SHARE CAPITAL

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## 7.2 INFORMATIONS ON SHARE CAPITAL AND SHAREHOLDERS AFR

### 7.2.1 INFORMATION ON SHARE CAPITAL

#### 7.2.1.1 SHARE CAPITAL

	Amount	Number	Par value
As at 01/01/2023	€53,840,400.12	105,569,412	€0.51
As at 31/12/2023	€53,840,400.12	105,569,412	€0.51
On the day of the General Meeting	€53,840,400.12	105,569,412	€0.51

The shares are fully paid-up.

#### 7.2.1.2 VOTING RIGHTS

By the 15<sup>th</sup> day of each month at the latest, the Company issues a report on the total number of voting rights and shares that makes up the share capital on the last day of the previous month and publishes it on <https://finance.hermes.com/en/regulated-information>.

As at 29 February 2024, the total number of voting rights (including shares deprived of voting rights) was 179,126,463. Each share gives the holder the right to at least one vote in the Shareholders' General Meetings, except for treasury shares held by the Company, which have no voting rights.

Ownership of certain shares is split between a usufructuary and a bare owner. In accordance with the Articles of Association, voting rights attached to shares are exercised by the bare owners at all General Meetings (ordinary, extraordinary or special meetings), save for decisions regarding the allocation of net income, in which case the usufructuary exercises the voting rights.

Furthermore, double voting rights are allocated to:

- ◆ any fully-paid up registered share which has been duly recorded on the books in the name of the same shareholder for a period of at least four years, applicable from the date of the first General Meeting following the fourth anniversary of the date when the share was registered on the books; and
- ◆ any registered share allotted for no consideration to a shareholder, in the event of a capital increase effected by capitalisation of sums in the share premiums, reserves or retained earnings accounts, in proportion to any existing shares that carry double voting rights.

Double voting rights cease automatically under the conditions specified by the law and notably for any share that was the subject of a conversion to bearer or a transfer, excluding any "registered to registered" transfer following succession, liquidation of community of property between spouses or family donation.

Failure to disclose attainment of certain ownership thresholds as provided by law or by the Articles of Association may disqualify the shares for voting purposes (see Article 11 of the Articles of Association, in chapter 7 "Information on the Company and its share capital", § 7.1.2).

#### 7.2.1.3 CHANGES IN SHARE CAPITAL OVER THE LAST THREE FINANCIAL YEARS

No change in share capital occurred over the last three financial years.

#### 7.2.1.4 DELEGATIONS OF POWERS BY THE GENERAL MEETING

Authorisations and delegations in terms of:

- ◆ capital increase;
- ◆ merger by absorption, spin-off and partial contribution of assets subject to the legal regime for spin-offs; and
- ◆ allocation of free existing ordinary shares and stock options,

currently in force, granted by the General Meeting to the Executive Management, are summarised in chapter 3 "Corporate governance", § 3.9.4. The authorisations and delegations in terms of capital increase, merger by absorption, spin-off and partial contribution of assets subject to the legal regime for spin-offs, and the allocation of stock options have not been used during the 2023 financial year and have not been used as of the filing date of this universal registration document.

The authorisation granted to the Executive Management in the 28<sup>th</sup> resolution to grant free existing ordinary shares was used on 15 June 2023 (see chapter 3 "Corporate governance", § 3.8.3 - Allocation of free shares and stock options).

The General Meeting of 30 April 2024 is asked to renew the authorisation to allocate free existing ordinary shares (see chapter 8 "Combined General Meeting of 20 April 2023", § 8.2.2 - Explanatory statement to the 19<sup>th</sup> resolution).

## 7.2.2 INFORMATION ON SHAREHOLDERS

### 7.2.2.1 NUMBER OF SHAREHOLDERS

The Company uses the so-called “identification on request” system resulting from Directive (EU) 2017/828 of 17 May 2017 (known as “SRD II”) to identify its shareholders.

During the review as at 29 December 2023, there were approximately 185,000 shareholders, compared to approximately 156,000 as at 30 December 2022 and some 122,000 as at 31 December 2021.

### 7.2.2.2 PERCENTAGE OF INDIVIDUAL SHAREHOLDERS

The percentage of individual shareholders was 7.7% in December 2023, stable compared with 2022 (7.8%). This percentage includes shares held by individual shareholders in registered form as at 29 December 2023 and bearer shares identified by identification on request as at 29 December 2023, excluding holdings by family groups.

### 7.2.2.3 PRINCIPAL SHAREHOLDERS AS AT 31 DECEMBER 2023 – CONTROL OF THE COMPANY

Hermès International is controlled through the intermediary of Émile Hermès SAS, its Active Partner, by the Hermès family group, which also holds, notably *via* the intermediary of the company H51, a majority shareholding (in share capital and voting rights) within the Company as a Limited Partner. This control is exclusive control within the meaning of Article L. 233-16 of the French Commercial Code (*Code de commerce*).

The companies H51 and H2 are held exclusively by members of the Hermès family group. To the Company’s knowledge, there are no shareholders directly or indirectly holding, alone or together, more than 5% of the share capital or voting rights, other than those shown in the tables in § 7.2.2.5.

The ownership interests of Corporate Officers and Senior Executives are listed in chapter 3 “Corporate governance”, § 3.10.1.

To the Company’s knowledge, material changes in the ownership of the share capital over the past three years are described in § 7.2.2.6. Given the time that has elapsed since it was established, the description of the procedures for setting up H51 is no longer in the universal registration document. The definition and description of the organisation of the Hermès family group are presented in chapter 9 “Additional information”, § 9.6; and in chapter 3 “Corporate governance”, § 3.2.1.

#### 7.2.2.3.1 Significant movements occurring during the last three years in the distribution of its share capital and voting rights, and the reasons for these movements

There has been no significant change in the distribution of the company’s share capital or voting rights over the last three years.

Information on significant movements in previous years is available in the previous universal registration documents, accessible on the website <https://finance.hermes.com/en/publications>.

#### 7.2.2.3.2 Changes occurring after the closure of the financial year

To the Company’s knowledge, there has been no significant change with regards to Hermès International shareholders between 31 December 2023 and the date on which this universal registration document was filed with the AMF.

#### 7.2.2.3.3 Measures taken to prevent abusive control

Refer to chapter 3 “Corporate governance”, § 3.4.7.5.

#### 7.2.2.3.4 Measures taken to ensure a balance of powers

Refer to chapter 3 “Corporate governance”, § 3.4.7.5.

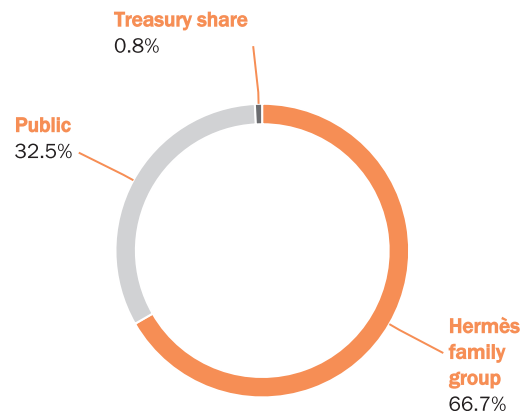
### 7.2.2.4 TREASURY SHARES

As at 31 December 2023, Hermès International held 839,115 treasury shares, representing 0.8% of its share capital, acquired as part of the share buyback programme presented in § 7.2.2.10.

In practice, treasury shares are mainly allocated to cover free share plans for employees (see chapter 3, “Corporate governance”, § 3.8.3.2).

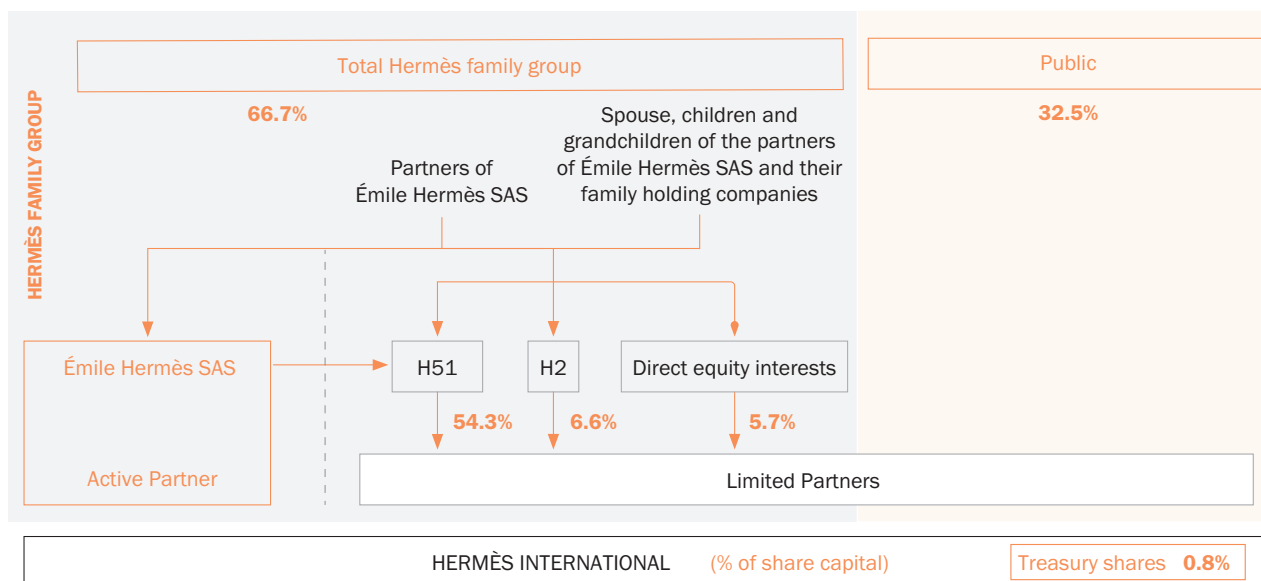
### 7.2.2.5 BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS AS AT 31 DECEMBER 2023

As at 31 December 2023 and to the Company’s knowledge, the distribution of the share capital and voting rights of the Company was as follows:



These figures result, for registered shares, from the register kept by the Uptevia Securities service, and for bearer shares, from the declarations, where applicable, of interested parties, as well as shareholding analyses carried out in accordance with the procedure implemented (§ 7.2.2.1).

Changes occurring after closure of the financial year are detailed in § 7.2.2.3.2.



#### 7.2.2.6 CHANGE IN THE BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

In accordance with AMF position-recommendation no. 2021-02, the table below shows the breakdown of the Company's share capital and voting rights over the last three financial years, based on the information known to the company.

Theoretical voting rights take into account the voting rights attached to shares deprived of voting rights, in accordance with Article 223-11

of the AMF General Regulation and serving as denominator for the calculation by shareholders of their percentage ownership of the share capital and voting rights for regulatory reporting purposes (in particular threshold crossing declarations).

Voting rights exercisable at General Meetings do not take into account shares deprived of voting rights (in particular treasury shares).

	Share capital		Theoretical voting rights <sup>1</sup>				Voting rights exercisable at GM <sup>1</sup>			
	Shares	% <sup>2</sup>	Allocation of net income		Other		Allocation of net income		Other	
			Number	% <sup>2</sup>	Number	% <sup>2</sup>	Number	% <sup>2</sup>	Number	% <sup>2</sup>
<b>AS AT 31 DECEMBER 2023</b>										
H51	57,359,794	54.3	114,592,848	63.9	114,592,848	63.9	114,592,848	64.2	114,592,848	64.2
H2	7,012,602	6.6	14,025,204	7.8	14,025,204	7.8	14,025,204	7.9	14,025,204	7.9
Other members of the Hermès family group	6,063,995	5.7	7,465,121	4.2	11,543,567	6.4	7,465,121	4.2	11,543,567	6.5
<b>Sub-total Hermès family group <sup>3</sup></b>	<b>70,436,391</b>	<b>66.7</b>	<b>136,083,173</b>	<b>75.9</b>	<b>140,161,619</b>	<b>78.1</b>	<b>136,083,173</b>	<b>76.2</b>	<b>140,161,619</b>	<b>78.5</b>
Free float <sup>4 5</sup>	34,293,906	32.5	42,395,379	23.6	38,316,933	21.4	42,395,379	23.8	38,316,933	21.5
Treasury share	839,115	0.8	839,115	0.5	839,115	0.5	-	0.0	-	0.0
<b>TOTAL</b>	<b>105,569,412</b>	<b>100.0</b>	<b>179,317,667</b>	<b>100.0</b>	<b>179,317,667</b>	<b>100.0</b>	<b>178,478,552</b>	<b>100.0</b>	<b>178,478,552</b>	<b>100.0</b>



	Share capital		Theoretical voting rights <sup>1</sup>				Voting rights exercisable at GM <sup>1</sup>				
	Shares	% <sup>2</sup>	Allocation of net income		Other	Allocation of net income			Other		
			Number	% <sup>2</sup>	Number	% <sup>2</sup>	Number	% <sup>2</sup>	Number	% <sup>2</sup>	
<b>AS AT 31 DECEMBER 2022</b>											
H51	57,359,794	54.3	114,586,434	63.8	114,586,434	63.8	114,586,434	64.2	114,586,434	64.2	
H2	7,012,602	6.6	13,888,704	7.7	13,888,704	7.7	13,888,704	7.8	13,888,704	7.8	
Other members of the Hermès family group	6,038,887	5.7	7,512,321	4.2	11,590,767	6.5	7,512,321	4.2	11,590,767	6.5	
<b>Sub-total Hermès family group <sup>3</sup></b>	<b>70,411,283</b>	<b>66.7</b>	<b>135,987,459</b>	<b>75.8</b>	<b>140,065,905</b>	<b>78.0</b>	<b>135,987,459</b>	<b>76.2</b>	<b>140,065,905</b>	<b>78.5</b>	
Free float <sup>4 5</sup>	34,124,504	32.3	42,452,107	23.7	38,373,661	21.4	42,452,107	23.8	38,373,661	21.5	
Treasury share	1,033,625	1.0	1,033,625	0.6	1,033,625	0.6	-	0.0	-	0.0	
<b>TOTAL</b>	<b>105,569,412</b>	<b>100.0</b>	<b>179,473,191</b>	<b>100.0</b>	<b>179,473,191</b>	<b>100.0</b>	<b>178,439,566</b>	<b>100.0</b>	<b>178,439,566</b>	<b>100.0</b>	
<b>AS AT 31 DECEMBER 2021</b>											
H51	57,279,794	54.3	113,689,009	63.6	113,689,009	63.6	113,689,009	63.9	113,689,009	63.9	
H2	7,012,602	6.6	13,888,704	7.8	13,888,704	7.8	13,888,704	7.8	13,888,704	7.8	
Other members of the Hermès family group	6,001,893	5.7	7,428,860	4.2	11,508,860	6.4	7,428,860	4.2	11,508,860	6.5	
<b>Sub-total Hermès family group <sup>3</sup></b>	<b>70,294,289</b>	<b>66.6</b>	<b>135,006,573</b>	<b>75.6</b>	<b>139,086,573</b>	<b>77.8</b>	<b>135,006,573</b>	<b>75.9</b>	<b>139,086,573</b>	<b>78.2</b>	
Free float <sup>4 5</sup>	34,349,970	32.5	42,751,499	23.9	38,671,499	21.6	42,751,499	24.1	38,671,499	21.8	
Treasury share	925,153	0.9	925,153	0.5	925,153	0.5	-	0.0	-	0.0	
<b>TOTAL</b>	<b>105,569,412</b>	<b>100.0</b>	<b>178,683,225</b>	<b>100.0</b>	<b>178,683,225</b>	<b>100.0</b>	<b>177,758,072</b>	<b>100.0</b>	<b>177,758,072</b>	<b>100.0</b>	

(1) In accordance with Article 12 of the Articles of Association of the Company, the voting right is exercised by the bare owner for all decisions taken by all General Meetings, except for decisions concerning the allocation of net income, for which the voting right is exercised by the usufructuary. The procedures for publication and allocation of voting rights are detailed in § 7.2.1.2.

(2) Figures have been rounded to the nearest tenth. Accordingly, there may be a discrepancy in the totals between actual and rounded figures.

(3) The definition of the Hermès family group is in chapter 9 "Additional information", § 9.6.

(4) These amounts correspond to all of the shares and voting rights in circulation, reduced by the number of shares and voting rights declared by the identified shareholders as mentioned in this table.

(5) Including the Arnault family group. See the threshold crossing declaration of 11 July 2017 (AMF notice no. 217C1525 of 11 July 2017) described on page 392 of the 2019 universal registration document).

These figures result, for registered shares, from the register kept by the Uptevia Securities service, and for bearer shares, from the declarations, where applicable, of interested parties, as well as shareholding analyses carried out in accordance with the procedure implemented (§ 7.2.2.1).

Changes occurring after closure of the financial year are detailed in § 7.2.2.3.2.

### 7.2.2.7 CROSSING OF THRESHOLDS

#### 7.2.2.7.1 Crossing of thresholds occurring after the closure of the 2023 financial year

No crossing of a legal threshold was declared between the closure of the 2023 financial year and 29 February 2024.

#### 7.2.2.7.2 Crossing of thresholds in financial year 2023

No crossing of a legal threshold was declared in 2023.

#### 7.2.2.7.3 Reminder of crossing of thresholds in the previous two financial years

##### Crossing of thresholds in financial year 2022

No crossing of a legal threshold was declared in 2022.

##### Crossing of thresholds in financial year 2021

No crossing of a legal threshold was declared in 2021.

#### 7.2.2.7.4 Crossing of previous thresholds for shareholders holding more than 5% of the share capital or voting rights

AMF Notice no. 217C1755 of 28 July 2017 (the full text of which is available on the AMF website – [www.amf-france.org](http://www.amf-france.org)): the Hermès family group declared that it had crossed upwards, on 21 July 2017, the threshold of two-thirds of Hermès International's share capital and held 70,385,066 shares representing 130,403,428 voting rights at General Meetings in respect of decisions concerning the allocation of net income and 134,256,835 voting rights for other decisions, i.e., 66.67% of the share capital and respectively 74.92% and 77.13% of the voting rights of this company, broken down as follows:

	Shares	% share capital	Decisions concerning allocation of net income		Other decisions	
			Voting rights	% voting rights	Voting rights	% voting rights
H51	56,209,021	53.24	109,244,318	62.76	109,244,318	62.76
H2	6,876,102	6.51	13,072,204	7.51	13,072,204	7.51
Other members	6,292,154	5.96	8,086,906	4.65	11,940,313	6.86
Treasury share	1,007,789	0.95	-	-	-	-
<b>TOTAL HERMÈS FAMILY GROUP</b>	<b>70,385,066</b>	<b>66.67</b>	<b>130,403,428</b>	<b>74.92</b>	<b>134,256,835</b>	<b>77.13</b>

This crossing is the result of an acquisition of Hermès International shares on the market by the company H51.

### 7.2.2.8 EMPLOYEE OWNERSHIP OF THE SHARE CAPITAL

*True to its family tradition, the House involves all its employees around the world in the Group's sustainable and responsible growth over the medium and long term. Thus, Hermès once again stood out in 2023 with a collective free share allocation plan. This is a unique system on the market, whether in France or abroad, due to its scope and generosity, renewed several times since the Group's first plan in 2007, in 2010, 2012, 2016, 2019 and 2023.*

In accordance with the authorisation granted by the General Meeting of 20 April 2023 in the 28<sup>th</sup> resolution, on 15 June 2023, the Executive Management set up two new free share allocation plans for all eligible employees of the Group. These employee shareholding plans comply with the provisions of the French Commercial Code and relate to the Group's existing shares, bought back in compliance with the regulatory framework for this purpose. The allocations are subject to presence conditions and, where applicable, performance

conditions, with vesting periods of four years.

As at 31 December 2023, employee shareholding, based on plans already allocated and/or vested, involved a significant proportion of the Group's workforce, as seen in the 1,151,443 Hermès International shares held as a result of free share allocation plans and previously stock option plans, representing 1.09% of the Group's share capital. 18,000 employees in more than 35 countries (i.e. 80% of the Group's workforce) hold shares or rights in the process of vesting under the latest plans.

No shares in the Company are held by the employees of the Company and affiliated companies under the savings plan and the company mutual fund of the Company.

#### 7.2.2.9 PLEDGE OF SHARES

Duly registered shares are not encumbered by any material pledges.

## 7.2.2.10 SHARE BUYBACK PROGRAMMES

### 7.2.2.10.1 Use in 2023 of authorisations to buy back shares granted by the General Meeting

The Combined General Meetings of 20 April 2022 and 20 April 2023, approved share buyback programmes authorising the Executive Management, on the basis of Articles L. 22-10-62 *et seq.* of the French Commercial Code (*Code de Commerce*), to purchase, on the market or off-market, a number of shares representing up to 10% of the Company's share capital on the date of the repurchase, in order to allocate them to the objectives authorised by European regulations or to one or more market practices accepted by the French Financial Markets Authority (AMF) to date or in the future, and more generally, to allocate them to the completion of any transactions in accordance with the regulations in force.

The Combined General Meetings of 20 April 2022 and 20 April 2023 authorised the Executive Management to reduce the share capital by cancellation of repurchased shares, within the limit of 10% of the share capital per period of 24 months.

The characteristics of the delegations granted to the Executive Management are detailed in chapter 3 "Corporate governance", § 3.9.4.

During the financial year ended 31 December 2023, the Executive Management carried out the transactions shown in the table below, in the context of share buyback programmes authorising the Executive Management to buy and sell its own shares under Article L. 22-10-62 of the French Commercial Code (*Code de commerce*).

	From 01/01/2023 to 20/04/2023	From 21/04/2023 to 31/12/2023	Total
<b>EXCLUDING THE LIQUIDITY CONTRACT</b>			
Number of shares booked in the name of the Company as at 31 December 2022	1,029,158	-	1,029,158
Number of shares purchased	-	74,954	74,954
Reason for acquisitions	Employee shareholding	Employee shareholding	
Average price of purchases		€1,765.14	€1,765.14
Number of shares sold	222	267,195	267,417 <sup>1</sup>
Average price of sales	€114.15	€399.37	€399.13 <sup>2</sup>
Amount of net expenses excluding taxes	-	-	-
Number of shares cancelled	-	-	-
Average price of cancelled shares	-	-	-
Number of shares booked in the name of the Company as at 31 December 2023	1,028,936	(192,241)	836,695
<b>Allocation:</b>			
♦ Employee shareholding	950,563	(192,241)	758,322
♦ External growth	78,373	-	78,373
Net value assessed at cost	€667,472,329	€25,594,104	€693,066,433
Net value assessed at the closing rate	€1,974,322,397	€(368,872,031)	€1,605,450,366
Par value	€524,757	€(98,043)	€426,714
Fraction of the share capital that they represent	0.97%	- 0.18%	0.79%
<b>IN THE CONTEXT OF THE LIQUIDITY CONTRACT</b>			
Number of shares booked in the name of the Company as at 31 December 2022	4,467	-	4,467
Resources implemented (liquidity account)	€5,000,000	€5,000,000	€5,000,000
Number of shares purchased	53,290	145,844	199,134
Average price of purchases	€1,704.62	€1,883.74	€1,835.80
Number of shares sold	57,582	143,599	201,181
Average price of sales	€1,702.38	€1,886.15	€1,833,55
Number of shares booked in the name of the Company as at 31 December 2023	175	2,245	2,420
Net value assessed at cost	€299,086	€4,395,623	€4,694,709
Net value assessed at the closing rate	€335,790	€4,395,623	€4,643,496
Par value	€89	€1,145	€1,234
Fraction of the share capital that they represent	0,00%	0,00%	0,00%

(1) Number of shares issued to employees under share and stock option allocation plans.

(2) Average purchase price of shares issued to employees.

### 7.2.2.10.2 Description of the new share buyback programme proposed to the vote of the Combined General Meeting of 30 April 2024

Pursuant to Articles 241-2 and 241-3 of the AMF General Regulation, the Company hereinafter presents the share buyback programme to be submitted for the approval of the Combined General Meeting of 30 April 2024. This programme will supersede that authorised by the Combined General Meeting of 20 April 2023.

As at 29 February 2024, the share capital of the Company consisted of 105,569,412 shares, of which 837,293 treasury shares (number of shares as at the date of the operation) held by Hermès International, representing 0.79% of the share capital.

<b>Objectives of the share buyback programme</b>	<p>The shares may be repurchased in order to be allocated to the objectives permitted by Regulation (EU) no. 596/2014 of 16 April 2014 on market abuse (Market Abuse Regulation – “MAR”):</p> <ul style="list-style-type: none"> <li>◆ objectives provided for in Article 5 of the MAR: capital decrease, hedging of debt securities exchangeable for shares and coverage of employee shareholding plans;</li> <li>◆ objectives provided for in Article 13 of the MAR and under the market practice accepted by the French Financial Markets Authority (AMF): the implementation of a liquidity contract by an investment service provider acting independently and in accordance with the provisions of AMF decision no. 2021-01 of 22 June 2021;</li> <li>◆ other objectives: acquisitions, hedging of equity securities exchangeable for shares and, more generally, to allocate them for the completion of any transactions in accordance with the regulations in force.</li> </ul>
<b>Maximum share of capital that may be bought back</b>	<p>10% of the share capital on the date of the General Meeting:</p> <ul style="list-style-type: none"> <li>◆ <i>i.e.</i> on the basis of the share capital issued as at 31 December 2023: 10,556,941 shares;</li> <li>◆ it being specified that treasury shares held on the day of the General Meeting are not taken into account in this maximum amount.</li> </ul>
<b>Maximum purchase price and maximum authorised amount of funds that may be committed</b>	<ul style="list-style-type: none"> <li>◆ the maximum purchase price (excluding costs) would be set at €3,000 per share;</li> <li>◆ the maximum amount of funds to be committed would be set at €6.5 billion. It is specified that treasury shares held on the day of the General Meeting are not taken into account in this maximum amount.</li> </ul>
<b>Terms &amp; Conditions</b>	<p>The shares may be purchased by any means, including all or part of interventions on regulated markets, multilateral trading systems, with systematic internalisers or OTC, including block purchases of securities (without limiting the portion of the buyback programme carried out by this means), by public tender or exchange offering or the use of options or derivatives (in compliance with legal and regulatory requirements applicable at the time), excluding the sale of put options, and at the time that the Executive Management deems appropriate, including during a public offering for the shares of the Company, in accordance with stock market regulations, either directly or indirectly via an investment services provider. The shares acquired pursuant to this authorisation may be retained, sold, or transferred by any means, including by block sales, and at any time, including during public offerings.</p>
<b>Duration of the buyback programme</b>	<p>This authorisation would be valid for 18 months from the date of the Combined General Meeting of 30 April 2024, <i>i.e.</i> until 30 October 2025.</p>

## 7.4 STOCK MARKET INFORMATION

### 7.4.1 SUMMARY OF STOCK MARKET INFORMATION

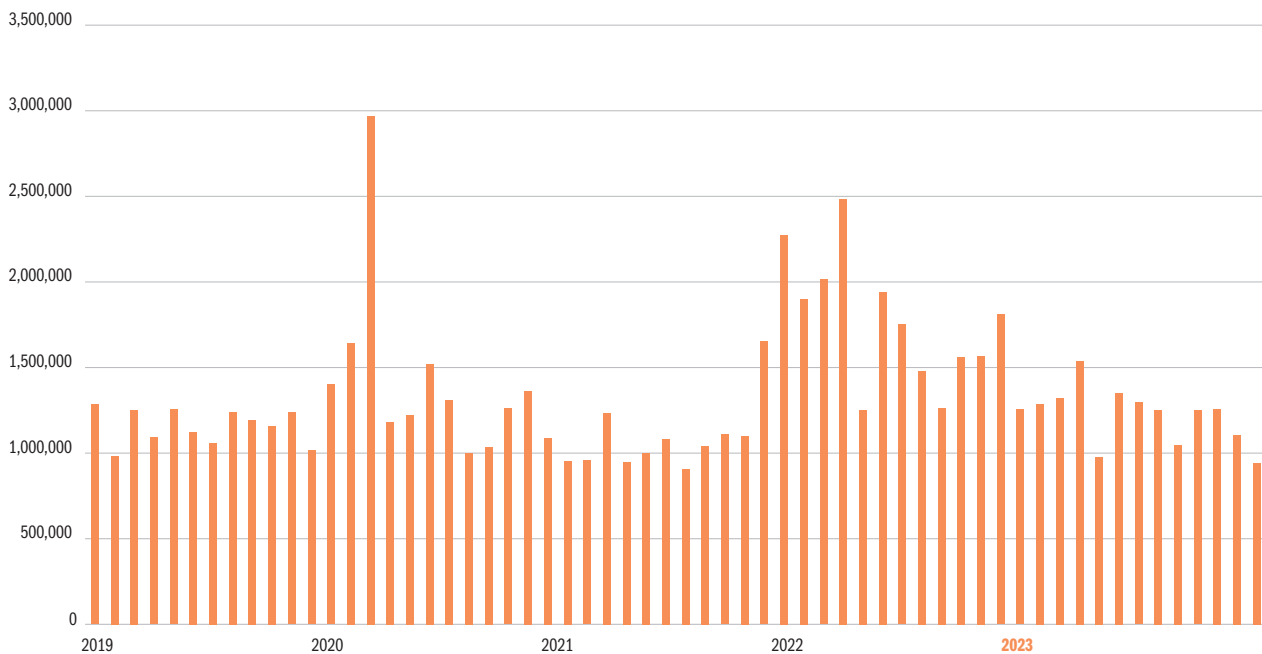
	2023	2022	2021
Number of shares as at 31 December	105,569,412	105,569,412	105,569,412
Average number of shares (excluding treasury shares)	104,648,079	104,564,729	104,623,330
Market capitalisation as at 31 December	€202.57 billion	€152.55 billion	€162.15 billion
Earnings per share (excluding treasury shares)	€41.19	€32.20	€23.37
Dividend per share	€25.00 <sup>1</sup>	€13.00	€8.00
Average daily volume (Euronext)	57,338	77,527	55,257
12-month high share price	€2,063.50	€1,585.50	€1,678.00
12-month low share price	€1,450.00	€957.60	€839.40
12-month average share price	€1,846.59	€1,264.22	€1,190.97
Share price as at 31 December	€1,918.80	€1,445.00	€1,536.00

(1) Corresponds to an ordinary dividend of €15.00 and an exceptional dividend of €10.00. Subject to the decisions of the Ordinary General Meeting of 30 April 2024, an interim amount of €3.50 was paid on 15 February 2024.

### 7.4.2 HISTORY OF MONTHLY TRANSACTIONS

In number of shares <sup>(1)</sup>

(Source Bloomberg)



(1) Euronext.

### 7.4.3 HERMÈS INTERNATIONAL SHARE PRICE HISTORY

The company Hermès International was listed on the CAC 40 on 7 June 2018 and in the EURO STOXX 50 index on 20 December 2021. Hermès International has been included since 17 September 2021 in the CAC 40 ESG index, which includes 40 companies on the basis of their environmental, social and governance performance and is based on the rating of V.E. Moody's ESG.

*In euros*







## 7.5 SHAREHOLDER INFORMATION

### 7.5.5 DIALOGUE WITH SHAREHOLDERS AND THE FINANCIAL COMMUNITY IN 2023

The financial communication and investor relations department engages in dialogue with the financial community and all of the Group's shareholders throughout the year.

In 2023:

			
<b>Number of roadshows</b>	<b>Investor meetings</b>	<b>Institutions met</b>	<b>Store events</b>
<b>16</b> of which 4 ESG	<b>75</b>	<b>168</b>	<b>4</b>

The House's sustainable and responsible model was presented at several events and in publications during 2023.

In July 2023, at the 14th edition of the Transparency Awards (formerly the *Grands Prix de la Transparence*), Hermès International was the winner of the "CAC Large 60" Transparency Award for the leading CAC 40 and Next 20 companies, after receiving the All Categories Grand Prix (for which the Group was no longer eligible) in 2022 (see chapter 3 "Corporate governance", § 3.1.2). The Transparency Awards are based on the criteria of accessibility, accuracy, comparability, availability and clarity of information in each company's key media (universal registration document, finance website, notice of general meeting brochure). An independent Scientific Committee ensures the neutrality and fairness of the ranking. It is composed of 10 members of organisations and associations representing users of information, including Paris Europlace, Euronext, AMF, IFA, SFAF, AFG and F2ic.

In December 2023, the House won the Grand Prix Emploi for the third time, awarded by Humpact, a non-financial rating agency (ESG) dedicated to social issues. This award recognises companies for their achievements in terms of job creation, gender parity and integration of people with disabilities, young people and seniors.

Finally, in January 2024, Hermès won the FIR/A2 Consulting award for the 2023 Vigilance Plan for best progress, with a rise of 23 places in one year, moving from 31st to 8th place among CAC40 companies. Since 2011, FIR - the Forum for Responsible Investment - has awarded prizes to French and European companies. These awards aim to stimulate and encourage ESG best practices and to highlight the importance of these issues to the general public.

2023 was marked by the strengthening of shareholder dialogue on non-financial topics, as well as by increased transparency on these subjects, with enhanced information provided on the Hermès Finance

website and by the publication of several documents relating to the House's policies., in particular:

- ◆ The climate transition plan published in July 2023
- ◆ The Harmonie standard on responsible construction and real estate in July 2023
- ◆ The Forest policy, on reducing the impact of the House on natural ecosystems, particularly forests, and on the populations that depend on them, published in July 2023
- ◆ Health and Safety policy published in December 2023

2023 also saw the acceleration of meetings with the financial community on ESG topics, and in particular through the organisation of dedicated roadshows and participation in ESG market conferences, as well as enhanced dialogue with non-financial rating agencies.

The Shareholders' General Meeting and the presentations of the financial results were broadcast live and recorded on the Company's website at <https://finance.hermes.com/en/>.

Hermès has a website dedicated to the financial community, its shareholders and, more generally, its stakeholders: <https://finance.hermes.com/en/>.

- ◆ In the "Investors" section, shareholders can in particular find:
  - half-yearly and annual financial presentations, and press releases, notably on CSR,
  - the universal registration document and the half-year financial report,
  - *Letters to shareholders*, in the section "Shareholders' Guide";
- ◆ the House's key figures and the House's financial events;
- ◆ a specific "General Meeting" section, which allows shareholders to read all the information relating to this event;
- ◆ a section dedicated to the "Group" and the specific features of its independent craftsmanship model, its creativity and savoir-faire;
- ◆ the enhanced section dedicated to "sustainable development", which contains the commitments and actions carried out by the House of Hermès. The House's objectives, initiatives and numerous projects are set out in this dedicated digital space, alongside publications, documents and non-financial policies. The Group thus confirms its commitment to social, societal and environmental performance, which is part of the Maison Hermès DNA and its craftsmanship model.

In 2023, Hermès published two issues of its *Letter to Shareholders*, in French and English, a regular source of information on its news, presenting the main facts and figures and providing information on the Company's relationship with its shareholders.

Shareholders can also consult the information published by the Company on the following websites:

- ◆ <https://www.amf-france.org/en>, for press releases, registration documents/universal registration documents, threshold crossings, shareholder agreements and declarations sent to the AMF;
- ◆ <https://www.journal-officiel.gouv.fr/pages/balo/>, for documents published in the *Bulletin des Annonces Légales Obligatoires* (BALO);
- ◆ <https://www.infogreffe.com/> for filings made with the clerks of the Commercial Court of Paris (search by identification number: 572076396).







# 9

## ADDITIONAL INFORMATION

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## 9.5 CROSS-REFERENCE TABLES

### 9.5.5 CROSS-REFERENCE TABLE FOR THE NON-FINANCIAL PERFORMANCE STATEMENT

No.	Required elements	Reference texts	Chapter / § / Page
5.1	Business model	Articles L. 225-102-1 and R. 225-105, I of the French Commercial Code ( <i>Code de commerce</i> )	chapter 2 § 2.1/pages 51-69
5.2	Description of the main risks related to the business of the Company or Group, including, where relevant and proportionate, risks created by business relationships, products or services	Articles L. 225-102-1 and R. 225-105, I. 1° of the French Commercial Code ( <i>Code de commerce</i> )	chapter 2 § 2.1.4/page 61
5.3	Information on the way in which the Company or the Group takes into account the social and environmental consequences of its activity, and the effects of this activity on respect for human rights and the fight against corruption (description of the policies applied and due diligence procedures implemented to prevent, identify and mitigate the main risks related to the business of the Company or Group)	Articles L. 225-102-1, III, R. 225-104 et R. 225-105, I. 2° of the French Commercial Code ( <i>Code de commerce</i> )	chapter 2 § 2.6.1/pages 204-212 § 2.8.1.2.1/page 251 § 2.8.2.3/page 256 § 2.8.4/pages 258-261
5.4	Results of policies applied by the Company or Group, including key performance indicators	Articles L. 225-102-1 and R. 225-105, I. 3° of the French Commercial Code ( <i>Code de commerce</i> )	chapter 2 § 2.2/pages 70-97 § 2.3/pages 98-111 § 2.4/pages 112-150 § 2.5/pages 152-199 § 2.6/pages 200-214 § 2.7/pages 216-247 § 2.8/pages 248-262
5.5	Social information (employment, work organisation, health and safety, labour relations, training, equal opportunity)	Articles L. 225-102-1 and R. 225-105, II. A. 1° of the French Commercial Code ( <i>Code de commerce</i> )	chapter 2 § 2.2/pages 70-97 § 2.3/pages 98-111
5.6	Environmental information (general environmental policy, pollution, circular economy, climate change)	Articles L. 225-102-1 and R. 225-105, II. A. 2° of the French Commercial Code ( <i>Code de commerce</i> )	chapter 2 § 2.4/pages 112-150 § 2.5/pages 152-199
5.7	Societal information (societal commitments in favour of sustainable development, subcontracting and suppliers, fair practices)	Articles L. 225-102-1 and R. 225-105, II. A. 3° of the French Commercial Code ( <i>Code de commerce</i> )	chapter 2 § 2.6/pages 200-214 § 2.7/pages 216-247 § 2.8.1.2.3/page 252
5.8	Anti-corruption information	Articles L. 225-102-1 and R. 225-105, II. B. 1° of the French Commercial Code ( <i>Code de commerce</i> )	chapter 2 § 2.8.2/pages 255-257
5.9	Information on actions in favour of human rights	Articles L. 225-102-1 and R. 225-105, II. B. 2° of the French Commercial Code ( <i>Code de commerce</i> )	chapter 2 § 2.6.1.6/page 212 § 2.8.1.2.1/page 251
5.10	Specific information: <ul style="list-style-type: none"> <li>◆ the Company's policy to prevent the risk of technological accidents;</li> <li>◆ the Company's ability to cover its civil liability in respect of property and persons as a result of the operation of such facilities;</li> <li>◆ the means planned by the Company to manage the compensation of victims in the event of a technological accident involving its liability.</li> </ul>	Article L. 225-102-2 of the French Commercial Code ( <i>Code de commerce</i> )	n/a
5.11	Collective agreements concluded within the Company and their impact on the Company's economic performance as well as on the working conditions of employees	Articles L. 225-102-1, III and R. 225-105 of the French Commercial Code ( <i>Code de commerce</i> )	chapter 2 § 2.2.7/page 96-97
5.12	Statement of the independent third party on the information presented in the NFPS	Articles L. 225-102-1, III and R. 225-105-2 of the French Commercial Code ( <i>Code de commerce</i> )	chapter 2 § 2.9/pages 262-268 § 2.10/pages 270-272

## 9.6 GLOSSARY

### Active Partners

See “*société en commandite par actions*” (partnership limited by shares).

### Adjusted free cash flow

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

### Afep-Medef Code

Corporate Governance Code of listed corporations developed by the Association française des entreprises privées (Afep) and the Mouvement des entreprises de France (Medef), after consultation with the various parties of the financial marketplace. This code provides a set of demanding and precise recommendations on corporate governance. It can be designated by listed corporations as their reference code pursuant to Article L. 22-10-10, 4° of the French Commercial Code (*Code de commerce*). The Afep-Medef Code is revised and updated on a regular basis.

### Affiliates

Companies in which your company does not own, directly or indirectly, more than 50% of the share capital.

### Articles of Association

The Articles of Association are a deed of incorporation of a company which defines its characteristics and the rules governing its operation. An amendment to the Articles of Association requires the agreement of all the Active Partners and a vote by an Extraordinary General Meeting.

### Audit and Risk Committee

A committee of the Supervisory Board in charge of the financial statements, audit, risks, and corruption prevention.

### Bearer share

When shares are in bearer form (the most common), the custodian is a financial intermediary (bank or stock market firm). This intermediary is the only entity to know the individual shareholder’s identity, so the issuing company does not know the name of the holders of these shares.

### Biodiversity

Biodiversity refers to all living species. It encompasses the diversity of genes, species and ecosystems and the way they interact.

### CAG-CSR Committee

A committee of the Supervisory Board in charge of compensation, appointments, governance, and corporate social responsibility.

### Capital gain

The profit made on the sale or disposal of a security. It is equal to the positive difference between the sale price and the purchase or subscription price.

### Capital increase

Operation conducted to increase the Company’s equity. A capital increase is either done by increasing the par value of existing shares, or by creating new shares proceeding from subscriptions in cash, contributions in kind or profits, reserves or issue of share premiums incorporated into the capital. Capital increases may be carried out with or without preemptive subscription rights. They may enable new shareholders to hold a part of the Company’s share capital. They must be previously approved by an Extraordinary General Meeting.

### CDP (formerly “Carbon Disclosure Project”)

International non-profit organisation, independent and recognised, offering a system for measuring the strategy, measures and results of companies in the fight against climate change, sustainable water management and protection of forests.

### Consensus

This is the mean value of forecasts made by analysts.

### Consolidated financial statements

The consolidated financial statements consolidate all of the financial statements of the companies forming the Hermès Group, for the purpose of presenting the financial position as if they formed a single entity.

### Corporate Sustainability Reporting Directive (CSRD)

European Directive 2022/2464 of 14 December 2022 applicable from 1 January 2024, which sets new standards and obligations for non-financial reporting.

### Corporate governance

Corporate governance:

- ◆ covers certain principles of efficient operation and transparency to improve a company’s management and meet demands from investors and the public;
- ◆ concerns all the responsibilities, processes and practices designed to define Group Management and the Company’s strategic actions, to ensure that risks are correctly managed and that goals are achieved;
- ◆ covers all the different bodies (Supervisory Board and its specialised committees, Executive Committee, etc.) put in place to oversee the management of a publicly-traded company.

### CSR

Corporate social responsibility.

### Declaration by Senior Executives (upon disposal of securities)

Declaration that the Senior Executives, the persons acting on their behalf, and the persons related to them are required to make to the issuer and the AMF, in respect of the transactions they carry out on the shares and debt securities of the Company in which they perform their duties and the related financial instruments. This declaration must be made within three working days starting from the date of the transaction (for more information, see the “Guide to Permanent Information and Management of Inside Information” DOC-2016-08 of the AMF).

**Dividends**

Portion of the Company's profits, retained earnings or reserves that the General Meeting, on a recommendation by the Supervisory Board, decides to distribute to the shareholders. The dividend represents the share earnings, and its amount varies each year depending on the Company's results and the policy it adopts.

**Double voting rights**

The double voting right departs from the legal principle that the number of votes attaching to shares must be proportional to the share of capital they represent (principle of "one share one vote").

A double voting right is granted:

- ◆ to any fully-paid Hermès International registered share which has been duly recorded on the books in the name of the same shareholder for a period of at least four years, and from the date of the first General Meeting following the fourth anniversary of the date when the share was registered on the books; and
- ◆ to any Hermès International registered share allocated as a bonus share to a shareholder, in the event of a capital increase by incorporation of amounts entered in share premium, reserve or retained earnings accounts, in proportion to existing shares carrying a double voting right.

The double voting right automatically ceases to exist in the conditions stipulated by law.

**Earnings per share**

This is a calculation done for stock market analysis obtained by dividing the Company's net profit by the number of shares comprising the capital.

**EHS**

Environment, Health and Safety.

**Equity**

Capital belonging to the shareholders comprising equity subscriptions, profits left in reserves and income for the period.

**ESG**

Environment, Social and Governance

**ESRS**

European Sustainability Reporting Standards, or European standards on sustainability information.

**Executive Chairman**

The role of the Executive Chairman consists in running the Group and acting in the general interests of the Company, within the limits of its corporate purpose and in compliance with the powers granted by law to the Supervisory Board and Shareholders' General Meetings.

**Extraordinary dividend**

This is a dividend of an exceptionally high amount compared to the dividend ordinarily paid and which is not therefore recurrent. It may complete or replace the ordinary dividend.

**French Financial Markets Authority (AMF)**

Financial markets authority regulating French financial market players and products. The authority regulates, authorises, monitors and, when necessary, audits, investigates and imposes sanctions. It also ensures that investors are correctly informed and offers investor assistance, where necessary, via its mediation procedure.

The French Financial Markets Authority (AMF) is an independent public authority responsible for:

- ◆ protection of savings invested in financial products;
- ◆ investor information;
- ◆ proper financial market operation.

"Épargne Info Service" answers your questions about savings products, the stock market or the role of the AMF on +33 (0)1 53 45 62 00 (local call rates in France).

**General Meeting**

The General Meeting is a decision-making body comprising all shareholders (Limited Partners).

Except for the appointment and dismissal of members of the Supervisory Board, the appointment and dismissal of the Statutory Auditors, the allocation of profits for the financial year and the approval of agreements subject to authorisation, no decisions may be validly made by the General Meetings unless they are approved by the Active Partners at the latest by the end of the Meeting that voted on the decision in question.

**Global Reporting Initiative (GRI)**

The Global Reporting Initiative (GRI) is a non-profit organisation. Its purpose is to raise sustainable development reporting methods to a level equivalent to that of financial reporting, for the sake of comparability, credibility, rigour, frequency and verifiability of the information communicated.

**Greenhouse gases**

Gases listed in Part 2 of Annex V to Regulation (EU) 2018/1999 of the European Parliament and of the Council. These gases include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), sulphur hexafluoride (SF<sub>6</sub>), nitrogen trifluoride (NF<sub>3</sub>), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs).

**Growth in revenue at constant exchange rates**

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

**HCGE**

Corporate Governance High Committee (*Haut comité de gouvernement d'entreprise*), whose role is to conduct oversight of the application of the Afep-Medef Code and to propose changes therein, subject to public consultation.

**Hermès family group**

The Hermès family group consists of the partners of Émile Hermès SAS, their spouses, children and grandchildren, and their direct and indirect holding companies of Hermès International and Émile Hermès SAS. The right to be a partner of Émile Hermès SAS is reserved for the descendants of Mr Émile-Maurice Hermès and his wife, and their spouses, but only as usufructuaries of shares.

### Identification on request

In order to know the identity of all or part of its holders of bearer shares at a given time, a publicly-traded company may ask the Company Euroclear France for a breakdown of its shareholders using its notification platform, which allows identification information to be collected from financial intermediaries.

Law no. 2021-1308 of 8 October 2021, which transposed Directive (EU) 2017/828 of 17 May 2017 (known as “SRD II”) into French law, amending Directive 2007/36/EC of 11 July 2007 (known as “SRD I”) has replaced the TPI (identifiable bearer share) procedure by this procedure.

### IFRS

*International Financial Reporting Standards.*

### Institutional investors

Financial institutions (pension funds, insurance companies, banks, sovereign funds, etc.) investing money in securities.

### Interim dividend

Advance payment of a portion of the forthcoming dividend.

### Joint Council

Whenever it considers it necessary, the Executive Management of Hermès International or the Chairman of the Supervisory Board of Hermès International calls a Joint Council between the Executive Management Board of Émile Hermès SAS and the Supervisory Board of Hermès International.

The Joint Council is an institution designed to enable extensive consultation between the Executive Management Board of the Active Partner, an internal body needing to have knowledge of the main aspects of Hermès International’s Executive Management, and the Supervisory Board, an emanation of the shareholders.

The Joint Council hears all questions that are submitted to it by the person calling it or which it decides to examine, without however being able to make decisions in place of the bodies to which such powers are granted by law, the Company’s Articles of Association and those of Émile Hermès SAS.

The Joint Council of the Executive Management Board and the Supervisory Board does not, itself, have any decision-making powers. It acts solely as a consultation body. If they so wish, at a Joint Council meeting, the Executive Management Board and the Supervisory Board may make any decision or give any opinion within their sphere of competence.

### LEI

LEI is a unique, global identifier that takes the form of a 20-character alpha-numeric code. It is linked to key reference information. Developed by the International Organisation for Standardisation (ISO), the LEI is compulsory for all transactions in financial instruments listed on the stock exchange: it clearly and uniquely identifies the legal entities involved in such transactions.

### Limited Partners

See “*société en commandite par actions*” (partnership limited by shares).

### Liquidity

For a given security, this corresponds to the ratio between the volume of shares traded on the market and the number of shares comprising the floating stock. A security or a market is said to be “liquid” when buy or sell transactions can be completed without causing any excessive variations compared to the last trading price.

### Management report

Information document required by the French Commercial Code (*Code de commerce*) whereby the Senior Executives and management bodies of a company report to the governing body on their management over the past year, and provide all significant information about the issuer and its future prospects. It is prepared by the same bodies as those that approve the annual financial statements. Companies preparing consolidated financial statements must also provide information about the management of the Group. This document is included in the universal registration document.

### Market capitalisation

This is the market value of a company at a given time. It is calculated by multiplying the stock market price by the number of shares comprising the capital.

### Net cash position

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

### Net income

A company’s net income is the balance between all of its income and all of its expenses over a given period. It reflects what the Company has earned or lost through its activities over that period.

### Net profit

Positive income statement balance.

### Non-Financial Performance Statement (NFPS)

All information required by regulations (European Directive of 22 October 2014 transposed by the Order of 19 July 2017) in environmental, social, Human rights, anti-corruption and tax evasion matters.

### Operating cash flows

Operating cash flows are all the financial resources generated by the Company in connection with its activity and which it could use to cover its financial needs. It measures the Company’s ability to finance its requirements in order to exist, using its own resources, such as investments or debt repayments.

### Parent company financial statements

The parent company financial statements are the annual financial statements of Hermès International taken individually.

**Preemptive subscription rights**

Tradable right, detached from each existing share, enabling existing shareholders to purchase new shares or securities giving access to the share capital in an offering before the general public has the opportunity to do so, or to obtain, by selling their rights, an amount equivalent to the notional reduction in the value of their shares that would arise from the new issue.

**Priority subscription right/priority subscription period**

In return for the cancellation of preemptive subscription rights, the Executive Management may introduce a priority right, which may be pro-rated. A priority right, like a preemptive subscription right, enables existing shareholders to subscribe to the proposed issue in proportion to the number of shares they currently hold. However, unlike a preemptive subscription right, a priority right is (i) exercisable within a priority period (in practice, at least five trading sessions) that is shorter than the period allowed for a preemptive subscription right and (ii) not tradable.

**Pro-rated (subscription rights)**

In some cases, the Executive Management may introduce pro-rated subscription rights in favour of existing shareholders. This means that if irreducible subscriptions (*i.e.* subscriptions by shareholders exercising preemptive subscription rights) fail to entirely absorb the capital increase, the unsubscribed equity securities would be allocated on a pro-rated basis to those shareholders who made an application for additional shares (over and above the entitlement given by their preemptive subscription rights) in proportion to the subscription rights they hold and within the limit of the number of shares applied for by that shareholder.

**Quorum**

Minimum percentage of shares present or represented and carrying voting rights, required for a General Meeting to validly proceed.

**Recurring operating income**

Recurring operating income is one of the main performance indicators monitored by Group Management. It excludes non-recurring items having a significant impact that could affect understanding of the Group's economic performance.

**Registered share**

When shares are registered shares, the custodian is the Company itself or an agent appointed by the issuing company to keep its registered share accounts. For Hermès International, this agent is Uptevia. Holders of registered shares are known by name by the issuing company. They may either manage their shares themselves, in which case they are described as "pure" registered shareholders; or appoint an agent of their choosing to manage their account held with the issuing company, in which case they are described as "administered" registered shareholders.

**Remote voting**

A shareholder may vote by post using a form provided for this purpose or online (please refer to the corresponding notice of meeting).

**Restated net cash position**

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

**Revenue**

Revenue is the total amount of sales of goods and services made by the Company, over a given period, in the normal course of business.

**SBTI**

Science Based Targets Initiative.

**SBTN**

Science Based Targets for Nature

**Scopes 1, 2 and 3**

Scopes within which greenhouse gas emissions are studied. According to the Green House Gas Protocol, Scope 1 corresponds to "direct emissions from sources owned or controlled by the reporting entity". Scope 2 corresponds to "indirect emissions related to the consumption of electricity, heat or steam necessary for the manufacture of the product or the operation of the reporting entity". Scope 3 corresponds to "other indirect emissions related to the supply chain (upstream) and the use of products and services during their life cycle (downstream)".

**Share**

A marketable security issued by a listed (publicly-traded) or unlisted incorporated company, representing the unit value of the Company's share capital and granting the holder shareholder status. This share carries rights to disclosure of information and the right to vote at General Meetings, as well as financial rights (right to dividends, preemptive subscription rights). A share may be a bearer share or a registered share.

**Share buyback**

After consulting its shareholders at a General Meeting and obtaining their consent, a company may purchase its own shares on the stock market, within the limit of 10% of its share capital (in accordance with the objectives defined in the share buyback programme). Shares thus purchased may then be held, sold, transferred or cancelled.

**Share capital**

Portion of equity contributed by shareholders when the Company is established or upon a subsequent capital increase.

**Shareholding certificate**

Document provided by the financial intermediary proving that a holder of bearer shares is a shareholder. This document enables the shareholder to take part in General Meetings.

**Société en commandite par actions (SCA) (partnership limited by shares)**

A company whose capital is divided into shares comprising one or more Active Partners having status as merchant and who have unlimited joint and several liability for the Company's debts, and Limited Partners (or shareholders) who are not merchants and are only liable for the Company's debts in proportion to their investment.

**Subsidiaries**

Companies in which your company owns, directly or indirectly, more than 50% of the share capital.



### Supervisory Board

The Company has a Supervisory Board (*Conseil de surveillance*), comprising between three and fifteen members (in addition to employee representative members) who are appointed for term of three years (unless otherwise specified pursuant to Article 18.2 of the Articles of Association) from among shareholders that do not have status as Active Partner, legal representative of the Active Partner or Executive Chairman.

The powers and competence of the Supervisory Board are defined in Article 18 of the Articles of Association.

### Task Force on Climate Related Financial Disclosure (TCFD)

Working group created in 2015 to propose recommendations on how to report and publish the risks and opportunities related to climate change.

### Taxonomy

From European Regulation 2020/852 of 18 June 2020, designates a classification of economic activities having a positive impact on the environment.

### Treasury share

A share that a company holds in its own capital. Treasury shares do not carry any voting rights and do not grant entitlement to dividends.

### Universal registration document

Summary document filed on a voluntary basis by issuers. This is a communication tool enabling the market (financial analysts, investors, individual shareholders, etc.) to have access to annual information that includes all the information necessary to make a judgment on the business, financial position, results and outlook of the issuer as well as the governance and shareholding structures. It contains legal, financial and accounting information, information concerning the activities and shareholding as well as a description of the issuer for a given financial year. While this document is optional, most large listed companies prepare a universal registration document.

### Voting rights

A voting right attached to a share is exercised at the Company's General Meetings and enables shareholders to take part in the Company's principal decisions. A share may carry a single or multiple voting right(s), or no voting right at all, but only shareholders may hold voting rights.

### Yield

Ratio of the dividend to the share price.

***This glossary contains the most frequently used terms. The definitions are provided for information only and do not purport to be exhaustive. On no account shall this glossary be interpreted as replacing rules in force (legislation, regulations, Articles of Association, etc.), or documents and communications issued by the Company (notice of meeting, universal registration document, financial disclosures, etc.).***



**Hermès International**

*Société en commandite par actions* (partnership limited by shares)

with share capital of €53,840,400.12 – Paris Trade and Company Register no. 572076396

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