



# VIGILANCE PLAN

2023 FINANCIAL YEAR

# INTRODUCTION

*Hermès is committed to respecting human rights, fundamental freedoms, the health and safety of people and environmental protection. To this end, a policy and a number of actions are carried out in a concerted manner and are presented in this vigilance plan. In accordance with French law no. 2017-399 of 27 March 2017 relative to the duty of care, this plan is a veritable tool for mapping and managing risks.*

**In 2023, Hermès reached an important milestone, with the publication of the first autonomous vigilance plan targeting its external** (institutions, associations, suppliers and service providers) **and internal** (employees and employee representatives) **stakeholders**. This first plan was given the "best progress" award by the Forum for Responsible Investment.

In 2024, Hermès published its second autonomous vigilance plan and is continuing to constantly improve the Group's vigilance systems, including through:

- a reinforced risk mapping methodology;
- an in-depth risk analysis;
- the ongoing deployment of risk mitigation measures;
- the modification of the whistleblowing system.

This approach responds to Hermès' goal of ensuring virtuous economic, social and environmental development for all its employees, partners, customers and stakeholders, as well as for future generations.

Giving back to the world part of what it provides: this is the humanist goal that drives the Group.

## HERMÈS GROUP'S STRATEGIC SUSTAINABLE DEVELOPMENT FRAMEWORK



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# GROUP PROFILE AND AMBITION

*Hermès, present worldwide, remains an independent house supported by family shareholders, a guarantee of stability and longevity. Promoting French manufacturing, its project is based on the excellence of its craftsmanship: human hands, savoir-faire and quality.*

The attention paid to people has a natural place at the heart of the House’s craftsmanship business model, as well as its partners and suppliers. **Hermès wants to be a responsible and committed employer wherever it operates:** it systematically seeks the best level of prevention and protection for its employees and fights against all forms of discrimination.

Hermès is very attentive to respecting a balance in terms of diversity and to stringently applying the fundamental principles of the United Nations and OECD with regard to human rights and fundamental freedoms.

As a manufacturer committed to the excellence of its creations, **Hermès is constantly working to improve working conditions.**

The group thus has a genuine ability to assess the risks and mitigation measures taken by its partners, regarding the health of people, their safety and their working conditions.

**As regards the environment, Hermès is working to reduce all its impacts,** notably in terms of GHG (greenhouse gas) emissions, the protection of water resources and biodiversity, or animal welfare. This requirement runs throughout the entire production chain: from the supply of raw materials to the retailing of products and their repair, and including manufacturing.

*Since 1837, Hermès has been producing exceptional objects, designed to last and to be passed on.*

## OUR ROOTS AND VALUES



An independent creative house since 1837



An integrated French manufacturing model



A humanist management of employees



A wide range of long-lasting products



A socially responsible company

## UNIQUE HERITAGE



Creative heritage



Savoir-faire heritage

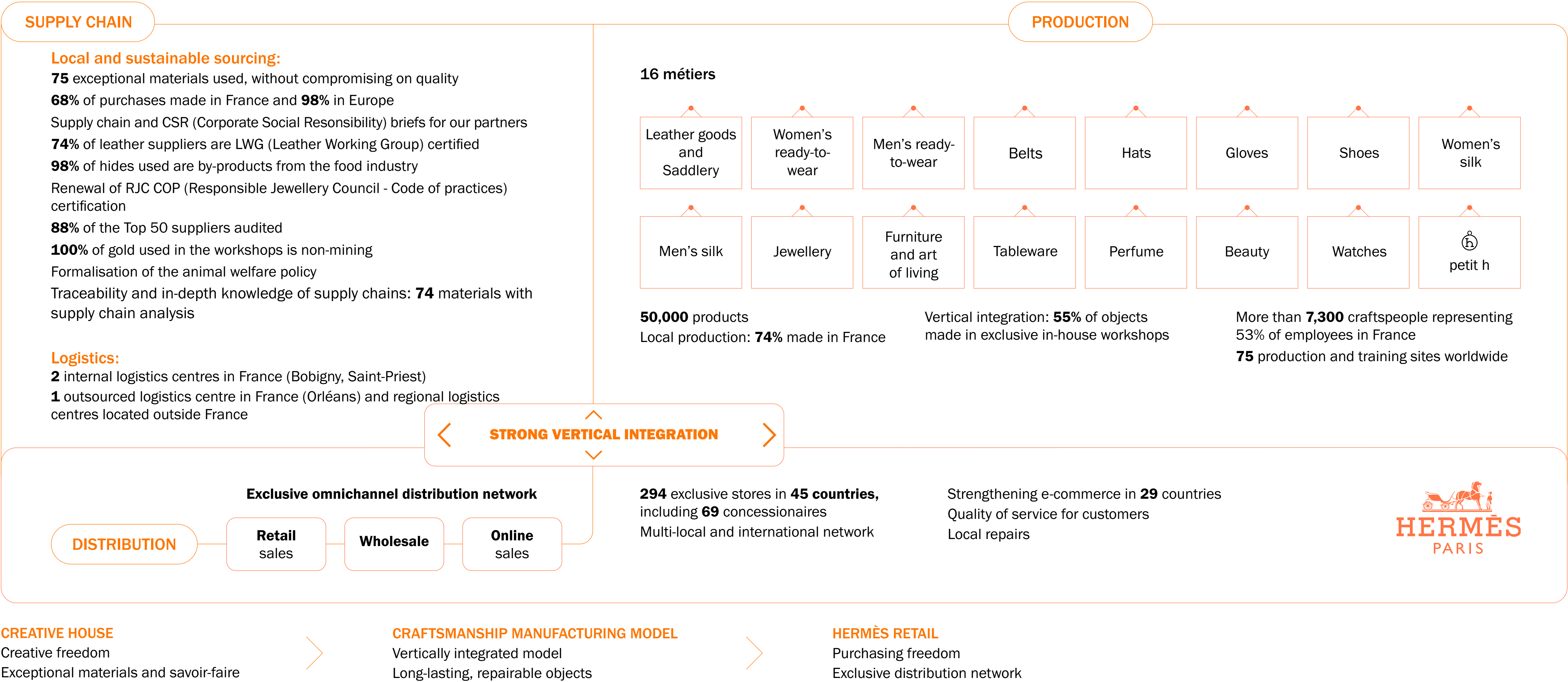


Materials heritage



Retail heritage

A FRENCH CRAFTSMANSHIP MODEL, CREATING VALUE AND SUSTAINABLE (SIMPLIFIED VERSION)



# HERMÈS IN FIGURES

16  
métiers

- Leather goods and Saddlery
- Women's ready-to-wear
- Men's ready-to-wear
- Belts
- Hats
- Gloves
- Shoes
- Women's silk
- Men's silk
- Jewellery
- Furniture and art of living
- Tableware
- Perfume
- Beauty
- Watches
- Petit h

€13,427million  
revenue in 2023

294 exclusive stores,  
including 27 in France

22,037  
employees in 2023

More than 7,300 craftspeople  
representing 53% of employees  
in France

74%  
of objects produced in  
France

75  
production and training sites

60 sites in France  
2 sites in America  
6 sites in Australia  
7 sites in Europe (excluding France)

11,037  
employees

Group-wide 10 years ago

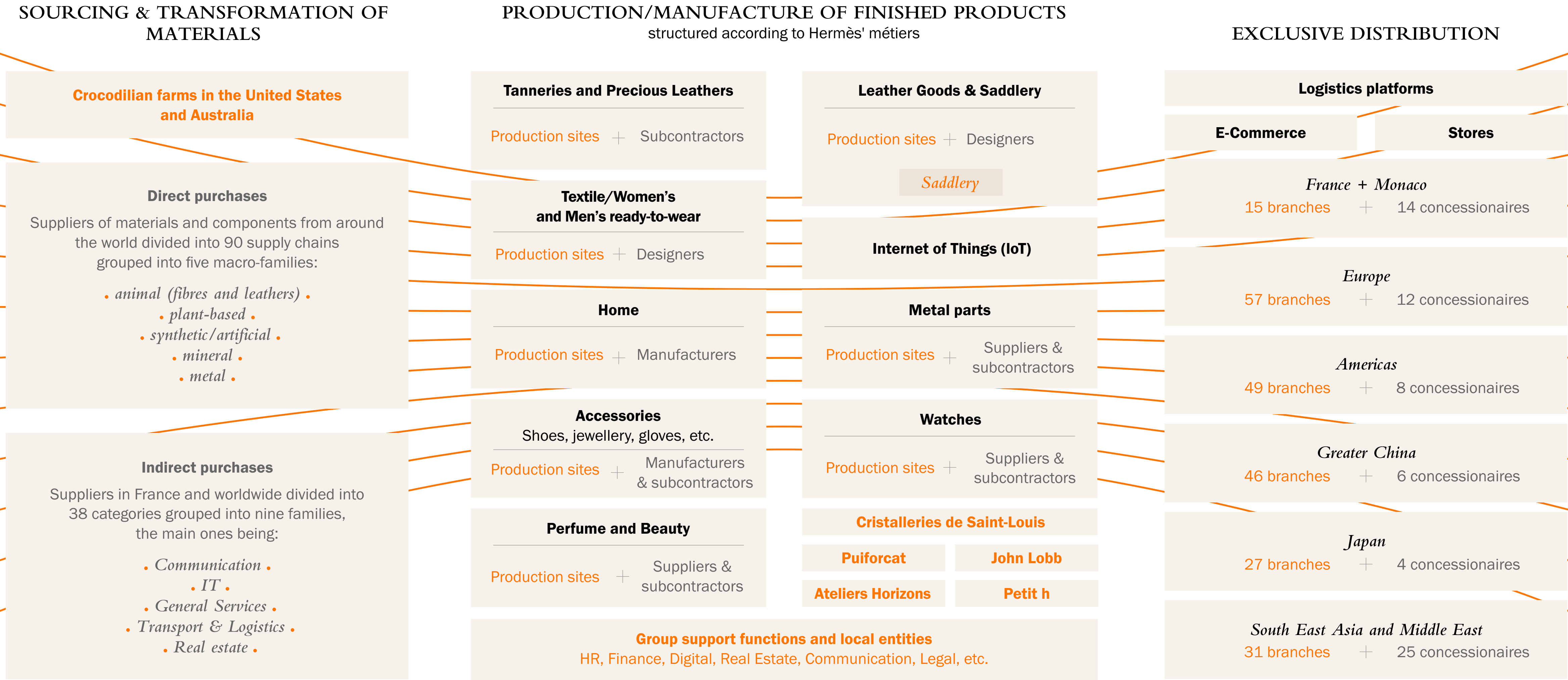
55%  
of objects made in its exclu-  
sive in-house workshops



- Leather Goods & Saddlery
- EHSF
- Tanneries and Precious Leathers
- Perfume and Beauty
- Textiles
- Jewellery
- Crystal Saint-Louis
- Silversmith Puiforcat
- Tableware
- Manufacture de Métaux
- Bootmaker John Lobb

HERMÈS VALUE CHAIN

INTERNAL EXTERNAL







## 2. VIGILANCE PLAN FRAMEWORK

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# GOVERNANCE OF THE VIGILANCE PLAN

*A Compliance and Vigilance Committee oversees the Group vigilance plan.*

Its main duties are:

- defining of compliance guidelines;
- recommending preventive actions;
- monitoring the entire Group vigilance plan;
- coordinating the consultation and involvement of stakeholders in updating the vigilance plan.

The departments that are members of the Compliance and Vigilance Committee participate in the oversight of these duties, as well as in the drafting of the vigilance plan. The functions that are at the heart of the duty of care issues, such as the human resources or purchasing departments, have their own management bodies. They meet regularly to monitor the actions implemented, with the aid of indicators.

A Compliance and Vigilance Committee member acts as the point of contact and is responsible for the implementation and monitoring of action plans stemming from the Group vigilance plan.

In addition, the vigilance plan is subject to operational oversight by:

- the Direct Purchases Coordination Committee, which meets quarterly;
- the Supply Chain Purchasing Networks, representing the main supply chains, and which meet quarterly;
- specific committees, depending on the issues affecting the supply chains.





# RISK ASSESSMENT METHODOLOGY

*In 2023, Hermès will continue to strengthen its risk assessment methodology and the management of action plans associated with the duty of care.*

The Compliance and Vigilance Committee used three pre-existing approaches, presented below. Strengthening the risk assessment methodology has made it possible to:

- **adjust the risk universe specific to Hermès**, enabling a common language to be established and strengthening cross-functional work on these subjects;
- **develop the analysis of risks** in certain scopes assessed as priorities. This prioritisation was notably developed through an understanding of the level of exposure, the perception of the current level of control and the analysis of risk mitigation measures;
- **add an external and independent data source on “raw” risks**, i.e. without any mitigation measures that Hermès may implement;
- **measure the effectiveness of the action plans drawn up**;
- **reinforce stakeholder involvement**.

## TAKING INTO ACCOUNT THE GROUP'S RISK MANAGEMENT SYSTEMS TO INFORM THE MAPPING OF RISKS RELATED TO THE DUTY OF CARE

**The analysis of non-financial risks** is based on two axes:

- the magnitude of multi-criteria impacts ;
- the likelihood of occurrence.

This analysis is based on risk mapping exercises conducted by the audit and risk management department with all Group entities and departments.

**The materiality analysis** conducted by the sustainable development department and described in section 2.1.3 of the document, accessible *via* the following QR code, identified 15 priority issues for Hermès.



These issues provide:

- an internal overview of the overall impact of Hermès and its value chain, in view of their materiality;
- an external overview assessing the impact of these factors on the sustainability of the business model.

**Supplier risk mappings by purchasing category and for all supply chains** are carried out and managed by the direct and indirect purchasing departments. Buyers in each métier identify and formalise the risks for each purchasing category, particularly those related to the duty of care. Since 2019, these risk analyses by purchasing category (manufacturing, metal parts, fabrics, etc.) have been supplemented by supply chain analyses by raw material.


**As part of the supply chain risk management procedure, the updating of priority scopes was started in 2023 and will continue in 2024.**

# UNIVERSE OF DUTY OF CARE RISKS


*Hermès drew up a mapping to identify, analyse and prioritise the risks of serious harm resulting from its activities. This risk universe was improved according to internal guidelines. It was then refined by the Compliance and Vigilance Committee, which structured all the interviews conducted on the internal and external scopes.*

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

<b>Social dialogue</b>	Non-compliance with social dialogue and trade union rights
<b>Discrimination</b>	Discriminatory behaviour in terms of access to employment, compensation, careers or access to training
<b>Living wage</b>	Salary not in accordance with the legislation in force or insufficient to meet the needs of the employee and their family
<b>Child labour</b>	Child labour, in any form
<b>Forced labour</b>	Forced labour or modern slavery
<b>Impact on communities</b>	Impact of activities on living conditions in local communities
<b>Personal data</b>	Breach of personal data protection

HEALTH & SAFETY

<b>Consumer safety</b>	Lack of safety of products placed on the market
<b>Health and safety at work</b>	Workplace accident or illness related to: <ul style="list-style-type: none"><li>• lack of protection when using machines;</li><li>• uncontrolled exposure to hazardous chemicals;</li><li>• the appearance of RSI (repetitive strain injury) caused by heavy loads, repetitive movements or static work;</li><li>• or in the event of fire.</li></ul>
<b>Psychosocial risks</b>	Moral or sexual harassment Threats, stressful situations
<b>Working conditions</b>	Indecent working environment and/or accommodation for employees, excessive workload
<b>Safety of people</b>	Lack of protection of employees in their workplace or during their travel: assaults, theft, attacks related to their activity

ENVIRONNEMENT

<b>GHG emissions and climate change</b>	Climate deterioration due to activities
<b>Depletion of natural resources</b>	Insufficiently controlled consumption of resources that are non-renewable, limited, to be preserved (water, wood)
<b>Pollution and waste</b>	Emissions of pollutants via aqueous or atmospheric discharges and of various forms of waste, including plastic waste
<b>Biodiversity damage</b>	Destruction of a part of biodiversity through the use of raw materials or the establishment of sites
<b>Animal welfare</b>	Animal exploitation practices contrary to the Group's commitments and to compliance with the principles of animal welfare



# STAKEHOLDER IMPLICATION

*The Hermès Group has involved stakeholders in the preparation of its vigilance plan. In this respect, it is true to the spirit of the law as well as its desire to work with its internal and external partners.*

In consultation with the departments concerned, direct purchasing, indirect purchasing, sustainable development, social development and legal compliance, the Group’s stakeholders were involved in updating the vigilance plan.

Manufacturers, suppliers, service providers, employee representatives and associations met with an independent firm to share their analyses of Hermès’ duty of care.

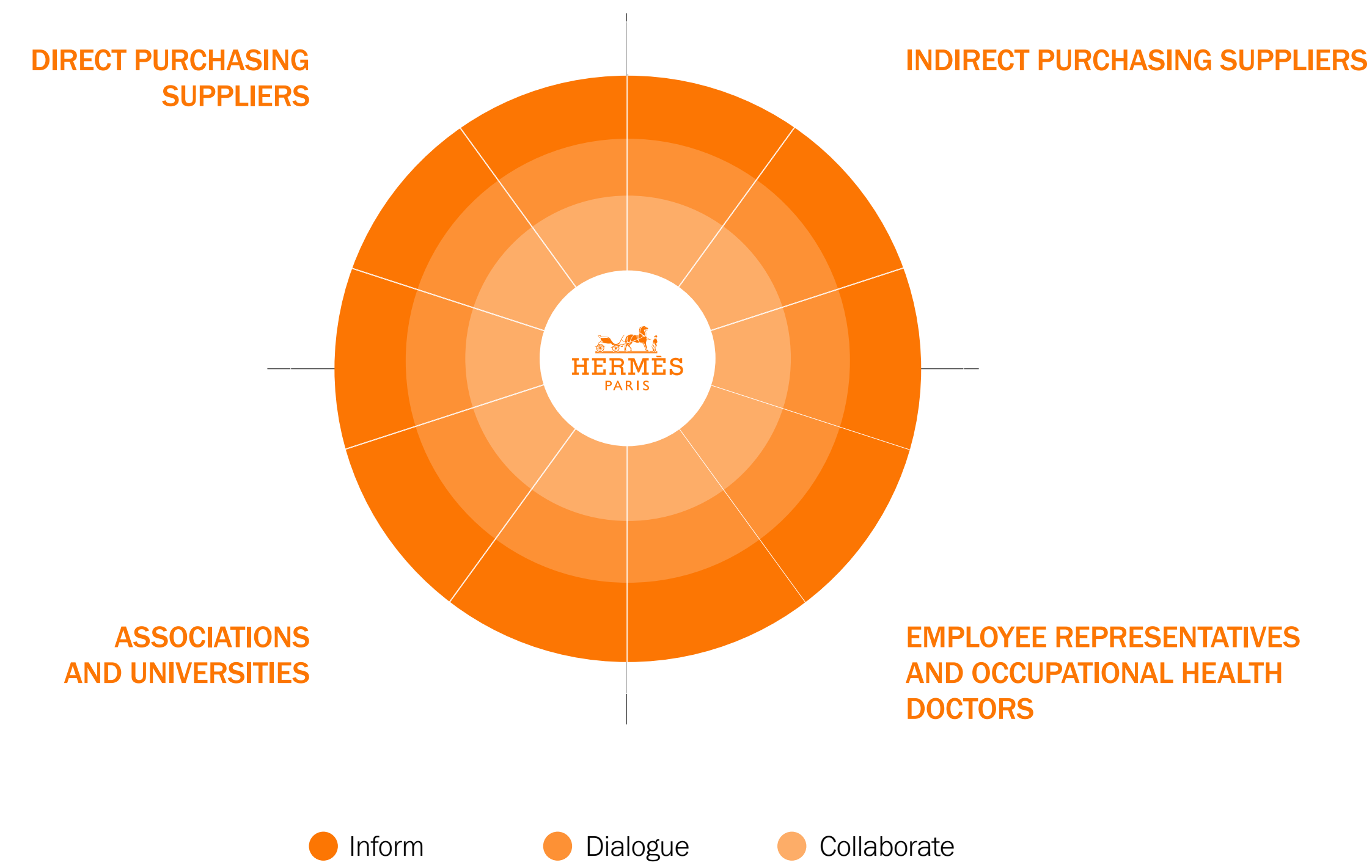
These discussions supplemented the analysis carried out with other stakeholders as part of the materiality exercise.

This approach aims to establish **a high-quality, transparent and confidential discussion between the two parties concerned**. The interviews carried out focused on:

- points of attention and risks to be addressed by Hermès in its value chain;
- the assessment of the control systems implemented by the Group;
- suggestions for improvements to be taken into account.

As part of the materiality analysis, **these discussions highlighted the Group’s vigilance on the following points:**

- a very cautious perception in terms of ethics and risk control;
- employee protection and attention at all times;
- detailed knowledge of the métier of the craftsperson, enabling the implementation of a consistent system that meets the highest standards;
- working in partnership, creating lasting value;
- a steady reduction in the environmental footprint of activities (GHG, water, biodiversity);
- continuous improvement in animal welfare.



# GLOBAL RISK MAPPING

AT HERMÈS

AT PARTNERS' SITES

*To create, produce and distribute its products among its customers, Hermès operates a value chain that mobilises a number of supply chains for raw materials, subcontractors who transform these materials, and production sites, the vast majority of which are in France, that make products based on a unique savoir-faire and a global, multi-channel distribution chain.*

HERMÈS MATERIALS AND COMPONENTS RAW MATERIALS SUPPLY CHAINS	PRODUCTION WORKSHOPS MANUFACTURERS AND SUBCONTRACTORS	LOGISTICS PLATFORMS	HERMÈS BRANCHES CONCESSIONAIRES	SUPPORT FUNCTIONS SERVICE PROVIDERS & TRANSPORT
<p>Stemming from over 90 supply chains, the materials used – leather, silk, cashmere, wood, etc. – are for the most part natural, renewable and obtained within a framework set by the “supply chain brief”, according to specifications, complying with regulations, and respecting biodiversity and best practices.</p> <p>There are two types of supply chains:</p> <ul style="list-style-type: none"><li>• “Hermès materials and components”, which constitute <b>internal</b> supplies within the Hermès Group;</li><li>• the “raw materials supply chains”, which constitute supply sources that are <b>external</b> to the Group.</li></ul>	<p>Materials are transformed at Hermès’ <b>internal</b> production workshops and at <b>external</b> sites managed by our manufacturers and subcontractors.</p> <p>The “Production Workshops” managed by Hermès apply a policy that addresses the challenges of protecting the health, safety and well-being of employees, as well as the protection of the environment in compliance with the regulations in force, according to their degree of priority.</p> <p>The same requirements apply to the sites of manufacturers and subcontractors, who are for the most part long-term partners.</p>	<p>The Group has a logistics division and delivered more than 13 million products to the stores worldwide in 2023, either directly or using local logistics service providers.</p> <p>At the Group's logistics platforms, whether directly managed or outsourced, numerous projects are underway to improve safety and working conditions for teams, and reduce the environmental impact.</p>	<p>Hermès distributes its products through 294 exclusive stores, including 225 branches and 69 concessionaires.</p> <p>Stores managed by Hermès (the branches) are located either in historical locations in markets where Hermès has long been established (France – Europe) or new locations in the heart of major cities (Asia – America – Middle East).</p> <p>Stores managed by concessionaires mainly concern the “Travel Retail” network of stores in the world's biggest airports, and a small number of stores in local markets managed by long-term partners.</p>	<p>To develop its activity and ensure its proper operation, the Group has internal support functions, notably in charge of Human Resources, Information Systems, General Services, Communication, Legal Affairs and Finance, both centrally and in the various subsidiaries.</p> <p>At the same time, many <b>external</b> service providers and carriers are used to support the Group.</p>



GLOBAL RISK MAPPING									
Assessment of risks according to their net criticality: impact x probability x level of control									
RISKS	HERMÈS MATERIALS AND COMPONENTS	RAW MATERIALS SUPPLY CHAINS	PRODUCTION WORKSHOPS	MANUFACTURERS AND SUBCONTRACTORS	LOGISTICS PLATFORMS	SERVICE PROVIDERS & TRANSPORT	HERMÈS BRANCHES	CONCESSIONAIRES	SUPPORT FUNCTIONS
Human rights									
Social dialogue	●	●	●	●	●	●	●	●	●
Discrimination	●	●	●	●	●	●	●	●	●
Living wage	●	●	●	●	●	●	●	●	●
Child labour	●	●	●	●	●	●	●	●	●
Forced labour	●	●	●	●	●	●	●	●	●
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				



A man and a woman are working together on a craft project in a workshop. The man, with a beard and wearing a blue t-shirt, is focused on a small object in his hands. The woman, with blonde hair and glasses, is looking on. They are surrounded by various tools and materials, including a wooden chair, a table with a red surface, and a large window in the background. The scene is brightly lit, suggesting a sunny day.

AT HERMÈS

### 3. HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

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# SUMMARY OF HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS RISK MAPPING

The Hermès “Hearts & Crafts” social model is based on four strategic pillars providing a common frame of reference for the Group's employee support initiatives:

- A management philosophy rooted in humanist principles, embodied by managers who are given significant freedom to act, and an inclusive work environment;
- Attention paid to the well-being and protection of employees, their physical and psychological health, and their work-life balance;
- Recognition of employees, through compensation schemes and redistribution of the value created, as well as the development of employability and lifelong learning;
- The opportunity for all employees to find meaning in their work, by being part of a community on a human scale, within a genuine social collective.

RISKS	DESCRIPTION OF RISK AT THE GROUP	HERMÈS MATERIALS AND PRODUCTION WORKSHOPS COMPONENTS	LOGISTICS PLATFORMS	HERMÈS BRANCHES	SUPPORT FUNCTIONS
Social dialogue	Non-compliance with social dialogue and trade union rights	●	●	●	●
Discrimination	Discriminatory behaviour in terms of access to employment, compensation, careers or access to training	●	●	●	●
Living wage	Salary not in accordance with the legislation in force or insufficient to meet the needs of the employee and their family	●	●	●	●
Child labour	Child labour, in any form	●	●	●	●
Forced labour	Forced labour or modern slavery	●	●	●	●
Impact on communities	Deterioration in the living conditions of local communities, related to activities	●	●	●	●
Personal data	Breach of personal data protection	●	●	●	●

Net criticality

●

Very high

●

High

●

Medium

●

Low and very low

●

Not significant

# SOCIAL DIALOGUE

*The Group is present in 45 countries with different legislation and cultures in terms of social dialogue. Hermès nevertheless guarantees quality social dialogue and freedom of expression for all 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 consultation.*

## RISK ASSESSMENT

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

**In France**, where 62% of employees work, a social dialogue monitoring commission, composed of union representatives on the Group Works Council and management representatives, meets twice a year to draw up a summary of social dialogue at the various sites.

**Internationally**, social dialogue takes various forms, depending on local customs and regulations. It can include regular discussions and meetings with **employee representatives** (Taiwan, Korea, Türkiye, Japan, Germany, Italy) or **directly with employees** in order to gather their expectations, solicit their opinions, participate in decision-making or become directly involved in projects on various topics (CSR, working hours, working conditions, transport, etc.).

A **“Well-being and Commitment” survey** launched in 2018 and repeated in 2021 in 16 European countries and the United States, China, South Korea and Japan asked employees about a variety of topics including well-being in the workplace, pay equity and the social climate, in particular.

In 2024, the “Hermès à l’écoute - Hermès Hears” survey on health, well-being and commitment will be carried out for all employees worldwide, enabling the Group to take stock of its strengths and identify areas for improvement, before initiating concrete new actions as part of a continuous improvement cycle.

## RISK MITIGATION

**In French companies**, social dialogue involves the permanent operation of employee representative bodies and a robust and active collective bargaining process. Collective agreements are thus concluded in all companies that have union representatives, or with the appropriate Social and Economic Committees (SEC).

For example, an agreement to renew social dialogue was renegotiated and signed at the end of 2021. It includes numerous measures designed to encourage and promote social dialogue, such as increasing interaction with social dialogue players and developing the skills of said players, with a training pathway throughout the term of office, paid for by Hermès.

**In France**, 96 agreements were signed in 2023, demonstrating the vitality of social dialogue.

**Abroad**, a number of local initiatives illustrate discussions in which employees can express and share both their concerns and satisfaction:

- in the United States, Hermès of Paris uses Let's Talk: a tool for addressing topics, round tables or ERGs (Employee Resource Groups) and creating discussion spaces where people can speak freely on a variety of topics chosen by employees (return from leave, diversity and inclusion);
- in Taiwan, quarterly meetings bring together employee representatives and managers, after an anonymous questionnaire has been used to gather ideas from employees;
- in China and Latin America, regular meetings are organised between Group Management and employees.

The Group’s ethics charter confirms its commitment to the conventions of the International Labour Organization (ILO), especially with regard to freedom of association. This policy ensures that the principles of freedom of association and collective bargaining are implemented, in compliance with local regulations.



## MONITORING

96

agreements and amendments signed in France, covering 63% of Group employees

73%

of employees in France have been involved in a well-being survey since 2018

63%

of employees have access to an official dialogue structure

82%

of employees are represented by trade unions

100%

of employees in France are represented by Social and Economic Committees



# WORK-LIFE BALANCE (FOCUS)

*As a responsible family-owned company, Hermès offers the men and women who make up its workforce a collective and human project, the opportunity to work in an authentic, stimulating and caring environment and to find true meaning in their professional commitment. This means a focus on each employee, both as an individual and as a member of the House. This support includes reconciling the different times of life and providing an appropriate universal base of protection.*



### RECONCILING TIMES OF LIFE

In order to ensure a working environment that is conducive to their physical and psychological well-being, the Group supports the possibility for its employees to reconcile their professional activity with their personal life, particularly when they are faced with certain personal situations impacting on their daily professional life. On 19 July 2023, in order to provide support tailored to the diversity of situations encountered, Hermès signed an agreement with all the representative trade unions at Group level on the reconciliation of times of life.

- For employee carers** looking after a loved one who is losing their independence, due to illness, disability or age: by providing an information and assistance platform for the most common situations, offering flexibility in more demanding situations, or freeing up time through financial support in the most challenging situations.
- For employees who are parents:** by supporting parenthood in all its facets before welcoming a new child, on arrival and after the birth of the child. In particular, measures have been taken such as granting leave of absence for medically assisted procreation, allowing employees to return to work part-time after parental leave, facilitating breast-feeding and supporting single parents.
- For employees in vulnerable situations:** by preventing and supporting employees faced with vulnerable situations such as long-term illness, burnout, bereavement, domestic violence, addiction or over-indebtedness.

The measures set out in this agreement came into force on 1 January 2024 in all Group companies in France. Hermès is currently working on the implementation and harmonisation of these measures across its entities worldwide.

	GROUP POLICY	2023 COVERAGE	COMMITMENTS
Parenthood	Maternity leave with salary paid for 16 weeks, without seniority conditions, and coverage of childbirth expenses Second-parent leave with 4 weeks' salary, without seniority conditions	Maternity leave: 100% of employees covered Second-parent leave: 83% of employees covered	100% of employees covered in 2024
Health coverage	Coverage of healthcare costs, also including the risk of substantial hospitalisation costs Health check-up (physical or digital) or targeted preventive measures	Coverage - hospitalisation: 97% of employees covered Health check-up or targeted preventive measures: 76% of employees covered	100% of employees covered in 2025
Life insurance	Lump sum paid to beneficiaries amounting to twice the annual salary	89% of employees covered	100% of employees covered in 2024
Retirement	Access to a supplemental pension plan	97% of employees covered	100% of employees covered in 2026
Invalidity	Replacement income and/or lump-sum payment in the event of an accident	96% of employees covered	100% of employees covered in 2026

# NON-DISCRIMINATION

*Through its métiers, its creations, its savoir-faire, its distribution network and its customers, Hermès closely integrates diversity. Its uniqueness is based on the continuous requirement to recruit and integrate employees from all backgrounds.*

## RISK ASSESSMENT

A global “Diversities and Inclusion” (D&I) diagnostic was launched in 2021 with the aim of ensuring that no person in the Group is treated less favourably than another because of their origin, their gender, their gender identity, their family status, their state of health, their sexual orientation, their religious convictions or under any other pretext.

Using a questionnaire completed by more than 100 Managing Directors and Directors of Human Resources from all countries, and interviews conducted around the world, the Group’s ambition was formed and its commitments structured.

Each country was thus asked to strengthen local action plans based on the following three axes:

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

## RISK MITIGATION

The principle of non-discrimination forms an integral part of the values and principles that unite all Hermès Group employees. This policy involves creating conditions for equal opportunities in terms of recruitment and employment and combating all forms of discrimination.

In 2022, **each country identified a D&I Officer**, set their objectives, action plan and monitoring indicators. The D&I network is coordinated by the Group labour relations department. In March 2023, the global network of 28 D&I Officers met for the first time. The participants attended a training course on unconscious bias. They also worked on a diversity fresco and the actions to be undertaken on the three pillars of the Group’s policy:

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

Some practical examples illustrate the House’s actions in this area:

- the rollout since 2017 of the “Alterego” training programme on inclusion highlights the wealth of diversity for the Company and reinforces fair management in access to employment and career management;
- in the United States, Hermès of Paris has developed the “HOP Hiring Program & Toolkit” to promote inclusive recruitment, welcoming talent from diverse backgrounds and developing recruitment practices based on the search for uniqueness. To this end, managers and HR staff in charge of recruitment are trained and have access to an inclusive recruitment kit;
- an e-learning module on unconscious bias, translated into 11 languages, was made available to managers and the HR community.

These are all measures intended to prevent all forms of discrimination.

**Gender equality** is an important subject at Hermès. The Group is working on setting up a global gender equality index.



## MONITORING

68%

Ratio of women in the Group

- Executive Committee as at 31/12/2023: 40%
- Operations Committee: 70%
- Women managers: 60%

92%

Gender pay equity index in France

946

managers and members of the Human Resources teams have followed the "Alterego" diversity and inclusion awareness-raising programme since its launch

6.85%

of the workforce in France are employees with disabilities



# DIVERSITY AND INCLUSION (FOCUS)



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

## THE GROUP DISABILITY AGREEMENT

The Group has long been active in the integration and retention of people with disabilities, with the aim of achieving an average direct employment rate of 6% for people with disabilities within the Group.

- A third Group disability agreement was signed on 29 November 2023 to continue the actions in all regions in favour of the inclusion of people with disabilities.
- Since the first agreement, 87 recruitment and human resources players, as well as managers, have been trained in the recruitment of people with disabilities, including 19 in 2023.
- More than €200,000 has been allocated to adapting workstations or financing individual equipment.
- The 6<sup>th</sup> Handi'Cap forum in September 2023 brought together, in virtual form, nearly 250 managers and HR staff, as well as all Diversity & Inclusion Officers worldwide.



## SOCIAL DIVERSITY

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

- Hermès is diversifying its recruitment actions to seek out profiles from disadvantaged neighbourhoods and rural areas.
- HMS, Ateliers AS and SNC (HTH division) have set up a recruitment method without CV using MRS tests – simulation using skills – in partnership with the French National Employment Agency, Pôle Emploi. Leather goods workshops almost exclusively recruit their future craftspeople via this MRS.



## GENDER EQUALITY

The Group's policy is to promote gender equality at all levels of the Group's hierarchy.

- The construction of a global gender equality index began in 2023, comprising two indicators. The first calculates the (average and median) pay gap between women and men by level of hierarchical responsibility and age category; the second is designed to check gender parity among the ten highest earners. The first calculation of this global index will be carried out in 2024 on 2023 data.
- In France, the gender equality index is 92/100.



## SUPPORTING OLDER EMPLOYEES

One of the unique features of Hermès lies in its two-fold dynamism: that of recruitment, together with long career paths.

In this context, particular attention is paid to keeping older employees in employment and passing on savoir-faire.

- The recruitment of older employees is common practice, as Hermès places the passing on of skills from one generation to the next at the heart of the development of its craftsmanship model.
- The *Leading with Art* programme has benefited 110 talented individuals since its launch, including 40 in 2023. Its aim is to create and animate a community of supportive leaders who are aware of their role.





# LIVING WAGE

*Hermès is particularly attentive to the compensation conditions and development opportunities for all its employees. Offering them comprehensive compensation is also a way of recognising their contribution to the House’s development.*

## RISK ASSESSMENT

The risk of an insufficient salary is linked to the Group’s presence in a large number of countries, which implies several compensation and social protection schemes.

As a responsible employer, the House aims to:

- ensure - over and above the living wage determined by a third-party body - a good level of compensation that ensures a decent quality of life for its employees;
- enable long-term quality of life and both personal and professional development.

This quality of life at work is regularly analysed through employee engagement surveys.

In 2022, an audit was conducted to obtain **a precise mapping of social protection schemes.**

In addition, the analysis carried out on living wages in 2023 confirmed that the standards applied to fixed compensation comply with local wage regulations and fully integrate the living wage level, whose thresholds are determined by independent benchmark organisations.

## RISK MITIGATION

The Group’s compensation policy is that all of its employees should receive total compensation that is competitive in relation to best market practices, complies strictly with applicable standards, and is higher than the legal minimum for local salaries.

The commitment and contribution of each employee to the success of the collective project were recognised by the allocation of exceptional bonuses (€4,000 gross in February 2023 and again in March 2024).

Wishing to involve all its employees worldwide in the Group's sustainable and responsible growth over the medium and long term, Hermès once again set itself apart in 2023 with a collective free share allocation plan. Under the 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 – thus received the right to 12 free shares, *i.e.* a total of more than 216,000 shares.

With the aim of protecting and supporting its employees in the face of life's uncertainties, Hermès has created a universal base of social protection for all its employees worldwide, built around five pillars: parenthood, healthcare costs, retirement, death, disability. The goal is to cover 100% of employees worldwide by 2026.

This ambitious base is designed to ensure a decent quality of life for employees and their families, to enable them to be covered in the event of an accident, and to build up savings so that they can plan for the medium and long term with peace of mind.



### MONITORING

97%

of employees worldwide benefit from healthcare plans in addition to legal schemes

96%

of employees worldwide benefit from death and disability plans in addition to legal schemes

97%

of employees worldwide benefit from pension plans in addition to legal schemes

More than  
18,000

employee shareholders or holders of rights to free shares, *i.e.* 80% of the workforce as at 31/12/2023

100%

of Group employees benefit from a maternity policy with compensation maintained for 16 weeks

83%

of employees are covered by the paternity policy



# PERSONAL DATA

*At Hermès, respect for privacy represents more than a legal obligation, it is a Maison Hermès value and an essential commitment to maintaining a relationship of trust with its employees, customers and partners. The Group has set up systems to protect all the personal data it processes. This system is applied in accordance with European data protection regulations and applicable local regulatory requirements.*

## RISK ASSESSMENT

The main risks are related to customer data as well as candidate and employee data.

They mainly come in two forms:

- a breach of regulatory principles: poor management of personal rights, unlawful processing of data, etc.;
- a data breach: mainly due to subcontractors and cyberattacks.

**Internal control assessments and audits are regularly carried out**, including through auditors external to the Hermès Group. Conducted according to control and audit lines validated by the Group, they relate to the application of the Group's procedures and, more generally, to the maturity of the data protection system.

## RISK MITIGATION

The Group's Data Protection Officer (DPO) relies on **a network made up of the Head of Information Systems Security, the legal department, internal controllers and regional DPOs** (notably in China). This network enables it to be informed of issues and legal changes in the processing of personal data and to ensure that said processing complies with Group rules.

A range of actions and systems is deployed at the Group:

- since 2015, the Group has set up Binding Corporate Rules (BCR), which define the rules for the protection of its customers' personal data and apply to retail entities;
- a face-to-face employee training programme and a mandatory e-learning module, translated into 11 languages;
- application of the principles of protection of Privacy by Design & by Default through the project security integration procedure and by conducting privacy impact assessments;
- use of a specific compliance tool, allowing in particular the efficient management of customer rights (access, modification, deletion, etc.)
- maintenance of a Group data processing register;
- a procedure for managing incidents and personal data breaches (data leaks).

En 2023, **the Artificial Intelligence (AI) Assessment Committee**, which is part of the Data Governance Committee, held its first meeting in the presence of the DPO and, notably, members of the Group's legal department. This committee focuses on the implications of artificial intelligence that is used or could be used in the House's projects, including the issues it may raise in terms of personal data protection.

## MONITORING

More than  
15,000

people in the most sensitive functions have completed the e-learning module on personal data protection

357

projects run through the security integration procedure in 2023

1,196

requests to exercise rights processed in 2023



A woman with brown hair tied in a bun is working on a piece of orange leather in a workshop. She is using a tool to shape the leather. The background is blurred, showing various workshop items like a rack of tools and other workpieces.

AT HERMÈS

## 4. HEALTH & SAFETY

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# SUMMARY OF HEALTH & SAFETY RISK MAPPING

*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 or logistics sites, in stores or offices.*

RISKS	DESCRIPTION OF RISK AT THE GROUP	HERMÈS MATERIALS AND COMPONENTS	PRODUCTION WORKSHOPS	LOGISTICS PLATFORMS	HERMÈS BRANCHES	SUPPORT FUNCTIONS
Consumer safety	Lack of safety of products placed on the market	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
Health and safety at work	Work accidents or occupational illnesses related to a lack of protection when using machines, uncontrolled exposure to hazardous chemicals, the appearance of RSI (repetitive strain injury) caused by heavy loads, repetitive movements or static work or in the event of fire.	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
Psychosocial risks	Moral or sexual harassment Threats, stressful situations	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
Working conditions	Indecent working environment and/or accommodation for employees, excessive workload	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
Employee safety	Lack of protection of employees in their workplace or during their travel: assaults, theft, attacks related to their activity	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>

Net criticality

Very high

High

Medium

Low and very low

Not significant



# HEALTH & SAFETY AT WORK

*While craftsmanship expertise is essential to the production of beautiful products, the high level of expertise in health, safety and the environment contributes directly to the improvement of working conditions and the well-being of all. 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 its humanist values, Maison Hermès has embarked on a “Zero Accident” trajectory, and in 2023 formalised a Group Health & Safety policy to support this dynamic.*

## RISK ASSESSMENT

In late 2023, **the Group published its Group Health & Safety policy.** Validated by the Executive Committee and signed by the Group Director of Human Resources, it will be updated every three years. Its monitoring already includes an annual presentation to the Supervisory Board's CAG-CSR Committee. Its purpose is to provide a common strategic framework that contributes to preserving the health and ensuring the safety of employees. It is structured along four axes:

- Preventing risks;
- Protecting employee health;
- Advancing the Health and Safety culture;
- Managing Health and Safety performance.

**Each entity translates its commitments into an operational roadmap.** Hermès has set up a network of internal officers to lead actions and an audit programme to assess progress.

Any new Hermès industrial site, and any renovation, is designed and built with accident prevention in mind, in order to preserve the health and safety of the craftspeople and partners working there. New or existing industrial practices, as well as processes and products, are constantly analysed to minimise their risks and effects on health and safety.

Aware of its role as a benchmark in the industry, Hermès also shares essential Health and Safety principles and values with its suppliers.

## RISK MITIGATION

The industrial technical and innovation department is overseeing a multi-year EHS (environment, health and safety) programme. With the support of an outside firm, the industrial department audits the sites' level of maturity in terms of Health & Safety Culture, and reports regularly on the progress made in meeting the commitments described in the Hermès Culture guidelines. In 2023, 23 sites were assessed as part of this programme. The best practices identified during these audits are shared annually with the métiers in the form of an illustrated booklet.

In addition, as part of our EHS approach, every accident or significant incident is investigated, with a detailed analysis of the causes, and the conclusions are systematically shared with other industrial sites.

In 2023, to take the management of risks to Safety at our industrial sites a step further, a multi-métier working group led by the industrial department prepared **an internal reference framework for major risks.**

Thus, 11 major risks have been targeted: working at height, equipment safety, hazardous energy management, fire/ATEX risk, chemical risk, falls at ground level, confined spaces, road risk, lifting/storage/truck-pedestrian coactivity, management of external companies and isolated workers. These risks have been broken down into around 100 key requirements, for which the compliance of each site will be assessed as part of the 6<sup>th</sup> EHS cycle (2024-2026), in addition to the assessment of the level of Safety Culture.

3

BONNE SANTÉ  
ET BIEN-ÊTRE

MONITORING

7.99

Group lost-time work accident frequency rate in 2023  
Stable compared to 2022

0.30

Group lost-time work accident severity rate in 2023  
Stable compared to 2022

HEALTH & SAFETY POLICY



# STRATEGIC AXES OF THE HEALTH & SAFETY POLICY (FOCUS)

Numerous initiatives set up throughout the Group in 2023 testify to the commitments made in the Group's Health & Safety policy. These initiatives include several that are particularly significant at métier or site level.



## AXIS 1 PREVENTING RISKS

Since 2021, all tanneries have implemented a standard set of essential Health & Safety rules. Thus, an extensive communication campaign was carried out, highlighting the golden rules and the seven pillars: training, protection, traffic, machines, behaviour/responsibility, posture and co-activity.

Within the textile supply chain, several projects aim to reduce exposure to chemical risks. Chemical storage areas at two sites have been renovated to new standards and are inspected regularly.

On the printing sites, the glues used to hold the cashmere pieces on the tables have been replaced by adhesive films. The same approach will be used for silk items.

## AXIS 2 PROTECTING EMPLOYEE HEALTH

Preventing repetitive strain injury (RSI) is a priority for the métiers. Hermès has been a pioneer, rolling out a programme based on five axes:

1. Presence of in-house "ergonomics relays" at each site.
2. Replacement of traditional workbenches with height-adjustable ones: 900 workbenches of this type were installed in 2023.
3. Continued rollout of the ergo-motor skills training module "Un Corps Pour La Vie": 1,000 craftspeople were trained in 2023.
4. Continuation of the ergonomic analysis method, co-developed with doctors specialised in biomechanics.
5. Introduction of weekly osteopathy sessions on sites.

The textile supply chain offered a mental health first aid training course to prevent psychosocial risks. 23 people followed this training in 2023. This will continue in 2024.

## AXIS 3 ADVANCING THE SAFETY CULTURE

Behavioural safety visits, a key tool for Health & Safety leadership, are carried out in various métiers. More than 800 such visits were made to the Leather Goods division, enabling craftspeople to question the risks associated with their workstations and propose solutions. This tool is also used in the precious leathers supply chain.

In 2023, the Textile supply chain continued its Health & Safety training. At the HTH site, all employees took part in a day of training on the theme of vigilance and risky behaviour, helping to create a collective culture on the subject.

At Hermès Manufacture de Métaux (HMM), monthly communication campaigns have been rolled out covering personal protective equipment, working at height, and gestures and posture.

## AXIS 4 MANAGING HEALTH & SAFETY PERFORMANCE

The Group's zero accident ambition has been shared with the métiers, which are gradually developing their reporting in this area.

In the tanneries, a cross-functional EHS Committee meets every two weeks to share EHS results, monitor the successful completion of actions and identify synergies between sites.

The textile supply chain has defined work accident frequency rate targets, which have been integrated into the supply chain's incentive scheme criteria. In 2023, a standard dashboard was rolled out for all sites in the supply chain in order to share results on a monthly basis.

The accident management tool is continuing its rollout, with implementation in the Hermès precious leathers scope in 2023.

# WORKING CONDITIONS

*If Hermès is so demanding about working conditions, it is so that everyone can safely express their potential in a pleasant environment, at production sites and logistics sites, in exclusive stores or offices. In addition to the fundamental issues of health and safety at work, it also means adopting the best managerial practices and providing a working environment conducive to the well-being of everyone.*

## RISK ASSESSMENT

The SATIN survey, launched in 2018 and rolled out across all sites in France, made it possible to draw up an inventory of how employees at French sites feel about their working environment and its organisation.

**The 2024 well-being & commitment survey** will enable the diagnostic to be updated and new areas for improvement to be targeted accordingly.

A **Health and well-being at work observatory** has been set up at each site, in conjunction with the site’s Management Committees and the Health, Safety and Working Conditions Commission.

Internationally, and more specifically in Europe, Asia and the United States, employee engagement surveys are used to identify risks related to working conditions.

The main areas for improvement are:

- workload, with the desire for a better work-life balance;
- air quality;
- visual and acoustic comfort.

## RISK MITIGATION

The Group encourages everyone to put in place all measures likely to contribute to the well-being of employees at work, taking into account the specificities of each métier.

In terms of the organisation of working hours, the Group gives its subsidiaries a great deal of freedom. However, it ensures strict compliance with the regulations applicable in each country in terms of working hours, maximum working hours and minimum breaks. Particular attention is paid to monitoring leave and to counting hours of work and recovery.

- In the Leather Goods & Saddlery division, all production workshops benefit from 213 “ergonomics relays” and are organised around flexible hours, with early and late working hours possible. Each craftsperson is responsible for choosing his or her hours in order to reconcile working time and personal organisation.
- In the United States, all sales associates receive a continuous weekend off each month. The schedules are designed to avoid work on Sundays and ensure a fair distribution of late working, notably during busy periods.
- In China, for sales associates, schedules provide for a maximum of eight hours of work per day and two days of rest per week. Annual leave has been increased from ten days to twelve.
- In logistics, employees benefit from flexible working hours with a minimum number of hours to be worked per week, the possibility of working more and the flexibility to adjust their daily working hours.

### MONITORING



83%

Rate of participation in well-being surveys

4,800

craftspeople have followed the “Un Corps Pour La Vie” ergo-motor skills training module since 2011

2.56%

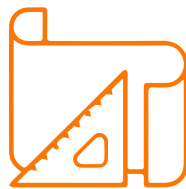
Absenteeism rate in 2023



# WORKING ENVIRONMENT (FOCUS)

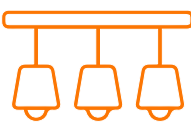


*The Group ensures that all employees work in a pleasant, healthy and comfortable environment. All the métiers and entities are involved in workplace well-being initiatives that contribute to employees' sense of belonging and attachment to the House of Hermès.*

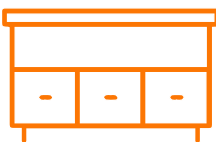


**Within the HTH textile supply chain**, major renovation work was carried out on living and working areas, notably at the Pierre-Bénite workshops and the Bourgoin-Jallieu site.

- The facilities take care with respect to the quality and temperature of the ambient air, in order to improve the comfort and environment of the teams. For example, the AS workshops have installed air coolers in the fixing-washing workshop to lower the temperature during the summer months. The ATBC site has invested in CO<sub>2</sub> measuring equipment to optimise the fresh air renewal rate.
- Renovations and improvements have made it possible to increase team safety, in particular by road markings, speed bumps and signage to reduce the risk of collisions.
- The sites have carried out campaigns to measure noise exposure and raise employee awareness. For example, the cutting workshop has undergone a full noise mapping exercise.
- 



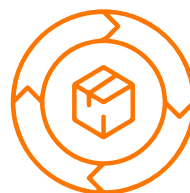
**In the Leather Goods division**, recent sites have already been fitted out according to the Hermès standards, while some older sites have been refurbished to improve working conditions. This is the case at the **Maroquinerie de Belley**, which changed the lighting in its workshops to improve visual comfort for its craftspeople. In 2023, the site also built two extensions that benefit from natural light. The Manufacture de Haute Maroquinerie has started to install a central space where employees can get together.



**At Hermès precious leathers**, rehabilitation work to improve working conditions continued at the **Tannerie du Puy**, particularly in terms of lighting and ventilation in the “river” building. As part of the LWG certification process, 5S-type procedures have been stepped up at the six tanneries in the precious leather supply chain. Programmes for storage, rearranging spaces and floor markings have resulted in a safer and more pleasant working environment.



Following the renovations of the mould-making workshop offices and the reorganisation of the maintenance area in 2022, updates were made in relation to the ergonomics of the “*grande place*” at **Cristalleries Saint-Louis**, a workshop where large, prestigious pieces are concentrated. This work enabled us to reduce difficult movements (assistance with the use of shaping blocks), reduce loads carried by introducing handling aids, and rethink the organisation of work. Quality controllers have also benefited from new workbenches that improve inspection conditions for these large parts: table height adjustment, lighting control and pneumatic movement of parts.



In addition to work on the *Nouvelle Fabrication* extension project started **at Perfume and Beauty** in 2022, interior refurbishment work in the historic building was carried out in 2023 to help improve working conditions: optimising connections between perfume manufacturing and packaging, fitting out the packaging lines and adding a quality control system.

# PSYCHOSOCIAL RISKS (PSR)

*Hermès does not tolerate any conduct that manifests itself through behaviours, words, acts, gestures or writings that may infringe on a person’s personality, dignity or physical or psychological integrity, thereby jeopardising their personal well-being or employment, and adversely affecting the social climate. The prevention of and fight against harassment, whether psychological or sexual, is one of the House’s priorities.*

## RISK ASSESSMENT

The Group acts to prevent psychosocial risks. Notably, it tries to ensure **work-life balance** by disseminating best practices and encouraging subsidiaries to apply them. These incentives are of course rolled out locally, taking into account the cultural specificities of countries. Exemplarity is especially required of managers.

**Training on the prevention of psychosocial risks** is offered to managers to make them aware of the existence of PSRs (stress, harassment, violence at work, burnout, etc.). The objective is to teach them how to quickly detect difficult situations, to identify warning signals, even weak ones, in order to provide a rapid and appropriate response.

This training is also an opportunity to raise awareness of preventive measures for physical and psychological health, and well-being at work. Roll-out of this theme began in France, and it will be extended internationally.

## RISK MITIGATION

At the French entities, **55 pairs of "Harassment and sexist behaviour" officers**, representing management and the SECs (Social and Economic Committees), were appointed to prevent sexist behaviour and sexual and moral harassment. They are continuing to follow training on these concepts and their legal framework so as to be able to characterise situations.

This training also makes it possible to identify at-risk behaviours, to encourage the implementation of preventative measures and to react in the event of an alert by showing empathy and distance.

Furthermore, **an e-learning module called “Understanding to prevent sexist behaviour and harassment situations”**, addressing issues of moral and sexual harassment, sexist behaviour and sexual assault, is mandatory for all managers and representatives in France, and is open to all employees. It has also been rolled out internationally.

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.



### MONITORING

83%

Rate of participation in well-being surveys

86%

of managers in France have followed the harassment awareness module, making a total of 2,066 managers who have followed this course

86%

of managers in France have followed the PSR training module, making a total of 2,066 managers who have followed this course



# EMPLOYEE SAFETY

*The Group’s policy includes the issue of employee safety, as a priority, in its strategy for the protection of property and people. Safety is very important in a context of risk of physical harm to people in several cities and countries where Hermès operates.*

## RISK ASSESSMENT

Due to the nature of its activities and the value of its products, the Hermès Group identifies risks of physical harm to people (employees and external partners that could cause moral and psychological harm).

Experts from the Group safety department regularly travel to the various sites to ensure compliance with Group safety procedures and to support the métiers and subsidiaries, including during events in France and abroad.

A questionnaire on industrial safety is also completed during these site visits or audits.

Security incidents are reported in a specific database. They are regularly reported to the Group Safety Committee and the Audit and Risk Committee, and are then analysed in detail, thus contributing to the continuous improvement of the system.

## RISK MITIGATION

The Group has set up several measures to ensure the safety of employees at the various sites and countries where it operates:

- a safety policy for all of its activities and sites;
- specific transport security procedures;
- a crisis management process, in the case of a serious event, which involves setting up a crisis unit with dedicated resources. Crisis management simulation exercises are regularly conducted.

Several measures are deployed depending on the level of risk at the Group’s various production and distribution sites to protect employees:

- reinforcement of safety and security equipment, surveillance cameras, vaults, access controls, fencing, intrusion detectors;
- transport security;
- training of teams on how to react in the event of incidents (e.g. robbery);
- provision of a psychological unit;
- anonymisation of sites.

A computerised safety and crisis management tool was rolled out in March 2021 at sites in the Paris region and has now been extended to all stores in France. The extension to other Group sites is being carried out gradually, depending on the level of risk at each site.

## MONITORING

Experts from the Group safety department regularly travel to the various sites, during events in France and abroad, to ensure compliance with Group safety procedures. A questionnaire on industrial safety is also completed during these site visits or audits.

Security incidents are reported in a specific database. They are regularly reported to the Group Safety Committee and the Audit and Risk Committee, and are then analysed in detail, thus contributing to the continuous improvement of the system.





AT HERMÈS

## 5. ENVIRONMENTAL PROTECTION

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# SUMMARY OF ENVIRONMENTAL PROTECTION RISK MAPPING

*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.*

RISKS	DESCRIPTION OF RISK AT THE GROUP	HERMÈS MATERIALS AND COMPONENTS	PRODUCTION WORKSHOPS	LOGISTICS PLATFORMS	HERMÈS BRANCHES	SUPPORT FUNCTIONS
GHG emissions and climate change	Climate deterioration due to activities	●	●	●	●	●
Pollution and waste	Emissions of pollutants via aqueous or atmospheric discharges and of various forms of waste, including plastic waste	●	●	●	●	●
Depletion of natural resources	Insufficiently controlled consumption of resources that are non-renewable, limited, to be preserved (water, wood)	●	●	●	●	●
Biodiversity damage	Destruction of a part of biodiversity through the use of raw materials or the establishment of sites	●	●	●	●	●
Animal welfare	Animal exploitation practices contrary to the Group’s commitments and to compliance with the principles of animal welfare	●	●	●	●	●

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

# GREENHOUSE GAS EMISSIONS AND CLIMATE CHANGE

*The Group is resolutely committed to a low-carbon world. Targets have been quantified and included in the schedule, compatible with limiting global warming to 1.5°C by 2100. Actions have been taken in this regard, both within the Group’s activities (production, construction, logistics, etc.) and within its supply chain.*

The Group’s policy includes several axes:

- measure the impacts of its activities across all scopes 1, 2 and 3;
- prioritise actions to reduce emissions in the various categories where the Group can act;
- set up carbon contribution actions;
- study the effects of climate change, inform and collaborate with our partners and suppliers to adapt the entire value chain.

## RISK ASSESSMENT

Since 2013, the Group has **updated the overall greenhouse gas emissions assessment** of its production and distribution sites and its supply chain according to the three scopes of the GHG Protocol. This work is carried out with the help of an independent external specialist firm and using the Bilan Carbone® (Carbon Assessment) method and the GHG Protocol.

In 2019 and 2020, **an energy and thermal diagnostic campaign** was carried out at all industrial, tertiary and distribution sites in France to assess performance and schedule action plans.

## RISK MITIGATION

True to its concrete and long-term commitments, since 2020 Hermès has stepped up its fight against climate change by updating its strategy with ambitious, science-based targets, through the **“Science-Based Targets” initiative (SBTi) to reach zero net emissions by 2050:**

- 50.4% reduction in terms of absolute value in scopes 1 and 2 emissions from 2018 to 2030;
- 58.1% reduction in terms of relative value in scope 3 emissions from 2018 to 2030;
- 50% reduction in the carbon footprint per m² of buildings constructed or renovated by 2030;
- defossilisation of operations and implementation of a 100% renewable electricity policy by 2025 and 100% renewable energy by 2030.

Hermès is gradually rolling out concrete actions to replace the fossil fuels used, and reduce its energy consumption and its carbon footprint across the three scopes:

- French sites with 100% electricity produced in France;
- rollout of the "Responsible real estate standards";
- improvement of the logistics footprint, in particular for local transport, using carbon-neutral modes of transport; for long-distance transport, giving preference to sea or road transport over air transport, opting for fuels with lower emissions, and optimising packaging and transport volumes;
- mobilising suppliers and supply chains to reduce their scope 3.

Furthermore, for the establishment of new leather goods workshop sites, Hermès now favours the conversion of brownfield sites or wastelands whenever possible.



## MONITORING

-49.6%

decrease in scopes 1 and 2 emissions in absolute value compared to 2018

-52.2%

decrease in scope 3 emissions in intensity compared to 2018

-65.1%

decrease over 10 years in industrial energy consumption (electricity and gas), in intensity

100%

renewable electricity in France and 92% worldwide

70%

renewable energy worldwide

Score A

in the 2023 CDP Climate questionnaire based on 2022 data



# DEPLETION OF NATURAL RESOURCES

*Managing the environmental impact of its entire value chain is a core preoccupation for Hermès. Respecting natural resources, promoting regenerative agriculture and forestry, and managing energy resources are all pillars of Hermès’ environmental policy.*

## RISK ASSESSMENT

Hermès uses **natural and renewable** raw materials. This is notably the case for hides from farmed animals and the main textile materials such as silk, cashmere and wool.

Materials are carefully considered, in particular using supply chain analyses, product life cycle analyses and biodiversity studies.

The Group monitors its water consumption, whether industrial (mainly in France), or in its supply chain in:

- tanneries, with the hide tanning, dyeing and finishing processes;
- textiles, with the fabric printing and finishing steps;
- crocodilian farms, with the filling of breeding tanks and their regular renewal, which guarantees the bacteriological quality of the water and animal welfare.

## RISK MITIGATION

Hermès’ policy and its actions on the ground aim to limit the consumption of natural resources. This involves:

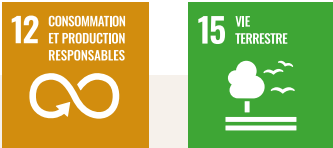
- searching for new production methods for existing materials or for new, more frugal materials;
- rolling out eco-design;
- reducing waste at all stages of production;
- reducing water consumption at all stages of production.

### Optimising the use of materials

- At the tanneries, hide imaging systems enable the identification of defects, facilitate sorting, maximise the use of hides and reduce waste.
- In leather work, the métiers have always been attentive to reducing material scraps as much as possible. In France, since 2022, the Group has implemented measures, notably inventory optimisation, to recycle and reuse its leather scraps as much as possible.
- Since 2019, a working group of the textile Hermès subsidiary has focused on optimising the use of cashmere and the production of silk items is organised to avoid producing surpluses.

### Reducing water consumption

All production métiers have a minimum annual reduction target of 5% in intensity. This target has been achieved every year since 2018 and, over 10 years, water consumption (excluding farms) has fallen by more than 60% in intensity. This is the result of continued reduction efforts on all the Group’s industrial sites. 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 supply chain, the reduction of water consumption is one of the criteria of the incentive scheme.



## MONITORING

97%

of hides come from agri-food channels

100%

of gold and silver used in jewellery is from non-mining sources

-5%

Target for the annual reduction in water consumption in intensity (m³ per €m of revenue) from 2018 to 2030

Score A

in the 2023 CDP Water Security questionnaire based on 2022 data

Score A- / A-

in the 2023 CDP Forest (Cattle/ Timber) questionnaire based on 2022 data

-62.2%

reduction in industrial water consumption in intensity over 10 years

# LIFE CYCLE ANALYSIS (FOCUS)



*Hermès' teams have always been committed to designing aesthetic, high-quality objects that last and are handed down from generation to generation.*

## METHODOLOGY

The Life Cycle Assessment (LCA) method, which has been in use for several years now, supports this responsible creation approach with more standardised and quantified calculations using the 16 impact factors of the Product Environmental Footprint method. It is used in the métiers in order to:

- Prepare for the future French environmental labelling, which will eventually become compulsory and include precise measurement of the impact of materials and the various stages of production;
- Target those stages of the life cycle with the greatest impact;
- Continue to raise awareness among development teams and studios in order to integrate eco-design as early as possible in the creative process.

Hermès objects are mainly composed of raw materials of natural origin (mineral, animal or plant-based), the production of which can have very different environmental impacts, thus giving rise to diverse studies. Calculations are based either on in-house analyses or on benchmark databases in the LCA sector.

The assessment method associated with this methodology (Environmental Footprint) and used as part of these life cycle analyses allows the calculation of 16 impact indicators, which describe:

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

## GOVERNANCE AND IMPLEMENTATION

The subject is overseen by the Sustainable Development Board and led by the industrial affairs department. It coordinates the actions of the Métier teams, supported by their own LCA experts. A community was set up and launched in September 2023 to form an internal LCA network, ensure consistency in the work and share best practices. In 2024, the aim is to continue the rollout to the Group's 10 core métiers, and to support the other six, in particular through a single calculation tool.

## RESULTS OBTAINED

Starting in 2021, the Leather Goods, Women's and Men's Ready-to-Wear, Shoes, Fashion Accessories, IOT (Internet of Things), Silk and Textiles and Hermès Maison métiers have carried out 50 life cycle analyses (LCAs), mobilising dozens of employees on their emblematic products.

In 2022 and 2023, around 40 leathers underwent an LCA. The findings of these LCAs are examined by Tannery division experts to identify eco-design actions. The division also contributes to the leather supply chain initiatives launched by the Centre Technique du Cuir (CTC), and to those of the crocodile breeding supply chain launched by the International Crocodilian Farmers Association (ICFA).

To date, more than 200 LCAs have been carried out, covering 20% of the volumes of the Métier division (which includes the ready-to-wear, shoes and accessories, jewellery and art of living activities, in particular). From 2024, this approach will be extended to other priority areas (Shoes, Watches, etc.).

In addition, the Perfume and Beauty division also carried out LCAs on materials used for point-of-sale advertising.



# POLLUTION AND WASTE

*Hermès works actively to limit the environmental impact of its activities.*

## RISK ASSESSMENT

A major aspect of environmental protection and societal responsibility, waste and discharge management means that each of the House’s various métiers does all it can to reduce the production of waste and discharges and to recycle or recover them.

The policies conducted by Hermès in terms of preventing and combating pollution aim, based on a study of risks, **to control said risks and limit their impact** on the environment, whether on the soil, air or water:

- Between 2022 and 2023, the quantity of waste increased by 14% at Group level (excluding farms). This increase is however lower than business growth.
- In 2023, 362 tonnes of oxidisable substances measured by COD were discharged (compared with 395 tonnes in 2022), a very large proportion of which will be treated by downstream municipal plants.

New indicators and targets will be introduced by 2025 concerning the quality of effluent discharged, in line with expectations for reducing “freshwater pollution” pressure, which Hermès is taking into account through the rollout of the Science-Based Targets for Nature (SBTN) method.

## RISK MITIGATION

Each métier defines and implements measures to reduce waste and aqueous discharges and ensure their treatment in order to avoid any environmental pollution.

### Waste reduction

The main types of non-hazardous waste generated by the industrial sites are WWTP (Wastewater Treatment Plant) sludge, process sludge and dredging sludge, as well as leather by-products generated during the tanning process (e.g. non-usable parts of raw hides or cuttings related to thinning).

The tanneries are constantly seeking new reuse channels for this waste and are active participants in the think tanks that are brought together at Hermès to discuss leather waste, and in the work done by the Centre technique du cuir (CTC), the French expertise centre on leather. The HCP division also studies the recovery and reuse of leather scraps being tanned with various partners.

### Aqueous waste management

- 18 industrial sites (notably the tanneries and textile sites) carry out discharge controls in compliance with the standards in force, in conjunction with the local authorities, and integrate their own wastewater treatment plants, including filter gardens. These stations treat 423,107 m³ (78% of aqueous industrial discharges), using the most suitable technologies for the substances discharged according to the limits imposed by the environmental authorities, almost exclusively in France.
- Hermès Cuirs Précieux is continuing to implement the ZDHC (Zero Discharge of Hazardous Chemicals) protocol, which aims to apply best practices in terms of the use of hazardous substances and the quality of wastewater discharges.

## MONITORING



100%

of tanneries are equipped with their own water treatment plants

53%

of all waste is recovered (recycling, reuse, energy recovery)

100%

of plastic hangers recycled



# PROTECTION OF BIODIVERSITY

*To protect biodiversity, Hermès is taking action within its direct sphere of responsibility, its extended sphere of influence, and through commitments beyond its economic sphere of influence.*

## RISK ASSESSMENT

To assess its biodiversity footprint, Hermès relies on impact measurements at different levels with the help of recognised partners:

- for its production sites, through Biodiversity diagnostics (16 indicators on the five erosion factors defined by IPBES\*);
- across the entire value chain, thanks to the GBS (Global Biodiversity Score) approach;
- for supply chains, through dedicated studies: in 2023, biodiversity analysis of the cashmere supply chain with the University of Ulan-Bator, WWF France and WWF Mongolia.

Most of the footprint comes from upstream in the value chain. The main pressures on terrestrial biodiversity are related to land use by crops or livestock, and greenhouse gas emissions.

\* Intergovernmental science-policy platform on biodiversity and ecosystem services

## RISK MITIGATION

The materials are selected and supplied by each métier, in compliance with the supply chain brief and regulations, and respecting biodiversity. Materials or species threatened with extinction, or those whose trade is illegal, are prohibited.

Hermès has renewed its commitment to Act4Nature International. It is divided into four areas:

- train the Management Committees and site and supply chain employees in 2023, then all employees by 2025. An e-learning module on biodiversity was rolled out in 2021;
- collaborate by developing the partnership with WWF France and other field NGOs involved in the protection of biodiversity, such as ICFA (International Crocodilian Farmers Association) for crocodilians or SAOBC ( South African Ostrich Business Chamber) for ostriches;
- assess and pursue the deployment of the GBS approach in the main supply chains by 2025 on high-impact production sites;
- act by rolling out action plans by 2025 for high-impact raw material sites and supply chains;
- continue to invest in the *Livelihoods Funds* and biodiversity projects with the Fondation d’Entreprise Hermès.

The Livelihoods Carbon Funds, of which Hermès has been a partner since 2012, are taking action to restore biodiversity, for example by replanting more than 150 million trees to date (31/12/2023).

A best practices guide has been formalised since 2021 to help each Leather Goods division implement projects related to the protection of the Group’s biodiversity.

The fight against deforestation, coordinated by a Group committee, works mainly on:

- cattle feed;
- the use of fully FSC-certified timber sources (Forest Stewardship Council), or other specific certification.

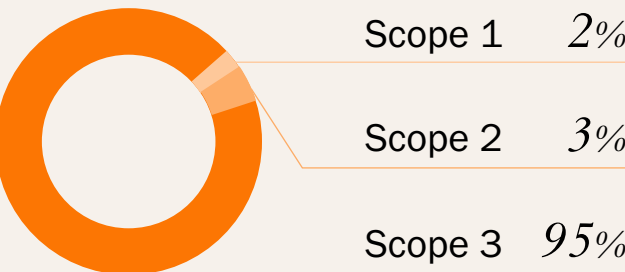
Lastly, crocodilian farms in the United States and Australia that collect eggs in the natural environment scrupulously respect the quotas in force and the processes provided for by the applicable regulations. Revenues from collection are earned locally; they actively contribute to the maintenance of the natural ecosystems in place as well as to local and indigenous communities in general (whether through job creation or other social/economic schemes).



### MONITORING

96%

of Hermès’ revenue is covered by the GBS analysis on upstream scopes 1, 2 and 3, i.e. the “vertically integrated scope” of CDC Biodiversité



100%

of employees will be trained by 2025

29%

of industrial sites assessed with an action plan (target 100% of industrial sites in France by 2025)

100%

of the paper of the orange boxes is 100% FSC

90,000 hectares

preserved or restored via the Livelihoods Funds as at 31/12/2023



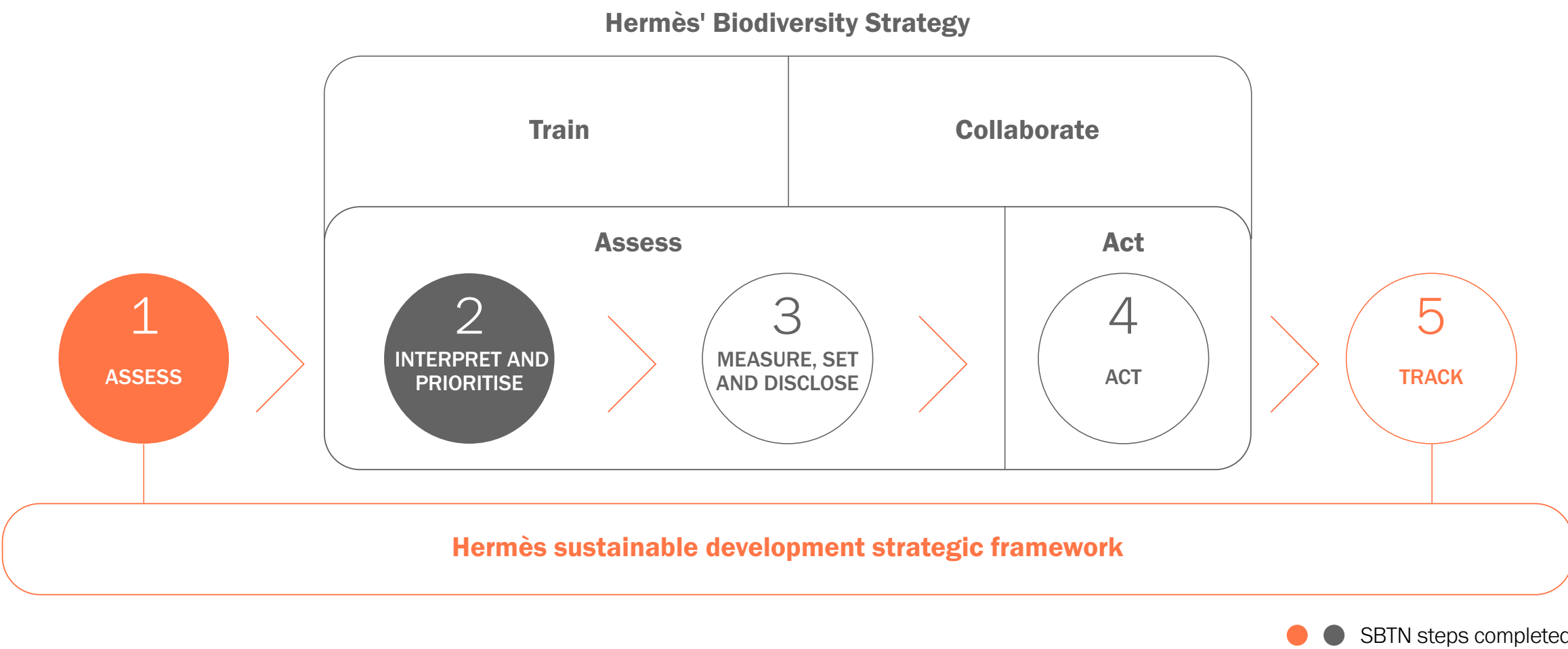
# APPLICATION OF THE SBTN METHODOLOGY (FOCUS)



*There is currently no single monitoring system for biodiversity; however, the Group has selected a number of the existing systems, on the basis of their pragmatism, scientific relevance and visibility to the stakeholders concerned. Hermès is one of the first companies to deploy a scientific approach: the Science-Based Targets for Nature (SBTN). Created in 2019, this network brings together 50 organisations and defines five key steps for setting science-based targets.*

## IMPLEMENTATION

In 2023, Hermès joined SBTN's *Corporate Engagement Program* and WWF France's *Capital Lab Naturel* with the aim of rolling out the method across all Group activities. In 2023, the Group applied the SBTN method for the first two stages, with the help of its external partners.



### Step 1

Hermès has compiled a list of the material pressures of its 16 métiers by cross-referencing information from SBTN's MST (materiality screening tool), the GBS footprint measurement exercise and expert opinion. Data was collected and processed for supply chains, company structure, site location, sourcing practices, localisation and previous analyses (toolbox and supply chain mapping) for use in the value chain assessment.

The sectoral materiality analysis spotlights the upstream elements of the Hermès value chain, particularly in relation to habitat degradation for the production of agricultural commodities (crops for textiles, feed for livestock) and climate change, as well as water consumption and pollution at the Group's production sites. Pressures and the state of nature were modelled using site reporting data, LCA data and state of nature databases identified by SBTN.

In all, 53% of purchases, representing 90% of pressures on biodiversity, were thus covered by the SBTN methodology.

### Step 2

This step consisted in combining and interpreting pressure and state-of-nature data in order to prioritise sites and supply chains.

These initial results, obtained at the end of 2023, are currently being validated by operational teams to confirm that the scientific calculations are consistent with the physical realities observed in the field. This prioritization will subsequently enable us to set objectives, pressure by pressure, for priority areas.

# ANIMAL WELFARE

*Hermès’ policy favours the search for well-being through the observation of animal behaviour and aims to achieve concrete results.*

## RISK ASSESSMENT

To assess this risk, update policy and standards, measure progress and ensure that resources are made available, the House set up an Animal Welfare Committee in 2019, which meets at least every six months.

The Group is exposed to this risk in its animal supply chains: leathers, precious leathers, wool and hair, feathers, horn and down.

Hermès uses more than 35 different leathers, mainly from French or European calves.  
Exotic hides include crocodilian, lizard and ostrich hides.

All of these supplies are directly purchased from suppliers, with the exception of some alligator and crocodile hides, since the Group has farms in Australia and the United States.

## RISK MITIGATION

The Group has a very strict animal welfare policy in all the supply chains concerned. Formalised in 2021, it commits the Group to respecting the fundamental principles of animal welfare, including five fundamental freedoms defined by the **Farm Animal Welfare Council**.

The concept of “One Welfare” recognises the links between animal welfare, human welfare and the environment. In this context, various measures are rolled out:

- **strict standards describing best practices**, adapted to each supply chain, covering the areas of farming and slaughter practices, transportation, traceability, etc.;
- **a monitoring system adapted to each supply chain**, making it possible to improve practices through regular internal or external controls and audits;
- **multi-stakeholder collaboration**, to ensure that the results obtained on animal welfare correspond to the expectations of stakeholders (including NGOs).

Hermès thus participates in the development of global best practices in a number of supply chains:

- for its own breeding activities and for its raw material supply chains;
- with the International Crocodilian Farmers Association (ICFA), to develop, enrich and implement an international certification framework for the well-being of crocodilians and the application of sustainable livestock practices on farms;
- with the ostrich supply chain, in partnership with the South African Ostrich Business Chamber (SAOBC): through the creation of a standard, a certification process and funding to train farmers and processors;
- with several French luxury brands, as part of a working group to define and implement a responsible calfskin supply chain, with full traceability of hides and a strict definition of animal welfare standards;
- in collaboration with experts in animal welfare, the LPPS (Lizard Procurement and Processing Standard) was created for the “lizard” supply chain (varanus salvator) in Malaysia;
- by supporting the most demanding certifications for textile fibres: Textile Exchange's "Responsible Animal Fiber" reference framework and its specific standards (wool, alpaca, mohair, down), the Sustainable Fibre Alliance (SFA) standard for cashmere.



### MONITORING

100%

of métiers comply with the Group’s animal welfare policy

100%

of Hermès farms are IFCA certified

100%

of raw crocodilian hides purchased by the Tanneries division come from farms that have undergone an annual external audit by BSI as part of the ICFA certification process.

91%

of hides sourced in Europe, from a regulated ecosystem

100%

of the ostrich supply chain has been SAOBC certified since July 2022 (including leather and feathers)

100%

of the lizard supply chain in Malaysia is LPPS certified (Lizard Procurement and Processing Standard)



A man with glasses and a beard, wearing a white t-shirt and a dark apron, is focused on examining a large piece of teal-colored leather. He is in a workshop or factory setting, with shelves in the background holding various rolls of leather in different colors like red, brown, and blue. The lighting is bright, highlighting the texture of the leather and the man's concentration.

HERMÈS AND ITS PARTNERS

## 6. DIRECT PURCHASES

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# SUMMARY OF DIRECT PURCHASING RISK MAPPING

*The Hermès craftsmanship model, with 74% of production in France, relies on a network of suppliers based mainly in Europe, where labour and environmental practices are some of the strictest.*

Hermès builds balanced partnerships with its direct suppliers, according to its principles of transparency, high standards and fairness.

The risk exposure to its direct suppliers is therefore reduced for Hermès. Nevertheless, the Group is aware that the sustainability of its activities depends on the availability of the exceptional raw materials used. Furthermore, Hermès is committed to sustainably developing its supply chains, by going beyond compliance with environmental, ethics, social and animal welfare regulations, to contribute to the future availability of these resources.

To this end, the buyers of each métier carry out **risk mapping for each category of purchases** (raw materials, manufacturing, etc.). The risks assessed are mainly those relating to human rights and fundamental freedoms, personal health and safety, social issues, the environment, biodiversity and sustainable development, ethics and the risk of corruption.

Since 2019, these mapping exercises have been supplemented by supply chain analyses by raw material. With its 16 métiers, the Group has around 100 direct purchasing categories and 90 raw materials supply chains.

At the end of 2023, 93% of the purchasing categories had been the subject of risk mapping and a risk analysis by supplier. Of the 90 supply chains identified, 74 supply chains were the subject of a comprehensive analysis, covering 99% of the Group’s supplies. The analysis of these supply chains resulted in the supply chain brief, distributed to all suppliers. The latter includes targets for the traceability and certification of raw materials.

RISKS	RAW MATERIALS SUPPLY CHAINS	MANUFACTURERS AND SUBCONTRACTORS
Human rights		
Social dialogue	●	●
Discrimination	●	●
Living wage	●	●
Child labour	●	●
Forced labour	●	●
Impact on communities	●	●
Personal data	●	●
Health & safety		
Consumer safety	●	●
Health and safety at work	● See page 43	● See page 43
Psychosocial risks	●	●
Working conditions	● See page 43	● See page 43
Employee safety	●	●
Environment		
GHG emissions and climate change	● See page 44	●
Pollution and waste	●	●
Depletion of natural resources	●	●
Biodiversity damage	●	●
Animal welfare	● See page 40	●

Net criticality

● Very high

● High

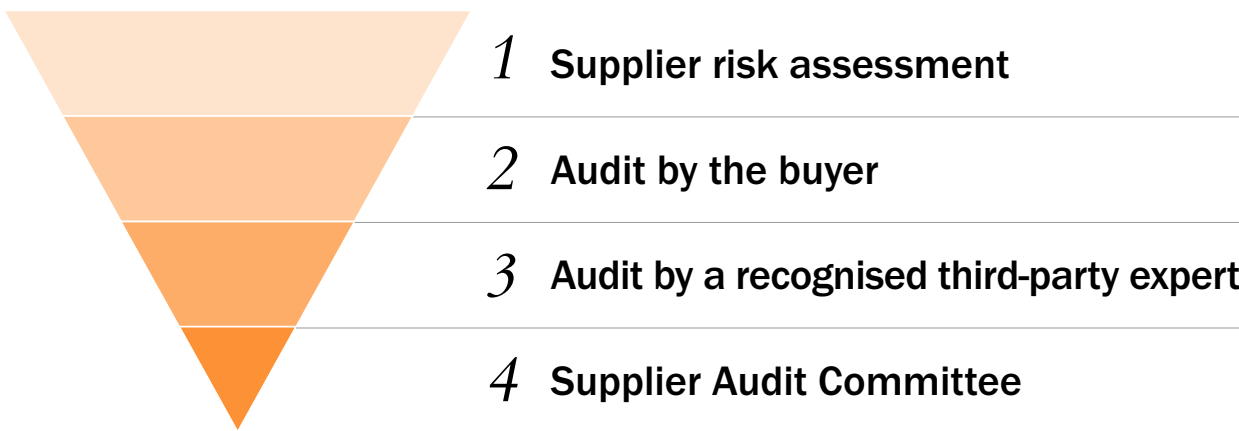
● Medium

● Low and very low

● Not significant



# KEY RISK MITIGATION MEASURES (1/2)



## 1. SUPPLIER RISK ASSESSMENT

Each métier’s buyer carries out risk assessments, by supplier, in several areas:

- corruption;
- human rights and fundamental freedoms;
- health & safety, working conditions;
- environment;
- social;
- financial health and economic dependence;
- control of the supply chain;
- performance and continuity;
- confidentiality and security;
- Hermès dependency.

## 2. AUDIT BY THE BUYER

If a risk is suspected, the buyer carries out a site visit to confirm or refute it, using a “supplier knowledge questionnaire” that details the various themes present in the supplier risk analysis grid.

This questionnaire covers topics such as ethics, human rights, health and safety, and the environment.

## 3. AUDIT BY A RECOGNISED THIRD-PARTY EXPERT

If the risk is related to the environment, working conditions, the health and safety of people, social issues or human rights and fundamental freedoms, an external body recognised for its expertise, is asked to conduct an audit.

These audits last at least two days 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 the regulations that concern them is also monitored, as well as the working conditions and well-being of employees. The results of these audits and action plans are taken into account during any continuation of relationships.

Due to its craftsmanship culture, its in-depth knowledge of purchasing channels and mechanisms, and its external EHS expertise, Hermès provides veritable spaces for discussion to build targeted plans with its partners.

## 4. SUPPLIER AUDIT COMMITTEE

Since early 2019, a Supplier Audit Committee is tasked with analysing the audit reports and defining the priority actions to be established with the audited suppliers.

This committee meets for two half-days per month. It is composed of the Group purchasing department, the audit and risk management department, as well as relevant buyers at the métiers. It reviews the conclusions of new audits and follows up on past audits.

Audit follow-ups are planned three months, six months or one year after the audit, depending on the type and severity of the findings. Once all the findings have been cleared by the supplier, a closing visit is carried out by the buyer concerned and by a representative of the Group direct purchasing department to confirm the successful completion of all corrective actions and ensure their sustainability.

### MONITORING

122

audits of Tier 1 suppliers in 2023 compared to 79 in 2022

98

audits of Tier 2 suppliers in 2023 compared to 78 in 2022

11,000

audit hours by a third party in 2023

14,000

internal audit and monitoring hours in 2023

2,612

findings, of which 0.5% considered critical

# KEY RISK MITIGATION MEASURES (2/2)

*In addition to audits and improvement plans, in order to provide long-term support to all its partners and maintain balanced relationships, Hermès ensures that they all share and respect its social, environmental and ethics ambitions.*

## NETWORK MANAGEMENT AND TRAINING

In support of the CSR axis of its purchasing policy, the Group has drawn up a CSR brief since 2021, which sets out its expectations with regard to suppliers on seven themes:

- human and social rights;
- biodiversity;
- energy and carbon;
- water;
- traceability;
- circularity;
- innovation in materials and processes, plastics.

En 2023, the subjects of forests, pollution (waste) and pollution (safety and chemical substances) were added to the CSR brief.

In parallel with the CSR brief, the Group direct purchasing department prepared the supply chain brief (see page 46). The CSR brief and the supply chain brief are rolled out among all suppliers by **the Group’s buyers. During distribution campaigns, buyers present the issues and advise suppliers on the implementation of the measures provided for in the CSR brief and the supply chain brief.** In 2023, the rate of distribution to direct suppliers was 87% for the supply chain brief and 89% for the CSR brief (as a % of purchasing spend).

The Group direct purchasing department also organises **an annual direct purchasing day**, which brings together all

buyers. Depending on the agenda, internal control officers and representatives of the legal department or of the sustainable development department are also invited.

**EHS (environment, health & safety) training** has been provided since 2020. This training is aimed at buyers and anyone who visits suppliers. Over 50 people were trained in 2023 and the Group now has almost 260 trained buyers.

In early 2024, a pilot session was held for the **legal and compliance training course** which will be rolled out during the year. A training course on "The art of negotiation at Hermès", piloted in 2023, will also be rolled out in 2024.

## TRANSPARENCY & TRACEABILITY

Traceability software continues to be systematically implemented for better monitoring and control of risks in the value chains of the Group's partners. Secure access, via a single platform, will be gradually rolled out in 2024, in line with the roadmaps of the Métiers and the Group IT department.

## SUPPLIER COMMITMENT (SUPPLIER CODE OF CONDUCT)

Hermès systematically seeks a formal commitment from its suppliers to comply with their social, regulatory and environmental obligations. This commitment is formalised by the signature of Handbook 2 presenting the “Social, environmental and ethics policy” of the Hermès Group, applicable in 2023. The percentage of active suppliers having signed Handbook 2 in the scope of direct purchases is significant: it reached 85% at the end of 2023.

With this signature, suppliers formally undertake to exercise their own duty of care towards their suppliers and subcontractors, which they are also required to declare to Hermès. No production may be subcontracted without Hermès’ prior written agreement.

In early 2024, Handbook 2 was replaced by the Supplier code of conduct (see p.45).

## CSR QUESTIONNAIRE

To support suppliers, a “CSR self-assessment questionnaire” was created in 2022. With more than 65 questions relating to CSR, it allows buyers to ask their suppliers for any useful information relating to their CSR commitments: social policy, commitments in favour of the environment and biodiversity, ethics charter, waste management, commitments to reduce the water footprint, carbon footprint and greenhouse gas emissions, etc. Use of these questionnaires continued in 2023 in order to refine the roadmaps for each supplier.



# SUPPLIER SUPPORT (FOCUS)



*Committed to providing long-term support for its partners and maintaining balanced relationships, Hermès ensures that all its partners share and respect its social, environmental and ethics objectives. In particular, the Group monitors issues related to human rights and fundamental freedoms, working 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 suppliers and subcontractors in the value chain, with the aim of always better understanding all the supply chains and aligning their CSR objectives with those of Hermès.*

## NEW SUPPLIER CODE OF CONDUCT

The Hermès Group combined and updated Handbooks C1 and C2 in 2023. The Supplier code of conduct now replaces the old commitment handbooks and notably strengthens the obligations relating to:

- human rights and working conditions;
- environmental protection;
- ethics;
- transparency in the value chain (control of subcontractors).



This new Supplier code of conduct is available in several languages (including French, English, Italian and Portuguese), and will be adapted for distribution partners. This new code was published in early February 2024 and is available on the Hermès Finance website.

## CSR TRAINING FOR BUYERS AND SUPPORT FOR SUPPLIERS

A catalogue of CSR training courses tailored to buyers has been developed since 2018 and is updated regularly.

- The three-day “Hermès Purchasing Excellence” training, including a full day on CSR and supply chain management, was rolled out in 2020.
- The “Social issues and human rights” training, rolled out in 2023 for buyers based in France, is designed to train buyers in issues arising from the duty of care and, in particular, respect for human rights within the Hermès value chain. They can then raise awareness among their suppliers and ensure that the latter fully understand and implement the commitments required by the House in this area. 72 buyers were trained in seven sessions in 2023.

- The Bilan Carbone (carbon assessment) training course was rolled out for buyers in 2022. In 2023, 55 people were trained and the training will be repeated in 2024. Buyers are trained in carbon issues in the value chain, with a specific focus on understanding carbon data (carbon footprint, footprint, GHG Protocol, internal grid). Suppliers are invited to share their carbon data (scopes 1, 2 and 3), which will feed detailed figures into the Group’s carbon data. A campaign to raise awareness and collect carbon data through five webinar sessions in French, English and Italian was launched for Tier 1 suppliers. Work on collecting data was launched with the assistance of a firm of experts.
- A Carbon Steering Committee meets three times a year to share objectives and

progress made by each métier. At the same time, a scope 3 carbon working group was set up, involving at least one representative from each métier and an external consultant. For 2024 and beyond, priority will be given to building GHG emission reduction trajectories for key suppliers by métier. These trajectories will be supported by the introduction of a new carbon footprint measurement tool, enabling us to retrieve supplier carbon footprints and pilot collaborative improvement plans.

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.

# SUPPLY CHAIN ANALYSIS

*For decades, the House has continued to learn more about its supply chains, to share and develop its requirements with its suppliers (often long-standing partners) and to achieve the highest quality and thus prepare for future growth.*

Hermès has long had **a process for monitoring its raw materials supply chains**. Since 2019, the direct purchasing department has accelerated the process with the following ambitions:

- commit to in-depth knowledge and management of all the House’s raw materials supply chains;
- address risk management commitments, in particular with regard to issues related to the duty of care;
- capture value creation opportunities for the House, local authorities and the environment;
- develop more virtuous sectors to ensure that 100% of the raw materials used to manufacture products come from sustainable and responsible supply chains.

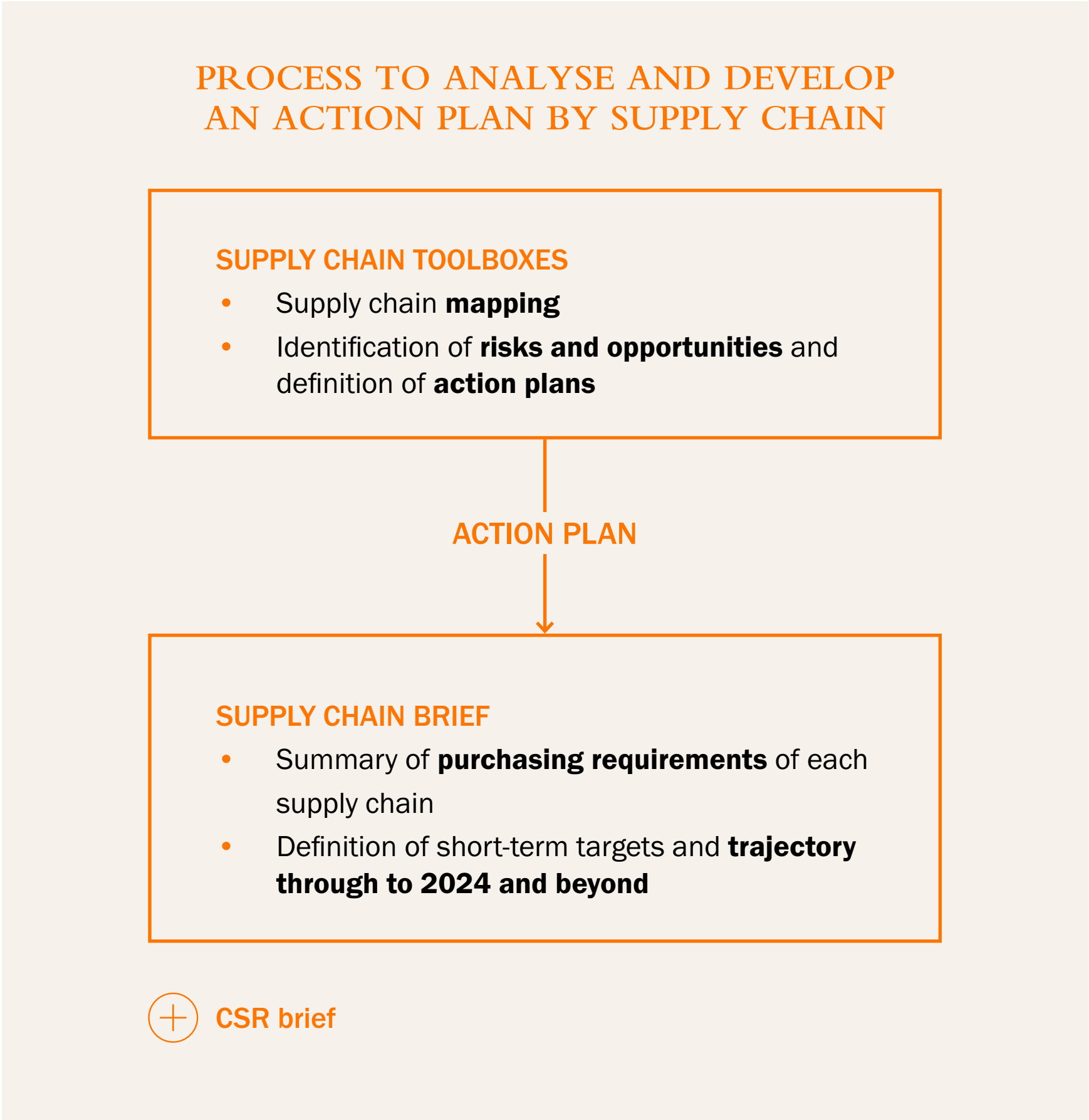
With the support of an independent expert firm, Hermès systematically analyses its supply chains to map them, qualify traceability, assess inherent and specific risks, identify opportunities and define insurance and certification procedures. This analysis makes it possible to set up ambitious action plans managed by the métiers.

Out of 75 active supply chains, **74 were analysed in detail as at the end of 2023, covering 99% of the Group's purchases** (in purchase value). This represents almost the entire scope. The mapping of the Group's supply chains is considered complete, and will be enriched according to the needs of the métiers and creative intentions requiring new *sourcing*.



These analyses of the supply chains gave rise to a supply chain brief, drawn up by the Group’s direct purchasing department in collaboration with the métiers. The first version published on the Hermès Finance institutional website at the end of 2020 included around 10 supply chains. Successive updates have been carried out since 2020, and in particular in 2023, resulting in a new version of the supply chain brief in February 2024.

The supply chain brief is intended for all suppliers involved in the supply of raw materials required by Hermès. It allows Hermès to share with them its ethics and sustainable requirements and those relating to the protection of people, animals and the environment. The supply chain brief can be consulted on the Hermès Finance institutional website.





# SUPPLY CHAIN SUPPORT

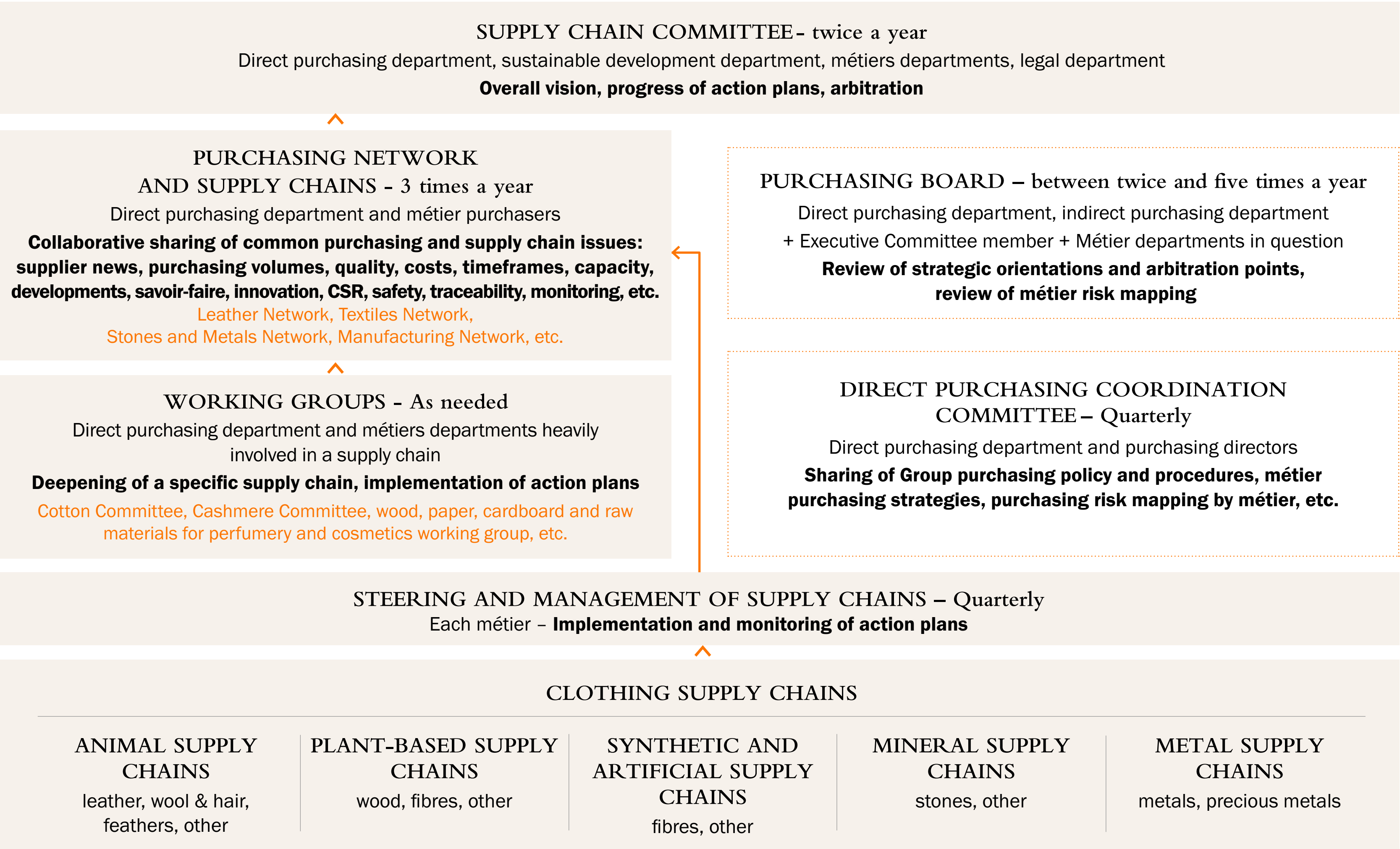
*In 2021, supply chain governance was put in place, with the creation of a Supply Chain Committee, which meets twice a year. This body provides an overview of the management of the supply chains. It contributes to the progress of action plans and provides arbitration on certain points.*

To support this Supply Chain Committee, purchasing and supply chain networks have been set up and are managed by the direct purchasing department, in order to share with the corresponding métiers' buyers the issues common to these supply chains, notably in terms of CSR, traceability and certification.

In 2022, this governance created a network dedicated to metals & stones, as well as a network dedicated to manufacturing work, in addition to the leather and textile networks.

In 2023, new working groups were mobilised for specific families : Cotton Committee, wood, paper, cardboard and raw materials for perfumery and cosmetics working group, etc.

This entire system optimises the monitoring of the Group's supply chains, and will continue to evolve in 2024 in line with priorities, in conjunction with the supply chain steering procedure.



# MANAGEMENT OF SUPPLY CHAINS

*In line with the supply chain analysis system and the associated governance, the Group direct purchasing department updated a procedure for managing supply chains and consolidating monitoring indicators in September 2022. This involves defining a management method adapted to the priority and risk levels, and assessing convergence towards a responsible model for each supply chain, using harmonised indicators.*

A multi-criteria analysis, including the assessment of the CSR risks related to the duty of care, made it possible to establish the following categories and their monitoring methods:

PRIORITY  
SUPPLY CHAINS



**Quarterly** monitoring, at each supply chain point (textiles, leather network, etc.)

STRATEGIC  
SUPPLY CHAINS



**Annual** monitoring, for example in preparation for a supply chain committee or a supply chain network

NON-PRIORITY  
SUPPLY CHAINS



Minimum monitoring **every three years**, and when updating the toolbox

Among the priority supply chains, the main requirements of the brief are:

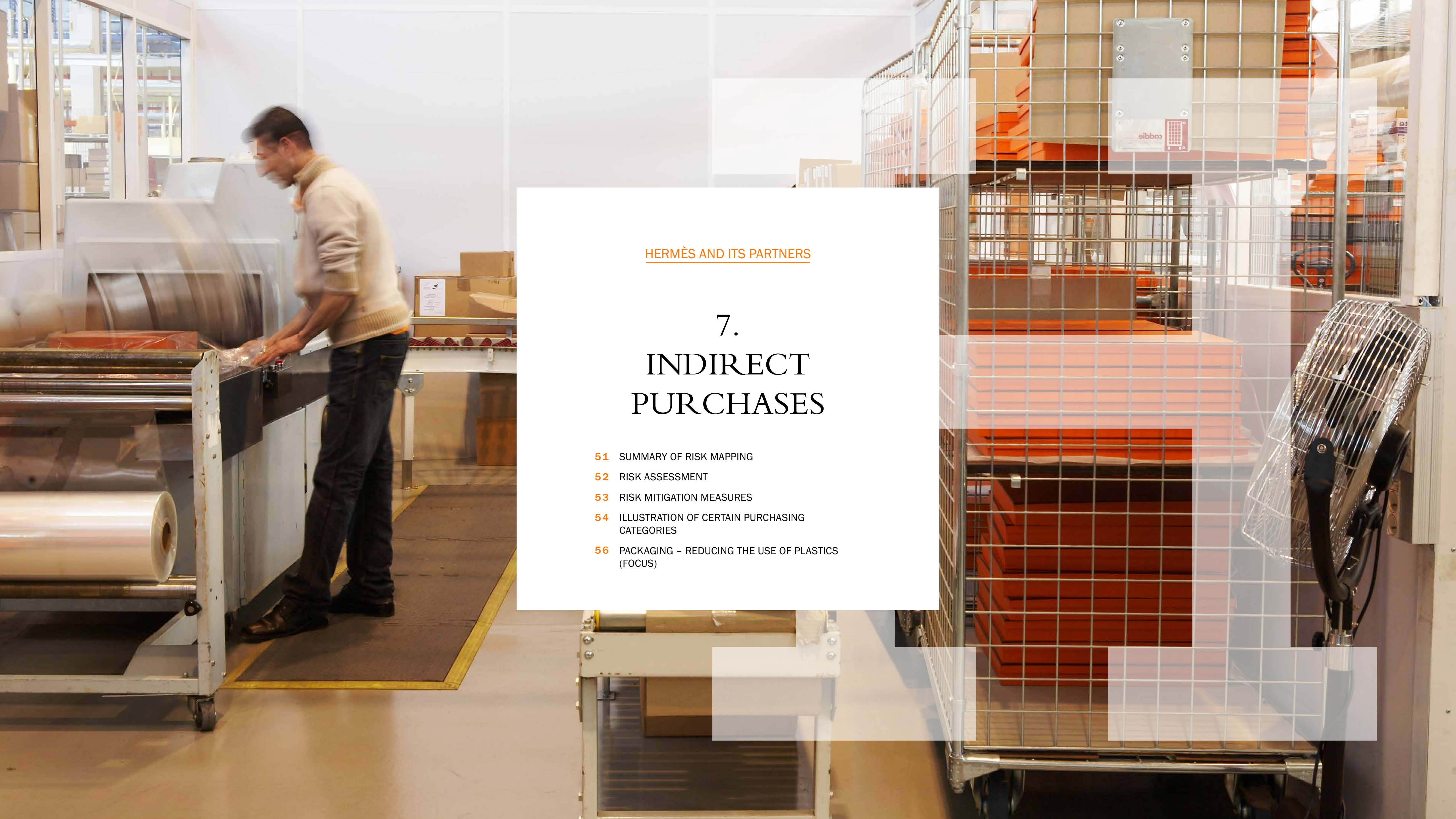
- **leathers:** Leather Working Group certification for all Tier 1 players, and specific upstream requirements (farming, breeding);
- **metals:** supply from recycled sources in line with the control chain of the Responsible Jewellery Council (RJC COC) for precious metals. Specific certifications for other substrates;
- **animal textile fibres:** Textile Exchange *certification* (Responsible Wool Standard, Responsible Mohair Standard) and its general framework (Responsible Animal Fibres); for cashmere: SFA (Sustainable Fibre Alliance) *certification*;
- **plant-based fibres:** level of due diligence by country, organic certification of the Global Organic Textile Standard (GOTS) for cotton;
- **all animal supply chains:** compliance with the requirements of the Group’s animal welfare policy.



# SUPPLY CHAIN BRIEF AND CERTIFICATION COMMITMENT (EXTRACT)

ANIMAL SUPPLY CHAINS <i>covered by the Group's animal welfare policy</i>		Leather	LWG certification
		Precious leathers	IFCA certification for crocodile farms SAOBC certification for ostrich farms LPPS certification for lizard farms
		Cashmere, wool and hair	SFA certification for cashmere On an optional basis, GOTS certification For wools, RWS/RAS/RMS certification and the RAF Textile Exchange general framework
		Feathers and down	RDS certification
		Mother-of-pearl and pearls	ASC certifications for aquaculture farms and MSC for fishing
PLANT-BASED SUPPLY CHAINS		Silk	GOTS certification for mulberry cultivation and breeding farms
		Cotton	Level of due diligence by country and GOTS certification Regenerative agriculture approach – ROC standard
		Linen	Master of Linen
		Cellulose fibres	FSC certified fibre sources + Canopy certification
		Wood	FSC or, alternatively, PEFC certification
SYNTHETIC SUPPLY CHAINS		Wicker and straw	Organic and/or Naturland or fair trade certifications
		Fibres	Use of GRS-certified recycled sources for elastane, polyamide/nylon and polyester Cradle to Cradle Certification for a wider range of materials (fibres, wood, plastics, etc.)
		Rubber	FSC-certified sources and PFOA Free processes
		Stones	RJC + COP and/or IRMA certification
		Gold and silver	RJC + COC certification and use of recycled materials
MINERAL & METAL SUPPLY CHAINS		Steel, aluminium and brass	IRMA/ICMM/ARM or ASI certification and use of recycled materials





HERMÈS AND ITS PARTNERS

## 7. INDIRECT PURCHASES

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# SUMMARY OF INDIRECT PURCHASING RISK MAPPING

*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 oversees the purchase of packaging and fixtures worldwide. This department coordinates energy, telephony, training, temporary work, translation, transport and logistics contracts in France. Depending on the countries in which the Group operates, the risks vary.

The subjects closely monitored by the Group in the scope of indirect purchases are notably:

- working conditions: hours, accommodation conditions, etc.;
- safety at work: wearing of PPE, safety on construction sites, etc.;
- workers' compensation;
- trade union rights and disciplinary practices;
- risks of discrimination;
- forced labour and modern slavery;
- child labour;
- environmental protection.

RISKS	SUPPLIERS, MANUFACTURERS AND SUBCONTRACTORS	SERVICE PROVIDERS & TRANSPORT
Human rights		
Social dialogue	●	●
Discrimination	●	●
Living wage	●	●
Child labour	●	●
Forced labour	●	●
Impact on communities	●	●
Personal data	●	●
Health & safety		
Consumer safety	●	●
Health and safety at work	● See page 53	●
Psychosocial risks	●	●
Working conditions	● See page 53	●
Employee safety	●	● See page 53
Environment		
GHG emissions and climate change	●	● See page 53
Pollution and waste	●	●
Depletion of natural resources	●	●
Biodiversity damage	●	●
Animal welfare	●	●

Net criticality

● Very high

● High

● Medium

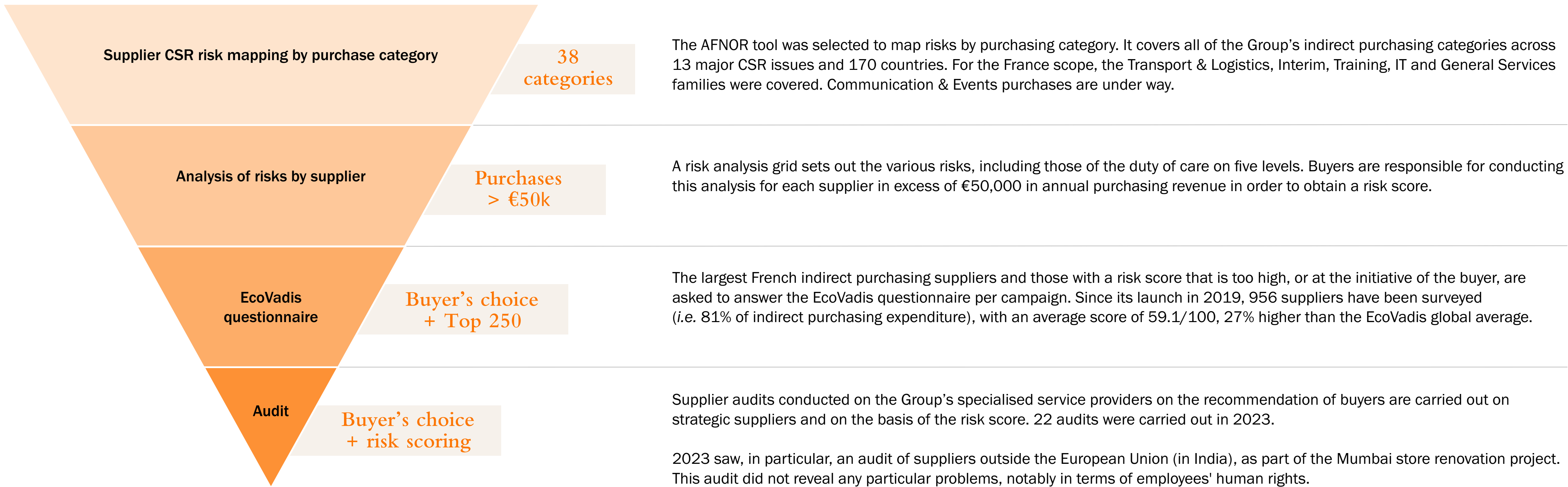
● Low and very low

● Not significant

# RISK ASSESSMENT

*Indirect purchases use the Group approach to supplier risk management, in accordance with the requirements of the French law on the duty of care.*

- They carry out:
- risk mapping;
  - regular assessment procedures for suppliers and subcontractors;
  - risk mitigation actions;
  - monitoring to measure their effectiveness.





# RISK MITIGATION MEASURES

*Indirect purchases use different levers to mitigate the risks in each category of purchases. The action plans are defined, adapted and monitored locally by the buyers within the métiers or subsidiaries, on the basis of the assessments carried out in order to guarantee better efficiency.*

## COORDINATION OF THE BUYER NETWORK

The indirect purchasing division coordinates the network of buyers with:

- in France, a dedicated governance structure made up of committees by purchasing category from the various entities. Training sessions on CSR, EHS and compliance issues and requirements;
- internationally, the dissemination of purchasing policies, best practices and requirements among the finance departments in charge of these expenditure items, and management controllers.

A **newsletter has been sent to all buyers** since 2022. Punctuated by working meetings, it promotes discussion on cross-functional topics, such as the management of supplier price increase requests.

In 2023, an annual day was organised for the indirect purchasing community. This day focused on the theme of responsible purchasing, leading to the development of a Responsible Purchasing Policy, led by a multi-disciplinary working group.

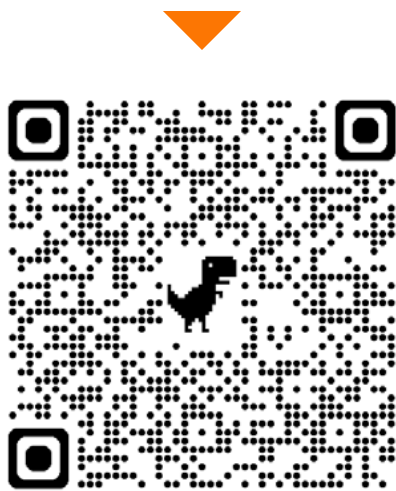
## SUPPLIER COMMITMENT

In the same way as for direct suppliers, Hermès systematically requires formal commitment from its indirect suppliers and service providers through the signature of the new Supplier code of conduct.

This code strengthens the obligations in terms of:

- human rights and working conditions;
- environmental protection;
- ethics;
- transparency in the value chain (control of subcontractors).

This new code was published in early February 2024 and is available on the Hermès Finance website.



## TRAINING FOR BUYERS AND SUPPORT FOR SUPPLIERS

Buyers of the indirect purchasing department as well as the métier buyers and managers of the support functions in each country are responsible for monitoring the practices and services of their suppliers with whom they are in direct contact. To reinforce this monitoring, a new head of indirect purchasing in China was recruited in 2023. A similar position in the United States is planned for 2024.

Indirect buyers are offered the same training catalogue as direct buyers.

When a case of non-compliance is identified, it is discussed with the partner to enable them to understand why it is of major importance for Hermès. Proposals for improvement are then examined, as well as the implementation of an action plan, with a view to long-term relationships.

If this approach cannot be implemented, the subject is discussed by the Management Committee of the support function or the subsidiary concerned, and in certain cases by the Sustainable Development Committee, and relations are likely to be interrupted in accordance with the applicable internal rules and legislation.

Furthermore, to support indirect suppliers, a specific brief will be rolled out in 2024 for each indirect purchasing category so as to raise the standards required and quality of purchases made.

# ILLUSTRATION OF CERTAIN PURCHASING CATEGORIES: REAL ESTATE AND EVENTS



## REAL ESTATE

**Every year, the Group real estate department supervises around 100 construction or renovation projects, ensuring that they comply with the highest environmental, social and societal standards.**

A set of sustainable construction standards known as Harmonie has been in place since 2021. Awarded "Label" status in 2022, the Harmonie standards ensure a level of requirement aligned with the highest real estate standards in existence. In 2023, Bureau Veritas confirmed the award of Harmonie's "Label" status.

These standards covers all building types: production sites, logistics centres, stores and offices. It is based on five pillars:

- carbon footprint;
- biodiversity;
- indoor air quality;
- local sourcing;
- environmental health.

The Harmonie standards are constantly being updated to maintain their high specifications and ensure they remain aligned with market standards and developments.

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.

The rollout of the standards is continuing with 52 projects being assessed at the end of 2023.

In addition to setting up these standards, the real estate department strives to create a safe and ethical working environment, while ensuring the efficient completion of its projects. To this end, it ensures that its partners sign the Supplier code of conduct, and that they comply with health and safety regulations.



## EVENTS

**The Group's communication department is in charge of organising the brand's events around the world. Teams design the events and then use production companies and agencies for their implementation.**

For most events, and fashion shows in particular, Hermès International's teams select and oversee artistic agencies and producers directly, ensuring that events comply strictly with the House's EHS policy. Risks are controlled, notably those relating to the distribution of workloads, safety instructions, the rights of employees and respect for the environment. A safety conditions briefing is systematically given when installation begins, and inspections are carried out.

With regard to the environmental impact of events, the teams carry out eco-design work, requesting the use of recycled or recyclable materials or products, and ensuring that waste is properly treated. More generally, the Group is involved in the FHCM (Fédération de la Haute Couture et de la Mode) working group, which examines and analyses the ecological footprint of the fashion shows.

In addition to the Supplier code of conduct, which is systematically signed by service providers in charge of Group events, work is underway on the application and monitoring of the Group's requirements for all those involved in fashion shows. Particular attention is paid to working conditions and environmental protection.



ILLUSTRATION OF CERTAIN PURCHASING CATEGORIES: LOGISTICS



**The Group’s logistics flows are concentrated between production workshops and stores, with two central warehouses located in Bobigny (Seine-Saint-Denis) and Saran (Loiret), and local warehouses for certain destinations.**

In addition, the Group is investing in the mechanisation and use of robotics at its logistics sites (whether managed directly or through a partner) in order to support the growth of its activities while reducing the arduousness of certain tasks and improving the safety and well-being at work of its employees and service providers. Regarding personal safety, the requirements applicable to outsourced logistics sites are identical to those in place within Hermès, and particular attention is paid to transport flows, notably through driver training.

Product transport accounts for 15% of the Group’s GHG emissions, and is the subject of detailed analyses and operational actions to reduce its impact:

- In 2023, a working group of transport buyers was set up with a view to selecting a Group tool for carrying out a harmonised carbon footprint.

- Last-mile logistics encourages the use of low-emission vehicles (electric or hybrid), particularly in countries where electricity is highly decarbonised.
- Since the call for tenders at the end of 2023 for transport to the European stores, more than 85% of parcels destined for Europe are delivered by road (rather than by air).
- Over long distances, sea transport or combined sea + air solutions are increasingly used (doubling of tonnages between 2022 and 2023).
- Transport calls for tenders systematically include a criterion linked to the improvement of the carbon footprint: the use of NGV and bioNGV for road transport, SAF (Sustainable Aviation Fuel) for air transport and SMF (Sustainable Maritime Fuel) for maritime transport are gradually asked of the selected service providers.
- In 2024, coordination will be set up to extend these discussions and action plans to intra-country transport, particularly in China and the United States.

# PACKAGING – REDUCING THE USE OF PLASTICS (FOCUS)

*Packaging is used throughout the life cycle of a product: during its manufacturing phase (packaging of materials, inter-site packaging) and during its sale in stores. The Hermès Group is committed to eliminating 100% of "unnecessary"★ single-use plastics by 2030. The Group also favours the use of reusable or recyclable plastics for its remaining needs, and substitutes these wherever possible.*



## SINGLE-USE PLASTIC PACKAGING

The single-use plastic packaging used by Hermès and the single-use plastics found inside the House have two main origins: "input" plastics used to protect incoming parts and materials and "output" plastics used in logistics to move products between different sites and to stores. A plastics working group initiated in 2020 brings together around 50 stakeholders, with representatives from all métiers, logistics, purchasing, sustainable development and the industrial department.

With the help of experts, it is working on opportunities for plastic substitution and circularity. It meets twice a year, and is now a privileged body within the House for sharing initiatives, reviewing sector benchmarks and keeping abreast of regulations on plastics issues.

## IN THE LOGISTICS CHAIN

- The plastic hangers used in the logistics chain are made from recycled plastic, while the hangers used for in-store displays are made of wood, which is more durable as well as being easily recyclable.
- **Tableware:** foam cushioning for objects meets a very demanding set of specifications. These are gradually evolving towards recycled polyethylene and hollow foam to reduce volume and weight. The Group works with its suppliers on cardboard solutions that meet quality expectations and volume and weight constraints.
- Having previously worked on the elimination of plastic film, in 2023 **Hermès Commercial**, which manages central logistics, continued to roll out alternative solutions such as the use of paper instead of air cushions, the use of paper wrappers to replace plastic film for sealing orange boxes, and the replacement of virgin plastic bags with bags made from recycled plastic. Work is continuing on garment covers and packaging for fragile objects (silk).

## IN THE MÉTIERS

- **The leather métier** undertakes actions aimed at limiting the use of plastics. Since 2023, rain ponchos, which had previously been systematically handed out, have only been distributed on request. This has resulted in the plastic used being halved, *i.e.* a reduction of 14 tonnes. With the help of its logistics partner, this métier has also replaced the disposable tarpaulins that protected the leathers during transport to the workshops with reusable tarpaulins. In the long term, this should reduce consumption for this purpose by 90%, *i.e.* 12 tonnes.
- **In jewellery**, the use of plastic for the cases in which jewellery is packaged 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, this was also carried out for the leather cases used to package the gold jewellery ranges. Moreover, the elements of secondary packaging identified in 2022 are gradually being eliminated, and are expected to be completely removed in 2024. Implementing these solutions across the panel will reduce plastic consumption by 50%.
- **In the Textile division**, new packaging is entirely or partially made from recycled or biosourced materials.
- **Cristalleries Saint-Louis** have streamlined the final packaging used. At the same time, testing of alternative materials to replace foam cushioning and heat-shrink film continued.
- Finally, with regard to **cosmetics packaging**: the Company is promoting refillable perfumes (including all new perfumes) and giving preference to plastics from recycled and recyclable sources.

★ Not having an essential technical function, such as protection, health and product integrity, transport or regulatory information.





HERMÈS AND ITS PARTNERS

## 8. DISTRIBUTION PARTNERS

58 RISK MAPPING

59 RISK ASSESSMENT AND MITIGATION MEASURES



# DISTRIBUTION PARTNER RISK MAPPING

*Hermès also works with concessionaire partners around the world. This represents a total of 69 stores in 28 countries.*

Hermès’ relationships with its concessionaires are long-standing relationships based on trust acquired over many years.

The small number of 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.

The Group has carried out risk mapping and assessed its exposure. The nature of the activity and the presence of concessionaires in certain countries may present particular risks in terms of:

- trade union law and local disciplinary practices;
- discriminatory practices related to the culture of the country;
- stress or harassment in high-activity stores;
- employee working conditions in terms of hours and rest.

RISKS	CONCESSIONAIRES
Human rights	
Social dialogue	●
Discrimination	●
Living wage	●
Child labour	●
Forced labour	●
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



# RISK ASSESSMENT AND MITIGATION MEASURES

*The legal and commercial departments use different levers to assess and mitigate risks in the Group’s concessionaire network. The action plans are defined, adapted and monitored locally by the local area directors and legal directors.*

## VALIDATION PROCEDURE

The concessionaires are chosen because of the values shared with Maison Hermès.

A procedure was put in place for the validation of concessionaires:

- 1

**Validation by the real estate department at the time the concession is granted.**  
The site must meet Hermès’ criteria in terms of the environment (not to harm biodiversity, not to pollute during construction, etc.), but also in terms of human rights and fundamental freedoms (e.g. compliance with social regulations).
- 2

**The regional or country management must then approve the location.**
- 3

**The Group Director of Sales must finally give their approval.**

## CONCESSIONAIRE COMMITMENT

Each concessionaire must sign the business ethics charter, which sets out the Hermès Group’s ethics, social and environmental commitments. Common to all countries, the business ethics charter presents the commitments of retailer partners in terms of respect for human rights, and the rules applicable to working conditions, environmental protection and personal data protection.

The business ethics charter will be updated in 2024.

In addition, in the contracts that Hermès has its partners sign, the Group imposes a certain number of provisions on social issues, including a minimum number of employees to ensure that good working conditions are maintained.


## CONCESSIONAIRE MONITORING

Retail directors and area directors carry out on-site visits, sometimes with the presence of local legal directors. The Hermès Group conducts occasional audits on the topics covered by the duty of care and on the contractual obligations of retail partners.

Weekly reviews make it possible to initiate actions as soon as an at-risk situation is detected (e.g. change of service provider). The local teams trained by the central teams remain in very regular contact.

The store projects department works on behalf of concessionaires during renovations or construction. The retail project manager visits the site once or twice a month for regular physical monitoring.





## 9. ALERT COLLECTION AND PROCESSING SYSTEM

61 H-ALERT! SYSTEM

62 SUMMARY OF ALERTS IN 2023



# H-ALERT! SYSTEM

Since 2019, the Group has set up its global alert system, H-Alert!

## GOVERNANCE

The Group’s Ethics Committee is responsible for overseeing the H-Alert! system and notably:

- receiving alerts (through various reporting channels);
- orienting and monitoring the processing of these alerts.

The Group’s Ethics Committee is 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, also a member of the Executive Committee, the Group Director of Social Development, the Group General Counsel and the Chief Compliance Officer.

Intended for all internal and external stakeholders of the Group, the H-Alert! system enables reporting of the existence of risks to, or violations of, human rights and fundamental freedoms, the health and safety of people or the environment resulting from the activities of the Group, its subcontractors or its suppliers

## ALERT COLLECTION AND PROCESSING

In addition to the traditional channels, internal or external persons wishing to make an alert can use the internet platform set up by the Group and operated by an external service provider. This platform, accessible 7/7, is available in 21 languages.

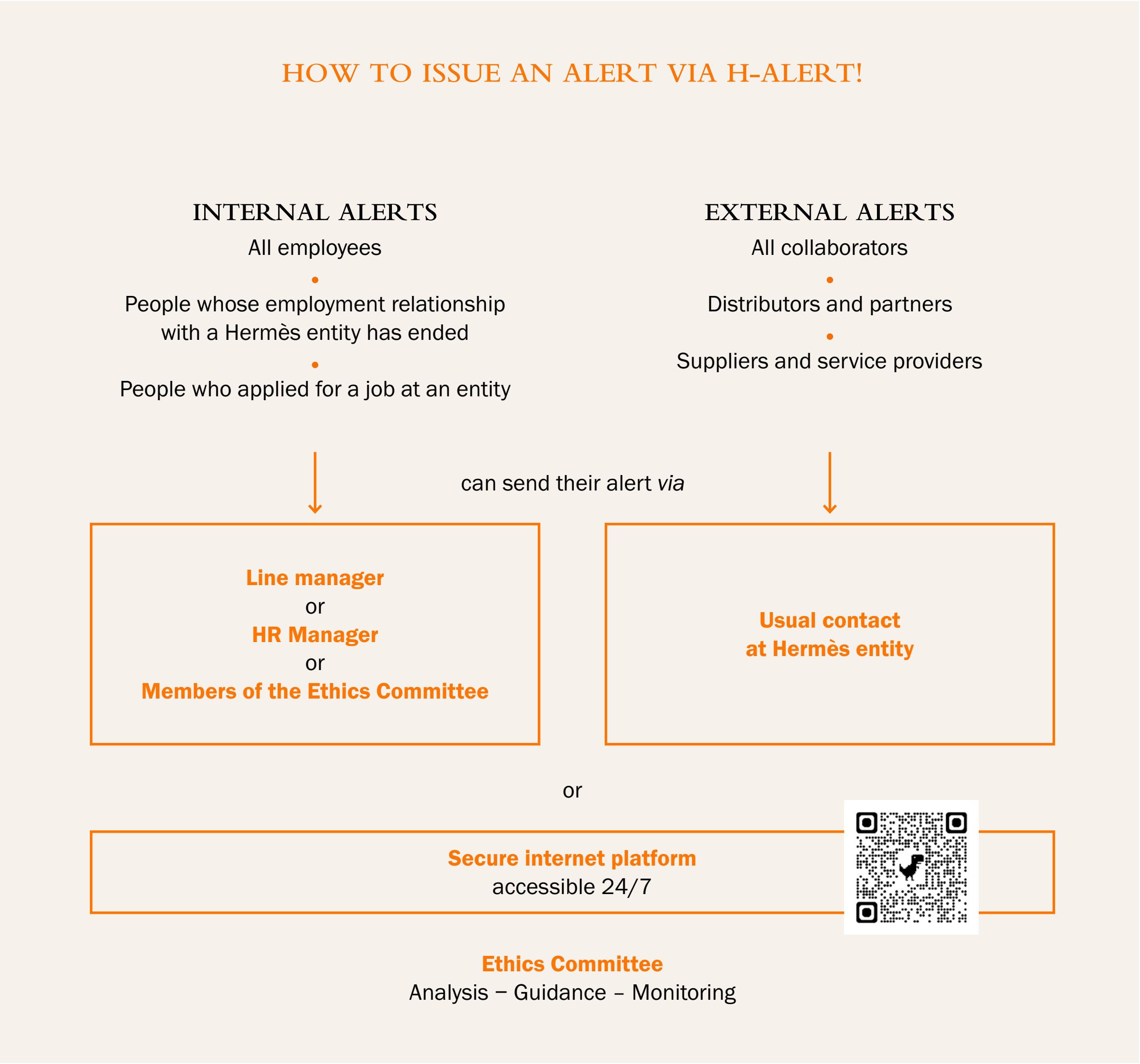
All alerts are acknowledged within 7 days. The admissibility of alerts is processed within one month of receipt. Disciplinary sanctions, which may include dismissal, may be decided at the end of an investigation and implemented against employees who have violated the Group’s ethics rules.

## PROTECTION OF WHISTLEBLOWERS

A person who issues an alert and acts in good faith benefits from a protection that may vary depending on the applicable laws.

Under French law, the whistleblower may not be dismissed, sanctioned or discriminated against in any way for having reported facts in accordance with the procedure.

More generally, no retaliation may be taken against them.



# SUMMARY OF ALERTS IN 2023

*The author of an alert and its facilitators may not be subject to retaliation. The Hermès Group guarantees the confidentiality of information and the processing of alerts. It is also possible to issue an alert anonymously. This whistleblowing system was audited at the end of 2021, confirming its effectiveness, availability and robustness.*

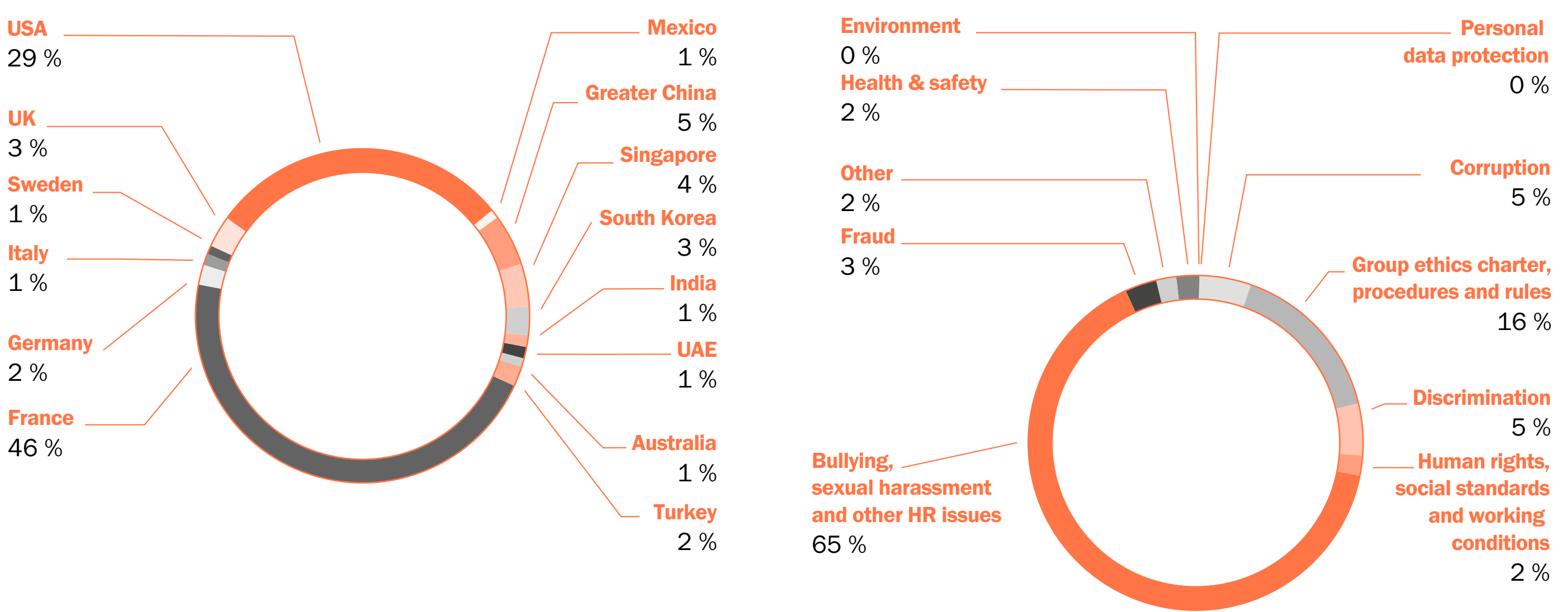
In 2022, the H-Alert! global whistleblowing system was modified in order to:

- strengthen the protection of whistleblowers;
- provide access to the H-Alert! whistleblowing system platform for suppliers, service providers, distributors, intermediaries and co-contractors of the Hermès Group and any other persons liable to identify breaches and notify the Group.

In 2023, the Hermès Group continued to strengthen the communication and training of internal teams on the whistleblowing system, and notably on recent changes.

COMMUNICATION ABOUT THE H-ALERT! SYSTEM

In 2023, the Group's H-Alert! whistleblowing line was opened up to the Group's suppliers and external stakeholders. This widening of the scope was accompanied by a specific communication campaign on this topic.



In 2023

105

alerts were received through the whistleblowing system.


100%

of the alerts received were considered admissible.

100%

of alerts were processed and followed up.





# 10. SUMMARY AND OUTLOOK

64 SUMMARY

65 OUTLOOK



# 2023 SUMMARY

*The most significant initiatives for the Group in terms of vigilance in 2023 are as follows:*

## GOVERNANCE

- Development of the vigilance plan's governance, with the appointment in 2023 of an officer responsible for rolling out and monitoring the Group's vigilance action plans;
- Strengthening operational management, in particular in conjunction with supply chain committees and supply chain purchasing networks.



## IN TERMS OF HUMAN RIGHTS

- Launch of the "Social issues and human rights" training;
- Strengthening of supplier audits to monitor all their commitments and the alignment of their policies with the Group's expectations;
- Update of the Supplier code of conduct.



## IN TERMS OF HEALTH AND SAFETY

- Publication and rollout of the Group health and safety policy;
- Numerous investments were made at sites across the Group's various métiers to improve RSI (repetitive strain injury) prevention and the working environment.



## IN TERMS OF ENVIRONMENTAL PROTECTION

- Raising awareness and supporting direct suppliers on climate and energy issues;
- Update of the "Forest" policy to combat all forms of deforestation;
- Acceleration of work on biodiversity issues, based on the SBTN reference framework.

## WHISTLEBLOWING SYSTEM

Opening up of the Group's "H-Alert!" whistleblowing line to its suppliers and external stakeholders, accompanied by a specific communication campaign.



# OUTLOOK

*In 2024, Hermès will continue to strengthen the vigilance programme by carrying out the following actions:*



## GOVERNANCE

- Strengthening of its governance by creating an Operational Committee for the vigilance plan, comprising members of the purchasing department, sustainable development department and legal department. It will meet regularly to define new operational guidelines, priority actions and the development of the plan;
- Creation of a network of vigilance plan correspondents appointed in each Group country and métier to implement the local action plan;
- Redrafting of the Group's ethics charter.



## CONTROL OF THE VALUE CHAIN AND SUPPORT FOR PARTNERS

- Strengthening supply chain audit measures, in particular by improving the control framework and monitoring of living wages;
- Continuing support for suppliers and partners on carbon and energy issues, as well as human rights;
- Raising buyers' awareness of the H Alert! system, in particular in order to remind major direct suppliers of its existence;
- Continuation of the “Social issues and human rights” training and creation of a Human rights guide for the purchasing community.



## ASSESSMENT TOOLS AND METHODOLOGY

- Review of the plan's methodology and risk framework in light of the CSRD, with, in particular, the vigilance plan officer participating in the double materiality analysis;
- Rollout of the " Hermès à l’écoute - Hermès Hears" harmonised social survey;
- Strengthening of communication on the vigilance plan and action plans in order to spread the culture of vigilance.



# ACKNOWLEDGEMENTS

*The Hermès Group would like to thank all the people who took part in the development of this vigilance plan:*

**all internal contributors**

for their involvement in the development of this plan

**internal and external stakeholders**

for sharing their vision

**the Compliance and Vigilance Committee team**

for its management and monitoring

**the Group's sustainable development department**

for their advice and contributions

**all service providers**

for their contribution

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