

Report pursuant to Swiss Ordinance on Due Diligence and Transparency in Relation to Minerals and Metals from Conflict-Affected Areas and Child Labour

La Montre Hermès

1. Framework of the report

The ordinance on Duties of Diligence and Transparency in Respect Relation to Minerals and Metals from Conflict-Affected Areas Zones and in Respect of Child Labour of 3 December 2021 (hereinafter referred to as the "**Ordinance**") has introduced non-financial reporting requirements (including the preparation and publication of this report), as well as duties of care regarding minerals and metals from conflict zones and child labour.

The terms "conflict-affected areas" and "child labour" shall have the meaning defined in the Ordinance.

This report is prepared by La Montre Hermès SA (hereinafter "**LMH**") for the purposes of the Ordinance for the period of January 1st to December 31st, 2023.

2. La Montre Hermès' structure and activities

LMH is a manufacturer and distributor of high-quality watch products. LMH sources its materials and products mainly from companies located in Switzerland and Europe.

LMH is part of the Hermès group ("**Hermès Group**"), which is based in France. Hermès Group employs over 22,000 people worldwide and operates in 45 countries.

Given the Hermès Group's business model and sourcing methods, the risk of human rights violations is considered low. Approximately 55% of the group's products are manufactured 'in-house', and almost all products are manufactured in Europe (for example, in 2023, 74% of products were manufactured in France).

Further information on the structure of the Hermès Group, its activities and its commitment to the protection of human rights in all of its activities and within its supply chains is available in the Group's 2023 Universal Registration Document, particularly in the chapters :

- 2.6 Communities: suppliers and partners ;
- 2.8 Ethics and compliance.

3. *Applicable requirements*

✧ Exemption regarding minerals and metals from conflict-affected areas

The quantities used by LMH in 2023 of tin (Sn), tantalum (Ta), or tungsten (W), commonly referred to as the “3Ts”, are below the thresholds set by the Ordinance.

Concerning 3Ts’ obligations, LMH is therefore exempt from the reporting obligation under Article 964j paragraph 1, CO in the field of minerals and metals from conflict-affected areas.

Concerning gold, LMH sources only recycled bearing the COC (Chain of Custody) certification of the RJC (Responsible Jewellery Council).

For gold and in accordance with Article 12.3 of the Ordinance, LMH is exempt from the obligations relating to risk management (Article 15) and verification in respect of minerals and metals (Article 16) but remains subject to an obligation in respect of supply chain policy and traceability, and the publication of this report.

✧ Obligations related to child labour

LMH is subject to duty of care and reporting obligations in relation to child labour according to the Ordinance. This report provides transparency on the due diligence statement of LMH, which refers strongly to the efforts of Hermès Group.

4. *Human rights policy and risk assessment*

The Hermès Group is committed in the respect of human rights among its value chain.

The Hermès Group does not tolerate any form of modern slavery, servitude, forced labour in its value chain. The Hermès Group requires all its suppliers (including their subcontractors) and partners to prohibit and actively combat all forms of forced labour, modern slavery and human trafficking.

The Hermès Group prohibits the use of child labour in its value chain through the signature of its Supplier Code of Conduct, lastly updated in February 2024 (cf. section 5 below).

Since 2023, the Hermès Group reached a new milestone with the publication of an autonomous [vigilance plan](#) (the “**Vigilance Plan**”) involving its external stakeholders (institutions, associations, suppliers and service providers) and internal stakeholders (employees and employee representatives). The plan sets out the group's risk mapping and identifies, analyses and prioritizes the risks of serious human rights violations arising from its activities.

The Vigilance Plan (and its operational vigilance program described below) is applicable to all Hermès Group's subsidiaries, including LMH.

The Vigilance Plan is part of the Hermès Group's commitment to promoting ethical, social and environmental responsibility. The Vigilance Plan sets out the group's policy for preventing risks of serious human rights violations, including the prohibition of forced labour and child labour. The plan also presents the risk assessment conducted by the Group for all of its activities and the Group risk mapping drawn up following the aforementioned analysis.

The methodology of the risk assessment is detailed in the Vigilance Plan and the scope of risk assessment covers entirely Hermès' Group value chain from the sourcing activities, through the manufacturing process until the distribution of products within its exclusive distribution network. The universe of risks covered by the Vigilance Plan includes human rights, in particular child labour, and also health and safety and protection of the environment issues.

5. Risk mitigation measures

The main risk mitigation measures are described below. For detailed description of the measures, please refer to the [Vigilance Plan](#).

In order to deploy the mitigation measures resulting from its risk assessment, the Hermès Group has an operational action plan which constitute its vigilance program.

The Hermès Group's vigilance program includes the following documents: the Group Ethics Charter, the Code of Business Conduct and the Supplier Code of Conduct. The Hermès Group requires all its suppliers and service providers to sign its Supplier Code of Conduct.

These documents are available on the Group's corporate website:

Ethics, Human Rights and Diversities | Hermès Finance (hermes.com)

The Supplier Code of Conduct stipulates, among other things, that Hermès Group suppliers and service providers must:

- prohibit all forms of forced labour and child labour in the value chain, in accordance with the definition of the International Labour Organisation (ILO), in particular Conventions 138 and 182 ;
- accept any audit carried out by the Group and complete any questionnaire in this regard in good faith and act as soon as possible on any problem highlighted during an audit; and
- impose equivalent obligations on their own suppliers and subcontractors.

In the event of a breach of the above-mentioned commitments, the Hermès Group reserves the right to request to its suppliers to take the necessary remediation measures without delay.

In case of any serious breach, the Hermès Group may suspend and/or terminate the business relationship with the supplier or service provider affected by said breach.

In the terms of traceability and among the obligations imposed to any new supplier, the Hermès Group requires from its suppliers and service providers to communicate with all their partners (including suppliers and subcontractors) in its supply chain. Therefore, by signing the Supplier Code of Conduct, the Hermès Group's suppliers and partners undertake to :

- provide a list of all their subcontractors and their production sites;
- monitor compliance by all their subcontractors with the commitments set out in the Code.

Each business line (*métier*) is responsible for managing its suppliers. For each third party, a risk-based approach is implemented, in particular through risk analysis prior to the relationship, by means of an internal evaluation questionnaire that includes human rights checks and regular risk assessment procedures. The Hermès Group also analyses the risk related to human rights including child labour using a worldwide external data bases collecting data from all major sources (such as NGOs, international organizations, governmental official documentation, etc.).

The Hermès Group regularly reinforces its supplier audit policy to ensure the compliance of its supply chain. These in-depth audits last at least two days each and are conducted by an independent third party in the presence of a Hermès representative, with strict monitoring of improvement action plans.

The Hermès Group have also strengthened the process for identifying risks to its raw materials by deploying a [Supply chain brief](#). Thus, with the support of an independent expert firm, since 2019, Hermès has set up a systematic approach to analyzing its supply chains, to map each of them, take stock of traceability, assess inherent and specific risks, avail of opportunities and define insurance and certification procedures, and accordingly implement ambitious action plans managed by the métiers. Over the past four years, more than 90 raw material supply chains have been analyzed in detail, starting with the main ones used by Hermès (calfskin, cowhide, cotton, cashmere, etc.), not forgetting those used in smaller quantities (straw, wicker, motherofpearl, etc.) or temporarily not used, for the sake of completeness. The Supply chain brief includes the analyze of metal and mineral supply chains, and it analyses the risks related to breaches to human rights, fundamental freedoms and health and safety conditions at work across the entire chain.

The Hermès Group has also set up a specific human rights training program for its buyers. During this training, the Hermès Group addresses all the issues relating to human rights in the value chain, including child labour.

All these group measures are acknowledged and applied by LMH.

6. Whistleblowing system : H-Alert!

In compliance with applicable laws, the Hermès Group has set up a platform as part of its global H-Alert! alert system, to enable its employees worldwide and its external stakeholders such as suppliers, subcontractors and their employees to report any breach regulation and/or ethical breach, and in particular in relation with child labour.

This system is accessible 7 days a week, and guarantees the protection of whistle-blowers, while respecting the confidentiality of information and ensuring that reports are handled in accordance with Hermès Group procedures.

7. Outlook

LMH is committed to further enhance its efforts to comply with ILO Conventions 138 and 182 and to respect the United Nations Guiding Principles on Business and Human Rights (UNGPs). Therefore, we are continuously improving our due diligence process in line with the ILO (International Labour Office) and IOE (International Organisation of Employers) guidance tool of 15 December 2015 on child labour for businesses.

More globally, the Hermès Group is actively working on risk mitigation and traceability and will continue to expand its efforts, guided by a risk-based approach.

In 2024, the Hermès Group will continue to strengthen its vigilance program by reviewing the plan's methodology and risk framework in light of the materiality analysis performed in accordance with the Corporate Sustainability Reporting Directive.

Approved by the Board of Directors of La Montre Hermès SA, on September 24, 2024.