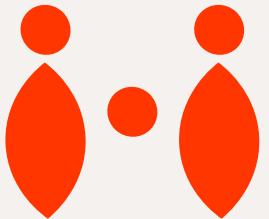


# Sustainable development Strategic framework

## Introduction



Hermès' CSR strategy is organised around three operational pillars, which are divided into topics that serve as a reference for the actions of the group's entities and CSR roadmaps. This framework is based on the premise: **"all artisans of sustainable development"**.

This strategic framework is our common language and guides our actions. It drives our priorities, structures our performance indicators and defines our commitments.

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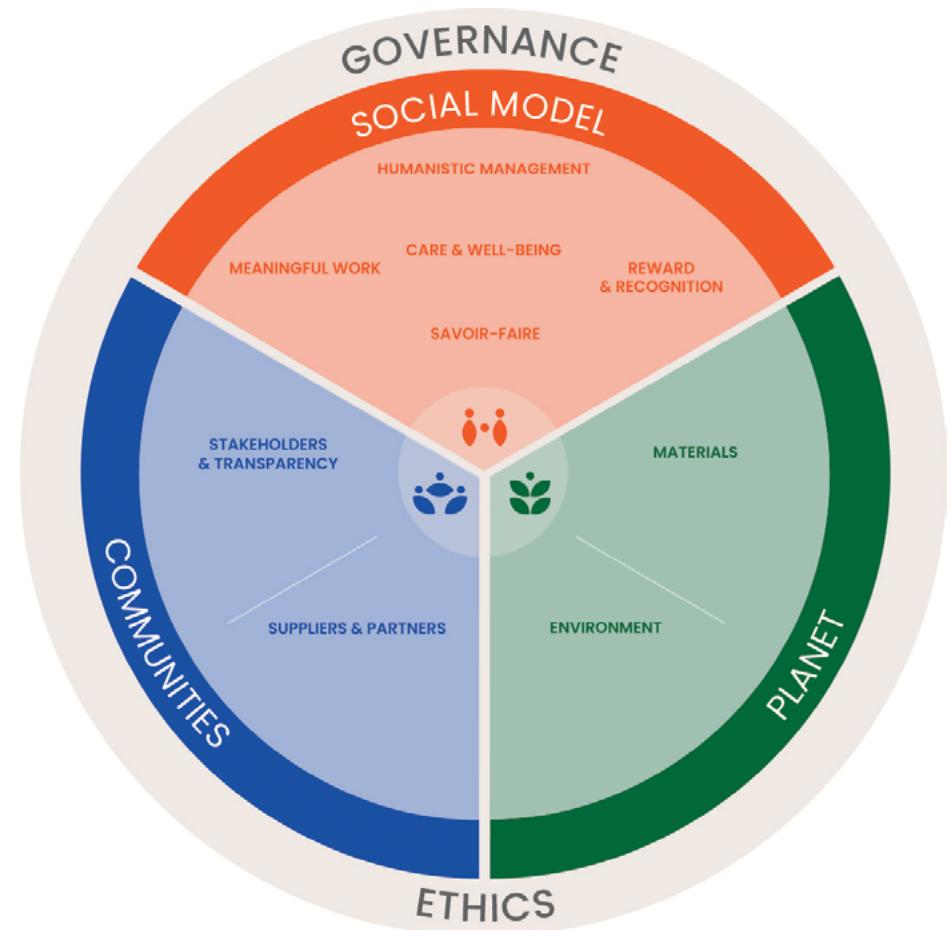
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### GLOSSARY .....

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## The sustainability wheel

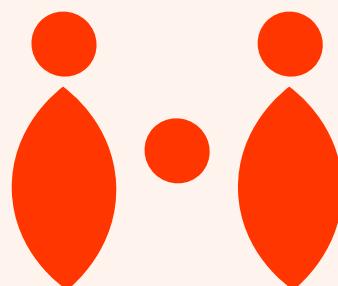


# SOCIAL MODEL

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## Humanistic management

Remain true to Hermes' heritage and uniqueness while cultivating our managerial culture to support growth and prepare for the future. Ensure an inclusive working environment in which everyone can find their place and contribute in a climate of mutual respect.



## Managerial philosophy

- Make our managers key actors in our culture by enabling them to nurture, embody and pass on our humanist values.
- Integrate new employees and share our unique corporate culture with them.

## Diversity, equity & inclusion

- Eradicate all forms of discrimination.
- Achieve gender equality.
- Include people with disabilities or in vulnerable situations.
- Cultivate intergenerational ties in our vibrant community.

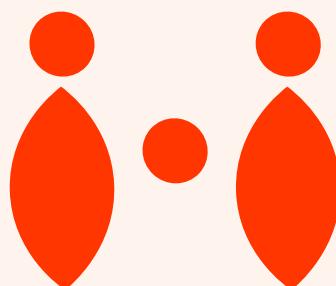
# SOCIAL MODEL

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## Care & well-being

Promote a working environment conducive to the physical and psychological well-being of all employees, enabling them to achieve a healthy work-life balance.

Prioritise listening and dialogue, in order to encourage free individual and collective expression and foster close ties within a strong community.



### Promote health & safety within the group

- Prevent risks.
- Protect employees' health.
- Promote a culture of health and safety.
- Manage health and safety performance.

### Create the conditions for quality of life in the workplace

- Ensure that each employee's workload is manageable over time, with the aim of preserving their well-being and physical and mental health.
- Empower managers to implement context-appropriate working arrangements for their teams, taking into account the uncertainties their employees may experience in their personal lives.
- Allow for experimentation of new forms of flexibility and work organisation in line with the group's overarching rules.

### Provide tailored support for different life stages

- Guarantee a strong social safety net for all employees in line with the group's policy.
- Support all forms of parenthood.
- Support employees facing vulnerable situations such as illness, bereavement or caregiving, by providing access to appropriate resources and assistance.
- Strengthen local support mechanisms for returning to work.

### Dialogue with employees

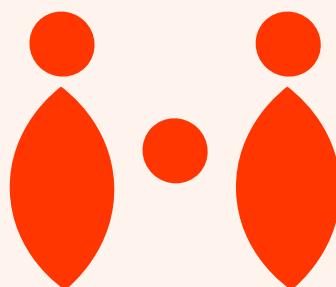
- Strengthen and formalise dialogue practices.
- Ensure an environment conducive to high-quality managerial relationships.
- Provide all employees with channels for open and confidential expression.

# SOCIAL MODEL

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## Reward & recognition

Recognise employees for their contribution to Hermes' success through value sharing, professional fulfilment and long-term employability. Support each employee's professional development according to their abilities and ambitions through bespoke career pathways.



## Remuneration

- Ensure that employees receive, in addition to a living wage, a competitive total remuneration package that supports a high quality of life, and their long term personal and professional development.
- Strengthen understanding and adoption of remuneration schemes, particularly employee share ownership plans.

## Employability

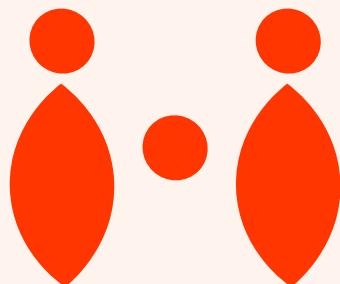
- Create the conditions for fulfilment and meaningful work.
- Communicate and cultivate the house's savoir-faire.
- Offer tailor-made career paths.

# SOCIAL MODEL

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## Savoir-Faire

Enrich and transmit the house's savoir-faire – the core legacy of our artisanal model.



### Preserve and cultivate exceptional savoir-faire

- Maintain our savoir-faire through training, particularly in our historic and artisanal trades thanks to the Ecole Hermès des savoir-faire.
- Recognise, promote and celebrate craftsmanship expertise, including MOF professional certifications, Entreprise du Patrimoine Vivant recognition certificates, in-house Prix de l'Adresse savoir-faire competitions.
- Integrate sustainable development into the house's savoir-faire.

### Impart and enrich savoir-faire through external partnerships

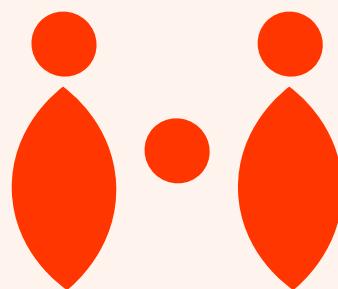
- Protect partner companies with unique expertise.
- Encourage the sharing of trade and operational expertise with our partners: schools, training and apprenticeship centres, etc.
- Promote careers in art and craftsmanship to younger generations.

# SOCIAL MODEL

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## Meaningful work

Contribute to Hermes' sustainable growth and grow together. Maintain the freedom to act and innovate, allowing employees to flourish in line with the house's fundamental principles. Enable all employees to contribute to society and be responsible citizens.



## Enrich the employee experience

- Make the house a place of difference: promote curiosity, encounters, and a spirit of openness to others and to the world.
- Weave connections among employees and help them grow through meaningful, powerful human experiences.
- Create common ground through collective action.

## Contribute to society

- Offer opportunities to all to contribute to society.
- Encourage employees to get involved in local philanthropy, including skills-based volunteering.

# THE PLANET

## Materials

Hermès' sustainable development relies on using exceptional raw materials from natural and partly renewable sources to manufacture sustainable objects, with the aim of minimising their footprint and optimising their use.

Hermès is committed to promoting and strengthening responsible supply chains by going beyond current environmental, ethical and social regulations, and by addressing issues related to the future availability of resources.



### Sustainable materials

- Seek the best quality for all materials used, guaranteeing the sustainability of objects.
- Ensure that materials are used sparingly by applying the principles of the circular economy and eco-design throughout the product's life cycle, based on innovation, maintenance and repair reuse, recycling and donation.
- Innovate and use new materials with a controlled environmental footprint.

### Responsible supply chains

- Control the entire value chain with operational traceability and long-term partnerships with industry players and stakeholders (suppliers, NGOs, coalition, etc.).
- Ensure compliance with environmental, social, and ethical requirements, particularly with regard to animal welfare, by applying the most rigorous certifications and standards.
- Support more nature-friendly agriculture, including regenerative agriculture.
- Contribute to positive actions within and outside its core responsibilities (e.g. Fondation d'entreprise Hermès, Livelihoods).

# THE PLANET

## Environment

The Group's sustainable development depends on understanding, controlling and reducing its environmental impact, through a responsible approach to its operations and value chain.



## Nature (biodiversity)

- Carry out analyses and diagnostics to understand issues and quantify impacts.
- Respect the environment and biodiversity on operational sites in priority sectors or nature-sensitive areas of the value chain.
- Limit impacts and preserve, restore and regenerate ecosystems by adopting a science-based approach.
- Contribute to the resilience of the Group and its supply chains.
- Involve employees, suppliers and other relevant external stakeholders in this approach.
- Focus on a practical, long-term and regional approach to boosting commitments to nature.

## Resource & waste management

- Get ahead of environmental regulatory requirements by anticipating changes and innovating with environmentally friendly solutions.
- Preserve natural resources by reducing water use and controlling water consumption, both internally and within our value chain.
- Reduce our environmental footprint by reducing waste and emissions, and prioritising recycling whenever possible.
- Remove the use of unnecessary single-use plastics, while working towards using recycled or alternative materials.

# THE PLANET

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## Environment

Through its commitments and actions, Hermès contributes to the fight against climate change and to responsible and sustainable development.



### Climate change

Implement our climate strategy by applying structured governance, defining objectives and monitoring associated indicators.

#### Climate change mitigation

- Reduce greenhouse gas emissions in absolute value for our direct emissions (scopes 1 & 2) and in intensity for our indirect emissions (scope 3), based on a trajectory scientifically validated by the SBTi and thus contributing to limiting global warming to 1.5°C by 2100. Involve our value chain in this objective.
- Decarbonise and reduce our energy consumption through a strategy based on defossilisation and improved production processes, opting for the cleanest, most energy-efficient technology and the most environmentally friendly materials.
- Apply the highest standards of sustainable construction, based on the "Harmonie" responsible real estate internal framework.
- Develop carbon sequestration projects in our value chain.
- Contribute to carbon neutrality beyond the value chain by applying carbon credits and supporting projects with high environmental, social and societal added value, alongside reduction measures.

#### Climate change adaptation

- Analyse physical and transition climate risks, according to scientifically established scenarios, and ensure that this information is progressively embedded by our métiers, subsidiaries, corporate services, and partners.
- Act to reduce the impacts of these risks by prioritising action plans in our métiers, sites and supply chains.

# COMMUNITIES

## Suppliers & partners

Hermès' sustainable development relies on the ability of its partners and suppliers to uphold high social, environmental and ethical standards, particularly regarding human rights, fundamental freedoms, working conditions and respect for nature and biodiversity.



## Supporting & monitoring suppliers

- Support the development and evolution of supplier practices to preserve savoir-faire and secure supplies.
- Work together with suppliers and partners on sustainable development action plans.
- Ensure compliance with our social, environmental and ethical requirements (duty of care) by adopting a collaborative approach and conducting regular internal and external audits.

## Development of responsible practices

- Develop balanced partnerships and support our partners.
- Foster community presence by supporting regional and local development around catchment areas and sites, while helping to revitalise urban and rural areas.
- Contribute to improving operational practices by ensuring that our suppliers and partners adopt certifications and labels.
- Grow partnerships with the supported employment sector and the social and solidarity economy, based on the Group Disability Agreement (France).

# COMMUNITIES

## Stakeholders & transparency

Hermès' sustainable development is rooted in harmonious long-term relationships with its stakeholders. Hermès acts as a socially responsible company wherever it operates, contributing to the economic, social and cultural vitality of the regions. Hermès communicates transparently with its stakeholders on its sustainable development ambitions and achievements. More broadly, the House participates in discussions by sharing the specific features of its responsible and sustainable model.



### Regional responsibility

- Pursue a manufacturing development policy in France by working collaboratively with the regions in which we operate to develop plans, including training and hiring local talent to support local economic growth.
- Develop harmonious relationships with local stakeholders by communicating and collaborating on economic, employment, training, environmental and culture-related topics.

### Socially responsible corporate citizenship

- Give back to the world part of what it gives us through generous operational or financial contributions, including donations from the Group's entities and the Fondation d'entreprise Hermès.
- Contribute to civil society projects and academic research by participating in multi-stakeholder initiatives.
- Participate in advocacy actions for local presence and different production methods, including craftsmanship and regenerative agriculture.

### Responsible communication

- Raise employee awareness and promote active internal communication of Corporate Social Responsibility (CSR) issues.
- Increase transparency regarding the house's sustainable development strategy, objectives and actions.
- Create the conditions for effective employee-led external and internal communications.
- Communicate with the press and communities of influence.
- Develop constructive and transparent dialogue with all stakeholders.

# GOVERNANCE

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Sustainability governance is structured at Group level as follows:

## **Sustainable Development Board**

The Sustainable Development Board consists of directors of the Group's main central functions and supply chains. This Board oversees the implementation of the CSR objectives, steers major crossfunctional projects, oversees entity roadmaps, pilots working groups, and identifies key decisions for approval by the Executive Management and its Executive Committee.

## **Sustainable Development Directors' Committee (C3D)**

To complement the Board's functions and provide structure for managing the sustainable development topics within the Group, this new body brings together the sustainable development directors from métiers, subsidiaries and other entities within the house. It oversees the management of entity roadmaps and promotes discussion on cross-functional training and internal communication issues.

## **Group sustainable development department**

Reporting to a an Executive Committee member, this department proposes and implements the Group's strategy and oversees the approach taken by committees, functional and operating departments, and subsidiaries in France and internationally. It monitors achievements, coordinates and provides support for various committees, and manages, with its internal partners, cross-functional projects and non-financial reporting.

## **Group Operations Committee**

With more than 100 members from métiers, central functions, and French-speaking subsidiaries, this committee reviews technical and functional aspects of the house's projects and facilitates sharing best practices and relevant sustainable development information.

## **Local Sustainable Development Committees**

Led by the main métiers and subsidiaries, these committees initiate and monitor local actions. They may be supplemented by management and ad hoc committees for new projects. Cross-functional department-led committees manage more medium-term, common interest issues, relating to recycling, materials innovation, circular economy, sustainable construction and logistics.

## **Métier/subsidiary sustainable development departments**

These teams lead the sustainability approach at their level and commit to an annual CSR roadmap. Major métiers and subsidiaries have a part-time or dedicated sustainable development manager.

# GOVERNANCE

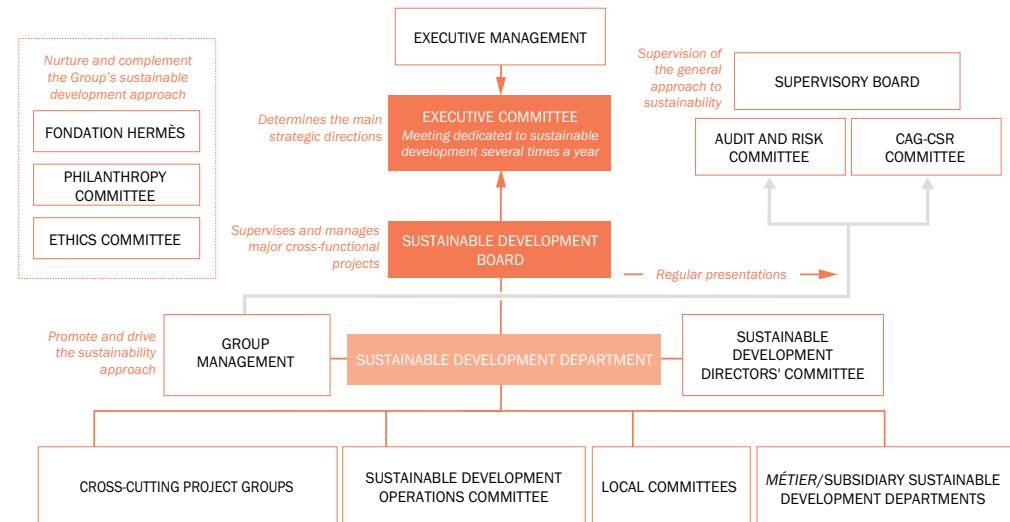
## Executive Management and Executive Committee

The Group's executive management plays an active role in implementing and overseeing the sustainable development approach. Annual sustainable development meetings are held to validate strategic directions, monitor objectives and results, ensure alignment of resources and ambitions, and approve external reporting.

## Supervisory Board

The Supervisory Board is involved in sustainable development matters through its committees (Remuneration, Nominations, Governance and Social and Environmental Responsibility Committee, Audit and Risk Committee). It supervises all related topics and interviews the sustainable development department several times a year.

## Sustainability governance as structured at Group level



# ETHICS

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Driven by its human-focused values, the Hermès Group's ethics and compliance policy aligns with the universal framework established by major international principles, standards and agreements, particularly those relating to human rights.

The Group has several core ethics requirements: zero tolerance for breaches of probity, a firm commitment to a culture of ethics, an anti-corruption policy and a structural approach to protecting personal data.

Specific governance at the highest organisational level provides accountability for the commitments, policies, control and alert systems that constitute the foundation of its approach.

The Hermès Group maintains relationships with its employees and partners based on trust, open communication and a control strategy adapted to the context. Numerous training sessions are held to ensure employee understanding and adherence to the Group's ethical standards and code of conduct. Partners are informed of the Group's expectations, the existence of information reporting channels and the procedures for using these.

# GLOSSARY

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## **Group Disability agreement (Accord Handicap groupe)**

The purpose of this agreement is to ensure that everyone is committed to the recruitment, integration and job retention of people with disabilities (employee support, workplace adjustments, transport solutions, training of HR teams, partnerships with specialist recruitment firms, etc.).

## **Defossilisation**

Process aimed at eliminating the use of energy from fossil fuels (oil, natural gas and coal).

## **Duty of Vigilance**

French legal obligation for parent companies to prevent social, environmental and governance risks related to their operations, as well as to the activities of their subsidiaries, subcontractors and suppliers.

## **EPV label (Entreprise du Patrimoine Vivant)**

State recognition awarded to French companies with excellent craftsmanship and manufacturing savoir-faire.

## **Livelihoods**

Coalition of companies whose objective is to finance projects with high environmental and social value, to reduce carbon emissions in rural communities in Asia, Africa and Americas. In return, companies receive carbon credits to offset their emissions.

## **Skills-based volunteering**

Form of sponsorship in kind, providing the skills or know-how of employees to external partners (associations, NGOs, etc.).

## **MOF (Best Craftsmen of France)**

Title awarded in France during a competition held every four years, intended to promote craftsmanship excellence in a number of professional categories.

## **SBTi**

Science-Based Targets initiative.

## **Scopes 1 and 2**

Carbon emissions related to direct and indirect energy consumption at all sites of a company (offices, production and logistics sites, and stores).

## **Scope 3**

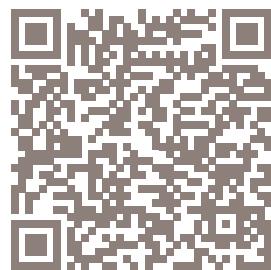
All other indirect carbon emissions (purchases, raw materials, packaging, transport etc.).

## **Supported employment sector**

Covers various activities, supported by the French State and aimed at facilitating access to employment for vulnerable people such as people with disabilities, long-term job seekers, etc. It may be represented by an "ESAT" (sheltered work establishment) or an "EA" (adapted company).

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Hermes Sustainable  
Development Finance



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