



HERMÈS
PARIS

**SUSTAINABLE
PURCHASING POLICY**
Hermès Group





SUSTAINABLE PURCHASING POLICY

The Group's craftsmanship manufacturing model is based on its creativity and demanding *savoir-faire* where quality is never compromised. It draws on the House's four essential heritages: creation, exceptional raw materials, *savoir-faire*, and the retail universe. It is based on geographical and cultural proximity between designers and craftspeople and supported by a network of regional manufacturing sites, with a desire to ensure preservation and transmission of their *savoir-faire*. It operates with moderation and sobriety in the use of raw materials and with a desire for a low environmental footprint.

The sustainable development of Hermès relies on our own ability and that of our partners and suppliers to ensure that our actions comply with international standards on social, environmental and ethics issues, in particular human rights, fundamental freedoms, working conditions, the climate, and respect for nature and its biodiversity.

More broadly, within our supply chain, Hermès seeks to contribute to the implementation of sustainable development practices by sharing our ambitions and commitments with our partners and supporting them in their efforts to make progress.

Our ability to grow is linked to the retention and development of our suppliers, whose exceptional *savoir-faire* and future success will contribute to that of the Hermès Group and whose social and environmental practices must be irreproachable.

Our Sustainable Purchasing policy is a key lever for achieving Hermès' corporate social responsibility (CSR) goals. It is part of our Group's sustainable development strategic framework, which is based on identifying Hermès' impacts, risks and opportunities in our value chain.

In terms of organisation, the direct and indirect purchasing departments guarantee that these principles are followed and that the policy is implemented within their teams. This policy is the common foundation for all Hermès Group partners. It is inspired by the ISO 20400 international standard and the Responsible Supplier Relations and Purchasing French label (RFAR).

Our mutual commitment is vital to ensure that our supply chain is increasingly sustainable, and we are counting on all our partners to join us in our efforts. ■

Olivier Fournier

Executive Vice-President Corporate
Development and Social Affairs

Guillaume de Seynes

Executive Vice-President Manufacturing
Division and Equity Investments

4 FOUNDING PILLARS

This policy is intended for all our suppliers, manufacturers and service providers as well as their own subcontractors where applicable (hereinafter the 'Partners'). It is a reference framework for sustainable purchasing based on a set of key documents, listed in the appendix and available on the Hermès website.

At Hermès, we have a long-standing commitment to environmental, ethical and social responsibility and we pay close attention to the impact of our activities. The House is committed to

providing long-term support for all its Partners and maintaining balanced relationships. The Sustainable Purchasing policy sets out our social, environmental and ethical commitments, particularly with regard to human rights, fundamental freedoms and working conditions (hygiene, health, safety, working hours, wages, etc.).

Hermès expects the same respect and ambition from all its Partners and encourages them to have the same expectations of their own supply chains.



ETHICS AND HUMAN RIGHTS

Our regularly updated Code of Ethics is designed to be a tool for progress and dialogue. In particular, it defines Hermès' expectations in our relationships with our Partners. The Code of Business Conduct and the Anti-Corruption Code of conduct set out all the values that apply to Hermès employees and which guide buyers particularly in their relations with Partners.

In parallel, the Hermès Group introduced a policy of vigilance and oversight in respect of its chain of activities several years ago. This vigilance policy is based on several operational tools, in particular the Group's Supplier Code of Conduct and Vigilance Plan. They transpose our commitment to comply with and enforce international standards* and local legislation, in particular on working

conditions, equal treatment and equal opportunities for all, and other fundamental rights related to working conditions as specified in European Sustainability Reporting Standard 2 (ESRS) under the Corporate Sustainability Reporting Directive (CSRD).

Hermès does not tolerate any violations of Human Rights. Based on our risk analysis, Hermès regularly conducts independent audits to verify compliance with our Human Rights commitments in our supply chain. We may also introduce action plans for each supply chain or Partner in order to prevent any risks identified and/or to remedy any shortcomings.



In this context, we expect our Partners to:

Commit to comply with the Hermès Supplier Code of Conduct, in particular in the areas of human rights, ethics and the fight against corruption. Our Partners should therefore **require the same commitments** within their own supply chains.

H-Alert! System

*In accordance with the Supplier Code of Conduct, Partners and their employees who become aware of a manifest or attempted infringement of applicable laws and regulations, and of any situation that could be contrary to the rules of ethics applicable in the Hermès Group, are encouraged to report them to their usual contact person(s) or report them securely and confidentially via the **H-Alert!** platform.*

The H-Alert! platform is accessible to all Group stakeholders, both internal and external, via the HermèsSphère intranet site and the Hermès Finance corporate website. The new information leaflet is available in 21 languages to ensure that it is widely distributed and has been communicated within the Group and to our suppliers.

* See the list in the Appendix

ENVIRONMENT

Respect for nature, the source of our exceptional raw materials and the living environment surrounding our sites, is one of the Group's strong and unwavering values. Our environmental policy aims to limit the impact of our activities on the environment and to preserve biodiversity and resources.

Pragmatic but ambitious and innovative solutions are systematically sought to preserve the environment over the long term, while striving to go beyond mere compliance with regulations whenever possible. Our priority is to control our impact across the entire value chain, from upstream production to distribution, and from purchases to our internal processes.

Based on our climate trajectory commitments set out in our transition plan, Hermès aims to reduce greenhouse gas emissions by 58.1% in intensity by 2030 compared to 2018, on the scope 3 relating to purchases of goods and services. We involve our value chain in the achievement of our ambition, in particular through our assessment and robust analysis of the

environmental impacts of all the products and services we purchase.

We are therefore committed to assessing and improving our purchases based on what is strictly necessary to meet our needs. In this regard, we encourage energy and resource efficiency while proposing innovative solutions and maintaining the highest level of product quality.

The Group's purchasing decisions must also incorporate the following objectives:

- reducing greenhouse gases (GHG) emissions and pollution (particularly of water and soil);
- eliminating single-use plastic products;
- limiting the use of resources and energy in line with the principles of a circular economy;
- protecting biodiversity and the ecosystems impacted by the activities of the Group's Partners;
- sustainable management of waste;
- encouraging eco-design. ■



To achieve these objectives, we expect our Partners to:

Take steps to transform their ecosystems according to the CSR Brief, the Supply Chain Briefs and CSR Expectations by category that our Group shares with them.

Reduce their carbon footprint, their use of resources and their impact on biodiversity.

Improve the energy and environmental performance of their products and services throughout their life cycle by proposing innovative, long-term solutions, possibly jointly developed with the Group.

SUSTAINABLE RELATIONSHIP WITH PARTNERS

With the aim of developing balanced, long-term partnerships between Hermès and our Partners, our relationships are based on mutual respect, trust and transparency. This is clearly illustrated by the presence of long-standing partners (the average length of relationship with our top 50 suppliers is 21 years).

In the context of our partnerships, Hermès pledges to:

- ▣ ban aggressive, unfair or unbalanced purchasing or negotiating practices;
- ▣ systematically guarantee equal treatment between suppliers (in calls for tenders, competitive bidding, etc.);
- ▣ clearly communicate the multi-factor selection criteria in calls for tenders, particularly those relating to CSR;
- ▣ give Partners the opportunity to discuss contractual terms to ensure they are balanced;
- ▣ make best effort to reduce payment terms;
- ▣ collaborate in order to solve any problems, innovate and seize opportunities;
- ▣ anticipate the end of commercial relations with Partners as far as possible, taking their specific features into account;
- ▣ regularly communicate with our Partners, in particular whenever our expectations change;
- ▣ in France, an internal mediator has been appointed for Small and Medium-sized Enterprises and can be contacted to foster dialogue in the event of any difficulties or questions: mediateur@hermes.com.

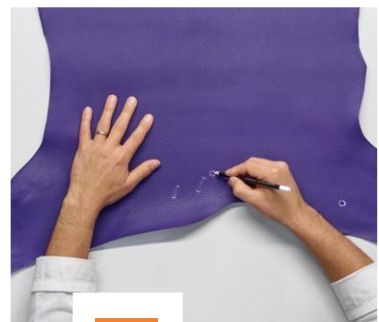


In this context, we expect our Partners to:

Share all the information needed to monitor our business relationship in full transparency.

Communicate openly and constructively and report any problem to us.

Adopt the same partnership approach with their own suppliers and subcontractors.



DIVERSITY, EQUITY AND INCLUSION

Hermès Diversity, Equity and Inclusion ambition is structured around our commitment to fight against all forms of discrimination and guarantee equal opportunities and fair treatment for all.

Hermès is investing in the economic and social development of the regions and employment areas where its sites are located. It aims to have a positive impact, by using local resources as much as possible, as a socially responsible family business in a spirit of regional responsibility.

This philosophy fuels Hermès socially responsible and local purchasing policy.

In this context, Hermès pledges to:

- work with Partners who are committed to Diversity, Equity and Inclusion and who contribute to developing the economic and social fabric of their communities.
- whenever possible, when the Hermès group calls for tender, promote access to organizations with a positive impact on society (e.g. Benefit Corporation in the USA, Community Interest Companies in the UK or B Corporations certified companies...);
- be attentive to geographical origin, give priority to local sources and preserve exceptional *savoir-faire*;
- work in partnership with local stakeholders. ■



To achieve these objectives, we expect our Partners to:

Inform and train their staff on the importance of promoting inclusion in the workplace.

Commit to **Diversity, Equity and Inclusion** by **fighting against all forms of discriminations.**

Contribute to the development of the regions in which they operate by giving priority to **local purchasing** and preserving *savoir-faire*.



IMPLEMENTING THESE PILLARS IN OUR PURCHASES

Sustainable purchasing is a shared responsibility at Hermès. The Sustainable Purchasing Committee plays a role both in promoting and deploying virtuous practices (among all the Group's buyers) in all our purchasing activities. It monitors and assesses progress in order to update our policy each year. It regularly reports on its work to the Purchasing Board, which includes members of the Executive Committee.

This Sustainable Purchasing Policy is implemented through the purchasing departments' operational tools: calls for tenders, contracts, supplier monitoring, assessments, audits, etc. The Group's purchasing departments support all buyers through training and tools, and manage the deployment of the policy by organising decision-making and operational bodies. Purchasing risk maps are regularly updated and due diligence measures are taken to prevent/mitigate these risks ahead of all new business relationships.



Throughout our business relationship, Hermès regularly takes measures to monitor Partners and implements action plans to remedy any issues:

- are carried out via questionnaires and then analysed by buyers or independent third CSR performance assessments parties;
- On-site visits and audits are conducted by buyers or independent third parties;
- targeted improvement plans are defined jointly after these discussions, visits and/or audits;
- Hermès supports strategic Partners to improve their environmental, social and ethics practices, particularly with the aim of obtaining labels and certifications.

These different steps and the related performance indicators are monitored by the Group's governance bodies and communicated in the Sustainability Report. ■

To ensure that these actions are as effective as possible, Partners are expected to assess their risks in order to:

Communicate transparently on their supply chains and CSR practices.

Apply the **same approach** to their own supply chain.

Cooperate during these assessments and visits.

APPENDICES: REFERENCE DOCUMENTS

Our Sustainable Purchasing policy is part of a set of key documents related to the Corporate Social Responsibility of Hermès, available on our website:

<https://finance.hermes.com/en/policies-publications/>

- **Supplier Code of Conduct:** This Code describes the House's social, environmental and ethical requirements of its Partners. It must be signed before the start of any business relationship.
- **Vigilance Plan:** This Hermès programme is designed to identify risks and prevent serious violations of human rights and fundamental freedoms, as well as damage to human health and safety and the environment as a result of our activities and those of our Partners.
- **Sustainable Development Strategic Framework:** This framework presents the commitments and contributions of Hermès in respect of the six pillars of our sustainable development strategy. It serves as a roadmap for all our management committees.
- **Code of Ethics:** This Code formally defines our approach to ethics and its application in our internal relations, our relations with our customers and Partners and, more generally, the ecosystem in which we operate. It is therefore communicated to all employees.
- **Code of Business Conduct:** This Code sets out the Group's guidelines on certain ethical risks.
- **Anti-Corruption Code of conduct:** This Code presents the Group's ethical commitments in the fight against corruption. It applies to all Group employees, Partners and contractors.
- **Sectors Brief:** The Supply Chain sectors Briefs set out our expectations of Partners who supply the Hermès Group's business lines, by material used.
- **CSR Brief:** The CSR Briefs set out our expectations of our Partners on eight themes related to sustainable development (social issues and human rights, biodiversity, forestry, carbon and energy, water, traceability, circularity, materials and process innovation, and pollution).
- **Harmonie Standard:** This standard, which is certified by Bureau Veritas, defines environmental and social performance criteria for all real-estate projects.
- **Animal Welfare Policy:** Our animal welfare commitments and expectations of the relevant actors in our supply chains.
- **Forest Policy:** Our commitments with respect to the management and protection of forests, and our expectations of stakeholders in our supply chains.
- **Climate Transition Plan:** This plan presents our climate trajectory aligned with the Paris Agreements and validated by SBTi.
- **Disability Agreement:** A summary of the Group's commitments to employ workers with disabilities and keep them in employment.
- **Business Model:** Infographics setting out Hermès' unique, sustainable, value-creating artisanal business model. Available in the Universal Registration Document.
- **Non-Discrimination and Diversity Policy:** Our commitments to gender equality in the workplace, the integration of people with disabilities and, more broadly, the fight against all forms of discrimination.

* List of International Standards of Conduct to which the Sustainable Purchasing Policy refers: The Universal Declaration of Human Rights; the ten principles of the United Nations Global Compact (UN Global Compact) on Human Rights, the Environment and Anti-Corruption; the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work and the ILO Fundamental Conventions; the Organisation for Economic Co-operation and Development (OECD) 2023 Guidelines for Multinational Enterprises; and the United Nations Guiding Principles on Business and Human Rights (UNGPHR).