



HERMÈS AUSTRALIA'S MODERN SLAVERY STATEMENT

Introduction

This statement has been prepared on behalf of Hermès Australia Pty Ltd ("**Hermès Australia**") for the purposes of the *Modern Slavery Act 2018* (Cth) for the financial year ending 31 December 2021. This statement aims to highlight the assessment and action that Hermès Australia has taken to identify, manage and mitigate the risks of modern slavery in its supply chain.

Hermès Australia does not tolerate modern slavery or forced labour either within its business itself or within its supply chain. Hermès Australia expects its supply chain (whether direct suppliers or those that directly or indirectly supply its direct suppliers) to share the same values.

Structure, operations and supply chain

Hermès Australia imports and distributes luxury goods and fashion accessories through its own retail network within Australia and via an online platform available to its valued clients in Australia and New Zealand. Hermès Australia is part of the Hermès group of companies, whose parent company is Hermès International SCA ("**Hermès Group**"), which has its head office in France. The Hermès Group has over 17,600 employees worldwide and operates 45 countries.

The main activities of the Hermès Group are to create, manufacture and sell Hermès products to high-end clientele in Hermès' exclusive stores located in principal cities across Europe, Americas, Asia, Middle East and the Pacific. The Hermès Group's, including Hermès Australia's operations are structured to ensure strong protections against violence of human rights. Approximately 60% of the Hermès Group products are made exclusively "in house", and almost all products are manufactured in Europe (for example, in 2021 78% of products have been manufactured in France). Hermès Australia does not manufacture any of its products and purchases its products from the Hermès Group's companies located in France. Therefore, the majority of Hermès Australia's suppliers are located in France (being Hermès Group companies), with a small number of local non-manufacturing suppliers located in Australia. Hermès Australia acknowledges that both of these countries have low overall weighted averages for vulnerability of modern slavery, being 15.25% and 4.27% respectively, according to the Global Slavery Index 2018.

Hermès Group is committed to ensuring social, environmental and ethical responsibility is at the forefront of all processes applied to the manufacturing and production of Hermès products, such as sourcing Hermès' iconic materials, leather, silk, cashmere and wood, from natural and renewable sources so as to minimise Hermès' footprint.

Further information about the Hermès Group's structure, operations and its commitment to protecting human rights across its operations and within its supply chain, can be found in the Hermès Group's 2021 Registration Document in particular on the chapter on ethics and compliance (chapters 2.6 and 2.8).

To operate its retail stores in Australia, Hermès Australia engages service providers directly within various categories such as real estate and construction, freight and transportation and general maintenance and administration.

Indirect purchases are supervised by a dedicated department in the Hermès Group, which pools certain purchases at Group level and also in the subsidiaries or regional service centres. It also coordinates Hermès Group action plans on major topics, which is then deployed to each entity within the Hermès Group, including Hermès Australia.

Hermès Australia does not own or control any entity, therefore the process of consultation of any such entities is not applicable. Similarly, Hermès Australia does not submit this statement jointly with any other entity.

Relevant policies and documents

Hermès Australia requires its third-party suppliers to provide specific undertakings prior to onboarding relating to the absence of modern slavery practices and their compliance with national and international ethical, social and environmental laws, regulations and policies. Such undertakings include, but are not limited to:

1. the absence of forced labour;
2. the adequate remuneration for staff in line with local laws and industry standards;
3. allowing the Hermès Group control over the choice of, or at best, providing it with knowledge of, the supplier's subcontractors, if any; and
4. the acceptance to be audited by Hermès Australia and/or any entity of the Hermès Group and complete any questionnaires in this respect in good faith, and that the supplier shall resolve as soon as possible any issue highlighted during any audit.

These undertakings are part of the Hermès Group's social, ethics and environmental commitments which are embedded within the Hermès Group's code of ethics since 2009. This code is in line with the frameworks of fundamental universal principles such as, without limitation, the Universal Human Rights Declaration, the International Labour Organisation (ILO) conventions and the Organisation for Economic Cooperation and Development (OECD) guidelines.

Due diligence in respect of modern slavery and effectiveness

Hermès Australia takes a "risk-based" approach in the supplier engagement process and recognizes that there is a risk for modern slavery within every industry. It has reviewed its business and its supply chains accordingly to mitigate such risk to the best of its ability. Neither Hermès Australia nor, to the best of Hermès Australia's knowledge, any player in its supply chain, makes use of modern slavery. Hermès Australia has, moreover, taken the following steps to manage any risk that its supply chain may use modern slavery:

1. Systematically assess new suppliers as part of a robust onboarding process and only engage suppliers that uphold the same values as Hermès Australia, especially with respect to ethics, human rights and diversity, in which more information can be found on all [Hermès websites](#);
2. All suppliers are expected to provide the specific undertakings as previously mentioned on social, environmental and ethical policies and comply with Hermès Australia's code of conduct in this vein and provided with supplier handbooks which contains a dedicated section on human rights issues;
3. Contractual obligations are imposed on suppliers to reinforce their compliance with Hermès Australia's codes of conduct and provide warranties that the suppliers do not use modern slavery;
4. Ensure that Hermès Australia maintains a right to conduct audits to:
 - a. inspect the supplier's facilities, records and practices, to have access to their personnel and to audit their business for the purposes of ensuring that they comply with these obligations and that there is no use of modern slavery; and
 - b. request that the supplier completes any questionnaires provided, including regarding the use of modern slavery and steps they have taken to ensure it is not used by them or their supply chain,

Such audits enable Hermès Australia to measure the effectiveness of its human rights, ethics and anti-modern slavery policies within its supplier network;

5. Control the visibility Hermès Australia has over its supply chain by obtaining warranties from suppliers that they shall not subcontract the services provided without Hermès Australia's prior written consent, and that the supplier shall remain liable for any of their subcontractors and shall ensure their subcontractors comply with the relevant codes of conduct and not use modern slavery;
6. Maintain an internal and external whistleblowing system to ensure Hermès Australia is notified of any risk of modern slavery and/or non-compliance;
7. Manage and regularly draw supply chains and suppliers risk mapping and conduct internal and external checks to assess the risk of modern slavery and implement action plans where appropriate;
8. Continually monitor legislative and regulatory developments regarding modern slavery to ensure Hermès Australia is kept up to date and compliant at all times; and
9. Complete training for employees to raise awareness and ensure understanding of the importance of the fight against modern slavery.

Hermès Australia recognizes that the process of assessing the effectiveness of its actions in the fight against modern slavery is an ongoing process and is committed to continuing to develop better measures that can strengthen its assessment program.

Notwithstanding, Hermès Australia endeavours to assess the effectiveness of its actions through the following Hermès Group measures:

1. maintaining the majority of its existing supplier relationships located in Europe allows Hermès Australia to ensure the risk of modern slavery within these suppliers is kept low due to the fact that Europe is currently strengthening regulation with respect to human rights and fundamental freedoms, the health and safety of people and ethics and anti-corruption;
2. continuous communications with and monitoring of Hermès Australia's suppliers to ensure Hermès Australia is well informed of any potential the risk of modern slavery affecting its suppliers;
3. monitoring of Hermès Australia's whistleblowing lines available to suppliers and employees. The reports received through these whistleblowing lines are analysed by the ethics committee legal compliance department and the Hermès Group purchasing department (cf. [Hermès Group's 2021 Registration Document](#), chapter 2.8.1.3.1 and 2.6.1.5);
4. visits and audits of Hermès Australia's suppliers, supported by a "supplier information questionnaire". If the supplier information questionnaire confirms a significant level of risk related to environment, 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. After the audit, an action plan to prevent or mitigate the risks is implemented. The results of these audits and action plans are taken into account during any continuation of relationships.

Hermès Australia is truly dedicated to the fight against modern slavery and commits to closely monitoring its operations and all supplier relationships to always manage the risk of modern slavery.

Approved by the Board of Directors of Hermès Australia Pty Ltd on 3 June 2022.



Karin Upton-Baker
Managing Director
Hermès Australia Pty Ltd