

Subject: Invitation to respond – Hermès in our COVID-19 tracker

In the 12-month period directly before the COVID-19 outbreak:

- | | | |
|----------|---|---|
| 1 | 1. What are the maximum number of days from invoice date within which you pay your suppliers (e.g. 30, 60, 90, 180 days)?
When is payment for orders typically made (i.e. after shipping, upon receipt of goods, partial payment in advance of production, etc.)? | 30 days per standard clauses (in average less than that) |
| 2 | In this period, have you asked suppliers for a discount after placing an order? Y/N | upon receipt of goods but partial payment in advance are frequent. |
| 3 | a. If yes, what percentage of FOB was the discount (if varying, please list all percentages)? | No |
| 4 | Do your contracts have clauses for financial penalties:
a. For suppliers for contract non-compliance (e.g. for late delivery, wrong specs etc.)? Y/N
b. For you (the buyer) to be held financially liable (in the form of a payment premium or otherwise) for changes in orders after a PO has been raised (order volume, order specs, order deadline etc.)? Y/N | N/A

No (no compromise on quality for financial discount)

Yes |

In the period since the COVID-19 outbreak:

- 5 Have you committed to pay in full for:**
- a. All completed orders? **Y/N** Yes
 - b. All in-production orders? **Y/N** Yes
- 6 Have you extended your usual payment times? Y/N** **No (even shorten them to help some suppliers)**
- a. If yes, what are current payment terms (in days, e.g. 90, 180, 230 etc.)? N/A
 - b. Are you supporting suppliers with access to local finance with a letter of credit or through other means? **Y/N** Yes (advanced payments)
- 7 Have you requested a discount for any orders? Y/N** **No**
- a. If yes what, percentage of FOB (if varying, please list all percentages)? N/A
- 8 Have you taken any other steps (outside of order payment) to ensure workers in your supply chain have been paid wages for March and April, or will be paid wages or otherwise provided for during periods of lockdown? Y/N** **Yes, we have open, when needed, more global discussions on suppliers financial situation**
- Where production is ongoing, have you taken steps to ensure suppliers are implementing measures to protect garment workers from infection (i.e. social distancing, sanitising practices, providing adequate protective equipment)? **Y/N** **Yes**
- 9 Are you paying shareholder dividends? Y/N or N/A for companies without public shareholders** **Yes**
- 10**

11 Please add any additional comments (optional):

Please consider that 80% of our products are manufactured in France, more than 60% in our internal and exclusive workshops. Please also consider that during the Covid 19 pandemic the Group the Hermès decided to maintain the basic salary of its 15,500 employees worldwide without having to resort to any additional government support provided by various countries, notably in France. More information on our suppliers pages 149 sq. in our annual report (link below). In particular, it explains French companies are bound by a very strict "duty of care" for their supply chains. We are advanced members of the Global Compact.

Web link :

<https://assets.hermes.com/is/content/hermesedito/RSE/PDF/DPEF/URD%2BHerm%C3%A8s%2BInternational%2B2019%2BVA%2Bextract.pdf>