

# Hermès International SCA

**TICKER**  
 PAR:RMS

**MARKET CAPITALIZATION**  
 US\$66 billion

**HEADQUARTERS**  
 France

**DISCLOSURES**
UK Modern Slavery Act: Yes (Disclosure of Subsidiary)

California Transparency in Supply Chains Act: Yes

**TARGETS**

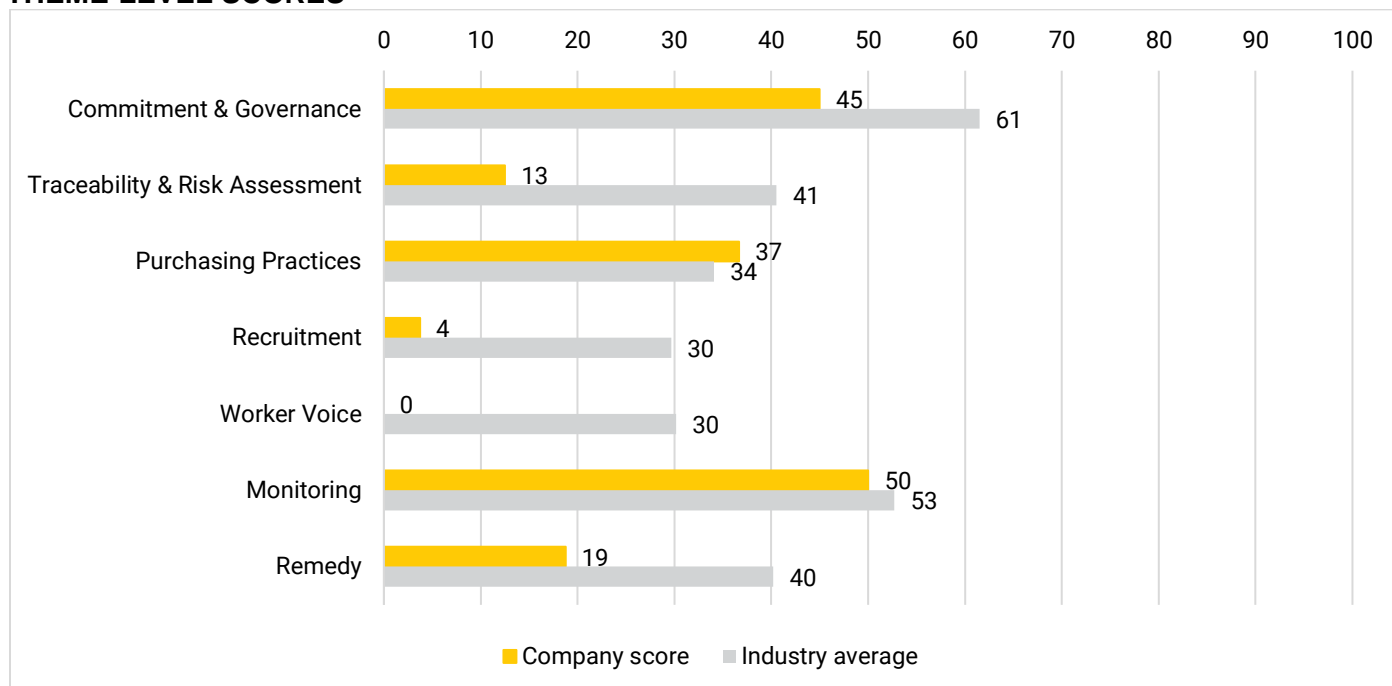
None

**OVERALL RANKING**
**26 out of 37**

(2018 Rank: 30 out of 43)

**OVERALL SCORE**
**24 out of 100**
**SUMMARY**

Hermès International SCA (Hermès), the third-largest luxury brand in the world,<sup>1</sup> ranks 26<sup>th</sup> out of 37 companies and discloses less information on its forced labor policies and practices than its peers. Compared to 2018, Hermès improved its score by seven points because it publicly disclosed a supplier code of conduct that addresses the ILO core labor standards and prohibits the retention of workers' papers. It also newly discloses that it assesses human rights risks in its supply chains, integrates its supplier code into contracts with suppliers, and offers details of its corrective action process. Hermès scores slightly higher than average on the theme of Purchasing Practices but lower than average across all other themes. It does not disclose the steps it has taken to address the risks of alleged Uyghur forced labor across its supply chain tiers. It is encouraged to improve on the themes of Recruitment, Worker Voice, and Remedy.

**THEME-LEVEL SCORES**


## KEY DATA POINTS

### SUPPLIER LIST

🚩 No

### IMPROVEMENTS OF FREEDOM OF ASSOCIATION

🚩 No

### HIGH-RISK RAW MATERIALS<sup>2</sup>

🚩 Cashmere, cotton, silk, and others

### DATA ON PURCHASING PRACTICES

Yes (One data point only)

### REMEDY FOR SUPPLY CHAIN WORKERS

🚩 No

### HIGH-RISK SOURCING COUNTRIES

🚩 India and Nepal

## LEADING PRACTICES

None.

## NOTABLE FINDINGS

**Purchasing Practices:** Hermès states that its suppliers are required to request prior written consent before engaging subcontractors, disclose the names of any subcontractors, and require them to sign the company's supplier code of conduct. It states that its supplier code of conduct forms part of its contractual obligations with suppliers. It specifies that all new suppliers must sign this agreement and that 76% of its "direct purchase suppliers" have committed to adhere to its terms.

**Monitoring Process:** Hermès states that it monitors suppliers against its supplier code of conduct using the SA 8000 auditing standard, which includes a combination of announced and unannounced audits to assess working and living conditions, a review of relevant documents such as employment contracts, wage records and personnel files, and worker interviews. It discloses that one-third of the audits carried out in 2019 were of second-tier suppliers, mostly in Europe and Asia.

**Corrective Action Plans:** Hermès states that its purchasers are responsible for monitoring corrective action plans with suppliers and that it conducts follow-up visits either three months, six months, or one year after the initial audit, depending on the severity of the issue.

## OPPORTUNITIES FOR IMPROVEMENT

**Recruitment:** To avoid exploitation of migrant workers in its supply chains, Hermès may consider requiring that workers in its supply chains are not charged fees during any recruitment-related process. It is encouraged to implement the [Employer Pays Principle](#). It may also consider steps to ensure that such fees are reimbursed to the workers and/or provide evidence of payment of recruitment-related fees by suppliers. The company is also encouraged to disclose outcomes of the steps it has taken to ensure respect of the fundamental rights and freedoms of supply chain workers in vulnerable conditions.

**Worker Voice:** To prevent and address forced labor risks in its supply chains, Hermès may consider ensuring that a formal and effective mechanism to report grievances regarding labor conditions is available and communicated to its suppliers' workers and relevant stakeholders, such as worker organizations or labor NGOs. Further, it is encouraged to take steps to ensure that workers in its supply chains are aware of their rights and are able to exercise their rights to freedom of association and collective bargaining.

**Remedy:** Hermès may consider establishing a process to ensure that remedy is provided to workers in its supply chains in cases of forced labor and disclosing details on this process, such as responsible parties,

approval procedures, timeframes, and, crucially, engagement with affected stakeholders. To demonstrate to its stakeholders that it has an effective remedy process in place, it is encouraged to disclose examples of remedy provided to its suppliers' workers.

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**ENGAGED WITH KNOWTHECHAIN<sup>3</sup>**

Yes ([Provided Additional Disclosure](#)).

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<sup>1</sup> Business Insider (28 January 2020), "[The 9 most valuable luxury brands in the world](#)."

<sup>2</sup> For further details on high-risk raw materials and sourcing countries, see [KnowTheChain's 2021 Apparel and Footwear Benchmark Report](#).

<sup>3</sup> Research conducted through November 2020 or through February 2021, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the [Business & Human Rights Resource Centre website](#).