

2019 UNIVERSAL REGISTRATION DOCUMENT

CSR EXTRACT NON-FINANCIAL PERFORMANCE STATEMENT (NFPS)



2

CORPORATE SOCIAL RESPONSIBILITY

NFPS

	PEOPLE: TEAMS	
2.2	Challenge: the well-being and development of employees	81
2.2.1	2.2.1.1 <i>Policy</i>	81
	2.2.1.2 <i>Measures implemented and results</i>	81
	2.2.1.3 <i>Results</i>	81
	Challenge: maintaining diversity	91
2.2.2	2.2.2.1 <i>Policy</i>	93
	2.2.2.2 <i>Measures implemented and results</i>	93
	Contribution to the UN's Sustainable Development Goals (SDGs)	93
2.2.3		97

2.2.2.1 POLICY

The Responsible Employer policy implemented in the Hermès Group aims to further actions to enhance the development of its employees', the foundation of the House's economic performance. Attaining these two interlinked and complementary objectives involves a range of initiatives to promote responsible integration and responsible management. Drawing on the conviction that diverse talent is a source of wealth, creativity and innovation, Hermès strives to facilitate the integration of employees in all their diversity by developing practical actions in favour of vulnerable people, in particular those with disabilities or the long-term unemployed, senior workers, and people from visible minorities or disadvantaged neighbourhoods and areas.

The policy consists of establishing conditions that provide equal opportunity in terms of recruitment and employment, under its various components, and refraining from any form of discrimination. You are reminded that, under French law, this means avoiding any situation in which, on the basis of origin, gender, family situation, pregnancy, physical appearance, particular vulnerability resulting from a person's economic situation, apparent or known, name, place of residence or bank domiciliation, state of health, loss of autonomy, disability, genetic characteristics, morals, sexual orientation, gender identity, age, political opinions, trade union or mutualist activities, exercise of a local elective mandate, ability to express themselves in a language other than French, membership or non-membership, real or supposed, of a particular ethnic group, nation, race or religion, a person is treated less favourably than another is, has been or will be treated in a comparable situation. These elements are adapted in the subsidiaries in accordance with applicable laws.

2.2.2.2 MEASURES IMPLEMENTED AND RESULTS

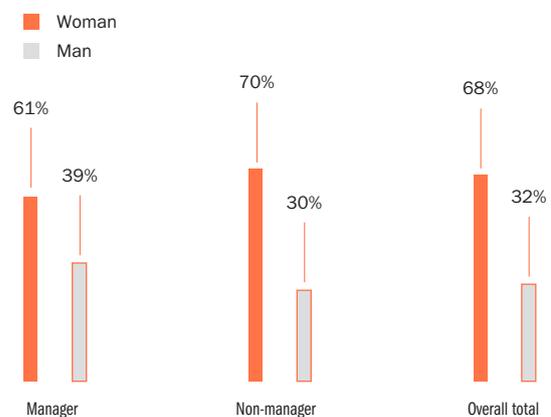
Diversity management

This respect for differences is presented to the employees in the code of ethics, formalised in 2009, that serves as the guarantor of objectivity, equal opportunity and promotion of diversity without discrimination in recruitment, career development and daily management.

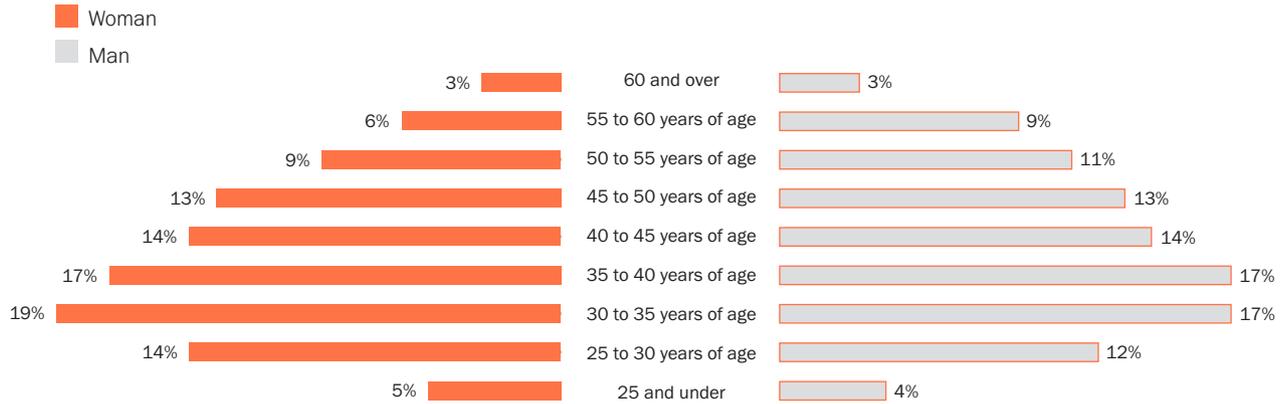
2.2.2 CHALLENGE: MAINTAINING DIVERSITY

Maintaining diversity in terms of people and talents is the foundation of the House's wealth and creativity. The Hermès Group is committed to the principles of recognition and respect, irrespective of one's origin, gender, family situation or *métier*. The diversity policy is overseen by a member of the Executive Committee in charge of Governance and Organisational Development. It is based on the values and ethics of the House and on the actions overseen by the Group's human resources department.

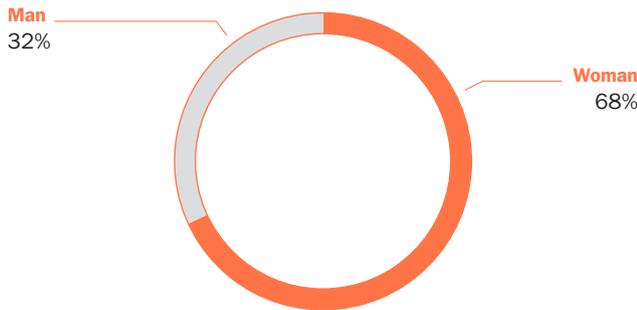
GENDER BREAKDOWN BY CATEGORY (MANAGERS/NON-MANAGERS)



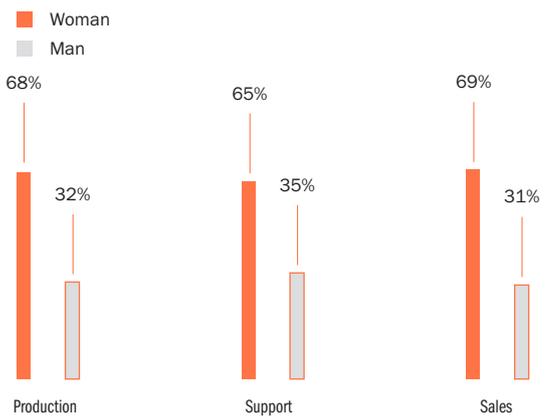
AGE PYRAMID BY GENDER



BREAKDOWN BY GENDER



BREAKDOWN BY GENDER BY SECTOR



To develop responsible management, the “Alterego” training programme highlights the richness of diversity for the company and thus reinforces fair management in access to employment and career management. Started in 2017, this programme continued in 2019 with 12 one-day sessions for 153 divisional and local managers from all entities in France. The objective is to involve them in a responsible employer culture by prompting several discussions about disability, religion, gender equality and inter-generational management.

Social diversity

Employee recruitment respects profile diversity wherever Hermès operates. To foster this diversity, certain sites work with specialised partners. Holding Textile Hermès chose Open Emploi, which specialises in employment diversity, as its partner to hire long-term job seekers and senior workers. Ateliers AS uses the Alterego programme to support its managers in terms of inclusion in its workshops. At the Leather Goods division and CATE, recruitment is only carried out through aptitude tests and not using CVs, a system which favours a diversity of profiles.

In the United States, all Hermès Of Paris employees receive diversity training. In 2019, 715 of them were trained in “Understanding unconscious bias” and 192 managers were trained in “Overcoming unconscious bias in the workplace”. To raise awareness of and prevent harassment in the workplace, Hermès Of Paris has placed harassment awareness modules online. These modules have been taken by 522 employees and 196 managers (the subsidiary employs 876 people). This pilot training will be used as a base for the roll-out of similar training on an international scale.

In the Retail Europe division, teams that are multicultural in terms of nationality are multiplying. The Hermès Italie team took part in a Diversity Day to recruit people from diverse backgrounds.

Gender equality

Gender equality is one of the fundamental principles promoted by the Hermès Group. Special attention is paid to equality, particularly in the awarding of equal pay for equal work and ensuring equal opportunities at all levels of employment. Training is provided to management and the subject is specifically addressed in the framework of human resources department meetings.

The gender equality index was created in 2019 to eliminate gender inequality in the companies. In companies with more than 250 employees, it is calculated based on five indicators: the gender pay gap, the gap in the breakdown of individual pay increases, the gap in the breakdown of promotions, the number of employees receiving pay increases upon returning from maternity leave, and parity among the 10 highest packages. At Hermès, in the scope of relevant companies, the weighted average of the pay equality index is 94 out of 100. The indices of the different companies fall into a range between 79 and 100. The index of the holding company, Hermès International, is 99 out of 100; this is the same as for Hermès Sellier, which has the largest workforce.

The Hermès Group is largely made up of women (68%), who are represented at all hierarchical levels (54.2% in top management positions - see chapter 3.3.2.4) and in all activities. The Hermès Group's policy is to guarantee a total non-discrimination in the treatment of its employees.

In early 2019, Hermès harmonised its international maternity leave practices by defining a minimum maternity leave period of 16 weeks, maintaining 100% basic pay and making 100% coverage of childbirth expenses available to all employees in addition to those paid by public bodies.

In order to develop women's leadership, 19 managers in France and 26 Hermès managers in Europe and Asia (chosen because they were identified as employees with potential) benefited from the EVE programme in 2019: 12 women in 2019, compared with seven in 2018. The proportion of women identified as Talents and able to benefit from internal mobility was deemed satisfactory. Among Future Leaders, 11 internal transfers were made, including seven women, and among Confirmed Talents, 23 internal transfers were made, including 13 women. These are potential employees called upon to take on high level positions in the organisation over the long term and identified in the biennial Talent review, a process steered by the Group and conducted locally by the human resources departments alongside Managers.

In France, agreements or action plans relating to professional equality have been renewed with various provisions such as the granting of rest days for parents or spouses with a seriously ill child or spouse, the authorised absence of the future mother's spouse for mandatory examinations, and the implementation of parenting interviews upon return from paternity or maternity leave.

At the Watches division, an internal survey on gender equality was conducted. Hermès Suisse offers each pregnant employee a meeting with a midwife to discuss her rights, best practices and recommended postures.

At Holding Textile Hermès companies, pension contributions for part-time employees are paid by the employer on a full-time basis and parents are authorised to be absent from work in the event of serious illness of the child (for up to 10 hours per week), to be adjusted in agreement with their manager. Women in managerial roles and positions of responsibility at production sites benefit from personalised coaching support.

At Hermès Sellier, in addition to the crèche in Pantin for the children of employees, the number of additional crèche places reserved by Hermès International and Hermès Sellier has increased in Paris, Pantin and Lyon to facilitate work-life balance (more than 60 places reserved instead of 40 last year, enabling employees to benefit from places in inter-company crèches).



94 / 100*
**in the gender pay
equality index**

* global index of weighted averages

Disability

Hermès has long been committed to integrating people with disabilities into its different *métiers*. Thus, the first Disability agreement was signed in 2017 with all the representative trade unions within the Group. For 2018-2020, Hermès set itself the ambitious goal of increasing its use of socially supported organisations by 20% per year, and the target was met in 2019.

The Hermès Group's Disability agreement team joined forces with a network of 12 Disability Officers in each *métier* (Textile, Leather, Crystal, Perfumes, Home, Women, Hermès Services Groupe, Hermès International, Hermès Commercial, Hermès Distribution France) to help all sites make progress in integrating and maintaining the employment of those who are temporarily or permanently disabled. The network of Disability Officers meets on a regular basis to share best practices, visit sheltered work establishments (Esat) and promote skills development. In 2019, the network received training on mental disabilities from Club House, an association that works to combat the stigmatisation and isolation of people with mental disabilities and facilitate their social and professional reintegration.

This overall mobilisation around disability in France was recognised twice in 2019 by the Ministry of Labour, with participation in the Successes in Social Dialogue Day for the co-construction methods used for the Disability agreement, and then during the disability workshops organised as part of the "France, a chance, companies commit" operation.

After an initial year that saw the employment rate of people with disabilities rise from 3.99% to 4.93%, Hermès continued its efforts in 2019. The 2019 employment rate was 5.68%.

The employment rate (excluding the various reductions that can be applied) is based primarily on a direct employment rate of 4.90% compared with 4.21% in 2018 and 3.51% in 2017. The overall employment rate, including reductions, is 7.48% exceeding the legal threshold of 6% at the Group level, as in 2018.

In 2019, taking into account the results achieved, Hermès reaffirmed its efforts and its commitment to disability issues by allocating a matching contribution in excess of €0.15 million per year to enable the Hermès Group's Disability agreement team to continue its work over the three years of the agreement with the same budget.

In 2019, the Hermès Group's Disability agreement team took part in 10 employment forums dedicated to disability. Discussions have begun with Défense Mobilité and Cabat – *Cellule d'aide aux blessés de l'armée de terre* (Aid Unit for Wounded Army Personnel) to develop the reclassification of injured soldiers. The three-year partnership with Sciences Po Paris on the Accessible programme dedicated to students with disabilities continued.

The commitment to 20 permanent contracts initially set for December 31st 2020, the date on which the first Disability agreement expires, was reached in 2019 with the hiring of 13 people with disabilities, in addition to the nine new hires made in 2018. The Leather Goods division accounts for the majority of these permanent employment contracts, in view of the volume of annual recruitment, but also of management's objectives and the adoption of the Simulation Recruitment Method (SRM).

The Fitolieu site, a production site and training school for the Savoie Dauphiné division, is particularly involved. The multi-year partnership with the Ohé Prométhée association made it possible to organise two recruitment sessions in 2019 dedicated to people with disabilities, each bringing together around 30 participants and with the presence of a French sign language translator. Each of the two sessions resulted in the integration of two people with disabilities. This same partnership enabled SNC to organise a dedicated recruitment session and to integrate a person with a disability into the intake of seamstresses.

The integration of different types of disability provides opportunities to improve the training of managers, tutors and colleagues, such as the DIS plan (for DISORDER, all specific cognitive disorders and the learning disorders that accompany them) rolled out at the Leather Goods division – Pantin to promote the integration of a young work-study student.

On a day-to-day basis, workers provided by EAs/Esats contribute to various activities (cutting, order preparation, logistics, security, concierge services, mail dispatch, etc.) at various *métiers* (Hermès International, Hermès Services Groupe, the Leather Goods division, the Perfumes division, etc.). These collaborations provide opportunities to encourage new long-term hires.

In 2019, over 40 employees completed their initial disability recognition process, bringing the total number of employees with disabilities to 516 full-time equivalents, compared to 362 in 2018. Initiatives of this nature

testify to the confidence these employees have in Hermès. The people concerned will benefit from dedicated support in their position and for job retention. Over 50% of the Disability agreement budget was devoted to workspace adaptation, the financing of individual equipment or the granting of Cesu compensation for people with disabilities.

The Handi'Cap 2019 Forum, organised by the House at the Espace Jean Louis Dumas in Pantin, brought together, around 12 themed booths, around 100 internal stakeholders, all of whom are essential levers for the effective implementation of the Disability policy.

Nearly 28 "duodays" were organised, inviting a change of perspective by welcoming a student with a disability for a day to help him or her discover a *métier*. The Perfumes division and Cristallerie Saint-Louis were particularly involved in this nationwide initiative, which enabled people with disabilities from outside the Company, whether job-seekers or from Esat-type support structures, to spend a day sharing the daily lives of employees and thereby discovering the behind-the-scenes workings of production or support *métiers*.

In November, the European Week for the Employment of People with Disabilities provided an opportunity to organise various events to change perceptions and combat stereotypes. Numerous events were held at sites in France, enabling employees and by extension their families to learn more about disability (Christmas market with products made by Esats at Hermès Commercial, inspiring lectures by Dorine Bourneton, a disabled aerobatics pilot, lectures by Equiphoria on the benefits of equine therapy for people with disabilities, massages given by the visually impaired, etc.).

The members of the SECs of Cristallerie Saint Louis, Ateliers AS and the Tannerie du Puy benefited from training on disability.

The Perfumes division's Vaudreuil site took part in World Down Syndrome Day in March.

At Hermès Distribution France, in order to better welcome people with disabilities in the stores, sales associates were trained to better take into account the specificities related to each type of disability, with the acquisition of *savoir-faire* and interpersonal skills for reception, accessibility and safety on the premises.

Hermès also supported the co-financing of three training courses (€5,000) in office automation *via* the HandiPlume training centre, enabling 30 EA/Esat workers to receive a professional certificate (PCIE and Facilitexte).

In Italy, a specific programme for the integration of people with disabilities was set up in the Milan and Rome stores, while disability awareness actions were carried out at the Cunéo Tannery.

The Prudhomme brothers – master craftsmen and instructors

Promoting the emergence of craftspeople and stimulating their growth: this is the approach adopted by Hermès in its leather métiers. Indeed, the House does not hesitate to recruit talents from all backgrounds as they will diversify and enhance its sixth generation of leather craftspeople. In-house, the task of training, guiding and nurturing these future holders of leather savoir-faire is assumed by experienced master craftsmen like the Prudhomme brothers, who



are foremen at the Pantin leather goods site. Lionel and André, who are easily recognised through their white coats, tirelessly pass on the use of the tools and working methods they master to perfection, after some forty years with the Company. They thus teach the teams all the secrets of a precious and capricious material, as each hide is unique and reacts in its own way. This method of transmission, down to the finest detail, enables Hermès to increase its leather working savoir-faire over the years.

2.2.3 CONTRIBUTION TO THE UN'S SUSTAINABLE DEVELOPMENT GOALS (SDGs)

People are critical to our sustainability project and the initiatives conducted by the Hermès Group. They help to publicise the following SDGs (the numbers refer to the UN's official typology):



No. 3: Good health and well-being

- ◆ 3.8: “Achieve universal health coverage”.
The House’s employees have access to health coverage and social protection based on each country’s regulations and practices. This coverage is the subject of a specific reflection and discussion group on healthcare costs. This body, set up on a voluntary basis, enables constructive discussions on the balance and development of the healthcare cost regime applicable in the majority of the Hermès Group’s companies. Lastly, in addition to the fixed and variable compensation paid to employees, the Hermès Group also offers health insurance and welfare benefits, not only in France but also in the other countries where it operates.
- ◆ 3.9: “Reduce the number of deaths and occupational illnesses”.
In addition to our HSE activities (as a reminder, all industrial sites are in OECD zones subject to strict regulations), the management of indicators relating to health, safety and absenteeism led to the introduction of training programmes on well-being and health, or the prevention of RSIs (repetitive strain injuries), in order to prevent and reduce the impact of occupational illnesses.



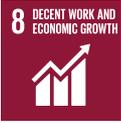
No. 4: Quality Education

- ◆ 4.5: “Eliminate gender disparities in education and ensure equal access, including for people with disabilities”.
Helping people with disabilities access and retain employment is a major issue. With the signature in France of a Group agreement for 2018-2020, Hermès set itself the ambitious goal of increasing its use of socially supported organisations by 20% per year. This target was met in 2019. As part of social dialogue in France, an agreement was signed on gender equality in 2019. In addition, during salary reviews, compliance with the principle of equality is systematically executed. Lastly, specific training in diversity management has been provided since 2017.



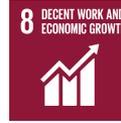
No. 5: Gender equality

- ◆ 5.1: “End all forms of discrimination against women”.
Women represent an important part within the Hermès Group (68% of employees). At Group level, women managers represent 61% of employees.



No. 8: Decent work and economic growth

- ◆ 8.5: *“Achieve full and productive employment and guarantee equal pay for work of equal value”.*
The Hermès Group contributes to job creation, especially in France. The Hermès Group strives to guarantee equal pay by taking into consideration each person’s positioning in relation to their peers (level of responsibility, male/female). They are also linked to the Hermès Group’s growth, by means of the allocation of free share plans. The rate of full-time employment is 95%.
- ◆ 8.6: *“Promoting the employment of young people”.*
Partnerships and agreements with schools make it possible to recruit future employees, while welcome sessions for schoolchildren and students within the various entities are opportunities to present the diversity of the *métiers*.



No. 8: Decent work and economic growth

- ◆ 8.7: *“Ethics and fundamental commitments to human rights and labour organisation”.*
The Hermès Group has defined and monitors the implementation of uncompromising standards and practices on these subjects.
- ◆ 8.8: *“Health and safety at the workplace”.*
Hermès is very vigilant on these subjects, and implements a health and safety policy overseen by the HSE network. The production facilities, in the OECD area, are very demanding on these topics. Surveys have been carried out as part of the well-being approach, in collaboration with professionals, so that employees can express their feelings on the related themes. The results are used to set up corrective working groups.

Comprehensive annual report:
[https://finance.hermes.com/var/finances/storage/original/
application/098b0de969efabaace34b1a1c43e2a72.pdf](https://finance.hermes.com/var/finances/storage/original/application/098b0de969efabaace34b1a1c43e2a72.pdf)

Hermès International

24, rue du Faubourg Saint-Honoré – 75008 Paris.

Tel.: + 33 (0)1 40 17 44 37

ISBN 978-2-35102-0722

A Hermès publication

© Hermès, Paris 2020

Illustration credits

Page 5, 197, 198, 199, 202 : Valérie Archeno

Page 15 : Olivier Metzger 1, Edouard Caupeil 2

Page 99 : Benoît Teillet

Page 111 : Christophe Bornet

Page 205 : Olivier Metzger

Page 213, 215, 217, 219, 221, 222, 223, 225, 226, 228, 229, 231, 232, 233, 235, 250, 252 : Edouard Caupeil

Layout: **Labrador**

