

2019 UNIVERSAL REGISTRATION DOCUMENT

CSR EXTRACT NON-FINANCIAL PERFORMANCE STATEMENT (NFPS)



2

CORPORATE SOCIAL RESPONSIBILITY

NFPS

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2.7.1 CHALLENGE: REGIONAL RESPONSIBILITY IN FRANCE

Hermès' regional responsibility in France makes use of the resources from the regions in which it is located, enhancing their value, regenerating them, transforming and revealing them.

2.7.1.1 POLICY

Hermès chooses to locate its manufacturing sites mainly in France. This is the case for its Leather Goods & Saddlery division's activity, where the industrial development approach is the one of spin-offs: organic development that creates human-scale production sites (approximately 250 people), which starts with a core group of experienced craftspeople, who train newcomers.

2.7.1.2 MEASURES IMPLEMENTED AND RESULTS

A site location strategy that includes labour-related, societal and environmental aspects

Hermès operates in 12 of the 13 regions of France with close to 80 sites (production units, stores, logistics sites, offices) where 9,522 Group employees work. The craftsmanship model that it employs in France brings with it a regional corporate responsibility. The establishes itself for the long-term.

Since the launch of the first site in 1837, the locations for production units have been chosen to support hubs of regional expertise. The Silk division has five sites in the Lyon region (761 jobs), concentrating the House's *savoir-faire* in this domain. The complementary lines of *savoir-faire* – such as weaving, engraving, printing, dyeing, finishing and sewing – are grouped together under the holding company Holding Textile Hermès. The Passerelle extension project, launched in 2019, is the concrete demonstration of the House's desire to contribute to the sustainability of local *savoir-faire*. This large project at Pierre-Bénite (near Lyon) aims to support two new printing lines and eventually create 120 additional jobs. The project is expected to be finalised for 2021.

The CATE porcelain production site is based in the Limousin region (217 jobs), the cradle of porcelain production, with Beyrand, a colour printer since 1926, which joined the Hermès Group in 2013. The renovation and extension work in progress will be delivered for the second half of 2020. In the Périgord region, the Nontron site is a good example of the Group's desire to develop its local footprint. Hermès, thanks to its decision to set up a porcelain production site, was able to hire 200 people impacted by the closing of a manufacturing site. Today, with three companies, Hermès employs 471 people at Nontron. Finally, Maison Saint-Louis, founded in 1586, is located in the heart of the Lorraine forest, the source of all the raw materials necessary for crystal manufacture. It has carefully preserved over 10,000 moulds that can be reused at any time to manufacture the production unit's crystal objects.

The leather goods sites continue to expand according to customer demand. Out of the 17 Leather manufacturing sites, all in France, eight have opened since 2015: Maroquinerie Iséroise, Tardoire, Héricourt, Normandie, Saint-Junien, Allan). Maroquinerie de Fitiellieu opened in

2019. Several new sites are projected to open: the Maroquinerie de Guyenne in Saint-Vincent de Paul and the Maroquinerie de Montereau, which are expected to be completed by the end of 2020. In line with the creation of divisions, the openings of a second leather goods unit in Normandy as well as one in the Ardennes are planned, respectively, for 2021 and 2022.

The choice of new sites responds to a desire for local integration on three levels: respect for local expertise, sustainability of *savoir-faire*, and desire to create local jobs bringing life to the regions.

These sites are built according to several different types of opportunity: the labour pool, the takeover of existing sites and a change of activity, or the establishment of new sites. The sites are voluntarily set up near schools offering leatherwork training programmes. The geographical locations of the sites are distributed throughout France, organised by regional divisions, in particular for leather (see Map of sites in section 1.7.2).

On an environmental level, the Hermès Group's commitments are integrated upstream to obtain buildings that meet its objectives in terms of standards and impact. Projects for new sites undergo an environmental study, submitted to the authorities at the same time as the building permit application. This process covers aspects such as soil surveys and respect for biodiversity. The history of the local architecture and the emblematic materials of the region are also integrated in the thinking and design of new production units. The choice of construction projects for the two future leather goods production units (at Louviers and in the Ardennes department) reflect this ambition, for example.

The work on the two permanent leather goods sites (Montereau and Guyenne) is in progress, designed to comply with HQE+ (high environmental quality) standards. The work is carried out closely with all stakeholders. Local companies are given priority in competitive bidding when they meet the specifications.

The two sites will include the creation of company restaurants and are examining opportunities for sourcing supplies locally, with nearby vegetable production.

In addition, the creation of sites organised by division (maximum three sites) promotes project synergies, recruitment of experts, skills improvement, and also presents opportunities for internal mobility ensuring the sustainability of the model.

Close relations with local authorities to contribute to life in the region

In order to contribute to the development of the host regions, site construction projects are prepared in cooperation with the local association of municipalities. This makes it possible to examine impacts on aspects such as mobility (mobility plans, impacts on transport), as well as the industrial risk, in keeping with HSE regulations.

Special attention will be paid to the potential of the local employment pool, transport infrastructures, possibilities for local housing, and schooling for families. The quality of the partnership with town halls plays a determining role, as for example at Saint-Vincent de Paul (Gironde department), where Hermès is providing assistance to the municipal village transition project, driven by the goal of a true local life for the families that are settling in the community.

The development of craft métiers and job creation

The sites all maintain close relations with local Job Centres and schools. The goal is to help train the new generations of craftspeople, as well as showcase our offers and *métiers*, allow hands-on practice, and explain leatherwork *métiers* to the young generations. Regardless of the site's activity (leather, silk, or other *métier*) or its geographical location, this approach consists in:

- ◆ organising information forums with the Job Centre (*Pôle Emploi*);
- ◆ high school student visits to the workshops to discover the artisanal *métiers* (such as leather);
- ◆ talks in secondary schools to present the *métiers* prior to the pupils' choice of a career path;
- ◆ the creation of appropriate local training programmes. Hermès is working on the creation of a professional baccalaureate in leather goods with the vocational school in Montereau.

This year, Hermès created 676 jobs in France. In addition to this direct impact, our establishments, which are often in rural areas, provide a major local boost to the communities concerned: stimulation of local consumption, construction support, impact on community needs (maintenance of classes in schools, public transport support, etc.) and municipal resources *via* taxation.

Our regional development also promotes the development of schools and local training programmes, from which only a small number will join the Hermès Group.

The following examples illustrate the operations conducted in 2019:

Leather Goods division

In every project, a temporary workshop is set up for a period of 18 to 24 months prior to the opening of the site, in existing buildings that have been renovated in accordance with the Hermès Group's standards. Recruitment is carried out locally. These temporary workshops are attached to a reference site, and in-house trainers ensure the transmission of *savoir-faire*. The first cohort of some 30 craftspeople is recruited on the basis of manual skills using a simulation-based method, devised in collaboration with the Job Centre (*Pôle Emploi*) and emphasising manual aptitude, without CVs. Every six months, a new group is brought on board and trained by in-house trainers. The craftspeople are then provided with continuous training from tutors. Upon opening, about 100 people are already operational and ready to launch the leather goods activity. Ultimately, the workforce will reach an average of around 250 (a maximum of 300 per site) craftspeople three years after the opening date. This number of employees will allow the craftsmanship dimension to be preserved, and quality relations between employees and management.

The development of temporary workshops open in 2018 at Saint-Vincent de Paul, in Gironde, and Montereau, in Seine-et-Marne continued using this method and two groups of approximately 30 people were recruited locally at each of the sites, creating more than 120 jobs at these leather goods sites alone.

This policy of building up regional bases resulted in the creation of a new division in 2019: the Normandy division. A temporary site was opened in September 2019 in Louviers to allow the arrival of new cohorts of workers, near the Maroquinerie du Val de Reuil, inaugurated in 2015. A first group of some 30 people was recruited and started work in September. The Louviers project is carried out in very close cooperation with the town hall, the broader urban community and local stakeholders. The environmental goal of building projects corresponds to the highest level of energy performance and sustainable development goals ever set for a leather goods project.

Finally, in 2019 a decision was made to open a 21st leather goods site in the Ardennes, in order to create an Ardennes division starting in 2020. This project also entails a commitment to ultimately create 300 local jobs, at Tournes, a village near Charleville-Mézières, focusing on helping to energize the region. This new site, which is environmentally friendly and respects the quality of life of the people living nearby, will benefit commercial, recreational, charitable and educational activities through job creation.

In addition, the leather goods sites are carrying out initiatives to help the local communities:

- ♦ the Belley leather goods unit takes part in the monthly local “Commissions Emploi Formation” (job training commissions) with the stakeholders in the Bugey Development;
- ♦ the teams at the Savoie-Dauphiné division volunteer in high schools to present their *métier* and the leather goods industry to students;
- ♦ several divisions (Savoie-Dauphiné, Sud-Ouest, Franche Comté, etc.) host classes of students at their sites to introduce them to the world of craftsmanship;
- ♦ as part of the Fondation d’entreprise Hermès’ Manufacto project (section 1.9) in the Paris region, Lyon and in Franche Comté, several craftspeople took part in initiatives in partner elementary, middle and high schools in 2019;
- ♦ at Pantin, a partnership was developed with the Plaine municipality to host young people from underprivileged neighbourhoods for training, through the Apels, the Association for Education through Sports. Seven young people started in the fall of 2019;
- ♦ many sites give training, maintenance work, etc. to EAs/Esats or other local providers (see section 2.6.1.2).

Textile division

As part of the *Passerelles* project, the Silk division signed an Agreement with the City of Lyon, via the Maison Métropolitaine de l’Insertion par l’Emploi (the city’s integration through employment agency), undertaking to ensure that subcontracting companies involved in the *Passerelles* work sites provide a certain number of hours of integration work for people from priority sectors of society:

- ♦ organising and tracking by the City’s specialised consultants;
- ♦ directly managing and assisting companies for the implementation of their commitments (recruiting assistance, making contact with specialised agencies, etc.).

The division also took part in the Lyon Jobs Forum, with 80 candidates received, as well as in the “1,000 Companies for Jobs Forum” at the Lyon Jobs and Professional Training Institute.

HTH maintains close relations with the silk apprentice training centre (CFA Textile) and FrenchTex, France’s leading regional professional textile organisation. As such, it also sits on the Board of Directors of Cepitra, the Chamber of Apprentices in the Textile *Métiers* and AR2I (OPCO).

The division participates in the Alliances et Territoires community, which meets quarterly to examine current topics and issues relating to recruitment, training and skill development. Alliances et Territoires is a network of 16 Lyon-based companies, partnered with ALLIES and the MDEF, that are committed to developing employee skills and improving their employability through a GPEC-T (forward-looking regional jobs and skills management planning) approach aimed at promoting the development of individual and collective skills throughout the Lyon region.

The partnership with Open Emploi (a socially-oriented temporary employment agency that promotes the employment of people from diverse backgrounds) continued, leading to three recruitments (temporary assignments and fixed-term contracts) for people with disabilities for a position of textile visitor.

Tanneries

The setting up and operation of tanneries provide opportunities to develop discussions with stakeholders, in particular on environmental subjects. Accordingly, Tanneries du Puy organised meetings on the water challenges with local residents, town halls of local municipalities, as well as the broader urban community of Le Puy. They also hosted a visit by employees of the water agency, advisors at the Le Puy Job Centre (Pôle Emploi) as well as local students.

The Tannerie de Montereau proposed a meeting with elected officials of the regional government authority on the theme of regional water challenges. It presented its project combining the tannery and leather goods workshop to the Montereau area local association of municipalities (CCPM) and local companies. It is also involved in a working group initiated by the CCPM to re-energize the business park and develop common projects (waste management, energy use, etc.).

The Tannerie de Cuneo, in Italy, set up a partnership with the Consorzio Socio Assistenziale (public agency for assistance to people with disabilities) to fit out a vehicle to transport persons with reduced mobility, used by the Cuneo community network. In return, the Consorzio conducts disability awareness-raising initiatives in the Tannery (services available for people with disabilities, possibilities of insertion, recruitment assistance).

Other métiers

Since 2017, Hermès Femme has developed a partnership with the Jean-Luc François association, in which the *Programme Couture et Métiers* develops the skills of people having great difficulty finding work. In 2019, in this framework, a migrant following a professional integration scheme was given an internship in the Women’s Ready-to-Wear workshop. In all, three people were welcomed for 15-day internships since the start of the partnership, and always successfully.

The Perfumes division works closely with Cap Emploi 27 (“30 days to find my job” scheme) or the city of Val de Reuil (participation in the Jobs Forum on work/study contracts in March 2019). It also took part in the Handisup Forum that included about 100 students with disabilities seeking internships, work/study contracts or summer jobs.

Hermès Commercial in Bobigny has supported a partnership plan for local integration through employment (*Plan Local d'Insertion par l'Emploi* – PLIE), which helps job seekers find employment.

When approached, the stakeholders show great openness and a drive to move forward in a mutually beneficial way during the recruitments conducted.

Relations with elected officials

In 2019, Hermès brought together 17 elected officials from municipalities in which the production sites are located, with their respective Directors as well as two members of the Executive Committees and the managing directors of their leather goods, tanneries and sustainable development activities, for one day. The objective was to strengthen dialogue and pursue actions with elected officials in the local authorities of the areas where the House is established. After a presentation by Hermès, working groups discussed sharing of best practices and additional expectations that could be developed together.

Following this day, a number of concrete actions were taken or extended on the themes of assistance in local recruitment, neighbourhood planning, assistance to employees new to the municipalities, actions for environmental protection or increasing the effectiveness of local professional training programmes.

Seine-Saint-Denis

Hermès joined the association Réseau Entreprendre 93 at its creation in 2003. It participates, along with the other members, in the selection, financial support and coaching for start-up projects whose common point is their strong job creation potential. In 16 years, 1,700 jobs were created by 175 new companies under the system. About ten employees of the House are now involved in an advisory role with start-ups fostered by Réseau Entreprendre 93. Between Pantin and Bobigny, the sites located in Seine-Saint-Denis represent a total surface area of 100,000 m² and house 2,000 employees, 400 of whom live in the department. This proportion is expected to increase thanks to link-ups with candidates by the employment agency in Pantin. While Hermès is one of the largest employers in Seine-Saint-Denis, it is also involved in promoting talent from this region.

At Pantin, the House also provided its assistance to the local authority to create the Revel house, a centre for promoting the *métiers* of art and design, and a “*métiers* workshop” at the employment centre. In 2017, Axel Dumas, Executive Chairman of Hermès, strengthened this partnership by signing an “Enterprise-region” charter with Est Ensemble. This association of nine municipalities includes Pantin and Bobigny, where Hermès is also located. Hermès is involved in talent promotion, through various initiatives in Seine-Saint-Denis, beyond its contribution as one of the largest employers in the department. One of the objectives is to strengthen the Company’s participation in local economic development and employment, with the result of good conditions and services that support its employees’ integration.



Over **280**
solidarity
actions
around the world

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

The actions that were taken in relation to our “stakeholders” and in terms of “local integration” refer to the following SDGs (the numbers refer to the UN’s official typology):



No. 1: No Poverty

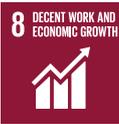
The Hermès retail subsidiaries, as part of a Hermès Group policy, take part, at their level, in many local actions in favour of disadvantaged communities. Through its contribution to the Livelihoods Fund, Hermès also helps to reduce poverty and hunger in countries where it does not operate. The various projects supported by the Fund improve the living conditions of communities in Africa, Asia and South America, with a positive impact on almost one million people.



No. 4: Quality Education

◆ 4.4: “Increase vocational skills”

Through its local relations with schools and training centres, and via the payment of the apprenticeship tax, Hermès contributes to skills development. For its part, the Fondation d'entreprise Hermès (Hermès Foundation), contributes through its programmes to the training of artisans.



No. 8: Decent work and economic growth

- ◆ 8.1: “Sustain economic growth”
Our development, and that of the new facilities helps to create local value. Over the last five years, the Hermès Group has opened eight new production sites and created 2,471 jobs in France.
- ◆ 8.3: “Development of employment and local purchasing”
The work carried out in partnership with French job centres made it possible in particular to hire people at the leather goods workshops, who did not have experience as craftspeople. Today, 90% of craftspeople that join the House have not received related training. Simulation exercises during the recruitment process give everyone a chance. The Construction division purchases materials locally whenever possible for all new buildings.



No. 12: Responsible consumption and production

- ◆ 12.8: a “More sustainable consumption patterns”
Hermès’ objects are designed to last. They are handed down from generation to generation: they can be repaired. After-Sales services covers all *métiers* of the House (including exceptional, single or customised products).



No. 15: Life on land

- ◆ 15.5: “Restore endangered natural habitats”
The projects undertaken by the Livelihoods Fund contribute to the restoration of wetlands and also help to limit the impact of climate change. The replanting of mangroves in India or Indonesia, for example, helps to shore up areas that are exposed to monsoon activity or tropical tornadoes.



No. 16: Peace, justice and strong institutions

- ◆ 16.5: “Reduce corruption and bribery”
Hermès’ policy on ethics and business conduct condemns and prohibits any illicit conduct in this regard, resulting in formalisation efforts and more stringent controls since 2017 in accordance with French law.



No. 17: Partnerships for the goals

- ◆ 17.1: “Contribute to the development of certain countries, in particular through the payment of tax”
The Hermès Group does not have a significant presence in developing countries. Retail subsidiaries abroad comply with taxes and specific local charges associated with development.

Comprehensive annual report:
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