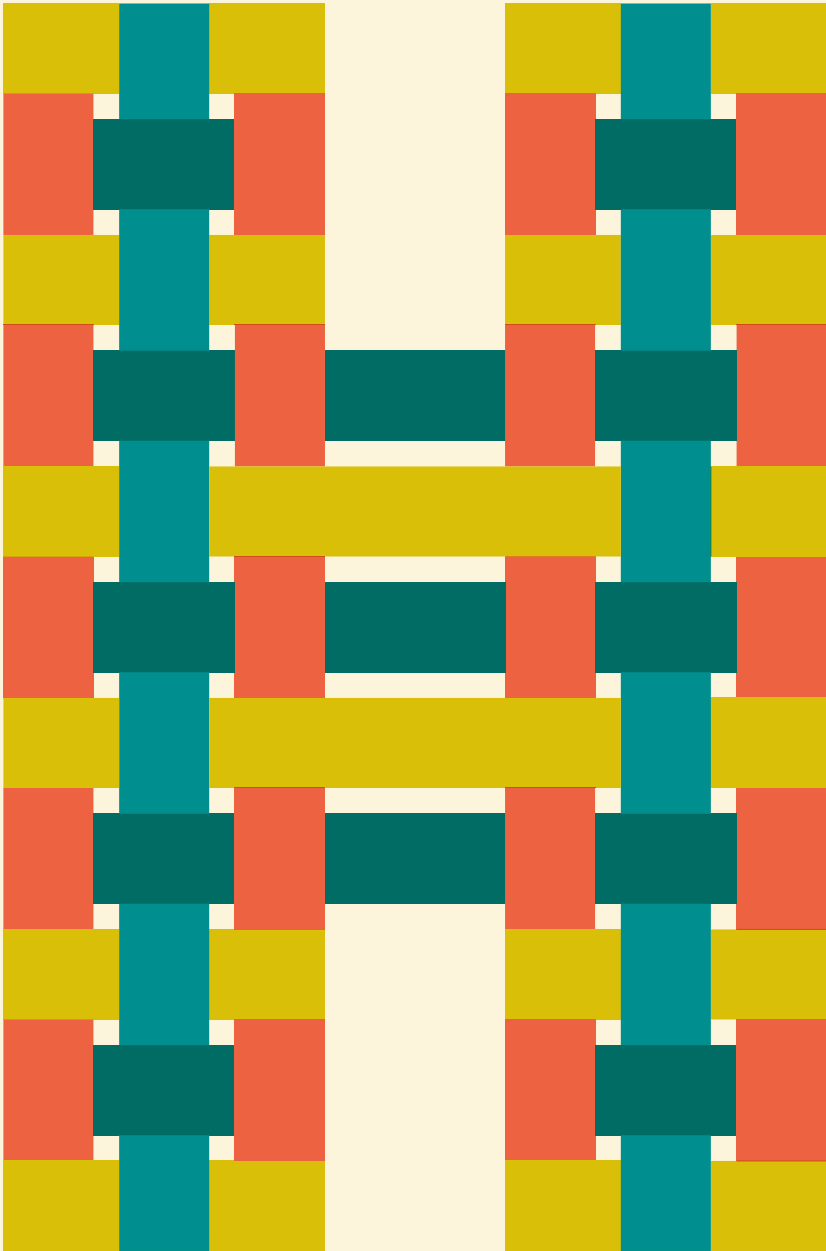


# 2020 Universal registration document

CSR EXTRACT  
Non-Financial Performance Statement (NFPS)



### 2.3.1 ACQUISITION, ENRICHMENT AND TRANSMISSION

To develop its integrated craftsmanship model, Hermès must strengthen its teams in all professions: craftspeople, sales associates, producers, experts in transverse functions.

In a context of medium-term growth in activity, the House's sustainable development rests on its ability to recruit people who will be able to express their talents throughout their careers. Hermès pays particular attention to relations with educational establishments and recruitment in its employment areas.

#### POLICY

Recruitment is managed by each *métier* and subsidiary to ensure the perfect match with the local context. The policy for recruitment and relations with partners is defined by the holding company. In France, the holding company also manages relationships with educational establishments, communication and pooling of recruitments. In this way, the Hermès Group hopes to make applicants more aware of the *métiers* and the uniqueness of the House, attract candidates who believe in the business model and its values and will then be able to select the best profiles, capable of feeling at home within teams for a long time.

#### MEASURES IMPLEMENTED AND RESULTS

For more than ten years, the Leather Goods activity has been planning its recruitments based on site openings, notably in conjunction with the National Employment Agency. With its in-house training procedures, the House has the levers to strengthen its vital production force. **In 2020, Hermès launched a Strategic Workforce Planning approach** designed to anticipate the needs of the various sales functions for each region of the world and to manage this growth in the workforce as effectively as possible, in terms of recruitment, integration and development prospects, while ensuring the transmission of the culture that makes Hermès unique. The study reconciles the characteristics of the employees present and the forecasts in terms of the outlook including store openings and changing needs in future *métiers*, while including an average minimum turnover of 8%. Following this analysis, action plans are being prepared on the various dimensions: talent retention, recruitment strategies and mobility development, associated with development programmes for the future leaders of tomorrow.

#### 2.3.1.1 IMPLEMENT SYSTEMS AND RECRUIT THE BEST PROFILES FOR THE VARIOUS MÉTIERS

An employer promise that reflects the reality of Hermès as a responsible high-quality employer

##### 2.3.1.1.1 Employer brand

Hermès seeks to attract talented people who want to join the House, motivated by a collective project above all, a requirement for quality and a long-term vision. Once the technical skills have been secured, the recruitment criteria are largely based on personality attributes to ensure compatibility with Hermès' culture and values.

In 2020, Hermès rolled out the visual identity of its employer brand "Tous artisans" created in 2019 to better deploy its strategy. The challenge is to meet recruitment needs in terms of quality and volume while respecting the House's requirements in terms of *savoir-faire* and *savoir-être*, a guarantee of successful integration and success within Hermès.

**On the career site, more than 214,262 applications were registered in 2020.** The publication rate of LinkedIn posts has been stepped up to three per week in order to retain followers and involve them more closely in the life of Hermès in its multiple dimensions: creator, craftsman, retailer, manager and communicator. The varied content illustrates the vitality of Hermès around each of the pillars of its employer promise. Showing Hermès from the inside in this way allows candidates to get a better feel for the Company. This increase in publications, which totaled more than 60 over the year, resulted in an engagement rate of 5.44%.

The Maroquinerie de Guyenne received the 2020 CSR award from the list of companies recruiting in Bordeaux and the surrounding area, organised by the newspaper *La Tribune* in partnership with Bordeaux Métropole and Pôle Emploi.

In terms of the employer brand and recruitment in Europe, the partnership with the Easyrecrue platform makes it possible to offer European candidates recorded video interviews, which saves time for recruiters and provides for more modern interaction with candidates. Webinars and testimonials from the House's employees have been designed in a spirit of sharing to enable interns, work-study students and sales associates to prepare for the interview by immersing themselves in materials about the House.

Hermès China opened an employer page on Wechat in July 2020 to take advantage of the power of the most influential Chinese social network, which is widely used locally. The number of followers on the Hermès Wechat account was 1,149,000.

##### 2.3.1.1.2 Recruitment

Despite the unusual context of this year, the House managed to maintain recruitment by relying on the strength of its model and adapting its recruitment methods to the situation.

Hermès is recruiting in four complementary areas:

- ◆ internal mobility is the preferred source for building the Hermès of tomorrow with the resources of today, for people wishing to have a long career within the House. An internal job posting platform enables employees to find numerous opportunities;
- ◆ when vacancies cannot be filled internally, they are posted on the career website <https://talents.hermes.com/fr/>;
- ◆ at the same time, all vacancies on the career website are automatically published on LinkedIn;
- ◆ finally, recruitment firms are involved in a search whenever the need arises.

The **House strengthened the digitization of its recruitment processes**, by rolling out widely remote interviews by video-conference. This has made it possible to absorb an increase in high-quality unsolicited applications, which reflects both Hermès' influence in its industry, and the current economic context.

These operational improvements ease the tensions that exist in certain markets or sectors. In China, recruitment within the distribution sector remains competitive given the country's dynamism. There is also tension around other roles such as Data Manager, Supply Chain MOA, or in positions with very specific skills such as jewellery and gemology. The mobility of candidates, which has been reduced due to the health crisis, makes certain searches more complex.

Hermès Maroquinerie-Sellerie, the Group division that carries out the most recruitment, has ensured greater coordination with local players (Pôle Emploi) and has set up a centralised recruitment process for certain divisions (collective information, workshop visits and training, simulation-based recruitment tests) in order to improve the quality of its recruitment.

A strategic workforce planning system has been put in place for the entire Retail sector with the aim of anticipating the needs of distribution subsidiaries over a five-year period (see above).

**Hermès also received an award for best employer this year – ranking third in the luxury goods industry – in the Epoka-Harris Interactive ranking based on a survey of students and young graduates.** Lastly, Hermès Australia was named Best Retail Employer of the Year in the world of distribution.

### Employment

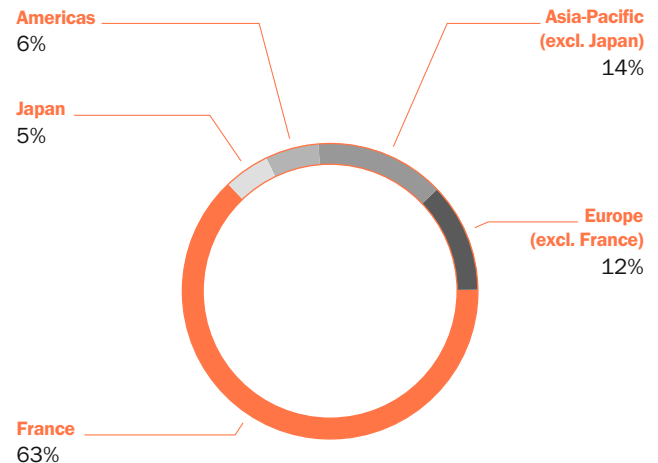
The Hermès Group continues to recruit and increased its workforce by 1,183 people (including 1,068 permanent employment contracts and 861 in France). Nearly half of this comes from the consolidation of the J3L group, Hermès' long-standing supplier. On a like-for-like basis, the workforce was up by 694 people.

At the end of 2020, the Group employed 16,600 people, including 10,383 in France. As has been mentioned, the Production sector saw the most growth, with the creation of 967 new jobs (481 in 2019), in order to increase production capacity and to protect savoir-faire and sources of supply, followed by the Retail sector, with 33 additional jobs created (388 in 2019). **Over the past five years, the workforce has increased by 4,356 people.**

The last 10 years have not required the Hermès Group to undertake any restructuring efforts for economic reasons that had any consequences with regard to jobs. During development operations (site construction), any transfers were on a voluntary basis. In France, individual redundancies involved 176 people in 2020 (193 in 2019).

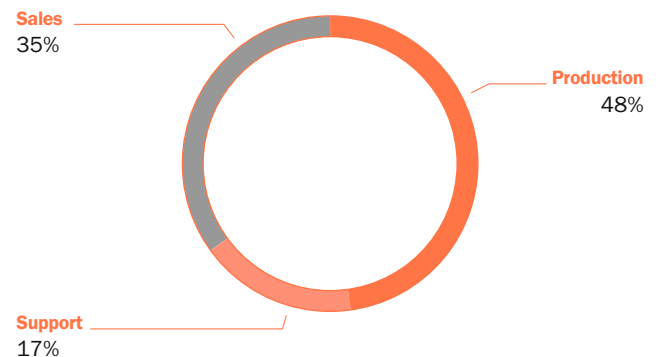
Hermès' policy is to ensure job security by recruiting the vast majority of its employees on permanent contracts. Concerning employee turnover, the total number of dismissals represented 1.09% of the Group's average global headcount.

### BREAKDOWN OF EMPLOYEES BY GEOGRAPHICAL AREA



When recruiting, a particular focus is placed on the personality of the candidate: a sense of teamwork, a spirit of curiosity, a commitment to quality and attention to results are key criteria because they play a determining role in the future employee's ability to bring something to the corporate project while participating in the strong team spirit that informs the internal experience.

### EMPLOYEES BY SECTOR



WORKFORCE BY REGION AND GEOGRAPHICAL AREA

	Production			Sales			Support			Total		
	2019	2020	%	2019	2020	%	2019	2020	%	2019	2020	%
France	6,488	7,162	89%	1,318	1,356	23%	1,716	1,865	69%	9,522	10,383	63%
Europe	398	699	9%	1,018	978	17%	236	261	10%	1,652	1,938	12%
Asia-Pacific	91	83	1%	1,966	1,977	34%	322	315	12%	2,379	2,375	14%
Americas	76	76	1%	802	802	14%	189	199	7%	1,067	1,077	6%
Japan			0%	724	748	13%	73	79	3%	797	827	5%
<b>Total</b>	<b>7,053</b>	<b>8,020</b>		<b>5,828</b>	<b>5,861</b>		<b>2,536</b>	<b>2,719</b>		<b>15,417</b>	<b>16,600</b>	
%		48%			35%			17%				100%

2

**Craftspeople represent a workforce of 5,617 people in France and 6,265 worldwide. 17% of employees are under the age of 30.**

In 2020, 1,452 job offers were published on the careers website (compared to 2,019 in 2019). This change is explained by the health crisis. The site registered 214,262 applications (compared to 176,623 in 2019), which illustrates the House's increased attractiveness, in particular due to its higher visibility. A total of 834 hires were made via the site (compared with 1,463 in 2019), including 249 permanent employment contracts, 124 fixed-term employment contracts, 113 work-study students and 348 interns.

**2.3.1.2 ENSURING THE SUSTAINABILITY AND DEVELOPMENT OF SAVOIR-FAIRE**

Hermès bases its growth model on a culture of continuous improvement. This is why the House ensures the sustainability and enrichment of its often-exclusive *savoir-faire*, its acquisition and transmission to all employees regardless of their function (craftspeople, sales associates, support personnel, etc.). This involves accompanying the development of employees throughout their career, supporting the excellence and effectiveness of their *savoir-faire* and preserving their employability. This commitment is reflected in appropriate training in all *métiers*, in all functions, both at Group level and locally (regional divisions, subsidiaries). **In 2020, 72% of Group employees took at least one training course.**

**On-boarding new employees and passing on a unique corporate culture to them**

The sustainable development of the House is based on the ability of its teams to be part of its long-term values and corporate project. So that those who join Hermès can take part in its corporate project under the best possible conditions, the House devotes care, attention and time to their integration. This involves passing on the fundamentals of the House's culture, the keys to understanding the organisation to guide them and direct them in their first decisive steps in their contribution and sense of belonging to Hermès. In most subsidiaries, the assignment of a mentor and the implementation of induction programmes are planned to welcome new employees.

For example, in 2020, Hermès Greater China launched the "100 days" programme for all new employees, a sponsorship lasting 100 days focusing on four key aspects of distribution. In addition, 171 people benefited from an induction day on the history, culture of Hermès and the subsidiary, as well as more operational information. In Japan, 52 new employees took part in H Style sessions, which give them the keys to understanding Hermès in several stages over the course of a year, both from a cultural and operational point of view.

The main programmes for integrating and transmitting the Hermès culture are described in more detail in chapter 2 "Corporate social responsibility", § 2.3.1.3.1.

**An ambitious and scaled-up development and training offer**

In 2020, Hermès scaled up the Group's development and training offer to better support the subsidiaries and complement their local offer.

This Group-wide training offer has a new common identity, Hermès Campus, structured around four areas: House culture, management, expertise and personal development.

In the specific context of the health crisis, face-to-face training sessions were given during part of the year, then later in the year they were provided remotely.

**In 2020, the Hermès Group devoted more than 391,737 hours to training, including over 237,300 in France** (excluding apprenticeships and apprentice contracts). Nearly 70,154 training sessions took place (this figure corresponds to the total number of training sessions followed; any one employee may have followed several training sessions during the year), i.e. an average of 5.6 hours per training activity. Training costs in France (invoicing in 2020 of external and intragroup training) amounted to €2,388,000. This figure does not reflect the entire training effort, since it does not include *métier* training dispensed directly in the workspace.



**391,737**  
**hours of training**  
**in 2020**  
(for 16,600  
employees)

### 2.3.1.2.1 The House culture, the foundation for learning

The Group's policy is to develop an integration and acculturation pathway for all employees, through Group-wide and local programmes.

- ◆ **"Mosaïque"**, the week-long induction programme for all new employees in France on permanent employment contracts, has been scaled up. 206 employees were able to effectively assimilate the Company culture through visits, testimonials and presentations giving a broad and well-illustrated vision of Hermès;
- ◆ the **"Happy Culture"** programme, aimed at employees with more than three years of service, enabled 64 employees to deepen their understanding of Hermès culture, to better understand the new dimensions of the House and to discover behind the scenes;
- ◆ the **"IFH"** programme, dedicated to members of the Management Committees of the sites or subsidiaries, invited 21 employees to share the vision and strategy of the Group and the *métiers*, thanks to a new remote format;
- ◆ **"H Immersion"**, the integration programme for new employees of the Retail subsidiaries, was delivered in a local format lasting one to four days to all new employees in sales, *i.e.* 622 participants. Given the health situation, the sessions were managed remotely from March;
- ◆ in many subsidiaries, the **local integration programmes** were able to run: "Tous en Selle!" for 53 employees within the Hermès Maroquinerie-Sellerie central services division, "Au fil d'HTH", a three-day integration programme in the Textile division for 22 employees, "1ers regards" at Hermès Femme, "Bienvenue à la maison" for 50 Hermès Maison employees, a new integration programme for 10 work-study students at Hermès Commercial, and at Hermès Parfums & Beauté, the rollout of the "Premiers Pas" programme continued for all new permanent employment contracts and "Découvrons Hermès Parfums & Beauté" for fixed-term employment contracts, work-study students and interns.

**In total, these integration programmes reached more than 1,000 employees Group-wide.**

1. CQP: vocational qualification certificate.

2. VAE: validation of acquired experience.

3. CAP: vocational aptitude certificate.

### 2.3.1.2.2 Management at the heart of the Group's ambition

In 2020, the House proposed a new individualised and ambitious development pathway for all managers, in order to strengthen their skills and thus contribute to the smooth and efficient functioning of the teams over time:

- ◆ the "H Keys" programme welcomes new managers for three days to give them the keys to understanding the House, help them adopt a managerial stance in line with its values and create links between the managers in various entities. The "Hermès Manager" programme provides a common foundation on the fundamentals of management techniques;
- ◆ lastly, 15 more specific modules are proposed (360°, communication, feedback, creativity, collaboration, co-development, recruitment, compensation, employment law, remote management, digital management, cross-functional management, etc.), allowing individualised support for each manager according to their needs.

Locally, new management training courses have been introduced for local issues. Thus Hermès Maroquinerie-Sellerie offered 65 managers the *Artisan Manager-Manager d'Artisans* course, a set of modules to deepen various aspects such as budget construction and management, personnel administration and applicable labour rules, and the fundamentals of employment law. New short formats of individual coaching or remote co-development workshops were introduced by Hermès Femme, Hermès Maroquinerie-Sellerie and Hermès Bijouterie. In the UK, John Lobb provided training to 30 managers on managerial skills and co-development between peers. Korea developed a new "Luxury Attitude" programme for nine managers.

Lastly, some training sessions usually conducted face-to-face have been adapted for remote use, such as the annual interview or the "Collaborative Manager" programme at Hermès Distribution France. The US subsidiary rolled out a new 360° assessment to help managers better understand their management style.

### 2.3.1.2.3 The high expectations of savoir-faire

The House's policy is to consolidate and develop individual expertise, increase versatility, ensure that *savoir-faire* is shared within teams and that this is passed on from generation to generation and preserve our talents. The excellence of all our *savoir-faire* is expressed not only through the quality of the objects but also through our ability to craft them in a way that respects both the craftspeople and the environment.

**Hermès is developing in-house training schools for its major craftsmanship *métiers* – Leather, Textile and Tanneries – enabling this *savoir-faire* to be perpetuated and handed on.** This can be seen, in particular, in the acquisition of *savoir-faire* in an employee's first job as a leather worker, in an engineering incubator within the École des Tanneurs and the École du Textile, and the recognition of the qualifications gained through on-the-job training<sup>1</sup>, experience validation<sup>2</sup> or diplomas (CAP<sup>3</sup>, etc.). **The Group employs 107 full-time trainers in its *métiers* in France.**

Within the **Leather Goods sector**, a network of *métier* trainers is structured and encouraged by regular meetings where new ways of working and transmission techniques are shared.

The École du Cuir has enriched its programmes to support the key challenges of development and transmission of skills. New hires receive initial training in Table, Cutting and Leather Goods stitching at all sites, and new starter training in Saddlery stitching was developed this year.

In total, the École du Cuir is 12 programmes enabled 515 employees to be trained in 2020 (i.e. a total of nearly 6,100 since 2011) and resulted in the achievement of 283 diplomas or certifications (i.e. despite the constraints related to the health context, a number close to the 321 obtained in 2019): 208 CAP vocational qualifications in leatherwork, 31 saddler and leather worker (*Sellier Maroquiniers d'Art*) diplomas, 19 CQP Cutting diplomas and two art *métiers* diplomas (*Brevets Métier d'Art*). As part of the validation of acquired experience (VAE) scheme, nine people received CAP vocational qualifications in leather work, five people the saddler and leather worker (*Sellier Maroquiniers d'Art*) diploma, eight people the CQP Cutting diploma and one the CQP Stitching diploma.

	Education	2019	2020
École du Cuir	CAP vocational qualifications in leather work	197	208
	<i>Sellier-Marouquinier d'Art</i> (saddler and leather worker) diploma	76	31
	CQP Cutting diploma	21	19
	<i>Brevets Métier d'Art</i> (Arts <i>métier</i> diploma)	-	2
VAE	CAP vocational qualifications in leather work	9	9
	<i>Sellier-Marouquinier d'Art</i> (saddler and leather worker) diploma	8	5
	CQP Cutting diploma	10	8
	CQP Stitching	-	1
<b>Total CAP</b>		206	217
<b>Total certifications</b>		<b>321</b>	<b>283</b>
<b>Total trainers</b>		<b>82</b>	<b>83</b>

Another important issue is the professionalisation and support of trainers, which has led to 83 trainers from the table, cutting and stitching sectors to take part in meetings to share experiences and receive regular training in areas such as communication, personal development and teaching.

**Holding Textile Hermès** has one of the largest Textile divisions in France in the Rhône-Alpes region (more than 850 people); the division is home to many unique forms of weaving and silk printing *savoir-faire*, which Hermès works hard to maintain.

In 2020, the two working groups dedicated to training related to the Outlook approach, in anticipation of retirements, intensified their discussions. One worked on the redesign of the Printer training course, notably with a local partnership initiative with an artisanal fabric printing workshop in Lyon, while the other worked on the “quality control” organisation for which 30 recruitments will be made by 2022.

The holding company also continued the *Résonances* programme, designed to sharpen artistic and cultural skills among development, colouring, and creation teams.

**Hermès Maison** developed the Supply Chain Pathway training course to enable all the players concerned to improve their knowledge of scheduling, planning and procurement expertise through the sharing of best practices with other *métiers* in the House.

**Cristalleries Saint-Louis** continue internal training on *métier savoir-faire* for 39 craftspeople. A training centre was set up in the hot-part workshops.

For **the distribution subsidiaries**, Hermès Group Campus designed, developed and rolled out several training programmes for sales employees. The Sales & Service Ambassadors programme, which aims to train people in customer service that matches the quality of the objects, is being rolled out around the world, but with a local twist. The Sales & Service Leader programme, launched in 2017 to give store managers the means to be true entrepreneurial owners of their local project, continued its rollout in the various regions. The Retail Developer programme, also introduced in 2017 and linked to the Sales & Service Leader programme, was also maintained.

In addition, Hermès Group Campus leads the community of *métier* and market trainers, in charge of product training for sales associates. Two remote Train The Trainer sessions were devoted to the seasonal collections to enable the 24 *métier* trainers to pass on their knowledge and expertise to the market trainers who, in turn, will train the store teams.

This year, all Retail subsidiaries have developed product training and distance selling techniques using new tools to create interactive and participatory learning experiences. The opening of the new stores in Moscow, Madrid and Stockholm posed the particular challenge of training the new teams in a way that provides the same level of quality but in a context that is often difficult. **The Retail subsidiary in France** introduced the *Sacrés Français* training for 150 employees in order to fully understand the specific expectations of French customers, better meet these expectations and encourage customer loyalty.

#### 2.3.1.2.4 Increasing everyone's potential through personal development

At Hermès, *savoir-faire* is inseparable from *savoir-être*. The House therefore offers programmes mainly dedicated to developing behaviors in situations involving speaking in front of others, conducting meetings or project management, with priority placed on the quality of the relationship between individuals and collective harmony.

In the particular context of the health crisis, several of these programmes have been adapted to a distance format to ensure employees receive a high-quality learning experience, combining the acquisition of theoretical skills and moments of collective discussion.

For example, **Hermès Maison** created interpersonal skills workshops for all the division's employees and managers in order to develop constructive relationships, preserve emotional resources and cultivate positive emotions.

#### 2.3.1.2.5 Propose a multimodal offer

In the specific context of the health crisis, the House accelerated the provision of a multimodal offer to support lifelong learning at Hermès by creating:

- ◆ the **My Campus digital training portal** for French-speaking employees, including new training and development tools: catalogue of the internal training offer, internal e-learning, talks, serious games, access to the *Culturiosité* general knowledge platform in partnership with Artips and to a business philosophy platform in partnership with Philonomist;
- ◆ the **Hermès Métiers Retail training digital portal** in five languages (French, English, Chinese, Korean and Japanese) containing the essentials of each of the 16 *métiers* and intended for all sales associates;
- ◆ The **"InterHactions"** programme, intended to maintain and develop links within the French-speaking community. The Campus newsletter is sent regularly to more than 1,500 French-speaking employees, including internal and external development content, along with invitations to talks on the themes of creation, digital, openness and understanding of the world and well-being. Some 20 talks have already taken place and have been attended by over 2,000 employees.

At the same time, the entities have also developed new tools: **Holding Textile Hermès** produced a virtual reality film to present ATBC Challes' exceptional *savoir-faire* in horsehair weaving. **The Hermès Of Paris subsidiary** developed 84 "Return to Learn" virtual classes with an average of 363 participants each time, with topics ranging from the development of professional skills to interviews with Hermès Senior Executives and the sharing of *métier* expertise. The aim was to maintain employee engagement and support the emotional well-being of the teams during this time of great uncertainty by connecting employees with each other.

#### 2.3.1.3 INTEGRATING SUSTAINABLE DEVELOPMENT ISSUES INTO SAVOIR-FAIRE

**Integrating sustainable development into the *savoir-faire* of all *métiers* and all employees is a strategic challenge.**

The sustainable development strategy is set by the sustainable development department at Group level with Retail subsidiaries, production sites, *métiers* and support functions. It is based on raising awareness and empowering employees, who are the agents of change.

Given the great diversity of the *métiers*, the sustainable development department operates on a decentralised basis and relies on a network of more than 200 ambassadors worldwide. This network is broken down into different levels of expertise, functional or operational, so that all employees are stakeholders in projects and informed of news. The network includes sustainable development managers in several entities, the HSE network referents, ambassadors in stores and production sites. In 2020, this network continued to grow, in France and internationally. For example, Hermès Maroquinerie-Sellerie structured its organisation with the appointment of a CSR Director and the establishment of a dedicated team.

In addition, the *métiers* and subsidiaries organise Sustainable Development Committees specific to their scope. These continue to increase in all sectors.

Understanding and practical application of challenges locally require:

- ◆ **the structuring and monitoring of roadmaps** by holding Management Committee meetings and running dedicated seminars:
  - for the 7th consecutive year, the sustainable development department organised a "sustainable development Asia" seminar, held remotely. In addition to the work on the Group's strategy and challenges, two groups and two talks were organised around specific themes: green logistics and packaging. These talks generated exchanges between participants from the Asian subsidiaries and, more broadly, with in-house French and European specialists. This special occasion allowed around 60 people to share their achievements and update their overall vision of projects managed centrally,
  - building on the success of these talks, the sustainable development department decided to repeat the experience internationally four times during the year, each time bringing together around 80 employees,
  - in September, Hermès Of Paris hosted a remote seminar including a presentation of current events and the House's major sustainable development issues, and a dedicated presentation on packaging. Two sessions were organised, each time bringing together 50 ambassadors from the subsidiary and stores in the United States, as well as representatives from the Canadian subsidiary,



- the roadmaps of the House's various entities continue to be structured and rolled out. They include projects relating to governance, the structuring of networks through the appointment of dedicated contacts, local coordination, training and well-being of employees, or concrete topics such as continued efforts in recycling and energy saving (lighting), protection and preservation of biodiversity, sponsorship (skills and financial), and support for local associations,

- for the second consecutive year, the Hermès Distribution France subsidiary gathered its ambassadors for a day to present the Group's sustainable development challenges and those more specific to their business. It was an opportunity to discuss challenges in the field and to adopt tailored action plans;

♦ **specific training modules:**

- the Group's strategy is explained in each of the Hermès Group Campus' internal training courses (Mosaïque, IFH, Happy Culture): 13 sessions took place in 2020. Locally, the subject is presented in training formats ranging from induction programmes to training for new store managers and sales associates (France, Brazil, Mexico, United States, Asia, etc.). The *métiers* encourage employees to learn about the environmental impacts of their activities (eco-textiles, circularity, innovation, plastic, etc.),
- in addition, a Group training programme was launched and hosted in the new Group LMS (learning management system) training channel. A section dedicated to sustainable development offers modules on different topics, either related to fundamentals or more specific subjects such as biodiversity. This programme is intended for all Group employees. The aim is to make employees ambassadors for sustainable development. Essentially in e-learning format, these modules will be rolled out widely in 2021;

♦ **spreading a sustainable development culture:**

- each level has a role to play. A page dedicated to sustainable development, accessible to all employees, has been hosted on the *HermèsSphère* intranet since 2018. An Editorial Committee, managed with the internal communication department, ensures regular communication of strategic information, as current events occur: 17 publications were issued in 2020. An internal social network dedicated to sustainable development also enables a community of committed employees from all backgrounds to share their ideas and best practices, and to promote the culture of "All artisans of sustainable development";

♦ **the sharing of best practices and internal facilitation** have been adapted to the specific context:

- the European Sustainable Development Week took place in two stages following the postponement of the date by government bodies in France.

In May, a symbolic campaign to clean up email boxes was carried out by all employees of the French subsidiaries and sites. This operation continued during the summer and made it possible to raise awareness of the environmental impact of digital on everyday life.

More specific events were held for three weeks between September and October, on the theme of solidarity: collection of toys and clothing, talk on skills-based sponsorship, disability awareness. Other actions have made it possible to draw employees' attention to biodiversity issues on the sites, using the gardens of the Cité des Métiers in Pantin and the beehives of the Bobigny site. Markets with produce from market gardeners provided an opportunity to build relationships with local stakeholders and promote local, seasonal food. An event promoted soft mobility for employees, while going out to meet farmers installed along the Ourcq Canal. Lastly, employees at the Vaudreuil, Cristalleries Saint-Louis and J3L sites undertook activities to protect the environment by organising clean-up days in natural areas such as riverbanks, sometimes in cooperation with local residents,

- for several years now, foreign distribution subsidiaries have embraced Sustainable Development Week and made it an essential event to get their employees involved in concrete actions. In Italy, Switzerland, Germany and Greece, a hundred or so employees organised the cleaning of parks, gardens and riverbanks, and collected more than 200 kg of waste.

To mark the 10th anniversary of the Livelihoods carbon offsetting fund, a remote talk was organised in early November in the presence of members of the Executive Committee and 140 employees. This moment of discussion around Hermès' long-term commitment to projects with high social, societal and environmental resilience also enabled Bernard Giraud, Chairman of the Livelihoods fund, to conduct a retrospective of all projects around the world through the publication of his book: "*Ces mains qui réparent la terre, récits d'une aventure collective*" (These hands that repair the earth, stories of a collective adventure),

- in addition, the sustainable development department coordinates the actions of the Paris sites and manages an internal events calendar in France with regular events throughout the year: donation of clothing or toys, participation of local stores in Earth Hour (an event to mobilise citizens for the planet organised by the WWF), charity baskets for charities, harvesting and potting of faubourg Saint-Honoré honey with the help of employees, etc.

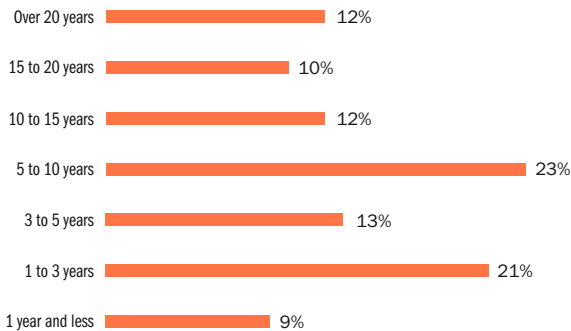


### 2.3.1.4 PROMOTING LONG AND SUSTAINABLE CAREERS

Loyalty is a value that contributes to the stability and sustainability of Hermès' model. For this reason the House strongly encourages the loyalty of its employees, makes them part of long-term projects and promotes long and sustainable careers.

**Average seniority is nine years, and 43% of the Group's total employees have been with the Group for less than five years**, resulting from fast growth in recent years. However, more than one-third of the workforce has been with the House for more than 10 years, illustrating the loyalty and opportunities for career development within the House. **In France, 25.8% of employees have more than 15 years of service.**

#### SENIORITY PYRAMID



#### 2.3.1.4.1 Retain long-term employees

During the period of instability and uncertainty related to the Covid-19 pandemic, the commitment shown by the House (maintenance of salaries in full), its solidity and its ability to protect its employees were important factors in fostering loyalty.

More generally, Hermès activates a number of motivation levers that help to anchor attachment and develop a strong sense of belonging: training throughout the career, internal communication, particularly with the HermèsSphère digital platform, and dedicated and targeted content focused on the Company's fundamentals, its *savoir-faire*, its *métiers*, markets, organisation, as well as the quality of the workplaces, the systems dedicated to well-being and the convivial meetings that create strong links between the employees.

To support the sustained growth of its divisions, **Hermès Maroquinerie-Sellerie** develops in particular the professionalisation of central services, the empowerment of teams, versatility and multi-skilling, integration into continuous improvement project groups, temporary secondments, additional assignments, internal mobility and promotions. In addition, at the sites, a seniority bonus has been introduced for non-managers. Following the health and well-being study conducted in 2018 and 2019, local action plans have been rolled out to continue improving well-being at work in consultation with all teams.

Within **Hermès Cuirs Précieux**, numerous cross-functional projects dedicated to innovation in all areas encourage the learning of new skills and internal involvement. A management style conducive to close proximity also serves to build loyalty and recognition.

**Hermès Femme** implements various initiatives to promote loyalty: personalised annual training plan, showcasing former employees and experts in their field renowned for transmitting their *savoir-faire*, monthly dialogue meetings, Hermès Femme lunches accompanied by the Chief Executive Officer and Human Resources Director, proximity to the Management Committee, Human Resources managers and other managers.

In **the distribution network**, development paths combined with an abundant training offer help motivate teams, who are happy to learn and grow.

Within **Hermès Distribution France**, the development of multi-skills is encouraged by the creation of the *École des artisans de la vente*, which offers initial and continuing training courses, and by the implementation of participatory and collaborative cross-functional projects.

**Hermès Grande-Bretagne** has set up the "Hermès hears" system to allow employees to express themselves freely.

At **Hermès Japan** motivational actions such as morning sessions with managers and the Chairman, as well as the involvement of employees in projects, contribute to giving meaning and improving efficiency. This satisfaction is confirmed by the very low turnover within the subsidiary.

#### Developing so we can build tomorrow

Hermès intends to facilitate the construction of rich professional and personal paths within the Group to bring out the leaders and managers of tomorrow. The challenge is to build the Hermès of tomorrow with the men and women of today.

**Each employee has an annual performance appraisal.** The Managing Directors of the subsidiaries and their Human Resources Directors oversee the annual performance reviews, which are based on annual interviews that provide an opportunity to take stock of the past year and build the objectives for the coming year, in terms of training. The Human Resources teams collect all of the roadmaps and use them to put the training plan in place. In France, this update on employee skills and professional development takes place in the form of a professional interview, which by law must take place every two years. Hermès has chosen to conduct this every year and to discuss the subjects reviewed during the professional interview at the annual interview. The Human Resources Director supervises the organisation of both interviews:

- ◆ the annual appraisal including performance reviews, the work environment, skills analysis and objectives for the coming year;
- ◆ the professional interview, to discuss medium-term perspectives with the employee (professional assessment, professional project, skills development plan and training).

In subsidiaries abroad, annual interviews are opportunities for discussion, formalised by a document detailing : the achievement of targets, performance, the managerial relationship, work-life balance, ethics and compliance, training requirements and the targets set for the upcoming year. Certain subsidiaries (the United States, Japan, etc.) adapt the Group formats in keeping with cultural requirements and legal constraints. The support given to employees throughout their career is informed by these annual interviews. Once a year, the subsidiaries also organise a Careers Committee, in which the Management Committees share individual situations and stimulate in-house mobility, which is the first lever for employee development. Annual “Talent Reviews” are also a way of learning more about employees and following their trajectories closely. This enables individual Executive development to be followed closely.

The Group human resources department monitors the development of talents, in close cooperation with the divisional human resources departments, and offers a range of programmes for them. **In 2019, the “Cavaliers” programme gave six groups of young talents the chance to reflect on a topic representing a strategic challenge defined by the Executive Committee.** In 2020, seven employees were involved in the Colbert Labo (Comité Colbert) on the theme of “How to bring environmental responsibility to life in a luxury goods house in light of new consumer expectations?”. A number of external programmes have been offered to more than 50 – including 37 in the “Eve” and “Octave” programmes rolled out by Danone – employees whom the House wishes to support on leadership issues in particular and in their personal development more broadly. Thus, 14 employees took part in the Noé programme provided by Danone to learn innovation techniques, and 14 people benefited from the Octave programme, which explores the themes of intergenerational working and global changes. For the third consecutive year, four employees were able to join the “Campus Formation Étudiants Entreprises” programme, which adopts the combined work-study contract approach to provide trainees with the digital skills necessary to support ongoing changes in areas including design thinking, project management, digital techniques and collaborative working... This leads to a Master’s degree, which increases their employability.

### A rich pool of talents to develop

Talent is a real asset for the Hermès Group as a whole, which shapes its future. Talent management is a joint project coordinated by the Group and managed in a spirit of sharing, transparency and consistency. The role of the Group Director of Human Resources and local Human Resources teams is to consider talented people in all their diversity and to stimulate their boldness and creativity.

The Group human resources department has been conducting a biannual talent review for the past 20 years. In 2020, it was decided to carry out this exercise on an annual basis in order to pay even greater attention to career management.

The talent identification and assessment model has been extensively revised to identify and support employees likely to take on responsibilities within the subsidiaries’ Management Committees and senior management. The emphasis has therefore been placed on the

ability to develop a strategic vision, to inspire and lead teams, to instill energy and promote the Hermès values. In order to achieve a fair assessment shared by the 27 subsidiaries, the Human Resources Directors conducted a calibration process for each major Upstream, *Métiers* and Distribution division, involving the managers of their Management Committees. At the end of the 2020 Talent Review, the “pool” of both expert and leadership talent was estimated at around 2.5% of the total workforce.

The Group’s desire is to nurture all these talents, by activating the levers of internal mobility, succession planning and the development plan.

A substantial range of Group development programmes is dedicated to this, such as the *Cavaliers* programme, which invites young talents to reflect on an issue defined and given to them by the Executive Committee (see above). For senior talents, the “Leading with art” programme was rolled out in 2020 to a group of 28 people: in two sessions of several days, this programme encourages leaders to lead in a creative and responsible way and promotes the emergence of an integrated, close-knit community of leaders.

In 2020, opening talks called *Hafterswork* brought together all of the Group’s Senior Executives on a bimonthly basis in order to put the situation into context, decipher the crisis and prepare for the future through a forward-looking approach. A very well-attended event, fueled by contributions from experts on contemporary and varied topics relating to leadership, sociology, economics, etc.

In parallel to these programmes, the Campus Hermès internal university offers training courses dedicated to leadership, in particular on understanding culture, management and management training. Furthermore, multiple external programmes are offered to support the development of talents in openness to the world, strategic thinking, leadership, digital, climate transition, etc.

### 2.3.1.4.2 Internal mobility

#### An organisation on the move

Benefiting from strong loyalty, the Hermès Group is very attentive to the issue of internal mobility, which is both the primary source of recruitment and the primary driver of employee development.

Various actions are led by the Group Director of Human Resources to build the Hermès of tomorrow with the employees of today: bi-monthly Career Committee bringing together the Human Resources Directors, “My way in Hermès” job vacancy platform, review of annual talent, constant coordination with the human resources network.

Locally, internal mobility employees are closely monitored. The regular organisation of secondments of employees offers the opportunity to experience a different *métier* or sector, as part of a specific assignment. Individual career interviews are offered when requested. The use of evaluation makes it possible to measure the potential to ensure adequacy with the requirements of the positions. In all subsidiaries, support, coaching and mentoring by managers aim to promote and encourage internal mobility.

During 2020, nearly 300 internal moves were carried out within the support and retail activities.