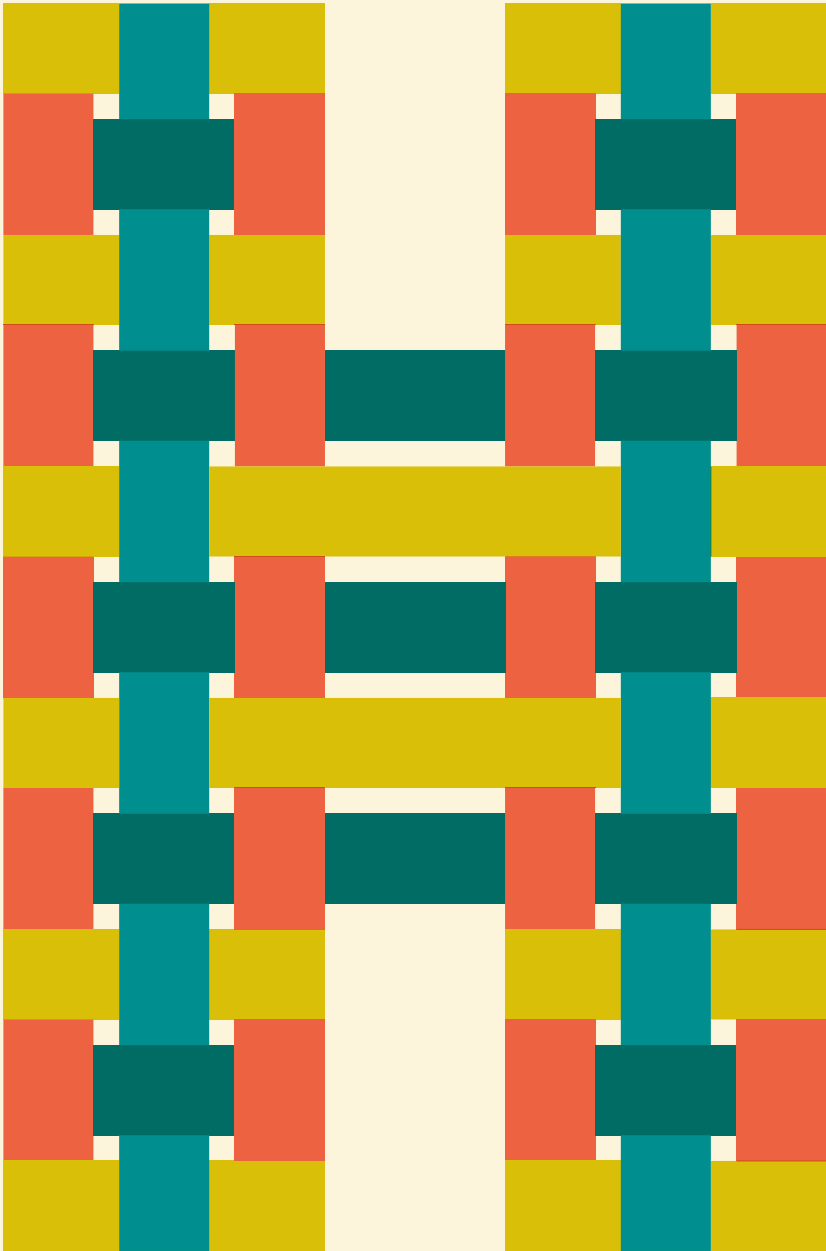


2020 Universal registration document

CSR EXTRACT
Non-Financial Performance Statement (NFPS)



2.7.1 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.

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 that of spin-offs: organic development that creates human-scale production sites (approximately 250 people), that start with a core group of experienced craftspeople, who train newcomers.

Hermès ambition is to contribute to the development of the regions by creating direct and indirect jobs, as well as by local initiatives.

MEASURES IMPLEMENTED AND RESULTS

2.7.1.1 PURSUE A MANUFACTURING DEVELOPMENT POLICY IN FRANCE

The Hermès Group operates in 11 of the 13 regions of metropolitan France, with more than 80 sites (production units, stores, logistics sites, offices) representing 10,383 Group employees. The craftsmanship model that it employs in France brings with it a regional corporate responsibility. The House establishes itself for the long-term and has increased the number of employees in France by 2,922 in five years.

Since the launch of the first site in 1837, the locations for production units have been chosen to support hubs of regional expertise. Hermès has 51 production sites in 9 of France's 13 regions. The Textile division has 5 sites in the Lyon region (856 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 in 2022.

The Cate porcelain production site (158 jobs) is based in the Limousin region, the cradle of porcelain production, with Beyrand, a colour printer since 1926, which joined the Hermès Group in 2013. Renovation and extension work was completed in 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 in 1990. Today, with three companies, Hermès has more than doubled its workforce and employs 449 people at Nontron.

Cristalleries 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 and employed 305 people at 31 December 2020 (permanent employment contracts and fixed-term employment contracts of more than nine months).

The Leather Goods sites continue to expand according to customer demand. As of December 2020, the House has 17 Leather Goods workshops. In addition, five site projects are underway and will open with their full workforce over the period 2021 to 2024, bringing the total number of Leather Goods workshops to 22. The Leather Goods workshops in Guyenne (Gironde) and Montereau (Seine-et-Marne) are completed and will be inaugurated in 2021, followed by those in Louviers (Eure) in 2022, Sormmone (Tournes/Cliron) in 2023 and Riom (Auvergne) in 2024.

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/or a change of activity, or the establishment of new sites. Sites are deliberately chosen near establishments offering leatherwork training programmes, in particular. The geographical location of the sites covers the whole of France, organised by regional divisions, particularly in the leather sector (see location map in § 1.4.2 of chapter 1 "Presentation of the Group and its results").

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. The study of soils, respect for biodiversity, the optimisation of energy consumption and the reduction of the carbon impact of sites, in particular, are designed upstream and are part of this process. 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 three future Leather Goods workshops reflects these intentions, in particular the Louviers Leather Goods workshop, which is the first French manufacturing site to aim to obtain E4C2 certification (see § 2.5.1.3).

The work underway on three Leather Goods workshops (Louviers, Charleville-Mézières and Riom) and is designed to comply with HQE+ (high environmental quality) standards. The work is carried out closely with all stakeholders. Local companies are given preference in competitive bidding when they meet the specifications.

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.

2.7.1.2 DEVELOPING HARMONIOUS RELATIONS WITH REGIONAL STAKEHOLDERS

In order to contribute to the development of the host regions, site construction projects are prepared in cooperation with the local association of municipalities. They address the impacts related in particular to mobility (mobility plans, impacts on transport), biodiversity and more generally the integration of the House in the challenges of the area concerned.

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 – 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 craftsmanship *métiers* and job creation

The sites all maintain close relations with local Job Centers 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 the Group's *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 Center (Pôle Emploi);
- ♦ workshop visits by high school students to discover the craftsmanship *métiers*;
- ♦ talks in secondary schools to present the *métiers* prior to the pupils' choice of a career path;
- ♦ the creation of appropriate local training programmes.

This year, Hermès increased its workforce by 861 employees 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, supporting real estate, impact on community needs (maintenance of classes in schools, public transport support, etc.) and tax resources of municipalities.

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

Moreover, Hermès places people at the heart of its activity and its day-to-day operations. In addition to actions linked to its own activities, it is also a socially responsible company in the places in which it conducts its business, building harmonious and constructive relations with stakeholders. The production sites interact with the municipalities, the local association of municipalities, and local agencies such as Action Logement. Hermès cooperates with partner associations for employment,

as well as with junior and high schools (Mission Locale, secondary schools and colleges, Action Logement, etc.), which provides the House with fresh young talent, thereby contributing to its expansion. Hermès also devotes efforts to creating links and supporting the disabled sector: whether for occasional services relating to the daily activity of the sites (maintenance, meal services, etc.) or for long-term partnerships as is the case of with the Micocouliers ESAT. As a committed and responsible company, a company that is always learning, Hermès shows its desire to give back to the world what the world has given it, through many local initiatives, in connection with their specific contexts on a national and international level.

The following examples illustrate the operations conducted in 2020:

Leather

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 (SBM), devised in collaboration with the Job Center (Pôle Emploi) and emphasising manual aptitude, without the use of 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 250 (a maximum of 300 per site), generally within three years of the opening date. This number of employees will allow the craftsmanship dimension to be preserved, and quality relations between employees and management.

In line with this regional approach, a new division was created in 2020: the Ardennes division. A temporary site opened in Charleville-Mézières in March to accommodate new classes, near the Bogny-sur-Meuse Leather Goods workshop, which opened in 2004. Two classes of around 40 people attended the training workshops in March and November respectively. This project at the Sormmone Leather Goods workshop (in Tournes/Cliron) is carried out in very close collaboration with town halls, the broader urban community and local stakeholders, with the aim of contributing to the revitalisation of the region. The environmental ambition of the construction project is both carbon neutrality of the site and a benchmark in terms of respect for and development of biodiversity.

Hermès has also chosen to create a new division in the Auvergne. The construction of the future site at Riom is being prepared in close collaboration with the Agence Régionale Auvergne-Rhône-Alpes Entreprises. A temporary site was opened in Riom in November 2020 and hosts a first class of 24 future craftspeople.

Lastly, the Leather Goods sites are working with local players to promote the craftsmanship *métiers* and favour a return to employment:

- ♦ as part of the Manufacto project of the Fondation d'entreprise Hermès (see box);

- ◆ in Pantin, a team has started a collaboration with “Sup de Pub”, winner of the French Ministry of Labour’s skills investment plan (PIC – 100% inclusion), in collaboration with the Fondation d’entreprise Hermès. This structure aims to help young people between the ages of 16 and 26 who have no or limited resources, networks or knowledge to support their capabilities and take the path of life they would like. **In 2020, 17 employees dedicated a day to Skills Sponsorship for this project, representing 119 hours.**

Textile

As part of the “Passerelles” project, the Textile 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.).

Holding Textile Hermès maintains close relations with the silk apprentice training center (CFA Textile) and FrenchTex, France’s leading regional professional textile organisation. As such, it also sits on the Board of Directors of Cepitra, the Chambre d’Apprentissage des Métiers Textile 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 eight assignments (five initial and three renewals of temporary assignments and fixed-term employment contracts) for people with disabilities, in textile visitor positions.

Seine-Saint-Denis

Hermès joined the association Réseau Entreprendre 93 at its creation in 2003. The House 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 17 years, 2,000 jobs were created by 200 new companies under the system. Some 10 employees of the House are 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. Hermès is one of the largest employers in Seine-Saint-Denis, and is 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 center for promoting the *métiers* of art and design, and a “*métiers* workshop” at the employment center. 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.