

A FRENCH MODEL OF CRAFTSMANSHIP THAT IS SUSTAINABLE AND CREATES VALUE

OUR ROOTS AND VALUES

An independent creative House since 1837, guided by the characteristics of craftsmanship. An integrated model of French manufacturing. A humanistic management of employees. A wide product offering of useful and long-lasting objects. A socially responsible company that is generous with the world.

UNIQUE HERITAGE

CREATIVE HOUSE

Creative heritage

Originally a harness workshop, Hermès has revolutionised riding equipment. Driven by creative freedom, the House innovates and revisits its timeless models.

CRAFTSMANSHIP MANUFACTURING MODEL

Savoir-faire heritage

Hermès develops and protects its often unique craftsmanship savoir-faire. The excellence of the craftsmanship techniques is passed on through a proactive internal training policy.

HERMÈS RETAIL

Retail heritage

Hermès takes a unique approach to developing its distribution network and digital flagships. Its artistic and poetic spirit permeates the creativity of stores and window displays.

Materials heritage

Hermès uses, respects and preserves the most noble materials, secures its supplies and seeks to limit their impact on biodiversity.

+50,000 products

48% of employees work in production

96% of hides are by-products from food industry

Operating in 50 countries

A FRENCH HOUSE WITH A GLOBAL REACH

51 production sites in France

- ◆ 2 sites in America
- ◆ 5 sites in Australia
- ◆ 6 sites in Europe

306 exclusive stores, including

- ◆ 29 in France



80% of objects made in France

61% of objects made in our in-house and exclusive workshops

63% of employees in France

92% of leather sourced in France and Europe

90% of sales outside of France

Detail in Section 1.4.2

EXCEPTIONAL OBJECTS DESIGNED TO LAST



Creative freedom

The designers sketch, innovate and revisit the House's models with the greatest artistic freedom and without ostentation.



Exceptional materials

Rare leathers, precious fabrics. Only the most beautiful materials are selected.



Development

Reconciling responsible sourcing, optimisation of uses, quality, innovation and eco-design for a virtuous life cycle.



Purchasing freedom

Store managers choose the products to propose to their customers.



Handcrafted production

Exceptional materials, expert skills. Production units take the greatest care in manufacturing the products ordered by the stores.



Exclusive distribution

Each store showcases a unique selection suited to its local market. The customer experience is unique and tailored with care.



Logistics

Destined for stores around the world, carriers deliver products to their destination while limiting environmental impact.



Lasting products

Because Hermès objects are passed down through generations, the House's repair shops maintain them and prolong their lifespan.



Responsible communication and transparency

Showing the outside world our achievements allows better understanding of actions undertaken.



End-of-life

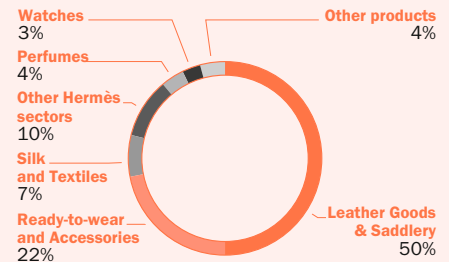
Work is constantly taking place to innovate and anticipate end-of-life of products and materials in order to optimize their usage.



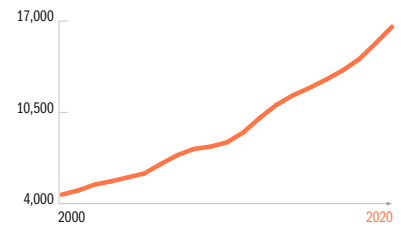
CONTROLLED DEVELOPMENT, SOLID RESULTS...

ECONOMIC*Design and grow*

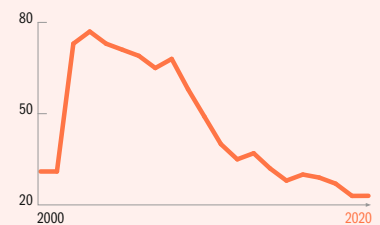
- ◆ €6.4 bn in revenue
- ◆ A limited decrease in revenue to 6% at constant exchange rates in 2020, despite the health crisis
- ◆ €2 bn in recurring operating income
- ◆ €448 m in operating investments
- ◆ €93 bn in market capitalisation as at 31 December 2020

BREAKDOWN OF REVENUE BY MÉTIER**SOCIAL***Value and transmit*

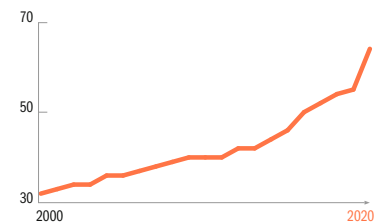
- ◆ 16,600 employees in 2020, of whom 5,617 are craftspeople in France
- ◆ 23 new production sites in France over the past five years
- ◆ Leather Goods division: 83 trainers instruct craftspeople in their new métiers for 22 leather goods workshops
- ◆ 60% of managers in the Group are women
- ◆ 25.8% of employees have more than 15 years of service (France)

CHANGE IN WORKFORCE**ENVIRONMENTAL***Respect and preserve*

- ◆ Over the last 10 years, reduction in industrial energy intensity -41.5% and industrial water -25.3%
- ◆ -4.7% of market-based Scopes 1 and 2 carbon emissions since 2018 (absolute value)
- ◆ Offsetting of 134% of carbon emissions from production, administrative and logistics sites, and stores (Scopes 1 and 2) with Livelihoods
- ◆ Collaboration with NGOs such as WWF France in the sustainable development of certain supply chains (leather, cashmere, wood, etc.)
- ◆ Nearly 120,000 repair requests per year
- ◆ 82.4% green electricity supply

ENERGY INTENSITY IN MWH**SOCIÉTAL***Develop and participate*

- ◆ Presence in 12 of the 13 French regions with more than 80 sites (production units, stores, logistics sites, offices)
- ◆ Creation of regional divisions of excellence
- ◆ 20-year average relationship with the 50 main direct suppliers
- ◆ 56% of purchases made in France (Top 50 direct suppliers)
- ◆ 100% of leather goods made in France

CHANGE IN NUMBER OF PRODUCTION SITES IN FRANCE**GOVERNANCE**

- ◆ CSR criteria in the variable compensation of the two Executive Chairmen
- ◆ A Sustainable Development Committee meets every two months with two members of the Executive Committee
- ◆ A CSR Committee within the Supervisory Board
- ◆ Internal and external ethics whistleblowing systems
- ◆ Contribution to 15 of the United Nations' 17 Sustainable Development Goals (SDGs)
- ◆ Global Compact Advanced Level



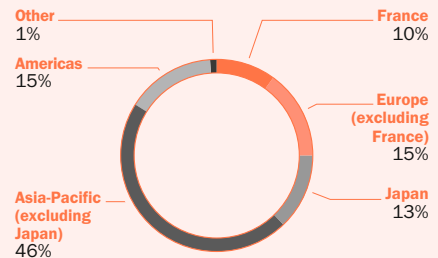
► ...CONTRIBUTING TO A MORE SUSTAINABLE WORLD

ECONOMIC

Design and grow

- ◆ 6 stores opened in 2020
- ◆ 31% consolidated tax rate
- ◆ 13,000 employee shareholders under the 2019 plan
- ◆ 4,356 new employees over the last five years

BREAKDOWN OF REVENUE BY GEOGRAPHICAL AREA



SOCIAL

Value and transmit

- ◆ 70% of employees have taken at least one training course worldwide, 2020
- ◆ 861 new employees in France in 2020
- ◆ 6,100 employees trained by the School of Leather since 2011
- ◆ 283 professional certifications obtained in 2020
- ◆ Partnership with the French Job Centre and education in the craftsmanship professions
- ◆ Disability: employment rate 5.68% (2019)
- ◆ 69% of the Operations Committee are women
- ◆ 92/100 Gender equal pay index (France)



ENVIRONMENTAL

Respect and preserve

- ◆ -50% GHG emission reduction targets (2030 vs 2018)
- ◆ 96% of skins are by-products from food industry
- ◆ Act4Nature commitment: Global Biodiversity Score study
- ◆ Publication of standards on Animal Welfare and creation of a monitoring committee since 2019
- ◆ 100% recycled gold and silver processed in the workshops
- ◆ Livelihoods: 130 million trees planted



SOCIETAL

Develop and participate

- ◆ 1 direct job created in a rural area indirectly leads to at least 1.5 other jobs
- ◆ 85% of direct suppliers committed to a CSR policy
- ◆ €40 m allocated to the budget of Fondation d'Entreprise Hermès over five years
- ◆ 12 Living Heritage Companies (EPV)
- ◆ 22 Meilleurs Ouvriers de France (MOF)
- ◆ €2.4 m in total purchases from socially supported organisations (EA, ESAT)
- ◆ 340 solidarity projects worldwide



GOVERNANCE

- ◆ Signature of the Fashion Pact in 2019
- ◆ Sustainalytics: 72/100 in 2019 (outperformer)
- ◆ ISS ESG: C (prime threshold: C+)
- ◆ CDP 2020: A- (Water security), B (Climate change, Forest, Cattle)
- ◆ Positivity index 2020: B+, (CAC 40 average: C+)

