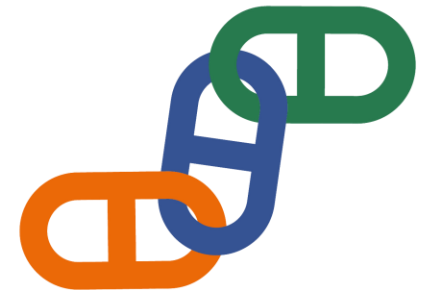
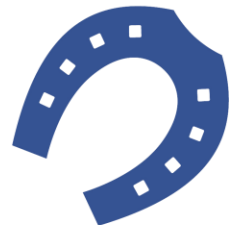
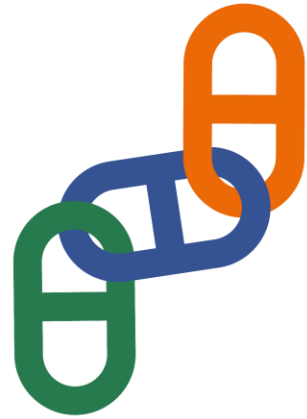
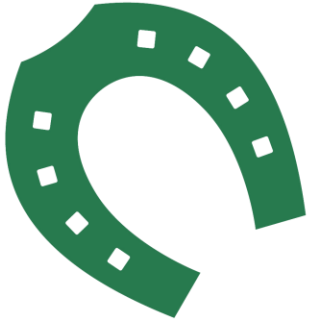
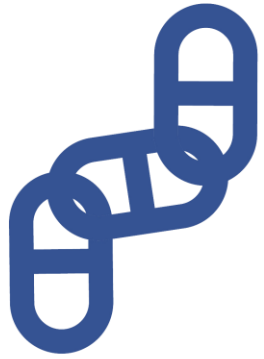




# Analyst Day

8 December 2021





# Hermès: the dynamics of the business model

Éric du Halgouët,  
Executive Vice-President Finance

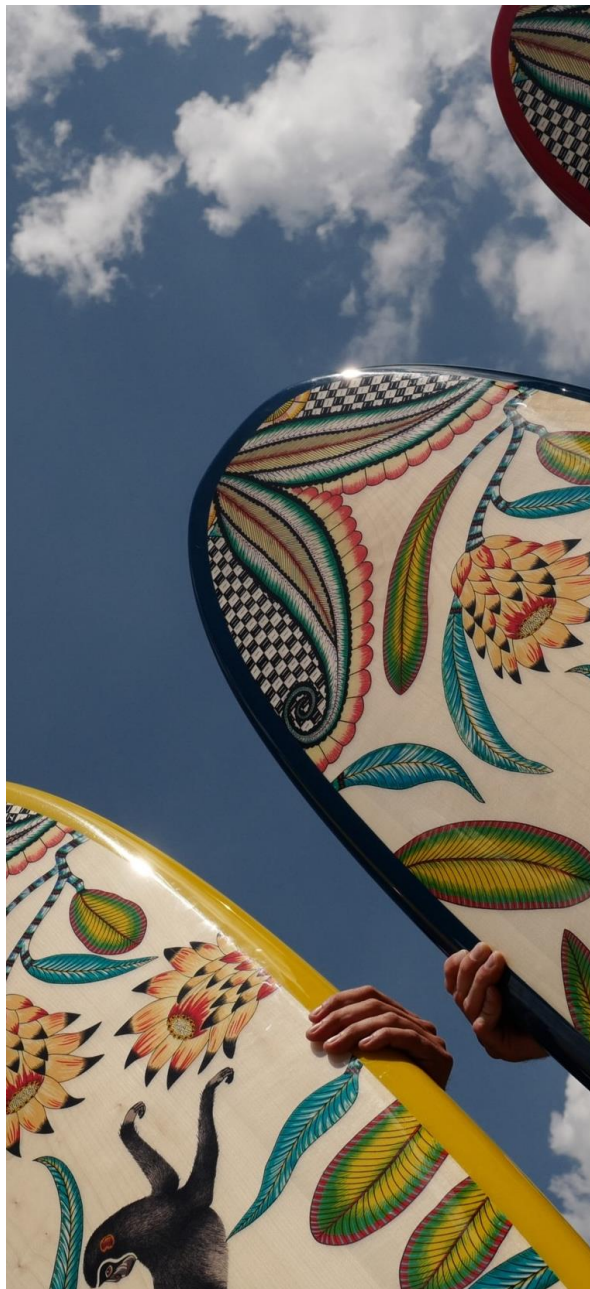
# Summary

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1. Uniqueness and performance of the craftsmanship business model
2. An exclusive and geographically balanced distribution network
3. A singular communication
4. Agility and entrepreneurial spirit at the heart of the *métiers*

# Uniqueness and performance of the craftsmanship business model





## A long-term strategy based on strong pillars (1/2)

---

- Hermès women and men at the heart of the model
- An authentic artisanal model
  - Best quality and excellence of our objects
  - Control and transmission of unique know-how
  - Vertical integration and strong regional anchors
  - “*Made in France*”
- The power of creation
  - The freedom to reinvent and to innovate
  - A strong creativity and a radical style true to its origins
  - Desirable objects that can be repaired





## A long-term strategy based on strong pillars (2/2)

---

- A multi local dynamic
  - The diversity of regions
  - The proximity and loyalty of our customers
  - The freedom of purchase
- Reinforced resilience
  - Financial independence and robustness
  - Sound and rigorous financial management
  - A strategic vision of investment projects

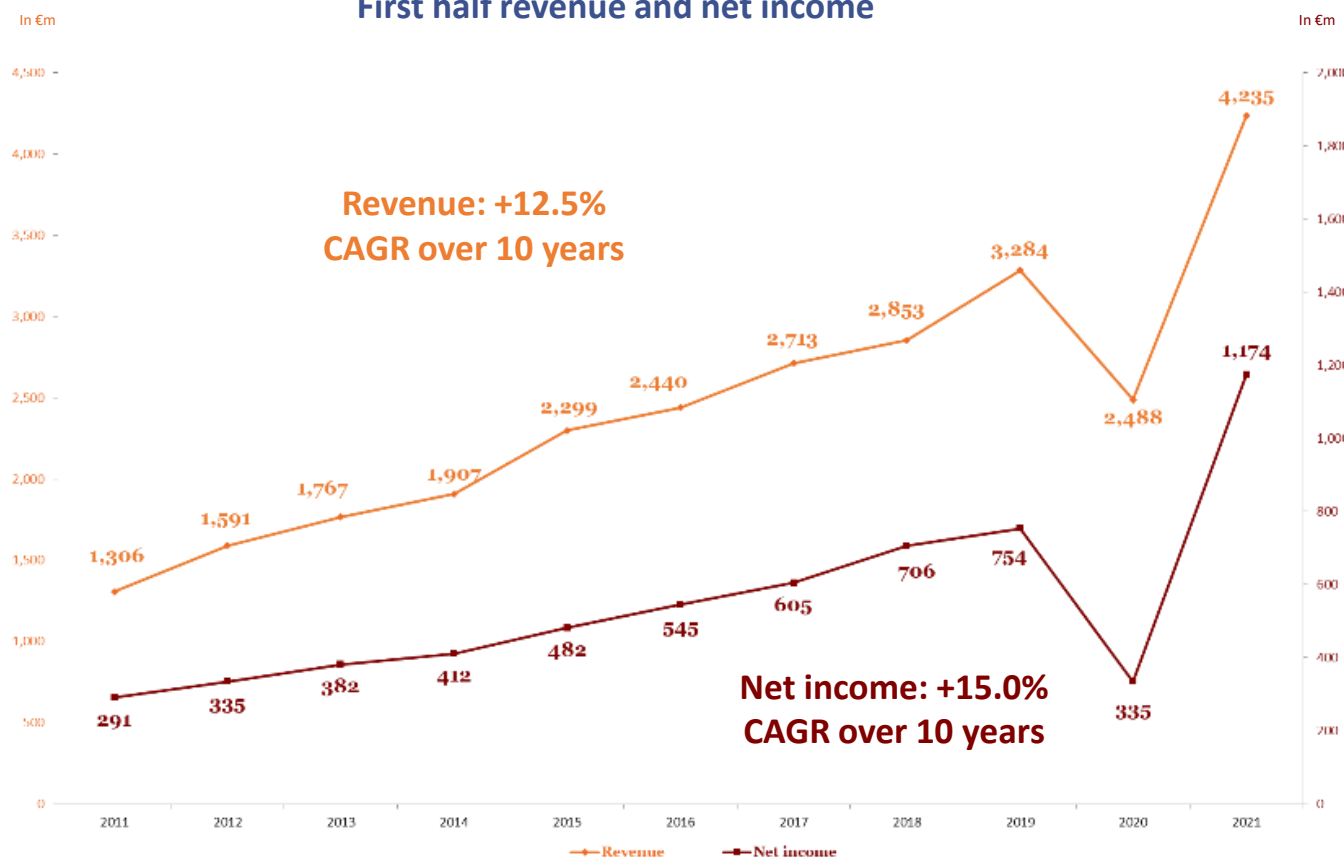






# A strong and resilient growth path

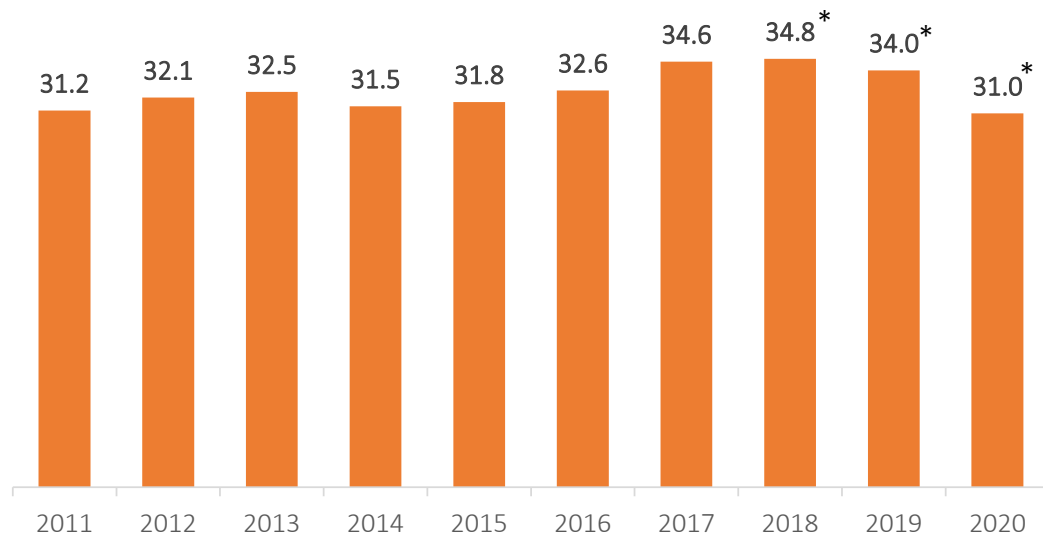
First half revenue and net income



# A solid operating performance

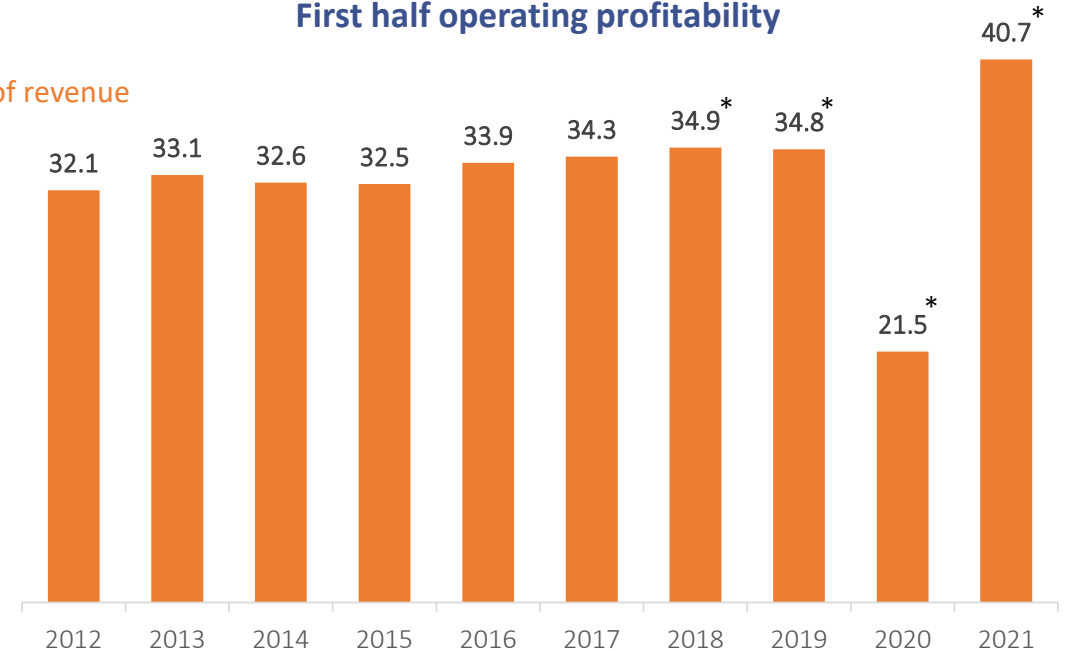
## Annual operating profitability

In % of revenue



## First half operating profitability

In % of revenue



\* Recurring operating profitability after application of IFRS 16





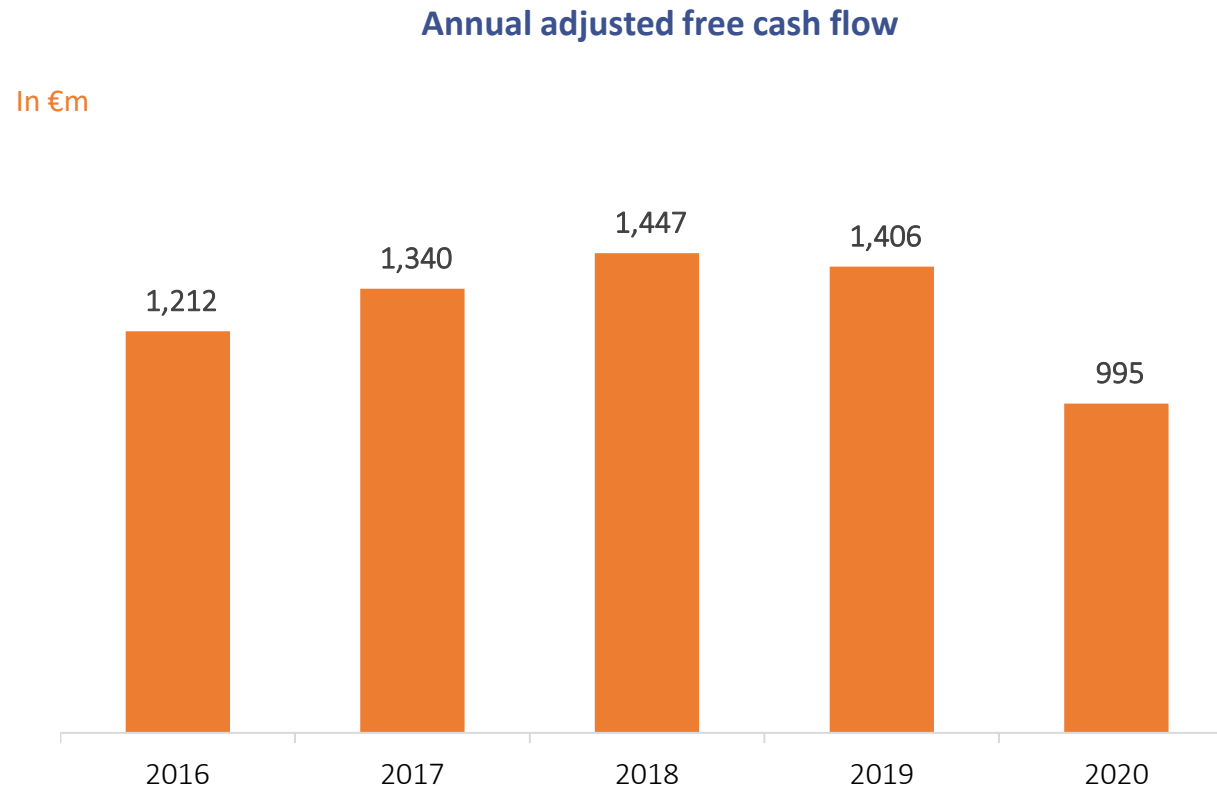


## Continued operating investments

in €M	H1 2021	FY 2020	FY 2019
Stores and distribution	97	195	263
Production and divisions	56	124	107
Real estate and Group projects	61	129	108
<b>Operating investments</b>	<b>214</b>	<b>448</b>	<b>478</b>



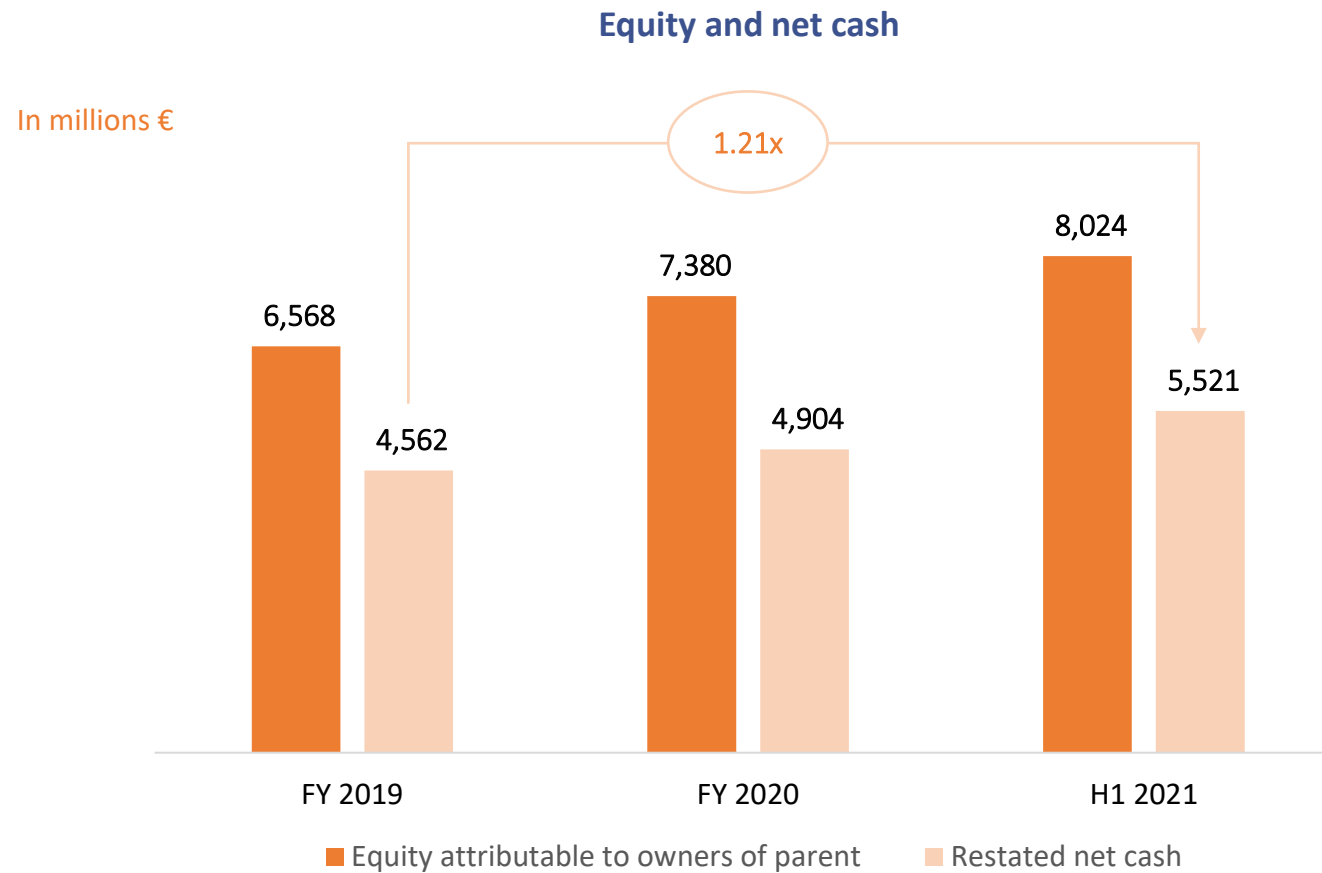
# Strong generation of cash



**€1.2 bn**  
adjusted free cash flow  
H1 2021



# Strong net cash and financial structure



# An exclusive and geographically balanced distribution network



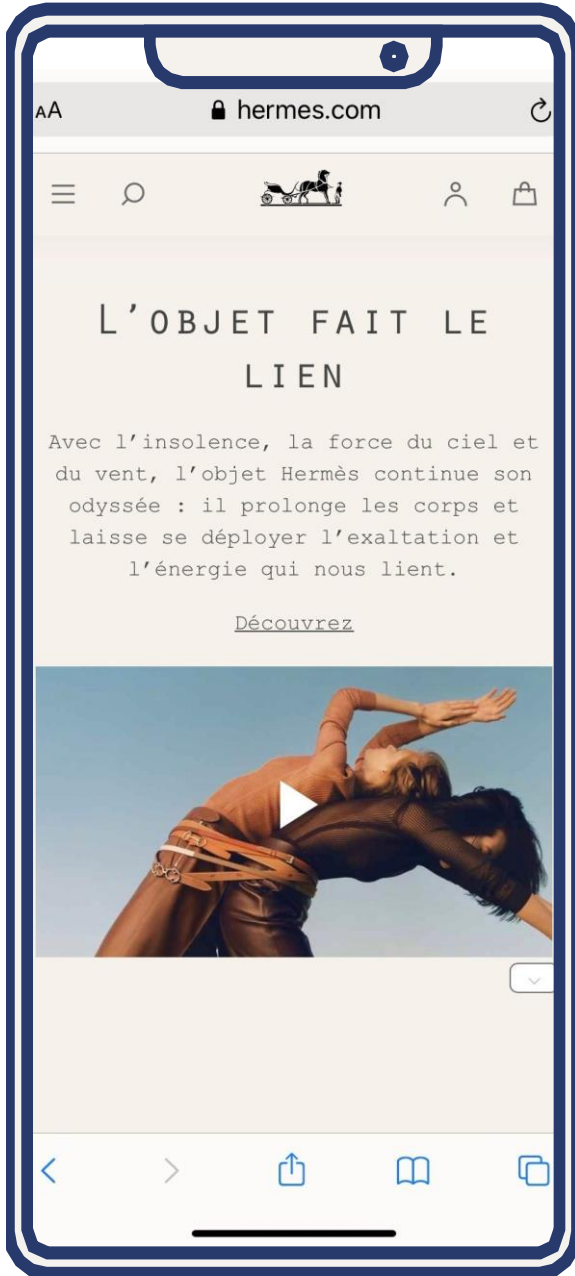


# A balanced, exclusive and controlled omnichannel network

---

- A balanced and diversified network, with a strong adaptation capacity:
  - 306 exclusive stores in 45 countries
  - E-commerce in 28 countries
  - Around 6,000 people involved in retail activities
- Singularity of our stores:
  - Best locations
  - Density, intensity and colours
  - Singular style of the house meeting the local culture
- Customers at the centre of the omnichannel network:
  - Space for our collections and for all the *métiers*
  - Services and ultimate comfort for our customers





## Online strategy, central to an omnichannel approach

---

- Towards €1 billion of sales
- 28 countries covered and new launches in 2021
- Most of the products are available online
- More than 75% of the e.com customers are new clients
- Recruiting segments: jewellery accessories, silk, perfumes
- Continuing the development of omni-channel services:
  - Store locator, product locator, e.reservation
  - Web-to-shop, click-in-store
  - Shared stocks



## An exclusive and geographically balanced distribution network

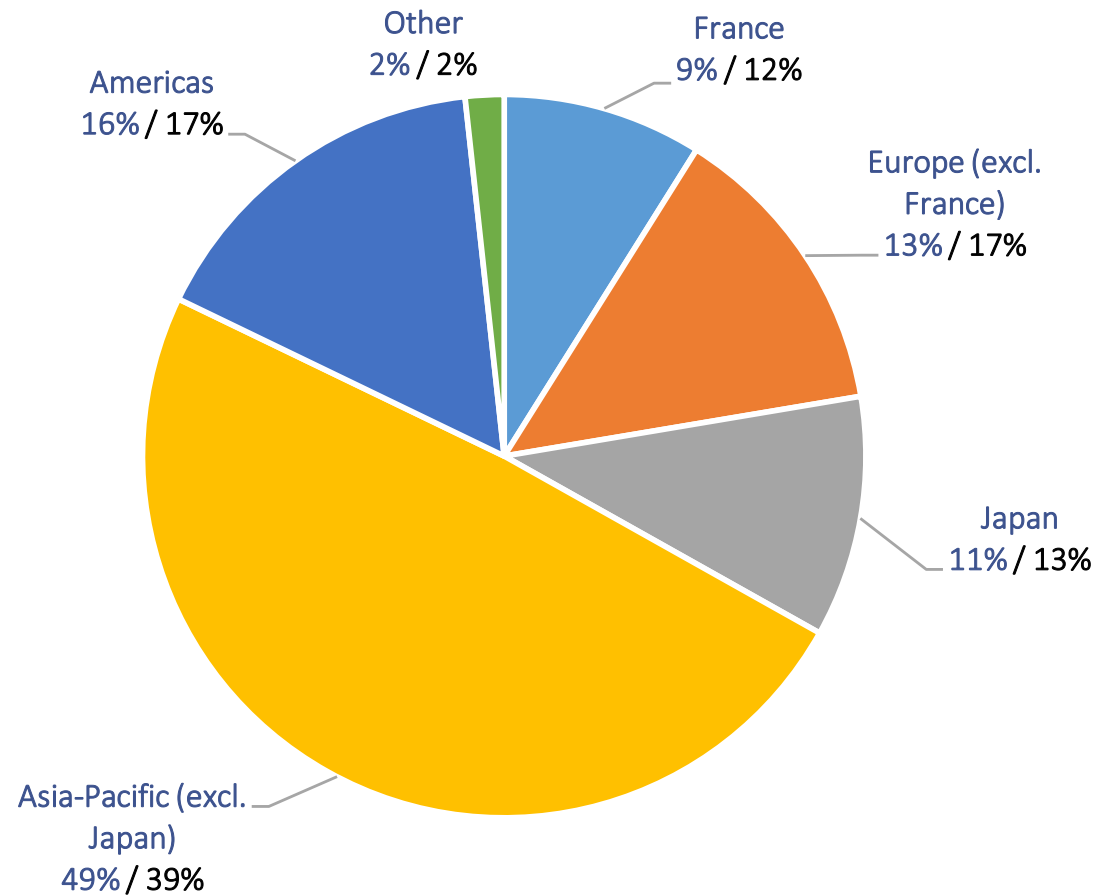
IN MILLION € / CHANGE AT CONSTANT EXCHANGE RATES	Q3 2021	VAR. 2021 / 2019	9M 2021	VAR. 2021 / 2019
France	246	+ 13%	587	- 6%
Europe (excl. France)	383	+ 23%	904	+ 7%
Japan	241	+ 16%	710	+ 20%
Asia-Pacific (excl. Japan)	1,073	+ 67%	3,226	+ 69%
Americas	393	+ 40%	1,061	+ 30%
Other	32	+ 24%	114	+ 27%
<b>Total</b>	<b>2,367</b>	<b>+ 40%</b>	<b>6,602</b>	<b>+ 35%</b>





## Revenue by geographical areas (9 months 2021 /2019)

---



# A singular communication



# A coherent and singular communication strategy responding to multiple needs

---

- One house
- Three levels of communication:
  - Corporate
  - Products
  - Events
- Sixteen *métiers*





## « *Le pas de côté* » or cultivating the sidestep

---

- 2/3 of communication investments in events, press and public relations and 1/3 in paid media
- Nourishing an authentic relationship with press and influence (no paid or under-contract influencers and ambassadors)
- A multi-local communication approach, to understand and be close to the local cultures of the 45 markets





## Highest quality requirements at every stage of the communication strategy

---

- Maintaining an active and international network of creative partners
- Remaining loyal to long-term, high quality, trusted partners
- Continuously integrating solid, innovating and new expertises, ranging from creation to media activation



# Agility and entrepreneurial spirit at the heart of the *métiers*





## Leather goods

---

1/2

- The fundamentals:
  - The mastery of manual gestures and the approach of *one man, one bag*
  - The craftsman signs the bag with his mark
  - Excellence without compromising on materials and know-how quality
  - Reinforcement of capacities around the strategic regional centres
  - Preservation of know-how and renewal of technical expertise with constant innovation (leather, metal parts, etc.)
  - Continued investment in training







## Leather goods

---

2/2

- Creation and Durability:
  - The iconic women's bags: *Kelly, Birkin, Constance* and the other successes: *Picotin, Évelyne, Lindy, Herbag, Bolide, 24/24, Verrou*
  - Small leather goods
  - Launch of rolling luggage
  - Innovation - R&D
  - Sustainable development (reparability of objects, optimisation of material's use, highest sourcing standards...)
  - Hermès Horizons: custom-made, unique creations
  - Equestrian *métier*: technical expertise in saddlery-making, exploring new territories
  - petit h: a playful dialogue around sustainability and reinvention, object creation and the reuse of materials





## Perfume and Beauty

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- Perfume
  - Men's universe: continued desirability of *Terre d'Hermès* and setting up of *H24*
  - Women's universe: continue to build *Twilly d'Hermès* line and visibility on *Eau des Merveilles* offer
  - Art of living: keep growing our Garden-perfume & Colognes collections
  - Exclusive: Hermessence collection
- Beauty
  - Setting up of *Rouge Hermès*, seasonal limited edition and launch in China over summer 2021
  - Momentum on Hermès Beauty *métier* through the launches of *Rose Hermès* and *Les Mains Hermès* (2021)





## Watches

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- Hermès' watches exhibiting know-how, emotion and value
- A distinctive style and products carrying unconventional complications such as *Arceau Le temps suspendu*, or more recently *Arceau L'heure de la lune*
- The feminine offer
  - 3 “pillars” (*Cape Cod*, *Heure H*, *Arceau*)
  - 3 “icons” (*Galop d'Hermès*, *Kelly*, *Medor*)
  - Precious lines (*Faubourg*, *Klikti*) and exceptional pieces
- The masculine offer
  - *Arceau*, *Slim d'Hermès*, *Hermès H08*, *Carré H*
- Priority given to Hermès retail network while developing strategic partnerships externally
- High growth dynamic worldwide over the last five years, especially in Asia





## Home universe

---

- House textile: variety and wealth of materials and hues
- Furniture and lighting: precision of the lines, strength of the designs
- Tableware: richness of the patterns, drawings and colours
- Decorative objects: diversity of the materials and of the associated know-how
- Children universe: a playful field







## Silk and Textiles

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- The Hermès identity: design, colour and material
- Key distinctive know-how
- Innovation with novelties on design (double face scarf) and new easy-to-wear formats (triangle, rectangle):
  - Women's silk: twilly, gavroche, *carré* 70, *carré* 90, maxi sizes and success of cashmere
  - Men's silk: strengthening of the ties offer and extending the offer to accessories (scarves, pocket squares, losanges etc.)





## Jewellery

---

- 3 territories with unique identities:
  - Gold jewellery
  - Silver jewellery
  - High jewellery (image and know-how)
- Strengthening of our identity and development of our visibility:
  - Power of icons (anchor chain, Kelly)
  - Training of sales associate
  - Consolidation of production capacities





## Ready-to-wear and Accessories

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- Women's ready-to-wear: collections by Nadège Vanhée-Cybulski
- Men's ready-to-wear: collections by Véronique Nichanian
- Fashion accessories: shoes, jewellery accessories, belts, etc.
- Events:
  - *HermèsFit* with fashion accessories turning into offbeat companions for sport (New York, Paris)
  - A showcase of women's ready-to-wear spring/summer 2022 collection (Los Angeles)





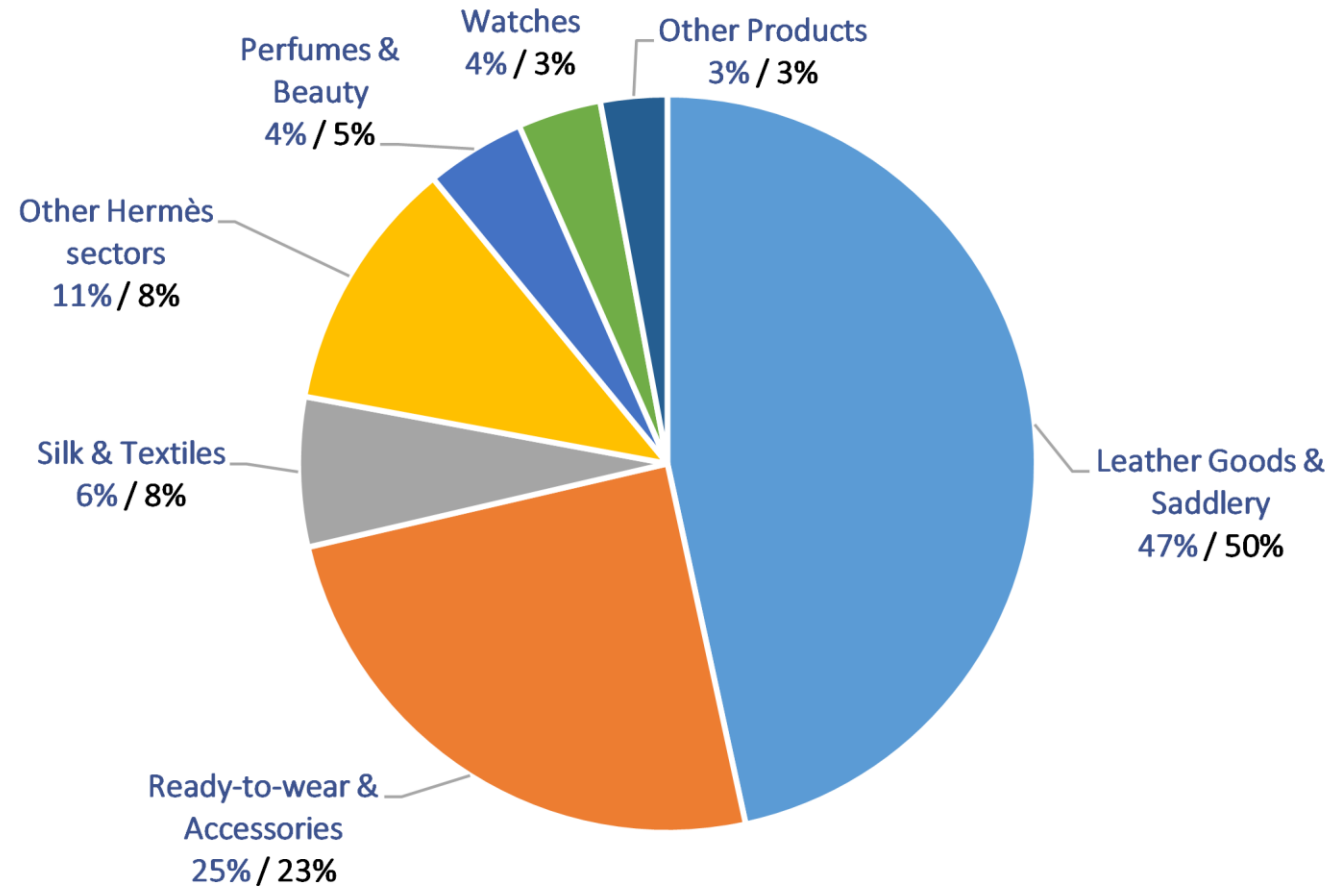
## All métiers up double-digit vs 2019

IN MILLION € / CHANGE AT CONSTANT EXCHANGE RATES	Q3 2021	VAR. 2021 / 2019	9M 2021	VAR. 2021 / 2019
Leather Goods & Saddlery	1,077	+ 32%	3,076	+ 27%
Ready-to-wear & Accessories	610	+ 49%	1,635	+ 43%
Silk & Textiles	159	+ 19%	433	+ 10%
Other Hermès sectors	273	+ 110%	736	+ 98%
Perfumes	104	+ 20%	288	+ 18%
Watches	83	+ 73%	242	+ 77%
Other products	61	-	193	+ 11%
<b>Total</b>	<b>2,367</b>	<b>+ 40%</b>	<b>6,602</b>	<b>+ 35%</b>



## A stable balance of *métiers* (9 months 2021 /2019)

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## Outlook

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- Our highly integrated craftsmanship model and balanced distribution network, as well as the creativity of our collections and our customers' loyalty, give us confidence in the future
- In the medium-term, despite the economic, geopolitical and monetary uncertainties around the world, the Group confirms an ambitious goal for revenue growth at constant exchange rates
- Thanks to its unique business model, Hermès is pursuing its long-term development strategy based on creativity, maintaining control over know-how and a singular communication





# Hermès Leather & Saddlery,

A unique and constantly reinvented expertise

Guillaume de Seynes, Executive Vice-President  
Manufacturing Division and Equity Investments

# Summary

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1. An artisanal and integrated production model
2. Leather & Saddlery: modern manufacturing
3. A *métier* supporting durability
4. A singular and plural creation

# An artisanal and integrated production model





# Hermès, modern manufacturing

- An artisanal and sustainable business model
- Exceptional expertise
- Vertical integration of manufacturing
- Manufacturing and *savoir-faire* evolving with agility and innovation
- Longstanding relationships with partners, consolidated by the acquisition of historical suppliers, particularly in Textiles and Silk
  - Longevity, loyalty and trust
  - Lasting relationships





# Sustained development of production sites

- 64 production sites, including 51 in France in 9 regions, organised into centres of expertise
- Between 2010 and 2020, 10 leather goods workshops launched in France, *i.e.* one a year on average
- Production activities increased in the Silk and Textiles sector
- Investments in production workshops, particularly:
  - Watches
  - Tableware
  - Shoes
  - ...

5,600

artisans in France at the end of 2020

51

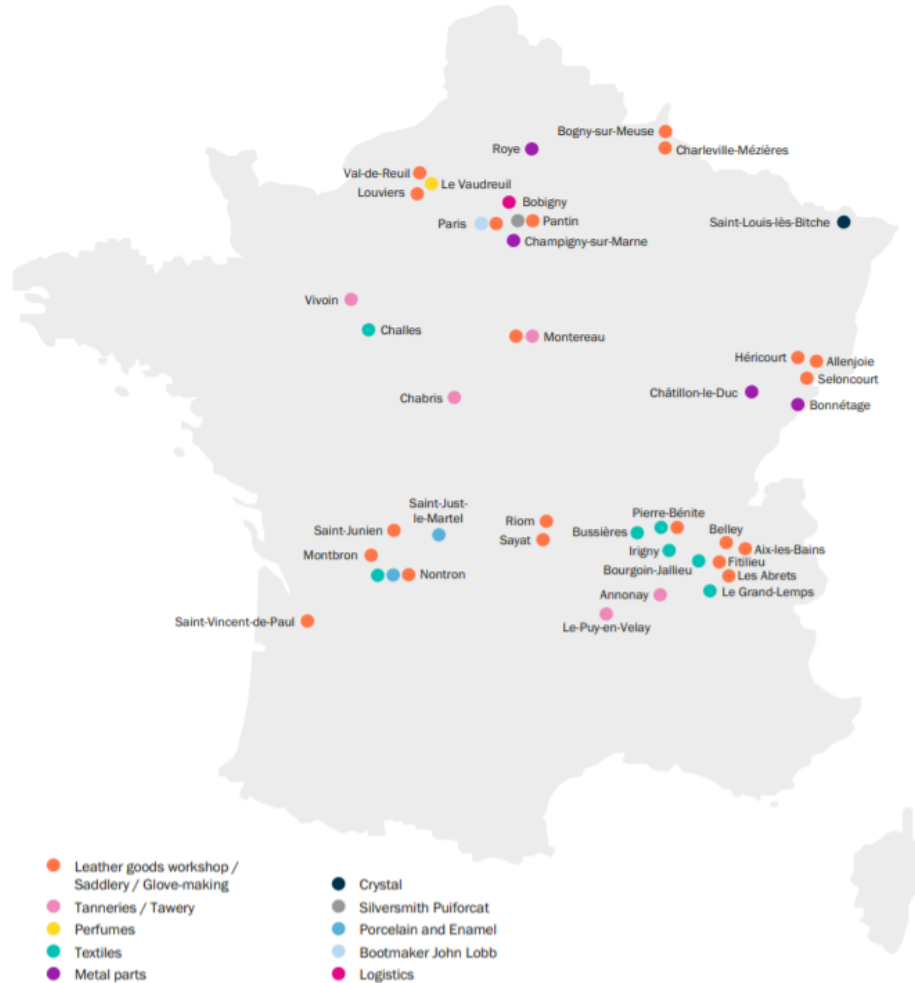
manufactures and production sites in France

> 1/4

of operational CAPEX dedicated to production



# Strong local integration



- Engagement in regions with strong manufacturing expertise working towards centres of expertise
- Regional centres of expertise contributing to local vitality and economic growth
- An employer committed and responsible to its stakeholders



# Integrated production, from supply to the distribution network

---

- Secure supplies
- Rigorous traceability of raw materials and strict control of supply chain
- Quality demanded from suppliers:
  - Good practices shared with a view to industry advancement
  - Securing supplies in the aim of maintaining unique know-how
  - Consolidated audit policy for all raw material suppliers
  - Supplier Audit Committee founded in 2019
- Solidarity with our partners and suppliers during times of crisis

**20 years**

average relationship for the  
Top 50



# Leather & Saddlery: modern manufacturing





## Ambition to continue developing a unique artisanal model

- Exceptional and uncompromising quality
- Prolific creativity
- Capturing the spirit of craftsmanship – handcrafted handbags – the artisan signs the bag with his/her mark
- Creating items that are made to last, be repaired and passed down from generation to generation
- Agility and efficiency in production striving for creativity and constant innovation

c. 50 %

of revenue in 2020

c. 300

people on human-sized sites





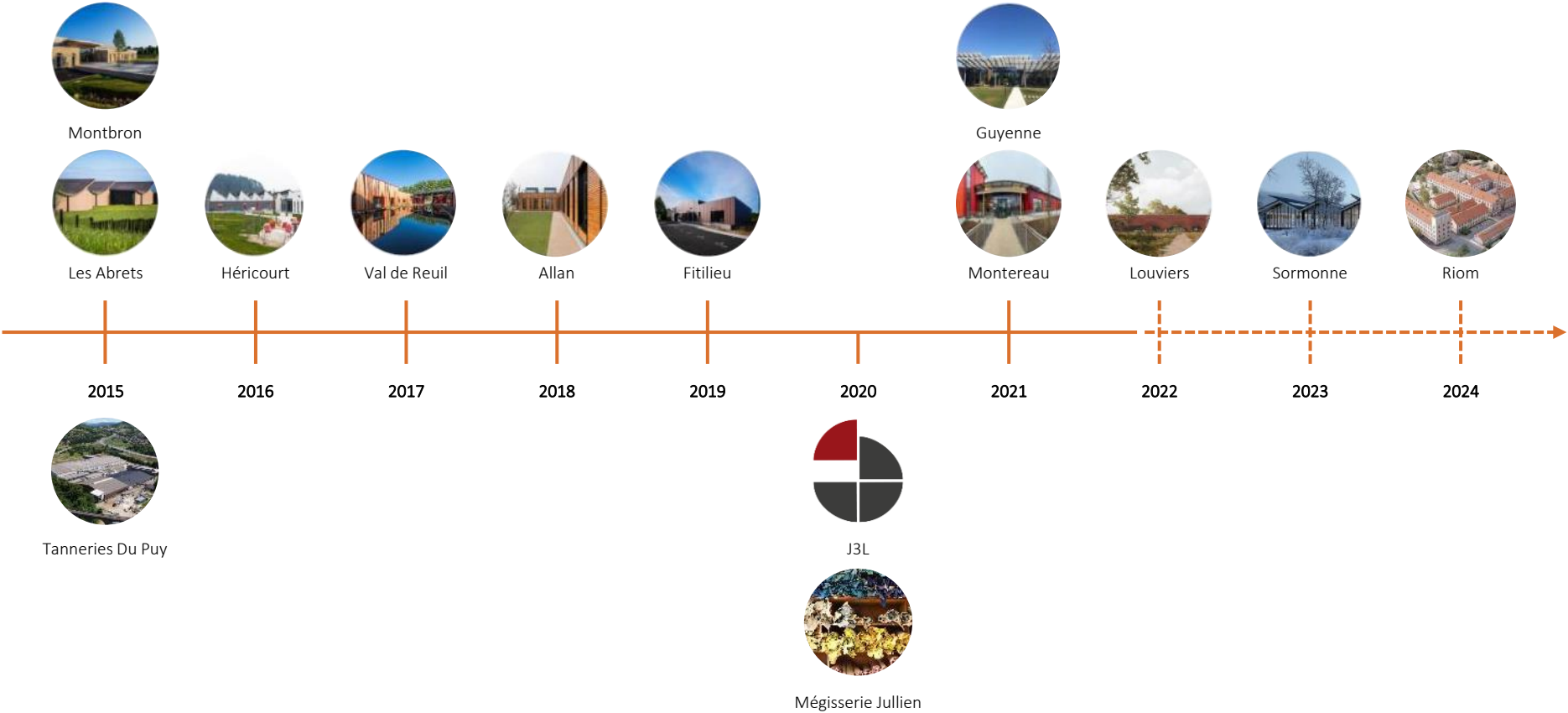
## Continued investments in response to strong demand

- Investments in production capacities: €124 M invested in production in 2020, primarily in Leather Goods
- Leather goods workshop opened in 2021:
  - June 2021: Montereau
  - September 2021: Guyenne
- Ongoing projects:
  - 2022: Louviers (Eure), 20<sup>th</sup> leather goods workshop
  - 2022: extension of the leather workshop in Saint-Junien (Limousin)
  - 2023: Sormonne (Ardennes), 21<sup>st</sup> leather goods workshop
  - 2024: Riom (Puy-de-Dôme), 22<sup>nd</sup> leather goods workshop





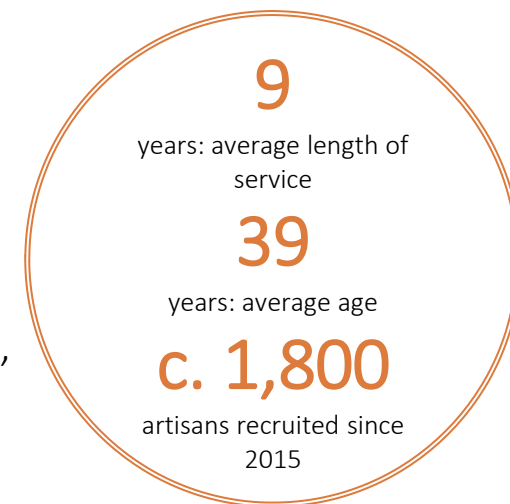
# Development of production capacities continuing the principle of community engagement





## Expert artisans with exceptional *savoir-faire*

- c. 4,300 leather workers by the end of 2021
- A very proactive training policy, aiming for the highest quality
- Proficiency in skills and techniques: 18 months of initial training, tutorials in the training workshop then career-long training: nearly 5 years to gain full leather & saddlery expertise
- Continue developing versatility and multi-skilling: train in a trade and not a task
- Ongoing learning and training to foster creativity and maintain long-term employability
- Wide-ranging expertise: more than 40 bag models





## Transfer of unique *savoir-faire*

- Increasing innovative knowledge transfer via our 90 trainers and 200 tutors
- Transfer in the workshops and schools:
  - *École du Cuir*
  - Collaboration with vocational training centres
  - *École Hermès des savoir-faire* (CFA) in 2021, in liaison with the French Education Department, awarding a nationally recognized qualification
- Guided by people-first values:
  - Focus on men and women
  - Human-sized production sites
  - Local recruitment during regional job creation
  - Lifelong training to develop expertise, versatility and employability

c. 90

trainers in the Leather  
Goods division

6,100

staff trained at *Ecole du  
Cuir* since 2011



# Excellence of the *savoir-faire*



- A unique area opening up to customers and the public:
  - *Bagstage with Hermès* (Paris, São Paulo, Singapore, Dubai)
  - *Hermès in the making* (Copenhagen)
  - *Please check-in* (Hong Kong)
- The *Tandem* and *Tilbury* programmes, which enables artisans and sales assistants, and store managers and production site managers to swap jobs



# *A métier* supporting durability





# Responsible development policy

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- Rigorous traceability of materials and strict control of supply and production channels:
  - Quality standards and pursuit of the finest materials
  - Longstanding, trusted partnerships with a select number of suppliers
- Sustainable approach meeting international standards:
  - Supply of skins primarily from European farms
  - Vertical integration, including for crocodile farms, with the highest quality standards
  - Constant drive to improve with environmental and animal welfare experts
- Deliberate optimisation of materials, moving toward zero unrecycled waste:
  - Cut of hides, choice of materials
  - Reuse of leather losses (petit h, in-house training, charity...)

100%

of leather goods articles  
made in France







# Certification of the sectors and materials

- Internal and external audits consolidated across all sectors
- Certifications by independent third parties:
  - Member of the ICFA (*International Crocodilian Farmers' Association*) since 2016
  - Certification process launched in 2019 for farms that are ICFA founder members
  - Member of the *Leather Working Group* (LWG) since February 2020 and member of the *LWG Animal Welfare Group* since October 2020
  - Ostrich channel - SAOBC (*South African Ostrich Business Chamber*): launch of site certifications in 2020 and target to certify the entire channel by 2022
- 2024 target to have 100% of our leather channels certified





## Creating beauty from beauty, a sustainable approach

---

- Constructions to the highest standards:
  - Real estate CSR standard
  - Construction to E4C2 standards, with Louviers the first energy-plus leather goods workshop in 2022
  - Locations sought in urban areas with public transport
- Decarbonation and energy improvement with a multi-year plan on the oldest sites and two initial projects launched in Pierre-Bénite and Aix-Les-Bains
- Investments in energy optimization and water treatment





# Repairability driving durability

*"A luxury product is one that can be repaired", Robert Dumas*

- Repairability central to our design and manufacturing techniques
- 88 craftspeople dedicated to repairs:
  - 54 in France
  - 34 internationally



# A singular and plural creation



# Prolific creation constantly reinvented

---



- Hermès leather goods articles, with their style and quality, are designed to last, be passed down and repaired
- The result of an alchemy between an essential style, excellence of materials and unrivalled expertise
- A constant dialogue between design and manufacturing
- Every season, a balance between new launches and long-established models
- Success with younger generations, particularly thanks to new launches



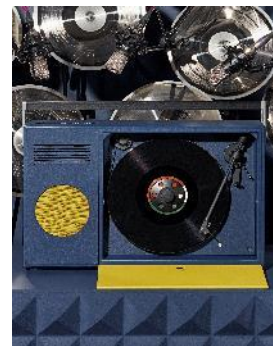


## petit h: a workshop where materials, artists and artisans combine in a thousand and one different ways





# Hermès horizons: bespoke and exploration of new territories



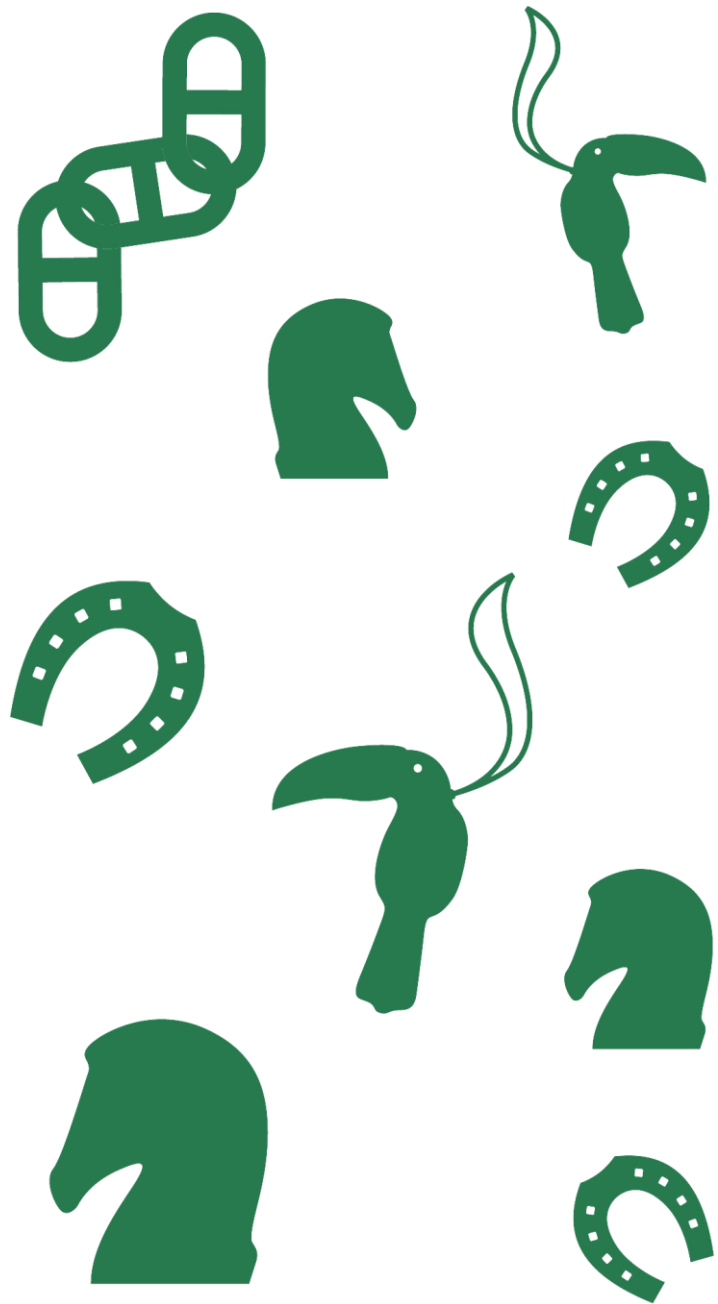


## Hermès saddlery, serving its primary customer

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- Saddles combining expertise, athleticism and technicality at the highest levels
- Increased internal development (Louviers), in addition to 24 Faubourg
- Saddle experts as close as possible to their customers, horse and rider
- A family of partner riders who showcase our saddles in top-level sport:
  - Two Olympic medal winners in Tokyo: Jessica von Bredow-Werndl (gold in team and individual dressage) and Jérôme Guéry (bronze in show jumping)
  - Steve Guerdat, gold medallist at the London Games and three-time winner of the Show Jumping World Cup





# An artisanal, responsible and sustainable business model

Olivier Fournier, Executive Vice-President Corporate Development and Social Affairs

# Summary

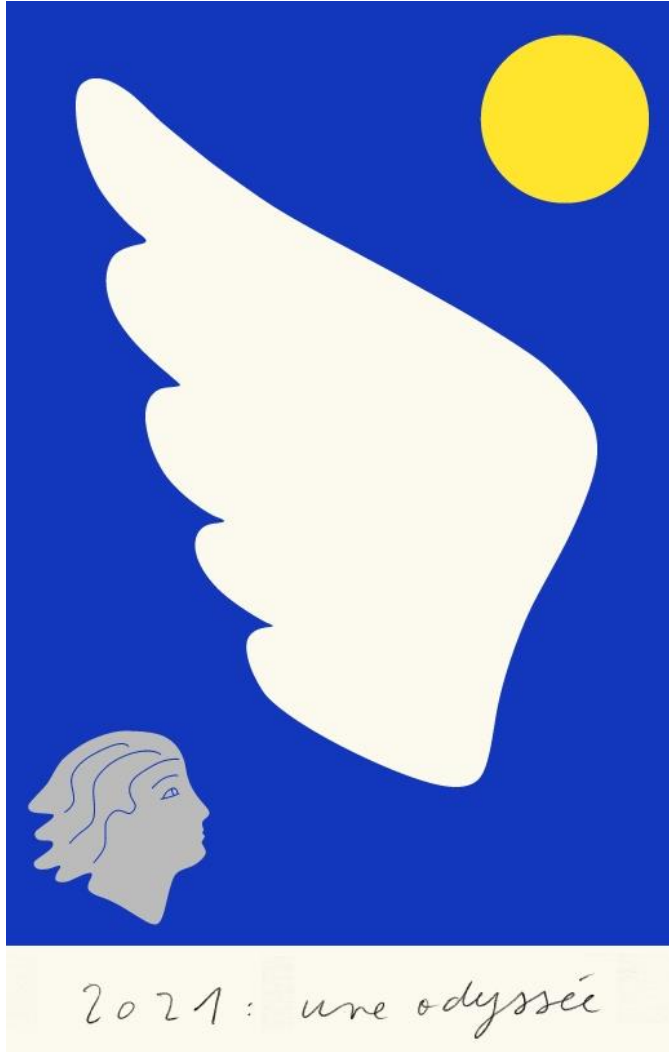
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1. The quality at the heart of Hermès craftsmanship model
2. Hermès women and men at the heart of the house's project
3. An artisanal production model respectful of the planet
4. Maintaining a sustainable model through strong vertical integration and local anchoring

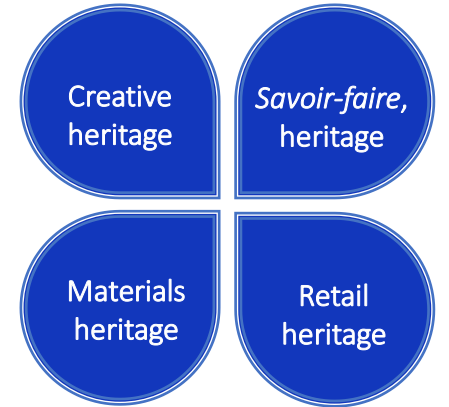
# The quality at the heart of Hermès craftsmanship model



# Uniqueness and performance of the craftsmanship model



- Values of the artisanal model, inspired by the craftsman:
  - Responsibility
  - Authenticity
  - Acting with urgency while taking the time to do things well
- Creativity and innovation at the core of the craftsmanship model:
  - Unique, handmaid and functional objects
  - Quality, durable and repairable objects
  - Objects that inspire desire beyond trends and circumstances
- Strong, agile and resilient craftsmanship model:
  - Freedom of creation
  - Mastery and transmission of excellent know-how
  - Freedom of purchase
  - Balance of the exclusive distribution network
- In 2021, the theme of the *Odyssée* has inspired the designers and artistic directors of the house





# CSR governance





# Hermès women and men at the heart of the house's project

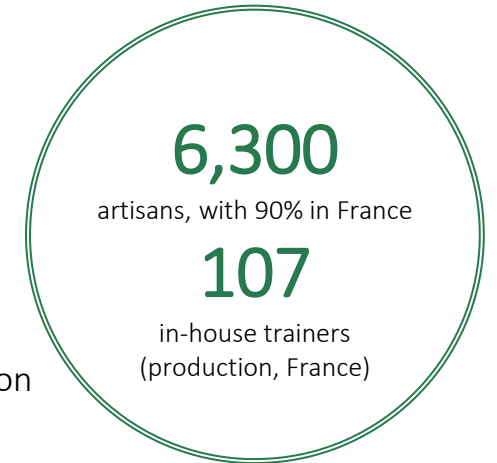


# The unique transmission of know-how, at the heart of excellence and quality

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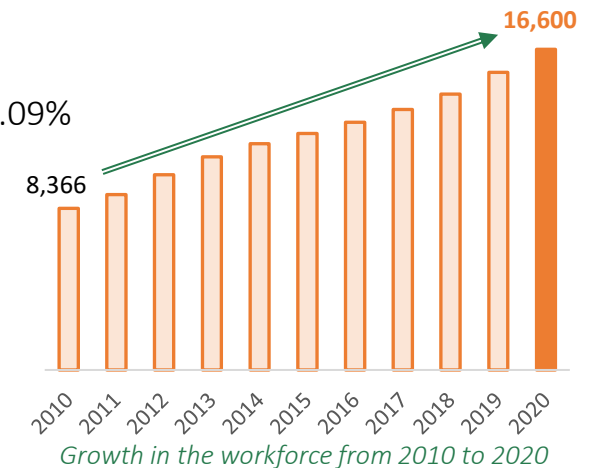
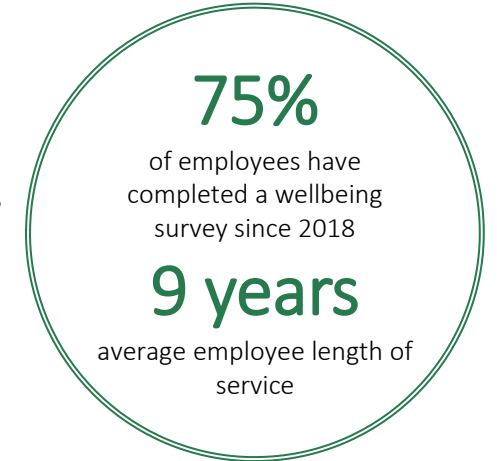
- Strong agility and adaptation
- Preserve, transmit and enrich six generations of exceptional know-how
- The mastery and transmission of know-how:
  - École Hermès des Savoir-Faire: accredited by the French Education Department and will award a State-approved diploma in leatherworking expertise
- Accompanying the development of employees throughout their career, supporting the excellence and efficiency of their know-how and preserving their employability:
  - All the métiers have their own school, training employees
  - “Mosaïque”: induction programme for all new employees
  - “IFH” programme, dedicated to members of the Management Committees of the sites or subsidiaries



# Hermès women and men at the heart of the sustainability model



- More than 17,000 employees at the end of June 2021, acceleration in recruitment:
  - The workforce doubled in the last 10 years
  - Maintaining jobs and salaries worldwide during the sanitary crisis with no recourse to any government subsidies
- Continuous improvement culture with training structured around four areas: culture of the house, management, expertise and personal development
  - 72% of employees completed at least one training session in 2020
  - c. 400,000 training hours in 2020
- Employee share ownership plans, free share plans:
  - At the end of 2020, employee share ownership represented 1.09% of the capital
  - Plans implemented in 2007, 2010, 2012, 2016 and 2019
- Rankings :
  - Humpact Emploi France Outstanding Employment Award, 2021
  - Epoka–Harris Interactive Top Employer Award, 2021



# Professional equality, diversity and inclusion at the core



- Commitment to workplace gender equality between women and men:

- Gender pay index: 92/100 in 2020
- 69% women on the Operations Committee
- 60% female managers in the group

- Introduction of training on diversity and inclusion at group level:

- “Alterego” training programme on inclusion
- Unconscious bias training

- Rankings:

- Hermès ranked 1<sup>st</sup> of the *Financial Times* Top 100 Diversity Leaders in 2021
- Hermès 1<sup>st</sup> in the *Capital* ranking of France’s 500 top employers in 2021

- Objective of inclusion of people with disabilities:

- 5.7% of employees with disabilities at the end of 2020 (France)
- Second Group Disability Agreement signed with all trade union coordinators in 2020 (first in 2017)
- Omega chart signed in March 2021 for the rehabilitation of injured French veterans

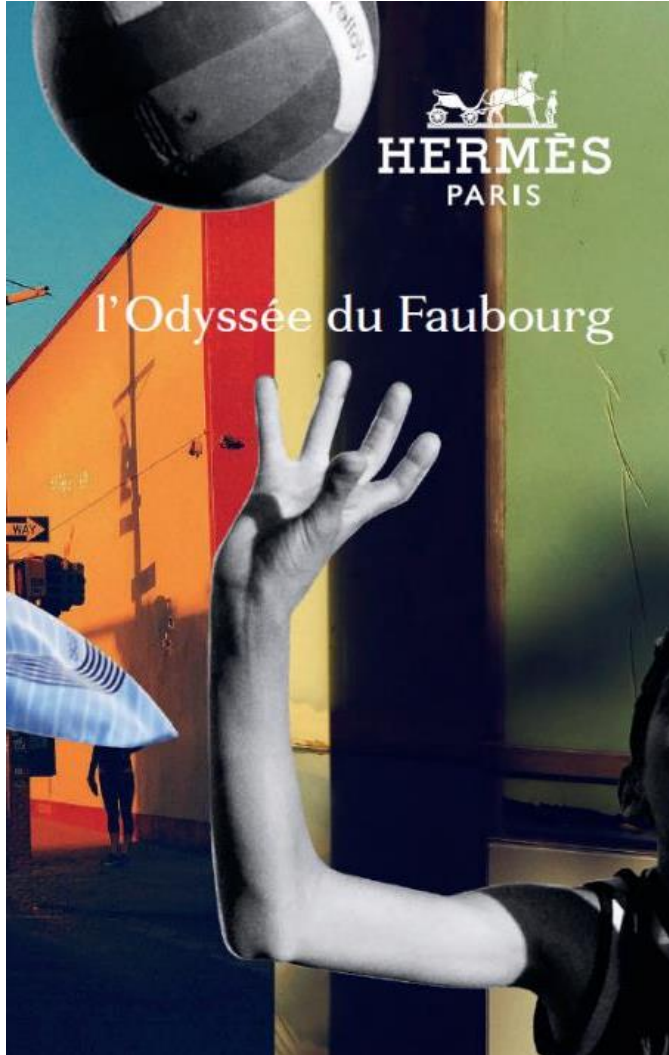


An artisanal production model  
respectful of the planet

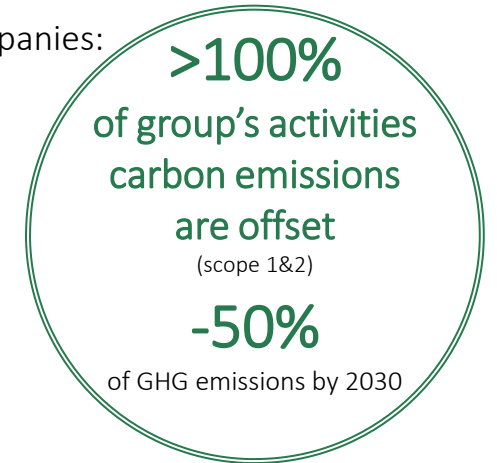




# Addressing climate change, with a low-emission artisanal production model



- One of the lowest greenhouse gas emitters amongst France's CAC 40 companies:
  - Artisanal model, 80% French production
- In 2020, group strategy validated with ambitious targets:
  - Reduce greenhouse gas emissions by 50% by 2030 (baseline: 2018, in absolute value for scopes 1 and 2, in relative value for scope 3)
  - Offset more than 100% of its carbon emissions in scopes 1 and 2, with ecological and social projects
  - Use 100% renewable energy in its own operations by 2025
- Science based approach of targets: pending approval of the Science Based Target Initiative (SBTi) concerning the compatibility of the group's carbon reduction trajectory with the Paris agreements
- Increased efforts on transparency in line with TCFD recommendations in 2020
- CPD 2021 climate change score : A-
- Investor in Livelihoods Funds since 2012
  - 134% of scopes 1&2 in 2020
  - Signature of the third Livelihoods Fund in June 2021





# An artisanal production model that enables a rational use of energy resources

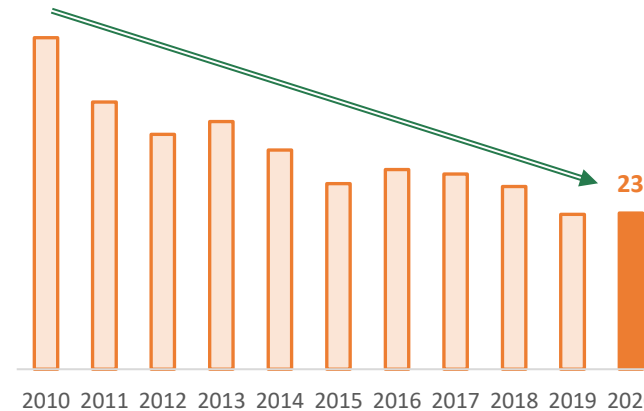


- Reduction in energy consumption:

- Programme to defossilise the industrial sites
- Proactive programme of energy audits followed by action plans
- Energy efficiency: rollout of LED lighting since 2013
  - 80% of group stores in 2020
  - Target 100% by 2023

**-41.5%**

decrease in industrial  
energy intensity in ten  
years



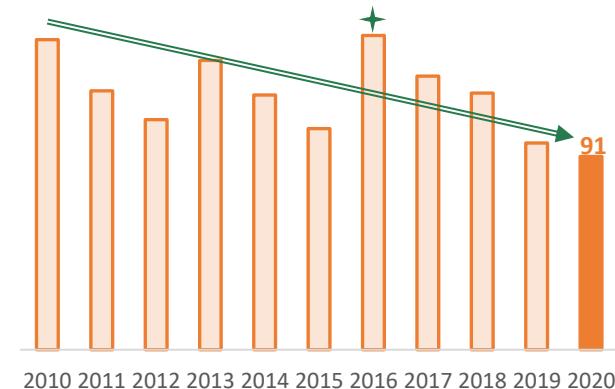
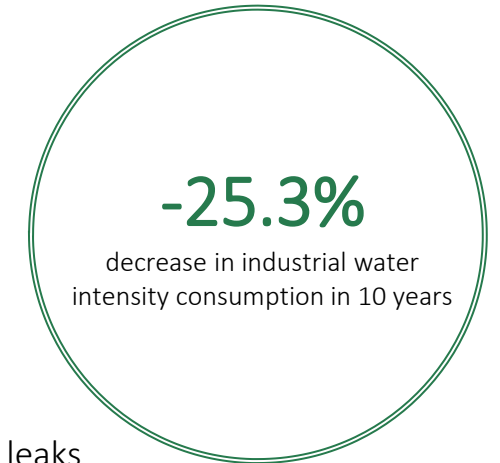
*Evolution of the intensity of industrial  
energy consumption from 2010 to 2020 in  
MWh per millions of euros*



# An artisanal production model that enables a rational use of water resources



- Reduction of industrial water consumption:
  - Mainly used in tanneries and textile units
  - Target: reduce industrial water use intensity by 5% per year
- Textile: innovative solutions to increase recycling of water from washing equipment and monitor the impact of the actions carried out
- Leather:
  - Water management tools implementation, early identification of leaks
  - Investment in equipment enabling lower water consumption
- CDP 2021 water score: A-



Evolution of the intensity of industrial water consumption from 2010 to 2020 in m³ per millions of euros

★ Inclusion of Les Tanneries du Puy in 2016



# Sustainability criteria as a pillar of the house's real estate projects

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- Sustainable Real Estate Guidelines aim to improve environmental performance on 5 criteria:
  - Carbon Footprint: improving the energy performance of our buildings and the carbon footprint from the design phase
  - Biodiversity: preservation of existing vegetation, green roofs, water recovery
  - Local Sourcing: in new store projects, sourcing millwork and lighting equipments from local suppliers
  - Air quality: improving the air renewal by implementing air filtration and pollutants measuring systems in offices
  - Environmental issues: green works charter applied in all industrial projects





# Constant improvement in the use of recyclable and sustainable packaging

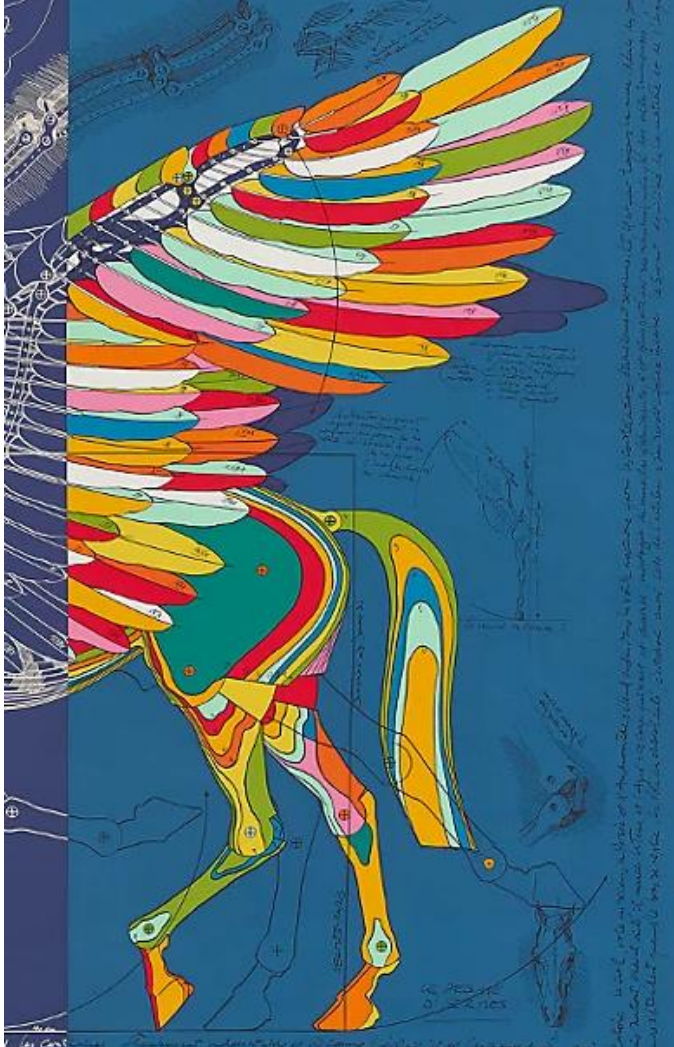
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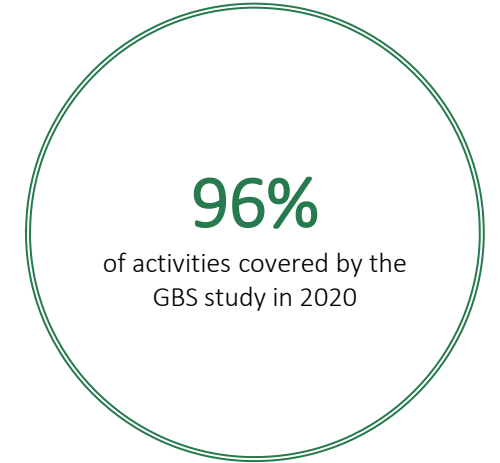
- Circular economy:
  - The orange box is FSC-certified, 100% recyclable, made of recycled French cardboard
  - Upcycling of the orange box: esthetic and robust, an iconic object
- Working group created in 2020, to reduce the use of plastics: target to stop the use of single-use plastics in 2025
- The Beauty “*métier*” created a sustainable packaging:
  - Lipstick packaging is in aluminum and rechargeable
  - The external box containing the orange box is made of recycled cardboard
- Commitment to work with the main cotton suppliers to switch all cotton supplies to organic cotton or GOTS for packaging



# Respect for nature and biodiversity, sources of inspiration and creativity



- Biodiversity commitments:
  - Act4Nature: pledge in 2018, renewed in 2020
  - Livelihoods: 130,000 million trees planted in 2020, 1 million project beneficiaries
  - Fashion Pact: member since 2019
- Ongoing inventory of biodiversity impacts:
  - Global Biodiversity Score method with the collaboration of CDC Biodiversity and the WWF
  - 96% of activities covered by the GBS study in 2020
- Biodiversity strategy formalised in 2018 in line with the Act4Nature pledge
- Some initiatives at the métiers level :
  - Leather: in 2020, good practice guide for the development of future leather workshops
  - Textile: Study on silk with the University of Cambridge Institute for Sustainability Leadership
  - Glass: filtrating gardens in Saint-Louis

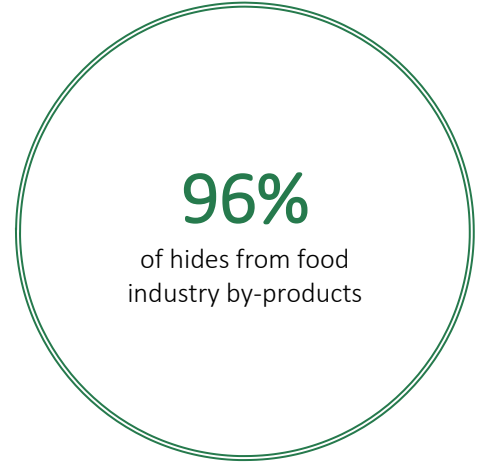


# Animal welfare, a requirement within the supply chain

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- Commitment to fundamental scientific principles of animal welfare: Five Freedoms
- Animal Welfare Committee launched in 2019, co-led by an independent expert
- Hermès animal welfare policy in finalisation process following years of work in the field and in collaboration with specialist NGOs
- A control mechanism tailored to each sector: internal or external supply chain audits
- Contribute to improving standards:
  - Support for the initiative led by the *International Crocodilian Farmers Association* (ICFA)
  - Development and promotion of “SAOBC standard 1001 Ostrich Production – requirements”





# The sustainability of the object in the service of circularity



- Exceptional objects designed to last:
  - Use of the finest quality materials
  - Eco-design: reuse and circularity of materials and products
    - Production line losses: lean planning
    - petit h
    - Upcycling
    - Circularity Committee created in 2020
  - Extend the products' lifespan:
    - Cleaning and repair service available to customers all around the world
    - 33 expatriate leather artisans for repairs
- Management of unsold stock:
  - Low volumes: economic model based on the freedom of purchase and integrated production chain
  - Exceptional sales to the public, regular sales to the staff
  - Products donated to various partner charities



Maintaining a sustainable model  
through strong vertical integration  
and local anchoring



# Territorial anchoring and contribution to the economic, social and environmental development of the territories

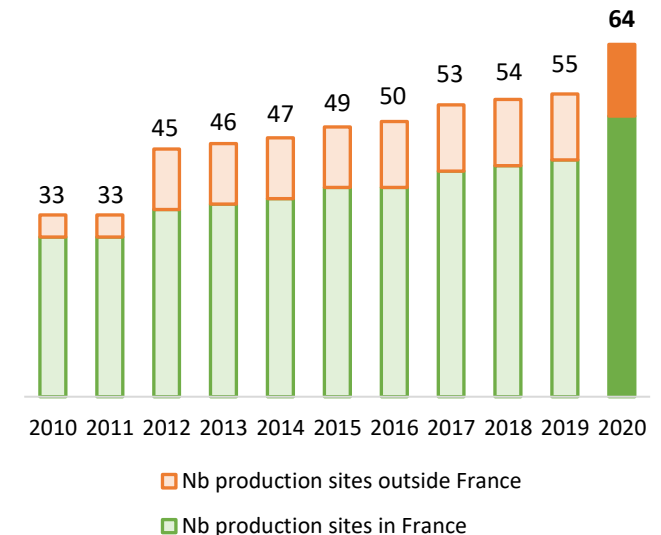
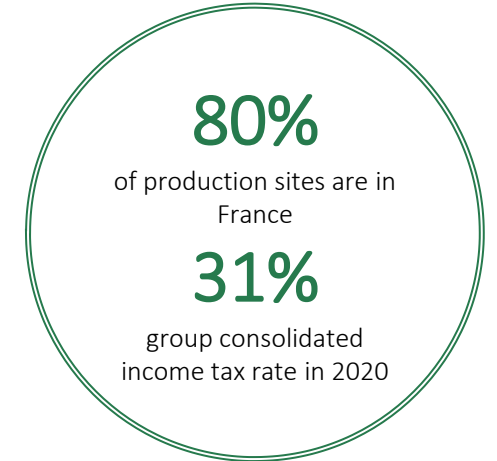


- Historical, local anchoring in a logic of respect for regional expertise:

- Production sites organised in centers of expertise
- Opening of new sites, contributing to the revitalisation of the regions
- 51 production sites in France, including 19 leather workshops in 2020, 13 production sites outside France in 6 countries

- Territorial responsibility:

- Development of production capacities contributing to job creation
- €20 million and €7 million donation to the AP-HP in 2020 and 2021
- Responsible tax policy: group consolidated tax rate of 31% in 2020
- Support of the European Chair in sustainable development and Climate Transition at *Sciences Po Paris*



# Strong vertical integration and local, sustainable sourcing



- Strong vertical integration:

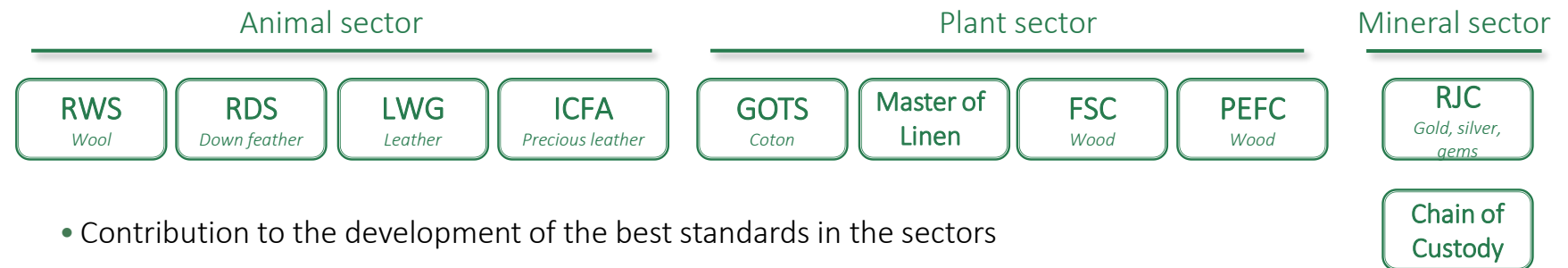
- Based on the mastery and excellence of savoir-faire
- Agility in a context of a health crisis
- Sustainable development

- Longstanding supplier relationships:

- Twenty years average relationship (top fifty direct suppliers)
- Support for suppliers during the pandemic

- Certification of activities:

- 2024 group target to have 100% certified textile and leather supply channels, particularly:



- Contribution to the development of the best standards in the sectors
- Sector briefs for raw materials purchases published in 2021 for suppliers



# Quality and sustainability by supporting all our suppliers



- Risks mapped at group level in 2020
- The top fifty suppliers are all audited at least once in the following areas: environment, health and safety, human rights and fundamental freedoms, business continuity, finance, confidentiality, business ethics and anti-corruption
- Risk management and prevention involves:
  - Training for buyers
  - Concrete commitments from suppliers: 85% of direct procurement suppliers formally committed to social, environmental and ethical policies (handbook 1 & 2)





# ESG rankings reflecting our sustainable strategy

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- “Try harder approach”, continuous improvement
- 2021 Rankings:
  - MSCI: A
  - Sustainalytics: #2<sup>nd</sup> best company in the clothing sector (72/100)
  - Vigeo-Eiris:
    - “Advanced” category
    - Inclusion in the CAC 40 ESG index in September 2021
  - CDP: Climate change: A-, Water: A-

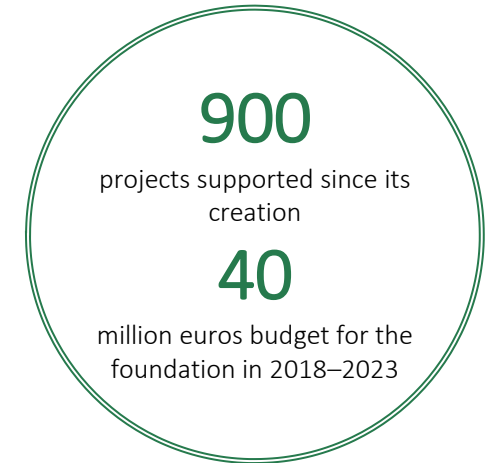




# Fondation d'entreprise Hermès « Our gestures define us and show who we are »



- Created in 2008 by Pierre-Alexis Dumas, presided by Olivier Fournier since 2016 and directed by Laurent Pejoux since 2021
- The Fondation d'entreprise Hermès is currently in its third mandate
- 40 million euros for the period 2018-2023
- Four main pillars structure its action:
  - Transmit, create, protect and encourage
  - Carried out through several dedicated programmes
- Two iconic projects:
  - Manufacto
  - Manuterra



# Thank you