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2.3.2 ACQUISITION, ENRICHMENT AND TRANSMISSION

In a context of medium-term business growth and to develop its integrated craftsmanship model, Hermès must strengthen its teams in all professions: craftspeople, sales associates, producers, experts in transverse functions. To this end, Hermès pays particular attention to its relations with schools and its recruitment initiatives 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 Group. In France, the Group also manages relationships with educational establishments, as well as communication of the employer brand, and pools recruitment. 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.

2.3.2.1 IMPLEMENT SYSTEMS TO RECRUIT THE BEST PROFILES FOR THE VARIOUS *MÉTIER*S

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

2.3.2.1.1 Employer brand

Since 2020, Hermès has been rolling out the visual identity of its employer brand “Tous artisans” created in 2019. The challenge is to attract talented people who want to join the House, motivated above all by a collective project, a requirement for quality and a long-term vision. Once the technical skills have been secured, the recruitment criteria are based on personality elements to ensure that candidates are compatible with Hermès culture and values, to ensure smooth integration and success within Hermès Group.

The new Hermès employer brand identity reflects the House’s values and embodies its employer promise:

- ◆ create freely;
- ◆ reinvent our *métiers*;
- ◆ construct tailor-made pathways;
- ◆ share a collective adventure;
- ◆ become involved in a responsible company.

Hermès continued to roll out its communication, using a concept that incorporates the visual principle created in 2019, consisting of rhythm and colours, and in a warm and authentic tone.

To make the employee experience even more explicit and provide a concrete illustration of its unique corporate culture, in 2021 Hermès gave the floor to six employees from different *métiers*, in entities located in France, China and the United States, so that they could share their realities and their experiences in the House through video testimonials.

An exclusive photo report illustrating each pillar of the employer promise has also given a twist to this new employer brand identity, alongside four videos, to which others will be added in 2022.

Promoting the employer brand

Essential to support recruitment challenges, a communication strategy dedicated to the employer brand was launched at the end of 2021. Its objectives are to make the Company culture and the diversity of the House's activities and *savoir-faire* visible and understandable in order to reveal its uniqueness and support its attractiveness.

First communicated internally via the *HermèsSphère* intranet, the employer brand communication campaign was rolled out in France at the end of November 2021 in the national and regional press, on billboards and on LinkedIn.

The Hermès LinkedIn account, launched in 2014, brought together a community of **over 900,000 subscribers** in December 2021, an increase of around 30% compared to 2020. The account presents in particular news of the employer brand through dedicated video and photo content.

In China, the Hermès account on Wechat has **1.78 million subscribers** and on Weibo, the number of subscribers to the Hermès account is more than 750,000.

2.3.2.1.2 Significant recruitment challenges

Internal mobility is the primary source of recruitment for Hermès, which is committed to developing the skills of its employees to enable them to complete a long-term career within the House. The internal job sharing platform Myway in Hermès is the showcase of all these opportunities, offered to employees as a priority.

Job offers are then published on the external career website <https://talents.hermes.com>, which features the employer brand and is the second largest source of recruitment, as well as on the Hermès LinkedIn page, which remains a powerful attraction and recruitment lever.

In 2021, a total of 7,260 job offers (compared to 4,267 in 2020) were published on the careers website <https://talents.hermes.com>. The new communication tools relating to the employer brand were all used to improve or create corporate pages on essential recruitment sites such as *Glassdoor*, *Jobteaser* and *Indeed*, or on digital platforms such as *Seekube*. Job adverts are posted there, as well as on *fashionjob*, *regionjob*, *appec*, etc. in France, and *WeChat* outside France. In addition, for the recruitment of interns and work-study students, Hermès uses the sites of higher education institutions and specialised sites such as *JobTeaser* and *Welcome to the Jungle*.

Certain specific recruitment operations or those targeting large numbers (security guards, logistics employees, etc.) also rely on the use of *Facebook*.

For all of the House's *métiers*, the recruitment of new talent is a constant challenge, particularly at Hermès Maroquinerie-Sellerie, which has to recruit around 100 craftspeople into each of its divisions every year. The *métier* is therefore striving to broaden its employment pools, to make itself better known to a wider audience, to create a pool of candidates for training in the two craftsmanship *métiers* of saddler and leather goods and cutter/preparer, and finally to carefully select the candidates able to demonstrate the soft skills and motivation required. The hiring of saddler and leather goods craftspeople and logistics operators is carried out in partnership with Pôle Emploi for the communication of job offers, the provision of collective information and the performance of skills tests.

In addition, within this division, recruitment is carried out in partnership with the local branches of the National Employment Agency, with the implementation of a system that makes it possible to recruit the best talents, from all origins, training and experience, using an analysis of their manual skills. The success of this known as MRS (simulation-based recruitment method) approach, conducted to support psycho-technical tests, manual aptitude tests, and interviews, developed with the National Employment Agency, is demonstrated by the fact that the vast majority of the craftspeople selected using this system successfully complete their initial cycle of 18 months of training.

The Tanneries division (Hermès Cuir précieux) is faced with the challenge of attracting people to the tanning professions, due to the low mobility of candidates and preconceived ideas about gender diversity in the industry's *métiers*. To address this, a recruitment day for the Young Tanners Programme (HCP graduate programme) took place in October, with a visit to the Montereau Tannery followed by individual (interviews, managerial role plays, colour tests, materials tests, etc.) and collective (team challenge) workshops with preselected candidates.

The other *métiers* must support strong growth in volume, maintaining the high standards and quality of the profiles recruited despite the pressure of the need for new skills. The recruitment of very solid profiles and potential future talents, is a challenge, affecting the integration of experts in the Beauty *métier* (make-up and skincare) to support the launch of this new *métier*, and the search for Responsible Purchasing, Quality, Product Manager, Supply Chain, IT & Project Management profiles, in a competitive labour market.

The Retail market is experiencing a context of heightened competition, with a booming luxury goods industry and tense markets in all countries, creating a veritable "talent war" and real difficulties in recruiting local candidates, particularly in Canada and Great Britain. Some markets such as Russia or Latin America also require the recruitment of English-speaking candidates. These tensions are also reflected in the support functions in finance and Retail merchandising (product offering).

Furthermore, the lack of mobility due to the health crisis has added to the structural changes affecting these *métiers*: the need for security and a long term vision, the search for a hybrid work place, profound changes in expectations, staff more willing to change, etc.

The Retail *métiers*, present in all regions of the world, are seeking to recruit talented people compatible with the high standards of the House and the specific nature of the local culture. This involves finding, often quickly and sometimes from outside the luxury goods industry, among a less knowledgeable public, candidates with expertise in hospitality, sales and consulting in an omnichannel environment.

Lastly, the complexity of the managerial role and the human values required by the Group increase the need to make extensive efforts to identify potential managers.

The use of an assessment to clarify and objectify external recruitment or internal mobility decisions is growing and will increase in the coming years. Various events are also organized to attract, win over and detect new talent, particularly in France (in Lyon, Aix-en-Provence/Marseille and Paris as targeted cities) and internationally, with, for example, an Open Day in Shanghai, participation in a career day in Germany bringing together more than 1,000 students and an employment forum at the University of Bocconi (Italy).

For the support functions, the main challenge is to highlight and promote the attractiveness of Hermès for the recruitment of engineering, finance and IT profiles, as well as digital technicians/developers in a competitive environment. Work flexibility was introduced specifically in these teams because it is a key lever for enhancing attraction.

Hermès is also faced with other recruitment challenges such as, for example, locations in French regions considered less attractive by managers, a scarcity of profiles of experts with specific skills such as bespoke shoes, the textile *métiers* of engraving and printing, or even shortages of multilingual profiles.

Numerous initiatives have been undertaken, such as the organization of collective information meetings with local branches of the National Employment Agency (Pôle Emploi) in all regions where Hermès has production units; a partnership with the CABAT (French Army Wounded Aid Unit) to recruit former military personnel with disabilities and participation in local communication operations: the Carat-Angouleme recruitment forum, job-dating on the Nontron site, signature of the *Fabrique des compétences* (Skills factory) charter with the Normandy region, etc.

2.3.2.2 ENSURE THE SUSTAINABILITY AND DEVELOPMENT OF SAVOIR-FAIRE

Hermès bases its growth model on a culture of continuous improvement. This is how the House ensures the sustainability and enrichment of its often-exclusive *savoir-faire*, and the 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 2021, 76,145 training actions were thus carried out worldwide, i.e. an increase of 9% from 2020.**

In 2021, the Hermès Group devoted more than 423,317 hours to training, including over 299,562 in France (excluding apprenticeships and professionalisation contracts). Nearly 76,145 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 2021 of external and intragroup training) amounted to €7,282 thousand. This figure does not reflect the entire training effort, since it does not include *métier* training dispensed directly in the workspace.

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

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, as well as the keys to understanding its 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.

An ambitious and scaled-up development and training offer

In 2021, Hermès continued to scale up and internationalise the Group's development and training offering, *Hermès Campus*, to best support subsidiaries and complement their local offering. This approach is structured around four areas: in-house culture, management, expertise and personal development.

An internal audit confirmed the quality of the organisation of the training and the diversity of the proposed offer. Communication with managers and employees to promote the value of training remains a significant challenge, and efforts will be stepped up in 2022.

At the same time, and with a view to the long-term, in 2021 the training community redefined its mission in terms of this ambition: *"To ensure the sustainability of the House's values and unique culture and to respond to the strategic challenges of today and tomorrow, to support the development and professional fulfilment of employees and the Group, we offer adapted, multimodal, scalable and accessible pathways, we help to make employees a player in their own development, and take care to advise and guide each person according to their needs. Co-constructing with employees, managers, HR, Management Committees and partners, using expertise and reliable and efficient tools, adopting a clear communication policy, demonstrating creativity, boldness and anticipation, taking pleasure in working together"*.

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

EXAMPLES OF "CAMPUS HERMÈS" GROUP TRAINING

Domain	Sub-domain	Training example
Culture	Onboarding	◆ "Mosaïque"
	Knowledge of the House	◆ Happy Culture
	General culture	◆ "Culturiosité"
Management	Specialisation	◆ Managing by communicating
	Fundamentals	◆ Foundations of management at Hermès
Expertise	Art of selling	◆ Customer data collection
	Office skills	◆ Essentials of office skills
	Legal compliance	◆ Data protection
	Product knowledge	◆ Hermès H08 (Watches)
	Sustainable development	◆ Fundamentals of sustainable development
	Métier expertise	◆ Textiles from A to Z
Personal development	Occupational Safety & Health	◆ Rescuer first aiders at work (SST)
	Communication	◆ Communicating with ease
	Effectiveness at work	◆ Writing, summaries and reports
	Self-development	◆ Time workshop

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Digitisation for skills development

In 2021, digital tools arrived to amplify the provision and support of a unique and multimodal learning experience throughout employees' time at Hermès:

- ◆ the *myCampus* digital training portal is now available to all Group employees. It includes new training and development tools: a catalogue of the internal training offer, the addition of new e-learning modules, conferences, serious games, and access to the general culture platform *Culturiosité* in partnership with Artips;
- ◆ the digital Retail training portal *Hermès Métiers* training, available in five languages (French, English, Chinese, Korean and Japanese), containing the essentials of each of the 16 *métiers* and intended for all sales associates, was enhanced with the integration of training materials for the seasonal collections and the development of gamification of learning;
- ◆ a new virtual reality offering allows each employee to immerse themselves in four of the House's emblematic locations, including the Faubourg Saint-Honoré store.

Internal trainers, a key network of learning opportunities

In order to support and develop training providers, Campus Hermès 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 25 *métiers* trainers to pass on their knowledge and expertise to the market trainers who, in turn, will train the store teams.

In addition, a new *Passeurs* programme for all training providers was created in 2021. It is part of a desire to professionalise the community with training, workshops and conferences, particularly on digital learning and a brand new training course for "culture storytellers", who share Hermès' culture within the House.

Lastly, the *InterHactions* programme continued in 2021. This is designed to maintain and develop links within the French-speaking community through a monthly newsletter sent to more than 1,500 French-speaking employees, along with invitations to themed conferences.



2.3.2.2.1 The House culture, the foundation for learning

A wide range of training courses (Group and local) is dedicated to the integration of employees. The aim of these programmes is to facilitate the assimilation of the corporate culture while giving them the keys to understanding that are essential for their professional integration. In total, these induction programmes reached more than 1,000 employees Group-wide.

Employees who have been with the Company for longer can benefit from more in-depth training, giving them deeper knowledge of Hermès' history.

Lastly, a section dedicated to understanding the Group's overall strategy and adapted to the different profiles of employees is also provided to members of the Management Committees.

Among these courses:

- ◆ “**Mosaïque**”, the two-day induction programme for all new employees in France on permanent employment contracts, has been scaled up. 518 employees were able to effectively assimilate the Company culture through visits, testimonials and presentations giving a broad and well-illustrated vision of Hermès. This year, one session was organised remotely;
- ◆ the “**Happy Culture**” programme, aimed at employees with more than three years of service, enabled 96 employees to deepen their understanding of Hermès culture, to better understand the new dimensions of the House and to discover behind the scenes. The programme was also rolled out this year in China;
- ◆ the “**IFH**” programme, dedicated to members of the Management Committees of the sites or subsidiaries, invited 34 employees to share the vision and strategy of the Group and the *métiers*;
- ◆ “**H Immersion**”, the induction 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. 430 participants. Given the health situation, the sessions were conducted either in person or remotely;
- ◆ **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 2021, the Hermès Culture Client training was launched for all retail employees. This training, which will take place in each region in 2022, aims to reinforce the uniqueness of the in-store customer experience;
- ◆ in many subsidiaries, the **local induction programme** was run: *Tous en Selle!* in central services and for managers of divisions and production sites (workshop managers, management control, site management, EHS managers, etc.) within Hermès Maroquinerie-Sellerie for 61 employees, *Au fil d’HTH* for the Textile sector, with 43 employees, *Premiers regards* at Hermès Femme for 24 employees, *Bienvenue à la maison* for 54 Hermès Maison employees, or the continued implementation at Hermès Parfum et Beauté for 64 employees of the *Premiers Pas* programme for all new employees with permanent employment contracts and *Découvrons Hermès Parfum et Beauté* for the 88 people on fixed-term employment contracts, work/study students and interns. In 2021, the Hermès Group Services subsidiary created its integration module, *Au cœur du service*, for 88 employees.

2.3.2.2.2 Management at the heart of the Group's ambition

Since 2020, the House has proposed a new individualised and ambitious development path to all managers, in order to strengthen their skills and thus contribute to the smooth and efficient functioning of the teams over time.

All managers are required to attend training courses enabling them to acquire the fundamentals essential to the practice of management that is caring, firm and encourages growth for the Company, individuals and the teams. These management foundations can be subsequently reinforced by specialised training in collaborative working, recruitment, or diversity management.

In 2021, Hermès developed this individual development plan for all French-speaking managers. It has also begun to roll this out internationally.

The aim of the *H Keys* programme is to welcome all 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 managers in various entities. Some 51 managers followed this programme.

The *Hermès Manager* programme provides a common foundation on the fundamentals of management techniques. This programme is now being run remotely for international subsidiaries. A total of 131 managers have followed it.

Locally, new management training courses have been introduced for local challenges. Hermès Maroquinerie-Sellerie offered 464 managers the *Artisan Manager – Manager d’Artisan* course, a set of modules aimed at deepening various aspects such as budget construction and management, personnel administration and applicable labour rules. Hermès Europe created the *Emotional intelligence* training for 21 store managers to develop their own emotional awareness and learn to adjust it according to the situation and the employee. Travel Retail Asia supports its new managers with the *First step to leaders* training. In the United States, Hermès Of Paris developed the *Situational leadership* training for 30 managers.

2.3.2.2.3 The high expectations of savoir-faire

The House’s policy is to consolidate and develop individual expertise, increase each employee’s versatility, ensure that *savoir-faire* is shared within teams and that this is passed on from generation to generation, retain talents and create appropriate development pathways.

With this in mind, training courses have been developed enabling employees to train or specialise in legal, IT or workplace safety issues.

In addition to these cross-functional training courses, 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 goods and saddlery 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 training¹, experience validation² or diplomas (CAP³, etc.). **Within Hermès Maroquinerie-Sellerie**, 93 trainers from the table, cutting and stitching sectors took part in meetings to share experience, and receive regular training in areas such as communication, personal development and training, to increase their professionalisation.

In 2021, the Hermès Maroquinerie-Sellerie craftsmanship division created **the École Hermès des Savoir-Faire through its apprenticeship training centre (CFA)** dedicated to leather goods métiers. The growth of the activity makes it possible to recruit and train more than 600 craftspeople per year and the prospects for the future are even stronger. This new system will enable Hermès to be more autonomous in its training in the leather goods métier. For the past 10 years, the École du Cuir has been responsible for the transmission of *savoir-faire* with a community of more than **90 in-house trainers**, along with partner schools and further education establishments. Thanks to these many years of experience, Hermès felt it had the skills to develop its own training organisation. This creation of the École Hermès des Savoir-Faire is supported by the launch of its dedicated website, a real shop window onto our métiers and our training offer. Connected to the Hermès career website, it should stimulate vocations and help to promote the House's employer brand far and wide.

In total, 12 École du Cuir programmes in 2021 made it possible to train 740 employees (a total of nearly 6,855 since 2011) and helped to obtain 277 diplomas or certifications: 185 CAP vocational qualifications in leather work, 79 *Sellier-Marouquinier d'Art* (saddler and leather worker) diplomas, 11 CQP Cutting diplomas and 2 *Brevets Métier d'Art* (Arts métier diplomas).

The Cristalleries Saint-Louis continued internal training actions on hot-part *métier savoir-faire* for 36 craftspeople, and prepared the 2022 launch of a study designed to structure an organisation dedicated to internal training for finishing workshops.

In 2021, all **Retail** subsidiaries continued to develop product training and distance selling techniques using new tools to create interactive and participatory learning experiences. The Retail France subsidiary created the **École des Artisans de la vente**, which offers a progressive multimodal development programme for sales associates and managers, starting from their integration, with a progressive pathway. This programme will be rolled out in 2022. The Retail subsidiaries also developed new programmes to enhance the customer experience: *Customer Experience training* in Thailand for 58 sales associates,

Remote sales selling in Taiwan for 136 sales associates, *Luxury Attitude* in Korea for nine managers, and *Customer service* for 12 sales associates at HAOP. At the same time, remote and face-to-face product training sessions were held on the new collections (67 sessions at HOP for 2,828 employees trained).

Lastly, in 2021 new expertise programmes were rolled out:

- ◆ for the appropriation of internal IT tools, with the M3 management programme followed by 377 employees, in-person or remote training via e-learning on the new *MyClickH* HRIS, accessible to all employees, and the *Digital citizenship* programme on new digital tools for HTH, *Ordin@cteur* to facilitate the increase in digital skills of craftspeople, or *Digital workshops* for Hermès Parfum et Beauté;
- ◆ to develop a course on good purchasing practices at Hermès with the *Purchasing fundamentals* training and the *Adopt EHS reflexes during supplier visits* programme;
- ◆ a development programme for the human resources community, including modules on expertise (recruitment, training, labour law), inspirational conferences, a partnership with the LAbRH and co-development workshops.

CFA

In 2021, Hermès created its École Hermès des Savoir-Faire and its associated CFA (apprentice training centre). Its purpose is to advance the craftsmanship métiers and promote apprenticeships through work/study programmes in métiers of excellence. It uses teaching teams comprising internal trainers and national education trainers in each of our training schools based on our nine regional centres.

In July 2021, Hermès obtained all approvals from the public authorities to train its future saddler-leather goods workers in-house, assess their skills and issue the state vocational qualification (CAP) in leather goods in collaboration with the French Ministry of Education. This national accreditation is recognition of the House's historical, technical and educational expertise in the transmission of its *savoir-faire* of excellence. Becoming a training organisation also confirms Hermès' role as a social player and responsible employer committed to the education of able-bodied people or people with disabilities, with initial experience in a manual métier or in professional retraining.

The École Hermès des Savoir-Faire is open to all those who wish to become craftspeople and make good use of their manual talents. It trains work/study students, who have the opportunity to learn a métier of excellence. Once they have obtained their state diploma, they will be able to join, amongst other jobs, one of the Group's leather goods workshops.

1. CQP: vocational qualification certificate. [attention, note barrée dans fichier client]
2. VAE: validation of acquired experience. [attention, note barrée dans fichier client]
3. CAP: vocational aptitude certificate. [attention, note barrée dans fichier client]

2.3.2.3 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 implemented by the sustainable development department at Group level is based on raising awareness, empowering and increasing the skills of 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 500 employee relays worldwide. This network includes sustainable development managers in several entities, the EHS network officers (28 people), ambassadors in stores and production sites (a total of more than 350 people).

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

In 2021, the sustainable development strategy update was the opportunity for discussions with around 50 entities of the House, distribution, production and support, in order to ascertain their roadmaps and commitments for the next three years. This work gives concrete expression to the understanding and practical application of the challenges at local level, while remaining consistent with the Group strategy.

In addition, the introduction of the *MyCampus* tool has enabled the launch of a training module dedicated to the fundamentals of sustainable development, which is regularly expanded with the addition of further modules, such as one on biodiversity. This first general model was made available in five languages. The Group's ambition is to train all employees. As at 31 December 2021, 2,962 employees had been trained. Face-to-face pilots for craftspeople and sales associates will be rolled out on a larger scale from the beginning of 2022 in order to gradually integrate functions that do not have direct individual access to a computer. In addition, the sustainable development training programme was supplemented by three additional modules: biodiversity, climate change and animal well-being.

2.3.2.4 INCLUDE CAREER PATHS IN A LONG-TERM VISION

Employee loyalty is a value that contributes to the stability and sustainability of Hermès' model. The House therefore provides employees with the necessary conditions for the development of their professional projects and promotes long careers.

The average length of service, which includes a wide range, is nine years. Given the strong growth in recent years, **44% of the Group's total workforce has worked for the Company for less than five years.** However, more than one-third of the workforce has been with the House for more than 10 years (i.e. around 6,000 people), illustrating the loyalty and opportunities for career development within the House (as a reminder, 10 years ago the workforce comprised 9,081 people). **In France, 25% of employees have more than 15 years of service.**

2.3.2.4.1 Retain long-term employees

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, not to mention seniority bonuses, as well as the quality of the workspaces, the systems dedicated to well-being and the convivial meetings that create strong links between the employees. The empathetic management style, which is conducive to close proximity, and the numerous actions aimed at encouraging discussions with employees and stimulating a collective mindset, also serve to foster loyalty and recognition. In terms of work organisation, versatility and multi-skills are preferred. The creation of participative cross-functional groups promoting innovation, as well as initiatives in terms of temporary secondments and internal mobility, complete the systems.

HR development

In order to bring out the Senior Executives and managers of tomorrow, the Group intends to facilitate the construction of rich internal professional and personal careers path for the men and women who make up the current teams. Whether in the fields of management or expertise (IT, digital, supply chain, purchasing, finance, HR, audit, legal, etc.), Hermès intends to pursue its long-term project, built over time by promoting employee loyalty. In a context marked by increasingly entrenched aspirations to live life in harmony with one's values, the collective culture is growing in importance and the speed of skill changes must be taken into account. In addition, Hermès has to face the development of its activities, the corresponding increase in its workforce, and the changing geographies, with Asia and in particular China becoming increasingly important. These various factors have led the Group to give an increasingly "transformational" role to its human resources management.

Evaluate employees to help them in their development

Each employee has an annual performance appraisal. The Managing Directors of the subsidiaries and their Directors of Human Resources 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 department oversees the implementation of these two interviews, which provide an opportunity to assess performance, analyse skills, set objectives for the following year and discuss medium-term prospects with the employee (professional assessment, career plan, skills development plan, 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. Some subsidiaries (United States, Japan, etc.) adapt Group formats in keeping with cultural requirements or due to 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.

Talent identification, a key challenge for long-term continuity

An annual talent review process is steered by the Group human resources department and aims to identify leadership talents – called upon for senior managerial positions – and expert talents, who are valuable in preserving and developing the *savoir-faire* that makes up the richness and specificity of the *métiers*. This involves recognising and valuing experts, securing critical skills for the Group and developing expert talent.

A greater number of assessment procedures were put in place to allow leadership talents to get to know each other better and the organisation to make good use of their qualities in appropriate roles.

Various internal programmes are in place to develop managers identified as being able to take on Senior Executive positions within the Group in the short or longer term:

- ◆ the *Entre-temps* programme is aimed at the Managing Directors of subsidiaries and aims to give them time to step back four times a year and look at topics such as freedom, courage and trust, values dear to the Hermès leadership model. This formula, which favours co-development, allows them to fine-tune their strategic vision, enrich themselves with other perspectives and break the loneliness of the leader, to find solutions to problems encountered on a daily basis and to think in a more forward-looking manner;
- ◆ a series of *Hafterworks*, in the form of remote conferences aimed at deciphering the changes underway through the contribution of an expert, is offered to all Senior Executives (Managing Directors and members of Management Committees) on a bimonthly basis;
- ◆ in 2021, the *Leading with art* programme benefited 20 senior talents. Through two sessions of several days, it aims to make them leaders who know each other well and are ready to have a positive impact on those around them and on the world. Thus, a community of strong and supportive leaders is gradually being created;

- ◆ in 2021, the *Cavaliers* programme enabled 12 young talents to spend seven months exploring a strategic challenge assigned by the Executive Committee. This enables them to put their teamwork skills into practice and deepen their understanding of the Hermès model through a subject on which they make concrete proposals.

In addition to this offering of internal programmes, talents also take part in external programmes. Thus, in 2021, several programmes originally developed by Danone were attended: the programmes Eve, Octave and Noé dedicated to leadership, and in particular leadership by women, ongoing change and sustainable innovation benefited more than 70 managers who wanted to open themselves up to the world and other universes and have a personal development experience that could increase their impact in everyday actions.

The *Colbert Labo* programme gave seven young talents the opportunity to work together on a collective project with employees of companies that are members of the Comité Colbert. A chance to broaden their horizons to the luxury goods industry as a whole, on the theme "*Digital, how far for the luxury?*". Lastly, with the *One young world* programme, for the first time, three young talents were able to be part of the experience conducted in Munich with more than 2,000 young people from all continents, invited to look at societal issues such as the new economy, the Covid-19 pandemic, the environment, education, the issue of rights and freedoms. Overall, more than 150 employees benefited from specific talent development programmes.

This attention paid to talent is exercised in the subsidiaries, notably through the establishment of a Talent Management Committee, the definition and monitoring of individual development plans for talents, career interviews and individual coaching, contributions to cross-functional projects or temporary assignments to expose talents to various situations and challenges and thus enrich their experience and expertise. Human resources managers are trained in the assessment tool in order to internalise the approach, and constant attention is paid to internal mobility, the first lever of talent development, in particular through the distribution of internal newsletters in addition to the *My way in Hermès* platform. Lastly, *Vis ma vie* ("Live my life") sessions and mentoring initiatives facilitate internet mobility and accelerate the process of taking up job openings.

Strategic Workforce Planning projects were initiated in several subsidiaries (Hermès Perfume and Beauty, Hermès Maison, Hermès China, etc.) in order to apply a strategic approach to anticipating future business developments and talent needs in the face of rapid growth. This involves clarifying the future organisation in order to better prepare talents for their new roles, anticipate recruitment and support the necessary changes in terms of organisation, recruitment and management to meet the transformation challenges provided by growth. This approach will become more widespread around the Group in the coming years.

2.3.2.4.2 Offering varied career paths

In addition to the Career Committee led by the Group human resources department, several initiatives are common to all subsidiaries to promote and prepare for internal mobility, with the distribution of offers via internal channels, the establishment of job fairs within the sectors and temporary secondments to other sites in the industrial sector, the *métiers* or the Retail subsidiaries. The active coordination of human resources teams within Internal Mobility Committees facilitates, among other things, the rollout of the *Vis ma vie* programmes, in which participants put themselves in the shoes of another employee for a period of between one week and six months, and networking operations to showcase the sites through divisional projects and exchanges between stores. Individual interviews for people on the move in order to narrow their project and determine an appropriate action plan, the rollout of various assessment tools and the review of compensation levels aimed at retaining talent internally are also available to teams to reinforce the versatility and multi-skills of employees.

Offering development and recognition opportunities to enable participation in the Hermès adventure

Numerous actions aim to enhance the value of employees, identify opportunities and offer them constructive development and diversified career paths and above all, individualised support. These initiatives are supported by internal communication to share the vision, give meaning, motivate and embark on the corporate project and relay the vision of the Executive Committee. The financial dimension is an integral part of recognition, with, for example, the increase in the long-service bonus in entities in France. The review of compensation on the basis of external benchmark surveys to ensure a level that is always higher than the market. The positive and engaging work environment, constantly improved with the introduction of adapted and ergonomic equipment and moments of celebration, also contribute to employee loyalty.