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2.7.1 REGIONAL RESPONSIBILITY IN FRANCE

As part of its regional responsibility, Hermès undertakes initiatives in France in particular to support the regions in which it is located, enhancing their value, regenerating them, transforming and revealing them.

POLICY

Hermès chooses to locate its manufacturing sites mainly in France. This is the case for its Leather Goods & Saddlery division's activity, where the industrial development approach is that of spin-offs: organic development that creates human-scale production sites (approximately 250 people), that start with a core group of experienced craftspeople, who train newcomers.

Hermès' ambition is to contribute to the development of the regions by creating direct and indirect jobs, as well as by local initiatives in social, economic, educational and cultural fields, among others..

2.7.1.1 PURSUE A MANUFACTURING DEVELOPMENT POLICY IN FRANCE

The Hermès Group operates in 11 of the 13 regions of metropolitan France, with more than 80 sites (production units, stores, logistics sites, offices) representing 10,969 Group employees. The craftsmanship model that it employs in France brings with it a regional corporate responsibility. The House establishes itself for the long-term and has increased the number of employees in France by 3,065 in five years.

Since the launch of the first site in 1837, the locations for production units have been chosen to support hubs of regional expertise. Hermès has 52 production sites in 9 of France's 13 regions. The Textile division has 5 sites in the Lyon region (839 jobs), concentrating the House's *savoir-faire* in this domain. The complementary lines of *savoir-faire* – such as weaving, engraving, printing, dyeing, finishing and sewing – are grouped together under the holding company Holding Textile Hermès. The “Passerelle” extension project, launched in 2019, is the concrete demonstration of the House's desire to contribute to the sustainability of local *savoir-faire*. This large project at Pierre-Bénite (near Lyon) aims to support two new printing lines and eventually create 120 additional jobs. The project is expected to be finalised in 2022.

The Cate porcelain production site (178 jobs) is based in the Limousin region, the cradle of porcelain production, with Beyrand, a colour printer since 1926, which joined the Hermès Group in 2013.

In the Périgord region, the Nontron site is a good example of the Group's desire to develop its local footprint. Hermès, thanks to its decision to set up a porcelain production site, was able to hire 200 people impacted by the closing of a manufacturing site in 1990. Today, with three companies, Hermès has more than doubled its workforce and employs 497 people at Nontron.

Cristallerie Saint-Louis, founded in 1586, is located in the heart of the Lorraine forest, the source of all the raw materials necessary for crystal manufacture. It holds more than 10,000 moulds that can be reactivated at any time to fashion the production unit's crystal objects. At 31 December 2021, the Cristallerie Saint-Louis employed 2,457 people and is a remarkable area of activity in the Pays de Bitche region, including thanks to the presence of the *Musée du Cristal* “La Grande Place”, located in the heart of the production unit.

The Leather Goods sites continue to expand according to customer demand. As at December 2021, the House had 19 leather goods workshops. The leather goods workshops of Guyenne (Gironde) and Montereau (Seine-et-Marne) are completed and were inaugurated in 2021. In addition, a number of site projects are underway: the leather goods workshops of Louviers (Eure) and de la Sormonne (Tournes/Cliron) will be completed in 2023 and Riom (Auvergne) in 2024.

The choice of new sites responds to a desire for local integration on three levels: respect for local expertise, sustainability of *savoir-faire*, and desire to create local jobs bringing life to the regions.

These sites are built according to several different types of opportunity: the labour pool, the takeover of existing sites or a change of activity, or the establishment of new sites. Sites are deliberately chosen near establishments offering leatherwork training programmes, in particular. The geographical location of the sites covers the whole of France, organised by regional divisions, particularly in the leather sector (see production site location map in § 1.4.2 of chapter 1 “Presentation of the Group and its results”).

The history of the local architecture and the emblematic materials of the region are also integrated in the thinking and design of new production units. The choice of construction projects for the three future leather goods workshops reflects these intentions in particular, with the Louviers leather goods workshop, for example, being the first French manufacturing site to aim to obtain E4C2 certification, which guarantees excellence in taking climate issues into account in construction.

The projects of the three leather goods workshops in progress (Louviers, Tournes/Cliron and Riom) are designed to comply with the highest levels of the Hermès sustainable construction standard (§ 2.5.4.2.2) and to comply with HQE+ (high environmental quality) standards, and are taking place in close collaboration with all stakeholders. Local companies are given preference in competitive bidding when they meet the specifications.

In addition, the creation of sites organised by division (maximum three sites) promotes project synergies, recruitment of experts, skills improvement, and also presents opportunities for internal mobility ensuring the sustainability of the model.

2.7.1.2 DEVELOPING HARMONIOUS RELATIONSHIPS WITH REGIONAL STAKEHOLDERS

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

Special attention will be paid to the potential of the local employment pool, in particular transport infrastructures, possibilities for local housing and schooling for families. The quality of the partnership with town halls is decisive, driven by the desire for a real local life for the families who settle there.

The Group works to promote these relationships, based on trust, transparency and joint actions. In 2019, for example, a “Mayors' Day” event in Paris brought together 17 elected representatives from the local authorities where our French sites are located for discussions with the Group’s Executive Committee and members of the management committees.

The development of craftsmanship *métiers* and job creation

The sites all maintain close relations with local Job Centres (Pôle Emploi) and schools. The goal is to help train the new generations of craftspeople, as well as showcase our offers and *métiers*, allow hands-on practice, and explain the Group’s *métiers* to the young generations. Regardless of the site’s activity (leather, silk, or other *métier*) or its geographical location, this approach consists of:

- ♦ workshop visits by high school students to discover the craftsmanship *métiers*;
- ♦ talks in secondary schools to present the *métiers* prior to the pupils’ choice of a career path;
- ♦ organising information forums with the Job Centre;
- ♦ the creation of appropriate local training programmes.

The establishments, which are often in rural areas, provide a major local boost to the communities concerned: stimulation of local consumption, supporting real estate, impact on community needs (maintenance of classes in schools, public transport support, etc.) and tax resources for municipalities.

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

In addition to actions linked to its own activities, it is also a socially responsible company in the places in which Hermès conducts its business, building harmonious and constructive relations with stakeholders. The production sites interact with the municipalities, the local association of municipalities, and local agencies such as Action Logement. Hermès cooperates with partner associations for employment, as well as with junior and high schools which will provide the House with fresh young talent, thereby contributing to its expansion.

The following examples illustrate the operations conducted in 2021:

Leather

In every project, a temporary workshop is set up for a period of 18 to 24 months prior to the opening of the site, in existing buildings that have been renovated in accordance with the Hermès Group’s standards. These temporary workshops are attached to a reference site, and in-house trainers ensure the transmission of *savoir-faire*.

Recruitment is carried out locally; the first intakes, each consisting of around 30 craftspeople, are recruited on the basis of manual skills via the MRS (**simulation recruitment method developed with the National Employment Agency (Pôle Emploi) on the basis of manual aptitude (dexterity tests in particular) and without a CV**, regardless of their previous career path. Every six months, a new group is brought on board and trained by in-house trainers. The craftspeople are then provided with continuous training from tutors. In this way, upon opening, about 100 people are already operational and ready to launch the leather goods activity. In the long term, the average workforce will be 250 craftspeople. This number of employees will allow the craftsmanship dimension to be preserved, and quality relations between employees and management.

In line with this regional approach, Hermès has decided to set up a new division in Auvergne. The establishment of the future site, in the former tobacco factory in Riom, is being prepared in close collaboration with the urban community of Riom Limagne and Volcans. In addition, in order to successfully integrate into the life of the region, we have developed close links with the Riom town hall, the sub-prefecture, the ABF, DRAC, DREAL and the police department. Hermès aims to become an economic player in the region, by contributing to its development, creating jobs and its commitment to soft mobility and carbon reduction.

The temporary workshop was opened in Riom in November 2020 and now accommodates 160 people.

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

- ♦ The Hermès Leather Goods & Saddlery division continues to support the “*Manufacto*” programme piloted by the Fondation d’entreprise Hermès, which aims to introduce children and teenagers to the universe of craftsmanship by showing them how to manufacture an object in several stages.

From the start of the 2021-2022 school year, this support has resulted in presentations by 11 craftspeople in several middle and high school classrooms in the Paris region, Lyon, Normandy and Franche-Comté, Nouvelle-Aquitaine and the Ardennes, and visits by classes to these same manufacturing sites.

Since the start of the programme in 2016, nearly 5,600 students, or 225 classes, have met craftspeople during 12 production sessions. Today, eleven academies are participating in this programme to discover the worlds of carpentry, saddlery and upholstery, leather goods and plastering;

- ♦ in Pantin, a team has started a collaboration with “Sup de Sub”, winner of the French Ministry of Labour’s skills investment plan (PIC – 100% inclusion), in collaboration with the Fondation d’entreprise Hermès. This structure aims to help young people between the ages of 16 and 26 who have no or limited resources, networks or knowledge to support their capabilities and take the path of life they would like. **In 2021, 17 employees dedicated a day to Skills Sponsorship for this project, representing 149 hours.**

In Seine-Saint-Denis, **Hermès joined the Réseau Entreprendre 93 association from its creation in 2003.** The House participates, along with the other members, in the selection, financial support and coaching for start-up projects whose common point is their strong job creation potential. In 17 years, 2,000 jobs were created by 200 new companies under the system. Some 10 employees of the House are involved in an advisory role with start-ups fostered by Réseau Entreprendre 93. Between Pantin and Bobigny, the sites located in Seine-Saint-Denis represent a total surface area of 100,000 m² and house 2,600 employees, 700 of whom live in the department. This proportion is expected to increase thanks to link-ups with candidates by the employment agency in Pantin. Hermès is one of the largest employers in Seine-Saint-Denis, and is involved in promoting talent from this region.

At Pantin, the House also provided its assistance to the local authority to create the **Revel house**, a centre for promoting the métiers of art and design, and a “métiers workshop” at the employment centre. In 2017, Axel Dumas, Executive Chairman of Hermès, strengthened this partnership by signing an **“Enterprise-region” charter with Est Ensemble.** This association of nine municipalities includes Pantin and Bobigny, where Hermès is also located. One of the objectives is to strengthen the Company’s participation in local economic development and employment.

Textile

Holding Textile Hermès maintains close relations with the silk apprentice training centre (CFA Textile) and FrenchTex, France’s leading regional professional textile organisation. As such, it also sits on the Board of Directors of Cepitra, the *Chambre d’Apprentissage des Métiers Textile* and AR2I (OPCO). The Chief Executive Officer of HTH is Chairman of Intersoie, an inter-professional organisation in the sector in France. The division participates in the “Alliances et Territoires” community, which meets quarterly to examine current topics and issues relating to local recruitment, training, skills development or CSR.