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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 and transforming 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

Hermès is present in 11 of the 13 regions of mainland France. The House establishes itself for the long term and today has 12,360 employees in France, with an increase in its workforce of 6,203 employees in five years, i.e. growth in the workforce in France of nearly 50% over this period.

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 54 production and training sites of its own in France in nine of the 13 French regions. The Textile division, which has nine sites in the Auvergne-Rhône-Alpes region (898 jobs), concentrates 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 major “Passerelles” project at Pierre-Bénite (near Lyon) aimed to construct two new printing lines, thereby creating additional jobs. Moreover, this project, which provides social support for people in difficulty in the Lyon region, has earmarked 5% of the workforce time for employees in professional integration programmes (the long-term unemployed or coming from disadvantaged neighbourhoods).

The CATE porcelain production site (220 jobs) is based in the Limousin region, the cradle of the porcelain *métiers*, with Beyrand, a colour printer since 1926, which joined the 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 533 people at Nontron, making it the largest private employer of the area.

Cristalleries Saint-Louis, founded in 1586, is located in the heart of the Lorraine forest, the source of all the raw materials necessary for crystal manufacture. It holds more than 10,000 moulds that can be reactivated at any time to fashion the production unit's crystal objects. As at 31 December 2022, Cristalleries Saint-Louis employed 326 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. In December 2022, the House had 27 own production and training sites for the leather goods *métier*. The leather goods workshops of Louviers (Eure) and Sormonne (Tournes-Cliron) were under construction in 2022 and will be inaugurated in 2023, enriching the existing centres of operation in the Normandy region (741 employees on three sites) and in the Ardennes region, which currently has more than 800 employees spread across three sites.

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 integrated production and training sites covers the whole of France (see map of production sites in chapter 1 “Presentation of the Group and its results”, § 1.4.2 and § 1.4.3).

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, as part of Hermès Harmonie standard for responsible real estate (§ 2.5.2). 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.

Hermès has expanded its sites in France with 12 production and training sites since 2018. Located outside the Paris region, these sites demonstrate the Group's desire to contribute to regional development in all regions of France.

2.7.1.2 DEVELOP HARMONIOUS RELATIONSHIPS WITH LOCAL 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 issues 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 local councils 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 French National Employment Agency;
- ♦ 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 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 2022:

Leather

In any new 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 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. In 2022, this support was strengthened by creating one of the first partnerships to sponsor a group of Entreprendre winners by a company. This sponsorship consists of regular exchanges between young entrepreneurs and Hermès to help them in their development. 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. A new partnership project between Hermès and Est Ensemble is being studied.

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 Boards of Directors of Cepitra and the Chambre d’Apprentissage des Métiers Textile. The Managing Director of HTH is Chairman of Intersoie, an inter-professional organisation in the sector in France.

Holding Textile Hermès also participates in the “Alliances et Territoires” community, a network of 16 Lyon companies that meets once a quarter to discuss current issues or issues related to recruitment, training and skills development.

In addition, Holding Textile Hermès is a partner for the second year in a row of Entreprise des Possibles, a corporate collective aiming to pool the human, financial and real estate resources of companies and mobilise them in helping people in difficulty and the homeless. HTH is also a partner of the association “Viens voir mon taf” (come see my work), enabling students in priority education areas, without a network or contacts, to carry out an internship in a company. Lastly, the division helps job seekers in the region by offering them job interview simulation workshops.