



2022

# UNIVERSAL REGISTRATION DOCUMENT

CSR EXTRACT NON-FINANCIAL PERFORMANCE  
STATEMENT (NFPS)



Page numbers have been retained from the original version

### 2.2.2 EMPLOYEE FULFILMENT AND WELL-BEING

The sustainability of the House rests on the women and men who contribute in a harmonious and positive manner to its functioning and development. For this reason, the Group is very demanding in terms of working conditions so that everyone can express their potential in a safe and untroubled manner, in a pleasant environment, whether on production sites, in stores or offices. This also means supporting the transformation of working practices, whether digital or organisational, and seeking a permanent balance between the changing world and continuing to live well alongside one another.

1. Including the workforce of the Maroquinerie Thierry, acquired in November 2022 (127 people). Information relating to this recent acquisition is not included in the social, societal and environmental information presented in this NFPS, apart from items related to the Group's workforce.

## POLICY

The Group's policy integrates health, safety and well-being issues in its operational strategy as a priority, in particular for its manufacturing activities. Physical and mental health and the management of psychosocial risks are at the heart of prevention initiatives. Working time is managed by each entity in compliance with the regulations in force, according to the specific nature of its activity, and with a view to ensuring a balance between private and professional life, in particular relating to the balance with parenthood. The fight against sexist behaviour and situations of harassment is a priority for the Group, always with a desire to provide employees with ideal conditions in which to flourish.

In addition to the many initiatives aimed at achieving fulfilment and well-being, the Group also implements initiatives to share the corporate project and its values, which are all the more important in a context of continual employee development.

Social dialogue is also a key element of the relationship between employees and the Group. It is organised by country according to local laws and regulations.

Moreover, faithful to its family tradition, the House involves its employees in long-term growth through individual and collective compensation measures and ambitious plans relating to social benefits.

### 2.2.2.1 ENSURING EMPLOYEE WELL-BEING AND FULFILMENT

Hermès is a House where exceptional objects are created. The achievement of excellence relies on fulfilled employees, whether they are craftspeople, designers, retailers, communicators or within support services.

#### 2.2.2.1.1 Employee well-being

## GOVERNANCE

The Group sets a framework of actions in which each country undertakes structuring initiatives, aligned with the regulatory context and with respect for cultural specificities. Thus, all entities are invited to ask their employees about their expectations in terms of working conditions in order to set up an action plan that responds in a relevant and personalised manner by country and by entity. All of these initiatives are reported to the Group for consolidation, sharing of best practices and dissemination of some of them, where relevant.

## ACTIONS IMPLEMENTED AND RESULTS

Various employee well-being monitoring systems have been set up to take into account the specificities of each country. Looking at the countries with the largest workforces (France, Europe Zone, Greater China, Korea, Japan and the United States), **79% of employees took part in surveys in the last three years.**

**Since 2018, the human resources department of the Group has launched a health and well-being approach in France called SATIN.**

This is based on taking stock of the situation every few years via an internal survey of employees, and the introduction of action plans. The questionnaire, designed by the INRS (National Institute for Research and Safety, charged with occupational health and safety) and the University of Lorraine, enables each employee to anonymously express their feelings on various topics relating to physical and mental health, stress, the work environment, activity and organisation.

**Since its launch, nearly 8,000 employees at 41 sites have taken part, i.e. 73% of employees in France. The average response rate of 83% is a sign of the commitment of employees and provides a strong representation of their views.**

Employees also have the practical opportunity to take part in key projects to improve their daily lives. The implementation of eye relaxation sessions for certain *métiers* was introduced and the use of physiotherapists and relaxation therapists was continued in order to fight against repetitive strain injury and teach employees how to relax. Working groups involving employees from different backgrounds have also been involved in issues relating to work clothing, personal protective equipment, and even the renovation of common spaces such as staff restaurants.

This in-depth work continues over time and makes it possible to address all subjects with the aim of improving everyone's well-being: time management, fatigue and physical health, warm-up/stretching, management of hazards, repetitive strain injury (RSI), emotion management, communication, etc.

These initiatives are voluntarily extended to subjects that are more rarely dealt with in companies. Thus, the Group carried out a project on the subject of sleep, aimed equally at employees in the support functions as well as sales associates or craftspeople. 900 employees asked for a confidential personalised diagnosis. The importance of sleep patterns and diet was addressed with the help of a specialised organisation. This is another approach to better manage day-to-day stress, improve vigilance and thus prevent workplace and commuting accidents. In addition, a two-day training course on "mental health first aid" (PSSM) was offered to managers and employees of the HR function of Holding Textile Hermès and CNP (Comptoir Nouveau de la Parfumerie).

All entities carry out actions to ensure that employees are involved in their well-being, whether physical or mental. They do not hesitate to seek assistance from specialised companies to achieve their objectives (such as Mysommeil, in France, etc.) and to use dedicated digital solutions to encourage physical activity via team challenges.

**In Europe**, the engagement survey launched at the end of May 2021 for all employees in 16 countries (survey sent to 1,075 people) had a participation rate of 88%. 2022 was devoted to the action plan broken down by country or geographical area.

**In Spain, Portugal, Germany, the Czech Republic and Austria**, an online tool (Company Mood) is used to measure employee satisfaction and commitment on a weekly basis so as to be able to implement corrective actions if necessary. On the basis of the results, in the Iberian Peninsula, teams were given training in managing emotions at work and in their personal life. Project groups have been created on the theme of well-being in some countries. They assess solutions such as dedicated platforms that offer personalised coaching programmes, video or audio sessions in the areas of health prevention, fitness, mindfulness and nutrition. Teams are thus motivated by an approach that proposes group activities and challenges.

**In England**, a survey with a response rate of 82% gave a more accurate picture of how employees feel at Hermès. It provided detailed information on the performance, culture and commitment of employees, as well as their expectations, in order to improve the work-life balance. Illustration of the local adaptation of themes, the choice of the WeCare programme, which offers employees access to mental health services, consultations with general practitioners 24 hours a day, 7 days a week, support for stopping smoking and advice in terms of well-being and healthy living. In addition, medical coverage is offered to employees via Vitality Health which, in addition to free inpatient and outpatient hospital care, provides well-being support, whether for mental or physical health, and reduced price gym subscriptions.

**In the United States**, HOP (Hermès of Paris) continued to roll out its employee engagement survey for the third consecutive year and in 2022, 87% of employees responded. This year, a health and wellness working group was launched with the aim of creating and building a community that celebrates and embodies the different aspects of wellness, fitness and a healthy lifestyle. Members of the working group (some 30 employees) share best practices, support each other in their well-being journeys and encourage one another. They also provide support dedicated support for traveling team members and measure their progress. A series of trainings was organised by them as part of “Sprinting to a Healthy Holiday Season” with topics including the work-life balance and stress management in the context of heightened activity in the stores during the end-of-year period. In addition, several webinars were organised and accessible to all employees of the subsidiary, on themes such as resilience, stress management, management of mental health problems in the workplace, relaxation techniques, and happiness. At the registered office, meditation sessions completed this system. The employee handbook also provides information on the well-being policies and programmes available throughout the year.

For the first time, the subsidiaries in Brazil, Argentina and Mexico have committed to the theme of well-being at work by launching a study on the theme of psychosocial risks and to promote an organisational environment favourable to work. 100% of employees took part in a mindfulness seminar and an app was rolled out to share information on well-being.

**In Asia**, large-scale employee consultation initiatives are being conducted in China, Japan and Taiwan. The topics covered apply to authority and commitment, management (transparency, trust, etc.), collaboration, CSR, respect and recognition, and all subjects relating to the organisation of work. This work was carried out with the support of an expert international firm in the subject, which also allows sector and local comparisons, which are essential for the interpretation of the results. In Japan, the 2021 survey was repeated in 2022 (with the same questions to identify changes in perception and commitment). 94% of employees responded. The subsidiary used the expectations expressed by employees to implement areas for improvement. Mental

health training has been provided and stress exposure assessments are carried out in advance by an external hotline or by the occupational physician for any employee who requests it. The same type of study, launched with all teams in China, obtained a participation rate of 86%. Each in-store visit is an opportunity to listen to employee feedback and to promote the Happy@Hermès programme, which addresses all aspects of well-being at work. In Taiwan, 150 employees provided feedback on their level of commitment and their expectations. South Asia will launch a similar approach in 2023.

#### 2.2.2.1.2 Working conditions and environment (EHS)

##### GOVERNANCE

The diversity of the Group's *métiers*, from production to retail, not forgetting the support functions, involves taking into account and managing different issues. The Group's vision of health, safety and working environment issues adapts to the specificities of the business sectors within the framework of a corporate-wide policy that sets a common strategic framework that can be adapted to the activity.

In view of Hermès' activities, the risk in terms of workplace accidents is highest on its industrial sites. The EHS (Environment, Health and Safety) policy for the Hermès Group's industrial sites is very precise and aims to implement systems that help preserve the health and safety of employees while protecting the environment. It is supervised and validated by the Executive Vice-President of the Manufacturing division & Equity Investments, a member of the Group Executive Committee.

Since 2003, the industrial affairs department has also managed an EHS network, made up of EHS managers from the House's various *métiers*. With around 20 people, this network meets several times a year to set objectives, learn from the experiences and initiatives of other *métiers* and continue to be trained. This network has gradually been enriched by the presence of employees from retail, general services and the sustainable development department.

##### POLICY

For Hermès, any work accidents, occupational disease or environmental accidents are unacceptable.

Each *métier*, through its managers, is actively committed and determined to eliminate and prevent the risks of injury, preserve health over the long term and protect the environment by controlling the risks and reducing the impacts identified.

Any new Hermès industrial site, and any renovation, is designed and built with the health and safety of the craftspeople and partners working there in mind.

New or existing industrial practices, as well as processes and products, are constantly analysed to minimise their risks and effects on health and safety.

Lastly, each *métier* strives to train and raise awareness among all its employees to achieve these ambitions, taking into account the unique features of its activity, to reinforce the culture of safety at work.

**Hermès is committed to a “Zero Accident” trajectory, with a pragmatic approach that will continue to be rolled out according to the specificities of the activities.** In 2022, a cross-functional working group made up of representatives of the French exclusive stores, the

*métiers*, the support services, the Group human resources department and the industrial affairs department, met to further formalise the Group’s Health and Safety policy. This policy aims to create a strategic framework that helps preserve the health and safety of employees, partners and customers, from production to retail. It adapts to the uniqueness of the activities and is based on four strategic areas.



These axes will be broken down into guiding principles in 2023 and will be supported by a global communication campaign in the second half of the year, in order to reach all Group employees.

<b>Preventing risks</b>	<ul style="list-style-type: none"> <li>• Regulatory watch and site compliance assessment tool</li> <li>• Internal guidelines on major risks (e.g. work at height)</li> <li>• Analysis of risks by site</li> <li>• Sharing of best practices through networks</li> <li>• Regulatory training, authorisations, awareness-raising</li> <li>• Risk prevention at source for all real estate projects (renovation, construction)</li> </ul>
<b>Protecting employee health</b>	<ul style="list-style-type: none"> <li>• Ergonomic and biomechanical studies</li> <li>• Adaptation of workspaces and organisations to reduce musculoskeletal disorders (RSIs)</li> <li>• Training of craftspeople (gestures and postures, training at workspaces, etc.)</li> <li>• Training on psychosocial risks</li> </ul>
<b>Advancing the Health and Safety culture</b>	<ul style="list-style-type: none"> <li>• Internal framework for assessing the maturity of the Health and Safety Culture</li> <li>• Site culture assessment programme by a partner firm</li> <li>• Rollout of Safety Inspection procedures</li> <li>• Environment, Hygiene and Safety (EHS) community networking events</li> <li>• Training of managers and employees</li> </ul>
<b>Managing Health and Safety performance</b>	<ul style="list-style-type: none"> <li>• Group incident and accident event management software</li> <li>• Safety performance objectives for industrial sites</li> <li>• Routine reporting of results for sites and métiers</li> <li>• Site and métiers progress plans</li> <li>• EHS Communication stream</li> </ul>

To support this policy, the Hermès industrial affairs department runs an EHS programme organised in successive cycles. The fifth cycle of this programme, which began in 2018 and will be completed in 2023, consists of three components:

- ◆ an EHS regulatory watch organised at a frequency adapted to changes in the regulations of the countries in which the sites are located: in France, the watch is shared quarterly; for the rest of the world, it is published bi-annually or annually;
- ◆ the elimination of hazardous situations, by ensuring the proper management of hazardous work and the control of environmental practices through the Group’s guidelines, updated each year and

which supplement those of the real estate development department;

- ◆ a safety culture, assessed each year at all industrial sites in accordance with internal standards.

The industrial affairs department audits the achievements of the industrial sites with the support of an external firm and regularly reports on the progress made in meeting Hermès’ commitments. In 2022, 15 sites were assessed as part of this programme.

Numerous approaches and initiatives implemented within the Group illustrate the four strategic axes: some examples of implementation are presented below.

## ACTIONS IMPLEMENTED AND RESULTS

**The Leather Goods division has the objective of making its production units safe places, supporting tradition, excellence in *savoir-faire* and innovation.** Consequently, the resources enabling employees to work safely, perform their duties over the long term, and protect their health are a priority within each site. The division's Senior Management meets each quarter to discuss health and safety issues at work. An external body conducts regular audits on the degree to which the production units have adopted a strong health and safety culture in accordance with Maison Hermès' own guidelines. Each production unit has an EHS manager. Each department regularly feeds into an action plan for the management and continuous improvement of working conditions, particularly in terms of ergonomics. The central coordination ensures the consistency of the progress plans, provides them with material support, and oversees monitoring of regulatory requirements and technological developments. It develops and distributes shared training, reporting and regulatory compliance tools.

**The fight against repetitive strain Injury (RSI) is a priority of the multi-year Health & Safety roadmap and is the subject of a specific progress plan.** At each HMS (Hermès Leather Goods & Saddlery) site, in order to fight against RSIs, a nurse is responsible for health and safety training, and leads ergonomics relays and health and safety managers. These 213 "ergonomics relays" are craftspeople, part of whose duties involve the prevention of RSIs in colleagues in their workshops. Specific events take place during the health and wellness week organised on the sites. Following an absence, the return interview makes it possible to ascertain any chronic pain and more easily implement the Benchmark methods, deployed throughout the HMS scope. At the end of 2022, 70% of workbenches were adjustable in height, and standing work was encouraged alternately with seated work. Recommendations were drawn up for each gesture, with the help of biomechanics doctors. However, in addition to the adaptations provided, craftspeople are invited to think about the risks related to their workstations and to propose their own solutions. This participatory process is called "Share your safety!" (PTS). In order to enable employees to gradually return to work, therapeutic part-time work is accompanied by follow-ups, in addition to workstation adaptations, diversification of products to be manufactured and even multi-skilling (several *métiers*) to ensure a variety of gestures are used. Each division has complete flexibility in its RSI action plan. Teams can use a national several-step "RSI Pro" method, plan collective warm-up times, arrange for osteopath services free of charge, create committees, workshops, practice-sharing forums, cross-team observation sessions, etc. This topic is systematically addressed during mid-year interviews for both full-time and part-time employees and using questionnaires for professional/apprenticeship contracts at the end of each stage. All new employees follow an ergonomics training module to learn the right habits as soon as they take up their duties. An analysis method, co-developed with biomechanics doctors,

was implemented to enable them to identify preventive and corrective actions. Each "ergonomics relay" follows a one-day training module in this methodology and their skills are subsequently regularly updated as scientific knowledge advances. In addition, the ergo-motor skills module "Un Corps Pour La Vie" was introduced in 2011. Its objective is to provide craftspeople with exercises that can help prepare the body and support the demands inherent in the specific activities of saddlers-leather workers. By the end of 2022, 3,900 craftspeople had been trained there. Another module is being finalised and will offer craftspeople simple and fun exercises to strengthen the joints most used by the *métier*.

**Within the HCP division,** actions continued to bring machines into compliance and to improve workspace ergonomics. The local EHS teams were supported by occupational health ergonomists to identify the actions to be taken. Craftspeople also benefited from chemical risk programmes and workspace training.

In addition to Gestures and Postures training, which is widely provided, the *métiers* call on experts (Puiforcat, J3L) to support them in structuring their RSI approach or participate in collective initiatives such as "The Observatory of Managerial Practices" for Switzerland. Dedicated equipment also makes it possible to ease the strain on the body, such as in the crystal manufacturing *métier*. In the cold working glass workshop, strenuous manual operations with low added value have been eliminated by a new cutting machine as well as a machine for treating its aqueous effluents. At the control stations, to limit the handling of parts, conveyors and lifting tables, as well as modified transport trolleys, are made available to craftspeople. In the hot glass workshop, the biomechanical demands of glass craftspeople are reduced by the use of a jib crane that provides mechanical assistance for the handling and moving of the blowpipes.

These initiatives also concern the logistics *métiers*. The Hermès Commercial site in Bobigny has been continuing to evolve for more than six years, to better handle a steadily increasing flow of work. In 2022, the focus was on a risk prevention approach related to concurrent pedestrian/machinery activity on the site. Following the layout and ground marking work conducted in 2021 to implement the site's traffic plan, instructions relating to traffic and pedestrian flows were given to all employees of the logistics team, drivers and pedestrians, for instance, through six sessions led by the EHS coordinator, supported by the maintenance and occupational health departments. In addition, the modernisation of the fleet of handling equipment has made it possible to restrict use to authorised persons only, through the use of a badge system, configured *via* a web platform when a driving authorisation is issued, which is mandatory to start up any machine. Moreover, in 2022, to support the increase in e-commerce activity, two new automated vertical storage towers were installed and linked to a new conveyor section. This project has made it possible to minimise operator movement and reduce manual handling, while limiting the use of forklifts in this area.

## Working environment

A key element of well-being, the working environment is constantly being improved locally with many initiatives such as the rollout of an ambitious programme at HTH, the Passerelles project in Pierre-Bénite (near Lyon) with a complete redevelopment of office areas into open space offices, and a redesign of both indoor and outdoor common areas. Particular attention was paid to lighting, furniture, and traffic flows (with walkways that gave their name to the project). Technical adaptations such as changing the floor covering or the ventilation system also contribute to improved working comfort. The AS and AEI workshops have thus renovated and redeveloped their living spaces while the ITH site has planned its changes for 2023.

The HTH Textile division took advantage of the installation in its new premises to upgrade its safety management and monitoring tools. The “My HTH” application, initially introduced to monitor site news, also makes it possible to report anomalies or at-risk situations and accelerate their resolution. This year, the sector continued the prevention initiatives launched in 2021. Thus, training on gestures and postures was conducted at the AS workshops as well as at HTH. Numerous items of equipment aimed at reducing effort were introduced during the year: sponge winding machine (SIEGL), motorised transport trolleys (HTH, AS workshops, AEI) and ergonomic tables (ITH, AEI, SIEGL). In addition, some industrial buildings in the Textile sector are affected by asbestos. The ATBC Challes site carried out new work to remove 98% of the asbestos; the AEI site also removed 30% of the asbestos from its roofs in 2022 and these renovations will continue over the next two years. The establishments in these *métiers* are also committed to the quality and temperature of the ambient air, in order to improve the comfort and environment of the teams. The AS workshops, for example, have installed air coolers in the fixing-washing workshop to lower the temperature during periods of heat waves and the ATBC site has invested in equipment to measure the rate of CO<sub>2</sub> to optimise the rate of fresh air renewal.

The Cristalleries Saint-Louis moulding workshop saw a complete renovation of its offices to improve the overall comfort (thermal, acoustic, visual, ergonomic, etc.), while the maintenance sector benefited from a new layout with equipment aimed at improving acoustic comfort: storage, separation of machines by *métier*, insulation of computer workstations, etc.

In 2022, the extension work relating to the New Manufacturing project at the Comptoir National de la Parfumerie site, due in 2024 to accompany its growth, also aims to improve the level of on-site safety. It is fully in line with a sustainable development and construction approach that integrates the well-being of employees, in addition to work to reduce the environmental footprint (reuse of process water, for example). Working conditions have also been designed to improve well-being at work, through large bay windows providing natural lighting in the workspaces, as well as by workstation arrangements to limit the carrying of heavy loads, and new interior and exterior spaces.

Cristalleries Saint-Louis commissioned a new gas melting furnace. In addition to saving on natural gas consumption, this new facility should improve working conditions in the hot glass hall by optimising all dust collection systems. Lastly, within J3L, the Portugal site acquired measurement equipment to assess employee exposure to noise, dust, VOCs and temperatures. Lighting was also modified to improve the lighting conditions in the workshops and the working environment in general.

This work is all carried out within the “Responsible real estate” framework Harmonie (§ 2.5.2), since the link between the work environment and quality of life at work is well established.

In logistics, significant investments will be made in 2023 for the benefit of the long-standing partner that manages the Orléans site, to improve the working conditions of their employees with the use of latest-generation automated solutions. In this way, the Group’s commitment extends to its partners, including on these themes.

### 2.2.2.1.3 Prevention, health and safety at work

For a number of years, Hermès has been developing a policy to prevent work accidents, occupational illnesses and repetitive strain injury, as well as an active policy to maintain people in employment and prevent people being unable to work, based on a number of awareness-raising campaigns (nutrition, physical activity, etc.). The psychosocial risks component is also addressed for a holistic approach to employee health. All of these initiatives contribute to the decline in accident ratios observed in 2022.

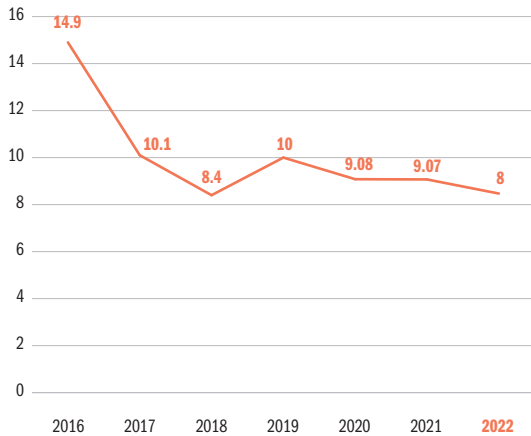
	Group	France	International only
Lost time work accident severity rate in 2022	0.33	0.51 *	0.08
<i>In 2021</i>	<i>0.34</i>	<i>0.52 *</i>	<i>0.09</i>
Lost time work accident frequency rate in 2022	8	11.04 *	3.79
<i>In 2021</i>	<i>9.07</i>	<i>11.92 *</i>	<i>5.11</i>

\* These higher figures should be put into perspective with the production workforce being mainly located in France (78% of manufacturing sites are located in France), a country in which regulatory requirements control the various cases of accidents and their reporting more strictly and exhaustively than elsewhere.

	2020	2021	2022
Number of fatal accidents	0	0	0

**In 2022, the frequency rate of lost-time work accidents for the Group as a whole stood at 8, with a severity rate of 0.33 (respectively 9.07 and 0.34 in 2021).** This calculation is based on the total number of actual hours worked. It is difficult to interpret due to the variety of the Group's *métiers*, but **the trend is resolutely positive (slight decline in these two rates despite a context of growth in activity and workforce, and a decrease of more than one-third in five years).** No work-related accidents have resulted in fatalities in the last three years.

Evolution of the frequency rate



As stipulated in the Group's EHS policy, each accident or significant incident is the subject of an investigation with a detailed analysis of the causes, the conclusions of which are systematically shared with other industrial sites that may present the same risks. Thus, a sharing of experiences and best practices is in place, allowing health and safety at work departments to exchange their opinions and think about common solutions to the risks identified.

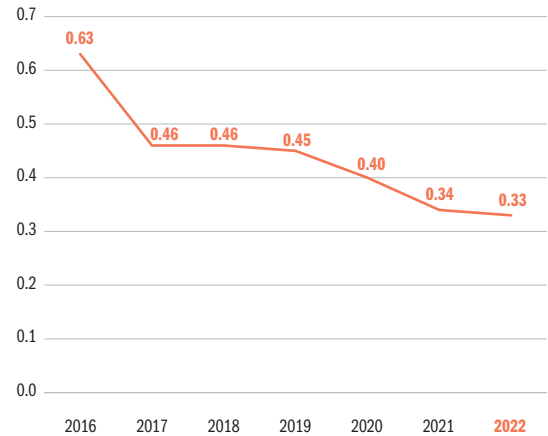
#### Leather

The work accidents with lost time recorded in 2022 in the Leather Goods division were mainly punctures and cuts to the hands related to the use of manual tools (36%), falls on the same level (21%) and blows received on the hands when using mallets (17%). In addition, a cross-functional progress plan is managed centrally. For the year 2022, safety visits to two regional divisions ("Maroquinerie des Ardennes" division and "Maroquinerie des Alpes" division) were notably carried out with the aim of increasing the safety culture on the sites. To reduce accidents related to the use of manual tools, work was carried out jointly with the *Savoir-Faire* teams, targeting the three tools generating the most accidents in terms of frequency and severity. Lastly, the establishment of a partnership with a company specialising in the risk of falls from a height is the result of a serious accident prevention approach, which will make it possible to conduct audits at all Leather Goods workshops. No serious accidents in the Leather Goods division<sup>(4)</sup> were recorded in 2022. The lost-time accident severity indicator (+3%) and the corresponding frequency indicator (-3%) remained stable.

In France, the frequency rate was 11.04 with a severity rate of 0.51 (respectively 11.92 and 0.52 in 2021). The industrial workforce represented 70% of the workforce in France, and consequently affects these rates. The rates for the main *métiers* concerned (Leather and Crystal) are below the rates for their industries.

Looking at figures for countries where Hermès is present besides France (International only), the frequency rate was 3.79 and the severity rate was 0.08 (respectively 5.11 and 0.09 in 2021).

Evolution of the severity rate



In 2022, the HCP division committed to a structured approach aimed at developing the safety culture. This resulted in the establishment of a "prevention culture" working group, made up of representatives of the various functions and sites, which defined the golden rules (or safety essentials) common to the division's six tanneries. This approach is also visible through the training programme for the subsidiary's Management Committee, which will be extended in 2023 to the Directors and Management Committees of each tannery. In this precious leather sector, 2022 celebrated five years without a workplace accident for the Italian Cuneo tannery. This result is the result of the teams' daily commitment to EHS.

#### Textile

The HTH division is continuing its strategy of improving the safety performance of its sites. It follows three major areas: avoiding the occurrence of accidents, creating collective sharing of group and sector standards, and anticipating any risk of non-compliance upstream to ensure business continuity. In 2022, 50% of lost-time work accidents involved handling operations. The textile sector is innovating in terms of EHS training, by introducing virtual reality training on the use of fire extinguishers, which has been very well received by employees. Within the 2022 roadmap, the focus was on controlling chemical risks. All EHS officers have been trained in the transport of hazardous materials and two operational committees have been set up: one to raise awareness of the assessment of chemical health risks and the other to better understand the impact of chemicals on the environment. Lastly, EHS cross-visits are organised quarterly between the contacts at the various sites in the sector to promote the sharing of best practices.

1. This would have generated a permanent loss of physical or physiological functional capacity.



## Other sectors

In order to ensure the proper functioning of J3L's EHS system, several internal audits were carried out in 2022 using J3L's own guidelines. At the same time, the Safety culture was assessed at half of the sites in 2022 as part of the programme managed by the industrial affairs department. The second half of the sites will be audited in 2023.

## PSYCHOSOCIAL RISKS

These topics are supervised by the Group's human resources department, and rolled out by each *métier* or region.

At HTH, training in psychosocial risks is offered, with a two-day training course on "mental health first aid" (PSSM) for managers and employees in the HR function. Support is also available on the sites with multidisciplinary occupational health teams: psychologists, nurses, etc.

With a view to prevention, feedback training is provided to 100% of Hermès Maison employees. The aim is to improve anticipation in terms of planning activities and building team routines for managers. The same system exists at Hermès Haute Joaillerie. At Beyrand (porcelain and enamel), the focus is on managing managers' agendas and setting their priorities. LMH (La Montre Hermès) employees have the opportunity to contact a "Trusted Person", an external system enabling anyone to report any problems they might experience (psychosocial risks, isolation, etc.) within or outside the Company. This system is complementary to sharing – first and foremost – with managers and/or HR.

In 2022, four online psychological training sessions were organised in China with 13 physical activity sessions during the months of April and May due to the lockdown. An employee support platform, which focuses mainly on the prevention of burnout is being explored and will be launched for all staff ahead of other mental health and psychology training. Regular training on stress management in the office is open to all employees and one session took place in 2022.

As part of the support for organisational transformations, which can be a source of stress, various mechanisms are planned: "Managing change" training, a series of meetings to disseminate information regularly throughout the team, "Networking around the table" lunches with the management team attending, etc.

At the Hermès Europe division, a large number of recruitments have taken place over the past two years (with an increase of 80% in the workforce) and it seemed useful to conduct a consulting mission from the end of 2021 to identify the areas where improvement was needed in terms of processes and tools for customer relationship managers. The structure has been adapted to this growth, and sales associates follow tailor-made training early in their careers at Hermès in order to enable them to take an appropriate stance in relation to customers and manage difficult situations while at the same time protecting themselves.

### 2.2.2.1.4 Organisation of working hours and work-life balance

Given the diversity of its activities, the Group gives its subsidiaries a

great deal of freedom in the organisation of working time and flexible working hours, in order to be able to adapt them as closely as possible to the realities of their *métier*. The Group encourages each entity to put in place all measures likely to contribute to the well-being of employees at work. The cultural specificities of the countries are also taken into account. The objective is also to promote a better work-life balance and improve consideration of forms of parenthood and the status of family caregiver.

## GOVERNANCE

The Group human resources department and the Director of Labour Relations ensure the dissemination of general contextual instructions and pay particular attention to compliance with the regulations applicable in the countries concerned in terms of working hours, maximum working hours and minimum breaks, depending on the activities.

With regard to work-life balance, the Group communicates internally to share best practices and encourages subsidiaries to adapt them and apply them locally. This subject is systematically addressed during annual reviews. Managers are expected to be role models.

## MEASURES IMPLEMENTED AND RESULTS

### Organisation of working hours

**Given that 84% of employees are either craftspeople or sales associates, the issue of remote work is less significant than in other industries.** Globally, 96% of employees work full-time. Some 808 employees worked part-time in 2022. Both benefit from the same social benefits in proportion to their presence. Various working time flexibility schemes have been established, notably in the leather goods workshops (55% of employees in France). In the production *métiers*, 95% of employees benefit from flexibility and working time arrangements.

Through its philosophy and its activity with a strong craftsmanship component, **the House values the presence of the teams and attaches particular importance to working together**, which necessarily involves a presence on sites. However, practices may vary from one *métier* to another and many systems promote flexible working, both in terms of on-site presence and in terms of hours. For example, branch agreements allow employees of the Cristallerie Saint-Louis to benefit from 24 days of occasional remote work. At HTH (Holding Textile Hermès), employees can save up time using a time counter and then use this when they might need it for personal reasons. This time is in addition to days of leave and can be calculated by the hour. In the leather goods workshops, depending on the agreements signed, employees may be allowed variable starting times in the morning, at lunchtime or in the evening.

Particular attention is paid to the taking of leave and numerous communications are made to remind employees of the rules governing the use of paid leave, and in particular, to ensure that leave is taken. Managers are informed of this monitoring for action and dialogue with their teams if necessary.

In the various international subsidiaries, the organisation is based, on the one hand, regulations, as at Hermès of Paris (in the United States) where the monitoring of paid leave is done bi-weekly in order to avoid the accumulation of overtime, and on the other hand on agreements. In Switzerland, exclusive store managers can work part-time during the year depending on business forecasts. In Germany, in order to optimise the workload of exclusive store employees, their working hours were reduced by one hour. This time is used to manage customer requests and respond to emails. This greatly improves customer service.

In Germany and China, two additional days of leave were granted during the year. In Turkey, this number has been increased to four days to facilitate the taking of leave over a period of at least 10 days. In the Iberian Peninsula, stores work schedules are planned six months in advance so that everyone can organise themselves. Holidays last at least 15 consecutive days. Teleworking can be done one day per week at headquarters, at the discretion of each department.

In other parts of the world, schemes can range from increasing the local budget to reduce overtime in exclusive stores in South America, to shift systems to ensure that everyone can benefit from two consecutive days off during the week (China). In South Asia, a flexible working schedule system allows employees to work at any time within a flexible schedule. Work from home for family reasons is authorised one day per week. Under the control of managers, all employees are required to use at least 70% of their annual leave entitlements and this rule is well respected.

The organisation of work also promotes balance between the employee's work/family life. Several initiatives have been developed in this regard. Thus, at certain sites, the Leather Goods division offers caregivers the opportunity to organise their working hours to better reconcile their professional obligations with their status as caregivers. Hermès Suisse offers up to 14 weeks of leave for employees with sick children and 10 days for caregivers.

In addition to the organisation of working hours, the sizing of management teams also contributes to a better quality of life at work and therefore improved efficiency. Logistics has been committed to this area with the appointment of additional managers and activity coordinators, representing the management team, to ensure there is one representative for every 10 employees or so. Pairs of managers have also been set up to facilitate collective, cross-functional management of flows without stress in the event of any absences. Candidates for managerial positions were selected through an analysis conducted with the help of an external firm. Half of the managers appointed in 2022 were promoted internally. Non-appointed candidates are supported in their progress plans for subsequent changes. Furthermore, managers had access to a coach for co-development sessions aimed at creating an efficient team.

### Focus on work-life balance

The issue of reconciling professional life and parenthood is crucial in a society where, most often, both parents work or aspire to work. It is therefore directly linked to the subject of equality in the workplace. Lastly, the uncertainties of personal life can also have an impact on professional life, which is why Hermès pays particular attention to the subjects of chronic illness at work, mental health, professional burnout, and all the vulnerabilities that may affect employees at some point in their professional life (bereavement, domestic violence, addiction, debt, etc.). In this context, Hermès is taking action to address the theme "Reconciling the different times of your life", breaking it down by *métier* and geographical area.

With regard to parenthood, the programme breaks down into three stages: prior to a birth, at the arrival of the child, following a birth. For example, a parenting guide is handed out to each new employee who joins Hermès Bijouterie. Specific actions are offered to single-parent families and, since schooling can be a source of stress, access is offered to a platform dedicated to supporting schooling.

In France, maternity leave is an opportunity to discuss with the employee her rights and the possibilities of adapting her workspace and working hours locally from five months into her pregnancy. Maternity leave is paid in full without any seniority condition and additional days of leave are offered in the event of sick children. At HMS, a maternity time capital is set up for pregnant women before they go on maternity leave and they are free to use it however they wish. In addition, as part of the professional equality and quality of life at work agreement, they are granted additional breaks.

In the United States, Hermès of Paris (HOP) supported the creation of an employee resource group called the PROs whose mission is to create a space where parents and employees engage with each other, sharing experiences, offering advice, exchanging information and supporting each other. This innovative focus group develops solutions that will have a positive impact on the parent employee experience. HOP supports mothers by maintaining their salaries for the six weeks immediately following a birth and all parents with 12 weeks of parental leave. For 2023, the family planning services offered by the subsidiary have been improved: a new social benefits offer is being developed and will be rolled out in mid-2023.

In the United Kingdom and Ireland, hours can be concentrated to enable employees to work only four days a week. At Hermès Japan, the reduced-time working regime applies to mothers of children between the ages of four and six (beyond the legal obligation that applies up to the age of three). The minimum part-time salary is higher than the recommendations of the prefectures. All of these schemes are part of the global policy on maternity and paternity leave (§ 2.2.2.4.5).

#### 2.2.2.1.5 Harassment

Hermès is very attentive to the professional development of its employees. The House does not tolerate any situation of harassment (moral or sexual) or sexist acts that harm a person's personality, dignity or physical or psychological integrity. This attention applies in all countries in which Hermès operates, regardless of the manner in which this behaviour is sanctioned by national legislation.

Preventing and combating sexist behaviour and harassment, whether moral or sexual, are among the Group's priority issues. Any employee who believes that he or she is a victim or is a witness to such a situation is invited to inform their manager or a human resources manager as soon as possible or to report it through the H-Alert! professional whistleblowing system, which guarantees the confidentiality of exchanges. Group rules provide for mechanisms that make it possible to examine and deal with any situation, with complete neutrality and impartiality (for example, the establishment of an internal joint commission of inquiry with a representative of management and a representative of the SEC).

In the French entities, 50 pairs of "Harassment and sexist behaviour" referents, representing management and the SECs, were appointed and followed a day's training. The objective of this training is to enable them to understand the legal framework as well as the concepts of moral harassment, sexual harassment, sexual assault and sexist acts. This training also makes it possible to identify at-risk behaviours, to encourage the implementation of preventative measures and to react in the event of an alert by knowing how to show empathy and remain neutral. This training was also an opportunity to remind people of the existence of the H-Alert! whistleblowing system. In order to facilitate the implementation of this system, each entity is invited to appoint and train additional pairs of contacts. To support them in their role, an internal investigation procedure has been drawn up. It describes the different stages of an investigation, the precautions to be taken and the role of the various stakeholders. This procedure, which was subject to prior information and consultation with the SECs, guarantees fair and impartial treatment in all companies in France.

In order to prevent reprehensible behaviour, an e-learning module "Understanding in order to prevent sexist behaviour and situations of harassment", dealing with the subjects of moral and sexual harassment, sexist behaviour and sexual assault, was designed and rolled out on a mandatory basis for all managers in France. In particular, it presents the solutions offered by Hermès and specifies the role expected of managers in terms of setting an example, detecting weak signals and regulating them. At the end of 2022, 60% of managers in France had completed this module, i.e. more than 1,200 people. This awareness-raising programme, which is also mandatory for employee representatives, is open to all employees. This module is being rolled out internationally.

Based on this approach, some entities have decided to supplement it by developing other means of raising awareness. For example, HCP has rolled out collective workshops across all divisions in France for Management Committees, managers and employees to raise awareness and identify weak signals.

### 2.2.2.1.6 Absenteeism

**In France, the absenteeism rate was 4.02% in 2022 (4.17% in 2021 and 9.58% in 2020). The Group absenteeism rate stood at 3.37% in 2022 (3.26% in 2021 and 6.45% in 2020).** It restates the cumulative number of hours of absence for the following reasons over a period less than or equal to 90 consecutive days: illness or occupational illness; absence as a result of a workplace or commuting accidents; and unjustified or unauthorised absences.

Changes in absenteeism are systematically monitored and analysed, for all entities, in order to identify causes and propose action plans. The latter supplement the initiatives focusing on an improvement of working conditions, development of versatility or manager training regarding the management of absenteeism. Measures adopted include communication, awareness-raising and prevention actions (vaccinations, presence of a doctor on site, etc.), but also control, in order to increase the accountability of employees and managers. Moreover, based on the demographics of certain sites, specific actions have been implemented in order to support parenthood under the best possible conditions.

A dedicated plan at HMS (Hermès Leather Goods & Saddlery), "All present in health" made return-from-leave interviews systematic in order to be able to clearly identify the working conditions and the needs of the employee for their recovery and well-being. The employee can thus return to work under the best possible conditions. In addition to multi-skills, which can give more meaning to each person's work while varying the working postures, options in terms of individual development may be offered with assignments or secondments. Support for change is also planned. The "All Present" days held in all HMS divisions are an opportunity to conduct anonymous surveys to assess the needs of employees (craftspeople and management teams).

Specific coaching is offered to Hermès International employees to support their return to work after a long illness.

### 2.2.2.2 SHARING THE CORPORATE PROJECT AND ITS VALUES

At Hermès, employees are very committed to the collective project and are the basis of its success. In order to give meaning to each person's contribution, the purpose of internal communication campaigns is to share the vision widely and rally people around the issues.

As the Group develops and grows, they also have the role of transmitting and bringing to life the culture and values, encouraging working together harmoniously and fostering the creation of links.

In 2022, the resumption of many rituals suspended during the health crisis has revitalised the collective group and enriched the employee experience in a singular and fulfilling way.

### 2.2.2.2.1 Facilitating employee support for the corporate project and giving meaning

**The HermèsSphère digital workplace** provides employees with the opportunity to follow the Group's news on a daily basis. This year, more than 450 items were published. In 2022, CSR issues were placed at the heart of its editorial strategy. Among the various themes addressed, that of diversity and inclusion was widely covered by numerous articles. In the series "In full agreement", employees were able to follow the concrete illustration of the four pillars of the *Mission Handicap* disability agreement approach through inspiring meetings and initiatives implemented within the Group's various entities.

With more than 38 permanent content regularly updated and structured around different sections presenting the *métiers*, the House, and even the teams, HermèsSphère is also a vector of culture for new employees and thus helps to support their first steps in the Company.

With the same aim of acculturation, in June 2022, the 11th edition of Forum H welcomed 2,400 employees in Paris, coming from new production sites such as Maroquinerie de Guyenne, Maroquinerie de Montereau, J3L's French sites and the Mégisserie Jullien. This occasion focussed on the main fundamentals and development projects, with two topics being highlighted in particular: the École Hermès des Savoir-Faire and commitments to promote inclusion.

### 2.2.2.2.2 Enriching the employee experience in a unique way

Cultivating curiosity and open-mindedness, inviting transformative discoveries, and preserving the importance of relationships, are at the heart of networking mechanisms. They contribute to the personal and professional development of employees throughout their career in the House.

As 2022 was more conducive to local and international exchanges, programmes resumed and local initiatives multiplied, thereby maintaining the network at the heart of the employee experience. **In 2022, Hermès thus invited all Group employees to participate in a new major philanthropic networking programme: "On the Wings of Hermès".**

Structured around various themes: environment, culture and *savoir-faire*, this programme consists of making concrete contributions to the projects of associations or organisations supported locally by the Group's subsidiaries.

Initiated in 2022, this new networking programme will enable nearly 1,000 employees from all Group entities to put their skills into action to assist others over the next two years. By heading off to discover another reality, they will contribute to the realisation of a tangible project for the benefit of the host entity. They will thus have meaningful human experiences in line with their deepest aspirations.

In January 2022, a new "On the Wings of Hermès" section was created in the HermèsSphère digital workplace, allowing employees to discover the content of the programme and the projects proposed, and to register directly. Some 8,200 employees have taken the plunge and those lucky enough to have their names drawn from the hat will discover their journey through a series of revelations that will spring up in the form of regular bulletins.

**Tandem**, a networking programme initially intended for sales associates and craftspeople in the form of a *Vis ma vie* ("Live my life") programme, has inspired many subsidiaries. More than 500 employees benefited from this until 2020. Within the sales *métiers*, Tandems have evolved into exchanges between the employees of the exclusive stores and those at headquarters for Hermès Iberica, between Maison Ginza and other exclusive stores for Hermès Japan, and between the exclusive stores themselves for Hermès MESA. Hermès Distribution France has chosen to dedicate its Tandems either to one *métier* or to a production site. The Bordeaux exclusive store thus hosts each new class of employees from the neighbouring leather goods workshop during their induction programme. The Deauville store sends its sales associates to the Maroquinerie de Normandie for a day of immersion on the site.

Lastly, **Les Parcours d'Adresse** illustrate the discovery of a *métier*, by exploring all stages of the life of a product, from the raw material to the final result, after quality control. In 2022, 96 employees from all production sites in France, Switzerland and Italy set off on a five-day discovery of the leather, crystal, silk, perfumes, porcelain and ready-to-wear *métiers*.

### 2.2.2.2.3 Bringing the family spirit to life

Whenever possible and in compliance with health protocols, Hermès has seized on opportunities to return to working alongside one another harmoniously. Foundation stone laying, inaugurations, celebrations and anniversaries are all occasions to bring employees together in a festive way.

In 2022, the 20th anniversary of the Maroquinerie de Belley, the 10th anniversary of the AEI site, and the 80th anniversary of the Gandit site were all celebrated. The foundation stone of the Maroquinerie de Riom was laid in September and the inauguration of the new Beyrand site by Hermès Maison took place in December.

Also in December 2022, after being put on hold for two years, the long service ceremony returned to the stage and sought to make up for lost time. A total of 345 employees of Hermès International, Hermès Sellier, Hermès Cuir Précieux, Puiforcat and John Lobb, present within the Group for 25, 30, 35, 40 or even 45 years were honoured during a day full of surprises.

More locally, with its "ParentHèse" project, Hermès Perfume and Beauty encourages its employees at the Penthièvre and Vaudreuil sites through interactive workshops to create close ties with the teams, give meaning and cross-functionality and strengthen the feeling of belonging. Discovering a new product, getting to know colleagues better, learning more about a department, or discussing a specific topic, these are the objectives of *ParentHèse pour soi*, *ParentHèse à table*, *ParentHèse ouverte* and *ParentHèse ensemble*.

## 2.2.2.3 MAINTAINING THE QUALITY OF SOCIAL DIALOGUE

It is Hermès' policy to constantly ensure that it implements and guarantees both high quality social dialogue and freedom of expression for all its employees. This social dialogue is essential to the smooth running of company life. This social dialogue takes the form of close relations with the teams and through employee representatives and collective bargaining.

In order to strengthen social dialogue, the agreement on social dialogue and the exercise of trade union rights within the Hermès Group companies, signed in 2008, was renegotiated in 2021 with all the representative trade unions in France. An agreement to renew the social dialogue was signed on 25 November, 2021. In order to ensure its implementation, the Group's social development department travelled to around 30 sites in France in 2022 to present this vision of renewed social dialogue and the content of the agreement to management, to all employee representatives and their managers. Locally, workshops involving managers and employee representatives were held to discuss each other's roles in the interest of employees and the Company.

This agreement includes numerous measures intended to encourage and promote social dialogue through:

◆ **Better knowledge of its players**

For example, communication campaigns are carried out around professional elections to share information on the essential role of employee representatives, professional elections and the practical methods of voting.

◆ **Increased interaction between its players**

Highlight of 2022, the organisation of the first "H-Day" provided for by the agreement, bringing together management and employee representatives. During the morning, discussions took place to explain agreements, discuss best practices in social dialogue and reflect on the characteristics of quality social dialogue. In the afternoon, each trade union organisation had the opportunity to meet and hold discussions with its representatives.

◆ **Better coordination of the mandate and professional activity of those involved**

For example, three meetings were provided for by the agreement, upon appointment, during and at the end of the mandate in order to promote specific discussion between an employee representative and his or her manager on the performance of his or her mandate and the reconciliation of this with professional activity.

◆ **Developing the skills of its players**

This final component encourages the training of employee representatives in sessions also open to managers and additionally encourages any skills development system.

For example, training is jointly designed for managers and employee

representatives on the management of employment law on a day-to-day basis with a focus on the principle of equality and non-discrimination, the physical and mental protection of employees, and the fundamentals of the employment contract, the exercise of disciplinary law and finally the co-construction with social partners of sustainable labour relations, etc. These joint training courses thus make it possible to strengthen the links between managers and employee representatives for better social dialogue.

In summary, this agreement recognises the essential role of social partners and aims to bring together the players in social dialogue in a climate of reciprocal trust and mutual respect.

Furthermore, there is an annual meeting of the Group Works Council which provides an opportunity to talk with employee representatives in France and members of the Group Works Council and to share the results of the past year as well as the outlook for the future. Similarly, the annual meeting of the reflection and discussion group on healthcare costs, a forum for dialogue set up on a voluntary basis, allows constructive discussions on the balance and evolution of the healthcare cost regime applicable within the majority of Group companies. In addition, a Social Dialogue Monitoring Commission in France, in accordance with the agreement on the renewal of social dialogue, now meets twice a year to ensure that proper social dialogue can develop within the entities.

Finally, in 2022, a new trade union organisation (UNSA) was introduced in several entities in France. Its emergence is part of the model of trade union pluralism, with six trade unions established within the Group, and reflects the vitality of social dialogue.

**In France** (63% of the Group's employees), social dialogue is organised company by company, through the employee representation bodies (such as the Social and Economic Committees, the various joint committees or local representatives) set up according to the organisation of the various divisions or sites. These bodies are regularly consulted in relation to projects relating to the Company's business activity.

In the various French companies, social dialogue also involves fruitful and active collective bargaining. Collective agreements have been concluded in all companies that have union representatives or with the Social and Economic Committees authorised to negotiate certain agreements. In France in 2022, 88 agreements and amendments were signed, testifying to the vitality of these discussions; they break down as follows:

<b>Agreements signed in 2022 in France</b>	<b>88</b>
Social dialogue	14
Compensation (mandatory annual negotiations, incentive schemes, etc.)	57
QLW/CSR (gender equality, for example)	8
Working conditions (transport, working time arrangements)	9

In addition to these information-consultation periods with the SECs, regular meetings take place between human resources, managers and employees in order to discuss the expectations and working conditions

of employees on a daily basis. These discussions may lead to the establishment of joint working groups.

**In other countries**, social dialogue takes various forms, depending on local customs and regulations. The Hermès Group's ethics charter and practices confirm Hermès' commitment to the conventions of the International Labour Organization (ILO), especially with regard to freedom of association. In all the countries concerned, the policy is to ensure that the principles of freedom of association and collective bargaining are implemented, in compliance with local regulations.

In general, the quality of social dialogue requires the implementation of systems to gather employee expectations and respond to them through specific action plans. This can be done through engagement surveys such as at Hermès UK, Hermès Horloger, or Hermès Europe.

Some local initiatives illustrate opportunities for discussion where employees can make their views known by sharing their concerns and satisfaction:

- ◆ in the United Kingdom: the Employee Council and various committees (SD, sponsorship, Carré On, etc.) have been set up;
- ◆ in the United States (Hermès of Paris): round tables or ERGs (Employees Resource Group), create discussion forums where people can speak freely on various topics chosen by employees (return from leave, diversity and inclusion);
- ◆ in Taiwan and Japan, quarterly meetings bringing together employee representatives and the employer to share opinions and suggestions;
- ◆ in Spain and Portugal, employee needs are collected monthly through the "Company Mood";
- ◆ in China and Latin America, regular meetings are organised with Group Management and employees;
- ◆ in Turkey and Germany, individual reviews are carried out between the Human Resources team and each employee to discuss their expectations and needs;
- ◆ in Italy, HR Days are held to answer all questions or individual concerns of employees.

#### 2.2.2.4 IMPLEMENTING VALUE-SHARING MECHANISMS THROUGH AMBITIOUS COMPENSATION POLICIES

True to its values of sharing, Hermès pays constant attention to the recognition of its teams and the conditions of compensation and development of all its employees. The objective is to offer them full protective compensation and to recognise their contribution to the development of the House throughout their working life.

The House's desire is to offer all its employees, in all countries where the Group operates, competitive overall compensation that is higher than the legal minimum salary or that defined locally, and which provides a protective framework in the short, medium and long term, not only for employees but also for their families.

The overall compensation policy is composed of a wide range of individual and collective schemes, salary components and benefits that cover:

- ◆ the fundamental needs and achievements of employees (in particular health, safety, education, social inclusion, access to leisure and personal and professional development) through fixed salaries, individual and collective bonuses, paid leave, and various profit-sharing schemes, additional social protection schemes in terms of health costs and collective insurance;
- ◆ the need for recognition and belonging of employees in the medium and long term – through employee shareholding plans awarded to all employees worldwide, the celebration of employees exceeding a certain length of service within the Group;
- ◆ the need to look forward with confidence to life at the end of a career – through the provision of post-employment benefits *via* retirement benefits and supplemental pension plans set up voluntarily by Hermès for the very large majority of employees and in accordance with local market laws and practices.

As a responsible employer, Hermès is committed not only to offering ambitious and generous individual and collective compensation, but also to contributing to the economic and financial education of its employees so that they can take full advantage of these measures and make best use of their specificities and interests in the short, medium and long term. These presentations and the discussions, given in particular during the France *Benefits Week* with the teams of the Group human resources department and the scheme partners, were very much appreciated by employees and will be renewed in order to enable everyone to acquire or develop their economic and financial culture with the aim of autonomy and the ability to look to the future with peace of mind.

##### 2.2.2.4.1 Compensation

**The Group's compensation policy is that all of its employees should receive compensation that competitively meets best market practices, complies strictly with applicable standards and regulations, and is higher than the minimum legal or locally-defined salaries.**

**The House pays particular attention to the compensation of its employees in order to offer them a living wage that is not limited to the legal minimum wage. Initiated in 2022, a detailed study of the subject is underway in cooperation with independent benchmark organisations, including the Fair Wage Network, to ensure that the Group meets this objective worldwide.**

By reference to the Universal Declaration of Human Rights, Hermès considers that each of its employees "has the right to just and satisfactory remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection".

As a responsible employer, the House aims to go beyond a living wage and provide a good level of compensation and enable quality of life and long-term personal and professional development.

The compensation paid to Corporate Officers is shown in chapter 3 "Corporate governance", § 3.8 of this document.

The Group's payroll (excluding profit-sharing and incentive schemes) was €1,129 million in 2022, compared with €881 million in 2021, to which shall be added €370 million in social security charges in 2022,

which amounts to a total of 1.5 Bn €. Payroll costs (excluding exchange rate and scope impacts) reflect increases in both workforce and salaries in all geographical areas.

<i>In millions of euros</i>	2020	2021	2022
Payroll	842 <sup>(1)</sup>	881	1,129

The compensation of each employee according to the level of skills and the work carried out is in full compliance with the conventions of the International Labour Organization (ILO) and the laws of all the countries in which the House operates. Each entity complies with the regulations on working hours and minimum wages, and the systematic issuance of a payslip at regular intervals, explaining all legal deductions. Compliance with these various measures also makes it possible to combat all forms of forced labour. The vast majority of employees work in OECD countries, where these concepts are incorporated into the legal framework.

The annual change in compensation is based on individual and collective performance, in accordance with the Group's budget guidelines and trends observed in the local compensation markets.

The desire to reward both collective and individual performance can be seen in the development of variable compensation at both individual and collective levels in recent years. The objectives and assessment criteria are clearly shared with employees with the aim of transparency, motivation and commitment.

For example, in addition to the dynamic changes in fixed salaries from which all employees benefited, additional and exceptional measures were also decided by the House in 2022, in a spirit of recognition of the commitment and contribution of each employee to the Group's performance and success:

- ◆ two increases of €100 per month in France for all employees (in January and July 2022). Comparable measures were also taken in Europe, Asia, the United States and other countries around the world, depending on the local context;
- ◆ payment, in February 2022, of an exceptional and additional bonus of €3,000 in respect of 2021 to all its employees (permanent and fixed-term contracts <sup>(2)</sup>), worldwide;
- ◆ **payment in February 2023 of a bonus of €4,000 in respect of 2022 for all eligible employees worldwide, to demonstrate the House's deep appreciation of the commitment of its employees.**

**Furthermore, for the third year in a row, in the context of the Covid-19 health crisis, basic salaries were maintained for all employees concerned** during periods of lockdown and exclusive store closures, without resorting to state aid in all countries where the Group is present.

Particular vigilance is paid during salary reviews to the respect of the principle of gender equality and any gaps in relation to markets (internal and external) with the aim of fair treatment in the allocation of salary increases, including with respect to maternity leave. Specific budgets are systematically granted if adjustments are necessary. In France, agreements or action plans relating to gender equality have been renewed in order to reaffirm the guarantee of balanced salary positioning between men and women. The monitoring of equal pay indicators and the measures to remedy the situation, if necessary, are overwhelmingly included in the agreements signed by the House's subsidiaries.

#### 2.2.2.4.2 Employee shareholding plans

Faithful to its family tradition and wanting to involve all employees worldwide in the Group's medium- and long-term growth, Hermès has set itself apart in recent years by the implementation of employee shareholding plans, and notably free share plans in 2007, 2010, 2012, 2016 and 2019.

The desire to recognise the commitment of employees, who are key to the success and outreach of the House, led Executive Management to decide to set up a fifth free share allocation plan on 1 July 2019. Under this collective plan, each eligible employee worldwide (i.e. more than 13,000 employees in all of the House's entities in the various countries in 2019) thus received rights to free shares, i.e. a total of 500,544 shares. As at 31 December 2022, employee shareholding represented 0.98% of the share capital, i.e. **over €1.49 billion**.

All of these employee shareholding plans serve three purposes:

- ◆ to show the confidence of the House in the long-term commitment of its employees and unite them around the Hermès Group strategy;
- ◆ to acknowledge the contribution made by all employees, whatever their role, to the development of the House, by providing a single compensation component to share the benefits of our growth, enabling employees to identify more closely with the long-term Hermès growth decisions;
- ◆ to consolidate the strong links between employees and the House.

1. Adjusted data for 2020, for continuity of calculation methodology.  
2. Subject to eligibility conditions.

In order to promote, on the one hand, the loyalty of employees over the medium and long-term, and on the other, collective performance, these plans are accompanied by vesting periods of at least four years, conditions of presence and, lastly, performance conditions (for a portion of the grants).

The Group's ambition is to continue to involve all its employees in its corporate project in a single way by strengthening employee shareholding. The vast majority of employees who become shareholders through these employee shareholding plans keep their shares well beyond the mandatory vesting and holding periods (in France, where applicable). At the end of 2022, 56% of employees held rights that were vesting and accordingly, continue to be involved in the Hermès Group's governance and operations over the long-term, in a spirit of mutual trust with the House.

#### 2.2.2.4.3 Profit-sharing and incentive schemes (France)

Since 2012, a special profit-sharing agreement signed with all of the representative unions has enabled all employees of the companies in France to share in the profits of the Hermès Group in a harmonised manner.

Incentive scheme agreements are in place at all Group companies in France. These agreements, concluded for a period of one to

#### Gross amounts paid excluding social charges in France (in €M)

	Incentive schemes	Profit-sharing	Total
2020	40	74	114
2021	32	62	94
2022	45	73	118

In 2023, €170 million in incentive schemes and profit-sharing will be distributed in respect of 2022 (€142 million excluding social charges)

#### 2.2.2.4.4 Social protection schemes

Benefits of various kinds complete the overall compensation package for the House's employees. These include health protection, death, accident, incapacity to work, and invalidity schemes, supplemental pensions, supra-legal leave and other recognition schemes.

The Group operates a comprehensive and ambitious benefits policy in all countries and aims to encourage its implementation within a framework that is:

- ◆ collective, targeting all employees, according to needs identified locally or globally and in line with Group policies;
- ◆ balanced with respect to benchmark market practices;
- ◆ adapted to the Group's values and local regulations.

Providing social protection to its employees wherever the Group is present against the risks of death, sick leave and healthcare costs (and indirectly to their families) is essential for Hermès. Employees are protected against the major risks of everyday life. Benefits cover medical and maternity care, retirement, as well as long-term illness and mortality risks.

**Hermès' aim is to protect the families of its employees, in the event of death, by paying a lump sum equivalent to two years' salary. This system covers 85% of employees worldwide. Some 95% of employees are covered to the amount of one year's salary. In**

three years, aim to involve employees in the development of locally-determined indicators that are relevant with regard to the activity and environment of each of these entities, notably, quality, safety (for example, work accident rate at Hermès Sellier), productivity and sustainable development objectives (for example, water consumption in the Textile division). Incentive schemes are thus an opportunity for Hermès to involve its employees in the achievement of its sustainability objectives. **In France, more than 85% of the workforce is covered by an incentive agreement including objectives related to sustainable development** (improvement of safety, frugal use of materials, protection of resources, etc.).

Employees of international entities (37% of all Group employees in 2022) also benefit from a range of regular additional compensation initiatives in line with performance and local customs.

In France, €118 million in incentive schemes and profit-sharing in respect of 2021 and €4.5 million in employee support activities were distributed in 2022, compared to €94 million and €4 million respectively in the prior period. In total, the increase in these two amounts is more than 24%. These have a significant positive impact on the overall compensation (short, medium and long-term) of the House's employees and reflect its desire to share the fruits of growth with everyone.

**France, the scheme is supplemented by an education allowance to enable the children of the deceased employee to continue their studies.**

The cover put in place by Hermès supplements, where applicable, the mandatory legal plans and make it possible to protect and retain employees. These schemes are mainly financed by the Company and are very popular with employees.

In terms of supplementary pensions, the aim is to help employees build up additional income at the end of their working lives. Hermès is often a pioneer in the proactive implementation of these systems. For example:

- ◆ in France, more than 15 years ago Hermès set up a supplemental defined-contribution pension plan for all employees under a collective agreement. In 2022, this plan represented total contributions of €8.4 million, of which over 91% financed by the employer;
- ◆ in China, in the same spirit, Hermès decided to set up a supplemental pension plan for all its local employees from the second quarter of 2022.

Everywhere in the world where these schemes have been set up, the Group finances the majority share of these supplemental defined-contribution pension plans (in accordance with legal rules and/or local agreements). The management of these systems is entrusted to specialist external partners (insurer, bank or other).



The Group's total commitment in terms of pensions and other employee benefit obligations was €292 million in 2022.

**Thanks to these proactive and ambitious social protection policies, more than 97% of employees worldwide benefit from additional health coverage, 96% are covered by collective welfare plans, and 87% of employees worldwide benefit from supplemental pension plans.** These systems are amended as necessary (regulatory, Group decision, market practice, financial equilibrium, etc.) to contribute to the quality of the overall compensation package for Hermès' teams.

Illustration of the local adaptations, in Italy and Greece, an innovative social programme aims to improve personal and family well-being, including a set of welfare services that the Company offers to its employees. Each beneficiary has a social account that can be used as they wish for daily expenses and for his or her well-being.

#### 2.2.2.4.5 Supra-legal leave to support parenthood

The granting of supra-legal leave, in particular to support parenthood, is an important issue for the House, which is very attentive to providing its employees with good working conditions and a balance between their professional and personal lives, particularly when welcoming a child.

**Since 2019, the Group has therefore decided to roll out a common maternity leave policy for all its subsidiaries worldwide. In particular, it includes full maintenance of basic compensation for a minimum period of 16 weeks' leave and full coverage of the costs related to childbirth.** The effective application of this policy is monitored as part of the Group's procedures.

**In France, Hermès decided to introduce, with effect from January 1, 2022 and for all its entities (i.e. 63% of the Group's workforce), the full maintenance of salaries within the framework of paternity leave of 28 days.** This initiative benefits everyone without any seniority condition. In addition, both parents benefit from protection against dismissal during the four weeks following the birth of a child. Finally, to support the use of part-time work chosen after a birth or adoption, pension contributions are paid by the employer on a full-time basis <sup>(1)</sup>.

For employees of subsidiaries around the world, paternity leave is also available, with a duration and conditions adapted locally. To support work-life balance, for several years Hermès has set up agreements and action plans within numerous entities relating to gender equality. These agreements define progress targets for paternity leave, for example, in order to promote the role of fathers in the exercise of family responsibility, and to enable women to carry out a professional activity corresponding to their wishes. The assessment and annual monitoring of these principles is ensured by the setting of precise and relevant indicators with the aim of continuous improvement, even when prior diagnostics have not revealed any major imbalance between the situations of women and men.

In Switzerland, paternity leave is 2 months paid at 100% for a father in a same-sex couple. All requests to return to work part-time and/or for unpaid leave after maternity leave are systematically granted.

In Singapore, maternity leave is extended to 16 weeks and paternity leave lasts 2 weeks. All employees receive 6 days of parental leave for children under the age of six and 2 days of parental leave for those aged seven to twelve. These measures are in addition to government legislation.

As a further example, several companies in France (across all business divisions) have signed agreements with social partners that include measures aimed at:

- ♦ ensuring equity in terms of compensation before and after maternity, paternity, adoption or education leave;
- ♦ adjusting, on a full-time basis, the payment by the employer of pension contributions on a full-time basis for employees who have chosen to work part-time, and allowing parents to benefit from a leave of absence in the event of the serious illness of a child (up to 10 hours per week, to be adjusted in agreement with their manager);
- ♦ offering employees the opportunity to donate their days off (up to 5 days per year and on an anonymous basis) for the benefit of their colleagues whose children are seriously ill.

In order to fully deploy this commitment and support the development and fulfilment of its employees, the House also allows international solidarity leave, business creation leave or, more traditionally, sabbatical leave.

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**100%**  
**of subsidiaries have rolled out the maternity care policy with salary maintained**

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1. These measures apply in the vast majority of entities in France, according to the provisions of the collective agreements in force.