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CSR EXTRACT NON-FINANCIAL PERFORMANCE
STATEMENT (NFPS)



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2.3.2 INTEGRATING AND DEVELOPING EMPLOYEES AND TEAMS

In a context of medium-term business growth and to develop its integrated craftsmanship model, Hermès must strengthen its teams in all professions: craftspeople, sales associates, producers, experts in transverse functions. To this end, Hermès pays particular attention to its relations with schools and its recruitment initiatives in its employment areas. The House's policy is to consolidate and develop individual expertise, increase each employee's versatility, ensure that *savoir-faire* is shared within teams and that this is passed on from generation to generation, retain talents by creating appropriate development pathways and, lastly, ensure that *savoir-faire* is preserved in keeping with the objective of ensuring the sustainability of Hermès' unique model. In addition to cross-functional training in management and knowledge of the House's culture, Hermès is developing in-house training schools for its major craftsmanship *métiers* – Leather, Textiles, Tanneries – in order to perpetuate and securely transmit this *savoir-faire*. This can be seen, in particular, in the acquisition of *savoir-faire* in an employee's first job as a leather goods and saddlery worker, in an engineering incubator within the École des Tanneurs and the École du Textile, and the recognition of the qualifications gained: CQP⁽¹⁾, VAE (validation of experience)⁽²⁾, or diplomas (CAP)⁽³⁾.

POLICY

Recruitment is managed by each *métier* and subsidiary to ensure the perfect match with the local context. The policy for recruitment and relations with partners is defined by the Group. In France, this also guides relationships with educational establishments, as well as communication of the employer brand. In this way, the Hermès Group hopes to make applicants more aware of the *métiers* and the uniqueness of the House, to attract candidates won over by the business model and its values, able to enrich it and contribute their expertise, and to select the best profiles, capable of feeling at home within teams for a long time.

Once welcomed, it is important to develop their skills and share with them what makes Hermès unique. The ambition of the teams in charge of talent development is, on the one hand, to support and anticipate the skills needs related to the *métiers*, in a context of strong growth and, on the other hand, to scale up actions to better integrate and manage and ultimately pass on *savoir-faire*.

2.3.2.1 IMPLEMENTING SYSTEMS TO RECRUIT THE BEST PROFILES

2.3.2.1.1 Promoting the employer brand

Hermès' employer promise reflects its ambitions as a responsible employer, eager to attract profiles demonstrating excellence, talents keen to join the House, motivated above all by a collective project, a desire for quality and a long-term project. Once the technical skills have been secured, the recruitment criteria are based on personality elements to ensure that candidates are compatible with Hermès culture and values, to ensure smooth integration and success within Hermès Group.

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

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

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

To make the employee experience even more explicit and illustrate in real terms its unique corporate culture, new visuals have been created to highlight digital opportunities at Hermès. A new visual to illustrate the "reinvent our *métiers*" pillar and highlight the digital *métiers* was created and produced in several media (film, kakemono wall hangings, posters, visuals, etc.). The collection of brand pillars constituting its promise are used in all school events and relations.

The annual employer brand communication campaign was rolled out in the fall of 2022 in France in national and regional press in a full-page format, on billboards and on LinkedIn. The objective was to speak out and position Hermès as a player in the economy and employment in France.

The Hermès LinkedIn account, launched in 2014, passed the milestone of more than one million subscribers in 2022. The account presents in particular news of the employer brand through dedicated video and photo content. In China, the Hermès Weibo account has more than 892,000 subscribers (750,000 in 2021).

2.3.2.1.2 Significant recruitment challenges

Internal mobility is the primary source of recruitment for Hermès, which is committed to developing the skills of its employees to enable them to complete a long-term career within the House. The internal job sharing platform Myway in Hermès is the showcase of all these opportunities, offered to employees as a priority. They thus have access to diversified career paths, can experience multiple opportunities and have a long-term career path.

1. Vocational qualification certificate.
2. Validation of acquired experience.
3. Vocational aptitude certificate.

Given the Group's growth, many opportunities are appearing and need to be shared closely with employees. **Thus, in 2022, an internal mobility forum was held**, aimed at raising awareness of the sectors and *métiers* and bringing together the various players in these sectors. Its objectives were to promote knowledge of internal *métiers* in order to enable employees to envisage their long-term future better, to encourage in-house discussion to help generate cross-functionality and proximity, and to share experiences from tailor-made career paths. Finally, it was an opportunity to provide the tools and keys to understanding mobility so that everyone can be involved.

Two sessions of 130 people took place in Pantin in 2022, and 2023 will enable the same format to be rolled out for the upstream and *métiers* divisions in Pantin. The idea is to give employees four experiences in half a day and to chat with HR Managers to create new links.

These events are designed to promote cross-functionality and networking between internal mobility players, so that everyone can be on the move.

In 2022, the challenges in terms of recruitment increased and it is necessary to be increasingly attractive to recruit the best profiles. **Job offers are then published on the external career website**⁽¹⁾, which features the employer brand and is the second largest source of recruitment, as well as on the Hermès LinkedIn page, which remains a powerful lever for attracting and recruiting new hires. In addition to these traditional approaches, a recruitment event named "Open the orange box" was created, starting with the search for profiles for the Upstream division (production engineers, supply chain, purchasing, quality, industrialisation, etc.). At the end of the day, preselected profiles were invited to join an immersive experience at the Sèvres exclusive store in Paris in March or Lyon in April. The intention was to open the doors of Hermès in a fun format, with a presentation of the House and its assets as a committed and responsible employer, as well as inspiring meetings and experiences. This event will be repeated for the upstream division in 2023.

In 2022, 3,350 job offers were published on the careers website⁽²⁾. The new communication tools relating to the employer brand were all used to improve or create corporate pages on essential recruitment sites such as Glassdoor, Jobteaser and Indeed, or on digital platforms such as Seekube. Job adverts are posted there, as well as on fashionjob, regionjob, Apec, etc. in France, and WeChat outside France. In addition, for the recruitment of interns and work-study students, Hermès uses the sites of higher education institutions and specialised sites such as JobTeaser and Welcome to the Jungle. A partnership with LinkedIn's recruiters' space accentuates the presence on this professional social network.

For all of the House's *métiers*, the recruitment of new talents is a constant issue, particularly at Hermès Leather Goods & Saddlery, which must integrate several dozen craftspeople per leather goods workshop each year to meet the Group's growth. The *métier* is therefore striving to broaden its employment pools, to make itself better known to a wider audience, to create a pool of candidates for training in the two craftsmanship *métiers* of saddler and leather goods and cutter/preparer, and finally to carefully select the candidates able to demonstrate the soft skills and motivation required. The hiring of saddler and leather goods craftspeople is carried out in partnership

with Pôle Emploi for the communication of job offers, the provision of collective information and the performance of skills tests. The Pôle Emploi advisers come and discover the *métiers* within the leather goods workshops in order to better understand them and to propose candidates in line with the proposed *métiers*. A dedicated recruitment method "every six months" has been set up, aiming to attract job seekers in retraining; this has resulted in an increase in the number of people met and contacts with more diversified profiles. Employment pools must also be broadened to anticipate the opening of new leather goods sites and various communication actions are carried out to reach the greatest number of candidates.

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

The Tanneries division (Hermès Cuirs précieux) is faced with the challenge of attracting people to the tanning *métiers*, due to the low mobility of candidates and preconceived ideas about gender diversity in the industry's *métiers*. To address this, a recruitment day for the Young Tanners Programme (HCP Graduate Programme) takes place in October, with a visit to the Montereau Tannery followed by individual (interviews, managerial role plays, colour tests, materials tests, etc.) and collective (team challenge) workshops with preselected candidates. The objective is to anticipate upcoming retirements and to allow a sufficiently long training period between the generations before hand-over.

The other *métiers* must support strong growth in volume, maintaining the high standards and quality of the profiles recruited despite the pressure of the need for new skills. The recruitment of very solid profiles and potential future talents is a challenge, affecting the integration of experts in the Beauty *métier* (make-up and skincare) to support the development of this recent *métier*, and the search for Responsible Purchasing, Quality, Product Manager, Supply Chain, IT & Project Management profiles, in a competitive labour market. Hermès Perfume and Beauty has created a training module dedicated to internship tutors to understand the new generation arriving on the market (in search of meaning, living in the present) and to attract them to the internship offers and work/study contracts. Three one and a half-day training sessions were rolled out from September to December 2022.

Hermès Perfume and Beauty took part in around 20 face-to-face and remote recruitment forums in 2022.

Hermès Bijouterie sponsored the Haute École de Joaillerie to showcase its *métiers* and *savoir-faire*, with exclusive visits, conferences and presentations and previews of the Hermès collection. La Montre Hermès has rolled out numerous actions to maintain exacting requirements for the quality of the profiles recruited by participating in recruitment forums such as that organised by HEC/UNI Lausanne, targeting 700 students studying at Bachelor or

1. <https://talents.hermes.com/en>
2. <https://talents.hermes.com/en>

Master's levels. In addition, a partnership with the École Hôtelière de Lausanne enabled six students from the school to collaborate with the sales and after-sales teams as part of a study on after-sales services at La Montre Hermès. To reach more candidates and promote the watchmaking *métiers*, internships and discovery weeks are held at the sites and apprenticeship programmes have also been developed.

At HTH (Holding Textile d'Hermès), in order to meet the recruitment needs of its various *métiers*, the priorities are to promote the aspect of a responsible regional industrial textile company, investing in the development and well-being of its employees, and publicise what it is really like at the production sites and the values held by the sector. With these objectives, partnerships are built with the Maison Métropolitaine d'Insertion pour l'Emploi (the Rhône section), thereby enabling the recruitment network to be diversified by addressing people in vulnerable situations. In order to attract young interns and work/study students, links are forged with schools in the Lyon area (Maya Campus, ITECH, ECAM, IAE Lyon, EM Lyon, etc.). The Company participated in numerous forums run by these schools in 2022, supplemented by a presence at the Entreprises du Patrimoine Vivant (EPV) fair on 24 and 25 October 2022 at the Lyon regional centre for the transmission of and the discovery of EPVs⁽¹⁾, alongside training institutions and job search structures to highlight recruitment opportunities within the sector. In December, HTH took part in two important events: the "Mondial des Métiers" organised by the Auvergne-Rhône-Alpes region and the "De(ux) mains du Luxe", organised by the Comité Colbert, a meeting between the younger generation and the *savoir-faire* of the luxury goods industry, to arouse curiosity and create a desire for a career path. Specific approaches during recruitment interviews are put in place, such as the use of horizontal CVs in interviews, focusing on motivation and relationships rather than on a more traditional autobiographical reading, recruitment without CVs for printer craftspeople in AS workshops, and the extension of aptitude tests, again for craftspeople, with the REFLETS questionnaire (job profiling carried out for printing, manufacture, weaving and quality control jobs).

The Retail market is seeing heightened competition, with a booming luxury goods industry and tense markets in all countries, creating a veritable "talent war" to recruit the best local candidates with the right skills and *savoir-être*. The Retail *métiers*, present in all regions of the world, are seeking to recruit talented people compatible with the high standards of the House and the specific nature of the local culture. This involves finding, quickly and sometimes from outside the luxury goods industry, among a less knowledgeable public, candidates with expertise in hospitality, sales and consulting in an omnichannel environment.

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

Partnerships have been established with schools such as ESSEC Singapore to inform students of the career potential of the sector. Hermès Middle East also organised a shop window design competition with the Lasalle College of the Arts in Singapore to promote the House's uniqueness. Other regions present Hermès' activities at local universities such as in Mexico and Argentina.

In England, 10 students from the Lycée International Winston Churchill in London were welcomed for a week for an immersive programme to discover the professional careers existing at Hermès. The same approach also exists at Hermès Benelux Nordics and has led to recruitment.

Each country can use the levers it deems necessary to promote the employer brand and spread information about the positions to be filled. For China, this involves a presence on the WeChat platform and, in Germany, it uses a new recruitment tool (Aivy) that allows assessment of the suitability of candidates for positions through games.

2.3.2.2 ENSURING THE LONG-TERM DEVELOPMENT OF SAVOIR-FAIRE

Hermès bases its growth model on a culture of continuous improvement. This is how the House ensures the sustainability and enrichment of its often-exclusive *savoir-faire*, and the acquisition and transmission to all employees regardless of their function (craftspeople, sales associates, support personnel, etc.). The training policy is structured around four main areas: culture, management, expertise and personal development and also addresses the issues of resources and systems. To respond to the growth in the Group's headcount, training time must evolve, additional places must be made available in the sessions and increased efforts made in terms of digital learning.

In 2022, more than 82,000 training actions⁽²⁾ were undertaken, for a total of 341,689 hours of training given, versus 286,120 hours⁽³⁾ in 2021. 76% of the Group's total workforce took at least one training course, with an average of 23 hours of training per person trained.

Training costs (Invoiced in 2022) represented €11,660 thousand.

This figure does not reflect the entire training effort, since it does not include *métier* training dispensed directly in the workspace.

1. *Entreprise du Patrimoine Vivant (Living Heritage Company).*

2. *This figure corresponds to the total number of trainings taken, meaning that an employee may have followed several training courses during the year.*

3. *Adjusted data for 2021, for continuity of calculation methodology.*



Nearly
23 hours
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2.3.2.2.1 The House culture, the foundation for learning

A wide range of training courses (Group and local) is dedicated to the integration of employees and enriching the House's culture. The objective of these programmes is to facilitate assimilation of the corporate culture while providing the keys to understanding essential to their professional integration, such as with Mosaïque, a two-day induction training for all new employees on permanent employment contracts.

So that those who join Hermès can take part in its corporate project under the best possible conditions, the House, as well as the trainers and those tasked with transmitting internal information, devote care, attention and time to their integration. Pathways are defined so that, locally with dedicated stakeholders, the fundamentals of the House's culture are conveyed, as well as the keys to understanding its organisation, in order to guide and orient them in their first steps, which are decisive in their contribution and sense of belonging to Hermès. In most subsidiaries, the assignment of a mentor and the implementation of induction programmes are planned.

In 2022, to ensure the transmission of the Hermès culture as widely as possible in France and internationally, in a context of growth in the workforce and changes in organisations, the mission of *Conteurs de culture* was formalised and their identities were shared with all subsidiaries. More than 100 employees have already been trained and share their personal story at Hermès and the passions that they experience on a daily basis. The strands of the story are thus revealed.

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

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

These training courses include the Happy Culture programme, designed for employees with more than three years of service, the "IFH" (*Hermès Training Institute*) programme, for members of subsidiaries' Management Committees, with the aim of sharing the vision and strategy of the Group and the *métiers*.

2.3.2.2.2 An ambitious and scaled-up development and training offer

In 2022, Hermès continued to scale up and internationalise the Group's development and training offering, Hermès Campus, to best support subsidiaries, while being both complementary to and consistent with their local offerings. **This approach is structured around four areas: culture, management, expertise and personal development.**

2022 saw the start of discussions on the overhaul of the "Profession: Industrial" curriculum, with a particular focus on continuous improvement and the supply chain. An Industry 4.0 training course was launched for teams at industrial sites in order to develop their skills in this area as well as to open them up to new perspectives for their sites while creating an internal network of a dozen people on the subject. This nine-module training course is delivered over a period of five months, both face-to-face and as e-learning, by the partner CentraleSupélec and led by internal speakers who are experts in their areas. The programme has a strong applied and practical orientation, with the sharing of experiences to accentuate the operational dimension and its cost optimisation. By the end, participants will have discovered how to increase the competitiveness of their sites and transform their value chain thanks to the impacts of the most recent innovations (artificial intelligence, connectivity, blockchain, hyper-manufacturing, etc.) and the connection between the digital world and the real world. This course illustrates the topics that Hermès considers necessary for the teams to address, for a smoother link between the implementation of change and operational excellence.

To meet specific needs, a pilot "Finance for non-financials" session was tested before being rolled out on a wider scale. Many employees are confronted with corporate finance in their jobs and it is essential that they master the rules and the language, to improve the quality of discussion between those in operational and financial roles.

The "LOCK" cybersecurity awareness programme, launched in 2017 and intended for all employees of the House, in a fun and accessible format, reminds people of the risks incurred and how to adopt the right habits. Redesigned every two years around a specific theme, with a dedicated artistic direction, it takes place in four stages (one per quarter) and is based on internationalisation *via* a community of ambassadors launched in 2021 and gamification. An online portal brings together the necessary resources (best practice sheets, quizzes and news) and a mandatory e-learning module in several languages covers the basics of cybersecurity at Hermès, with a video and games-based pedagogy in order to improve memorisation of best practices. Other systems exist such as virtual escape games and cyber cases for team events. October is also "cyber-month", punctuating the year with an international challenge recognising local commitment.

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

EXAMPLES OF "CAMPUS HERMÈS" GROUP TRAINING

Domain	Sub-domain	Training example
Culture	Onboarding Knowledge of the House General culture	<ul style="list-style-type: none"> ◆ <i>Mosaïque</i> ◆ Happy Culture ◆ IFH ◆ <i>Culturiosité</i>
Management	Specialisation Fundamentals	<ul style="list-style-type: none"> ◆ Managing by communicating ◆ Foundations of management at Hermès
Expertise	Art of selling Office skills Legal compliance Product knowledge Métier expertise Occupational Safety & Health	<ul style="list-style-type: none"> ◆ E-learning Customer data collection ◆ Essentials of office skills ◆ Data protection ◆ My exclusive store e-learning ◆ Fundamentals of sustainable development ◆ Textiles from A to Z ◆ Rescuer first aiders at work (SST)
Self-development	Communication Effectiveness at work Self-development	<ul style="list-style-type: none"> ◆ Communicating with ease ◆ Writing, summaries and reports ◆ Time workshop

Digitisation for training

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

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

More communication was conducted about myCampus in 2022, to improve its adoption by the teams. A special effort was made to ensure that subsidiaries are able to effectively combine digital and face-to-face training (blended training). The My Exclusive Store and My First Sale e-learning modules were launched.

Sales training

All new sales associates joining Hermès anywhere in the world follow a common training course, H immersion, which presents the essentials of each of the House's *métiers* (history, collections, materials & *savoir-faire*). In 2022, the training was supplemented by My First Sale e-learning modules, carried out in close collaboration with the *métier* trainers. They describe the sales ceremony specific to each *métier* in order to guarantee a memorable customer experience. A first introductory module, My Exclusive Store, presents the Hermès signatures found in all its exclusive stores.

Then, to develop the skills of the teams, Hermès Client Culture, created in 2021, is a new training programme for managers and sales associates, in order to strengthen ties with customers, once again worldwide. The aim is for each Hermès customer to benefit from the

same unique and singular experience wherever they are. This programme has already been rolled out to around 700 employees. In this context, Hermès of Paris trained all its employees before moving to the new Maison Madison exclusive store (New-York).

In the same vein, the Retail France subsidiary created the École des Artisans de la Vente in 2021, which offers a multimodal development pathway for sales associates and managers, in a gradual manner starting from their induction. This programme was rolled out in 2022 based on its four structuring pillars: developing without formatting, cultivating emotional intelligence, transmitting and preserving uniqueness. Employees thus have access to initial training as soon as they join the House and continuous training modules according to the needs expressed, particularly in terms of cultural specificities. Finally, they can be helped by field trainers for local support with dedicated coaching. In addition, certain training courses lead to qualifications and are recognised by the Ministry of Labour to validate the sales associate's ability to demonstrate relational excellence, to offer customers a moment of wonder and to create a lasting human emotional bond with them. These skills also contribute to the employability of staff. This course complements the *métier* and market modules provided by a community of in-house trainers who draw on the Hermès Campus and are responsible for product training for sales associates.

2.3.2.2.3 Management at the heart of the Group's ambition

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

All managers are required to attend training courses enabling them to acquire the fundamentals essential to the practice of management that is caring, firm and encourages growth for the Company and individuals, as well as the teams. These management foundations can be subsequently reinforced by specialised training in collaborative working, recruitment, or diversity management. On this last subject, Hermès of Paris, in the United States, has trained all the managers concerned in inclusive recruitment so that only the talents and experiences of the candidates count in building a common collective adventure.

As the annual assessment is also a key time for management, the core “annual appraisals” module offered centrally was provided to all Hermès Perfume and Beauty managers. Other sessions will be organised in 2023 until all managers are trained. Hermès Bijouterie also trained its entire division in feedback culture (whether employees are on fixed-term or permanent contracts).

In 2022, numerous co-development workshops were organised to support managers in the organisational transformation processes. Some dedicated training courses support the deployment of structuring projects such as Cassiopée at HTH (overhaul of the ERP) so that each player in the project can master the main principles of change management, establish a change diagnosis and build a transformation plan. This programme will enable them to validate the International certification in Change Management.

Locally, new management training courses have been introduced for specific issues. Thus, in China, in response to the growth of the teams, leadership training courses were taken by 21 managers. Mention should also be made of numerous training courses in foreign languages or French. Furthermore, training courses have been developed enabling employees to learn or specialise in legal, IT or workplace safety issues.

The future will mix people of all ages within teams and, with this in mind, a Talents Z training course has been designed to meet the issue of workforce growth and the steady increase in the number of interns and work/study students. For a manager, this involves having the tools

and methods available to succeed in their mentoring, and adapting their approach and management to Generation Z so that they succeed in securing and facilitating their recruitment process. Several sessions took place in 2022, with, for example, 25 managers of work/study and interns from Hermès Perfume and Beauty. The rollout of this programme will continue, including co-development.

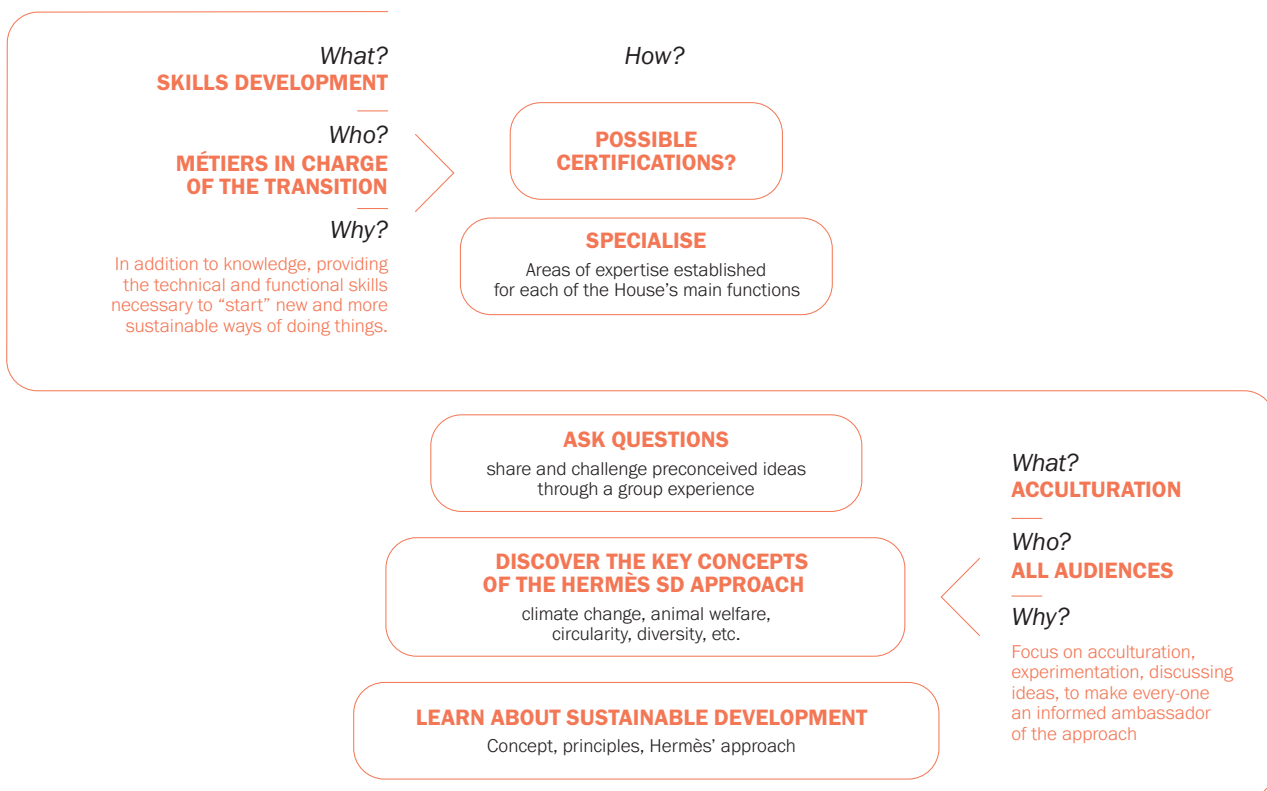
2.3.2.2.4 Integrating sustainable development into the savoir-faire of all métiers and all employees: a strategic issue

The sustainable development strategy implemented by the sustainable development department at Group level is based on raising awareness, empowering and increasing the skills of employees, who are the agents of change.

The awareness-raising stage is essential: it allows all employees to understand the Group’s approach, as well as an acculturation to the major environmental and social challenges of tomorrow, which is essential as a citizen.

In addition to acculturation, the Group is also working to increase the skills of the major categories of jobs within the Group that will manage the environmental and social transition (industrial jobs, creation and product development jobs, etc.).

In order to best reflect this approach, the Group defined a training strategy in 2022, which will support the development of specific programmes to meet the training needs expressed.



In addition, in 2022, the sustainable development department undertook concrete actions to accelerate the training of all employees, by:

- ◆ continuing the rollout and development of e-learning modules to discover sustainable development and key concepts around the Group's strategy (climate change, animal welfare, biodiversity). To date, nearly 4,200 people have received introductory sustainable development training (available in six languages) and more than

1,000 people have discovered the key concepts around which the House's sustainability strategy is based;

- ◆ supporting several of the House's functions in the development of their sustainable development training, focused on their specific challenges: buyer training (rolled out in 2022), sales associate training (rollout in 2023), training for industrial professions (rollout in 2023).

CSR programme: three steps to improve skills

The concepts inherent to CSR are present everywhere in the daily life of the teams, particularly in the *métiers*. Three progressive modules have therefore been designed according to their level of use while combining theory and practical application. CSR 1 enables students to develop basic knowledge and share a common vocabulary in half a day. All *métier* employees were invited to follow it. New sessions will be held regularly for new employees. 812 people completed this module in 2022. CSR 2 aims to integrate CSR into an employee's duties and involved 201 employees in 2022. Lastly, the CSR 3 module leads to a certificate, in partnership with one of France's grandes écoles, to develop the expertise of around 50 employees by 2023 in order to anticipate needs and guide decisions.

Everyone will thus be involved by integrating the constraints of the ecosystem into their creations, transforming these constraints into an opportunity to contribute to a more sustainable world.

Given the great diversity of the *métiers*, the sustainable development department operates on a decentralised basis and relies on a network of more than 300 relays worldwide. This network includes sustainable development managers in several entities, the EHS network officers (28 people), ambassadors in stores and production sites (a total of more than 350 people).

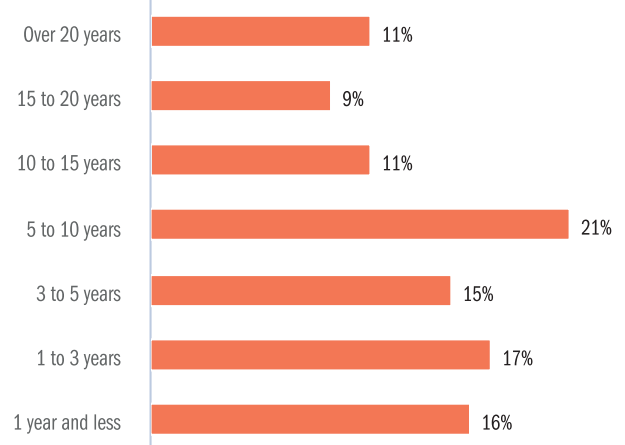
In addition, the *métiers* and subsidiaries organise Sustainable Development Committees specific to their scope and continue their training awareness-raising work as close as possible to operations.

2.3.2.3 INCLUDING CAREER PATHS IN A LONG-TERM VISION

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

The average length of service, which includes a wide range, is more than eight years. Given the strong growth in recent years, 48% of the Group's total workforce has worked for the Company for less than five years. However, more than one-third of the workforce has been with the House for more than 10 years (i.e. around 6,000 people), illustrating the loyalty and opportunities for career development within the House (as a reminder, 10 years ago the workforce comprised 10,118 people). The number of employees with more than 15 years of service has increased by 6% in one year.

BREAKDOWN OF THE GROUP'S EMPLOYEES BY LENGTH OF SERVICE



2.3.2.3.1 Retaining long-term employees

Hermès activates a number of motivation levers that help to anchor attachment and develop a strong sense of belonging: training throughout the career, internal communication, particularly with the HermèSphère digital platform, and dedicated and targeted content focused on the Company's fundamentals, its *savoir-faire*, its *métiers*, markets, organisation, not to mention seniority bonuses, as well as the quality of the workspaces, the systems dedicated to well-being and the convivial meetings that create strong links between the employees. The empathetic management style, which is conducive to accessibility, and the numerous actions aimed at encouraging discussions with employees and stimulating a collective mindset, also serve to foster loyalty and recognition. In terms of work organisation, versatility and multi-skills are preferred. The creation of participative cross-functional groups promoting innovation, as well as initiatives in terms of temporary secondments and internal mobility, complete the systems.

HR development

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

Evaluating employees to help them in their development

Each employee has an annual performance appraisal. The Managing Directors of the subsidiaries and their Directors of Human Resources oversee the annual performance reviews, which are based on annual interviews that provide an opportunity to take stock of the past year and build the objectives for the coming year, in terms of training. The human resources teams put in place the training plan required for each employee. In France, this update on employee skills and professional development takes place in the form of a professional interview, which by law must take place every two years. Hermès has chosen to conduct this every year and to discuss the subjects reviewed during the professional interview at the annual interview. The human resources department oversees the implementation of these two interviews, which provide an opportunity to assess performance, analyse skills, set objectives for the following year and discuss medium-term prospects with the employee (professional assessment, career plan, skills development plan, training).

In subsidiaries abroad, annual interviews are opportunities for discussion, formalised by a document detailing: the achievement of targets, performance, the managerial relationship, work-life balance, ethics and compliance, training requirements and the targets set for the upcoming year. Some subsidiaries (United States, Japan, etc.) adapt Group formats in keeping with cultural requirements or due to legal constraints. The support given to employees throughout their career is informed by these annual interviews. Once a year, the subsidiaries also organise a Careers Committee, in which the Management Committees share individual situations and stimulate in-house mobility, which is the first lever for employee development. Annual "Talent Reviews" are also a way of learning more about employees and following their trajectories closely. This enables individual Executive development to be followed closely.

Talent identification, a key challenge for sustainability

An annual talent review process is steered by the Group human resources department and aims to identify leadership talents – called upon for senior managerial positions – and expert talents, who are valuable in preserving and developing the *savoir-faire* that makes up the richness and specificity of the *métiers*. The talent review led to the selective identification of leadership talents and expert talents and to succession plans being proposed for each of the three divisions (Upstream, *Métier* and Retail). The most promising talents are closely supported in their development.

The management of talents and their career paths is more dynamic with greater coordination between players, a desire to ensure the best match between talent and senior positions, as well as the desire to make bold decisions in relation to young talents.

A greater number of 360° assessment procedures were put in place to allow leadership talents to get to know each other better and the organisation to make good use of their qualities in appropriate roles. Their performance is assessed, their potential gauged, internal and external development programmes are proposed to them and development actions are closely monitored.

Various Internal programmes are in place to develop managers

identified as being able to take on Senior Executive positions within the Group in the short or longer term:

- ◆ the *Entre-temps* programme is aimed at the Managing Directors of subsidiaries and aims to give them time to step back four times a year and look at topics such as freedom, courage and trust, values dear to the Hermès leadership model. Although it was not used in 2020, this formula, which favours co-development, allows them to fine-tune their strategic vision, enrich themselves with other perspectives and break the loneliness of the leader, to find solutions to problems encountered on a daily basis and to think in a more forward-looking manner;
- ◆ a series of Hafterworks, in the form of remote conferences aimed at deciphering the changes underway through the contribution of an expert, is offered to all Senior Executives (Managing Directors and members of Management Committees) on a bimonthly basis;
- ◆ in 2022, the Leading with Art programme benefited 40 senior talents. Through two sessions of several days, it aims to make them leaders who know each other well and are ready to have a positive impact on those around them and on the world. Thus, a community of strong and supportive leaders is gradually being created; In 2022, two alumni days were offered for this programme;
- ◆ in 2022, the Cavaliers programme enabled 12 young talents to spend more than eight months exploring a strategic issue assigned by the Executive Committee. This enables them to put their teamwork skills into practice and deepen their understanding of the Hermès model through a subject on which they make concrete proposals;

- ◆ the “Digital makers” programme created in 2022 to train high-potential managers to manage digital transformation projects. For two weeks, they learn project management, creativity and design thinking skills, in particular through a “case study” entrusted by Hermès. At the end of the programme, they submit the results of their thoughts to a few members of the Executive Committee. The project can be implemented operationally if the proposals are validated internally;
- ◆ the Web school factory’s CFEE programme invites four young talents to develop skills specific to digital professions such as project management, design thinking and creativity.

In addition to this offering of internal programmes, talents also take part in external programmes. Thus, in 2022, several programmes originally developed by Danone were attended: the programmes Eve, Octave and Noé dedicated to leadership, and in particular leadership by women, ongoing change and sustainable innovation benefited 63 managers who wanted to open themselves up to the world and other universes and have a personal development experience that could increase their impact in everyday actions. Short programmes such as Insead Advanced Management or Crozamento with the École de Guerre are also part of the talent development programme.

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

The objectives are to cultivate and strengthen the skills of talents in project management and transmission, to enrich their expertise and develop the key skills of innovation and creativity.

2.3.2.3.2 Offering varied career paths

In addition to the Career Committee led by the Group human resources department, several initiatives are common to all subsidiaries to promote and prepare for internal mobility, with the distribution of offers *via* internal channels, the establishment of job fairs within the sectors and temporary secondments to other sites in the industrial sector, the *métiers* or the Retail subsidiaries. The active coordination of human resources teams within Internal Mobility Committees facilitates, among other things, the rollout of the *Vis ma vie* programmes, in which participants put themselves in the shoes of another employee for a period of between one week and six months,

and networking operations to showcase the sites through divisional projects and exchanges between exclusive stores. Individual interviews for people on the move in order to narrow their project and determine an appropriate action plan, the rollout of various assessment tools and the review of compensation levels aimed at retaining talent internally are also available to teams to reinforce the versatility and multi-skills of employees.

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

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

2.3.3 DEVELOPING AND PRESERVING HISTORICAL SAVOIR-FAIRE

Prix de l’Adresse Award

As local and international exchanges became viable once more in 2022, programmes have resumed, particularly those aimed at sharing the House’s *savoir-faire*. For employees at production sites, several schemes have been relaunched.

The *Prix de l’Adresse*, an internal competition that enables little or no longer used *savoir-faire* to be proudly revived, is a true invitation for committed volunteer craftspeople to go the extra mile. Participants have several months to make an exceptional piece from the Hermès Conservatoire des collections or to create an original item. Launched in March 2021, the fifth edition of the *Prix de l’Adresse* was a great success, with 39 teams completing the adventure. Fifteen of them were even awarded the Hermès Masterpiece Prize. This edition ended in March 2022 with an event dedicated for the first time to the *Prix de l’Adresse*.

The latter was relayed internally with the publication of two special editions of the Leather Goods division’s newsletter “Le Point Sellier” to highlight the 31 teams of this division that took part in it.

This initiative is a concrete and high-visibility way to involve Hermès employees internally in the preservation and development of craftsmanship *savoir-faire*.

Meilleurs Ouvriers de France (MOF)

This prestigious title is awarded only in France by category of craftsmanship *métiers*, as part of a competition between professionals. It takes place every three years. The goal is to reward excellence and *savoir-faire*, which are the required criteria for the awarding of the title.

The House is proud to count some of the *Meilleurs Ouvriers de France* among its craftspeople. They guarantee the excellence of the *savoir-faire* in addition to arousing the interest of younger generations. Hermès supports those who wish to obtain this prestigious title by financing their registration to the competition, providing them with the materials necessary for the creation of their final piece and by granting them extensive access to the various production sites.

The House has 21 MOF, distributed as follows: three at the bootmaker John Lobb, 10 at HTH (drawing-engraving, sabre velvet, weaving,

printing and finishing), seven at Cristalleries Saint-Louis (crystal cutters, glassmaker by hand and using a blowtorch, as well as four Best craftspeople of France, glassmaker by hand and cutter), and one saddler-leather workers at HMS.

Entreprise du Patrimoine Vivant (EPV)

The Hermès Group is proud to have eight companies recognised by the *Entreprise du Patrimoine Vivant* (living heritage company label) ⁽¹⁾ in 2022, namely Hermès Sellier (until summer 2022), Holding Textile Hermès (Bucol), Établissements Marcel Gandit, Ateliers A.S., Siegl, Ateliers de Tissage de Bussièrès et de Challes, Beyrand and Cristalleries Saint-Louis. Puiforcat requested its renewal as an EPV in 2022.

These distinctions bear witness to Hermès' commitment to the safeguarding, preserving and promoting heritage *savoir-faire*.

1. <https://www.institut-metiersdart.org/epv>