A FRENCH MODEL OF CRAFTSMANSHIP THAT IS SUSTAINABLE AND CREATES VALUE

OUR ROOTS AND VALUES

An independent creative House since 1837, guided by the qualities of craftspeople: responsibility, authenticity and a long-term view. An integrated model of French manufacturing, which educates and develops its craftspeople in-house. The humanistic management of employees. Useful and long-lasting objects that combine functionality, aesthetics and high-quality materials, and are passed down from one generation to the next. A diverse product range reconciling creative freedom with the stores' freedom of purchase. The determination to give back to the world.

UNIQUE HERITAGE

CREATIVE

+ 50,000 products

Creative heritage:

Originally a harness workshop, Hermès has revolutionised riding equipment. With a unique Artistic Department driven by boundless creative freedom, the House is constantly designing new items and prints, while also innovating and revisiting its essential pieces.

Savoir-faire heritage:

Hermès protects and develops its often-unique craftsmanship savoir-faire through a policy of pro-active internal education and a spirit of transmission. Each generation refines and passes on its characteristic techniques, from saddle stitching through to the double-sided scarves.

Saddlery Leather Goods Weaver Printer Porcelain maker Clothing manufacturer Bootmaker Planer

HANDCRAFTED PRODUCTION MODEL

Polisher Engraver Silversmith Jeweller Watchmaker Perfumer

Crystal maker

Operating in 45 countries

Retail heritage:

HERMÈS

RETAIL

Hermès takes a unique approach to developing its distribution network and digital flagships. Its artistic spirit gives rise to creative stores and window displays.

46% of employees in production

Materials heritage:

The House uses, respects and preserves materials of the highest quality. Its supplies are secured in line with efforts to control their impact on biodiversity.

EXCEPTIONAL OBJECTS DESIGNED TO LAST

Creative freedom

The designers sketch, innovate and revisit the House's models with the greatest artistic freedom and without ostentation.

Purchasing freedom

The store managers choose the products to be proposed to their customers at fashion shows.

Exclusive distribution

Each store showcases a unique selection suited to its local market. The customer experience is unique, tailored with care.

















Exceptional materials

Rare leathers, precious fabrics... the House chooses only the most beautiful materials.

Handcrafted production

Exceptional materials, expert craftsmanship techniques... The production units manufacture Hermès products with the utmost respect, according to the orders placed by stores.

Lasting products

Because Hermès objects are passed down through the generations, the House's repair shops maintain them and prolong their lifespan.

A FRENCH HOUSE WITH A GLOBAL REACH

43 production sites in France

- ♦ 2 sites in America
- ♦ 5 sites in Australia
- ◆ 5 sites in Europe

311 exclusive stores, including

◆ 31 in France



80% of objects made in France

61% of objects made in our exclusive and internal workshops

62% of employees in France

92% of leather sourced in France and Europe

87% of sales outside of France

Detail in Section 1.7.2

CONTROLLED DEVELOPMENT & STRONG RESULTS IN 2019

CONTRIBUTING TO A MORE SUSTAINABLE WORLD

Economic

Design and grow

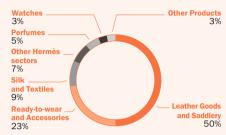
- €6.9 bn in revenue
- ◆ 12.4% growth at constant exchange rates
- €2.3 bn in recurring operating income
- €478 m in operating investments
- €70 bn in market capitalisation as at 31 December 2019

7 stores opened in 2019

- 1 production site opened in 2019
- 33.1% consolidated tax rate
- Over 13,000 employees members of the employee shareholding plan in 2019

BREAKDOWN OF REVENUE BY MÉTIER



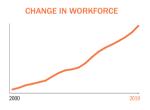


BREAKDOWN OF REVENUE BY GEOGRAPHICAL AREA



Social

Value and transmit



- 15,417 employees in 2019, of which 5,200 are craftspeople
- 8 production sites opened in France since 2015
- Internal education schools for the craftsmanship and sales professions
- Leather Goods division: 82 trainers and 200 tutors educate the craftspeople in their new profession for 17 production units
- Hermès voted "2nd best Glassdoor employer in 2019"
- 54,2% of women in governing bodies

- ◆ 463,750 hours of education in 2019
- 676 jobs created in France in 2019, 3,699 in the last five years
- 5 600 employees educated by École du Cuir since 2011
- 197 CAP vocational qualifications in leatherwork & 76 saddler and leather worker (Sellier Maroquiniers d'Art) diplomas in 2019
- Partnership with the French Job Centre and education in the craftsmanship professions
- ◆ Disability: employment rate, 7.42% (legal threshold of 6%)

Environmental

Respect and preserve

ENERGIES INTENSITY IN MWH



- Over the last 10 years, decoupling of energy consumption (x1.34) and industrial water consumption (x1.9) from activity growth (x3.6)
- Offsetting of 100% of carbon emissions from production, administrative and logistics sites, and stores (scopes 1 and 2) with *Livelihoods*
- Collaboration with NGOs such as WWF (France) in the sustainable development of certain channels (leather, cashmere, wood, etc.)
- Nearly 100,000 repair requests per year
- 78% green electricity supply

- Publication of standards on Animal Welfare and creation of a monitoring committee in 2019
- 95% of leathers are by-products of human food (recycling)
- 100% recycled gold for jewellery
- Launch of an internal supply chain management tool (within 11 sectors) in 2019
- Act4Nature commitment

SocietalDevelop and participate

CHANGE IN NUMBER OF PRODUCTION SITES IN FRANCE



- Presence in 12 of the 13 French regions with nearly 80 sites (production units, stores, logistics sites, offices)
- · Creation of regional divisions of excellence
- 19-year average relationship with the main direct suppliers
- 52% of purchases made in France (Top 50 direct suppliers)
- 100% of leather goods made in France
- 1 direct job created in a rural area indirectly leads to at least 1.5 other jobs
- ♦ 4 editions of Hermès at Work
- Organisation of unique events around the world (exhibitions, etc.)
- ◆ 40 m allocated to the budget of Fondation d'entreprise Hermès
- ◆ 76% of direct suppliers committed to a CSR policy

Governance

WE SUPPORT



- Inclusion of CSR criteria in the variable compensation of the two Executive Chairmen
- A SD committee every two months with two Executive Committee members
- Sustainalytics: 72/100 (outperformer)
- ISS-Oekom: C (prime threshold: C+)
- CDP: B (Carbon, Forest, Water. Sector average rating on Carbon: C)
- ◆ A CSR Committee within the Supervisory Board
- ◆ Contribution to 14 of the 17 United Nations SDGs
- Global Compact Advanced Level
- ◆ Signature of the Fashion Pact in 2019
- Positivity index: 75.6% (B+), CAC 40 average: 51%
- Internal and external ethics whistleblowing systems