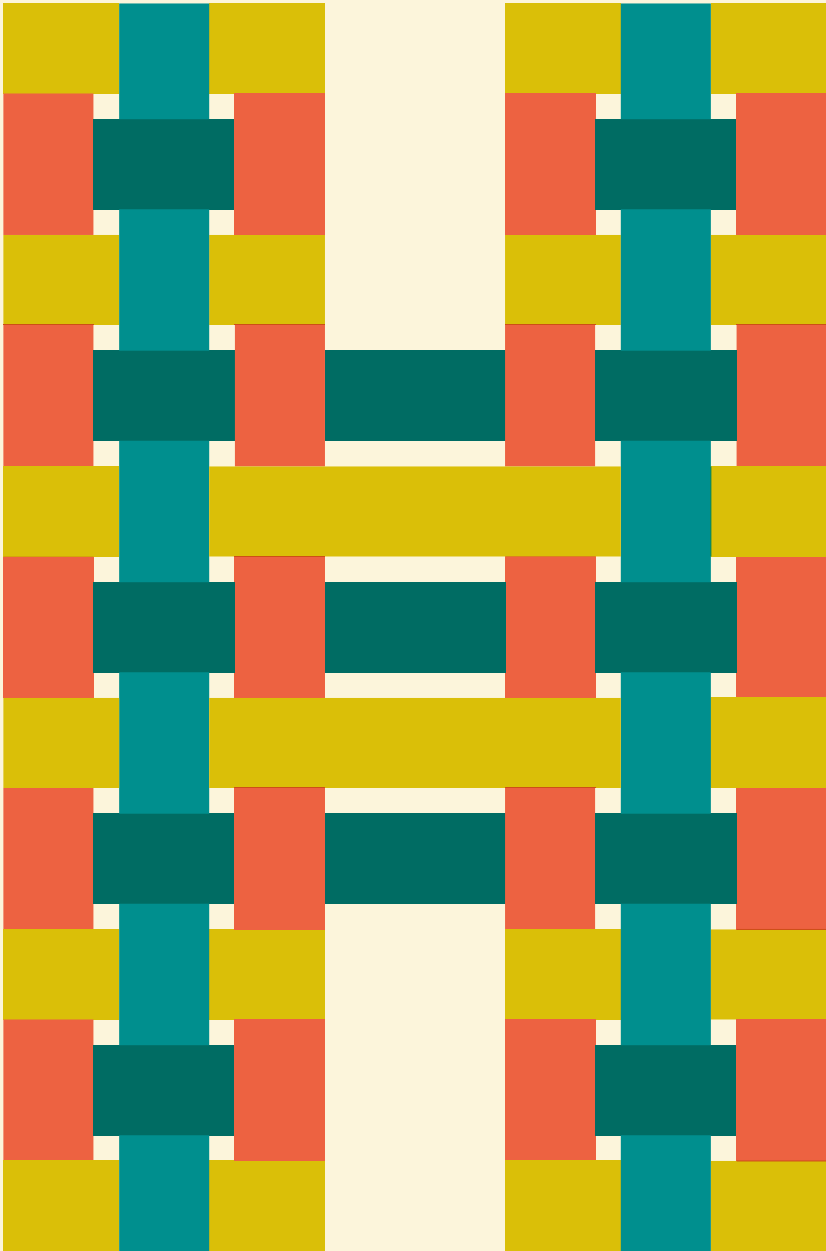


2020 Universal registration document

CSR EXTRACT
Non-Financial Performance Statement (NFPS)



2.5.3 BIODIVERSITY

Maintaining an environmental setting conducive to the development of activities requires respect for and the protection of biodiversity. According to the recent WWF “Living Planet” report, there has been a very worrying decline in the populations of birds, mammals, amphibians and reptiles on the planet’s surface since 1970.

Hermès is working to protect biodiversity in its direct sphere of responsibility, in its extended sphere of influence, and through voluntary commitments reaching beyond its economic sphere of influence.

“Nature has been inspiring us since 1837. Protecting biodiversity is a wonderful opportunity. We must pass on this wealth to future generations. It’s a challenge we must win today.” Axel Dumas, Executive Chairman of Hermès.

POLICY

To meet the current challenges regarding the global loss of biodiversity, Hermès has made a concrete commitment with a strategy formalised in 2018 and updated in 2020 around four structuring elements: train, collaborate, evaluate and act. Hermès is continuing its biodiversity commitments with a five-year plan. It concerns its activities in France (80% of production) and internationally. The subject is supervised by the Sustainable Development Committee (two members of the Executive Committee) and will be managed by a dedicated committee.

The purpose of the four pillars chosen is to guide the Group and its business lines in measuring the biodiversity footprint of value chains, to co-construct corrective and positive actions, or to support the organisation's skills development. They include specific commitments that describe clear objectives and dedicated time horizons.

Hermès took advantage of the update of this biodiversity strategy to renew its individual commitment to Act4Nature International. This agreement and the related objectives have therefore been validated by a committee of stakeholders inherent to the governance of this multi-stakeholder alliance (companies, public authorities, scientists and environmental associations).

The House's new commitments are a continuation of the previous ones and are defined as follows:

- ◆ **Train:** this involves increasing internal biodiversity awareness-raising initiatives and providing training on biodiversity issues and strategy.

Objectives: train CEOs, experts and Sustainable Development Committees in 2021, extend to Management Committees, site and sector employees in 2023, and then to all employees by 2025.

- ◆ **Collaborate:** the Group wishes to deepen the already existing partnership with WWF France for responsible sourcing, as well as with other specialist NGOs. This approach is decisive in the development of responsible breeding practices, especially for exotic leathers where more specific partnerships, such as the support of the ICFA, the SAOBC, or the RSPCA ¹ (UK) are useful to deepen new scientific research and support responsible breeding. More generally, it also wishes to extend its collaboration with stakeholders who are experts in these subjects.

Objectives: continue work with these recognised organisations by 2023.

- ◆ **Assess:** Hermès wants to build a robust impact analysis matrix based on value chain mapping. The result will be the measurement of the Group's biodiversity footprint according to the five pressures of the IPBES ².

Objectives: measure the biodiversity footprint, particularly of the main supply chains (leather, silk, cashmere, wood, cotton) by 2025 with WWF France and CDC Biodiversity using the GBS. Integration of the issues identified in the reporting tools by 2025.

- ◆ **Act:** action plans proportional to the level of impact on all sites and raw materials sectors must be implemented and support the development of Science Based Targets. At the same time, the Group is committed to continuing its positive actions beyond its area of direct responsibility.

Objectives: certify 100% of the ostrich sector by 2022. Establish action plans for 100% of "lowest impact" sites by 2023, those with "high impact" and its main supply chains by 2025. In addition, reinvest in the Livelihoods fund and on biodiversity projects via the Corporate Foundation (four dedicated projects by 2023).

MEASURES IMPLEMENTED AND RESULTS

The purpose of the four selected pillars is to guide the Group and its business lines in measuring the biodiversity footprint of value chains, to co-construct corrective and positive actions, or to support the organisation's skills development. These axes include specific commitments that describe clear objectives and dedicated time horizons. They are developed as follows:

2.5.3.1 IMPLEMENT TRAINING INITIATIVES FOR EMPLOYEES

As part of its objective of training employees on biodiversity issues and the dependence of the Group's activities on numerous ecosystem services, a dedicated, fully digital seminar was organised at the end of 2020. Co-hosted by WWF France, the purpose of this seminar was to recall the scientific findings from the latest IPBES report, present the five major pressures that human activities exert on nature, communicate the House's positioning and its objectives, and explain the details of the first biodiversity footprint measurement using the CDC biodiversity tool, which is currently in progress.

This training will have raised awareness among more than a hundred managers.

In addition, to continue the effort and strengthen the integration of biodiversity issues into the career and daily life of all employees, a dedicated e-learning module has been developed in a cooperative mode with the House's employees from all over the world. Different horizons, which will be rolled out in the first *quarter* of 2021.

As part of the Fashion Pact, members of the Group Sustainable Development Operations Committee attended training courses organised by Conservation International (CI) on biodiversity.

In addition, specific training sessions were organised for a working group composed of internal experts as part of the biodiversity mapping project carried out in 2020 according to the GBS methodology with the WWF and CDC Biodiversity.

2.5.3.2 WORKING IN PARTNERSHIP WITH STAKEHOLDERS

Hermès wants to surround itself with the best skills to make progress in the field of biodiversity.

1. Royal Society for the Prevention of Cruelty to Animals.

2. Intergovernmental science policy Platform on Biodiversity and Ecosystem Services.

The partnership agreement with WWF France, signed in May 2016, was renewed in 2020. The aim is to work together to preserve ecosystems by analysing interactions with the Group's supply chains. This partnership is expressed in the following areas:

- ◆ assessment of the main environmental challenges of the supply chains (diagnosis, action plans). In this respect, the crocodile, cashmere, wood & paper and cowhide (Europe) sectors;
- ◆ specific work on water risk issues thanks to the WWF's freshwater footprint assessment tool: the Water Risk Filter;
- ◆ innovative work on the global measurement of its biodiversity footprint, in collaboration with CDC Biodiversité.

At the same time, the Fondation d'entreprise Hermès has also renewed its partnership with WWF France for the preservation of natural heritage and ecosystems, by supporting the reduction of crime related to wildlife, the fourth largest transnational criminal activity in the world, and future protection projects.

The Group also continued its highly operational work with NGOs involved in the protection of biodiversity: in South Africa, with SAOBC, on the subject of ostriches but also local ecosystems (water); with the ICFA for crocodylians, and with the British NGO RSPCA on animal welfare issues.

Lastly, in 2020 Hermès conducted specific studies with expert organisations, such as the Cambridge Institute for Sustainability Leadership (CISL).

2.5.3.3 DIAGNOSING IMPACTS ACROSS THE ENTIRE VALUE CHAIN

The measurement of Hermès' biodiversity footprint is currently being assessed using the Global Biodiversity Score tool run by CDC biodiversité (a subsidiary of Caisse des Dépôts), implemented with the support of WWF France. The choice of this tool was motivated by the variability of the possible input data, the translation of the impact into IPBES pressures and the comparability made possible by a single methodology. A total of 96% of Hermès' revenue should be covered by this analysis, measuring the impacts of all of the House's *métiers* on biodiversity using a single indicator (MSA m²). The MSA (Mean Specific Abundance) is an indicator that assesses the integrity of ecosystems. The analysis is carried out by analysing the impact of the various components of economic activity on these ecosystems according to the pressures of the IPBES:

- ◆ land use, fragmentation, encroachment, atmospheric nitrogen deposition, climate change, hydrological disturbance, wetland conversion, nutrient emissions and land use change in the watershed. It is based on the use of the Globio database, and makes it possible to calculate static or dynamic impacts, on scopes 1 and 2 (own activities) and 3 (external supply chains);

- ◆ the study is due to be finalised in 2021. To date, few companies have implemented such a comprehensive inventory, which positions the House among the pioneers in this area. Ultimately, this footprint will form the basis for future action plans, ranked according to these analyses. It will be updated regularly.

Global Biodiversity Score (GBS) approach

Ahead of COP 15 of the Convention on Biodiversity scheduled for 2021, Hermès confirms its commitment to the integration of biodiversity into its global strategy through an innovative tripartite collaboration with WWF France and CDC Biodiversité. Hermès has been supported since 2020 by WWF France in assessing the impact of its activities on biodiversity using the Global Biodiversity Score (GBS) tool developed by CDC Biodiversité. This work is part of Hermès International's five-year plan on biodiversity commitments, which were recognised by the Act4Nature international initiative in 2020.

Nature is in crisis and the IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services), a platform equivalent to the IPCC for biodiversity, has identified five major pressures that contribute to biodiversity loss: changes in use of land and oceans, the use and exploitation of natural resources, climate change, pollution, and invasive species ¹.

The assessment of the Hermès Group's biodiversity footprint, carried out using the GBS tool, covers several of these pressures and makes it possible to study the impacts caused by the Company on a large part of its value chain, *i.e.* in its scope of direct operations and its suppliers, which includes the supply of raw materials. This assessment enables Hermès to gain an overview of the Hermès Group's main impacts on its value chain for the majority of the Group's *métiers*, and to guide the biodiversity strategy in order to set objectives and priority actions to be carried out.

The preliminary analysis of the Group's footprint (96% of its activity) shows that the majority of its footprint is linked to the upstream end of its value chain. The main pressures on terrestrial biodiversity are linked to land use (crops, livestock) for the static footprint and greenhouse gas emissions (scope 3 related to suppliers) for the dynamic footprint. Hermès and its partners will continue to analyse these results in 2021.

2.5.3.3.1 Noise and olfactory emissions

A large amount of equipment is replaced each year to improve systems used for the treatment of waste discharged into water and into the atmosphere in order to meet all applicable regulations. Similarly, noise measurements are regularly taken around a small number of sites that may be affected to check that they comply with the standards applicable to them.

1. This specific pressure has not been taken into account yet.

Crystal manufacturing

An environmental monitoring program around production units, co-developed with local authorities, has been implemented every year since 2018. The results obtained during these measurement campaigns reflect those observed at the various water and atmospheric emission points and underscored the compliance of the production unit's activity with respect to its direct environment.

Tanneries

Numerous investments have been made in recent years to reduce any olfactory nuisance on the sites. For example, the establishment of a new sludge treatment system in 2019 at the Tanneries du Puy, the creation of gas washing columns at the Tannerie d'Annonay in 2018 and the covering of various wastewater treatment pools at treatment plants. The implementation of these compensatory measures is systematically communicated to the State, town hall and DREAL (Regional Directorate for the Environment, Planning and Housing), as well as to local residents.

No complaints for olfactory nuisance were received in 2020. Lastly, when required by the regulations, the tanneries may carry out noise measurements at property boundaries. The most recent measurements did not indicate that any applicable thresholds had been breached.

Textile

Around the temporary laser cutting workshop for Holding Textile Hermès, a smell of burning can sometimes be perceived. The new works teams were therefore asked to identify a treatment method, the appropriate solution consisting of installing an activated carbon filter. However, this solution requires air emissions that are clean, dust-free, wire-free and cutting residue-free. It therefore requires pre-treatment by filters and extractors. This pre-treatment was tested at the end of the year in order to verify its proper functioning, before rolling out the global solution during the installation of the cutting machines in the new logistics buildings at the end of 2021.

Beyrand

At Beyrand, the assessment of the acoustic impact of the site *vis-à-vis* the neighborhood, as part of the periodic regulatory inspections of the ICPE 2940-2-b section, revealed that noise levels occasionally exceeded several measurement points, both during the day and at night. A study will be carried out in 2021 to determine the source of these noises and find solutions to return below regulatory values.

J3L

Four of the six sites in operation are subject to periodic noise emission measurements at the property boundaries. One of the sites, located in a residential area, performs the measurement annually (instead of the three-year regulatory frequency) to ensure that there is no drift that could impact residents.

A programme, begun in 2016 and now completed, to replace the central vacuum cleaner at the polishing stations for the benefit of autonomous

stations has demonstrated its effectiveness in terms of environmental measures as well as employee exposure in the workshops. To date, all sites are compliant on this point.

The operation of the six production sites for metal parts does not cause any odors to the environment.

2.5.3.3.2 Land use change

The Hermès Group's industrial activities do not contribute to the change of land use, given the small surface area occupied by its sites and the low rate of change in land use for cattle and sheep farms in Europe, from where its supply of raw hides is sourced. An impact study incorporating issues relating to animal and plant life and the preservation of natural environments is carried out prior to establishing any new industrial site.

2.5.3.3.3 Water management (see §.2.5.2.1 in chapter 2 "Corporate social responsibility")

In 2019, the Hermès Group initiated a process to better familiarise itself with its water footprint across all its sites and those of its suppliers (75 sites). As part of this study, potential impacts on biodiversity will be taken into account and analysed.

2.5.3.4 IMPLEMENT ACTIONS IN THE MÉTIERS, SECTORS AND SITES

Together with the partners supplying it with natural materials, the Hermès Group is continuing constructive efforts incorporating biodiversity protection. The Group is collaborating with international NGOs in this area, as appropriate, in order to better assess the various biodiversity components that concern it and to assess the impact on its supply chain.

Through their location in rural areas, the production sites are involved in various biodiversity initiatives.

Leather

In order to integrate the protection of biodiversity into the consideration of the establishment of future Leather Goods workshops, a guide listing best practices was drawn up in 2020. The following principles have been adopted: at the plot level, actions result in the implementation of ecological management of green spaces. At the landscape level, the aim is to promote ecological connectivity of sites with their surrounding environment. The sustainable construction framework used for each new site project has therefore been enhanced and will now enable architects and landscapers to best integrate this dimension into their projects.

In existing Leather Goods workshops, where many actions have already been carried out, it was decided to structure the approach while maintaining the diversity of responses provided. A first step in the aim of taking biodiversity into account took place at the end of 2020. All the sites were audited according to a grid built on the basis of this new guide, which will help them define the priority actions to be carried out in the course of 2021.

In addition, on an experimental basis, 15 indicators based on the five erosion factors defined by IPBES were selected: they are intended to measure the pressure on biodiversity, *i.e.* the impact of activities on the sites, the resulting state of the environment and the responses or corrective actions taken. From 2021, these indicators will be monitored in each Leather Goods store.

The pilot actions carried out by the leather *métier* are intended to be extended to all production sites in France, making it possible to achieve the 2030 objective of 100% of sites involved in biodiversity actions.

Textile

Silk study with Cambridge University

Silk is an essential resource for Hermès and its production reflects the House's values of sustainability and ethics. It is a renewable and biodegradable material. Its production uses less water, chemicals and energy than the production of most other fibres, including cotton and synthetics.

For decades, Hermès has sourced silk through a local partnership with smallholders in the state of Paraná, in the Brazilian Atlantic Forest region, a hotspot for global biodiversity. This partner aims to work in harmony with nature through a production system based on low-intensity, regenerative and circular agriculture. According to a recent study by Intersoie (Union of Silk Producers), the carbon footprint of Brazilian silk is 30% lower than that of Chinese silk.

In 2020, Hermès began working with the Institute for Sustainability Leadership (CISL) at Cambridge University, a leader in the field of biodiversity, to undertake a study to confirm the environmental value of this local partner's approach and to identify actions that could further enhance the benefits of this system.

"We believe that Hermès silk production in Brazil can be celebrated for its positive environmental benefits"

The growth of the worms involves a diet based exclusively on mulberry leaves. Mulberry plantations sequester carbon, prevent erosion and contribute to soil regeneration. Mulberry cultivation uses far fewer agrochemicals than those in the surrounding agricultural land where they grow soybeans and sugar cane. The Hermès partner supports research into the rational use of pesticides and is positively engaged in a local dialogue to reduce their use in other more intensely managed neighboring crops, as they are harmful to silkworms. The reduction of agrochemicals in the environment is potentially beneficial to the silk industry, but also to local biodiversity, in particular pollinators and soil fauna.

Much of the waste from mulberry growing and silkworm farming is recycled locally. Each part of the cocoon as well as the other co-products of the industry have multiple uses, from fish food to fabric. Such circularity reduces the demand for raw materials, leaving more uncultivated spaces where biodiversity can develop.

The Hermès silk supply contributes to the development of materials with a low environmental impact. More broadly, it is part of its global strategy for biodiversity, formalised with Act4Nature International.

Two beehives have been installed on the ITH site since April 2019. The 2020 honey harvest proved to be very productive: 46 kg were harvested, double the amount of last year. Half of this harvest was distributed to employees, the other half was sold at the end of the year for the benefit of the Telethon. These good harvests are linked to the practice of reasonable mowing of green areas, which represent 40% of the site, and to the absence of phytosanitary products.

The Sustainable Development Week took place in the sector from 29 June to 3 July, in a fully digital format, with the broadcasting of interviews with employees involved in sustainable development projects, sharing of eco-responsible tips by employees and managers and videos about the challenges of the sector.

Farms

The vast majority of the animals bred on the farms come from eggs collected in the natural environment, according to quotas set each year by the local authorities. Several players ensure the smooth running of the farming industry in Australia and the United States, in particular local governments and their conservation departments, landowners, hunters and egg collectors and incubators from which the breeding farms buy the eggs or hatchlings.

As such, the income earned by landowners from the collection of eggs contributes to the upkeep of these areas, and therefore to the maintenance of biodiversity in these natural areas. In addition, CITES tags, the use of which is made mandatory by the Washington Convention, and egg collection permits generate benefits for local authorities (such as the US Fish and Wildlife Service or the Department of the Environment and Natural Resources of the Northern Territory in Australia). These resources are then devoted to the operation of the services involved in the management of species conservation programs, the monitoring of animal populations in the natural environment, the control of compliance with regulatory requirements and research programs on crocodylians.

In addition, specific actions are decided at local level. This is particularly the case in Louisiana, where farmers must reintroduce into the natural environment at least 10% of alligators – in good health and having reached a minimum size – raised on their farm. This reintroduction is carried out in areas defined by local authorities and under their control. The alligator industry, considerably reorganised in line with the Washington Convention, has contributed to protecting the species and its unprecedented development in the areas in question and, as a result, to protecting and maintaining the marshlands where these animals live and reproduce. According to the US Fish & Wildlife Department, an area of 1.2 million hectares of wetlands is thus better maintained. The objective is to continue to support farmers in their development, and thus perpetuate these effects.

The production sites, by their activity and their location, therefore play a key role in the preservation of species, the protection of biodiversity and the local economy. As such, they enjoy a strong local presence, thanks in particular to relationships with the various authorities in charge of nature protection, egg collectors and landowners.

Real estate

In 2018, the commitment made by the Hermès Group through the Act4Nature pact and initiatives for the preservation of biodiversity were integrated into new real estate projects by adopting the following criteria and objectives:

- ◆ the proportion of vegetation on the site retained after the works: >70%;
- ◆ the proportion of wastewater treatment by phyto-remediation, if applicable: >80%;
- ◆ the proportion of green roofs of the building: >60% of the available surface;
- ◆ the number of local actions to promote biodiversity: more than two per site and per year;
- ◆ the share of outdoor spaces in the shade at the winter solstice: <30%.

On 1 October 2020, the Hermès Group reaffirmed its biodiversity commitments to the Act4Nature International system with a new five-year plan, while retaining its objectives.

In 2020, the exterior improvements of the new Leather Goods workshop in Montereau made it possible to maintain 100% of the site's existing vegetation and to increase the number of exterior landscaping actions to preserve biodiversity, such as the creation of green valleys and alternating rows of grass and rows of trees, or the use of permeable surfacing materials on roads.

In 2020, an orchard and a vegetable garden were planted at the new Guyenne Leather Goods workshop site in St-Vincent-de-Paul (Bordeaux), as well as areas of nature in the reception areas of the entrance hall.

Cristallerie: filtering gardens of Saint-Louis

The preservation of natural resources is part of the House's DNA, and particularly for water, the presence of which determined the installation in 1586 of what would become the Cristalleries Saint-Louis. Today, the production unit is located in the heart of an exceptional territory recognised since 1989 as a cross-border biosphere reserve by UNESCO. In its approach to respecting biodiversity, in 2015 the production unit incorporated an innovative solution for the natural treatment of water by phyto-restoration: "Les jardins de Saint-Louis". In a green setting, this water treatment facility is composed of plant and mineral filters, harmoniously integrated into a wetland. Requiring no energy or chemical inputs, this system ensures optimal water purification and its performance is superior to that of a traditional physico-chemical installation.

The "Les Jardins de Saint-Louis" site has recently been opened to the public, raising awareness among visitors of this virtuous environmental approach. During their discovery, they can also appreciate the presence of Highland Cattle used for eco-grazing, a perfect alternative to the mechanisation of the maintenance of valleys and wetlands. Combined with the Musée de la Cristallerie, this garden contributes to the region's tourist appeal.

In the long term, Saint-Louis aims to improve its facility by reusing the purified water in its workshops, further reducing its environmental footprint.

2.5.3.5 CONTRIBUTING TO POSITIVE ACTIONS OUTSIDE HERMÈS' SPHERE OF RESPONSIBILITY

As a responsible company, Hermès voluntarily undertakes biodiversity-related efforts reaching beyond its business activities.

The Fondation d'entreprise Hermès contributes to various biodiversity-related projects and is continuing its efforts in this area. It supports a wide-scale project in Africa, for example, in partnership with the WWF France: Traffic/AfricaTwix. This project aims to improve the fight against the poaching, trafficking and illegal trade of protected species in Africa, through the establishment of IT tools fostering dialogue between the different authorities of the countries in question. The Fondation d'entreprise Hermès will continue to support this project. The Fondation d'entreprise Hermès has increased its commitment in this area since 2019, supporting the Natural History Museum's "Vigie Nature" programme¹, which aims to allow schoolchildren to take part in monitoring biodiversity, as well as supporting the NGO "L'Atelier paysan", which with its agro-ecological approach lays the foundations for agricultural development that is more respectful of biodiversity.

1. <https://www.fondationentreprisehermes.org/fr/projet/vigie-nature-ecole>

Livelihoods

Hermès has been a shareholder of the Livelihoods Fund since 2012, which aims to improve the living conditions of disadvantaged communities in a sustainable manner by developing large-scale projects with real impact against climate change, as presented in § 2.5.2 “Climate change”.

Investments are made in three types of projects (ecosystems, agroforestry and energy) in Africa, Asia and Latin America. The fund has 10 partners working on these projects over a 20-year period. Overall, the Livelihoods Fund, with its compartment LCF1, will contribute to the replanting of **130 million trees, including 18,000 ha of mangroves (Casamance, Ganges Delta and Sumatra) and 34,000 ha of agroforestry (Andhra Pradesh, Guatemala and Kenya) with major effects on local biodiversity.** Hermès is continuing its commitment to the Livelihoods Fund by contributing to current projects, but also with the creation of a new, even more ambitious fund, LCF2, launched in December 2017, which will also have a considerable effect on biodiversity (probably twice that of the LCF1 fund).

Act4Nature International

Hermès took the opportunity to update its more ambitious biodiversity commitments in 2020 to renew its individual commitment to Act4Nature International. These objectives were validated by all stakeholders inherent in the governance of this multi-stakeholder alliance (companies, public authorities, scientists and environmental associations).

In 2018, Hermès joined French project Act4Nature alongside 64 members of the French economy, thereby confirming its commitment to supporting factoring biodiversity into its overall development strategy,

and also contributing to the biodiversity targets set by the international community. Act4Nature is an initiative launched by EpE (the French association Entreprises pour l’environnement) and several partners. It aims to mobilise companies to protect, promote and restore biodiversity through shared commitments set by scientific institutions and associations, and through individual commitments specific to each partner.

The shared commitment (10 commitments in total) aims to integrate biodiversity considerations into all activities, from governance and strategy to the most practical operations, to legitimise those considerations among the Company’s employees and stakeholders in order to elicit and encourage spontaneous and widespread actions.

The individual commitment is defined by each company and specific to its activities. This commitment must be adapted regularly, as Act4Nature strives to follow a continuous progress approach.

In 2020, Act4Nature became “Act4Nature International”, which retains the characteristics of the voluntary commitment of the first initiative but strengthens the terms of commitment required for companies and joins the global “Business for Nature” initiative. Hermès’ commitments are presented in the “Strategy” paragraph of this section.

Fashion Pact

Under the Fashion Pact, Hermès joined a coalition, one of whose goals is to support the development of the Science Based Targets for biodiversity and to help protect and restore ecosystems and protect species. By participating in this coalition, the Group is committed to an objective that goes beyond its operations and contributes to the alignment of a sector with global objectives.

A long-term commitment to the Livelihoods Carbon Fund

The House has extended for a further 20 years its commitment to the Livelihoods Carbon Fund, with which it has been partnering since 2012, with the aim of reducing carbon emissions through practical initiatives to improve the daily lives of rural communities in India, Guatemala, Indonesia, Peru, Kenya, Senegal and Burkina Faso. In Burkina Faso, the construction of three-stone stoves illustrates the way in which simple and replicable large-scale solutions can be implemented, with immediately measurable effects on the quality of life of local populations and on CO₂ emissions. In the village of Kongussi, local



NGO Tiipaalga is teaching women how to build these ecological stoves, which use little wood and cause little pollution. In return for such projects, the contributing companies, including Hermès, receive carbon credits with high social value, partly offsetting their own emissions. In the space of six years, the nine Livelihoods projects have benefited a million people in Africa, Asia and Latin America, and 130 million trees have been planted. Through the Livelihoods scheme, Hermès aims to have a positive impact on the quality of life of rural communities and to neutralise its carbon emissions over the long term.

2.5.4 CONTRIBUTION TO THE UN'S SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Hermès' environmental commitments contribute to the UN's sustainable development goals (SDGs).



No. 3: Good health and well-being

◆ 3.9 "Reduce activities' health impacts due to pollution"

Hermès operates in countries in which regulations are very stringent on this subject. The Group continues to improve its production processes as well as the management of waste and discharges, in order to enhance the management of health risks, including those that may be generated by its products.



No. 6: Clean water and sanitation

◆ 6.3 "Improve water quality"

The Hermès Group and all of the *métiers* (tanneries, crystal manufacturing, textiles, and so on) have been actively working on controlling the important issues of water consumption and effluent management. Hermès has achieved substantial results, since 2002 water consumption has fallen from 458 to 91 m³ per million euros in revenue, and has been divided by five. It is also improving through the implementation of the best technical systems.

◆ 6.4 "Increase the efficient use of water resources"

The main *métiers* that are concerned (textiles, tanneries, crystal manufacturing) are located in areas with low water stress. Improving discharge levels is a subject to which we pay careful attention, and which is governed by very stringent European or US regulations. A study was launched with the WWF in 2019 on this matter (Water Risk Filter).

◆ 6.6 "Protect and restore water-related ecosystems, such as wetlands"

The Hermès Group is participating in the Livelihoods project, which is contributing to the restoration of coastal wetlands totalling nearly 18,000 hectares (Casamance, Sundarbans, Sumatra). In addition, the growth of the alligator farming industry in the United States over the last 20 years, to which the Hermès Group contributes, encourages the preservation of the natural habitat of these animals and consequently the protection of wetlands in Louisiana and Florida. Within the Tanneries and the Silk division's sites, where water is a precious resource, the House has implemented water-saving measures resulting in a reduction in consumption.



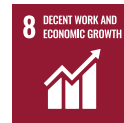
No. 7: Affordable and Clean Energy

◆ 7.2 "Increase the share of renewable energy"

In France, 100% of the electricity consumed comes from "green" sources (hydraulic, photovoltaic or wind). Worldwide, the Group was 82.4% supplied with green electricity in 2020. In addition, the Group is installing renewable energy systems (wood-fired boilers on production sites, photovoltaic panels on sites in France, the United States and Australia).

◆ 7.3 "Improving energy efficiency"

The House is working to defossilise all of its energy consumption. In this context, the real estate framework incorporates this concept into all new projects. Leather Goods workshops like the Maroquinerie de Guyenne or de Montereau use renewable energy. In the industrial sector, the decoupling of consumption and growth is continuing. Lastly, stores around the world are 80% equipped with LEDs, with the aim of reaching 100% by 2023 in sight.



No. 8: Decent work and economic growth

◆ 8.4 "Decoupling consumption and growth"

Continued work has made it possible to decouple growth and consumption of energy (divided by three) and water (divided by five) since 2002.



No. 9: Industries, Innovation and Infrastructure

◆ 9.4 "By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities"

The House is committed to reducing direct carbon emissions (scopes 1 and 2) by 50% in absolute value and scope 3 by 50% in relative value on the basis of those of 2018.



No. 11: Sustainable Cities and Communities

- ◆ 11.6 “Reduce the adverse environmental impact of cities, including by paying special attention to air quality and waste management”

The House’s sustainable construction framework has an approach based on five objectives that measure the environmental performance of real estate projects: carbon emissions, air quality, biodiversity, local sourcing and environmental quality.



No. 12: Responsible Consumption and Production

- ◆ 12.4 “Environmentally sound management of chemicals and minimise their effects on health and the environment”

The Hermès Group strives to manage waste and chemical products throughout their life cycle. As a player in certain *métiers* in France (tannery, textiles, crystal, etc.), the Group strives to implement effective, reliable and sustainable operational solutions. It endeavors to control its emissions into the air, water and soil, in a context in which its sites are subject to the strictest regulations in this area (OECD).



No. 13: Climate Action

- ◆ 13.2 “Integrate climate change measures”
Actions have been put in place by various departments (industrial, construction, logistics) to contribute to reducing energy consumption and greenhouse gas emissions. The Group has made strong commitments in this regard (targeting a 50% reduction in its emissions by 2030). In addition, Hermès contributes to the Livelihoods initiative (130 million trees planted), which partly offsets the Hermès Group’s carbon emissions.
- ◆ 13.3 “Improve awareness-raising among employees on climate change issues”
Internal activities conducted throughout the year are an opportunity to raise teams’ awareness about environmental topics and explain actions. A training course dedicated to sustainable development will be launched in early 2021 for all employees.



No. 14: Life Below Water

- ◆ 14.2 “Manage marine and coastal ecosystems”

Crocodile farming requires the implementation of wetland protection measures, to which the Hermès Group and its partners make indirect contributions.

In addition, the House indirectly participates in the restoration of coastal mangrove ecosystems in Indonesia, India and Senegal through the actions of the Livelihoods fund.



No. 15: Life on Land

- ◆ 15.1 “Ensure the conservation, restoration and sustainable use of terrestrial and freshwater ecosystems, in particular forests and wetlands”

The Hermès Group strives to preserve ecosystems insofar as it is concerned (sourcing of natural materials). It is studying its impacts to prevent adverse effects.

Several Leather Goods sites have planted fruit trees, favouring traditional and local varieties, and have planted green spaces such as beautiful flower meadows.

- ◆ 15.2 “Forest management”

Hermès supports the sustainable management of forests through a sustainable purchasing policy on paper, cardboard and wood (bags, boxes, and packaging, etc.). The Hermès Group complies with regulations governing wood sourcing. Hides, used by the Hermès Group for Leather Goods production, are from European origin and do not come from farms that contribute to deforestation.

- ◆ 15.7 “Take urgent action to end poaching and trafficking of protected species of flora and fauna”

The Group supports the fight against the trafficking of protected species in Africa in partnership with the Traffic/Africa-Twix programme of WWF France.