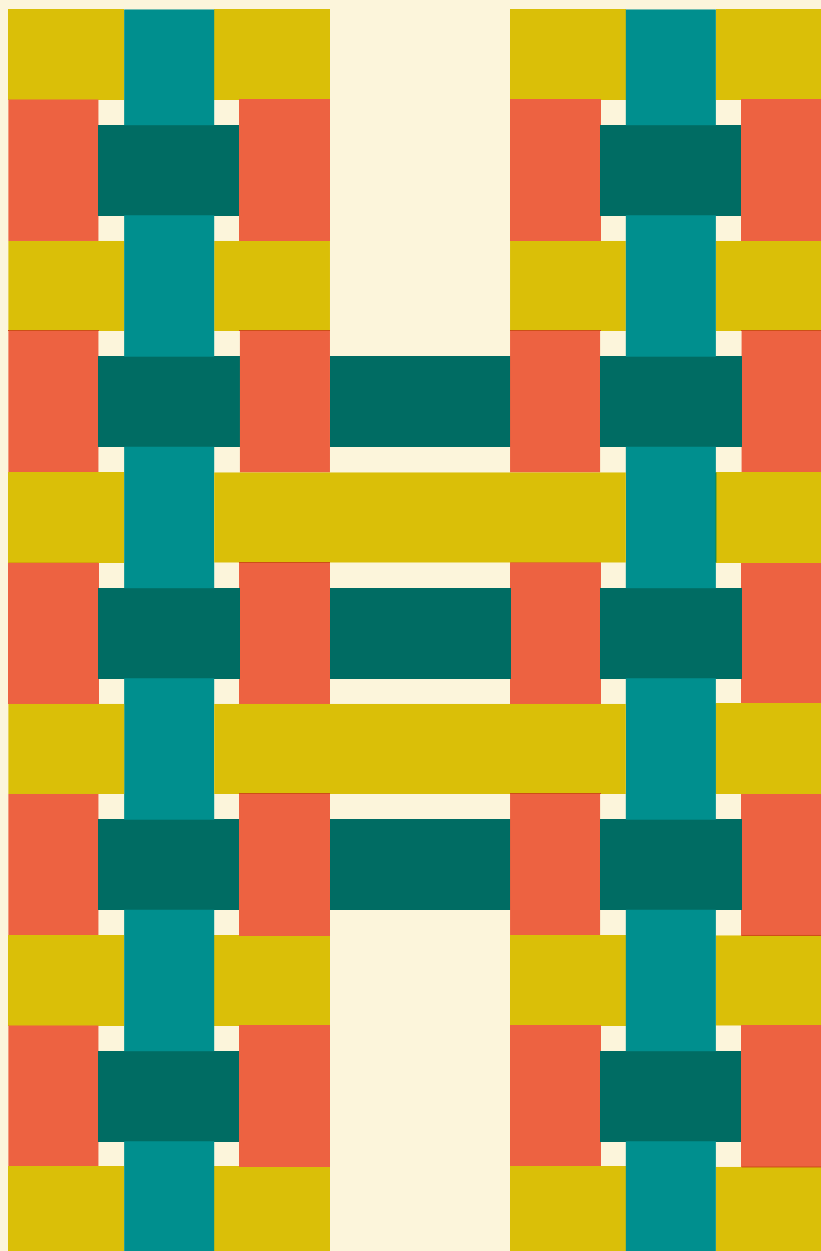


2020 Universal registration document

CSR EXTRACT
Non-Financial Performance Statement (NFPS)

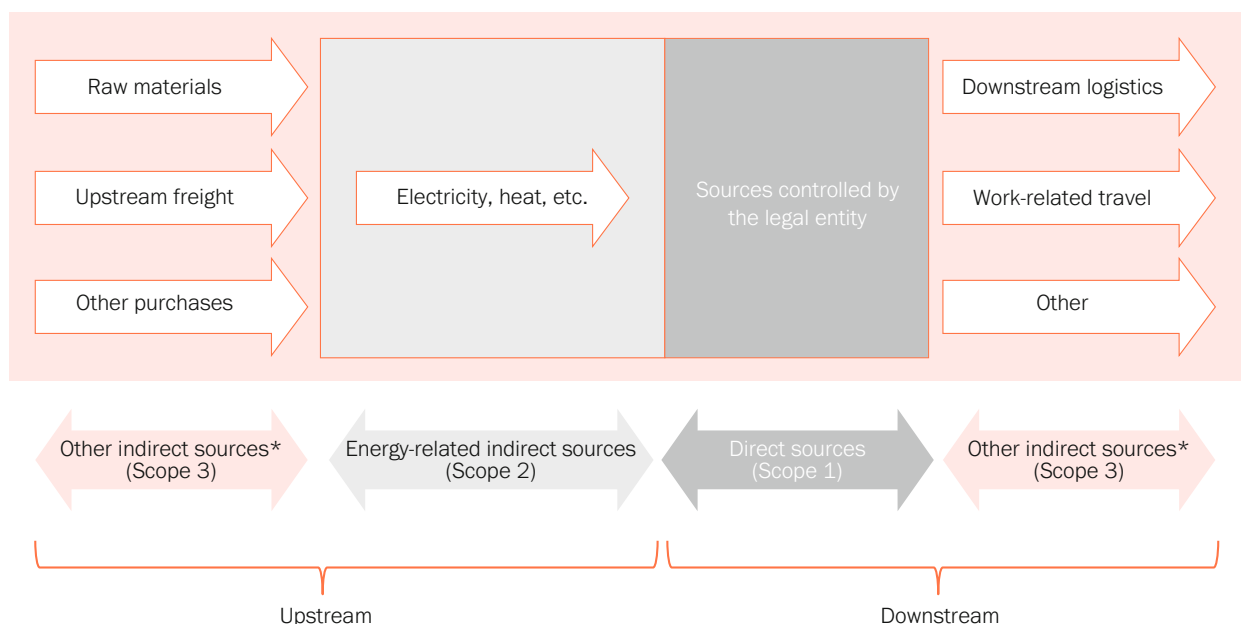


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2.5.2.2 REDUCING ABSOLUTE GREENHOUSE GAS EMISSIONS

Since 2013, the Group has been equipped with the tools needed to carry out an annual update of the overall assessment of greenhouse gas emissions from its production and distribution sites. **This work is carried out with the help of an independent external specialist firm, using the Bilan Carbone® method and the GHG Protocol.** In compliance with the requirements of the applicable regulations (Article 75 of law 2010-788 of 12 July 2010), in December 2015 Hermès additionally published its Bilan Carbone® (Carbon Assessment), as per the method and scope indicated by the legislation in France (direct emissions generated by fixed and mobile sources, and indirect emissions associated with the consumption of electricity, heat or steam).

Hermès details its scopes 1, 2 and 3 greenhouse gas emissions in this report and on its Hermès Finance website for the scope required by law (Article L. 229-25 of the French Environmental Code). As a participant in the CDP since 2018, all the Group's carbon data can also be found there.



* Sources of emissions unaffected by regulatory requirements
Source: Ministry of the Environment

2.5.2.2.1 Greenhouse gas emissions

The Group expanded and structured its climate action in 2020, with the following choices, approved by the Executive Committee.

Carbon reporting will be fully aligned with the data detailed in the CDP (Carbon Disclosure Project), for which quantitative and qualitative information is public. This allows the reader of this URD to find more information, and avoids presenting partial data that is harmful to the analysis.

Hermès has decided to report on all scope 3 categories, even if this requires working on the basis of estimates for certain items, considering that the quest for completeness contributes to the transparency of the analysis.

The results will be analysed according to the long-term objectives (target for 2030), compared to the baseline situation adopted by the Group for 2018 (first year of contribution to the CDP, published in 2019). This choice makes it possible to check that the course is maintained, beyond the irregular short-term developments, which are inevitable given the changes to be implemented, which are not all linear and may require time.

Concerning scopes 1 and 2 (which represent 6.6% of the total), Hermès uses the so-called market-based approach, which consists of calculating the carbon footprint directly related to its energy purchases in each country considered, rather than using the average mix of countries.

The Group has decided to continue its actions in terms of carbon offsetting, beyond its targets of 100% coverage of scopes 1 and 2, starting this year through one-off additional purchases, and in the longer term with new investments in the Livelihoods fund.

In the following tables, the data is presented according to these principles. The data for 2018 are those of the CDP, and the figures for scopes 1 and 2 for the years 2018 and 2019 have been restated according to the market-based approach, to allow a fair comparison (see footnote ¹).

GREENHOUSE GAS EMISSIONS

IN K TONNES CO ₂ EQ	2018	2019	2020	Change/2019	Change/2018	Target 2030
Scope 1	20.8	19.6	18.3			
Scope 2 market-based	15.5	15.6	16.3			
Total scopes 1 and 2	36.3	35.2	34.6	(-1.7%)	(-5%)	(-50%)
Scope 3	596.7	501.5	486.4	(-3.0%)	(-18%)	
Total Group	633	536.7	521.0	(-2.9%)	(-18%)	

SCOPE 3 – IN K TONNES CO₂EQ

	2018	2019	2020
Upstream	1. Purchased goods and services	424.5	387.2
	2. Capital goods	26.7	10.7
	3. Fuel- and energy-related activities not included in scope 1 or scope 2	2.8	2.7
	4. Upstream transportation and distribution	20.7	14.2
	5. Waste generated in operations	8.8	9.3
	6. Business travel	27	15.9
	7. Employee commuting	16.2	9.6
	8. Upstream leased assets		Not significant
Downstream	9. Downstream transportation and distribution	70	51.7
	10. Processing of sold products		Not significant
	11. Use of sold products		Not significant
	12. End-of-life treatment of sold products		Not significant
	13. Downstream leased assets		Not significant
	14. Franchises	-	-
	15. Investments		Not significant
Total	596.7	501.5	486.4

1. Location-based scopes 1 and 2: 42.3 (2017), 42.2 (2018), 42.3 (2019), 45.3 (2020) in k TCO₂eq.

INTENSITY IN T CO ₂ EQ PER €M REVENUE	2018	2019	2020	Change/2018	Target 2030
Scopes 1 and 2	6.1	5.1	5.4	(-11%)	
Scope 3	100.0	72.9	76.1	(-24%)	(-50%)
Total Group	106.1	78.0	81.5	(-23%)	

In 2020, the Hermès Group's GHG emissions were around 521 k tonnes of CO₂eq, down 3% from the previous year. **With a drop of -18% in two years, it is in line with the Group's targets for 2030.**

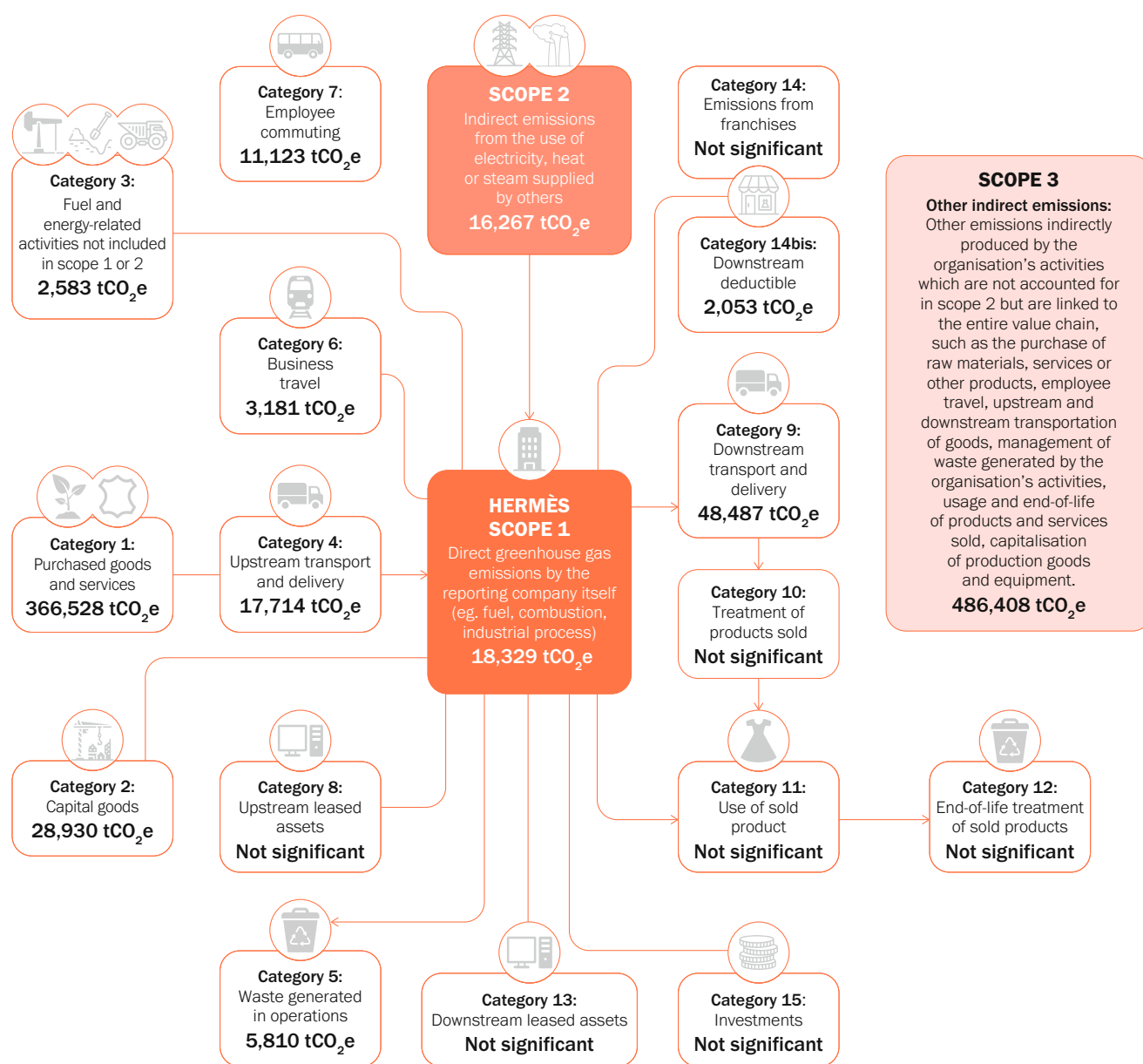
The breakdown is as follows:

- ◆ 34.6 k tonnes of CO₂eq for scopes 1 and 2, i.e. direct and indirect emissions related to energy consumed by production sites, offices, logistics centres and stores. In understanding this figure, it should be recalled that the Company has a business model in which **61% of objects are made in Hermès in-house workshops, so it is representative of a very large part of production** (which is rarely the case in the Fashion & Apparel industry, where production is generally subcontracted and therefore falls within scope 3). The - 5% reduction in scope 1 and 2 is consistent with that of the business. The increase is mainly due to a change in scope, as the Group decided to include in its calculation 100% of its stores in branches, including those in malls for which consumption information was not available until now, and also by an increase in consumption by stores in Asia, which have had extended hours to take into account the impacts of the pandemic. It also reflects a reduction in emissions from industrial facilities in France, as a result of operational improvements that are expected to continue to have an impact, and the increase in green energy in the Group's energy mix. With a 5% reduction in two years,

the Group is making progress towards its reduction target for 2030, and remains confident, since the reduction requires changes to the industrial tool that will take several years to implement;

- ◆ 486.4 k tonnes of CO₂eq for scope 3, which essentially takes into account the carbon footprint of raw materials (67% of scope 3) as well as all purchases, fixed assets, waste, subcontracting, packaging, transport of products and employee travel. In 2020, scope 3 of the GHG assessment underwent improvement on the scopes and input data. The emission factors were also updated based on internationally recognised baselines and increasingly accurate calculations. The changes in scope 3 are explained by a slight decrease in material purchases, and a rise due to the inclusion of the carbon weight of tertiary purchases. **With a change in intensity of -24% in two years, the Group is in line with its reduction targets for 2030.**

These figures confirm the merits of a low-environmental-footprint French craftsmanship model: with a carbon intensity of 5.4 (scopes 1 and 2) or 81.5 (all scopes), Hermès is ranked as one of the least carbon-intensive companies of the CAC 40. The decoupling between business growth and the Group's footprint is -24% in two years (even with a reduction in revenue in 2020 due to the pandemic).



Carbon offset

The Group's priority is of course to reduce its grassroots emissions. Its strategy is to obtain carbon credits with high social and environmental value on a voluntary basis with the aim of contributing to the fight against climate change.

The 2018 objective for 2020 was for this compensation to be in line with its scopes 1 and 2 in 2020, which the Group achieved one year in advance, in 2019. Hermès is pursuing its strategic ambition in 2020 with increased purchases of carbon credits (+5%), which now account for 134% of its scopes 1 and 2.

OFFSET IN K TONNES OF CO₂EQ

	2018	2019	2020
Carbon offset	(-35.7)	(-43.8)	(-46.2)
Scopes 1 and 2	36.3	35.2	34.6
% coverage of scopes 1 and 2 emissions	98%	124%	134%