



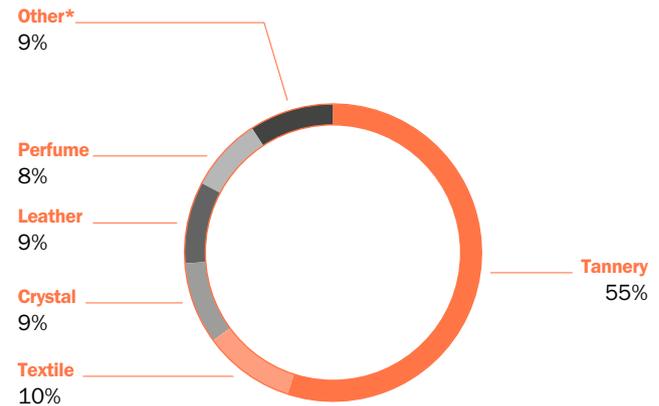
2021

UNIVERSAL REGISTRATION DOCUMENT

CSR EXTRACT
NON-FINANCIAL PERFORMANCE STATEMENT
(NFPS)

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BREAKDOWN OF WASTE VOLUME BY MÉTIER IN 2021



* Logistics, Metal, Porcelain, Beyrand, Watch division, Bootmaker, Silversmith

CHANGE IN VOLUME OF WASTE (EXCLUDING FARMS) OVER THE LAST THREE YEARS

WASTE	2019	2020	2021
OIW ¹ (t)	7,082	6,012	10,043
HIW ² (t)	6,361	5,189	2,787
TOTAL (T)	13,443	11,201	12,830

(1) Ordinary Industrial Waste

(2) Hazardous Industrial Waste

In 2021, in order to align with European legislation on waste classification, sludge from the treatment of effluents from the Tanneries division is reported in the OIW category; they were previously reported in the HIW category).

14.5% increase in Group waste (excluding farms), down 4.6% compared to 2019.



44%
of industrial waste is recycled
(excluding energy recovery and farms)

2.5.3 REDUCE THE FOOTPRINT AND CONTROL WASTE AND DISCHARGES

A major aspect of environmental protection and societal responsibility, waste and discharge management means that each of the House's various métiers does all it can to reduce the production of waste and discharges and to recycle or recover them.

2.5.3.1 WASTE MANAGEMENT

The wide range of métiers prevents an overall waste management policy, other than the general principle of avoiding its production and working to improve its reuse and recovery. Waste management is therefore entrusted specifically to each manufacturing division by means of a dual policy of waste reduction and recycling wherever possible. The main contributors are the tanneries, textile, crystal manufacturing, leather, perfumes and real estate divisions.

Tanneries / +3.4% increase in waste production in 2021, (down 21.9% compared to 2019)

The raw material used in the tanneries is the entire hide, referred to as “raw” hide, a putrescible organic product. Tanning involves processing the hide into a durable product, a finished leather, using successive operations that eliminate matter and generate effluent. The reduction of tannery waste naturally starts with the improvement of the quality of the raw hides. Tanning generates unavoidable waste, associated with trimming the edges of the hides (“trimming”) or preparing the internal surface of the hide (“fleshing”). Processing hides in successive baths also generates effluents, which are processed at site treatment plants and result in the production of sludge. The management of this sludge is of course highly regulated in all the geographical areas where the Group operates (European Union) and complies with the regulations in force. The tanneries are constantly seeking new reuse channels for this waste and are active participants in the think tanks that are brought together at Hermès to discuss leather waste, and in the work done by the Centre Technique du Cuir (CTC), the French expertise centre on leather.

In 2021, overall waste production in the division increased by 3.4% compared to 2020, a year that was marked by a decline in activity caused by the temporary closure of sites, as a result of the Covid-19 pandemic. OIW represents more than 90% of waste generated by tanneries, with sludge from on-site effluent treatment alone accounting for more than half of this OIW.

In general, the production of hazardous and non-hazardous industrial waste in exotic leather, calfskin and goat hide tanneries is relatively constant from one year to the next, even if the continuous improvement of effluent treatment systems can lead to an increase in waste production, particularly through the extraction of sludge. 100% of the waste produced is evacuated to approved channels, and the at-source sorting of waste streams is in place at the French and Italian sites.

On-site waste storage is optimised to prevent any pollution risk (sheltered storage areas, retention basins, etc.) and regular awareness-raising initiatives focusing on sorting and the layout of work areas are carried out among employees.

Leather / +37.3% increase in waste in 2021 (increase of 32.5% compared to 2019)

The proportion of recycled and energy-recovered waste out of the total tonnage generated by the Leather Goods division was 86% in 2021.

The division’s Leather Goods activity generates little HIW. The share of these in the total annual tonnage in 2021 was low, representing only 5%.

Leather scraps, parts not used in the “cutting” activity of production units, are sold to specialised channels, sorted and reused. These by-products from activity are not included as “waste” in this report.

The division also takes part, in the context of the recovery of production waste, in working groups on the reuse, recycling and recovery of its waste within Hermès, as well as in the work carried out by the Centre technique du cuir (CTC – Leather Technical Centre) on this subject.

Leather goods workshops present limited sources of wastewater discharge thanks to primarily manual production processes that do not require water. The only wastewater discharge concerns water used for washrooms, which does not require on-site treatment and in most cases is directed to public wastewater collection networks.

Textile/ +7.3% increase in waste in 2021 (decrease of 4.7% compared to 2019)

The complex evolution of the waste market and the saturation of local outlets (landfills and incinerators in the region where it is located) require careful management. Through monthly meetings involving the sites as well as the service provider, the sector ensures that recycling and recovery solutions are systematically favoured, and that each new stream is validated.

In 2021, just 3% of the sector’s waste was processed by elimination. All dye waste, which accounted for 47% of the sector’s total waste (all streams included), was used to manufacture alternative fuel. The summary of non-hazardous waste was also positive: 44% was sorted and recycled by the service provider and 54% recovered as energy.

Following an in-depth feasibility study, the SIEGL site succeeded in modifying the printing process for the double-sided scarf to eliminate the adhesive plastic film previously attached to each of the scarf rolls before printing. In July 2021, the first articles were successfully produced without using this plastic film. In October, nearly 20% of double-sided scarves were printed in this way. In January 2022, this process will cover all printing, which will avoid the scrapping of 100,000 metres of adhesive film.

Real estate

Since 2019, scrupulous management of demolition or dismantling waste from a site due to be renovated and construction site waste management have been systematically implemented for all construction projects in France and worldwide.

2.5.3.2 EFFECTIVE SOLUTIONS FOR WASTE MANAGEMENT

Hermès is committed to going beyond current regulations to reduce the use of hazardous substances. Accordingly, the House’s internal requirements, for its own operations and for supplier specifications, sometimes impose stricter limits.

Tanneries

The quality of effluent discharges is central to sites’ environmental concerns. Each tannery is equipped with an effluent treatment station and verifies that its industrial emissions comply with the applicable standards. Regulatory inspection reports are submitted to the local authorities on a regular basis. As a reminder, the tanneries are solely located in France (5) and Italy (1), and their stringent regulations are subject to frequent controls.

Currently, following in-house treatment, almost all tannery effluents (92%) are discharged into the municipal network and treated further by municipalities.

The division's tanneries continually work on improving the performance of effluent treatment. Numerous optimisation projects for tannery waste management facilities are carried out annually. The amount of this work represented an investment of €1.25 million in 2021.

The Montereau site, after having carried out several pilot tests on its effluents in recent years, has set up an evapo-concentration unit in a new building that also houses the current treatment plant. The operational commissioning of this equipment required adjustments during 2021 and will make it possible to consider recycling part of the waste treated in the production processes in addition to rainwater. The additional treatment set up at the end of 2019 at the Vivoin site, consisting of a biological effluent treatment unit coupled with ultrafiltration and activated carbon filtration, achieves performance levels well above the thresholds imposed on sites.

Following extensive work on the treatment plants of the Le Puy and Annonay Tanneries carried out over the last three years in order to increase the reliability of their operation, two detailed studies were carried out in 2021 on these two sites. The purpose of these studies was to define guidelines for improving their treatment performance and ultimately to consider recycling effluents. These studies will continue in 2022. The Le Puy Tanneries treatment plant will at the same time undergo major modernisation work from 2022 (until late 2023), thus constituting the first step before the installation of additional equipment for the recycling of effluents.

Similar studies will be carried out in the division's other tanneries, in particular the exotic tanneries, in accordance with the strategy of reducing water abstraction by the Group and the Tanneries division.

Air emissions at the Tanneries and Precious Leathers division tanneries result primarily from the operation of the boilers, the dry degreasing activity and the finishing booths. Verifications of such equipment, as identified in the prefectural orders or site permits, are performed in accordance with the applicable regulations. Finally, in accordance with regulations, the French sites prepared a solvent management plan.

Textile

The AEI, Ateliers AS and SIEGL sites, which account for 98.2% of water discharges, are subject to daily self-monitoring of effluents. All deviations are analysed and a corrective action plan is launched. To ensure the reliability of these fundamental monitoring data, audit and calibration plans are regularly implemented.

At the SIEGL site, the pilot study launched in 2017 resulted in the creation of an additional facility for the activated charcoal treatment of effluents following the membrane microfiltration process. This facility has helped to improve depollution results and has been used as a test to model the future purification plant. This new facility became operational at the end of 2021.

Ateliers AS have continued their efforts to reduce pollution at source. As a result, stripping products, a source of hydrocarbons, have been recovered more thoroughly. This was accomplished by first setting up pits for the recovery of stripping products from the frames in the printing workshop washing booths, then by the recovery of the products used to wash the Atelier PEPS printing tables (prototypes, small series samples). A project to pre-treat aqueous effluents before sending them to a wastewater treatment plant is currently being studied. In this context, a pilot plant was installed in 2020 to treat 25% of the overall flow; the results were convincing and the pre-treated water is below the specifications of the discharge agreement. This pilot phase, supported by the Rhône Méditerranée water agency, is expected to result in a final installation by 2022.

Crystal manufacturing

Called "*Les Jardins de Saint-Louis*", the water treatment plant of the Production unit, installed in 2015, is composed of plant and mineral filters, harmoniously integrated into a wetland area. 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.

Industrial wastewater, pre-separated in the respective workshops and collected at a single point, is purified by this phyto-treatment facility. "Filter gardens" ensure natural remediation of the site's wastewater, combining environmental efficiency, landscape quality and a contribution to biodiversity. An awareness programme for users of water resources is ongoing with the aim in particular of sustaining performance at treatment facilities. To further improve the quality of water discharges, extensive research and optimisation at source have significantly reduced and stabilised the flows emitted and enabled compliance with the new prefectural decree that came into force in the summer of 2021, in which thresholds were significantly lowered.

Regular campaigns to measure water discharges confirm the good performance of purification plants (in particular the compliance of the new neutralisation workshop), with discharges well below regulatory thresholds.

Moreover, measurements of air emissions were carried out in the third and fourth quarters of 2021. The results obtained confirm the proper functioning of the facilities in this area.

Farms

Much of the waste from livestock farming is reused through irrigation projects. Thus, since September 2018, in collaboration with the Hermès Perfume and Beauty division, 10 hectares of sandalwood planted on the property of one of the Australian farms reuse part of the waste (16.5% of the effluent volume of the farm in 2021). This system was recently supplemented by an irrigation system for grass plots on the farm to produce fodder for local livestock farmers. This project, on a smaller scale than the previous one, made it possible to reuse 3% of the farm's effluents. In addition, since July 2019, part of the effluent (7%) from the farm in Queensland has been reused to irrigate sugar cane plantations on neighbouring farms in an industrial ecology scheme.

Leather

Leather goods workshops present limited sources of wastewater discharge thanks to primarily manual production processes that do not require water. The only wastewater discharge concerns water used for washrooms, which does not require on-site treatment and in most cases is directed to public wastewater collection networks.