



2022

UNIVERSAL REGISTRATION DOCUMENT

CSR EXTRACT NON-FINANCIAL PERFORMANCE
STATEMENT (NFPS)



Page numbers have been retained from the original version

POLICY

In December 2022, the 196 parties (195 countries and the European Union) that have ratified the Convention on Biological Diversity, an international treaty on the conservation, sustainable use and fair sharing of biological diversity, adopted at their 15th Conference of the Parties (COP 15) the Kunming-Montreal Global Biodiversity Framework.

This framework provides the global community with a roadmap for 2050 including four goals and 23 targets to protect and restore nature and use it in a sustainable way, for current and future generations. In particular, the protection of 30% of the world's terrestrial and marine areas, the restoration of 30% of degraded ecosystems, and a financing mechanism for their implementation, with the Global Biodiversity Fund, while taking into account international solidarity with the most vulnerable and biodiversity-rich countries.

In particular, Target 15 requires its parties to take legal, administrative or policy measures to encourage business and financial institutions to monitor, assess and disclose their risks, dependencies and impacts on biodiversity, throughout their value chains, to provide information to their consumers and align with regulations and measures relating to access to and the sharing of the benefits offered by biodiversity. Target 15 aims to progressively reduce negative impacts on biodiversity, increase positive impacts, reduce biodiversity-related risks to business and financial institutions, and promote sustainable patterns of production.

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, assess and act.** These commitments are in line with the Kunming-Montreal Global Biodiversity Framework.

To achieve this biodiversity strategy, the Group has a six-component blueprint:

- ◆ Vision;
- ◆ Governance and Organisations;
- ◆ the four pillars of its commitments:
 - 1. Train,
 - 2. Collaborate,
 - 3. Assess,
 - 4. Act.

Keen to contribute to global action, and to base its objectives on science, Hermès has included the major market benchmarks in its biodiversity strategy, as detailed in the rest of this section: Act4Nature International from 2018, SBTN and TNFD (cross-reference grid in § 2.7.2.4.3).

2.4.3 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.

VISION

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

By identifying its nature-related risks and dependencies and understanding the interrelationships between its value chains, nature and climate change, Hermès anticipates and mitigates the upheavals related to the erosion of biodiversity. By calculating its biodiversity footprint and reducing it through concrete actions, Hermès wants to guarantee the sustainable use of nature, by maintaining ecosystem services, to take advantage of its opportunities. Hermès anchors its action and its biodiversity footprint trajectory in the major global frameworks and the best standards, aiming for harmony with nature that is appreciated, conserved, restored and used in a reasonable manner.

GOVERNANCE

The subject of “Biodiversity” is supervised by the Sustainable Development Board and the Executive Committee. For this highly complex subject, the Group surrounds itself with experts and uses specialist NGOs.

COMMITMENT PILLARS

The purpose of the four pillars chosen is to guide the Group and its *métiers* 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 in 2020 to renew its individual commitment to Act4Nature International. The strategy 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 commitments are defined as follows:

1. **Train:** this involves increasing internal biodiversity awareness-raising actions and training on biodiversity issues and strategy for all employees, with a particular focus on issues where the Company has action levers (from creation to purchasing real estate, for example).

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

2. **Collaborate:** in 2022, the Group is continuing its partnership with WWF France as well as with other specialist NGOs and high-level players in the field of biodiversity. This collaborative approach is crucial in the development of transformative practices and relies on the expertise of our partners to contribute to the other three

pillars of the biodiversity strategy. Hermès is always looking for new collaborations with stakeholders who are experts in these subjects.

Objectives: continue work with these recognised organisations in 2023.

3. **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 (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services).

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

4. **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: establish action plans for 100% of “lowest impact” sites by 2023, those with “high impact” and its main supply chains by 2025. Continue to invest in biodiversity projects *via* the Livelihoods fund and the Fondation d’entreprise: four dedicated projects by 2023.

2.4.3.1 IMPLEMENTING TRAINING ACTIONS FOR EMPLOYEES

The e-learning module dedicated to biodiversity was rolled out in 2021. This training, accessible to everyone, was developed in a co-operative mode with employees of the House from different backgrounds.

In 2022, the members of the Group’s Sustainable Development Operational Committee attended a training day on biodiversity issues thanks in particular to the **Biodiversity fresk** and a master class led by CDC Biodiversité. This action follows on from several years of training related to biodiversity, such as Conservation International (CI) training and Fashion Pact webinars, specific WWF training courses, GBS methodology training and the awareness-raising seminar for the IPBES report. In December 2022, a seminar brought together more than 100 people to examine the results of COP 15 with a presentation by experts from WWF France and discussions on the Group’s commitments on the main recommendations of this COP.

One-off initiatives can additionally be carried out, such as at La Montre Hermès where the Environment and Biodiversity Week in September 2022 was an opportunity to propose five activities in partnership with five associations and to carry out a total of 202 hours of volunteering. On the programme, a guided tour and maintenance work in an apiary and a nature reserve, and cleaning of the shores of Lake Neuchâtel.

2.4.3.2 WORKING IN PARTNERSHIP WITH STAKEHOLDERS

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

The partnership agreement with WWF France, signed in May 2016, was renewed for three years in 2020. The aim is to work together to preserve ecosystems by analysing interactions with the Group's supply chains. In 2022, the work streams were redefined to adapt to the rapid changes in expectations around biodiversity and make this partnership even more ambitious:

- ◆ technical support: roll out concrete and proactive projects. This is the historical axis of the partnership that has in recent years seen projects such as the Water Risk Filter analysis on the assessment of the freshwater footprint and water risks on the Group's activities, and the field study on the cashmere supply chains in Inner Mongolia and the tripartite collaboration with CDC Biodiversité on the global measurement of Hermès' biodiversity footprint;
- ◆ internal awareness-raising: promoting awareness among employees of the main issues related to biodiversity and aiming for acculturation on the complex subject of biodiversity in order to facilitate its consideration in internal processes;
- ◆ critical friends: picking up weak signals from civil society and discussing with society in a spirit of solution-oriented dialogue;
- ◆ visibility and communication: to highlight the results of the partnership and show how it shifts the lines through the collaboration of an economic player and an NGO.

In addition, Hermès continued its collaboration with the **Cambridge Institute for Sustainability Leadership (CISL)**. Following the study on the Brazilian silkworm sector, in 2022 the CISL submitted its analysis of the biodiversity impact of the Indian goat leather sector. The five Indian states where Hermès sources its supplies are known for their significant biodiversity, much of which is threatened by the change in land use induced by economic development. Historically, conservation efforts have focused on forests rather than grasslands (which are of great importance for goat farming) with the perception that these areas are "wasteland" to be converted to productive uses. In terms of positive impacts, goat farming offers significant economic benefits to local communities, and women in particular. If grazing management practices are appropriate, the impact on biodiversity management can also be positive: control of weeds and invasive plants. The study states: "In view of the volume of goat hides sourced, the impact that Hermès' supply chain will have on biodiversity will be very low compared to the threat of urban encroachment, for example." Efforts

must focus on fair compensation for livestock farmers for a social benefit as well as at ecosystem level. The House's *métiers*, particularly leather, have included the recommendations of this report in their 2024 roadmaps for this supply.

Hermès strengthened its ties with CDC Biodiversité by joining the B4B+ Club in 2022, created to co-construct and test on the GBS (Global Biodiversity Score) and feed into discussions on the biodiversity footprint, as well as participating as a speaker at the European Business & Nature Summit 2022.

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

At the same time, the Fondation d'entreprise Hermès continues 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 engaging in future protection projects.




2.4.3.3 DIAGNOSING IMPACTS ACROSS THE ENTIRE VALUE CHAIN

In 2021, Hermès measured its footprint using the Global Biodiversity Score tool developed by CDC Biodiversité (a subsidiary of Caisse des Dépôts), implemented with the support of WWF France and based on field, financial and theoretical data from 2019. This biodiversity footprint measurement approach is part of Target 15 of the Kunming-Montreal Agreement. Work continued in 2022 to gain further insight and better understand the measures, and strengthen actions on certain topics.



The GBS is a tool for assessing the biodiversity footprint of companies. The results are expressed in MSA.km², where MSA is the average abundance of species (Mean Species Abundance), a metric characterising the integrity of ecosystems.

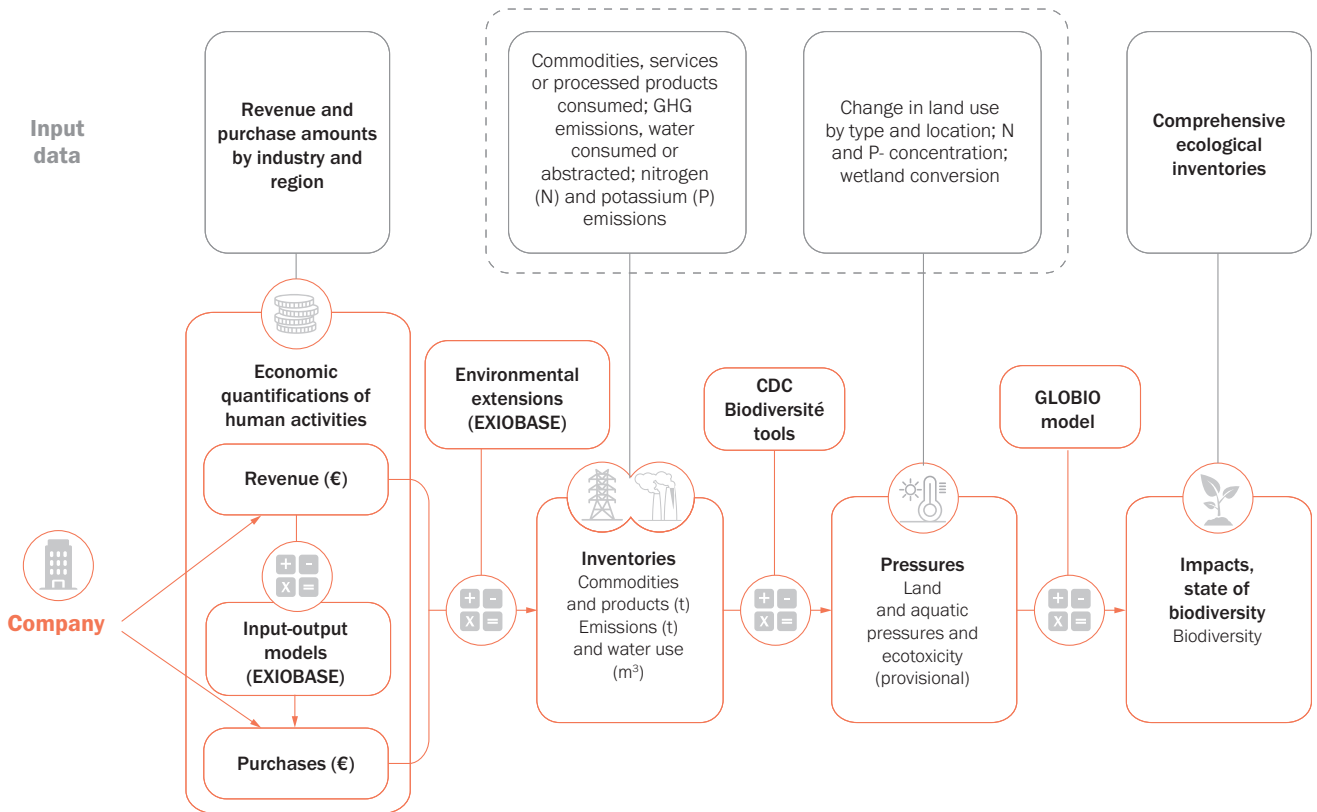
DIFFERENCES BETWEEN METRICS, UNITS, TOOLS AND INDICATORS (CDC BIODIVERSITÉ, 2020)

METRIC / UNIT	 kg - unit measuring the mass of a person	MSA.m² - system by which ecological integrity can be measured
TOOL	 balance - tool for weighing a person	GBS - tool to assess the biodiversity footprint
INDICATOR	 weight - indicator of the mass of a person	Biodiversity footprint - indicator that can be used by a company

The analysis is conducted by analysing the impact of the various components of economic activity on these ecosystems according to the following pressures: land use, fragmentation, encroachment, atmospheric nitrogen deposition, climate change, hydrological disturbance, wetland conversion, nutrient emissions and land use

change in the watershed. These pressures are derived from the work of IPBES. The calculation is based on the use of the GLOBIO database, and makes it possible to calculate static and dynamic impacts, on scopes 1 (direct operations) and 2 (energy purchases excluding fuels), as well as 3 upstream (other purchases).

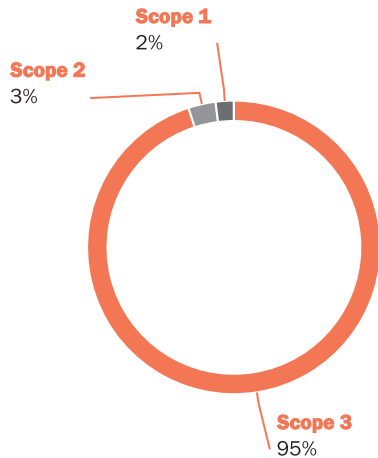
DATA COLLECTION AND ANALYSIS PROCESS (CDC BIODIVERSITÉ, 2020)



In total, 92% of Hermès' revenue is covered by this analysis, i.e. all Hermès métiers, with a limited number of exceptions, such as Jewellery, for which the GBS methodology is not yet adapted (inadequate data and impact factors, in particular on Hermès' use of

recycled gold and not gold from mining, at the date of the assessment, versions 1.1 and 1.2.1-beta used). The scope of the study includes scopes 1, 2 and 3 upstream (i.e. excluding the use phase). This scope is called the "Vertically Integrated Scope" by CDC Biodiversité.

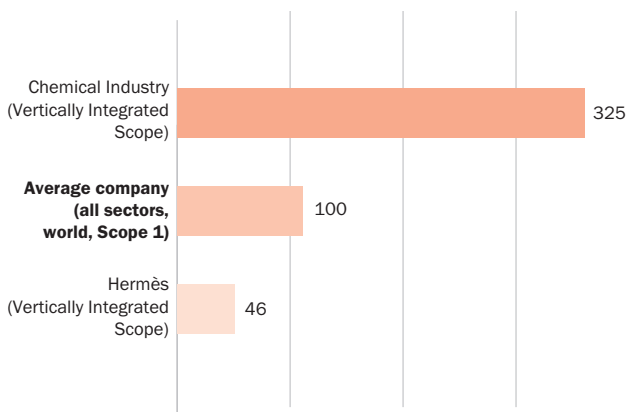
BREAKDOWN OF HERMÈS' TERRESTRIAL DYNAMIC IMPACT BY SCOPE



Hermès has chosen to steer the Group's actions and investments by focusing on the terrestrial dynamic impact, which reflects the annual deterioration. The majority of the footprint is related to the upstream part of the value chain. The main pressures on land biodiversity are linked to land use (crops, livestock) and greenhouse gas emissions (scope 3 upstream), demonstrating a strong relationship between climate and biodiversity. These analyses will also gradually be used by the Group to refine its real estate development strategy, in addition to the criteria set by French (zero net artificialisation (ZAN)) and European (taxonomy) regulations.

Although calculations of the impact on biodiversity are still not widespread, initial comparisons suggest that Hermès' activity has a less intensive impact on biodiversity than that identified in available inter-sector data.

LAND DYNAMIC IMPACT INTENSITY INDEX IN MSA. M²/€ (AVERAGE CORPORATE, BASE 100)



Focus on the Leather Goods & Saddlery *métier*

Particular attention was paid to the Leather Goods & Saddlery *métier*, which represented 45.5% of Group revenue in 2020, while contributing more than 50% of the dynamic land footprint.



The analysis of the contributions to pressures on biodiversity is based on a detailed analysis of the supply chain (mainly in France and Europe for Leather Goods). These pressures reached 95% within the upstream supply chain (scope 3). The work identified two priority levers for action within our sectors:

- ◆ animal feed;
- ◆ livestock farming (excluding food).

Several projects were initiated with other industry players and experts on these levers with the aim of better understanding their impacts within the value chain, in order to learn how to reduce their footprint on biodiversity. In particular, projects have been initiated around the bovine sector in France, which will be launched in 2023.

2.4.3.4 IMPLEMENTING ACTIONS IN 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, while tertiary or mixed-use sites also carry out initiatives. These are presented in § 2.4.3.6.

For the supply chains, the actions are presented in § 2.4.2.3.

Farms (crocodilians)

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 wetlands, 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 programmes, the monitoring of animal populations in the natural environment, the control of compliance with regulatory requirements and research programmes on crocodilians.

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 5% 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. The effectiveness of their actions comes from strong local integration thanks in particular to relationships with the various authorities in charge of nature protection, egg collectors and landowners

Fight against deforestation

To fight against deforestation, Hermès takes into account its risks related to its upstream value chain. Within this, three main topics were identified: land use for animal feed, use of wood species for Hermès Maison objects and use of cardboard in packaging.

1. The GBS analysis of the terrestrial biodiversity footprint of leather at Hermès increased its awareness of the weight of bovine feed (even though the proportion of imported soybeans in European livestock feed rations is low).
2. By ensuring demand for certified wood (FSC certification for oak, SVLK for mahogany), Hermès ensures that wood from forests is sourced with greater consideration for biodiversity, while maintaining the quality of water and ensuring soil erosion is reduced. The House conducts a biannual assessment with its suppliers, taking into account the vulnerability of species (classification of species on the IUCN Red Lists: International Union for the Conservation of Nature). This approach aims to reduce the risk of deforestation (use of valuable species) and thus the preservation of natural environments. A study led by a sector expert in 2022 led to a critical review of the entire portfolio and an analysis of the actions to be carried out with a view to achieving zero deforestation linked to the Hermès Maison activity by 2025.
3. The cardboard and paper used for the orange bags and boxes given to customers are 100% FSC-certified, and 40% from recycling channels.

Moreover, 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.

2.4.3.5 CONTRIBUTING TO POSITIVE ACTIONS OUTSIDE HERMÈS' SPHERE OF RESPONSIBILITY

Contributing to positive actions

Fondation d'entreprise ⁽¹⁾

Convinced that the protection of biodiversity makes a tangible contribution to shaping a more humanist society, the Fondation d'entreprise Hermès is continuing and strengthening its action in this area. It supports a wide-scale project in Africa, for example, in partnership with 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 École programme, 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. In 2022, the Manuterra programme was officially launched after a successful pilot year. This initiative to teach people about the living world through an introduction to permaculture is a strong and forward-looking gesture to raise awareness of environmental issues among younger generations. In four academies, 11 classes already participate in the programme during school hours, i.e. around 280 students. The Fondation also continues to support various targeted initiatives (La Massane beech forest, *L'Atelier Paysan*, Africa-TWIX, Vigie-Nature École, *Agir pour le vivant* festival and La Villette) which, using a variety of methods, are working to respond to ecological challenges to ensure the sustainability of our planet.

Aligning with international frameworks and the best standards

Act4Nature International

Act4Nature is an initiative launched in 2018 by EpE (*Entreprises pour l'Environnement*) and signed by 65 players in the French economy, including Hermès, before becoming Act4Nature International in 2020 by joining the global Business for Nature initiative. This initiative 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 collective Act4Nature commitments, supplemented by Hermès' individual commitment, strengthened in 2020, are found in the commitments of the Planet pillar of this report and have been validated by all stakeholders involved in the governance of this multi-stakeholder alliance (companies, public authorities, scientists and environmental associations). In concrete terms, the strategy presented by Hermès was examined by a panel of NGOs before being validated. A review will be carried out in 2023.

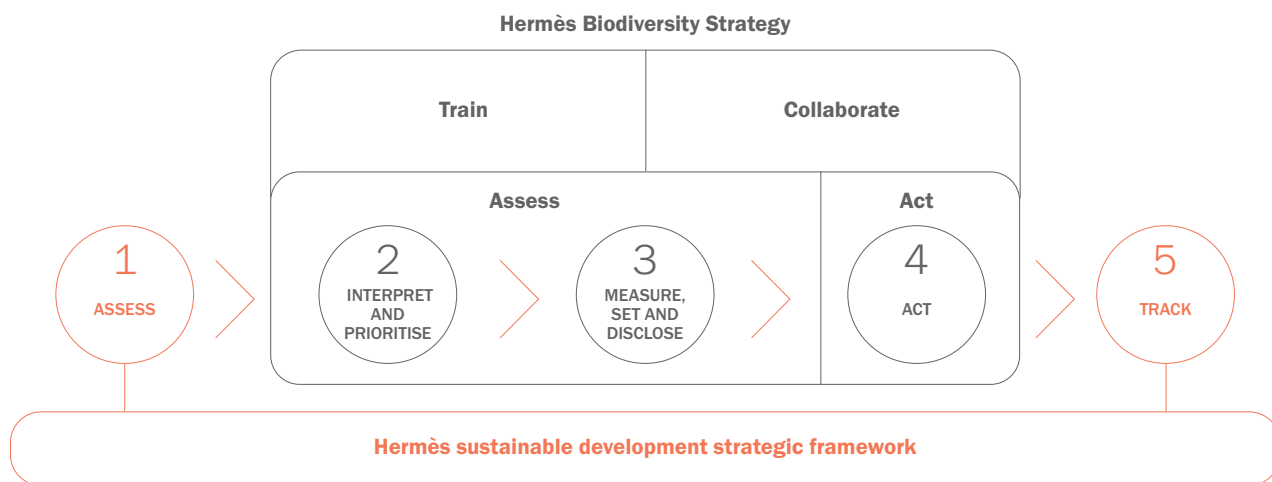
1. For more details, see <https://www.fondationentreprisehermes.org/en/all-foundations-programmes>

Science-Based Targets for Nature

The Science-Based Targets Network (SBTN) was created in 2019 and brings together more than 50 organisations. SBTN’s mission is to create a global economy in which science and societal goals define how to rebalance our global system and reverse the curve of biodiversity loss.

The SBTN defines five steps to set Science-Based Targets for Nature, namely: (1) assess, (2) interpret and prioritise, (3) measure, set and disclose, (4) act, (5) track.

Cross-reference between Science-Based Targets for Nature and the Hermès strategy



The SBTN steps overlap with Hermès’ strategic framework for sustainable development and, more specifically, steps (2) interpret and prioritise, (3) measure, set and disclose and (4) act are integrated into the Assess and Act pillars of the Hermès biodiversity strategy,

where steps (1) assess and (5) track are found in the Group’s strategic framework for sustainable development. Hermès shows its uniqueness by supplementing its biodiversity strategy with the Train and Collaborate pillars.

Science-Based Targets for Nature cross-reference grid

SBTN steps	Sections in the universal registration document	Correspondence
Assess	Conduct a materiality analysis	§ 2.1.3 Materiality analysis § 2.6.1.2 Risk mapping
	Map the value chain	§ 4.1.4.1 Changes in major global climate and biodiversity issues
Interpret and prioritise	Identify spheres of influence	“Assess” – § 2.5.5.3 Diagnosing impacts across the entire value chain
	Prioritise places	
Measure, set and disclose	Measure baseline	“Assess” – § 2.5.5.3 Diagnosing impacts across the entire value chain
	Develop a monitoring plan	
	Set targets	
	Disclose baseline and targets	
Act	Avoid	“Act” – § 2.5.5.4 Implementing actions in the métiers, sectors and sites
	Reduce	
	Restore and regenerate	
	Transform	
Track	Monitor	Monitoring table – § 2.5
	Report	
	Verify	

Taskforce on Nature-related Financial Disclosures

The Taskforce on Nature-related Financial Disclosures (TNFD), created in 2021, is composed of 40 members representing financial institutions, companies and market service providers. The TNFD's mission is to develop and provide a reporting framework for risks and opportunities related to the evolution of nature and to act accordingly, with the ultimate aim of supporting a reorientation of global financial flows towards projects with positive externalities for nature.

In November 2022, TNFD published the third beta version of its framework (v0.3). Hermès is closely monitoring this work and will be able to align itself with the recommendations of the final version, in particular with the recommendations on disclosure of information on governance (role and monitoring by governing bodies of nature-related dependencies, impacts, risks and opportunities), strategy (actual and potential impacts of nature-related risks and opportunities on activities, and associated financial planning), risk and impact management as well as metrics and targets. Hermès already provides a cross-reference grid with the TNFD v0.3 framework, available in § 2.7.4.3.



Global Biodiversity Agreement of the Convention on Biological Diversity

Voluntarily, without waiting for the implementation of the Convention on Biological Diversity as a French national biodiversity strategy or other binding mechanism, Hermès is already considering, with its partners such as WWF France, the responses to be made to the Kunming-Montreal Global Biodiversity Framework, in particular on targets for Hermès' activities. They are summarised in the table below:

Targets of the Kunming-Montreal Global Biodiversity Framework	Hermès responses	Sections in the universal registration document
Objective A – Reducing threats to biodiversity		
Target 1: Regional planning	Harmonie real estate benchmark to limit artificialisation of land	§ 2.5.2
Target 2: Restoration	Projects to restore sensitive ecosystems <i>via</i> Livelihoods	§ 2.5.7.3.2
Target 4: Endangered species	Compliance with CITES regulations	§ 2.4.2.4.1
Target 5: Trade of wild species	Sustainable supply chain & CSR briefs updated and improved in 2022	§ 2.4.2.1
Target 6: Invasive species	-	-
Target 7: Pollution	Target to phase out single-use plastics, chemicals management policy	§ 2.4.1.4 and § 2.5.5
Target 8: Climate change	SBTi 1.5° C trajectory validated	§ 2.5.7
Objectives B & C – Meeting people's needs through sustainable use and benefit-sharing		
Target 9: Sustainable use	Ensuring the sustainable management and use of wild species in supply chains <i>via</i> sustainable supply chain & CSR briefs	§ 2.4.2.1
Target 10: Resource exploitation	Promotion of the application of biodiversity-friendly practices in supply chains <i>via</i> sustainable supply chain & CSR briefs	§ 2.4.2.1
Target 12: Urban areas	Management of tertiary sites to increase the surface area, quality and connectivity of green and blue spaces in urban areas	§ 2.5.2 and 2.5.6
Target 13: Access to and sharing of benefits	N/A	

Targets of the Kunming-Montreal Global Biodiversity Framework	Hermès responses	Sections in the universal registration document
Target 14: Integration and normalisation	N/A	
Objective D – Tools and solutions for implementation and mainstreaming		
Target 15: Business	Measurement of the biodiversity footprint of the value chains of 92% of Hermès' revenue via the GBS and communication of major results	§ 2.4.3.3
Target 16: Sustainable consumption	Actions to promote circularity and reduce waste production	§ 2.4.1.2 and § 2.5.4

2.4.3.6 BIODIVERSITY MANAGEMENT AT OPERATED SITES

In accordance with the principles of the Harmonie standard § 2.5.2, **any new industrial site is subject to an impact study.** This includes issues related to fauna and flora and the preservation of natural environments.

As explained in § 2.4.3.4, for the location of new leather goods workshop sites, Hermès now favours the conversion of brownfield sites or wastelands whenever possible. For example, the Maroquinerie de Montereau is located on the former site of an energy sector company, and that of Guyenne on a road construction aggregate site. The future leather goods workshop sites of Riom and Saint-Junien are also redevelopments of brownfield sites and this approach considerably limits the artificialisation of land surfaces while continuing to allow the activity to expand.

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 and included in the Harmonie standard. The following principles have been adopted: at plot level, ecological management of green spaces is promoted. At the landscape level, the aim is to promote ecological connectivity of sites with their surrounding environment. The sustainable construction standards used for each new site project have therefore been enhanced and will now enable architects and landscapers to best integrate this dimension into their projects.

In 2022, 16 leather goods workshops were assessed with the help of an independent expert: 16 indicators based on the five erosion factors defined by IPBES were retained; 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. These indicators assess the implementation of the best practices guide of the Leather Goods division with, for example, no use of phytosanitary products. For the leather goods workshops already assessed in 2021, there has been a positive change in the management of green spaces at our sites. Differentiated management and reasonable mowing of green spaces, for example, allow a better environment for fauna and flora. The special attention paid to these green spaces has also made it possible to detect several invasive alien species that have been or will be targeted for eradication.

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 a 2025 target of 100% of sites involved in biodiversity actions.

At CATE, a green space of approximately 5,000 m² is left fallow and is maintained only once a year to promote the development of biodiversity. The late mowing of green spaces is continuing and their new development project is planned for 2023.

ATBC's textile site in Bussièrès has built a 225 m² "flower – alfalfa meadow" area to provide food for insects and wild rabbits.

After finalisation of the diagnostics of the industrial sites, action plans will be rolled out. These plans must include a series of actions to promote green spaces, fauna and flora (installation of insect hotels, beehives, etc.) and water conservation.

With regard to tertiary and mixed-use sites, a pilot project was rolled out at the Pantin site where, as the Cité des Métiers was built, five gardens were created covering an area of 8,000 m² and beehives were installed. A meeting with a company specialised in biomonitoring led to the idea of a project promoting urban biodiversity. Two ambitions have emerged thanks to the data likely to be collected in the context of this project: **to promote biodiversity, in addition to preserving it, with the help of plant surveys and to contribute to a regional approach to environmental protection,** beyond the sites, by sharing pollutant readings with local authorities. The implementation of bio-monitoring is spread over several years. It consists of using the diversity and pollution markers identifiable in the pollens brought back by bees to their hives, and taking advantage of their radius of activity of around 2 km. This approach involves fitting collectors on the beehives, collecting pollen and conducting scientific analysis of the data. The initial lessons confirmed the richness of Pantin's plant varieties, 39 compared to 18 on average at the French sites studied by the service provider. The results of the analysis also led to the identification of pollution and the substitution of antifungal treatment practices on the sites (although without synthetic chemical inputs) and the adoption of manual treatment actions.

The information collected was shared with local stakeholders to ensure that their planting projects were consistent with biodiversity needs. 2023 will mark the continuation of this dialogue with local stakeholders in the *Est ensemble* region, by exploring new areas of application for the coming years. This first successful experiment led to the development of bio-monitoring practices at other Group sites, such as the Vaudreuil site in 2022.