

2023 Universal Registration Document

CSR Extract

Non-Financial Performance Statement (NFPS)



2.4.3 BIODIVERSITY

Maintaining an environmental setting conducive to our lives and the development of activities requires respect for and the protection of biodiversity. However, 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, and more broadly, one after another, diagnoses are demonstrating the erosion of biodiversity.

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.

POLICY

In December 2022, the 196 parties (195 countries and the European Union) that have ratified the Convention on Biological Diversity (CBD), 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, 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.

In November 2023, the French government presented its National Biodiversity Strategy for 2030 (SNB), to halt and then reverse the collapse of biodiversity. This national strategy focuses on four areas: reducing the pressure on biodiversity, restoring degraded biodiversity wherever possible, mobilising all stakeholders and finally ensuring the means to achieve these ambitions.

To meet the current challenges regarding the 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 made within global, European and national frameworks.

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).

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 can better integrate the subject into its operations and seeks to anticipate and mitigate 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 recognised standards, aiming for harmony with nature that is appreciated at its true value, conserved, restored and used in a reasonable manner.

GOVERNANCE

The subject of “Biodiversity” is overseen by the Executive Committee, which relies on the work of the Sustainable Development Board. In addition, this issue is driven by specific competence present on the Supervisory Board (see § 4.5.2). 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 and are recognised by external observers, such as the French Sustainable Investment Forum, which announced in its 2023 commitment report⁽¹⁾ “A single player leads the pack: Hermès” for its consideration of biodiversity issues in the discretionary consumption sector.

Hermès took advantage of the update of its 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 also based on the best methodologies and tools available, such as SBTNs (§ 2.4.3.5), and are summarised according to the following four strategic areas:

- ◆ 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 the ongoing training of management bodies, sustainable development committees, site and supply chain employees, with the aim of extending this to all employees by 2025;

1. (in French only) https://www.frenchsif.org/isr_esg/wp-content/uploads/FIR-RapportCAC40Responsable-AG2023_13fev.2024.pdf

- ◆ Collaborate: the Group has renewed its partnership with WWF France until 2026 and works 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 2024;

- ◆ Assess: Thanks to double materiality and the application of steps 1 and 2 of the SBTN method, Hermès is building a robust impact analysis matrix based on the mapping of value chains. Measurement of the Group's biodiversity footprint according to the five pressures of the IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services) allows the resulting priorities to be assessed.

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) and integration of the issues identified into the reporting tools by 2025;

- ◆ Act: action plans proportional to the level of impact on all sites and raw materials supply chains must be carried out and be compatible with a science-based approach. 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 French manufacturing sites and for its main supply chains by 2025. Continue to invest in biodiversity projects via partnerships, investment in the Livelihoods fund and the Fondation d'entreprise.

2.4.3.1 IMPLEMENT TRAINING INITIATIVES FOR EMPLOYEES

In order to spread knowledge about biodiversity issues, and to promote decision-making and the achievement of ambitious results, Hermès aims to train all its employees.

A training cycle is being rolled out for management bodies such as the Executive Committee and the Supervisory Board (two meetings in 2023). Management committees and various experts in sustainable development were trained thanks to a panel of educational tools, a Conservation International training course, a master class led by CDC Biodiversité, specific WWF training, GBS methodology training or a seminar to raise awareness of the IPBES report. These technical trainings were a great success. In 2023, a cycle of four technical conferences on nature (biodiversity, water, forest and climate), in partnership with the WWF, brought together a total of 450 participants, including members of governing bodies and mobilised eight external and four internal experts.

More broadly, an e-learning module dedicated to biodiversity has been available to all employees of the House since 2021, with 2,411 participants trained, including 900 in 2023. For the production sites, an introduction to biodiversity, launched by HMS, was widely rolled out to our craftspeople in 2023. Thus, 4,105 people, i.e. 74%

of the HMS workforce, were made aware of the culture of living things and this resulted in numerous local initiatives based on this theme (local management of sites, organic markets, planting of bulbs, plant fair, etc.)

Small actions on the ground help this awareness to take off. Locally, the 2023 Sustainable Development Week at the Île-de-France sites was an opportunity to offer employees presentations by scientists, "Entreprendre pour le vivant" workshops led by the Fondation d'entreprise Hermès, visits to beehives equipped with innovative systems for monitoring local biodiversity, and the discovery of internal projects that contribute to the preservation of biodiversity.

Numerous distribution subsidiaries have taken action in this area. For example, in Switzerland, Hermès Horloger's Environment and Biodiversity Week in September 2023 was an opportunity for 45 employees to participate in volunteering actions, in partnership with four associations, carrying out a total of 320 hours of volunteering. On the programme, a guided tour and maintenance work in an apiary, repair of a dry-stone wall and cleaning of the shores of the Neuchâtel and Bienna lakes. In the United States, HoP's sustainable development ambassadors met in California to understand and participate in replanting work in the Santa Monica Mountains National Park. In July 2023, two groups of employees made a stopover in Okinawa, Japan, in order to participate in the preservation of the archipelago's marine ecosystems by recovering and planting corals. They had the opportunity to discover the different facets of the coral reefs, to contribute to the strengthening of the health of the oceans and to experience the cultural heritage of Okinawa. The restoration of the Japanese coral reef ecosystem was achieved through the planting of 400 young corals which, via photosynthesis, will develop into adult reefs within a year.

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 and renewed in 2020, was renewed for a further three years in 2023 (2024-2026 period). The aim is to continue to work together to preserve ecosystems by analysing interactions with the Group's supply chains. The work streams were defined to adapt to the rapid changes in expectations around biodiversity and make this partnership even more ambitious:

- ◆ technical support: rolling 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 this complex subject 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: showing how the partnership shifts the lines through the collaboration of an economic player and an NGO and highlighting its results.

In 2023, Hermès concluded a study with an innovative and collaborative multi-stakeholder governance between WWF France, WWF Mongolia and the Mongolian University of Life and Sciences in order to analyse the cashmere sector in Mongolia on a macroeconomic level and assess its impact on nature. This study mobilised a multidisciplinary team made up of three professors and a doctor from the Mongolian University of Life and Sciences, together with the involvement of 40 families of nomadic herders, eight Mongolian agro-specialists and 10 cashmere traders. It focused on six case studies with cashmere farming and processing companies and herder families. It highlighted issues for nature around the overpopulation of nomadic herds, competition between domestic and wild animals and the pressure on regional ecosystems (grasslands). Thanks to its local anchoring and a scientific approach that is as close as possible to the field, solutions and opportunities have been proposed to develop the Mongolian cashmere sector in harmony with nature while improving the quality of life of farmers. These conclusions are in line with the pilot solutions already implemented by Hermès with local partners and the association AVSF (*Agronomes et vétérinaires sans frontières*).

In 2023, Hermès joined the Laboratoire Capital Naturel ("Lab"), founded by WWF France and the Chair of Ecological Accounting, led by the AgroParisTech Foundation. This Laboratory supports and explores the implementation of conceptual and methodological frameworks in favour of strong sustainability such as the SBTN and CARE methods. In this context, Hermès has chosen to apply the SBTN method, while remaining open to the opportunity to test the Chair of Ecological Accounting's CARE method. In addition to the application of methods, the Lab is a catalyst for pioneering French companies in favour of the preservation of natural capital and Hermès actively participated in the 2023 workshops.

Hermès extended its links with CDC Biodiversité in 2023 with its participation in the Value Chains and Biodiversity Credits/Certificates working groups of the B4B+ Club, created to co-construct and test the GBS (Global Biodiversity Score) and to feed into discussions on biodiversity footprints.

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). The South African hydraulic network is threatened in the south of the country by invasive plants that dry up watercourses, with a potential impact on crops and therefore ostrich food sources. As has been the case for many years, the Group works on these issues with the ICFA for crocodilians, as well as with the UK NGO RSPCA on animal welfare more broadly.

The Group also provides support to its suppliers. Hermès Leather Goods & Saddlery brought together 150 of its partners and suppliers of materials under the banner of sustainable development. This day was an opportunity to raise their awareness of CSR and to offer 12 workshops, two of which were dedicated to the biodiversity fresco.

Thus, seven classic leather tanners, two exotic leather tanners, four jewellery on leather manufacturers, one finisher and two partners from the textile world were able to follow this fresco under the leadership of the supply chain CSR department of Hermès Leather Goods & Saddlery.

2.4.3.3 ALIGNING WITH INTERNATIONAL FRAMEWORKS AND THE BEST STANDARDS

There is no single monitoring system for biodiversity yet. The Group has selected a few systems, based on their pragmatism, their scientific relevance and their visibility with the stakeholders concerned. All the approaches described below are based on the same strategy, each providing a specific angle that is interesting. Cross-reference tables indicate the link between their specific features.

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.

Hermès is committed to the collective "Act4Nature" commitments, supplemented by an individual Hermès roadmap. A notable point of the mechanism is that this roadmap (detailed in the commitments of the Planet pillar of this report) was validated by a set of stakeholders inherent in the governance of this multi-stakeholder alliance including not only companies, but also public authorities (OFB), scientists and NGOs and environmental associations. In concrete terms, the strategy presented by Hermès was examined by a panel of NGOs before being validated. Among the Group's Act4Nature commitments, four were completed before 2023: training of CEOs, experts & Sustainable Development Committees, certification of the entire ostrich supply chain (completed in 2021 and renewed), assessment of freshwater at manufacturing sites (completed and renewed) and diagnostic (operations and corporate functions) of the use of single-use plastics (completed in 2022).

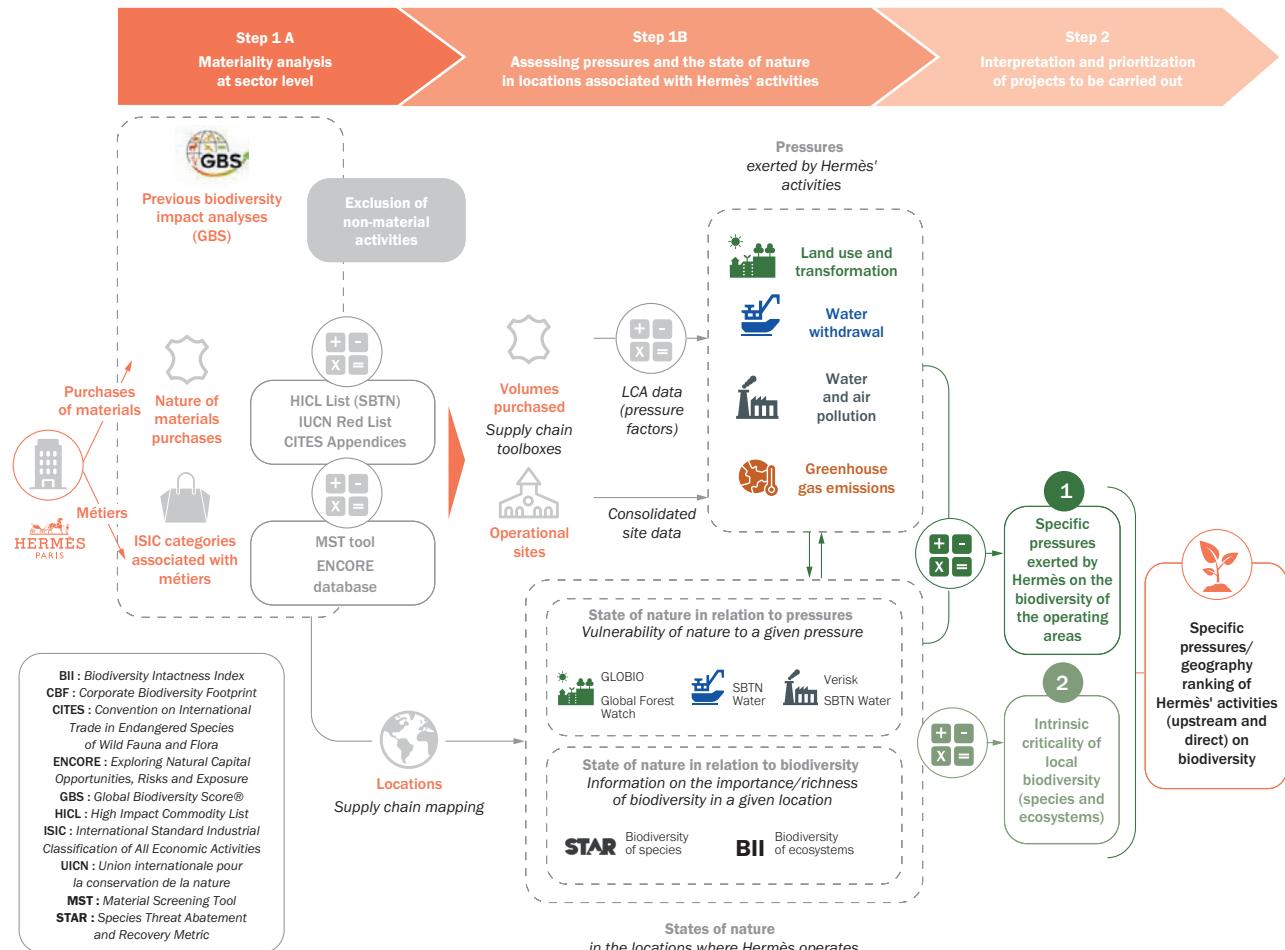
SCIENCE-BASED TARGETS FOR NATURE

The Science-Based Targets Network was created in 2019 and brings together more than 50 organisations.

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

In 2023, Hermès joined the SBTN Corporate Engagement Programme and WWF France's Capital Lab Nature with the aim of implementing the method across all of the Group's activities. In 2023, the Group applied the SBTN method to the first two steps, with the help of its external partners. Once again, the Group is one of the pioneers on the subject of biodiversity by joining the 130 companies that are officially applying this with a scientific approach.

STEPS 1 AND 2 OF THE SBTN APPLIED TO HERMÈS



Upstream of step 1, a preliminary scoping step made it possible to precisely define the scope of the study. In accordance with the expectations of the SBTN approach, the 16 Hermès métiers and all raw materials supply chains were taken into account in the analysis. The objective was to best cover these sectors and their specific features in step 1, according to the availability of pressure and location data and to have the most exhaustive vision of the impacts of Hermès' activities on nature.

Step 1 of the SBTN is a step to assess the pressures exerted by companies on biodiversity, which is broken down into two sub-parts:

- ◆ (1A) identify the main pressures that the company is likely to have on nature, according to its sector of activity;
- ◆ (1B) estimate the pressures on nature and identify the geographical areas in which these pressures are particularly harmful with regard to the state of nature.

Hermès constructed the list of material pressures of Hermès' 16 métiers by cross-referencing information from the MST sector materiality tool proposed by SBTN with the ENCORE tool, the footprint measurement exercise carried out (GBS®) and expert opinions. The

sector materiality analysis highlights materiality issues located mainly upstream of the Hermès value chain, in particular in connection with the degradation of habitats for the production of agricultural commodities (crops for textiles, food for livestock farming) and climate change. For direct impacts, the sector analysis revealed an issue relating to water consumption and pollution.

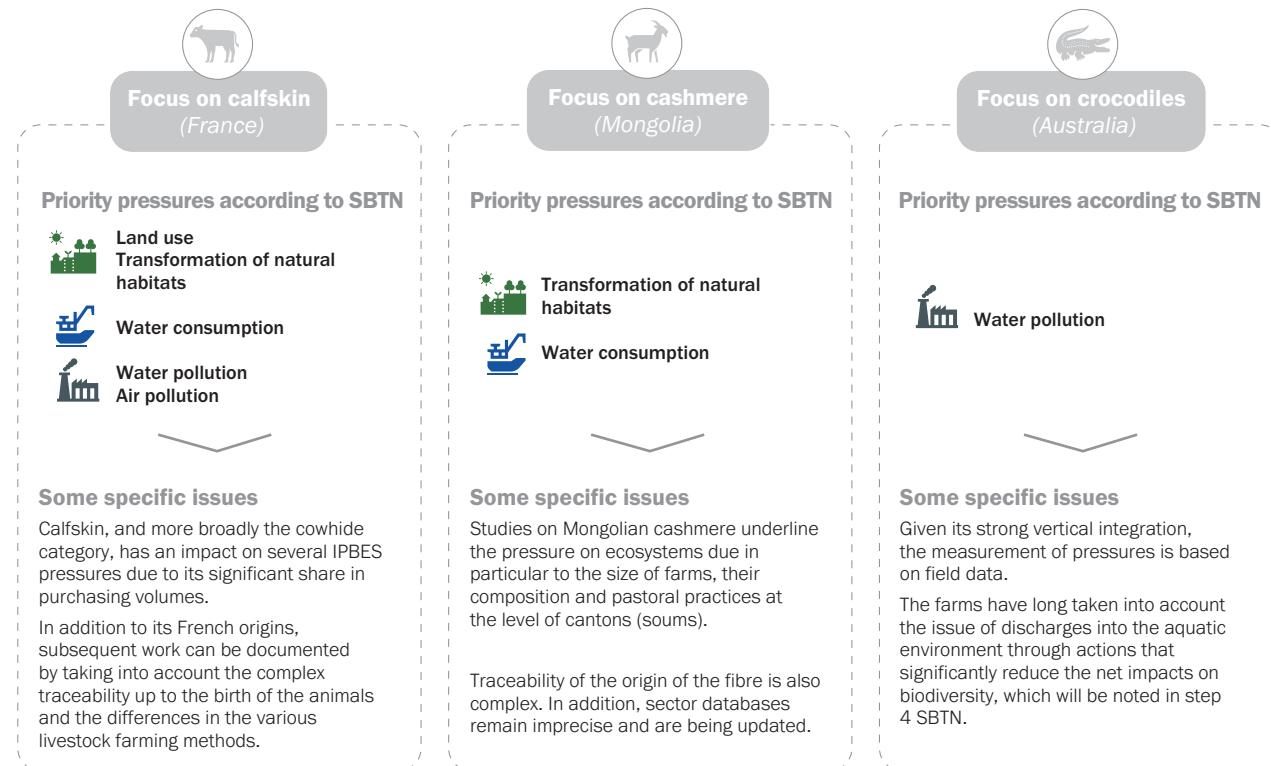
For all activities thus identified as material (i.e. all production unit, farm and logistics sites, as well as purchases of animal, plant-based, mineral and synthetic materials), pressures and the state of nature were modelled using site reporting data, LCA data and state of nature databases identified by SBTN (BII, STAR-t, Global Forest Watch, GLOBO, etc.). **In total, 53% of purchases, representing 90% of the pressures on biodiversity, were thus covered by the SBTN methodology.**

Step 2, which is highly technical, consisted in combining and interpreting the pressure and state-of-nature data modelled during step 1B in order to rank the priority sites and supply chains. This ranking will subsequently make it possible to set objectives for Nature based on science, pressure by pressure, and on priority scopes (step 3 of the SBTN framework).

Hermès' data was collected and processed for supply chains, company structure, site locations, sourcing practices, their location and previous analyses (toolbox and supply chain mapping) for use in the value chain assessment. These initial results obtained at the end

of 2023 are being validated by the operational teams to confirm that the scientific calculations are consistent with the physical realities observed in the field.

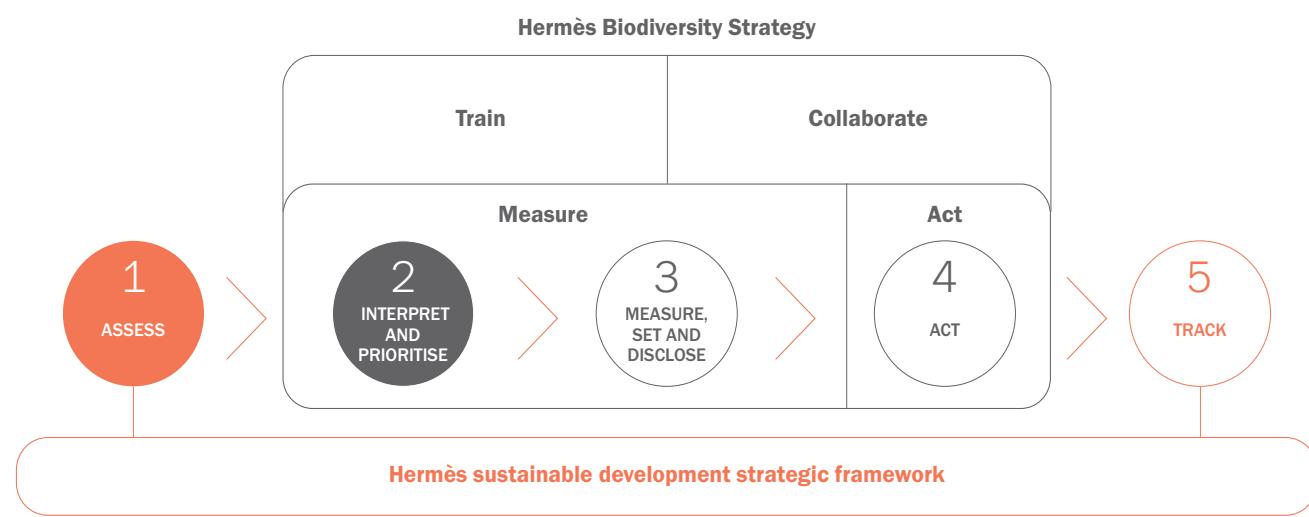
FOCUS ON CERTAIN MATERIALS ASSESSED ACCORDING TO SBTN



To summarise, 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, which are integrated into the Assess and Act pillars of the Hermès

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

CROSS-REFERENCE BETWEEN SCIENCE-BASED TARGETS FOR NATURE AND THE HERMÈS STRATEGY



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
	Map the value chain	§ 2.6.1.2 Risk mapping § 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 September 2023, the TNFD published the final version of its framework. Hermès applies these recommendations, in particular those relating to disclosure of information on governance (role and monitoring by governing bodies of nature-related dependencies, impacts, risks and opportunities), details requested on strategy (actual and potential impacts of nature-related risks and opportunities on activities, and associated financial planning), expected pressures on risk and impact management as well as on measurement tools. Hermès proposes a cross-reference grid between its work and the TNFD framework in § 2.7.4.3.

In addition to the basic TNFD recommendations, the work undertaken by Hermès as part of its Planet pillar, and in particular in 2023 with the SBTN approach, already makes it possible to meet a large number of the main indicators proposed for the Apparel & Textile sector, such as GHG emissions, the footprint of activities, water consumption, waste management and supply chains.

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 concrete responses to be provided by companies under 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	Correspondence with Hermès' strategy	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 via Livelihoods and the replanting of 20,000 trees in Seine-Saint-Denis	§ 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 2023	§ 2.4.2.1
Target 6: Invasive species	Ostrich sector: protection, with local NGOs, of the South African hydraulic network by combatting invasive draining plants Removal of invasive plants from operated sites (e.g. Japanese knotweed)	§ 2.4.3.2 and § 2.4.3.6
Target 7: Pollution	Target of phasing out unnecessary 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	Promotion of the sustainable management and use of wild species in supply chains via sustainable supply chain & CSR briefs Eco-design, promotion of circularity and sustainable and repairable products, reducing pressure on nature thanks to a longer life cycle with less impact	§ 2.4.2.1
Target 10: Resource exploitation	Promotion of the application of biodiversity-friendly practices in supply chains via 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	
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, implementation of SBTN steps 1 & 2	§ 2.4.3.4
Target 16: Sustainable consumption	Actions to promote circularity and reduce waste production	§ 2.4.1.2 and § 2.5.4

FRENCH NATIONAL BIODIVERSITY STRATEGY 2030

The National Biodiversity Strategy 2030 (SNB) is the expression of France's commitment to the Convention on Biological Diversity for the period 2022-2030, succeeding two previous strategies covering the periods 2004-2010 and 2011-2020. It also falls within the framework of the European Green Deal. Its major objective is to reduce pressures on biodiversity, protect and restore ecosystems, as well as initiate fundamental changes to reverse the trajectory of biodiversity decline.

FRENCH NATIONAL BIODIVERSITY STRATEGY 2030

- Pillar 1: Reduce pressure on biodiversity
- Pillar 2: Restore degraded biodiversity wherever possible
- Pillar 3: Mobilise all stakeholders
- Pillar 4: The means to achieve these ambitions

The SNB is the result of a collaboration involving local authorities, citizens and companies, reflecting the expectations of French society in terms of consultation and inclusion. It takes the form of 40 measures divided into four pillars: reducing pressure on biodiversity, restoring degraded biodiversity, mobilising all stakeholders and ensuring the resources necessary to achieve these ambitions.

The philosophy of Hermès' biodiversity strategy (train, collaborate, measure, act) is closely aligned with the four pillars of the SNB:

SNB key measures	Correspondence with Hermès' strategy	Sections in the universal registration document
Pillar 1: Reduce pressure on biodiversity		
Limiting changes in land and sea use – Measures 1 and 2	The Harmonie standard includes an objective of reducing land use in the Group's real estate projects	§ 2.4.3.6 and § 2.5.2
Combatting the overexploitation of species, in France and abroad – Measures 3 and 4	66 supply chain briefs define the Group's requirements for raw materials, including certifications. In particular, the Group does not use materials or species that are threatened with extinction (CITES – appendix 1) or are sold illegally	§ 2.4.2.1
Reducing the impact of climate change on biodiversity through climate policies - Measure 5	1.5 °C trajectory validated by SBTi on scopes 1, 2 and 3.	§ 2.5.7
Reducing pollution - Measures 6, 7, 8 and 9	Deployment of diagnostics and biodiversity measures on operated sites, including zero phyto. Objective of eliminating unnecessary single-use plastics. Installation of own effluent treatment plant and reduce water discharges. Group regulated substances list (RSL).	§ 2.4.3.6, § 2.4.1.8 and § 2.5.6
Combatting invasive alien species – Measure 10	Combatting invasive alien species in supply chains (draining plants in South Africa, in the ostrich sector), and on operated sites.	§ 2.4.3.2 and § 2.4.3.6
Stepping up the fight against environmental damage - Measure 11	EHS audit programmes and Vigilance plan	§ 2.6.1.1 and § 2.8.4.4
More specifically supporting priority sectors to reduce their impacts on biodiversity – Measures 12, 13, 14, 15, 16, 17 and 18	Offering suppliers support on energy and carbon, water and biodiversity aspects	§ 2.6.1
Pillar 2: Restore degraded biodiversity wherever possible		
Restoring ecological continuity and bringing nature back to the city – Measures 20 and 21	Biodiversity plan on operated sites, particularly in urban areas (creation of gardens, bio-monitoring using beehives) and participation in the project to replant 20,000 trees in Seine-Saint-Denis	§ 2.4.3.6 § 2.7.1.2
Strengthening the resilience of forest ecosystems – Measure 22	Publication of the Group's Forests policy, certification of the wood and paper/ cardboard sectors.	§ 2.4.3.5
Maintaining and restoring specific ecosystems (hedges, permanent grasslands, wetlands, soils) – Measures 23, 24, 25 and 26	Investment in Livelihoods projects since 2012: restoration and preservation of natural ecosystems (mangroves), agroforestry and soil restoration through sustainable agricultural practices, access to rural energy to reduce deforestation.	§ 2.5.7.3.1 and § 2.7.2.1.4
Reversing the decline in endangered flagship species, in particular endemic species in the French Overseas Departments and Collectivities – Measure 27	Preservation of natural crocodilian habitats by breeding farms	§ 2.4.3.5
Pillar 3: Mobilise all stakeholders		
Ensuring the exemplary nature of the State and public services – Measures 28 and 29	n/a	
Supporting the action of local authorities – Measure 30	n/a	
Supporting companies' commitment to biodiversity – Measure 31	Implementing biodiversity training actions for all employees	§ 2.4.3.1
Mobilising citizens throughout their lives – Measures 32, 33, 34 and 35	Mobilisation of the Fondation d'entreprise Hermès in favour of the preservation of the living world	§ 2.4.3.7
Pillar 4: The means to achieve these ambitions		
Developing and enhancing knowledge of biodiversity data and issues – Measure 36	Hermès has been measuring and publishing its footprint since 2021 using the Global Biodiversity Score tool	§ 2.4.3.4
Mobilising public and private financing for biodiversity, in France and abroad – Measures 37, 38 and 39	Investment plan for industrial projects to reduce environmental pressures (energy, water, carbon, waste, pollution)	§ 2.5
Establishing inter-ministerial governance for the oversight and accountability of the SNB – Measure 40	n/a	
Implementing detailed oversight using indicators – Measure 40	Application of the SBTN method to implement a science-based method for managing biodiversity issues	§ 2.4.3.5

2.4.3.4 DIAGNOSING IMPACTS ACROSS THE ENTIRE VALUE CHAIN

In 2021, Hermès measured its footprint using the Global Biodiversity Score⁽¹⁾ 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, a pioneering initiative at the time. This biodiversity footprint measurement approach is part of Target 15 of the Kunming-Montreal Agreement. The work was renewed in 2023, using a significantly more comprehensive methodology, by extending the results of the Leather Goods activity further for leather and related sectors.

The GBS is a tool for assessing the biodiversity footprint of companies, which measures scientific results taken from observations, and not a quantification of actions that have been undertaken. 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.

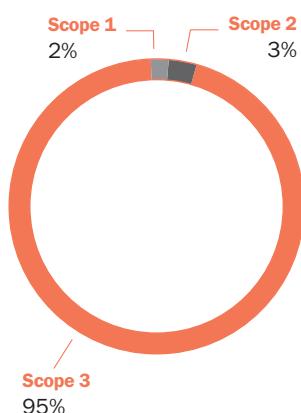
In total, 92% of Hermès' revenue is covered by the 2021 Group analysis, and 43% of the revenue is covered by the in-depth analysis of 2023 (Leather Goods & Saddlery revenue in 2022). The leather

métier carried out this analysis because it is the métier with the highest impact according to the analysis conducted in 2021. The scope of the study covers scopes 1, 2 and 3 upstream (*i.e.* excluding the use phase). This scope is called the "Vertically Integrated Scope" by CDC Biodiversité.

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 measured for Hermès 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 and guiding our supply chain actions. These analyses are also gradually 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.

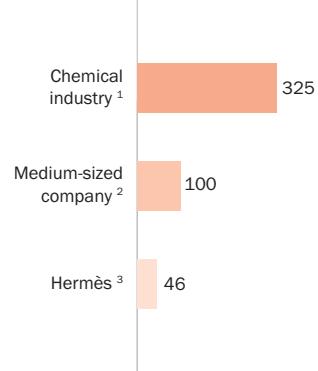
BREAKDOWN OF HERMÈS' TERRESTRIAL DYNAMIC IMPACT BY SCOPE



BREAKDOWN BY MAJOR CATEGORIES



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



(1) Vertically Integrated Scope.

(2) All sectors, world, scope 1.

(3) Vertically Integrated Scope.

Main results of the Global Biodiversity Score (2021)

1. https://www.cdc-biodiversite.fr/publications/2024_dossier49-global-biodiversity-score-2023-update/

Focus on the Leather Goods & Saddlery métier

In 2023, 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 work made it possible to identify two priority action levers within our supply chains: livestock farming and animal feed. To clarify these Group results, an in-depth study of this activity was launched in 2023, focusing in particular on a selection of the House's emblematic leathers (calfskin, lamb, goat, pig, cattle, crocodilian and ostrich) with their breeding systems and food rations, specific to each situation, in order to better understand the action levers of its supply chains and thus be able to act effectively on the biodiversity footprint of these sectors. This work is being finalised, which will guide the strategic biodiversity brief for 2024.

At the same time, field projects were initiated in 2023 for the cattle supply chain in France, with cooperatives, to be implemented in 2024.

2.4.3.5 IMPLEMENTING ACTIONS IN THE MÉTIERS, SUPPLY CHAINS 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 population of wild alligators now exceeds 3 million individuals in Louisiana, which is a real success for the conservation of this species.

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.

Most operating farms are now turning to solutions to not only reduce their footprint in terms of environmental water resources, but also for its reuse. To this end, studies and projects are being launched to produce organic fertilizers and develop irrigation projects for trees that can in turn produce vegetable tannins.

Actions are underway on Australian farms to reuse previously treated wastewater through the establishment of forest plantations. Thus, 120 hectares of mixed commercial species have been planted and are irrigated using all the wastewater from one of the farms, in an agricultural circularity approach. On another farm, 10 hectares of sandalwood that were planted with the aim of reusing previously treated wastewater as well as enabling Hermès to secure its supply of precious wood and essential oils.

Biodiversity studies are also underway in Australia in order to qualify and quantify the animal species present on sites and to monitor the evolution of this fauna in parallel with the creation of habitats.

Fight against deforestation

Hermès is aware of its role in maintaining forest ecosystem services. Hermès announced its Group Forests policy⁽¹⁾ in 2023, which applies to all areas of procurement of a selection of materials that come directly or indirectly from forests, with potential impacts on these ecosystems and their management methods. Although this material represents a small portion of its activity, the Group seeks to be exemplary, as evidenced by its A- rating on the CDP Forest questionnaires.

1. (in French) https://assets-finance.hermes.com/s3fs-public/node/pdf_file/2023-07/1690458496/politique-forets-hermes.pdf.

These raw materials have been prioritised based on an analysis of the social and environmental risks associated with their production, their weight in Hermès' chains and the Group's capacity for action. Hermès distinguishes between priority raw materials: cowhide, wood for the Home métier and production units, paper and cardboard for packaging used for Hermès objects, natural rubber, palm oil and derivatives, viscose and cellulose (textiles), and soy for farm animal nutrition.

In concrete terms, Hermès is implementing a policy whose aims are for the raw materials purchased to be produced in a responsible manner, in line with the Group's commitments and respecting the following criteria:

- ◆ regulatory (including the legality of production and compliance with applicable laws in the country of production as well as international laws);
- ◆ environmental (such as "no deforestation, conversion or degradation of natural ecosystems", particularly areas with High Conservation Value and High Carbon Stock);
- ◆ social and human rights (respect for the rights and health & safety of workers, farmers and smallholders; recognition and respect of the rights of indigenous populations and local communities).

By 2025, Hermès will adopt the appropriate measures for priority raw materials to:

1. source from supply chains without deforestation from the reference date of 31 December 2019, for raw materials used in both products and packaging by the entire Hermès Group;
2. pursue its duty of care and ensure respect for the Human Rights of stakeholders in its supply chains;
3. restore and remedy proven harm (environmental and social, including human rights) directly related to these raw materials and caused directly by its activities.

By 2030, Hermès has the following ambitions:

1. broaden the scope of actions to include other raw materials in its portfolio, known as "secondary" materials, such as certain perfume ingredients or particle board;
2. explore investment opportunities beyond its supply chains to accelerate sector transitions and finance conservation and restoration projects at the landscape and/or jurisdictional scale. The decision as to whether or not these investments will be made will rest with Hermès.

To fight concretely 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/paper in packaging.

- ◆ The GBS analysis of the terrestrial biodiversity footprint of leather at Hermès made it possible to become aware of the relative importance of cattle feed (even in absolute value, the share of imported soybeans in the feed of European livestock is low, and the

implementation of European regulations for feed suppliers should significantly reduce the risks).

- ◆ By requiring certified wood (FSC 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 of its suppliers taking into account the vulnerability identified by the IUCN. In 2023, analysis of the portfolio with a critical review of the vulnerability of species and country risk was carried out by Hermès Maison with the help of an independent firm, and with the support of WWF.
- ◆ As a reminder, in stores, 100% of orange bags are FSC-certified. The cardboard of the emblematic orange boxes is made of 100% recycled material.

Furthermore, in the various Hermès Métiers, the identifying of geographies, sub-geographies, including the GPS coordinates of forestry operations used for the manufacture of wooden objects and furniture, makes it possible to strengthen the demand for FSC certification or, failing that, PEFC or other local certifications incorporating a zero deforestation policy. 90% of Hermès Métiers' woods are certified, compared with 50% in 2022. To ensure proper use of the material, production waste is classified according to its end-of-life.

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 manufacturing site.

2.4.3.6 BIODIVERSITY MANAGEMENT AT OPERATED SITES

The study of the impacts on biodiversity conducted in 2019 shows that the preservation of biodiversity on its operated sites is not the Group's biggest issue. Nevertheless, out of a concern for ethics and to be exemplary, Hermès wishes to implement the best standards possible to respect nature there.

In accordance with the principles of the Harmonie standard § 2.5.2, any new manufacturing site is subject to an impact study. This includes issues related to fauna and flora and the preservation of natural environments. As a reminder, most of the production sites are located in France, and are therefore subject to some of the strictest regulations in the world. The framework goes beyond these legal constraints.

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 should be 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 now enable architects and landscapers to best integrate this dimension into their projects.

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, that of Guyenne on a road construction aggregate site, and those of Louviers and Saint-Junien are also reconverted manufacturing sites. The future Leather Goods workshop at Riom follows this same approach, which greatly limits the artificialisation of surface areas while continuing the activity's growth. With regard to the Sormonne site, biodiversity has been preserved and restored on the green spaces surrounding the site.

In 2023, 19 Leather Goods workshops were assessed with the help of an independent expert and 16 indicators based on the five erosion factors defined by IPBES were retained; they are intended to measure the pressure on biodiversity, integrating at the same time 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 all the green spaces at the Leather Goods workshops, the level of achievement of these best practices was 68% in 2023 compared to 60% in 2021. For example, the average mowing frequency per m² and per year decreased from 6.5 in 2021 to 5.3 in 2023. The special attention paid to these green spaces has also made it possible to detect several invasive alien species for which a specific treatment will be carried out over the coming years.

The actions carried out by the Leather métier have been extended to all production sites in France, making it possible to target 100% of sites involved in biodiversity actions by 2025.

The Group's textile supply chain also pays close attention to these issues. In 2023, an eco-management plan was drawn up with a partner of the SIEGL textile site to promote and enhance local biodiversity; this plan should also lead to the planting of new trees and shrubs around the site. The natural rain catchment of the ITH textile site and its drainage bed were dredged to return the flow to previous levels. During this work, pollution related to previous activities external to Hermès was discovered and treated; it also enabled the removal of Japanese knotweed seedlings, an extremely invasive species, from the area.

Hermès Horloger, for its part, assessed its two Swiss production sites with the assistance of independent experts (landscapers or biologists): water use, use of phytosanitary products, frequency of mowing, invasive alien species, habitats favourable to biodiversity, etc.

After finalisation of the diagnostics of the manufacturing sites, action plans were 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. Thus, CATE's Tableware site has planted flower meadows in the parking areas and alongside the building, installed six beehives and planted around 40 trees, including fruit trees. In this spirit, late mowing is practiced at the Beyrand printing tableware site.

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 scientists. 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 in the Seine-Saint-Denis department, 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 Perfume and Beauty site in 2022.

2.4.3.7 CONTRIBUTING TO POSITIVE ACTIONS OUTSIDE HERMÈS' SPHERE OF RESPONSIBILITY

Fondation d'entreprise

Since its creation in 2008, the Fondation d'entreprise Hermès has been committed to the preservation of the living world. The protection of biodiversity and natural ecosystems is one of the four pillars of its action and today takes shape through a variety of projects, directly led or supported by the Fondation, aimed at maintaining or restoring fragile ecological balances. Driven by the desire to perpetuate the richness of the various environments of our planet in order to pass them on to future generations, the Fondation acts through several levers: raising awareness and training, research, and support for those who carry out concrete actions on the ground.

In September 2023, a third edition of the Manuterra programme⁽¹⁾, learning from life, initiated and supported by the Fondation d'entreprise Hermès in close collaboration with the Compagnons du Devoir and the Tour de France, was rolled out in 10 partner academies with 24 classes of students from primary to high school. Around 600 students were taught about the beauty of nature and the necessity of preserving it. Alongside professional gardeners and their teachers, the young citizens of tomorrow can discover the diversity of species and learn the savoir-faire related to gardening métiers and permaculture. **In 12 two-hour sessions, together they imagine and create a garden rich in biodiversity, which they continue to take care of afterwards. In synergy with this programme, the Fondation d'entreprise Hermès has been supporting a participatory science programme also intended for schoolchildren since 2019: the Vigie-Nature École**

1. <https://www.fondationentreprisehermes.org/en/program/manuterra>

programme rolled out across France by the National Natural History Museum.

Wishing to reach out to young adults, in 2023 the Fondation contributed to the L'Intelligence verte association's student cooperative vegetable garden project in Blois (Loir-et-Cher), with the aim of helping young people to reappropriate savoir-faire related to food autonomy and the regeneration of ecosystems.

Since its very first edition in 2020, the Fondation d'entreprise Hermès has been supporting the forward-looking and trans-disciplinary Agir pour le vivant festival. In 2023, it also supported the "Vivre le Rhône" project led by the association LEAST – *Laboratoire écologie et art pour une société en transition*: co-creative processes (walks, surveys, mapping, writing workshops) between artists, scientists and civil society (associations, fishermen and women, young people who have dropped out of school or who are marginalised, students, etc.) around the Rhône as a living element.

Lastly, in 2023, the Fondation contributed to the development of a new biodiversity space of 12,000 m² in the Parc de la Villette. This space, a living showcase accessible to everyone, includes, for example, an educational farm and several spaces designed for mediation activities for young people and adults.

The Fondation d'entreprise Hermès is committed to supporting those who work closely with biodiversity on a daily basis. Several projects supported by the Fondation on a long-term basis illustrate this tangible attention paid to the living world: the preservation of the ancient forest of La Massane, with support for research teams within this national nature reserve in the Pyrénées-Orientales; the transmission of agro-ecological practices in the rural world with the L'Atelier paysan cooperative; the fight against the trafficking of protected species with WWF.