



**A PATH FOR A HIGH SOCIAL
AND ENVIRONNEMENTAL
PERFORMANCE IN REAL ESTATE**

A UNIQUE AND CHALLENGING STANDARD

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ÉDITO

The house's approach is rooted in the constant and uncompromising pursuit of quality. Since its creation, Hermès has attached great importance to **its artisanal model and humanist values**. Its uniqueness is expressed through creative freedom, a constant quest for the finest materials, the transmission of know-how, and details designed with use in mind. As **a house of objects that are made to last**, Hermès seeks to make all its actions to conform to high standards of **sustainability and quality**, which naturally led us to create our own sustainable construction standard starting in 2016.

We then thought about the idea of "sustainable real estate" more broadly, this time including environmental, social and corporate performance criteria that could apply to any kind of real estate project.



Olivier Fournier,
Executive Vice-President Corporate Development
and Social Affairs

After several years, this work led to the creation of the **Harmonie** standard in 2021 – a right balance between the house's specific characteristics and the various challenges of real estate.

In 2022, the standard was joined by a governing body that reflects Hermès' diversity: the Sustainable Real Estate Committee.

Harmonie, which is based on **demanding criteria**, was approved by Bureau Veritas in November 2022 for its alignment with the industry's most ambitious standards.

With *Harmonie*, Hermès is pursuing its commitment to sustainable and responsible real estate for future generations.

THE CHALLENGES OF REAL ESTATE



The real estate industry faces environmental, social and economic challenges. Collective awareness pushes the sector to continually innovate and become ever more responsible.

Real estate practices are currently evolving as the industry considerably contributes to global greenhouse gas emissions; furthermore, employees are increasingly mindful of companies' corporate and social commitments and sustainability criteria have become essential for investors. This has led to the implementation of more sustainable approaches across the sector (waste management, local anchoring, circular economy, choice of materials, etc.).

Sources: *Global Alliance for Buildings and Construction's 2020 global status report.*
February 2023 JLL study on the challenges of corporate real estate.

THE RANGE OF LABELS AND CERTIFICATIONS

There are many coexisting labels and certifications for determining the environmental impact of real estate. Each one bases its evaluation on specific criteria: carbon footprint, air quality, biodiversity, environmental quality, sourcing, etc. The following is a non-exhaustive selection of international standards on the market.

SINGLE-CRITERIA LABELS AND CERTIFICATIONS

BBCA

This French label created by the Association Bâtiment Bas Carbone (low-carbon building association) measures and promotes the reduction of a building's carbon footprint.

INTAIREUR

Established by APQAI - Association de Promotion de la Qualité de l'Air Intérieur (APQAI - Promotion of indoor air quality association), this is the first French label to promote the indoor air quality of new-build housing.

BIODIVERCITY

Developed by the Conseil International de la Biodiversité et de l'Immobilier (CIBi - International Council for Biodiversity and Real Estate), this label verifies the implementation of actions that addresses all biodiversity-related issues throughout the different stages of a real estate project worldwide.

WELL

After several years of research in partnership with healthcare professionals, psychologists and designers, American Paul Scialla created this international certification. It gives priority to the health, comfort, and well-being of the building occupants.

EPV

Established by the Institut National des Métiers d'Art (French national institute of artistic crafts), Entreprise du Patrimoine Vivant (EPV - Company of patrimonial living) is the only government label given to a company that covers all of its activities and recognises the excellence of its know-how.

MULTI-CRITERIA CERTIFICATIONS

HQE

This certification, created by the French association HQE - Haute Qualité Environnementale (High Environmental Quality), recognises the qualities and performance of buildings around the world with respect to sustainable development.

BREEAM

Developed by the British Building Research Establishment, the certification BREEAM (Building Research Establishment Environmental Assessment Method) evaluates the building environmental performance worldwide.

LEED

LEED (Leadership in Energy and Environmental Design) is a certification which helps professionals to upgrade the quality and the impact of buildings on the environment.

WHAT IS THE DIFFERENCE BETWEEN A LABEL AND A CERTIFICATION?

A label is generally applied by a private or public organisation and guarantees that a product or a service complies with certain specific standards. A certification is issued by an accredited organization and attest the compliance of the company.

THE CHOICE OF A REAL ESTATE STANDARD UNIQUE TO HERMÈS

There are a huge number of industry labels and certifications with different criteria and evaluation methods. As they cannot be used to assess its entire real estate portfolio, Hermès has decided to create its own *Harmonie* standard. To this end, the house's manufactures, stores and offices are designed to be as sustainable and desirable as the objects that are found there, all the while combining functionality and well. being for all staff who work there day-to-day. *Harmonie* lays the foundations for an ever more sustainable real estate that will continually evolve over time and incorporates more than 80 challenging criteria that are equivalent to or exceed most of the industry standards.

THE HOUSE'S AMBITION

Sustainable growth of its
real estate portfolio

THE HISTORY OF THE *HARMONIE* STANDARD

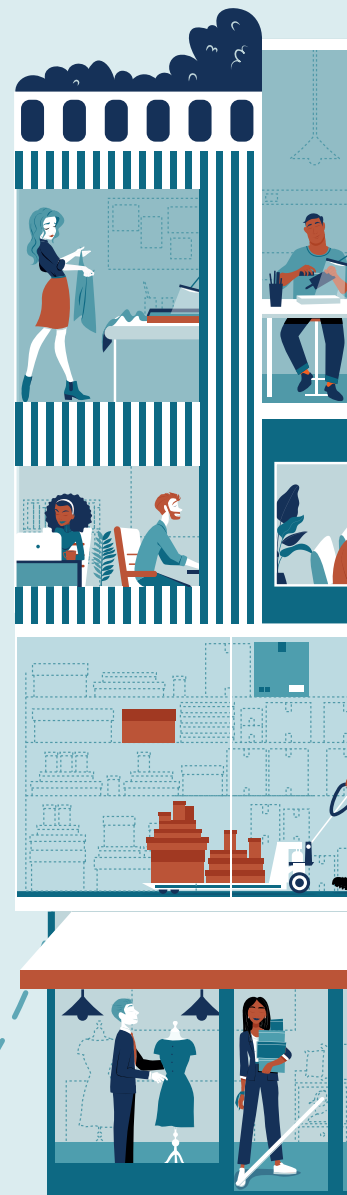
Striving for excellence
at every step

A TAILOR-MADE APPROACH

A dynamic that supports
Hermès ecosystem

CHOOSING THE RIGHT BALANCE

Equal importance criteria
with high standards



THE HOUSE'S AMBITION: SUSTAINABLE GROWTH OF ITS REAL ESTATE PORTFOLIO

With a real estate portfolio of over 500 sites, Hermès constructs and renovates many buildings every year.

The house is firmly anchored in the present while remaining true to its original model.

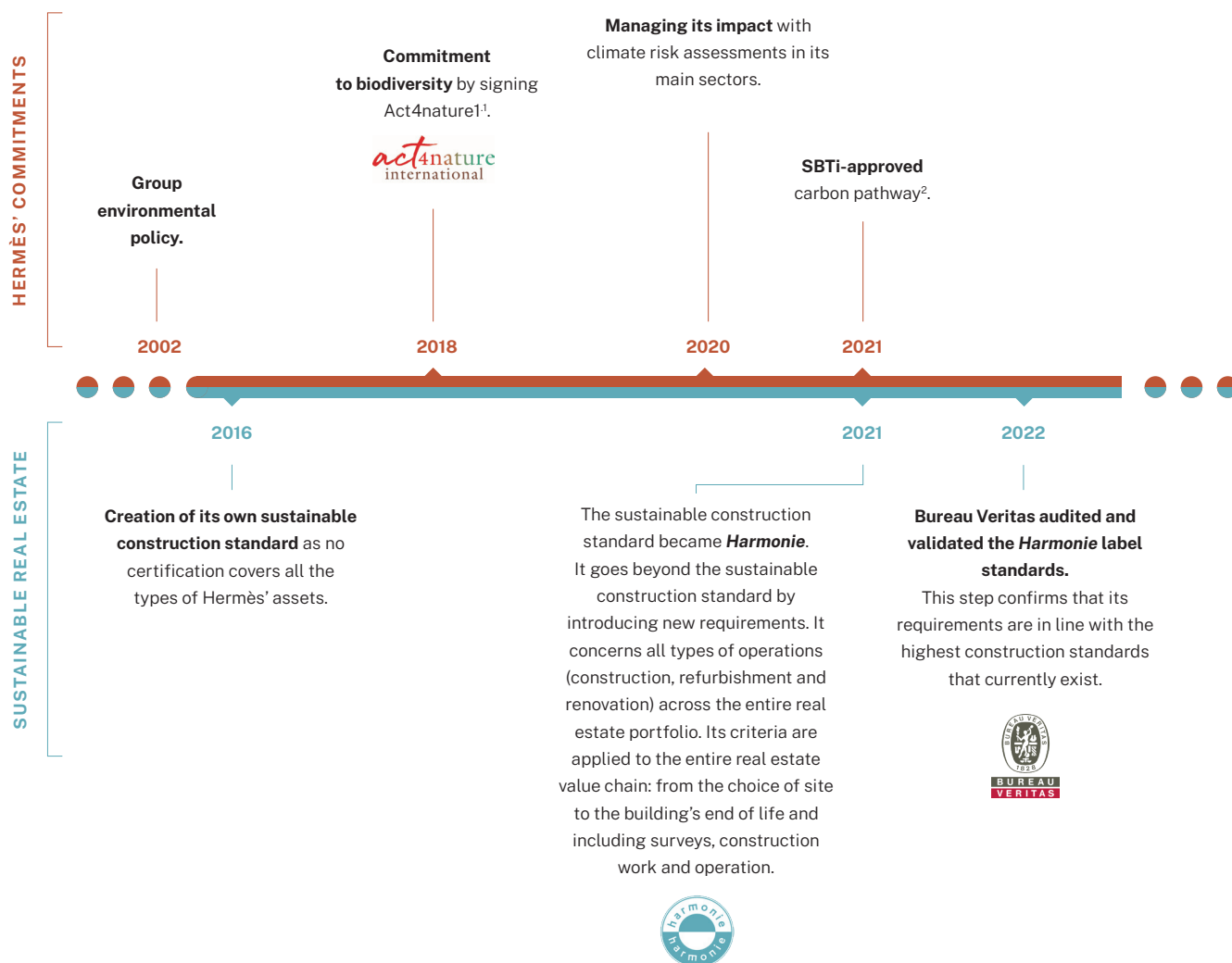
Guided by its artisanal values,
the house seeks to promote
the collective interest
and to act responsibly
wherever it operates.

Since it is committed to its desire to “do good together” and determined to achieve excellence, the Real Estate Department works long-term to support controlled and sustainable growth, from the choice of site to the building's end of life. It reconciles its environmental and social demands with its growth with respect to the challenges of real estate: reducing its carbon footprint, preserving ecosystems, promoting regions, and limiting factors that impact health, acoustic and visual comfort.

The Real Estate Department and all of its worldwide partners have committed to an ongoing transformation plan to provide the house with better-performing and more resilient buildings.



HISTORY OF THE *HARMONIE* STANDARD: STRIVING FOR EXCELLENCE AT EVERY STEP



¹ Act4nature is an initiative that aims to mobilise companies with respect to their direct and indirect impact, dependence and possible actions to support nature.

² The Science-Based Targets (SBTi) initiative encourages companies to set targets for reducing greenhouse gas emissions based on scientific data in order to effectively combat climate change.

A TAILOR-MADE APPROACH: A DYNAMIC THAT SUPPORTS HERMÈS' ECOSYSTEMS

The Real Estate Department seeks to provide unique places for everyone that are integrated into their local area and respect their environment. Its ambition is not only to design warm and welcoming environments but also to make them unique by highlighting Hermès' métiers, know-how and culture.

**Harmonie is a bespoke initiative by
and for all Hermès employees.
So that tomorrow, every one of us
across the world can continue to
create beautiful things in beautiful
places.**

artisans, sales assistants, employees and shareholders, but also its partners, including architects, lessors and suppliers.

So that everyone – staff, visitors and clients – can operate confidently in their environment. By considering the well-being and quality of working life for all the occupants of a building, without exception. By offering a flawless sales experience and taking care of our clients.

Staying true to Hermès' values, the Real Estate Department has worked over the long term, drawing on extensive feedback about the experience and relying on all of its community: its



GOVERNANCE AS PART OF HARMONIE

With *Harmonie*, the Hermès Real Estate Department is not only taking control of its content but also of its governance. The Sustainable Real Estate Committee was founded in 2022. It introduces actions that fall within its four missions:

- To take decisions on and enrich Sustainable Real Estate roadmap
- To examine projects in light of the reachable environmental performance
- To formulate recommendations to project managers
- To supervise and communicate environmental performance progress.

SUSTAINABLE REAL ESTATE COMMITTEE

Comprised of the group's industrial, commercial, financial, human resources, sustainable development and real estate departments.



The environmental performance is integrated into the Universal Registered Document

¹ EODD Consulting Engineers, more than 30 years of experience dedicated to sustainable cities and industries.

² Bureau Veritas is a world leader in testing, inspection and certification. In the context of *Harmonie*, the label is renewed each year to take into account the developments to each criterion over time.

CHOOSING THE RIGHT BALANCE: EQUAL IMPORTANCE CRITERIA WITH HIGH STANDARDS

Harmonie defines a new standard of requirements. It strikes the right balance between the house's specific characteristics and the various challenges of real estate, across its entire value chain.

Conceived as part of a dynamic of continuous improvement, this standard addresses five criteria of equal importance.



CARBON FOOTPRINT

Reducing greenhouse gas emissions at every stage of a building's life cycle: construction, operation, renovation, demolition.

- Construction products and equipment (raw materials, manufacturing, transportation, future as waste)
- Energy use and production
- Building site energy use and emissions (fuel for the earthmoving machinery, energy used by the construction camp, etc.)



AIR QUALITY

Ensuring clean indoor air by managing sources of pollution and effectively treating the air.

- Pollutant level guidelines in accordance with the highest standards (OMS¹, ANSES², HCSP³):
- TVOC (total volatile organic compounds)
 - Formaldehyde
 - PM2.5 (fine particles less than 2.5 microns)
 - PM10 (fine particles less than 10 microns)
 - NO₂ (nitrogen dioxide)
 - CO₂ (carbon dioxide)
 - Benzene
 - Radon if applicable



LOCAL SOURCING

Using local stakeholders and know-how to support the local economy and promote its regional wealth.

- Local sourcing:
- Distribution projects: supply distance less than 1,200 km (or from the same country for the Asian and American regions)
 - Tertiary projects and manufactures: supply distance less than 300 km (or from the same country for the Asian and American regions)



BIODIVERSITY

Preserve and improve the environmental quality of the local site in terms of biodiversity.

- Types of action:
- Roof greening
 - Managing rainwater on the site
 - Limiting noise and light pollution
 - Preserving natural green spaces
 - Diversity of plant layers
 - Absence of exotic species



ENVIRONMENTAL HEALTH

Ensure the health of the living by working on all the factors that could affect it in the short and long term.

- Factors:
- Physical
 - Chemical
 - Biological
 - Social
 - Psychosocial
 - Aesthetic

- Consequences:
- Food quality
 - Physical activity
 - Exposure to stress
 - Water quality

¹WHO: World Health Organization

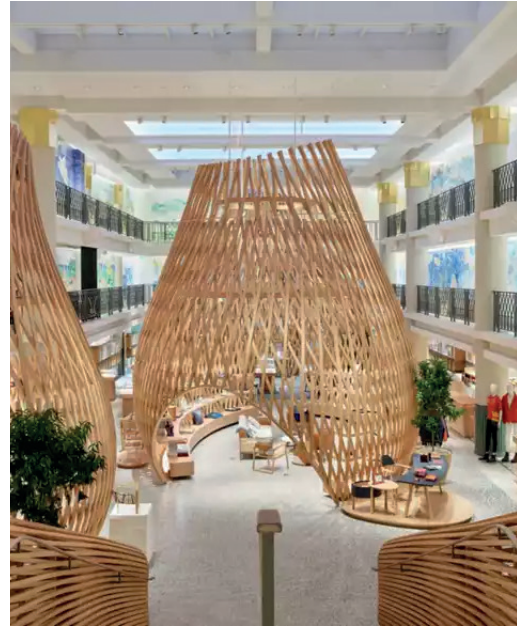
²ANSES: Agence Nationale Sécurité Sanitaire Alimentaire Nationale (French agency for food, environmental and occupational health & safety)

³HCSP: Haut Conseil de la Santé Publique (French high council for public health)

A STANDARD THAT HELPS THE HOUSE TO ACHIEVE ITS OBJECTIVES

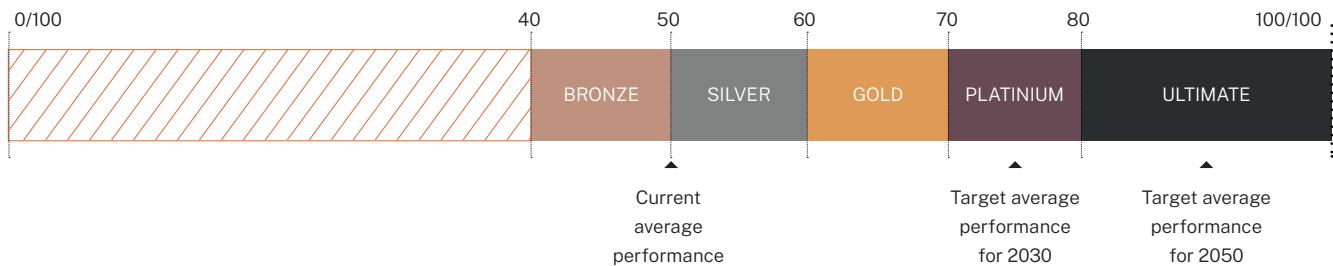
Harmonie contributes to Hermès' overall objectives, namely:

- **To halve the carbon footprint per m²** constructed and renovated by 2030 (compared to 2018).
- To ensure levels of pollutants at the house's sites are **lower than the maximum values of the most stringent standards and regulations**.
- **To give priority to local resources and materials** with the intention of achieving 100% local in 2050.
- **To enhance green spaces.**
- To significantly **reduce** water use by 2030. **To ensure the reduction** of the light pollution.



THE STANDARD'S RATING SYSTEM

Harmonie rates real estate projects on a scale from Bronze to Ultimate, bearing in mind that 50% of the compliance criteria are mandatory.



THE LOUVIERS PROJECT: A CONCRETE EXAMPLE OF *HARMONIE*



The opening of the Louviers leather goods workshop in April 2023 reasserted Hermès' desire to enduringly contribute to the growth dynamic of the regions.

A HIGH ENVIRONMENTAL PERFORMANCE PROJECT

The Louviers leather goods workshop was designed by French-Lebanese architect Lina Ghotmeh and was guided by the “archaeology of the future”, i.e., the way that a building arises from its environment and the memory of its location.

This building enhances the house's local integration and its attachment to creating permanent jobs, training people in exceptional crafts and developing its artisanal know-how.

It meets the five assessment criteria of the *Harmonie* standard.



MINIMISING THE CARBON FOOTPRINT

This workspace **produces more energy than it uses**; it is the first industrial building to hold the E4C2¹ label in France. Its requirements are met through geothermal energy and more than 2,300 m² of solar panels, which allow it to be self-sufficient in terms of energy.



PRESERVING AIR QUALITY

All of the construction materials are rated A+ and therefore release very few pollutants into the air. In addition, high-quality filtration has been implemented across the entire building using activated carbon filters.

¹ The E+C- label evaluates the performance of a new building according to two criteria: energy (E) and carbon (C). Level E4, the highest level, means that the Louviers leather goods workshop is a positive energy building. Level C2, also the highest, denotes the most efficient operations for carbon footprint reduction.



DRAWING ON LOCAL RESOURCES AND EXPERTISE

Built on a brownfield site, the structure of the leather goods workshop is made from **wood** and **bricks**. The bricks are **produced 70 km from Louviers**. Constructed from over 500,000 red bricks, this leather goods workshop promotes the artisanal know-how of Norman bricklayers.

Furthermore, most of the companies involved in the construction project are less than 300 km away as the crow flies.



CARING FOR BIODIVERSITY



From its construction to its day-to-day operation, the architecture has been designed to ensure **that the building embraces**, extends and complements its natural environment.

Using the earth excavated from the construction work and thanks to the expertise of Belgian landscaper Erik Dhont, a hilly park was created and most of the trees on the site were retained. Designed to preserve local biodiversity, this garden is equipped with a system for recovering and directing rainwater into the water table (zero discharge to the sewage system).



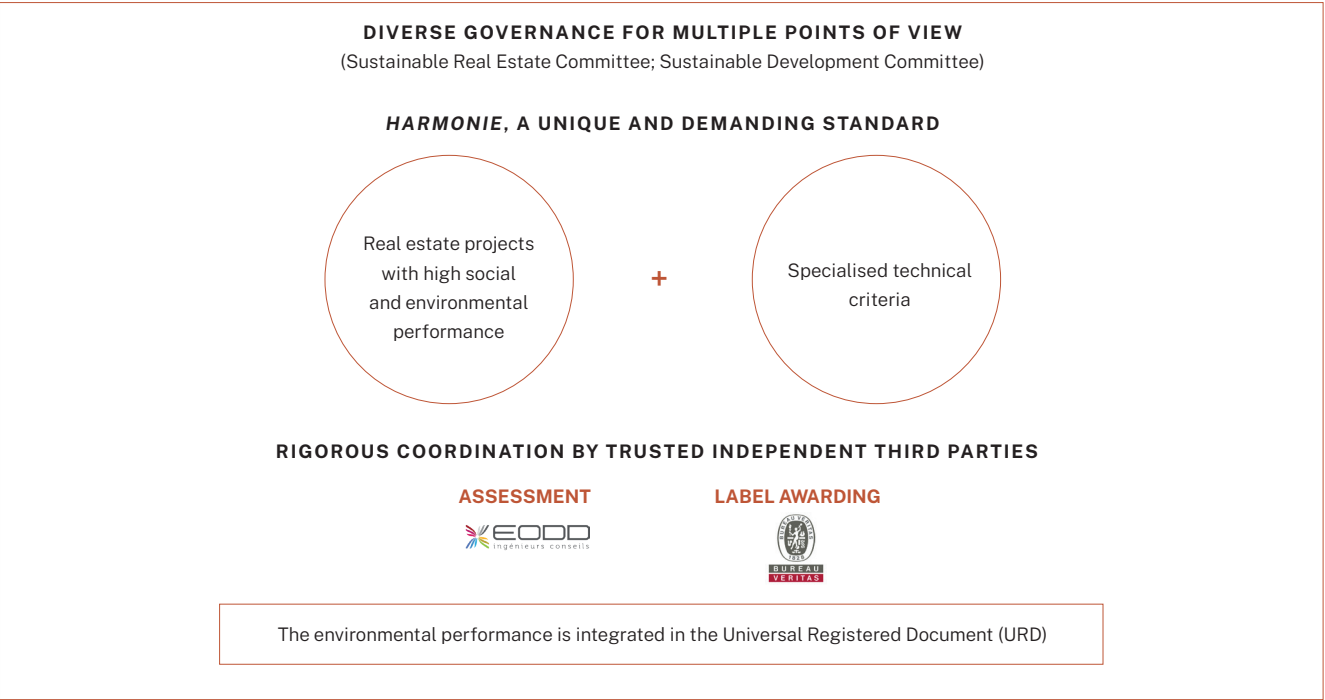
PROMOTING ENVIRONMENTAL HEALTH

The building's bioclimatic design means that it has been located **to take advantage of the natural light and ventilation** to limit the need for lighting, heating and air conditioning.

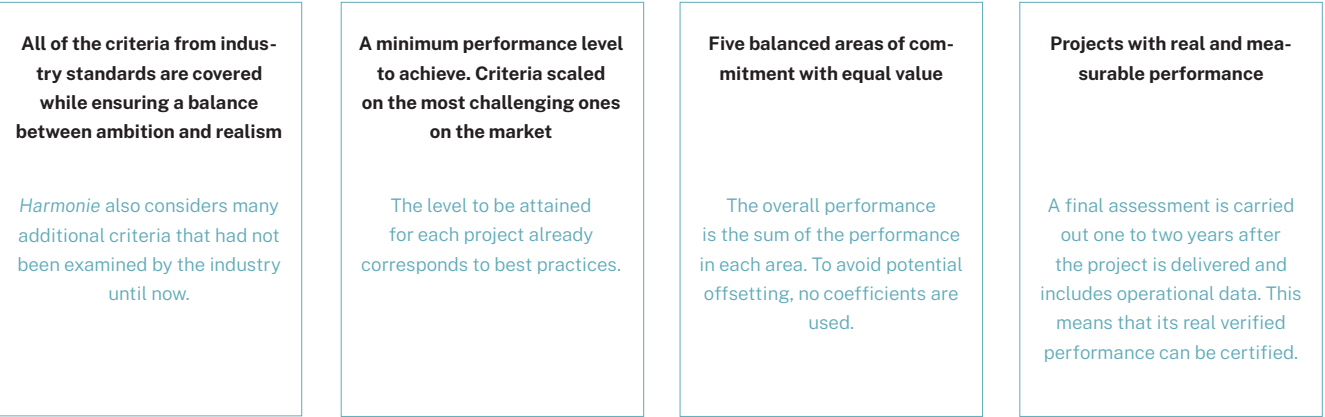
It was in this harmonious setting that the artist Emmanuel Saulnier was invited to design a piece of art for the "village square", the manufacture's courtyard and meeting place **to promote the individuals well-being**.



UNDERSTANDING *HARMONIE* AT A GLANCE








In addition to strict governance and coordination, *Harmonie* stands out in sustainable real estate:



MARKET STANDARDS COMPARED TO *HARMONIE*

Harmonie encompasses more than 80 highly demanding criteria that are equivalent to or better than most of the industry standards. The house chose to give little or no consideration to certain criteria as they are either naturally included in the thought process or are not applicable to Hermès. This is a way of ensuring a balance between ambition and realism.

	HARMONIE	BREEAM	LEED	HQE
 CARBON FOOTPRINT				
Monitoring the carbon footprint	●	◐	◐	●
Responsible construction: reducing the carbon footprint	●	◐	◐	◐
Reducing construction on-site emissions	●	◑	◑	●
Managing energy consumption	●	◐	◐	◐
Producing energy on-site renewable energy and energy reuse	●	◑	◑	◑
Energy consumption emissions during operation	●	◐	◐	◐
 AIR QUALITY				
Concentration of pollutants in the indoor air	●	◑	◑	●
Monitoring of indoor emissions	●	◑	○	◑
Monitoring the quality of the incoming air	●	◑	◐	◐
 LOCAL SOURCING				
Proportion of the total cost of local sourcing	●	○	◑	◑
Local know-how and products	●	○	○	◐
Promoting building on existing structures	●	◐	●	◑
 BIODIVERSITY				
Biotope Coefficient per Surface area (CBS)	●	○	◑	◑
Smart effluent management	●	◑	◐	◐
Protecting local biodiversity	●	◐	◑	◐
Promoting biodiversity	●	●	○	◐
Integration of the building in its environment	●	◑	○	○
 ENVIRONMENTAL HEALTH				
Reduction of pollution	●	●	◑	○
Ergonomics	●	◐	◐	◐
Services	●	◑	○	◑
Natural light	●	◐	◐	◐
Management of water resources	●	◐	◐	◐
Efficiency in operation	●	◐	◑	◐

KEY

- Criterion not assessed
- ◑ Criterion rarely assessed
- ◐ Equivalent high-performing criterion
- Equivalent very-high-performing criterion

HERMÈS

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