

2023 Universal Registration Document

CSR Extract

Non-Financial Performance Statement (NFPS)



2.7.5.2 TCFD CORRESPONDENCE ANALYSIS

Hermès presents its actions according to the framework recommended by the TCFD. The TCFD (Task Force on Climate-related Financial Disclosures) is a working group created in December 2015 during COP 21. This working group has published recommendations, updated in 2021, on how to report and publish the risks and

opportunities related to climate change, with the aim of increasing transparency between companies and investors in order to reduce investment risks, and reconcile the short-term financial decisions with the long-term consequences of climate change.

TCFD recommendations	Correspondence with Hermès' strategy	Sections in the universal registration document
Governance		
Oversight by the Board of Directors of climate-related risks and opportunities	The CAG-CSR Committee oversees sustainable development issues and interviews the sustainable development department twice a year, enhancing the stringency of requirements regarding climate topics.	§ 2.1.6 and § 2.5.6
Management role in assessing and managing climate-related risks and opportunities	The Group's Executive Chairman, Axel Dumas, has been involved in many climate-related issues in recent years, including in particular the decisions to revise Hermès' climate commitment upwards with the SBTi validation for a trajectory of 1.5°C. The Executive Committee devotes at least four weeks per year to CSR, including the climate.	§ 2.1.6, § 2.5.1 and § 2.5.6
Climate strategy		
Risks and opportunities related to the climate that the Group has identified in the short, medium and long term	<i>The exposure to transition risk is studied both by the audit and risk management department in its vertical analysis of the House's main activities, by the industrial and sustainable development departments and by the Sustainable Development Board, with a more cross-cutting vision.</i>	§ 2.5.6.1
Impact of climate-related risks and opportunities on the Group's activities, strategy and financial planning	<i>Climate system disruptions and related operational, regulatory and political transition issues, such as carbon pricing, are already identified as physical and transition risks with impacts on the Group's supply chain, various operations (manufacturing, logistics, distribution), as well as on the behaviour of its customers.</i>	§ 1.10
Resilience of the organisation's strategy, taking into account different climate-related scenarios, including a 2°C or lower scenario.	<i>In 2019, the Group analysed the IPCC (Intergovernmental Panel on Climate Change) scenarios RCP2.6 (equivalent to a 2°C scenario), RCP4.5 and RCP8.5 over three time scales (two-year budget vision, within five years and a long-term vision of 25 years).</i>	§ 2.5.6
Management of climate risk		
Group processes to identify and assess climate-related risks	The Group's risk management process is based on the preparation of risk mapping as well as the use of additional tools to define the level of priority to be associated with the risks identified and the actions to be implemented to mitigate them.	§ 2.5.6 and § 4.3
Group processes for managing climate-related risks	The risk maps are regularly updated and the action plans are monitored directly by the Group's various entities under the supervision of the audit and risk management department.	§ 4.3
Integration of processes for identifying, assessing and managing climate-related risks into the organisation's overall risk management	The risk maps are consolidated annually into a Group-wide risk mapping, including climate-related risks such as the scarcity of certain raw materials.	§ 4.3
Metrics and targets		
Indicators used by the Group to assess climate-related risks and opportunities, in accordance with its strategy and risk management process	The SBTi validated Hermès' carbon emission reduction targets, confirming the consistency of its policy with the Paris Agreement's 1.5°C trajectory.	§ 2.5.1 and § 2.5.6
Communicate scopes 1, 2 and, if appropriate, 3 greenhouse gas (GHG) emissions, as well as related risks	Hermès bases its carbon emissions calculations on the rules of the GHG Protocol. The Group has set up a specific reporting tool and regularly calls on experts to refine the calculations of emission factors and revise some of the calculations carried out by the métiers or subsidiaries. Hermès ensures that the calculation of its carbon emissions is audited by an independent third party.	§ 2.5.6
Objectives used by the Group to manage climate-related risks and opportunities and performance against these objectives	The science-based targets, aligned with a world at 1.5°C, aim to reduce the absolute value of GHG emissions for scopes 1 and 2 by 50.4%, and the relative value by 58.1% (GHG emissions per million euros of gross margin) for scope 3 emissions over the period from 2018 to 2030.	§ 2.5.6