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Sustainable development



Resources management (water, energy, waste)

## AMBITION

Thanks to its artisanal model and innovative spirit, Hermès is able to develop while maintaining **low energy footprint and low levels of water consumption and waste production**. Managing this consumption, which is integral to the company's ecological and economic responsibility towards the major issues the planet currently faces, is an objective shared by all the company's divisions and métiers.

The Group policy is based on the following pillars:

- Improving measurement of consumption in order to implement solutions for reduction;
- Improving production processes by favouring the most economical technologies;
- Innovating by making use of environmentally friendly solutions.

## ORGANISATION

Environmental matters, in particular water, energy and waste, **are overseen by the Sustainable Development Committee and, more specifically, by the member of the Executive Committee responsible for the upstream division**, supported by a Deputy Managing Director in charge of industrial affairs and by the real estate development department. Each year, an analysis of the main challenges takes place and is shared with the Executive Committee. Material recycling is overseen by a group committee made up of members of the main entities concerned: leather goods, textiles, ready-to-wear and the commercial division.

## OBJECTIVES

- To **decouple** industrial water consumption from increased business activity.
  - To reduce industrial water consumption by **5% per year** (m<sup>3</sup> per million euros of turnover, constant scope) over the period 2018 to 2023.
  - To implement a multi-stakeholder approach and **co-build** with external stakeholders (regional governments, authorities and professional associations).
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- Hermès received an **A- rating from CDP for Water**, illustrating the extent of the company's efforts, in particular on an operational level.
  - A specific water risk analysis, using the **Water Risk Filter** tool and in partnership with the WWF France, is currently underway on the company's production sites and those of its main suppliers.

## EVOLUTION OF INDUSTRIAL WATER CONSUMPTION (M<sup>3</sup>)

In 2021, overall water consumption for industrial use increased +8.1% compared to 2020, a year impacted by site closures during the first lockdown in France. In comparison with 2019, consumption continued its decline (-6.1%), despite including in the results the consumption of the J3L group over a full year. Over the past 10 years, the Hermès Group has maintained its aim of decoupling, with industrial water consumption changing by a factor of 1.7 while activity grew 2.6-fold.



- 35%

reduction in water consumption intensity  
over 10 years (excluding farms)



- 23%

reduction in consumption of water for  
industrial use compared to 2020



100%

of the main métiers have at least one  
water recycling project



€1.25M

of investment in the improvement of  
waste treatment facilities for tanneries

#### THE FILTERING GARDENS OF SAINT-LOUIS

The preservation of natural resources is part of the House's DNA, and particularly for water, the presence of which determined the installation in 1586 of what would become the Cristalleries Saint-Louis. Today, the production unit is located in the heart of an exceptional territory recognised since 1989 as a cross-border biosphere reserve by UNESCO.

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The filtering gardens of Saint-Louis

## OBJECTIVES

- Put in place actions compatible with the global warming trajectory of 1.5 degrees and, in particular, continue the decoupling between industrial energy consumption and business growth;
- Implement a policy of 100% renewable electricity within its own operations by 2025 and renewable energies by 2030;
- No longer use gas or any other fossil fuel as an energy source for any new industrial investment, unless shown to be technically impossible;
- By 2023, all shops will be **100% lit by LED lights**, unless technically impossible.

## EVOLUTION OF INDUSTRIAL ENERGY CONSUMPTION (MWH)

In 2021, overall energy consumption increased (+9.6%) compared to 2020, a year impacted by site closures during the first lockdown in France. In comparison with 2019, consumption only increased very slightly (+2.5%), thanks to the solutions implemented by the industrial sites.

## ENERGY MIX

In November 2015, Hermès decided to play an active role in the energy transition process. **All its French sites are now supplied with 100% green electricity**, from hydroelectric, solar and wind power sources. Worldwide, the group sourced 87% of its electricity from green sources in 2021.

## ENERGY EFFICIENCY AND OPTIMISATION

**The most energy-efficient systems have been implemented** on production sites, in service buildings and in shops, with insulation, lighting, energy management systems and a choice of energy sources.

The energy efficiency of industrial equipment has been improved by investing in more efficient equipment and reducing consumption by optimising operating parameters. For this reason, 84% of the Group's shops are equipped with LED lighting.



**- 48%**

reduction in energy consumption intensity  
over 10 years (excluding farms)



**- 18%**

decrease in stores' electricity  
consumption since 2018



84%

of shops lit with LEDs (worldwide)



87%

of electricity from renewable sources  
(worldwide)



3

Leather Goods workshops equivalents  
using own photovoltaic electricity  
production

#### LOUVIERS

Hermès is building **the first energy-positive Leather Goods workshop** in Louviers (Normandy). The first stone of the production unit was laid in September 2020. This project to rehabilitate a brownfield site near the city centre will serve as a proof of concept for the Hermès group's future Leather Goods workshops.

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Inauguration of the Louviers' site

## OBJECTIVES

The House's policy is based on two main levers:

### **Reducing waste production**

- Innovating across industrial or production management procedures, for example through "exactly enough" as opposed to "surplus" production;
- Leading waste management training and awareness-raising activities, particularly for the offices;
- Reducing the number of unsold items through bespoke commercial management: freedom of purchase for stores, replenishment flexibility and transfers between stores.

### **Waste recovery**

- Facilitating waste collection, and following a circular economy logic, internally and externally, as soon as possible;
- Working on materials end-of-life through the best certified waste treatment channels;

- No destruction of new products intended for sale in France, particularly for clothing, by 2022 (Agec law).



10,043

tonnes of ordinary industrial waste (OIW)



2,787

tonnes of hazardous industrial waste  
(HIW)

#### RECYCLING OF INDUSTRIAL WASTE



44%

of industrial waste is recycled (excluding  
energy recovery)

## REPROCESSING OF INDUSTRIAL WASTE



86%

of waste recycled and recovered as a proportion of total leather waste tonnage



100%

of leather waste from production sites has been processed via approved channels

All the House's sites have introduced **waste sorting systems**.

All employees have received an **eco-action booklet** on the prevention of waste production or waste management.

Discover how the resources management takes part in our strategy "All artisans of our sustainable development".

Download our documents:

- "Resources and waste management"

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