



*act*4nature

Business for Biodiversity

Companies' commitments

July, 10 2018 • Paris

*act*4nature

Business for Biodiversity



THE 10 COMMON COMMITMENTS

The scientific community:

- warns us about the damage to biodiversity caused by the current global economic development model⁽¹⁾ and demographic trends;
- gives us notice that the assumption of a sixth mass extinction caused by human activity is proving to be true⁽²⁾;
- explains to us that biodiversity is under threat and, consequently, so is the functioning of the living planet;
- alerts us that ecosystem services will be affected, without us yet being able to estimate all the social and economic consequences, including impacts on our businesses.

The scientific community also specifically points out that the situation will get worse on land and in our oceans if no action is taken to address the factors behind biodiversity damage: land artificialisation and territorial fragmentation that reduce habitats, resource overexploitation, monocultures, pollutions, expansion of alien invasive species, and lastly climate change. These high-inertia mechanisms are for the most part interlinked, indirect and diffuse.

Our companies can contribute to the development of new dynamics. Beyond their corporate social responsibility, it is in their interest to do so since they depend on ecosystems working properly and since a change of approach also carries new opportunities.

We already have solutions and can develop new ones, thereby meeting changes in the mindset and expectations of a growing part of the population.

Concrete experiences in our companies and our value chains, from suppliers to customers, are encouraging us to change scale and create value by integrating biodiversity into our strategies.

Most of the countries in which we operate are pursuing public policies, at various levels, aimed at conserving and restoring biodiversity as well as encouraging all actors to play an active part in this direction. In France, the National Biodiversity Strategy (SNB), formulated within the framework of the Convention on Biological Diversity⁽³⁾, implements initiatives along those lines and encourages companies to adopt voluntary approaches to meeting targets set by the international community.

The commitments that follow are in line with those public authorities' initiatives.

Aware of the role our companies are expected to play, we are accordingly committing to integrating nature - environments, animals, plants, ecosystems, interactions and genetic heritage - into our strategies and business models, and to taking concrete action to provide solutions for the conservation of biological diversity, its restoration, the sustainable use of natural resources and a equitable sharing of the benefits arising out of their utilisation.

(1) See latest reports from IUCN and IPBES.

(2) Text validated by the FRB Scientific Committee and reference to "World Scientists' Warning to Humanity: A Second Notice", BioScience, Volume 67, Issue 12, 1 December 2017.

(3) International treaty adopted at the Rio Earth Summit 1992, the parties to which adopted the Strategic Plan for Biodiversity 2011-2020 (Aichi Targets).

More specifically, we the signatories undertake to:

- 1 Integrate biodiversity into our corporate strategy, founding our action on available scientific knowledge;
.....
- 2 Engage in dialogue with all our stakeholders regarding their expectations and our impacts, actions and progress;
.....
- 3 Assess the various components of biodiversity of concern to us, using direct and indirect impact indicators, risk and performance indicators and, when relevant for decision making purposes, assess in economic terms our impacts and our reliance on smoothly functioning ecosystems;
.....
- 4 Promote the progressive integration of biological diversity into decisions throughout our value chains, from the production of natural raw materials to the final stage of our products life cycle after use by consumers;
.....
- 5 Primarily prevent, reduce and ultimately offset our impacts, by seeking on a case-by-case basis no net loss as a bottom line or even a net gain of biodiversity⁽⁴⁾ in our activities and geographical areas of influence, and by factoring in the need for ecosystems to adapt to climate change;
.....
- 6 Give priority to the development of Nature-based Solutions⁽⁵⁾, ensuring that they are implemented in a science-based and biodiversity-friendly manner, and promoting a certain variety in such solutions;
.....
- 7 Incorporate biodiversity into our dialogue with policymakers so that this issue is progressively embedded into public policies. When invited to do so, contribute to the national biodiversity strategies of countries where we operate;
.....
- 8 Raise awareness of and train our employees in biodiversity and its relation to their jobs. Promote and encourage nature-friendly initiatives by them and providing due recognition to such actions and practices;
.....
- 9 Mobilise resources and establish appropriate partnerships to support and monitor our actions taken in the field;
.....
- 10 Publicly report on the implementation of these commitments and of our individual commitments set out below.

Moreover, we call on other organisations across all sectors to join us in making and fulfilling these commitments. The individual commitments set out below take stock of these common commitments based on our respective activities.

(4) WCC-2016-Res-059-ENIUCN Policy on Biodiversity Offsets
https://portals.iucn.org/library/sites/library/files/resrecfiles/WCC_2016_RES_059_EN.pdf

(5) WCC-2016-Res-069-ENDefining Nature-based Solutions
https://portals.iucn.org/library/sites/library/files/resrecfiles/WCC_2016_RES_069_EN.pdf

HERMÈS' INDIVIDUAL COMMITMENTS IN *act4nature*

Hermès is a family business in which, since 1837, six generations of enterprising and passionate artisans, poets and traders, have passed on to their heirs a culture of beautiful materials, exquisite craftsmanship, and a love of objects made to last. In 2017, €5.2bn of turnover was generated across 30 different countries.

Hermès employs 13,500 people around the world, over 8,300 of whom are in France. Our operations are highly integrated, with over 70% of our products manufactured in-house, and 80% of our production taking place in France.

Hermès operates 41 production sites in France, mostly on a human scale (250 people) where Hermès is committed to respecting biodiversity and to dialoguing with its stakeholders: elected officials, local residents living on or near our sites, associations, suppliers, and so on. In total, Hermès has nearly 80 sites in France.

Our manufacturing follows an artisanal industrial model with a low environmental footprint, using renewable natural resources, particularly for our two most iconic materials: leather and silk. Most of our leather is sourced from European farms, while our silk comes from Brazil.

Hermès has a profound respect for nature, which is both the source of its raw materials and the environment of its production sites, and publicly reports on its commitment to sustainable development in its annual report, where biodiversity is reflected in three of its strategic priorities ("raw materials", "environment", and "stakeholders and local integration").

The common commitments outlined in the *act4nature* initiative signed by Hermès are complemented by the individual commitments detailed below.

1 Commitments within Hermès' sphere of direct responsibility:

Link with the common commitments: 1 (corporate strategy), 2 (dialogue with stakeholders), 4 (integration throughout our value chains), 5 (prevent, reduce, offset), 8 (employee awareness and training), 10 (reporting).

We are aiming to expand our biodiversity-friendly initiatives at our French sites in the following areas:

New construction projects:

Hermès aims to develop its French industrial sites in rural zones or on urban industrial wastelands requiring renovation (examples include Héricourt and Saint Julien), with a commitment from the outset to avoid threatening,

to respect or to develop existing biodiversity. All of our new projects are required to comply with our internal "sustainable construction" framework, inspired by the very best international practices, which outlines the criteria we apply:

- The proportion of site vegetation preserved after building work (target: > 70%),
 - The proportion of waste water processed via phytoremediation or equivalent (target where applicable: > 80%),
 - The proportion of green roof on a building (> 60%).
- We currently have green roofs across our three Pantin sites and at one of our leather goods sites (Nontron, Périgord),
- The number of biodiversity-friendly local initiatives in place (target: more than two),
 - The proportion of outdoor spaces in the shade at the winter solstice (target: < 30%).



Planting:

A certain number of our sites have been planted with fruit trees in accordance with land availability: a conservatory orchard at Héricourt (Doubs), apple trees at Sayat (Puy-de-Dôme), a partnership with a local chestnut tree conservatory (Puy de Dôme) in Nontron (Périgord) and in La Tardoire (Charente), and protected species planted at L'Allan (Doubs). The roof of our historic original store on Rue du Faubourg St Honoré in Paris is also planted with gardens and fruit trees. We aim to continue planting work at our manufacturing and tertiary sites.

Bees:

We run an in-house bee club and seven of our French sites have their own beehives: Faubourg St Honoré, Sayat (Puy de Dôme), Nontron (Périgord), Le Vaudreuil (Seine Maritime), La Tardoire (Charente), Belley (Ain), and Annonay (Ardèche).

Our goal is to ensure these beehives are built to last, to open up our sites to encourage natural beehive formation where possible, and to roll this initiative out across our other sites.

In addition, our local sustainable development committees run community initiatives to encourage biodiversity (promotion of organic farms, introduction of sheep to maintain fields, maintenance work in communal wooded areas, etc.) in partnership with their stakeholders as a way of raising awareness across the workforce and involving all employees. Outside France, our distribution subsidiaries contribute their own efforts, by installing vegetable patches on roofs in Hong Kong, for example, or by leading the Shanghai team out to plant trees on Chongming Island, a protected natural site.

In general, our employees are regularly informed about initiatives in favour of biodiversity. During the sustainable development seminars in France and abroad, the films *Tomorrow* (2016), *March of the Penguins 2* (2017) and *On a vingt ans pour changer le monde* (2018) were shown to participants.

Hermès will continue its efforts to raise awareness among its employees.

2 Commitments within Hermès' sphere of wider responsibility:

Link with the common commitments: 1 (corporate strategy), 2 (dialogue with stakeholders), 3 (impact assessment), 4 (integration throughout our value chains), 5 (prevent, reduce, offset), 8 (employee awareness and training), 10 (reporting).

We aim to continue working with the partners who supply our raw materials on constructive initiatives that safeguard the biodiversity of our planet.

To achieve this, we work with various international NGOs to better analyse which elements of biodiversity are related to us, and to evaluate our impact on our supply chain.

There are two areas that we are particularly interested in:

Alligators in Louisiana:

Hermès buys alligator skins both directly and indirectly from farmers in Louisiana. Extensively reorganised in order to implement the Washington Convention, the alligator industry contributes to (1) protecting the species and ensuring it thrives at unprecedented levels in the targeted areas, and as a consequence, (2) helping to protect and maintain the marshlands where these creatures live and reproduce. According to the United States Fish and Wildlife Service, this amounts to a total surface area of three million acres of wetlands that are now better maintained. We aim to continue supporting farmers as they develop, thus ensuring that the aforementioned effects (1) and (2) are sustained in order to protect the diversity of flora and fauna.

Silk worms in Brazil:

For more than 20 years, Hermès has helped establish a high-quality silk worm supply chain in Brazil. Located in the southern state of Paraná, mulberry tree plantations have helped sustainably develop this sector, drawing on Japanese expertise to do so.

This industry has enabled the preservation of deciduous trees with very low levels of chemical treatment, which is crucial for silk worms, as they only eat unpolluted mulberry leaves. This activity generates income for small, local farms and thus for thousands of families. Our goal is to continue supporting this sector, protecting plant biodiversity in the region as a result and providing a source of sustainable income for farmers.

3 Voluntary commitments beyond Hermès' sphere of economic influence:

Link with the common commitments: 1 (corporate strategy), 2 (dialogue with stakeholders), 6 (nature-based solutions), 7 (dialogue with policymakers), 8 (employee awareness and training), 9 (resource mobilisation), 10 (reporting).

As a responsible company, Hermès is willingly and voluntarily involved in biodiversity issues over and above its own activity

The Fondation d'Entreprise Hermès is an active contributor to a number of biodiversity projects and aims to continue its work in this field. It also supports a major, large-scale project in Africa in partnership with the WWF: *Traffic/AfricaTwix*. This project is aimed at preventing the poaching, trafficking and illegal trade of Africa's protected species by implementing IT tools that enable the authorities in the target countries to exchange information.

The Fondation d'Entreprise Hermès will continue to support this project.

Livelihoods: Since 2012, Hermès has been a shareholder in the Livelihoods (LH) fund aimed at sustainably improving living conditions for disadvantaged communities by developing very large-scale projects that have a real impact on climate change (www.livelihoods.eu).

The fund supports three types of project (ecosystems, agro-forestry and energy) in Africa, Asia and Latin America. The fund's projects bring together ten partners⁽¹⁾ for a 20-year period.

In total, the Livelihoods fund will contribute to the replanting of 130 million trees, including 18,000 hectares of mangroves (Casamance, the Ganges Delta, Sumatra) and 34,000 hectares of agroforestry (Andhra Pradesh, Guatemala, Kenya). Hermès will maintain its commitment to the Livelihoods Fund both for current projects and through the creation of an even more ambitious fund, launched in December 2017, which will have a significant positive impact on biodiversity.

(1) Danone, Schneider Electric, Crédit Agricole S.A, Michelin, Hermès, SAP, Groupe Caisse des Dépôts, La Poste, Firmenich, Voyageurs du Monde.