

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/AfricaTrix*. 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.