



**COMPENSATION, APPOINTMENTS, GOVERNANCE
AND CSR COMMITTEE
RULES OF PROCEDURE**

CAG-CSR COMMITTEE



PURPOSE

The Compensation, Appointments, Governance and CSR Committee or « CAG-CSR Committee » of Hermès International is a specialized committee of the Supervisory Board.

It was created on 26 January 2005 and the supervisory board has progressively decided to assign it new duties and responsibilities and to rename it subsequently as follows:

26 January 2005	Compensation Committee
18 March 2009	Compensation and Appointments Committee
20 January 2010	Compensation, Appointments and Governance Committee
16 November 2018	Compensation, Appointments, Governance and CSR Committee

These rules of procedure define the composition, missions and methods of organization and operation of the CAG-CSR Committee of Hermès International, which acts under the collective and exclusive responsibility of the Supervisory Board.

Their purpose is to enhance the quality of the CAG-CSR Committee's work by promoting the application of good corporate governance principles and best practices, in the interests of ethics and greater effectiveness.

1. COMPOSITION OF THE CAG-CSR COMMITTEE

1.1. CHAIRMANSHIP - NUMBER OF MEMBERS

The Chairman of the CAG-CSR Committee is appointed by the Supervisory Board. The Compensation and Governance Committee comprises at least three members of the Supervisory Board.

1.2. PROPORTION OF INDEPENDENT MEMBERS

At least half of the members of the CAG-CSR Committee must, at the time of their appointment and for the duration of their office, be qualified as independent as defined in the Supervisory Board rules of procedure.

1.3. TERM OF APPOINTMENT TO THE CAG-CSR COMMITTEE

The members of the CAG-CSR Committee are appointed by the Supervisory Board for the duration of their term of office as a member of the Supervisory Board or for any other period defined by the Supervisory Board. They may be reappointed indefinitely.

2. MISSIONS OF THE CAG-CSR COMMITTEE

The CAG-CSR Committee studies and prepares certain proceedings of the Supervisory Board and submits its opinions, proposals or recommendations to the Board.



Without prejudice to the powers of the Supervisory Board, which it does not replace, the duties of the CAG-CSR Committee are to:

With respect to compensation:

- be consulted and draw up recommendations from the Supervisory Board to Executive Management on the terms governing the compensation paid to Executive Committee members;
- be consulted and draw up recommendations from the Board to Executive Management on the terms and conditions of granting any stock options and free shares to Executive Committee members;
- draw up proposals and opinions on the total amount and distribution, particularly on the basis of attendance of directors' fees and other compensation and benefits awarded to members of the Supervisory Board and its Committees;
- review proposals for stock options and free share awards to senior executives to enable the Supervisory Board to determine the aggregate or individual number of options or shares allotted and the terms and conditions of allotment;
- review proposals for stock options and free share awards to employees and draw up recommendations thereon to Executive Management;
- assist the Supervisory Board in determining the conditions and performance criteria to be applied to awarding stock options, performance-based shares and/or additional pensions to Executive Chairmen;
- ascertain that the compensation of the Executive Chairmen complies with the Articles of Association and the decisions made by the Active Partner;
- acquaint itself with and make recommendations to the management or supervisory bodies of the main French subsidiaries within the Hermès Group on the compensation of Executive Corporate Officers;
- acquaint itself with and make recommendations to the management or supervisory bodies of the main French subsidiaries within the Hermès Group on the terms and conditions of awarding stock options to Executive Corporate Officers;
- carry out specific assignments entrusted to it by the management or supervisory bodies of the main French subsidiaries within the Hermès Group.

With respect to appointments:

- prepare the Board's proposals to the Active Partner after examining all the elements which it must take into account in its deliberation: balance to be sought in the composition of the Board in light of the composition of, and changes in, the Company's shareholders, search for and appraisal of possible candidates and advisability of reappointments;
- organise a selection procedure in conjunction with the Executive Chairmen for future independent members of the Board and carry out its own research on potential candidates;



- ensure a succession plan for Executive Corporate Officers (the Executive Chairmen) drawn up by the Active Partner;
- ensure the existence of a succession plan for the Chairman of the Supervisory Board.

With respect to corporate governance:

- recommend revisions to corporate governance rules as needed;
- periodically ascertain that independent Supervisory Board members meet the independence and objectivity criteria set out in the Supervisory Board's rules of procedure;
- review the composition of the specialised committees;
- oversee the annual evaluation of Supervisory Board practices;
- ascertain that the management bodies apply the Supervisory Board's rules of procedure and the recommendations of the current AFEP-MEDEF Corporate Governance Code in their operations.

With respect to Corporate Social Responsibility :

- assist the Supervisory Board in monitoring matters relating to CRS in order that the Hermès group better anticipate opportunities, issues and risks associated.
- Assist the Supervisory Board in monitoring social policy of the Hermès group and the policy of non-discrimination and diversity.

3. WORKING OF THE CAG-CSR COMMITTEE

The CAG-CSR Committee meets as many times as necessary and at least once a year, before the compensation of the Executive Chairmen is defined by the Active Partner.

The CAG-CSR Committee meets when convened by its Chairman, who sets the agenda of the meeting in writing or verbally, wherever indicated in the notice of meeting. Before each meeting of the CAG-CSR Committee, members receive, in due time, with reasonable prior notice and subject to confidentiality requirements, documentation concerning points of the agenda which require prior analysis and reflection.

The role of secretary for the CAG-CSR Committee meetings is performed, if they are present, by the Group's Human Resources Director, or by a member of the CAG-CSR Committee designated as reporter by the Chairman. The proceedings are noted in minutes which are entered in a special register and signed by the Chairman or a member of the CAG-CSR Committee and the secretary of the meeting.

Certain persons who are not members of the CAG-CSR Committee – in particular the Compensation and Benefits Director and the Executive Management – may be invited to meetings of the CAG-CSR Committee.



Meetings of the CAG-CSR Committee are validly held when at least half of its members participate, it being specified that members who participate in a meeting of the CAG-CSR Committee by way of video-conferencing or telecommunication, under the conditions stipulated for meetings of the Supervisory Board, are deemed to be present.

Decisions of the CAG-CSR Committee are made by majority vote of those present members.

4. REPORTS TO THE SUPERVISORY BOARD

The CAG-CSR Committee reports regularly in writing on its activities and the performance of its work to the Supervisory Board, and informs it without delay of any difficulties encountered.

The CAG-CSR Committee reports must fully inform the Supervisory Board as to the CAG-CSR Committee's performance of its assignments.

5. INFORMATION HANDLED BY THE CAG-CSR COMMITTEE

The CAG-CSR Committee is entitled to all the documents it needs to carry out its duties from employees of Hermès International among other sources and must in particular be informed about the compensation policy for senior managers who are not Executive Corporate Officers (especially members of the Executive Committee).

The CAG-CSR Committee may contact the Group's main senior executives as part of its remit, once the Chairman of the Supervisory Board has informed the Executive Management.

It may, if necessary, request the intervention of an external expert to carry out additional studies.

6. COMPENSATION OF THE CAG-CSR COMMITTEE

The remuneration of the members of the CAG-CSR Committee is defined by the Supervisory Board and deducted from the total amount of directors' fees.

7. SELF-ASSESSMENT OF THE CAG-CSR COMMITTEE

The CAG-CSR Committee regularly assesses its performance, covering the points of its assignments and its commitment by means of an assessment table.

As part of this process the different areas of responsibility and commitment of the CAG-CSR Committee and its members are reviewed and assessed and any applicable recommendations for improving performance are made.