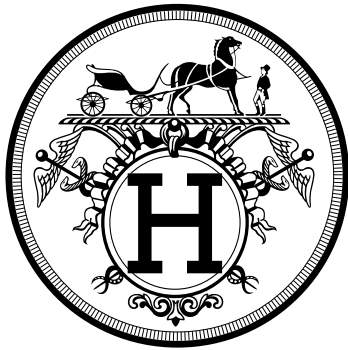




HERMÈS

2015 ANNUAL REPORT
OVERVIEW OF THE GROUP
REVIEW OF OPERATIONS





REGISTRATION DOCUMENT FILED
WITH THE AUTORITÉ DES MARCHÉS FINANCIERS

In accordance with Article 212-13 of the AMF General Regulations, this shelf-registration document, which contains the annual financial report and comprises volume 1 and volume 2 of the Annual Report, was filed with the AMF on 14 April 2016. This document may be used in support of a financial transaction only if it is supplemented by an offering circular approved by the AMF. This document has been drawn up by the issuer and implies the responsibility of its authorised signatories.

This document is a free translation into English of the “Document de Référence”, originally prepared in French, and has no other value than an informative one. Should there be any difference between the French and the English version, only the French-language version shall be deemed authentic and considered as expressing the exact information published by Hermès.



2015
ANNUAL REPORT

OVERVIEW OF THE GROUP
REVIEW OF OPERATIONS
Volume 1

Hermès International
Partnership limited by shares with
share capital of €53,840,400.12
Commercial and Company
Register of Paris no. 572 076 396
Registered office:
24, rue du Faubourg Saint-Honoré
75008 Paris.
Tel. + 33 (0)1 40 17 49 20
Legal filing, 2nd quarter of 2016
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2015, FLÂNEUR FOREVER



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VOLUME 2

Presentation of Hermès International and Émile Hermès SARL
Corporate Governance
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Information on the parent company financial statements, accounts payable due dates, subsidiaries and associates
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MESSAGE FROM THE CHAIRMEN



OUR FEET ON THE GROUND, ON WE GALLOP!

When we look back at 2015, it is difficult not to evoke the sorrows experienced by us all, in France and across the world. All our thoughts are with the victims of these terrible events and with their families. More than ever, we are committed to upholding the values that have always been the lifeblood of our House.

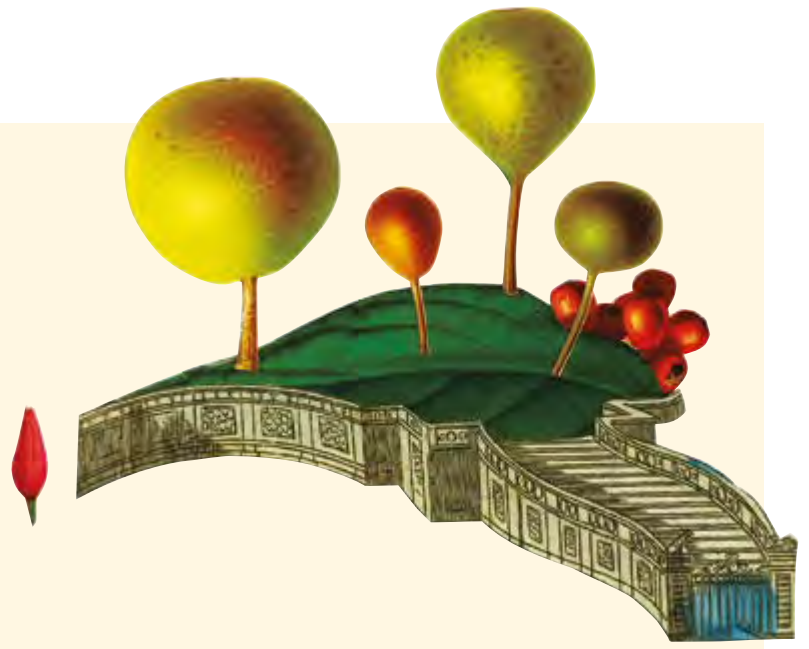
In this uncertain global climate, we nonetheless achieved a solid year. The Hermès H stands squarely on its two feet. Our results, the fruit of our collective labours, bring sparkling colour to the end-of-year picture of our venerable and vibrant House. Our operational margin has risen to 31.8% of sales. Our net income is close to a billion euros, and the growth of our sales in Japan (+ 18%), Asia (+ 5%), Europe (+ 9%) and America (+ 7%), like those in leather goods and saddlery, clothing and accessories, and fragrances are the rewards for our efforts and the loyalty of our clients. The creativity of the House translates into positive results for all the métiers, especially women's ready-to-wear under the impetus of our new designer Nadège Vanhée-Cybulski. We embraced innovation in 2015 through a partnership with Apple that gave rise to the *Apple Watch Hermès* smartwatch.

And above all else, our chief satisfaction was the creation of jobs at our existing manufactures, alongside opening new manufactures in Isère, Haute-Saône, Charente, and soon in the Doubs, with encouraging future prospects. Spurred on by an insatiable desire to create, stimulated by our successes with our highly esteemed customers, equipped with craftsmanship that is the envy of the whole world, we gallop on joyfully, but with caution, our feet firmly on the ground, never forgetting to cultivate our nature.

Axel Dumas
Executive Chairman

Émile Hermès SARL
Executive Chairman,
represented by
Henri-Louis Bauer





GROUP OVERVIEW





Members of the Executive Committee in the Hermès store on rue de Sèvres in Paris. From left to right: Éric du Halgouët, Guillaume de Seynes, Olivier Fournier, Pierre-Alexis Dumas, Charlotte David, Wilfried Guerrand, Axel Dumas and Florian Craen.

GROUP MANAGEMENT

The role of the Executive Chairmen is to manage the Group and act in its general interest, within the scope of the corporate purpose and subject to those powers expressly granted by law to the Supervisory Board and to General Meetings of shareholders. Hermès International's executive management is comprised of the Executive Chairmen and the Executive Committee, each of whom has well-defined areas of responsibility. Its role is to oversee the Group's strategic management.

EXECUTIVE CHAIRMEN

Axel Dumas
Executive Chairman

Émile Hermès SARL
Executive Chairman,
represented by
Henri-Louis Bauer

EXECUTIVE COMMITTEE

Axel Dumas
Executive Chairman

Florian Craen
Executive Vice President
Sales & Distribution

Charlotte David
Executive Vice President
Communication

Pierre-Alexis Dumas
Artistic Executive Vice President

Olivier Fournier
Executive Vice President
in charge of Governance and
Organisational Development

Wilfried Guerrand
Executive Vice President
in charge of Digital Projects
and e-commerce

Éric du Halgouët
Executive Vice President Finance

Guillaume de Seynes
Executive Vice President
Manufacturing Division
& Equity Investments

The changes made during the 2015 financial year are listed on page 58 of Volume 2.

MANAGEMENT BODIES



Éric de Seynes
*Chairman of
the Supervisory Board.*

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The Supervisory Board exercises ongoing control over company management. For this purpose, it has the same powers as the Statutory Auditors. The Supervisory Board determines the proposed earnings allocation for the financial year to be submitted to the Annual General Meeting. The Active Partner must consult the Supervisory Board before making any decisions pertaining to strategic options, to consolidated operating and investment budgets or to recommendations to the General Meeting with respect to the distribution of share premiums, reserves and retained earnings. The Supervisory Board also submits to the Active Partner its considered recommendations on the appointment or possible revocation of the powers of the Executive Chairmen.

The Audit Committee ascertains that the consolidated financial statements fairly and accurately reflect the Group's financial position.

The role of the Compensation, Appointments and Governance Committee is to ascertain that the remuneration of the Executive Chairmen complies with the provisions of the Articles of Association and the decisions made by the Active Partner. The Committee

also participates in drawing up proposed appointments of corporate executive officers and is responsible for monitoring corporate governance matters.

The Active Partner is jointly and severally liable for all the Company's debts, for an indefinite period of time. The Active Partner has the authority to appoint or revoke the powers of the Executive Chairmen, after receiving the considered recommendation of the Supervisory Board. The Active Partner makes all decisions pertaining to the Group's strategic options, consolidated operating and investment budgets, and recommendations to the General Meeting with respect to the distribution of share premiums, reserves and retained earnings, on the recommendation of the Supervisory Board. It may submit recommendations to the Executive Management on any matter of general interest to the Group. It authorises all Company loans, sureties, endorsements and guarantees, any pledges of collateral and encumbrances on the Company's property, as well as the creation of any company or acquisition of an interest whenever the investment amounts to more than 10% of the Group's net equity.

**SUPERVISORY
BOARD**

Éric de Seynes
Chairman and member

Monique Cohen
Vice-Chairwoman

Dominique Senequier
Vice-Chairwoman

Charles-Éric Bauer
Matthieu Dumas
Blaise Guerrand
Julie Guerrand
Denis Marmonier
(staff representative)
Renaud Momméja
Robert Peugeot
Florence Woerth

**AUDIT
COMMITTEE**

Monique Cohen
Chairwoman

Charles-Éric Bauer
Renaud Momméja
Robert Peugeot
Florence Woerth

**COMPENSATION,
APPOINTMENTS
AND
GOVERNANCE
COMMITTEE**

Dominique Senequier
Chairwoman

Matthieu Dumas
Robert Peugeot

**ACTIVE
PARTNER**

Émile Hermès SARL,
represented by its
Management Board:
Henri-Louis Bauer
Executive Chairman,
Chairman and Member of
the Management Board

Philippe Dumas
Vice-Chairman

Hubert Guerrand
Vice-Chairman

Sandrine Brekke
Frédéric Dumas
Édouard Guerrand
Agnès Harth
Laurent E. Momméja
Pascale Mussard
Jean-Baptiste Puech
Guillaume de Seynes



Slim d'Herminès Perpetual Calendar watch in rose gold, strap in Havana brown matt alligator.

SIX GENERATIONS OF CRAFTSMEN

Today, Hermès employs 12,244 people worldwide and has 307 exclusive stores, 210 of which are directly operated. Although it has achieved international stature, Hermès has never lost its human touch and continues its tradition of fine craftsmanship.

Thierry Hermès, a harness-maker, set up business in Paris in 1837. Ever since, his descendants have worked together to develop the Hermès Group. In 1880, his son transferred the family business to its now-famous address, 24 Faubourg Saint-Honoré, where he expanded into saddlery. Soon, he was supplying saddles and harnesses to the stables of aristocrats all over the world.

In 1918, with the advent of the automobile, the founder's grandson, Émile Hermès, foresaw the coming changes in transportation and envisioned new lifestyles. He launched a line of fine leather "saddlestitched" goods and luggage. The Hermès style was born, and its field of activity has never ceased to grow. Émile Hermès also accumulated a private collection of paintings, books and articles that were to be a source of inspiration for designers. During the 1950s, Émile Hermès' sons-in-law, Robert Dumas and Jean-René Guerrand, continued to diversify operations whilst safeguarding the brand's integrity, creating clothing, jewellery, watches, diaries, silk scarves, and more.

From 1978 and aided by other fifth- and sixth-generation members of the family, Jean-Louis Dumas brought renewed impetus to Hermès by expanding into new métiers and establishing a global network of Hermès stores.

Twenty-eight years later, in 2006, he entrusted the management to Patrick Thomas and the company Émile Hermès SARL, while the artistic directorship was passed to Pierre-Alexis Dumas in February 2009.

Axel Dumas, a sixth-generation family member, was appointed Executive Chairman in 2013 alongside Patrick Thomas, who subsequently left his post in January 2014. Axel Dumas is now in sole charge of the house.

Today, Hermès applies its creativity to a wide range of sectors: leather goods and saddlery, men's and women's ready-to-wear, footwear, belts, gloves, hats, silks and textiles, jewellery, furniture, furnishing fabrics, wallpaper, tableware, fragrances, watches and petit h.

International in scope, Hermès is characterised by superlative manufacturing inspired by the values of traditional craftsmanship, and remains a family firm with a uniquely creative spirit that is continuously renewed.

For over 175 years, Hermès has been creating, inventing and innovating. Some of our models enjoy enduring success decades after they were first designed. Reissued, reinterpreted and reinvented, these timeless creations forge the identity of Hermès.



1837

- Harnesses

1867

- Saddles

Vers 1900

- *Haut à courroies* bag, designed by Émile Hermès

1903

- *Rocabar* blanket

1922

- Belts

1923

- Two-handled bag

1924

- Gloves with zipper

From 1925

- First sports jacket, followed by the development of women's and men's fashions
- *Mallette à coins rapportés*

1927

- Wristwatches
- *Filet de selle* bracelet

1928

- *Ermeto* watch
- *Sac à dépêches*

1930

- Diaries

1937

- First silk scarves

1938

- *Chaîne d'ancre* bracelet, designed by Robert Dumas
- First garments with silk scarf patterns

1949

- Printed silk ties
- *Collier de chien* belt and bracelet

1951

- *Eau d'Hermès* fragrance

1954

- Beach towels in printed terry towelling

1956

- The bag designed by Robert Dumas in the 1930s is officially named *Kelly*

1961

- *Twillaine*: garments in knit and silk twill
- *Calèche* fragrance for women

1967

- *Constance* bag

1970

- *Équipage* fragrance for men

1971

- *Nausicaa* bracelet

1972

- First Hermès shoes for women

1974

- *Amazone* fragrance for women

1975

- *Passe-Guide* bag
- *Kelly* watch
- John Lobb shoes

1978

- First complete men's ready-to-wear collection
- *Highland* ghillie shoes
- Enamel bracelets

1979

- Eau de Cologne Hermès, renamed *Eau d'orange verte* in 1997
- Pleated scarves

1981

- *Clipper* watch

1984

- *Pivoines* porcelain tableware
- *Birkin* bag, created by Jean-Louis Dumas

1985

- *Gavroche* scarves in silk twill

1986

- *Bel Ami* fragrance for men
- *Toucans* porcelain tableware
- *Pippa* furniture

1991

- *Cape Cod* watch
- *Nantucket* watch

1993

- *Oxer* saddle
- *Médor* watch

1995

- *24 Faubourg* fragrance for women
- *Fourre-tout* bag

1996

- *Harnais* watch
- *Heure H* watch

1997

- First Hermès shoes for men
- *Oran* sandal

1998

- *Herbag* bag
- Twice-round leather watch straps
- *Quick* trainers

1999

- *Hiris* fragrance for women

2000

- *Corlandus* dressage saddle
- *Tandem* watch
- *Nil* porcelain tableware
- *Rouge Hermès* fragrance for women

2002

- *Picotin* bag
- *Plein cuir* desk line, a reissue of a range originally created in the 1930s
- *Quark* ring

2003

- *Un Jardin en Méditerranée* fragrance
- *Twilly* in silk twill
- *Dressage* automatic gold watch
- *Étrivière* briefcase

2004

- *Eau des Merveilles* fragrance for women
- *Brasilia* jumping saddle
- *First Hermessence* fragrance collection

2005

- *Un Jardin sur le Nil* fragrance
- *Balcon du Guadalquivir* porcelain tableware

2006

- *Terre d'Hermès* fragrance for men
- *Cheval d'Orient* porcelain tableware

2007

- *Lindy* bag
- 70 scarves in vintage silk
- *Kelly Calèche* fragrance for women
- *Fil d'argent* porcelain tableware
- Jewellery in rose gold and brown diamond

2008

- *Lypsière* bag
- *Horizon* diary
- First Hermès Éditeur scarf
- *Un Jardin après la Mousson* fragrance

2009

- *Victoria* saddle
- Dip-dye scarves
- *Colognes Hermès*
- *Mosaïque au 24* porcelain tableware
- *Cape Cod Tonneau* watch

2010

- First haute bijouterie collection
- *Les Maisons enchantées* faïence tableware
- *Talaris* saddle
- *Voyage d'Hermès* fragrance
- Jean-Michel Frank furniture reissued by Hermès
- *Toolbox* bag

2011

- *Bleus d'Ailleurs* porcelain tableware
- *Berline* bag
- *Un Jardin sur le Toit* fragrance
- *Arceau Le temps suspendu* watch
- First collection of furnishing fabrics and wallpapers

2012

- *Jour d'Hermès* fragrance for women
- 8 cm ties in heavy silk twill

2013

- *Hermès Cavale* saddle
- *Maxibox* bag
- *Le Flâneur d'Hermès* bicycle
- *Rallye 24* porcelain tableware
- *Les Nécessaires d'Hermès* occasional furniture

2014

- *Oxer* bag
- *Nautilus* pen
- *Faubourg* watch
- Third haute bijouterie collection
- *Le Parfum de la maison*
- *H-Déco* tea and dessert service
- *Lighting* collection

2015

- *Octogone* bag
- *Cherche-Midi* bag
- *Slim d'Hermès* watch
- *Le Jardin de Monsieur Li* fragrance
- *Voyage en Ikat* porcelain tableware
- *Cityhall* briefcase

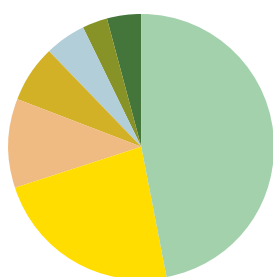




Bracelet in enamel.

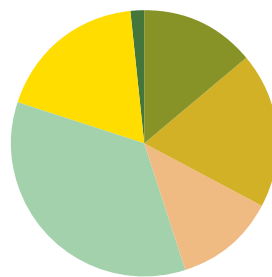
KEY FIGURES

BREAKDOWN OF REVENUE
BY MÉTIER 2015 (2014)



Leather Goods-Saddlery	47% (45%)
Ready-to-Wear and Accessories	23% (23%)
Silk and Textiles	11% (12%)
Other Hermès Métiers	7% (7%)
Fragrances	5% (5%)
Watches	3% (3%)
Other products	4% (5%)

BREAKDOWN OF REVENUE
BY REGION 2015 (2014)



France	14% (16%)
Europe (excl. France)	19% (19%)
Americas	18% (17%)
Japan	12% (12%)
Asia-Pacific (excl. Japan)	35% (34%)
Other	2% (2%)

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KEY CONSOLIDATED DATA (€m)

	2015	2014	2013	2012	2011
Revenue	4,841.0	4,118.6	3,754.8	3,484.1	2,841.2
Operating income	1,540.7	1,299.3	1,218.0	1,118.6	885.2
Net income attributable to owners of the parent	972.6	858.8	790.3	739.9	594.3
Operating cash flows	1,218.2	1,048.7	1,015.9	884.8	722.8
Investments (excluding financial investments)	266.6	322.2	232.4	370.0	214.4
Shareholders' equity ¹	3,742.0	3,449.0	2,825.6	2,344.4	2,312.8
Net cash position	1,571.2	1,421.6	1,022.0	686.1	1,038.3
Restated net cash ²	1,614.0	1,493.6	1,091.0	721.0	1,044.2
Economic value added (EVA) ³	792.7	712.6	662.9	605.7	456.2
Return on capital employed (ROCE) ⁴	45%	43%	45%	49%	45%
Number of employees	12,244	11,718	11,037	10,118	9,081

1. Equity excluding non-controlling interests.

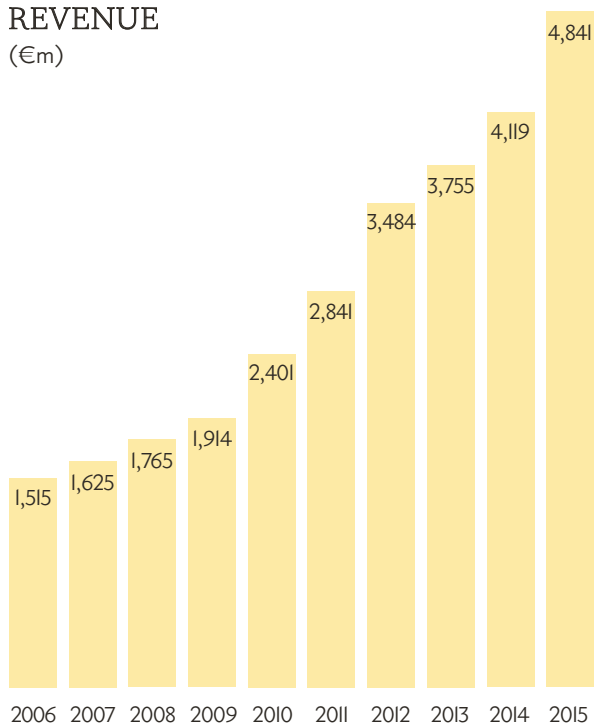
2. Includes non-liquid financial investments and borrowings.

3. Difference between current operating income after tax on operating income and the weighted average cost of capital employed, see page 97.

4. Current operating income, after tax on operating income, based on the amount of capital employed, see page 97.

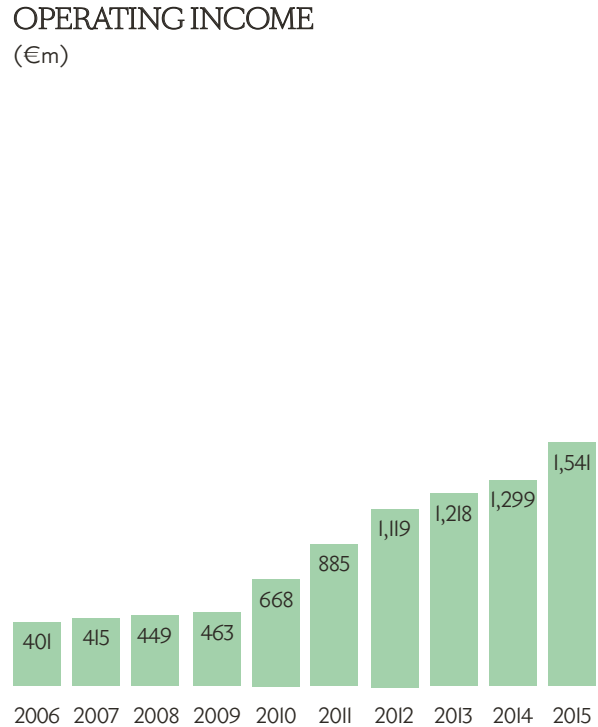
CHANGE IN CONSOLIDATED REVENUE

(€m)



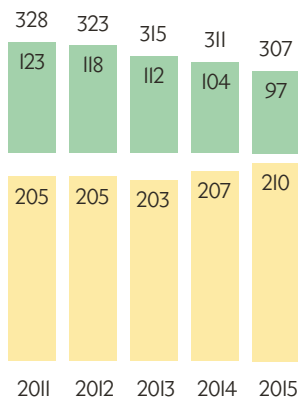
CHANGE IN RECURRING OPERATING INCOME

(€m)



NUMBER OF EXCLUSIVE RETAIL OUTLETS

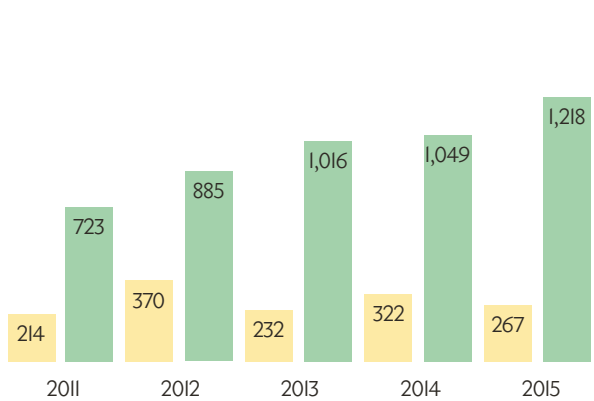
■ Concessionnaires
■ Branches



INVESTMENTS (EXCLUDING FINANCIAL INVESTMENTS) AND OPERATING CASH FLOWS

(€m)

■ Investments
■ Operating cash flows



KEY STOCK MARKET DATA

(SOURCE BLOOMBERG)

	2015	2014	2013
Number of shares as at 31 December	105,569,412	105,569,412	105,569,412
Average number of shares (excluding treasury shares)	104,395,884	104,267,723	104,118,188
Market capitalisation as at 31 December	€32.91bn	€31.12bn	€27.81bn
Earnings per share (excluding treasury shares)	€9.32	€8.24	€7.59
Dividend per share	€3.35 ¹	€7.95 ²	€2.70
Average daily volume	65,475	31,375	20,194
12-month high share price	€365.55	€317.40	€283.20
12-month low share price	€273.70	€223.95	€224.15
12-month average share price	€325.14	€252.40	€255.73
Share price as at 31 December	€311.75	€294.80	€263.50

1. Corresponds to an ordinary dividend of €3.35. Subject to approval by the Ordinary General Meeting of 31 May 2016.

An interim dividend of €1.50 was paid on 26 February 2016.

2. Corresponds to an ordinary dividend of €2.95 and an extraordinary dividend of €5.

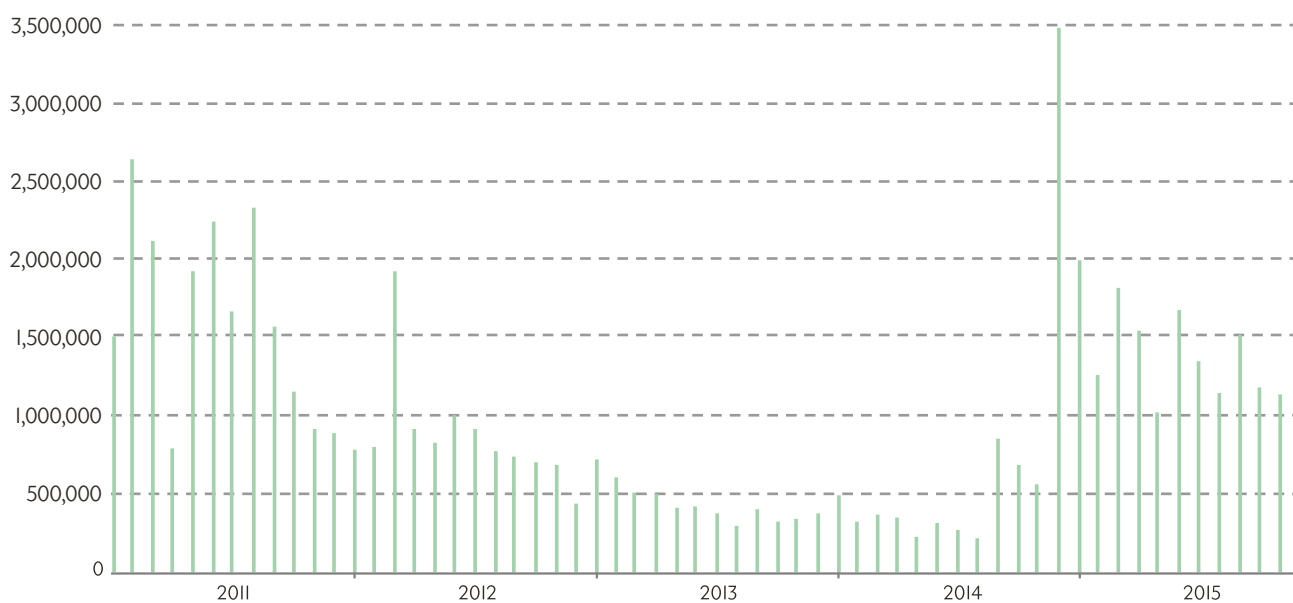
Key figures

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HISTORY OF MONTHLY TRANSACTIONS

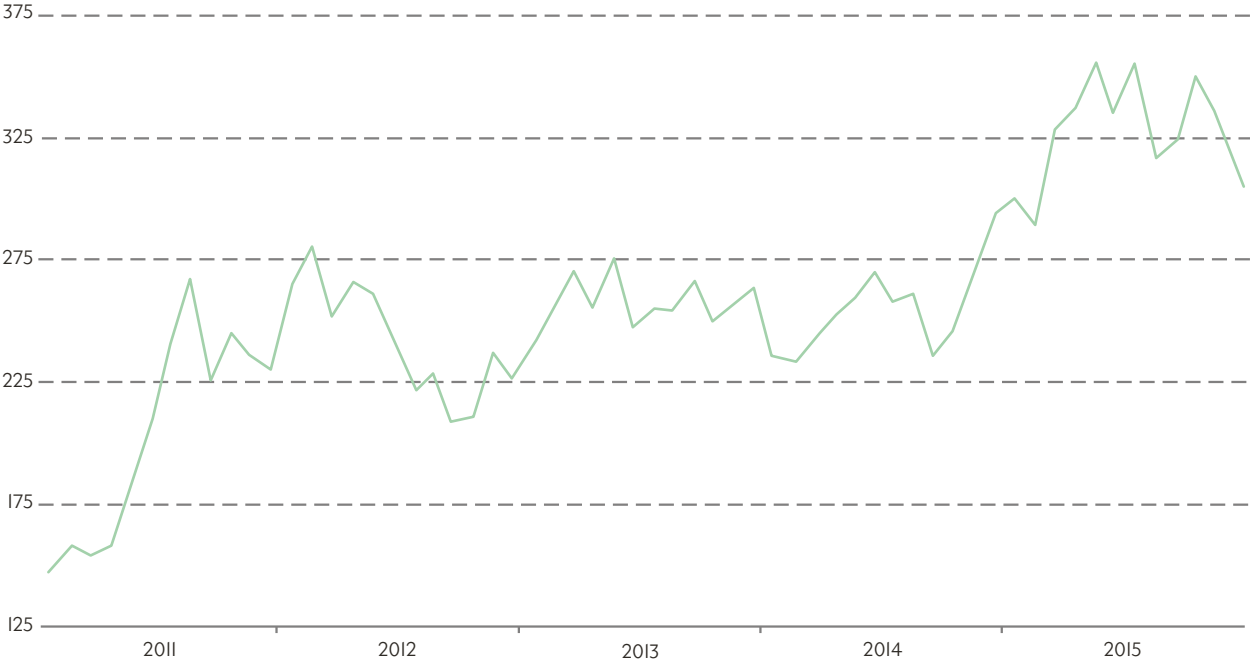
(NUMBER OF SHARES¹)

(SOURCE BLOOMBERG)



1. Euronext and alternative platforms.

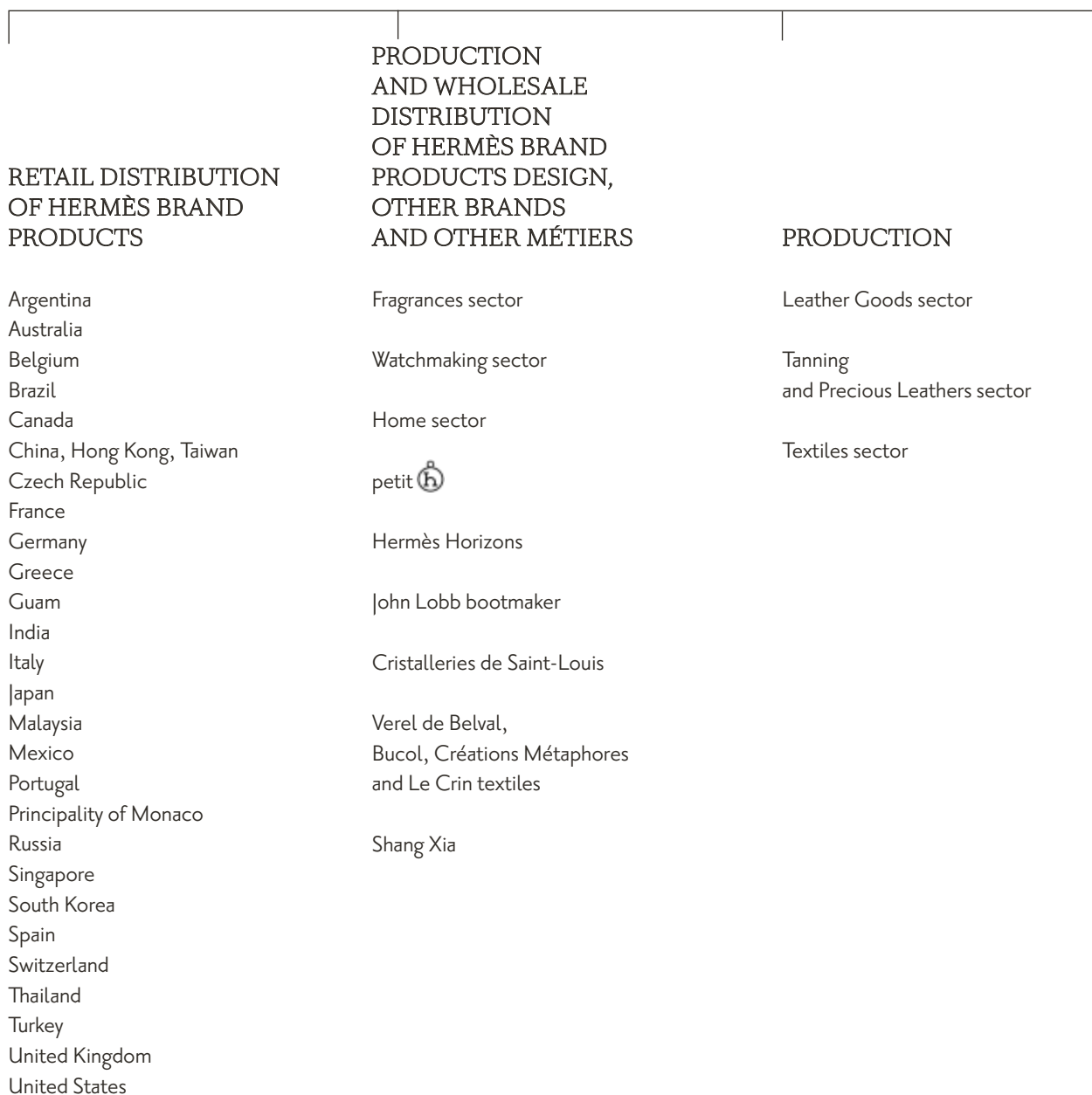
HERMÈS SHARE PRICE HISTORY (€)

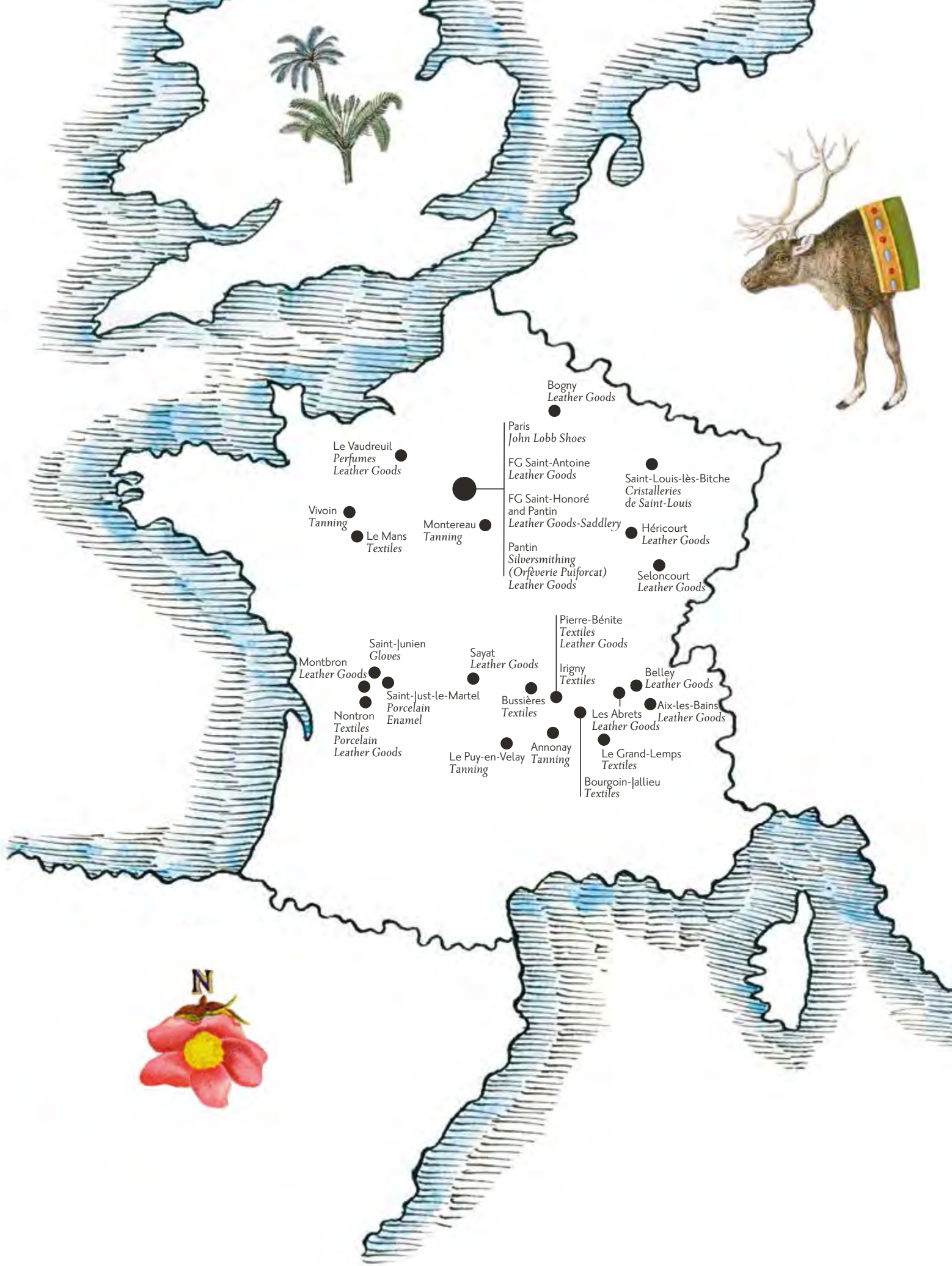


SIMPLIFIED ORGANISATION CHART

Overview description of the group as at 31.12.2015

HERMÈS INTERNATIONAL





Bogny
Leather Goods

Paris
John Lobb Shoes

FG Saint-Antoine
Leather Goods

Saint-Louis-lès-Bitche
Cristalleries
de Saint-Louis

Le Vaudreuil
Perfumes
Leather Goods

Vivoin
Tanning

Le Mans
Textiles

Montereau
Tanning

FG Saint-Honoré
and Pantin
Leather Goods-Saddlery

Héricourt
Leather Goods

Pantin
Silversmithing
(Orfèverie Puiforcat)
Leather Goods

Seloncourt
Leather Goods

Pierre-Bénite
Textiles
Leather Goods

Montbron
Leather Goods

Saint-Junien
Gloves

Sayat
Leather Goods

Irigny
Textiles

Belley
Leather Goods

Nontron
Textiles
Porcelain
Leather Goods

Saint-Just-le-Martel
Porcelain
Enamel

Bussièrès
Textiles

Les Abrets
Leather Goods

Aix-les-Bains
Leather Goods

Le Puy-en-Velay
Tanning

Annonay
Tanning

Le Grand-Lemps
Textiles

Bourgoin-Jallieu
Textiles



REVIEW OF OPERATIONS



GENERAL TREND

STRONG GROWTH IN SALES AND RESULTS

Revenues amounted to €4,841 million, up by 18% and 8% at constant exchange rates. Recurring operating income amounted to €1,541 million (31.8% of sales), up by 19%. Net profitability reached 20% of sales in 2015.

SALES BY REGION AND BY MÉTIER

(at comparable exchange rates unless otherwise indicated)

The sustained rise in sales achieved in 2015 in Group stores (+9%) was driven by growth in all regions, despite a contrasting environment. Hermès continued to improve the quality of its distribution network.

OVER 2015, ALL REGIONS POSTED GROWTH

Japan (+18%) confirmed the excellent performance achieved over the first nine months of the year.

Asia excluding Japan (+5%) improved thanks to sales development in China, despite a difficult context in Hong Kong and Macao.

America (+7%) pursued its growth. At the end of the year, a new flagship store opened in Miami and the Houston and Dallas stores were renovated and extended. Europe (+9%) performed well in the Group's stores, particularly with the renovation and extension of the Bond Street store in London and the GUM store in Moscow.

France (+6%) fared remarkably well, despite the negative impact of year-end events.

THE MÉTIERS CONFIRMED THEIR DEVELOPMENT THANKS TO AMBITIOUS CREATIONS

Growth in Leather Goods and Saddlery (+13%) was driven by sustained demand and the increase in production capacities at the two new sites in Isère and Charente, and the new workshop in Héricourt. Investments for a second site in Franche-Comté continue.

The Ready-to-wear and Accessories division (+8%) benefited from the success of the latest ready-to-wear collections, especially of Nadège Vanhée-Cybulski's first collection, and the dynamic fashion accessories sector, particularly shoes.

The Silk and Textiles métier (-1%), which was hard hit by the year-end events in France, suffered a slowdown in sales in Greater China but continued to develop in the other regions.

The Fragrances division (+3%) pursued its development thanks to the success of *Terre d'Hermès* and the new additions to the *Jardin* and *Hermessence* collections. As a reminder, the 2014 comparative included the launches of *Jour d'Hermès Absolu* and *Terre d'Hermès Eau très fraîche*.

Watches, which remained stable, continue to be penalized by wholesale business in a still challenging market, particularly in Asia excluding Japan.

Other Hermès métiers posted solid growth (+9%), due largely to the success of gold jewellery and development in products for the home.



RISE IN OPERATING MARGIN TO 31.8% OF SALES

Recurring operating income rose 19% to reach €1,541 million compared to €1,299 million in 2014.

Operating margin (31.8% of sales) improved by 0.3 points from 2014 despite the dilutive impact of currency fluctuations.

After inclusion of a heavier tax expense, particularly in France, consolidated net earnings (group share) amount to €973 million, up by 13.2%.

Cash flow reached €1,218 million, up by 16%, and was able to finance all investments (€267 million), the change in working capital requirements (€31 million), the distribution of the common share dividend (€308 million) and the extraordinary dividend (€522 million). Net cash amounts to €1,571 million as at 31 December 2015 compared to €1,422 million as at 31 December 2014.

During 2015, Hermès International redeemed 10,539 shares for €3.5 million, excluding transactions completed within the framework of the liquidity contract.

GROWTH IN WORKFORCE

The Hermès Group reinforced its workforce by almost 500, including 400 in France, mainly in the production facilities and sales teams. At year-end 2015, the Group employed 12,244 people, of which 7,461 are located in France.

OUTLOOK

Thanks to its unique business model, Hermès will continue to pursue its long-term development strategy based on creativity, maintaining control over know-how and outstanding communication.

As indicated in the February 10th 2016 publication, sales growth in 2016 could be below the medium-term goal of 8% revenue growth at constant exchange rates due to the economic, geopolitical and monetary uncertainties around the world.

In 2016, Hermès will celebrate “nature at full gallop”. Through the horse, its first customer, Hermès has forged a deep and authentic bond with nature that is underpinned by inspiration, admiration and respect.



Octogone 23 bag in Rouge H Epsom calfskin with Rocabar strap.

ACTIVITY BY MÉTIER

The Hermès métiers draw on a wide range of skills in pursuit of their ambitious creative objectives. Year after year, driven by a permanent quest for innovation and a deeply embedded culture of excellence, they add to the Hermès collections, now comprising over 50,000 references. In 2015, many new arrivals thus helped expand the group's product ranges and nurture its growth.

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	2015 (Revenue in €m)	2015 (Mix in %)	2014 (Revenue in €m)	2014 (Mix in %)	Evolutions at current exchange rates	Evolutions at constant exchange rates
Leather Goods-Saddlery	2,274	47%	1,842	45%	23.5%	12.6%
Ready-to-wear and Accessories	1,101	23%	934	23%	17.9%	7.8%
Silk and Textiles	521	11%	482	12%	8.1%	(0.5)%
Other Hermès Métiers	332	7%	281	7%	18.2%	8.5%
Fragrances	241	5%	231	5%	4.6%	3.3%
Watches	163	3%	148	3%	10.2%	0.1%
Other Products	208	4%	201	5%	3.8%	(0.2)%
Consolidated revenue	4,841	100%	4,119	100%	17.5%	8.1%

LEATHER GOODS- SADDLERY

Leather Goods-Saddlery, the original métier of Hermès, encompasses bags for men and women, clutches, briefcases, luggage, small leather goods, diaries and writing objects, saddles, bridles and a full range of equestrian products and clothing.

In 2015, its activity represented 47% of the group's sales, with a turnover of €2,274m, an increase of 13% at constant exchange rates.

Saddlery and leather goods articles are born of an alchemy of authentic materials, selected according to rigorous standards, and the skilled hands of the saddler-leatherworkers, who apply traditional know-how passed down from generation to generation. The daily, patient dialogue with raw leather that the artisans bend to their will and fashion into shape endows these objects with their extra measure of soul.

Today, production is ensured by over 2,600 saddler-leatherworkers spread over fifteen manufactures located in Paris, Pantin and various regions across France. To meet increasingly strong demand, Hermès opened a new leather goods manufacture in Héricourt, Haute-Saône, in October 2015. Preparatory work is also underway on plans for three further sites in the regions of Franche-Comté, Normandy and Limousin. At the same time, the house ensures its leather goods and saddlery craftsmen perfect their skills and expertise



1. *Farming Picnic* bag in wicker and Barénia calfskin.
2. *Cherche-Midi 25* bag in Box calfskin.
3. *Maxibox mini* clutch in Tadelakt calfskin.
4. *Pliplat* clutch in *Brides de gala* print Swift calfskin.
5. *Virevolte* bag in Swift calfskin, Clémence bullcalf and Hunter cowhide.
6. *Cabacity 45* in Hunter cowhide and Cristobal bullcalf.

on an ongoing basis, through multiple training and professional qualification programmes.

BAGS AND LUGGAGE

The bags and luggage created in 2015 showcase excellence in leatherworking skills and exquisite workmanship in the metal clasps and hardware. Inspired by the annual theme of *flânerie*, they possess the contemporary elegance of objects designed for all uses and all occasions, whether day-to-day or when travelling.

The *Cherche-Midi* bag, whose name evokes a street on Paris's Left Bank, features simple, feminine lines that belie a complex construction based on a body made from a single piece of curved leather. The partially leather-sheathed *Chaîne d'ancre* clasp is fitted with a new invisible mechanism that can be opened and closed with just one hand.

The equestrian world provided the inspiration for two new models: *Virevolte* – a beautifully supple bucket bag whose curved cut-outs combining different leathers and counterweighted fastening are drawn directly from details on saddles; and *Harnais* – a structured bag characterised by a rounded flap entirely hand-crafted in relief, and an adjustable, articulated strap inspired by the noseband of a bridle.

The house's heritage was the source of several reinterpreted models, notably the *Farming Picnic* bag, a rural version in wicker and Barénia calfskin of the 1954 *Farming* bag;

and the *Serviette 57* briefcase, a slim, lightweight reissue of a piece from 1957. Meanwhile, new versions of the *Birkin* and the *Kelly*, simplified and unlined, revealed meticulously worked interior details.

Models demonstrating innovative construction were especially well received, such as the *Octogone* bag and clutch, resembling an octagonal box with rounded corners, and *Bolide secret*, with its superlatively supple, urban dimensions incorporating a double base. For men, the *Cityhall* briefcase offered a wealth of practical features with rounded front and back concealing two flat pockets and a patented fastening system that opens at the simple press of a key. As for *Cabacity*, its unprecedented modularity combines two bags – a structured shopper in Hunter cowhide, to which a soft Cristobal bullcalf bag can be attached. Finally, for travellers, *Victoria Cabine* introduced a practical size and a restyled interior with a separate zipped section in herringbone canvas.

Materials and designs in relief had pride of place: the *Steeple Craft* bag reproduced the *Quadriège* design in a delicate interplay of crochet and needle stitches, the *Double Sens* bag was embroidered with an extract from the *Croquis de champs de course* design, while the *Sac à dépêches* and *Plume* bags were decorated with a quirky motif picked out in relief in the leather using a new technique. The *Maxibox Mini* clutch retained the trunk shape and reinforced corners of the *Maxibox* bag, but added a long loop strap for carrying

it on the shoulder or wound twice around the wrist.

The winter season saw the *Sac à dépêches* and the *Zip* bags launch in *Rocanoir* versions bedecked with leather bands inspired by the stripes on the *Rocabar* horse blankets.

The story of the *Collection précieuse* line continued with a second chapter on evening bags, in particular the *Pliplat* clutch in calfskin printed with the *Brides de gala* design, in a marriage of superior craftsmanship and exceptional materials. The *Virevolte* bag was reinterpreted in two precious pouches pairing matt crocodile with lizard skin. Finally, the classics confirmed their iconic status: from the *Lindy* to the *Jypsière*, the *Toolbox* to the *Constance*, the *Bolide* to the *So Kelly*, the *Plume* to the *Victoria*, and of course the *Kelly* and the *Birkin*, which continue their eternal reinvention.



DIARIES, SMALL LEATHER GOODS AND WRITING OBJECTS

Small leather goods continued to offer an array of new looks, new shapes and different carrying options, such as the wallet embroidered with an extract from the *Croquis de Champs de course* design. Men enjoyed a new line of wallets and change purses constructed using a stitch-free method of attaching leather edge to edge with adhesive and offering simplified interiors for slimmer, lighter designs. Dual nationality travellers could appreciate the practicality of the double passport holder. The range of writing objects successfully launched in September 2014 was enhanced with a fourth raw and natural version of the *Nautilus* pen, in aluminium grey combined with Barénia calfskin. Finally, in perfect harmony with the annual theme, the *Écritoire* bag was designed for writing on the move. Made of Barénia calfskin like the diary covers, and featuring a shoulder strap, it transports pens and notebooks with ease and unfolds completely to provide a flat, rigid surface.

EQUESTRIAN

2015 was marked by the launch of innovative, practical items, at the very forefront of technical advances. Sales of bridles increased by 55% in value, due in particular to a rise in production capacity and the renewal of ranges to incorporate ever more technical features.

Equipment for the rider combined comfort with elegance, from the technical down jacket to the double-sided polo shirt, from the Softshell jacket to boots in supple leather. The stable was also decked out in Hermès colours with a lightweight stall door and a stall curtain. Hermès partner-riders shone on numerous occasions: Simon Delestre took the individual bronze medal in the European Championships, claimed victory in the World Cup, and moved to 4th place in the 2015 world rankings; Swiss rider Romain Duguet triumphed at *Le Saut Hermès 2015* and the CSIO Saint Gallen; while Astier Nicolas made eventing history as the youngest rider and second French national to a win a four-star CCI competition in Pau. Finally, Alexandra Paillet became the first ever female winner of the French Pro Elite championships. Hermès also welcomed two new riders: Canadian show jumper Ben Asselin (aged 21) and Jessica von Bredow-Werndl (aged 29), a German rider who has taken the dressage scene by storm and is now ranked sixth in the world.



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1. Wallet in Box calfskin and Sombrero calfskin.
2. Stall door.
3. *Grain d'H* notebook.
4. *Nautilus* pen, case and cartridge holder in Barénia calfskin.



Cityhall 38 briefcase in Sombrero calfskin.



READY-TO-WEAR AND ACCESSORIES

The Ready-to-wear and Accessories métier is the Hermès group's second largest sector, representing consolidated sales of 23%. In 2015, it generated a turnover of €1,101m, a rise of 8% at constant exchange rates.

WOMEN'S READY-TO-WEAR

2015 was marked by the arrival of Nadège Vanhée-Cybulski, women's ready-to-wear designer since July 2014, who unveiled her first autumn-winter collection.

The spring-summer collection, Christophe Lemaire's final collaboration with the house, was an invitation to travel, with enveloping shapes, rounded volumes, interplays of folds at the waist and dropped shoulders inspired by Japanese garments. The range of vivid, pure colours emphasised this influence, with purple and bright red, yellow ochre and burnt orange, contrasting with navy blue. Prints were inspired by African fabrics, but also more characteristic designs such as *Les Coupés* and *Coaching*. The latter was also used for swimsuits and beachwear alongside single-colour pieces with details celebrating the *Chaîne d'ancre* link.

For the autumn-winter season, Nadège Vanhée-Cybulski's first collection marked a new phase in the development of women's ready-to-wear, whilst remaining aligned with established Hermès style, offering

a wardrobe that prioritised practicality and comfort in wear. Drawing inspiration from the house's equestrian heritage, the collection was based on exclusive, noble materials and paid particular attention to details and finishes, such as the quilting of supple lambskin to resemble saddle pads, the rounded pockets and sleeve ends emulating the curves of a saddle, and the *Rocabar* blanket reinterpreted as a piece of clothing. This first show by the designer was highly acclaimed in the press.

MEN'S READY-TO-WEAR

In celebration of a year devoted to flânerie, men's ready-to-wear designer Véronique Nichanian constructed her 2015 collections around a fluid look and a silhouette that was both structured and nonchalant.

Subversive and sunny, the summer collection created an immediate surprise effect with its juxtaposed prints (*Glitch*, *Jardin d'Arménie*, *Fragments*, *Flores*) prominent on shirts, trousers, jackets and swimwear, and worn as mix and match. The collection also featured traced effects on bombers, hooded windbreakers and cotton jackets, as well relief-effect details – mainly on knitwear. The colour palette combined natural shades (white, limestone, sand, hemp) with plant tones (eucalyptus, cumin), highlighted with accents of black and pumpkin.

New techniques were developed for jumpers and cardigans, with bands made of strips of torn, knitted silk, and for jackets and cardigans with knit-effect nubuck. The winter collection saw a return to an urban style, bringing together contrasting harmonies in which deep tones (taupe, carbon, bronze, Prussian blue, plum, navy and black) resonated with celadon, dark purple and white. The association of natural and technical materials was accompanied by printed effects: the *Squeeze de Richard Gorman* on shirts and a polished calfskin jacket, Prince of Wales checks, “overcheck” or pinstripes on single

and double-breasted suits, coats and jumpers. Contrasting bands found their way onto the sides of jackets and trousers. The “sport en ville” capsule collection designed for running or cycling completed a bold winter collection with sweatshirts, jackets, joggers and shorts in technical Toilevent, the winter colours contrasting with the orange zip fastenings. With these two collections, Véronique Nichanian continued to explore the flâneur's trademark easy style that has always held a special place in her wardrobe.



Men's ready-to-wear, autumn-winter 2015 collection.

ACCESSORIES

The Accessories department comprises jewellery in enamel, horn, lacquered wood and leather, as well as belts, gloves and hats.



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JEWELLERY ACCESSORIES

The year was marked by the launch of a new range of articulated enamel bracelets. The hinges, evoking those found on travel trunks, conceal an ingenious mechanism that opens by pressing on one of the two saddle nails on the edge of the hinge and closes with a simple click. This hinging, a first in terms of enamel bracelets, gives them an oval shape that fits more closely to the wrist than the circular models that slip on over the hand. With their all-over print of cords, straps and chains from the *Balades équestres* design, they have a strong graphic identity – innovative and modern – without breaking with the aesthetic that defines the classic line they belong to. Available in three sizes – extra-wide, wide and narrow – they can be worn in any number of ways.

The men's collections were enhanced with a playful and mischievous line of badges and tie clips, reminiscent of 1960s casual-chic style. In brushed metal inlaid with calfskin or alligator, these accessories are calling out to be worn in multiples, mixed and matched, and pinned to the lapel of a suit jacket or the breast of a teddy jacket.

1. Bracelets in enamel.
2. Badges-brooches in calfskin and alligator.
3. Pendant and bracelets in Barénia and gold-tone metal.
4. Bracelets in lacquered engraved wood.

BELTS

Restrained lines, simplicity of use, and the beauty of the material accentuated by signature buckles were the watchwords for belts in 2015. One example is the slim belt inspired by the straps used to fasten the famous *Kelly* bag, its minimalism highlighted by the radiance of the distinctive clasp. Available in one size only, it can be adjusted with an ingenious sliding system to sit equally stylishly around the waist or on the hips, over a light dress or a thick coat.



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HATS

Combinations of materials and colours continued to define the hat collections across the seasons. For summer, cotton poplin, woven straw, woven paper and lightweight canvas took on vivid hues and printed motifs to coordinate with the swimwear and ready-to-wear collections. Winter brought warm and precious materials – jersey-lined calfskin, mink and cashmere – together with water-repellent technical canvas of a sportier inspiration. Felt continued to prompt new forms of expression and different narratives for men and women depending on shape (cloche, boater, trilby, wide-brimmed), width of brim, and choice of trim (matt grosgrain for daywear, shiny for the evening, leather or precious skins).



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1. Hat in canvas.
2. Belt in Tadelakt calfskin with permabrass buckle.
3. Hat in woven paper and grosgrain.
4. Hat in mink.
5. Helmet in Ski calfskin and jersey.





Pump in silk satin and suede goatskin.

GLOVES

The technical treatment of materials combined elegance with modernity for gloves. A new model for men was embroidered with an invisible conductive thread on the thumbs and index fingers enabling the use of a touchscreen on a smartphone or tablet while keeping hands warm.

SHOES

Collections of shoes designed by Pierre Hardy, creative director for men's and women's footwear, were a resounding success. They illustrated the theme of flânerie with chic and casual models, each an invitation to take a stroll whether in the city or on holiday. For summer, cut-out leather like lace, refined and light, inspired by Andalusian wrought ironwork, embellished flat or heeled sandals, or described nautically-themed motifs such as a shell or an openwork *Chaîne d'ancre* link. Two-material, two-tone moccasins were an invitation to urban wanderings, while cotton canvas trainers lent themselves to more athletic excursions. Winter got into a more dynamic and metropolitan stride, featuring pumps with asymmetric low-cuts and geometric cut-outs. Other models reclaimed their equestrian origins, such as the riding boots adorned with coloured bands inspired by the equestrian blanket, and the ankle boot topped with contrasting straps. Evening models

offered precious, sophisticated materials, like the silk satin pump or the ankle boot in woven leather with metal toecaps. Men's models for the summer assumed light, supple constructions. The moccasins in suede calfskin made elegant barefoot wear the order of the day, and the fine-soled trainer adorned with a graphic motif confirmed its status as a must-have in the masculine sport-chic wardrobe. Innovative soles in leather and rubber, combining comfort and style, made their appearance – thin on laid-back, elegant moccasins, thicker on sandals. The winter season saw the two-material brogue adopt the sartorial codes of golf, while the ankle boot and the derby borrowed their understated lines from the house's equestrian heritage, but introduced a biker-style twist conducive to a jaunt on horseback or motorbike. The new dynamic and sporty high-top trainer, decorated with a graphic motif in relief brought to mind the painted lines marking out a basketball court.



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1. Moccasin in calfskin.
2. Pump in *Les Coupés* print silk.
3. Sports shoe in calfskin.
4. Riding boots in Swift calfskin.
5. Muff in mink.

SILK AND TEXTILES

Silk and Textiles represent Hermès' third largest sector, accounting for 11% of sales. In 2015, this métier achieved a turnover of €521m, a decrease of 1% at constant exchange rates.

WOMEN'S SILK

Silk was a natural invitation to flânerie in 2015: a stroll deep in the heart of nature - wild, secret and unspoilt - among the calanques of Cassis, with the *Sieste au Paradis* scarf, or amidst the whirling words of the philosopher Jean-Jacques Rousseau with the scarf *Les Confessions*, designed by the winner of "Dessine-moi un carré" (Design me a scarf), the competition held by Hermès for students at the École Nationale Supérieure des Arts Décoratifs in Paris.

The range of plain scarves continued to grow from season to season. 2015 saw the addition of a maxi-losange in velvety soft washed silk, a cashmere and silk scarf 92 framed with four contrasting coloured bands, as well as a two-tone double-sided cashmere stole, *Casaque*, in honour of Hermès' equestrian roots. Bow ties brought a festive and colourful touch, fluttering like butterflies escaping from scarves and bandanas and coming to rest lightly at the neck or on the wrist.

As for the giant scarves, spring-summer's printed plume twill found expression in classic twill for autumn-winter, and alongside three emblematic motifs, a new design,

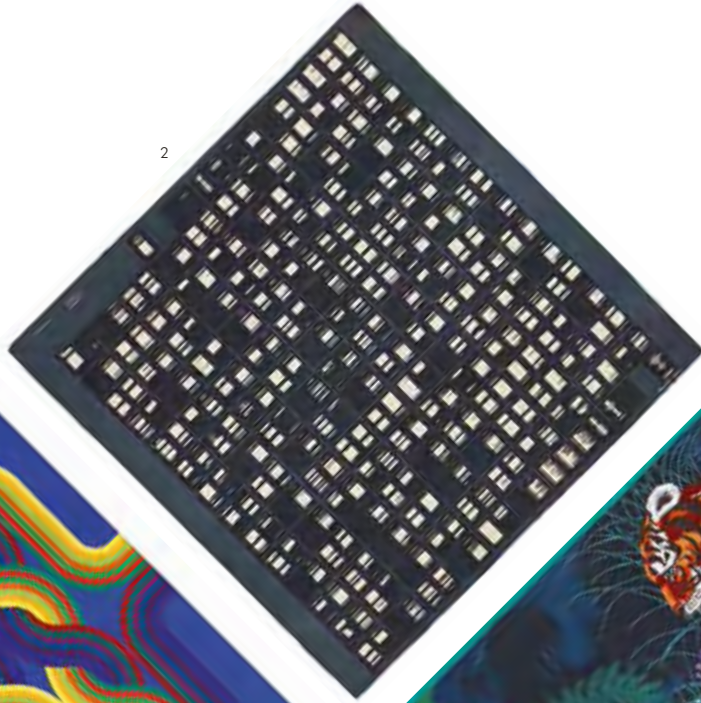
À la plume, was introduced, as delicate as a gentle breeze. 2015 was also the year of the fourth Hermès Éditeur. This initiative, whereby works of art arising from the house's encounters with contemporary art are reproduced on silk, began in 2008. Its 2015 manifestation came about through a collaborative endeavour with prominent kinetic and optical artist Julio Le Parc. *Variations autour de La Longue Marche*, exhibited at the Art Basel contemporary art fair in June 2015, revisited six paintings from his work *La Longue Marche* (1974-75), translated by the artist into ten series, from colour to black and white. Comprising 60 silk twill scarves in total, this series is a testament to exceptional craftsmanship. Each scarf is a unique piece, individually numbered and signed.

MEN'S SILK

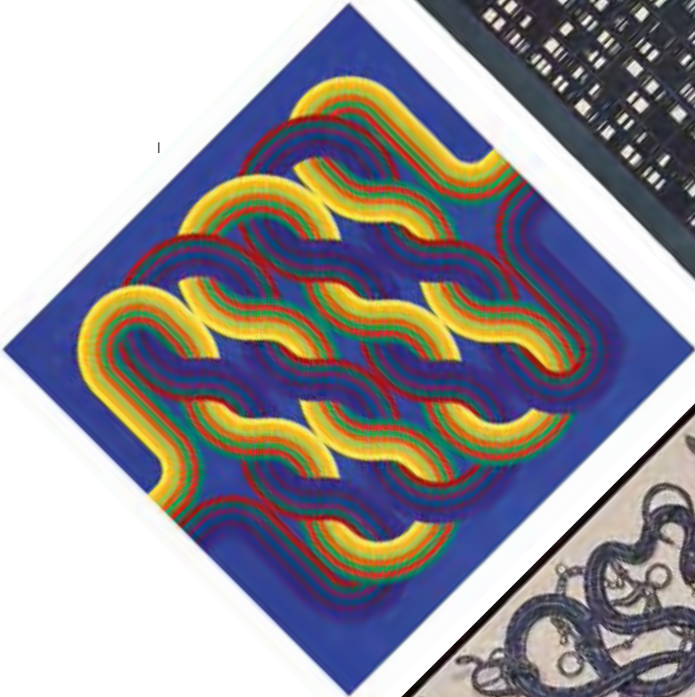
Summer was highlighted by the launch of a new collection of plain ties in silk twill, with a matt finish, in a palette of brilliant colours. For the evening, scarves brought light and warm fabrics together in generous sizes: 100s in cotton and silk and 140s in cashmere and silk or wool and silk. In winter, the 8cm printed twill tie introduced a mountain theme with motifs inspired by cable cars, snow-capped peaks and wild mushrooms. A similar flight of fancy graced the 7cm tie with a design showing the horse as both mount and motor. The heavy silk tie took on a new guise

with time-honoured, classic motifs inspired by the ties printed with sailors' knots and chain links. The collection of scarves was extended and renewed, showcasing traditional skills with a scarf hand-woven from incredibly soft yak yarn and cashmere. For the 100th anniversary of the birth of Roland Barthes, a scarf 140 in cashmere and silk paid tribute to his work *Fragments d'un discours amoureux*, (*A Lover's Discourse: Fragments*) published in 1977. Meticulously reproducing the page layout of the book, the design is abstract, masculine and rhythmical.

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1. Scarf 90 *Variations autour de La Longue Marche* by Julio Le Parc in silk twill, Hermès Éditeur.
2. Scarf 140 *Fragments d'un discours amoureux* in cashmere and silk.
3. *Tyger Tyger* shawl in cashmere and silk.
4. Scarf 100 *Caducée rock* in cashmere and silk.



OTHER HERMÈS MÉTIERS

The other Hermès métiers include Jewellery, the Art of Living and La Table Hermès. In 2015, they achieved sales of €332m, representing a 9% rise at constant exchange rates and accounting for 7% of the group's total turnover.

JEWELLERY

The year 2015 saw the arrival of *Écrin d'or*, a new collection of exceptional jewellery in white and rose gold.

Returning to a vocabulary of forms specific to Hermès, Pierre Hardy, director of jewellery collections, revisited five themes from the

house's heritage to create some exquisitely refined pieces.

Thus a swathe of blue sapphires bedecks the *Galop Hermès* line, and diamonds edge the scales of the *Niloticus* necklace. In a feat of technical craftsmanship, the metallic fluidity of *Sangles Hermès* becomes a mysteriously supple fabric of diamonds. *Filet d'or* is a stylised interpretation of a horse bit and lip strap – finely worked, precious, and inspired by Hermès' third haute bijouterie collection. As for *Chaîne d'ancre enchaînée*, it is composed of subtly interlaced *Chaîne d'ancre* links, some flexible, some fixed, worked in a variety of dimensions.

In silver, the chain-maker's skill and the house's origins as a harness-maker and saddler were given centre stage with the *Mors de bride* line, available in a precious version partially set with brown diamonds. Lastly, the *Delos* bracelets, taking their name from a Greek island, incite dreams of far-off destinations. Worn separately, these six bracelets in yellow gold or silver evoke the pure, balanced lines of Doric architecture. Worn together they make a perfect set emulating the sculptural form of an Ancient Greek column.



Niloticus necklace in rose gold and diamonds.

ART OF LIVING

Hermès Art of Living endeavours to be an elegant complement to its customers' daily lives, including in their living spaces. Remaining true to its culture and values, Hermès offers multiple and unique objects in a simple, assertive style, from furniture and lighting, to home textiles, furnishing fabrics and wallpapers, decorative objects, tableware and personalised creations. Exacting standards in form, intelligent functionality, and superior materials call on exceptional skills that combine creativity with precision of gesture. The lighting collections launched in 2014 were rolled out internationally in 2015, confirming the success of the furniture ranges as a whole. Home textiles demonstrated prolific creativity. The *Ikat* line, exemplifying consummate skill in dyeing and weaving, creates vibration in the designs. The printed sofa throws in cotton velvet or silk and cashmere are peopled with imaginary characters and figures. The beach towels echo the designs and colours in the women's swimwear collections, creating a brand new art of living on the beach – elegant, sun-kissed, joyful and renewed in line with the seasons. Several decorative objects called upon rare or innovative skills: embroidery on leather or cashmere for small boxes and blankets, full leather matched with printed leather and finely crafted wood for an exquisite Mah-Jong set, faceted solid palisander and mahogany for a game of solitaire. Stone – marble or

onyx – is worked in marquetry to render the *Cavale* motif on a bowl or hewn from solid stone to form the tops of the new *Satellites* coffee tables that completed the *Les Nécessaires d'Hermès* furniture collection.

Furnishing fabrics and wallpaper continued to express the identity of Hermès' home universe. In 2015, they conjured up exceptional scenes of nature in far-off places, inhabited by birds with changing plumage, majestic felines and lush vegetation.



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1. Giant solitaire in palisander and mahogany.
2. *Satellites* tables, *Les Nécessaires d'Hermès* collection.



Voyage en Ikat porcelain tableware.

LA TABLE HERMÈS

The year 2015 was marked by the launch of a new porcelain dinner service, *Voyage en Ikat*. Inspired by ikat, an ancestral weaving and dying technique from Asia, *Voyage en Ikat* represents an inventive hybridisation of function and a dialogue between two cultures, East and West. The designs are composed by hand, “thread by thread”, bringing into play over twenty shades from three colour families – sapphire, ruby and emerald – enhanced with 24 carat matt gold. Lines and colours appear to overlap in a quivering, mirage-like haze. Shapes, hitherto unseen in porcelain, also demonstrated a merging of influences. Asian-inspired plates, dishes and bowls matched tall cups, large vases and a soup tureen that revisited the classic silhouettes of the French dinner service. Warmly received by the press, this luxurious formal dinner service has already met with great success in both the US and Europe.



Voyage en Ikat porcelain tableware.

FRAGRANCES

In 2015, Fragrances continued their dynamic upward trend, generating sales of €241m, a rise of 3% at constant exchange rates.

2015 was marked by the launch of the fifth Garden-Fragrance, *Le Jardin de Monsieur Li*. The fragrance evokes an imaginary garden, a repository for Jean-Claude Ellena's olfactory recollections of his strolls through Chinese gardens: the smell of wet stones, of plum and kumquat trees, the freshness of giant bamboo, the vivacity of Szechuan pepper trees, the scent of roses...

Its box is illustrated with a work by contemporary Chinese artist Li Xin, topped with a narrow band of imperial yellow and bright green, in resonance with nature and tradition.

2015 also saw the birth of two new forms of olfactory expression: *Équipage Géranium* and *Jour d'Hermès Gardénia*. Following *Bel Ami* and *Amazone* it was the turn of *Équipage* to be revisited in the collection *Les Classiques*. Charmed by the complex formula of Hermès' first masculine fragrance created in 1970, Jean-Claude Ellena accentuated the characteristic spicy signature and enhanced the reinvigorating note of geranium that falls between rose and mint. *Jour d'Hermès Gardénia* is characterised by its heady sensuality, adding rose, tuberose and jasmine notes to the floral profusion of *Jour d'Hermès*. Finally, *Terre d'Hermès* continued to forge ahead and made progress on many markets, ranking second in France and reinforcing its status as a great classic in men's fragrances.



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1. *Le Jardin de Monsieur Li* fragrance.
2. *Jour d'Hermès Gardénia* fragrance for women.
3. *Terre d'Hermès* fragrance for men.
4. *Équipage Géranium* fragrance for men.

WATCHMAKING

In 2015, watchmaking achieved a turnover of €163m, a stable result at constant exchange rates, but showing slight growth in the group's stores.

Activity across the network of external retailers was less dynamic, especially in the Asian market (excluding Japan).

Overall, the watchmaking sector experienced another difficult year. The sharp rise in the Swiss franc in January 2015 had a significant impact, as did the decline in Swiss watch exports over the last few months of the year, and an Asian distribution network in the throes of restructuring.

2015 was marked principally by the launch of the new *Slim d'Hermès* line at Baselworld in March, in three sizes, for both men and women. Another classic yet contemporary line, it was acclaimed by industry specialists as much for the quality of its design and finish as for the new aesthetic it introduced. Ultra-minimalist and simple, going against the tide in a market prone to ostentation, it was also praised for its design and for Philippe Apeloig's typography. The 39.5 mm *Slim d'Hermès* houses the new Hermès calibre developed with Vaucher Manufacture Fleurier – the H1950 – an ultra-thin movement that makes it one of the thinnest watches on the market. Already hailed by many experts as one of the most beautiful creations on the watchmaking market in 2015, the *Slim d'Hermès* was awarded

the Grand Prix de l'Horlogerie de Genève (GPHG) in the prestigious "calendar watch" category for its perpetual calendar. This model, also in an ultra-thin format, combines a remarkable appearance (moon phase in mother-of-pearl against a sky of aventurine) with an innovative association of complications: a perpetual calendar coupled with a second time zone.

2015 also confirmed the success of the women's line, *Faubourg*, launched in 2014 and expanded with the *Faubourg Manchette*. The market also reacted favourably to numerous models showcasing watchmaking skills and exceptional decorative techniques, including Aka-é, traditional Japanese miniature painting on porcelain.



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1. *Slim d'Hermès Koma Kurabé* 39.5 mm watch in white gold with a Sèvres porcelain dial depicting an Aka-é, bracelet in Havana brown matt alligator.
2. *Faubourg Manchette* watch in steel, strap in natural Barénia calfskin.
3. *Slim d'Hermès* 32 mm watch in steel, strap in calfskin.

OTHER PRODUCTS AND BRANDS

LES CRISTALLERIES DE SAINT-LOUIS

In 2015, Les Cristalleries de Saint-Louis made audacity its watchword with a view to shaking up convention and offering new perspectives. The *Royal* lighting line set the tone from January by introducing a unique, entirely customisable approach. These ready-to-hang lights – chandeliers, sconces, and candelabras – offer over 15,000 different possibilities, composed of anywhere between 8 and 48 lights, depending on the elements chosen from among hurricanes, cups, chains or pendants; bevel-cut, diamond-cut, star-cut or Venetian stripes; decorative details in gold or platinum; coloured crystal, and more. Inspired by the great classics originating from special commissions for the royal courts in the mid-19th century, this collection suits any and every interior.

The principal feature of the contemporary *Quartz* line, designed by the Ozone duo, is a solid cube of rock crystal that fragments the light. A bevel-cut part diffracts the light and a sandblasted part captures it. Thus the light source appears to float within the cube, elusive and mysterious...

In another daring move, *Quadrille* is a reinterpretation of the *Versailles* vase by designer Mathieu Bassée, in celebration of its 65th anniversary in 2015. Although the piece's silhouette is inspired by the urns in the park of Versailles, it is

decorated with a geometric design, a contemporary stained-glass-like grid pattern. In a play on perspective, the vase is turned upside down and topped with a disc of Carrare marble to create a pedestal table and a footed tray. In miniature form, it becomes a candlestick.

The new collection of dégustation glasses, *Twist 1586*, is equally surprising, flouting tradition with three complementary glasses, one for young wine, another for mature wine, and an unusual champagne glass. All are graced with Venetian stripes that fade as the glass is filled to reveal every nuance of the wine's robe.

Finally, the year 2015 was highlighted by the opening of a third Saint-Louis flagship store in Miami's Design District as well as a store in Bangkok.



1



2



3

1. Short *Royal* chandelier, 8 lights.
2. *Quadrille* pedestal table.
3. *Twist 1586* champagne glass.

PUIFORCAT

Experts in silversmithing since 1820, Puiforcat continued the roll-out of tableware collections inspired by its heritage. In 2015, to support its development, the brand focused specifically on optimising its production hub and asserting its commercial positioning. Various actions were carried out in terms of industrial facilities, manufacturing processes and logistics to ensure the long-term safeguarding of artisanal know-how and to maintain the exceptional quality that has forged its reputation. The brand reinforced its international presence by returning to Moscow under the auspices of a leading tableware retailer, and by opening a bespoke showroom in Bangkok. In China and Japan, several events showcased the house's silversmithing skills, in the presence of craftsmen from the workshop. The launch of chopsticks in ebony and silver-plated metal, as well as promotional activities highlighting the silver-gilt finish of the champagne collection, illustrated a desire to attract an international clientele of connoisseurs and demanding aficionados. Finally, the brand reinforced its strategy of opening up to new markets by participating in key yachting and aviation events. As the year reached its close, Puiforcat unveiled its new wine-tasting collection to the French press. *Puiforcat Sommelier* was created in collaboration with expert sommelier Enrico Bernado and London-based designer Michael Anastassiades. The collection

breaks with wine tasting tradition by combining silver-plated metal and hand-blown glass. It set a technical challenge requiring a bold approach that the Puiforcat craftsmen rose to with consummate skill.



1



2



3



4



5

1. Chopsticks in ebony and gold-plated metal.
2 to 5. *Puiforcat Sommelier* collection.

JOHN LOBB BOOTMAKER

Paula Gerbase was appointed John Lobb's new artistic director at the beginning of 2015, taking responsibility for all collections and brand development. Her contemporary vision, combined with a profound respect for the values of craftsmanship, embodies the spirit of innovation that defines John Lobb.

The year's collections paid tribute to a unique odyssey that changed the course of John Lobb's life: aged 22, the apprentice bootmaker left his native Cornwall on foot, bound for London, simply shod in a pair of boots he'd made himself. Inspired by this rite-of-passage journey, the footwear launched in 2015 combines movement with modernity, as exemplified by the ankle boots in a firm, supple leather, which fasten with a simple buckle and discreet lacing, or the informal models, lightweight and flexible, that proved extremely popular. At the end of the year, belts and small leather goods completed the ready-to-wear, special order and bespoke shoe collections featuring materials – leather and canvas – textures and shades developed in synergy. The bespoke service reaped the full rewards of the return to the brand's roots instigated by the new artistic director.

The company continued to develop its network of own-name stores and opened three branches, one in Hong Kong's Kowloon district and two in the United States, in Miami and Houston. At the same time, existing

stores were gradually updated to bring their concept into line with the new graphic charter: the original logo and colour code were modernised, reflecting the brand's founding principles.

Over the course of the year the website was redesigned, and now offers five online sales platforms worldwide.

And finally, the Northampton manufacture pursued its policy of industrial investment and innovation.

TEXTILES

The Hermès Textile Holding company unites the group's textile production skills, from creation to fabrication, including weaving, engraving, printing, dyeing and finishing, under one umbrella structure. It supplies not only the group's various métiers, but also external markets such as clothing and interior decoration, in particular for the brands Bucol, Métaphores, Vérel de Belval and Le Crin.

2015 saw the company continue to work towards improving the flexibility of production capacity, in order to provide a better service to stores, while maintaining the very highest quality standards. As well as structuring its development in this way, the textile division also pays special attention to maintaining and passing on know-how, through an incubator for textile engineers, the promotion of apprentices, and the creation of an innovation think-tank.



TANNING AND PRECIOUS LEATHERS

The Tanning sector handles the purchasing, tanning, dyeing and finishing of precious skins destined for high quality fashion and leather goods brands and manufacturers, as well as for the high-end watchmaking industry.

A downturn in the exotic leather market in 2015 reflected trends in watchmaking and clothing, and to a lesser extent leather goods, which showed a more contrasting picture depending on the brand. Calfskin also saw a slight contraction in volume, caused by the deterioration in quality of the raw material and the decline in the mid-range shoe market. Yet despite these adverse conditions, the sector succeeded in developing its production and potential for the group's métiers. The Cuneo tannery, which opened at the end of 2014, significantly increased production of exotic leathers for Hermès small leather goods. Likewise, increased capacity at the Annonay tannery in 2014 meant substantial development in Box calfskin supplies for the group. Investment in 2015 was focused principally on the quality of raw materials and the improvement of production facilities at the various tanneries.

At the end of November, the sector acquired the total capital of the Tanneries du Puy, specialising in the production of Box calfskin. This acquisition

bolstered the group's policy to preserve skills and protect supplies. In this way, the Tanneries sector continues to pursue its activities and investments in line with its objectives, which are to assert its position of excellence on the precious skins market by ensuring reliability of supply, optimising production capacities and prioritising innovation and creativity, while remaining exemplary in terms of respecting ethical and environmental standards.

HERMÈS HORIZONS

With Hermès Horizons, Hermès has extended its traditional sheathing know-how, imaginative flair and sense of innovation to encompass all bespoke orders for private customers. This unique service brings together the finest and most technical materials, utilising cutting-edge technology to create one-of-a-kind objects or fit out and upholster all types of vehicles.

To support an increase in activity, Hermès Horizons now has a new, more extensive workspace, better suited to the demands of large transport-oriented projects. The bespoke business again enjoyed significant growth in 2015. Many objects were made to order for customers from all over the world. Specially designed bags, purpose-made trunks and made-to-measure furniture all provided opportunities to demonstrate Hermès' know-how and creativity. The year was also marked by considerable activity in the aviation

sector. Hermès notably undertook the upholstery of an Airbus A319 for a private client. Several months of work were required to redesign seats and couches, make prototypes and ensure the production of unique pieces. In the same sector, a new project was launched for a private jet, with the initial prototypes finalised at the end of the year.

In the motor vehicle sector, a prestigious collector's car was leather-sheathed by artisans. Numerous details were added to enhance the interior.

The *Le Flâneur d'Hermès* bicycle collection, designed in the Hermès Horizons workshops, was complemented by various leather accessories (saddle bag, repair kit pouch, smartphone case) to match the sheathing on the handles, the saddle, the frame and the pump.



PETIT

A “laboratory” dreamt up by Pascale Mussard, petit h brings together under one roof all the skills and materials represented by the Hermès group and its brands (Puiforcat, Cristalleries de Saint-Louis, John Lobb, Le Crin, Verel de Belval, Créations Métaphores etc.). Petit h makes these resources available to artists and designers in a unique creative venture. With their assistance, materials and objects not used in the production workshops – leather, silk, horsehair, pieces of porcelain or crystal, ready-to-wear or furnishing fabrics,

metal pieces – are reborn in the hands of saddler-leatherworkers, precious-metalworkers, couturiers, master glass- and porcelain-makers and master bootmakers, etc. This direct interaction between ideas and skilled hands, inspired by the materials, leads to the design and production of some surprising and innovative objects.

In 2015, as every year, petit h set off to meet Hermès customers around the world at three pop-up sales events. The Hermès stores of Ginza (Tokyo) in May, and of Shanghai in November, were transformed for three weeks by a scenography unique to each place.

In October, for the very first time, petit h presented its creations not in a Hermès store, but in a traditional Japanese house, as part of a sale in Kyoto.

The petit h “silk paper” collection consisting of a console, a screen and a mirror were displayed at the *AD Collections* event in April in the reception rooms of the French Ministry of Foreign Affairs, in Paris. Also in April, for the *Wallpaper Handmade 2015* exhibition in Milan, on the theme of entertainment, the petit h workshop made an occasional table and a chess set in leather, created by designer Stéphane Parmentier. In June, petit h took advantage of the D’Days design festival to present an innovative creation: the petit h Terrazzo, which takes a fresh look at the Italian art of mosaic. Last but not least, petit h took over the entire Hermès Rue de Sèvres store in Paris, exhibiting the work of Japanese artist Shinji Ohmaki during the Fiac (International Contemporary Art Fair). Petit h, though nomadic in essence, has a permanent home at the entrance to the Hermès store on Rue de Sèvres, where a selection of objects is on display throughout the year and where, at the invitation of Pascale Mussard, the artist Isabelle Leloup runs creative workshops open to all. Thus, petit h continues to develop and assert its identity, while staying true to its maxim: “When I grow up, I want to stay small!”



Giant panda in black, white and bamboo bullcalf, petit h.

SHANG XIA

Chinese design brand Shang Xia seeks to make a contemporary art of living available to its customers through simple, timeless objects that create a link between tradition and modernity. In 2015, its collections expanded and colour entered the scene.

The major new arrival was the *Le chant du thé* tableware, which offers variable combinations to suit one's mood. Several designs – the Temple of Confucius, the Temple of Heaven, bamboo slips – echo one another across

three variously sized plates in shades of red and cashmere.

There were two new colours – glossy red and matt black – for the chairs in the *Da Tian Di* collection, launched in 2014. Their graceful and assertively modern design is inspired by details characteristic of the Ming style, but reinterpreted with an abstract twist. The construction of the chairs ensures remarkable solidity and lightness by combining traditional lacquer and carbon fibre, an exceptional material.

An embroidered felt cashmere version of the *Lan Yue* bag, its shape based on that of a traditional

bamboo basket, was introduced this year in a joyful profusion of vivid colours inspired by the Dunhuang murals.

At the end of October, Shang Xia again played a successful part in Christie's Chinese Contemporary Art sale in Shanghai.



Qiao vases in porcelain and woven bamboo.



Le Jardin de Monsieur Li fragrance.

PARTNERSHIPS

FAUBOURG ITALIA

In addition to its tableware and art of living collections, Hermès offers a complete range for the home that includes upholstery fabrics and wallpapers. The latter are developed in partnership with the Italian fabric producer Dedar, which also controls international distribution. A joint subsidiary, named Faubourg Italia, was created in 2011. Hermès International holds 60% of its capital.

J3L

Hermès holds a 30% share in the capital of J3L, a long-standing French supplier of the group, specialising in metal parts destined principally for leather goods and fashion accessories.

PERRIN & FILS

Holding Textile Hermès has a 39.5% stake in the capital of Perrin & Fils. The Perrin Group specialises in weaving for a range of sectors as diverse as lingerie, furnishing fabrics, ready-to-wear and accessories.

VAUCHER MANUFACTURE FLEURIER

La Montre Hermès holds a 25% share in the capital of Vaucher, the watchmaking manufacture. Located in the heart of traditional watchmaking territory, between Neuchâtel in Switzerland and the French border, the Vaucher Manufacture offers superior know-how and produces high-end and prestige watch movements.

BETTINA

Hermès holds a 40% share in the capital of Bettina, a long-standing partner of the group. The company specialises in the production of twillaine and operates in the ready-to-wear sector, but also in silk and textiles and the art of living.





Parasol in beech wood, horn, woven wicker and *Jardin d'osier* print silk.

ACTIVITY BY REGION

In 2015, the Hermès group's turnover totalled €4,841m, a rise of 8% at constant exchange rates and of 18% at current exchange rates.

	2015 (Revenue in €m)	2015 (Mix in %)	2014 (Revenue in €m)	2014 (Mix in %)	Evolution at current exchange rates	Evolution at constant exchange rates
Europe	1,590	33%	1,444	35%	10.1%	8.7%
France	684	14%	644	16%	6.2%	6.2%
Europe (excl. France)	906	19%	800	19%	13.3%	10.8%
Asia-Pacific	2,294	47%	1,889	46%	21.4%	8.5%
Japan	600	12%	484	12%	23.9%	18.3%
Asia-Pacific (excl. Japan)	1,694	35%	1,405	34%	20.6%	5.1%
Americas	884	18%	711	17%	24.3%	6.8%
Other	73	2%	74	2%	(1.7)%	(2.2)%
Consolidated revenue	4,841	100%	4,119	100%	17.5%	8.1%

EUROPE

In 2015, the Hermès Group generated 33% of its sales in Europe. It recorded sales of €1,590m, an increase of 9% at constant exchange rates. Sales increased by 6% in France and 11% in other European countries.

In France, the Faubourg Saint-Honoré store saw its watches-jewellery and footwear areas refurbished, expanded, and transformed with a new decor. Meanwhile on La Croisette in Cannes, facing the sea, where Hermès has been established since 1925, a new store opened at number 52 offering 400m² of retail space.

In the United Kingdom, the New Bond Street store in London – another of the house's long-standing locations – was entirely renovated. The retail space was almost doubled to nearly 700m² and is now spread over two levels, featuring an interior architecture that respects the original 1950s design.

In Russia, the store in the GUM moved to a different location within the prestigious shopping centre on Moscow's Red Square in the heart of the capital. It has doubled its surface area to 740m² covering three levels and arranged around a spectacular ash wood staircase, a true work of craftsmanship.

In Italy, Hermès reopened a store in Porto Cervo in Sardinia in mid-May. More spacious than its predecessor, it has three large windows beneath the historic arcades of the Piazza, right in the town centre.

Travel retail also had a dynamic year, confirmed by the opening in June of a 140m² space at London's Heathrow airport. Located in Terminal 5, the store is distinctive for its façade in Hermès red. In a move to make retail spaces ever more welcoming, the renovation and extension of several stores in Europe is planned for 2016.

AMERICAS

In 2015, the Americas region represented 18% of group sales, with a turnover of €884m, up 7% at constant exchange rates.

In the United States, a new store opened in Miami's Design District, in close proximity to South Beach. Three floors, flooded with natural light, showcase all the Hermès universes, and in a nod to the Faubourg Saint-Honoré store, there is roof garden with the statue of an infantryman on horseback standing proudly in one corner. A number of refurbished and extended stores reopened during the course of 2015: Washington DC in May, Seattle in August, Boston in September, and Dallas and Houston at the end of the year. Lastly, in New York, a space exclusively dedicated to fragrance – The Hermès Parfumerie – was established right in the heart of Manhattan's Battery Park City. In Mexico, Hermès took on a sixth site with a boutique in Mexico City, in the El Palacio de Hierro department store located the Polanco district. What makes this

300m² outlet particularly special is an impressive façade of almost 25 metres in length. Meanwhile, Brazil's São Paulo store reopened its doors in May following large-scale renovation work, which doubled its surface area. In 2016, the growth dynamic across the Americas region will continue to be fostered with refurbishments, extensions and – for a year that will be marked by the Olympic Games – a new store in Rio de Janeiro in Brazil.

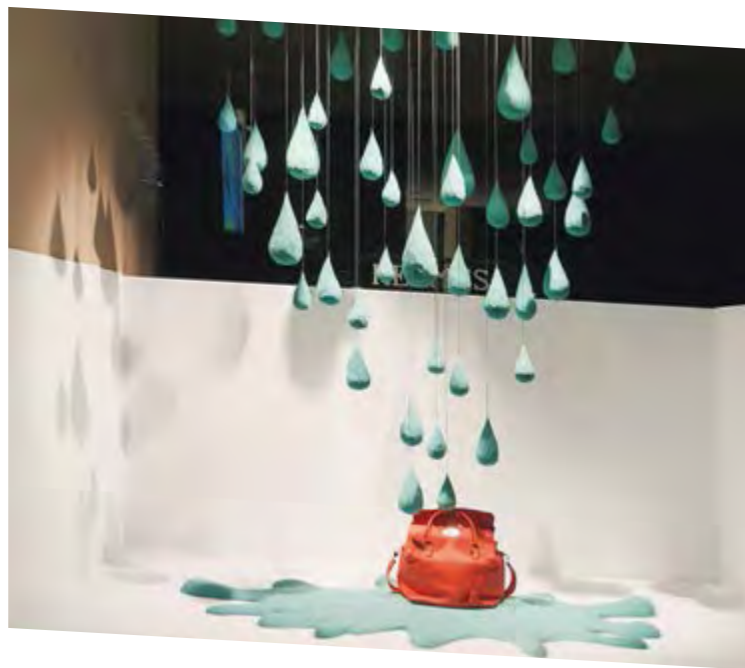




2



3



4

1. Hermès store window display in London.
2. Hermès Faubourg Saint-Honoré store window display in Paris.
3. Hermès Madison store window display in New York.
4. Hermès store window display in Istanbul.

ASIA-PACIFIC

In 2015, the Asia-Pacific region represented 47% of the group's total sales. It recorded sales of €2,294m, an increase of 9% at constant exchange rates.

Japan displayed exceptional vitality, with sales up by 18% at constant exchange rates, buoyed by the success of all the métiers. The strategy of taking over concessions, and the impact of a return to higher numbers of tourist customers in stores across the Japanese archipelago contributed to this remarkable performance. As part of constant efforts to ensure the quality of the customer experience, Hermès refurbished and enlarged the Kyoto Takashimaya and Tokyo Seibu Ikebukuro stores. The other Asia-Pacific region countries recorded 5% growth at constant exchange rates. In South Korea, the store opened in late 2014 in Seoul's Lotte Avenuel World Tower enjoyed an excellent first year. Sales in China, bolstered by store openings in Shanghai, Beijing and Chengdu in late 2014, enabled growth to be sustained despite adverse market conditions. The Hermès Maison in Shanghai, a vibrant venue dedicated to the house's various universes, asserted itself as the beating heart of Hermès in China with numerous events, exhibitions and activities throughout the year. The stores in Hong Kong and Macao withstood the challenging conditions particularly well.

For 2016 and the years to come, Hermès will be reaffirming its strategy by continuing to pursue a policy of steady expansion in Greater China with highly selective store openings in the largest cities.





2



3

1. Hermès Maison store window display in Shanghai.
2. Hermès Ginza store window display in Tokyo.
3. Hermès Dosan Park store window display in Seoul.



HERMÈS AROUND THE WORLD 307 RETAIL OUTLETS

Hermès products are available worldwide through a network of 307 exclusive stores. Hermès watches, fragrances and tableware are also sold through networks of specialised stores and in airport duty-free stores.

EUROPE

AUSTRIA: 2

2 concessionaires

BELGIUM: 3

3 branches:

Antwerp

Brussels

Knokke-le-Zoute

CZECH REPUBLIC: 1

1 branch:

Prague

DENMARK: 2

2 concessionaires

FRANCE: 33

15 branches:

Aix-en-Provence

Biarritz

Bordeaux

Cannes

Deauville

Lille

Lyon

Marseille

Paris faubourg Saint-Honoré

Paris George-V

Paris Sèvres

Rennes

Rouen

Saint-Tropez

Strasbourg

18 concessionaires

GERMANY: 17

10 branches:

Baden-Baden

Berlin KaDeWe

Berlin West

Cologne

Düsseldorf

Frankfurt

Hamburg

Hanover

Munich

Nuremberg

7 concessionaires

GREECE: 1

1 branch:

Athens

IRELAND: 1

1 branch:

Dublin

ITALY: 17

12 branches:

Bologna

Capri

Florence

Milan

Naples

Padua

Palermo

Porto Cervo

Rome

Rome Campo Marzio

Turin

Venice

5 concessionaires

LUXEMBOURG: 1

1 concessionaire

NETHERLANDS: 4

2 branches:

Amsterdam De Bijenkorf

Amsterdam PC Hoofstraat

2 concessionaires

NORWAY: 1

1 concessionaire

PORTUGAL: 1

1 branch:

Lisbon

PRINCIPALITY OF MONACO: 1

1 branch:

Monte Carlo

RUSSIA: 2

2 branches:

Moscow GUM

Moscow Stoleshnikov

SPAIN: 6

6 branches:

Barcelona Diagonal

Barcelona Paseo de Gracia

Madrid Castellana

Madrid Ortega y Gasset

Marbella

Valencia

SWEDEN: 1

1 concessionaire

SWITZERLAND: 12

9 branches:

Basel

Bern

Crans

Geneva

Gstaad

Lausanne

Lugano

St. Moritz

Zurich

3 concessionaires

TURKEY: 3

2 branches:

Istanbul

Istanbul Istinye

1 concessionaire

UNITED KINGDOM: 10

8 branches:

Glasgow

London Bond Street

London Harrods

London Royal Exchange

London Selfridges

London Sloane Street

Manchester

Manchester Selfridges

2 concessionaires



Canada 5

USA 34

Mexico 6

Caribbean 1

Panama 1

Brazil 1

Chile 1

Argentina 1

AMERICAS

ARGENTINA: 1

1 branch:
Buenos Aires

BRAZIL: 1

1 branch:
Cidade Jardim

CANADA: 5

4 branches:
Calgary
Montreal
Toronto
Vancouver
1 concessionaire

CARIBBEAN: 1

1 branch:
Saint-Barthélemy

CHILE: 1

1 concessionaire

MEXICO: 6

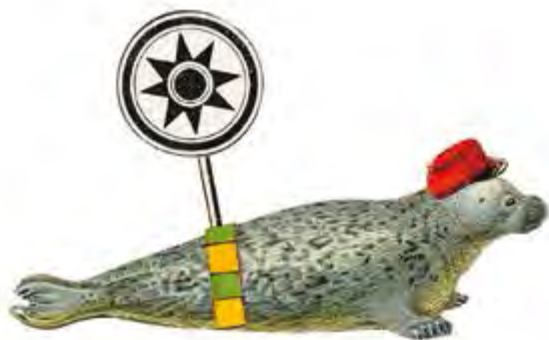
4 branches:
Mexico City Masaryk
Mexico City Moliere
Mexico City Palacio Perisur
Mexico City Santa Fe
2 concessionaires

PANAMA: 1

1 concessionaire

USA: 34

27 branches:
Atlanta
Bergen County
Beverly Hills
Boston
Charlotte
Chicago
Dallas
Denver
Greenwich
Hawaii Ala Moana
Hawaii Duty Paid Waikiki
Houston
King of Prussia
Las Vegas Bellagio
Las Vegas CityCenter
Las Vegas Wynn
Miami
New York Madison
New York Man on Madison
New York Wall Street
Palm Beach
San Diego
San Francisco
Seattle
Short Hills
South Coast Plaza
Washington Fairfax
7 concessionaires



ASIA

CHINA: 23

22 branches:

Beijing China World
Beijing Park Life
Beijing Peninsula Palace Hotel
Beijing Shin Kong
Chengdu Swire
Dalian Furama Hotel
Guangzhou La Perle
Guangzhou Taikoo Hui
Hangzhou Hubin Store
Hangzhou Tower
Harbin Mykal
Kunming Golden Eagle
Nanjing Deji
Ningbo Heyi Avenue
Qingdao Hisense Plaza
Shanghai IFC
Shanghai Maison
Shanghai Plaza 66
Shenyang Mixc
Shenzhen City Crossing
Suzhou Matro
Wuhan International Plaza
1 concessionaire

HONG KONG: 7

7 branches:

Galleria
Harbour City
Kowloon Elements
Lee Gardens
Pacific Place
Peninsula Hotel
Sogo

INDIA: 2

2 branches:

Mumbai
New Delhi

INDONESIA: 2

2 concessionaires

JAPAN: 41

31 branches:

Chiba Sogo
Fukuoka Hakata Hankyu
Fukuoka Iwataya
Kobe Daimaru
Kyoto Takashimaya
Matsuyama Iyotetsu Takashimaya
Nagoya JR Takashimaya
Nagoya Matsuzakaya
Nagoya Mitsukoshi
Okayama Takashimaya
Osaka Hilton

Osaka Midosuji
Osaka Pisa Royal
Osaka Takashimaya
Osaka Umeda Hankyu
Sapporo Daimaru
Sendai Fujisaki
Tachikawa Isetan
Tokyo Ginza
Tokyo Ikebukuro Seibu
Tokyo Marunouchi
Tokyo Nihombashi Mitsukoshi
Tokyo Nihombashi Takashimaya
Tokyo Shibuya Seibu
Tokyo Shibuya Tokyu
Tokyo Shinjuku Isetan
Tokyo Shinjuku Takashimaya
Tokyo Tamagawa Takashimaya
Urawa Isetan
Yokohama Sogo
Yokohama Takashimaya
10 concessionaires

KAZAKHSTAN: 1

1 concessionaire

MACAU: 3

3 branches:

Four Seasons
One Central
Wynn

MALAYSIA: 3

2 branches:

Kuala Lumpur Pavilion
The Gardens
1 concessionaire

PHILIPPINES: 1

1 concessionaire

SINGAPORE: 7

7 branches:

Liat Tower
Marina Bay Sands
Scotts Square
Singapore Changi Airport T1
Singapore Changi Airport T2
Singapore Changi Airport T3
Takashimaya

SOUTH KOREA: 17

10 branches:

Busan Shinsegae
Daegu Hyundai
Lotte Seoul
Seoul Dosan Park
Seoul Galleria
Seoul Hyundai
Seoul Hyundai Coex

Seoul Shilla
Seoul Shinsegae
Seoul Shinsegae Gangnam
7 concessionaires

TAIWAN: 9

6 branches:

Kaohsiung Hanshin
Taichung FE21
Tainan Mitsukoshi
Taipei Bellavita
Taipei Regent
Taipei Sogo Fuxing
3 concessionaires

THAILAND: 3

2 branches:

Bangkok Siam Paragon
Central Embassy
1 concessionaire

VIETNAM: 2

2 concessionaires

MIDDLE EAST

BAHRAIN: 1

1 concessionaire

KUWAIT: 1

1 concessionaire

LEBANON: 2

2 concessionaires

QATAR: 2

2 concessionaires

UNITED ARAB EMIRATES: 5

5 concessionaires

OCEANIA

AUSTRALIA: 4

4 branches:

Brisbane
Melbourne
Surfers Paradise, Gold Coast
Sydney

GUAM: 1

1 branch

SAIPAN: 1

1 branch



63 Avenue 39th Street Miami, FL 33139 USA

A BRIGHT NEW HOME IN MIAMI DESIGN DISTRICT



Illustration produced for the opening of the Miami store.

COMMUNICATION

With this year's theme of "Flâneur Forever", Hermès invited us to rediscover the pleasures of the art of flânerie – an urban stroll in which the flâneur takes some time to relax, forget all constraints, and marvel at the beauty all around.

To capture this spirit of liberty in its advertising campaigns, Hermès turned to Harry Gruyaert. This photographer and traveller, known for his dreamlike landscapes, adopted a poetic and sensitive perspective on the unique world of the house. His luminous images, imbued with movement and fluidity, turned the city into a backdrop that closely echoed the thoughts of the flâneur. The spring-summer collection was set in a Miami full of zesty colour, bathed in sunlight and gentle breezes. Through a series of subtle superpositions, the reflection of the palm trees was suggestive of boutique window displays. The campaign was displayed in gigantic format on the façade of the hotel Le Lutétia, rising up above the boutique on Paris' rue de Sèvres. Meanwhile, for the autumn-winter collection, the flâneur explored a Venice full of light and shade. Discreetly shadowed by the photographer, the stroller was caught unawares in a series of atypically composed shots, with a mixture of deep blacks, saturated colours and rays of winter sunlight. But the notion of flânerie also brought with it a number of new experiences for clients, to mark the renovation or opening of stores. In April, the New Bond Street store in central London re-opened after extension work. To mark the occasion, the *Wanderland* exhibition at the Saatchi Gallery invited guests to abandon all sense of space and time, diving into an imaginary and surreal Paris in which typical backdrops – squares, cafés, and covered arcades – were inhabited by objects from the Hermès archives or collections. The exhibition was open to the public and was a resounding success.

In the United States, two events marked the inauguration of new stores. In Miami, the opening of the boutique in the

city's Design District was the occasion for a celebratory evening with a Latin ambience. During New York's Fashion Week, the opening of The Hermès Parfumerie provided the stage for a series of events and digital experiences around the art of fragrance, Hermès-style.

In Russia, to celebrate its return to the GUM, Moscow's luxury department store, Hermès enchanted its guests by turning the interior of the famous monument into an immense fairytale forest for an evening.

The various sectors of the house also travelled the globe, in a number of exquisite encounters with customers and the press. Women's ready-to-wear chose the prestigious setting of the Republican Guard's manège, in Paris, to unveil its first collections by Nadège Vanhée-Cybulski. Meanwhile, men's ready-to-wear took over two Parisian landmarks, the Maison de la Radio in January and the cloister of the Cordeliers convent in June, to present the collections designed by Véronique Nichanian.

The home universe chose the Palais de Tokyo to present its new *Voyage en Ikat* porcelain tableware to the press – an invitation to travel and experience an exquisite interweaving of cultures. For the launch of the new fragrance *Le Jardin de Monsieur Li*, inspired by perfumer Jean-Claude Ellena's visits to China, Hermès invited the press to the exotic Loo House – a striking pagoda in the heart of Haussmann's Paris.

La Montre Hermès naturally selected the city of Basel in Switzerland to present its new timepiece, the *Slim d'Hermès* at Baselworld, the world watch and jewellery show. The commercial launch of the model last autumn was supported by a press campaign, a series of in-store events and a digital campaign across social media. Hermès also bridged the gap between Paris and San Francisco, birthplace of the Apple company, in unveiling the *Apple Watch Hermès* last September to an audience of journalists gathered in the rue de Sèvres Store.

For its fourth edition, Hermès Éditeur printed the work *Variations autour de La Longue Marche* by Argentinian artist Julio Le Parc – with its radical take on colour and its title perfectly in tune with this year’s theme – on sixty silk twill scarves. This collection of unique pieces was featured in the contemporary art fairs of both Basel and Miami. The year was also marked by other events and exhibitions, inviting guests to delight in the spirit of curiosity, innovation and fantasy that infuses the house.

After London, the *Wanderland* exhibition, now renamed *Dans l’œil du flâneur*, (“Through the eyes of the flâneur”) arrived in Paris in September, on the banks of the Seine.

The *Leather Forever* exhibition, with its exploration of the leather goods métier, continued its world trip with a stopover in Singapore. In Paris, the nave of the Grand Palais played host last spring to showjumping’s elite for the sixth *Saut Hermès*, confirming its status as a major event, enjoying remarkable public success and international television coverage. Silk was given pride of place in Barcelona, where a temporary version of La Maison des Carrés was set up near the boutique on Paseo de Gracia. Visitors learned about the colouring process and enjoyed the opportunity to choose a new colour for their scarf and explore the art of scarf knotting. The Silk Ball held to inaugurate the event enchanted the many guests.

Finally, petit h set out to present its poetic and unusual creations to its Asian clients, spending a week within the Hermès Maison in Shanghai, after two stopovers in Japan.

And flânerie also went digital this year. The MANifeste d’Hermès, launched in September, is a platform dedicated to menswear, from ready-to-wear to shoes, leather goods and ties. Designed to facilitate the discovery of the entire range in all its diversity, it adopts a practical and playful approach, with a series of themed lists suggesting suitable combinations. Since November, jewellery accessories have also been given a digital platform in the form of Hermèsistible. This humorous and offbeat website sets out to provide an “imaginary dictionary of jewellery accessories” complete with an array of light-hearted neologisms, such as aparesse, folitude and jalousèle, designed to arouse new emotions.

And to continue this journey into the world of Hermès on paper, the twice-yearly magazine *Le Monde d’Hermès* has been treated to a makeover, with a new layout and tone. The new *Le Monde d’Hermès*, with its new typeface, new writers and new talents, is designed to encapsulate more than ever the unique culture of Hermès.





7 cm ties in silk twill.



An exhibition of works by Monika Sosnowska, The Forum, Tokyo.

FONDATION D'ENTREPRISE HERMÈS

2015: SHARING

Patronage is an act of altruism, selfless by its very nature. Why then, if our starting point is a relationship that would appear, on the face of it, to be one-sided, have we chosen “sharing” as the unifying theme for our 2015 activity report? Because a gift given leads to a gift in return, and hence exchange and reciprocity. Here are some examples of what sharing means to us.

SHARING CHALLENGES

Sharing is embodied first and foremost in dialogue. Certainly on a day-to-day basis, our work involves making donations to social and environmental causes, or providing artists with the means to express themselves. But it also goes one step further by sharing with our beneficiaries, as part of a relationship built on trust, the challenges inherent in the cause they are committed to, those very challenges that motivated us to help them in the first place. We need to understand the pathways that they are developing to arrive at a successful outcome. This is why they regularly come to us for advice, and ask for our help with networking, in a pooling of skills. We also seek to share in philanthropic issues arising from within the house itself. Thanks to the H³ programme, Hermès employees involved on a personal level in not-for-profit initiatives have the opportunity to submit a project of general interest for support by the Foundation.

SHARING KNOW-HOW

Sharing is a genuine catalyst for sparking creativity, broadening outlooks and eliciting forward thinking. This is the founding principle behind the residencies for young artists that we organise in the manufactures. As a work takes shape, there is a give-and-take of expertise between craftsmen and artists that stimulates the imagination. In 2015, three new artists, Célia Gondol, Io Burgard and DH McNabb, embraced the experience. Sharing is also central to the New Settings programme, as demonstrated in 2015 by Alessandro Sciarroni's performance based on the game “goalball” practised by the visually impaired. The choreographer constructed an original work by sharing a creative process with people with a disability.

SHARING KNOWLEDGE

The Fondation promotes the dissemination of culture linked to know-how. The 2015 Skills Academy was dedicated to clay as an artistic medium and aimed to bring together professionals and a wide public audience to benefit from the knowledge of experts invited to speak at morning sessions. For the “Academicians” themselves, the Academy concluded with a workshop during which they could experiment with the material by sharing their knowledge and skills, and contribute to the debate on arts and crafts in the 21st century. It is precisely because we wanted to share our keen interest in “simple shapes” with a broad cross-section of the general public that we worked with the Centre Pompidou-Metz to organise the eponymous exhibition that was shown at the Mori Art Museum in Tokyo in 2015 to resounding success. Hermès’ long-standing commitment to philanthropy and the creation of its Fondation in 2008 are consequences of the craftsmanship within the house that is the source of its values. The expertise of our artisans, passed on by their peers, is the product of a community-based interdependency of talents operating within a workshop, which provides a setting conducive to sharing.

This text by Catherine Tsekenis, Director of the Fondation d'Entreprise Hermès, appears in her complete Activity Report available at: www.fondationdentreprisehermes.org, in the “Fondation” section.



1



2

1. Skills Academy: Clay!
2. Artists-in-residence programme: Io Burgard at the Seloncourt leather goods manufacture.



3



4

3. Immersion programme: Sylvain Couzinet-Jacques in residence in the United States.

4. New Settings programme: Léone and Michel François, *Take the Floor*.

SUSTAINABLE DEVELOPMENT AND THE ENVIRONMENT

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Sustainable development is a notion that echoes the house's founding values, in particular its long-term vision and the importance it attaches to its employees and to its culture of excellence and expertise, as well as its respect for nature, from which its materials are sourced. The company's ethical commitments, set out in a charter distributed to all its teams, form the bedrock of Hermès' relations with its employees, suppliers, customers and shareholders.

Since 2007, the company's efforts in this respect have been coordinated by a Sustainable Development Committee, in which several members of the Executive Committee actively participate. The sustainable development committee coordinates technical networks and local committees, and supports a number of cross-disciplinary projects. A Group Operations Committee (involving regular meetings of the managers in charge of key corporate functions) casts a pragmatic eye over the areas addressed and drives the implementation of practical measures. The Group has a number of tools for applying the roadmap approved by the Executive Committee: a strategic framework, an internal standard known as "Ambitions" which constitutes a common language and supports the actions of operational teams, an intranet site designed to keep employees informed and share good practices, an ethical charter, a business code of conduct, and a guide for suppliers on ethical, social and environmental policies. Local Sustainable Development Committees (organised by métier or subsidiary) have been formed to lead and monitor initiatives at a local level. They

now share best practices at regional meetings or via the good practice observatory on the intranet.

The work of this network focuses on several core issues. Hermès oversees the development and transmission of its artisans' know-how, and more broadly that of the teams which form the basis of its own sustainable development. The satisfaction and fulfilment of its staff, one of the engines of sustainable growth, are also a focus of special attention.

The sustainability of Hermès' activities is based on the availability of high quality materials that lie at the heart of what makes the house unique: it protects and respects the exceptional natural resources used to make its products. Hermès is constantly seeking long-term and ambitious but pragmatic solutions to better preserve the environment. Its ability to grow is closely bound to the development and sustainability of its suppliers and partners, leading players in the field of high quality products and services, but also in social and environmental terms. Finally, Hermès ensures dialogue and the development of harmonious relations with its stakeholders and plays a role as a good corporate citizen wherever it operates.

In June 2012, as part of its voluntary carbon offsetting strategy, Hermès also joined the Livelihoods Fund, a group of companies financing carbon offset projects with high social and environmental value. Livelihoods supports projects in Africa, India and Indonesia, where the goal is to replant over 130 million trees and ensure long-term economic development for local populations. The Livelihoods Fund has developed in accordance with

its initial aims and, in 2015, delivered carbon credits to its investors for the second time, contributing to offsetting part of the group's emissions.

Lastly, Hermès' founding values are also seen in the work of the Fondation d'Entreprise Hermès. Created in 2008, the foundation supports philanthropic projects that focus on know-how, transmission of knowledge and biodiversity.

Many sustainable development initiatives were implemented in the house's various entities. Covering social, environmental and societal issues, these initiatives are described in the corresponding sections of this report. A correspondence table at the end of Volume 2 summarises all the house's initiatives, as required by French law. These are the subject of a specific report by an independent outside body, on pages 282 and 283 of Volume 2.

THE GROUP'S INDUSTRIAL ACTIVITY

EVOLVING SCOPE

In 2015, Hermès operated forty-nine production facilities, thirty-eight of them in France, spread across forty-two separate locations (thirty-one in France, three in Switzerland, two in the United States, four in Australia, one in the UK and one in Italy), as well as the logistics platform at Bobigny. The regular increase in the number of production facilities, which goes hand-in-hand with the growth in its business, is undertaken in close consultation with local authorities and various stakeholders. As of the end of 2015, the Group employed 5,591 production staff, 5,103 of them in France.

METHODOLOGY

The scope of this environmental report encompasses all production and logistics entities controlled by the house. Consolidated data for water and energy consumption is shown below, while the detailed figures relating to each sector, the amount of waste and qualitative information about each métier's specific issues are given on page 129 to page 154 of Volume 2. Since 2012, Hermès has used reporting software accessible as a web resource to collect data about consumption at each site. The software also provides access to documentation explaining how the indicators collected are organised and defined. A consistency check is carried out automatically when the figures are entered and again when the global consolidation is performed by the industrial department. The published figures do not yet include data from new exotic leathers sites in Australia and the United States. Consumption figures for certain rented sites are not available (such as water for the Montbron and Saint-Antoine leather goods manufacturing sites, and water and energy for the John Lobb Mogador workshop in Paris); however, given the size of the workshops and the absence of industrial water use, these represent a negligible proportion of the consolidated total.

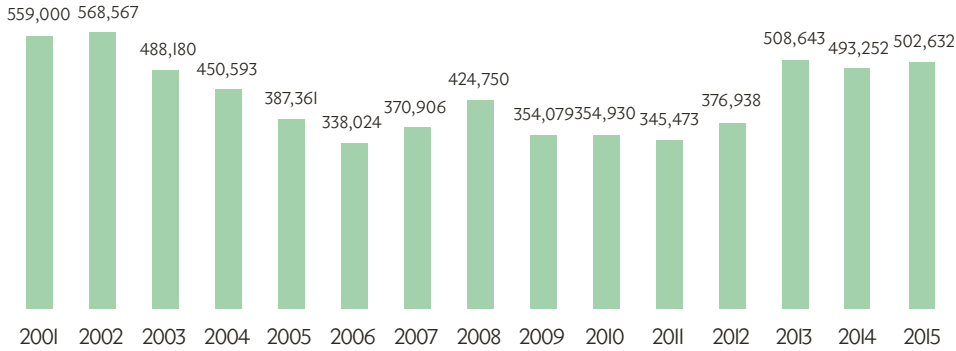
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OBJECTIVES

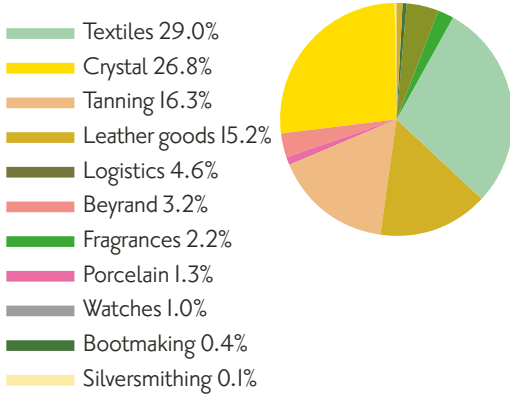
Working with the sectors and all those involved in our production sites, the industrial division is pursuing an environmental programme whose goals have remained unchanged since 2003:

- to comply with environmental and workplace health and safety (EHS) regulations and to prepare for changes in these regulations whenever possible;
- to respect natural resources, particularly water, and conserve energy;
- to enhance production processes by choosing the cleanest possible technologies and the most environmentally friendly materials available;
- to minimise waste production and to reuse and recycle whenever possible;
- to reduce the carbon footprint of our business operations.

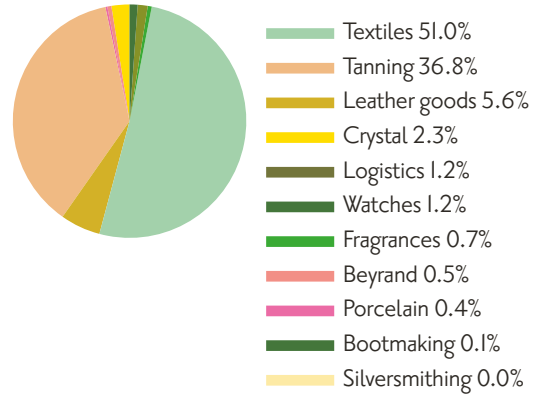
CHANGE IN WATER CONSUMPTION¹ (m³)



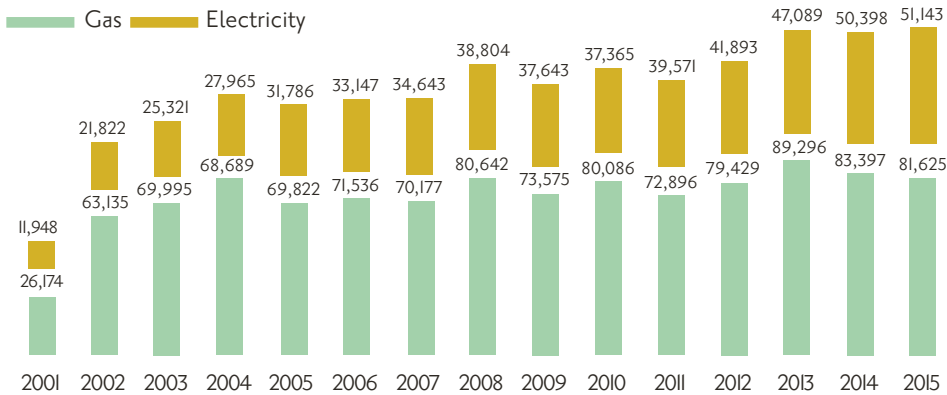
ENERGY CONSUMPTION (GAS AND ELECTRICITY) BY MÉTIER IN 2015



WATER CONSUMPTION BY MÉTIER IN 2015



CHANGE IN ENERGY CONSUMPTION¹ (MWh)



I. With the integration of Hermès Precious Leathers in 2008, Natéber, ITH and AEI in 2012, Tannerie d'Annonay, Beyrand and Erard in 2013. Excluding the Tanneries du Puy.

Everyone's efforts are needed at every site if we are to achieve these goals. An environment, health and safety network, created in 2003 and coordinated by the industrial division, organises Hermès' initiatives in these areas. The network comprises some twenty members who meet several times a year, to share results and best practices and also to receive further training. In 2015, the network focused on energy audits and arduous working conditions, in the light of recent changes in French legislation. Since 2002, EHS audit cycles at our various units have been conducted by a specialist external consultancy, spread over three years. The fourth cycle, starting in 2014, continued during 2015 with audits of twelve sites. These check the regulatory compliance of sites and assess their position in terms of a safety culture. Audits are also conducted at the time of construction or acquisition of new sites, enabling full coverage of Hermès' industrial assets over the three-year period. The information system deployed to the sites for the Group's environmental reporting can also be used to coordinate the follow-ups to these audits and monitor changes in environment, health and safety regulations. The Group's intranet site continued to build awareness about sustainable development among Hermès employees in France and overseas. The issues addressed by Hermès in terms of the environment, health and safety are explained on the site, which also reports regularly on activities organised by the EHS and local biodiversity initiatives, energy savings, sustainable development week events, etc. The investments made in environmental risk prevention are detailed in Volume 2. A large amount of equipment is replaced each year to improve systems used for the treatment of waste discharged into water and into the atmosphere in order to meet all applicable regulations. Similarly, noise measurements are regularly made around the sites to check that they comply with the standards applicable to them.

MANAGING CONSUMPTION OF WATER AND ENERGY

While none of its production sites are located in regions where water resources are scarce, Hermès is convinced of the vital importance of water resources and in 2002 it launched a programme to reduce water consumption. This programme is based on a wide range of initiatives involving almost all our production sites. They are detailed in the analysis by métier in Volume 2, on pages 133 to 154. Between 2002 and 2015, the house's industrial activity has more than trebled, while water consumption has fallen by approximately 12%. Despite the increase in activity, overall energy consumption decreased by 1%. This result is a clear demonstration of better management of energy consumption.

RESPECTING THE LAND

The Group's industrial activities do not contribute to the degradation of productive land, given the small surface area occupied by its sites and the negligible rate of change in land use which may be caused by the cattle and sheep farms in Europe where the sources of supply of raw hides are located. An impact study incorporating issues relating to animal and plant life and the preservation of natural environments is carried out prior to establishing any new industrial site.

OPTIMISING THE CONSUMPTION OF RAW MATERIALS

The raw materials used in the manufacture of Hermès products undergo a rigorous selection process to identify those which meet stringent quality and sustainability requirements. Each sector works to constantly improve the use of these rare and precious materials.

LIMITING IMPACT ON THE CLIMATE

In compliance with the requirements of the applicable regulations (article 75 of law 2010-788 of 12 July 2010), on 27 December 2015 Hermès published its Bilan Carbone®, as per the method and scope indicated by the legislation (direct emissions generated by fixed and mobile sources, and indirect emissions associated with the consumption of electricity, heat or steam). Since 2013, the Group has been equipped with the tools needed to carry out an annual update of the overall assessment of greenhouse gas emissions from its production and distribution sites. This work is carried out with the help of an independent external specialist, using the Bilan Carbone® method.

The results of this study provide data for analysis of the Group's environmental impacts and enable action plans to be drawn up within the framework of our Water-Energy-Carbon-Waste plan, which has been in place since 2010. Because our activities are highly diverse and emissions vary widely from one division to another, each métier drew up a plan addressing its own issues. All of the measures taken within this programme are aimed at reducing Hermès' impact on climate change.

For example, the attention paid to the consumption of fine, rare raw materials of exceptional quality is a major concern for the Leather Goods division. Its consumption is optimised by jointly implementing best practices and taking steps to minimise rejects and re-use offcuts.

PRESERVING BIODIVERSITY

Biodiversity preservation is addressed not only at group level but also by each individual métier in line with its specific issues. For example, Hermès abides by laws intended to combat illegal logging, such as the Lacey Act in the United States and the EUTR (European Union Timber Regulation), and the guidelines of the Washington Convention (CITES), protecting endangered plant and animal worldwide. Furthermore, sheepskins and cowhides used by Hermès come exclusively from European countries, and partnerships have been established with tanners.

ESTABLISHING SECURE RELATIONSHIPS WITH OUR PARTNERS

The majority of production is integrated in-house, in line with the Group's strategy that focuses on preserving unique know-how and securing supplies. Most of our subcontractors and suppliers have been partners for many years, and these stable relationships mean that we can work closely and sustainably with our partners on a wide range of matters.

They all undertake to comply with the Group's fair trade and social and environmental responsibility charters, which include requirements that exceed locally applicable regulations. Internal and external audits are conducted as part of pre-referencing procedures and regular inspections. Improvement plans are drawn up for them as part of a partnership and progress policy.

All Hermès' production and distribution sites maintain constant dialogue with local authorities and stakeholders to ensure they are fully integrated within the local community and nurture relationships based on trust, responsibility and good neighbourliness.

PROVIDING FOR AND UNDERWRITING ENVIRONMENTAL RISKS

No provision for risk was accrued for environmental risks in the financial statements for 2015. No company in the Group was required to pay compensation in 2015 as a result of a court ruling concerning the environment.

THE GROUP'S PROPERTY DEVELOPMENT ACTIVITY

GENERAL POLICY

ORGANISATION OF HERMÈS REGARDING ENVIRONMENTAL ISSUES IN THE PROPERTY FIELD

Since 2008, the group's property development department has been operating an environmental policy based on the following principles:

- the systematic adoption of an environmental stance during building work;
- helping to protect the environment by ensuring that building projects are properly suited to their setting and the local architecture, while simultaneously preserving the ecosystem;
- the use of renewable energy sources whenever possible;
- employing energy-saving methods;
- putting quality first in terms of architecture, functionality and sustainability, in a constant effort to ensure users' well-being;
- striving for flexible, adaptable construction projects that integrate future developments and running costs from the outset;
- anticipating, whenever possible, regulatory and technical developments and incorporating them into our projects.

This policy applies to all tertiary and production site projects. It is implemented in cooperation with the Group's project managers and external partners (architects, technical design offices, builders and suppliers) selected by the property development division. During 2015, the construction of the Maroquinerie Iséroise in Les Abrets and the Maroquinerie d'Héricourt in the Doubs are perfect illustrations of this policy in practice, through:

- exemplary building site management, including the implementation of a minimal environmental impact construction site charter;
- the integration of the building (Les Abrets) into its immediate environment, specifically through its low height, the efforts made to minimise site waste and rubble, and a landscaping design that preserves the local ecosystem;

- the restoration and conversion of a building on a former industrial site in the heart of the town (Héricourt), breathing new life into the city centre;
- the use of demolition arisings for backfill around the site;
- the special attention paid to the building's insulation and air-tightness, which exceed the requirements of France's RT2012 standard, to reduce energy consumption;
- high-performance interior acoustic insulation;
- the use of plant species adapted to the location and rainwater collection to reduce water consumption;
- the installation of wood-fired boilers and heat pumps.

ORGANISATION OF ENVIRONMENTAL REPORTING 2015

Our environmental reporting primarily measures the energy consumption of stores and the offices of distribution branches around the world.

Since 2015, environmental reporting has been further strengthened by the adoption of an automated system to consolidate energy consumption data from all new sites. Consumption data for exclusive concession stores are not included, as the Group does not control their operation. This reporting does not include consumption by certain branches, primarily because of their location in shopping centres, which complicates access to source data. The absence of individual sub-metering in stores means that this energy consumption data is not available.

New sites were factored in from the date of opening, or when they joined the Group. Sites that closed or left the Group over the year covered by the reporting were also taken into account. Primary data are collected from contributors from each distribution subsidiary (in a network of over thirty contributors worldwide) and are centralised by the property development department, which runs various checks (analyses) in relation to the previous year's figures (comparison with similar sites) before consolidating them. For energy consumption, only the electricity consumption indicator is published, publication of the consumption of other forms of energy, which are very marginal, having been ruled out.

Electricity consumption data concern nearly 70% of Hermès branches across the world, as well as John Lobb, Les Cristalleries de Saint-Louis and Puiforcat branches.

In France, data for 100% of stores are included in the reporting. The same applies to all French branches of John Lobb, Saint-Louis and Puiforcat. For Faubourg Saint-Honoré, it is estimated that the store accounts for 43% of total consumption in a building that also houses offices and workshops. In Europe, excluding France, almost 90% of stores are covered. In Asia, over 90% of stores in Greater China (mainland China, Hong Kong and Macao) and 100% of stores in Thailand, Malaysia and Australia are covered. In Japan, the four main stores are also included. For the Americas, 80% of stores are covered, including 93% of stores in the United States. Water usage data by stores are not published owing to the lack of information reported and the insignificant proportion of the Group's overall water use it represents, being mainly water used in washrooms.

CHANGES IN REGULATIONS

In the property field, changes in regulations are monitored in liaison with the various parties involved (architects, designers, engineers, building trade consultants and suppliers).

SUSTAINABLE USE OF RESOURCES

In 2015, the concept of the pop-up store, with re-use of furniture, was rolled out to Europe, Americas and Asia.

MATERIALS

In partnership with suppliers, systematic efforts are made to give preference to locally sourced materials whenever possible. In recent years, an in-depth analysis of the materials employed in stores has made it possible to refine the way in which they are selected and thereby to significantly reduce their environmental impact. For example:

- the use of brass is banned and replaced by aluminium, in order to reduce the weight of furniture and simplify recycling;

- pure wool carpets are laid using a plant-based adhesive, so that they can be recycled when replaced. Lastly, since 2014 a proportion of the leather offcuts from leather goods workshops is systematically used to cover counters in all stores and artisans' workbenches.

ENERGY CONSUMPTION

Stores consumed 32,117 MWh of electricity in 2015, up approximately 2% on 2014. These figures are explained in large part by an increase in sales surface areas, mainly in Asia and the United States, by store openings and expansions, and by the expanded scope and better reporting by subsidiaries. However, the downward trend in the kWh/m² of sales surface areas, especially in France and the United States, is mainly due to the increase in LED lighting, which continued to become more widely used in 2015. Offices and ancillary premises consumed 15,208 MWh in 2015, 13,148 MWh of which was accounted for by the Paris and Pantin sites.

ENERGY EFFICIENCY IMPROVEMENT MEASURES

Improving energy efficiency in our stores means optimising the main areas of energy consumption, which are lighting and air conditioning. The choice of materials, a reduction in their weight and an effort to source supplies locally also improve our Bilan Carbone® assessments at construction sites and during refurbishments.

LIGHTING

Since 2013, an all-LED lighting solution for our watch and jewellery window displays, shelving and ceiling lights has been extended to all new store projects. In 2014, the retail projects department introduced a range of LED bulbs specially developed for Hermès and suitable for all existing installations and equipment. In 2015, a “relamping” operation was rolled out across the entire existing global store network. Other initiatives (installation of sub-meters and movement detector systems in fitting rooms, washrooms and back offices) were also continued for all new store projects in 2015. Ever more efficient new technical solutions are constantly being evaluated for progressive incorporation into existing stores.

AIR CONDITIONING

Lower electricity consumption coupled with the fact that LED lighting generates far less heat than traditional lighting has enabled us to consider downsizing in-store air conditioning units. This programme continued for all new store projects throughout 2015.

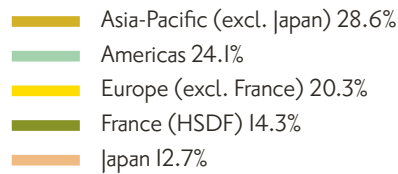
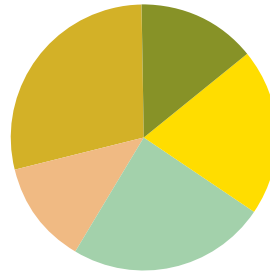
THERMAL INSULATION

Particular attention is paid to insulating store facades (special glazing) and industrial buildings (improved external insulation).

CERTIFICATION

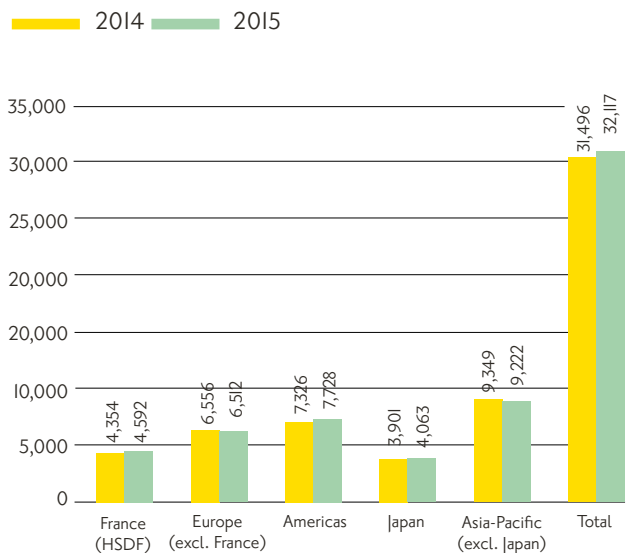
In 2015, the Miami store in the United States was certified compliant with the LEED (Leadership in Energy and Environmental Design) standard, following a similar accreditation for its sister store in Beverly Hills in 2014.

ELECTRICITY CONSUMPTION BY REGION IN 2015



ELECTRICITY CONSUMPTION OF STORES BY REGION

(MWh)



HERMÈS: A RESPONSIBLE, COMMITTED EMPLOYER

WORKING TO ACHIEVE HUMAN GOALS

Serving Hermès' ambition for excellence and its human-centric project – both founded on a bedrock of strong, shared values – whilst supporting the group's growth: this is the mission of the teams responsible for human relations at Hermès.

HR is a functional area that works closely with subsidiaries' operational teams and is motivated by the desire to bridge the local-global divide. Its key roles are promoting the sharing of a common vision, facilitating understanding of the corporate culture, and contributing to the development of managerial spirit, coupled with the permanent quest for modernity and respect that makes Hermès unique.

LEADING COHERENT AND DYNAMIC INTERNAL COMMUNICATION

In January, a new Hermès China Forum invited 480 members of staff from the subsidiary's stores or support functions to the Shanghai Concert Hall. The group's vision was presented and shared, along with the subsidiary's results and future plans. The event was characterised by a friendly and celebratory atmosphere, fostering team cohesion and unity.

In September, Axel Dumas and members of the Executive Committee brought all subsidiary general managers and management committee members together in Stockholm for a two-day event. Almost 300 attendees came to

share the corporate vision and project, and reflect on the house's future, in a peaceful setting conducive to dialogue and freedom of expression. Visits to unique sites of interest and themed talks further nurtured minds and spirits.

Throughout the year, Conversations croisées lunches in Pantin gave about fifty employees the opportunity to engage in discussion with Axel Dumas, in small groups. The aim of these informative and democratic exchanges was to connect staff more intimately with life at Hermès, and to cultivate close relationships between teams. The Toile H intranet site, updated weekly, kept staff informed about new employees, internal appointments, communication events, new products, life on the production sites, organisational changes, etc. To facilitate access to information for all and reinforce a sense of belonging, employees can also log on to the site from home.

CULTIVATING THE APPEAL OF HERMÈS AS AN EMPLOYER

Created in 2014, the Hermès Employeur recruitment website continued to attract new visitors, receiving over a million hits in 2015 (compared to 660,000 in 2014). The pool of potential candidates now numbers 116,000, of which nearly 20,000 are speculative, reflecting the appeal of the house as an employer. The Careers page of Hermès' LinkedIn profile, now

available in eight languages, has a 110,000-strong following and Hermès was ranked the seventh most attractive employer in France by LinkedIn members in October 2015.

PROMOTING INTERNAL MOBILITY

Thanks to the internal platform My Way in Hermès, where job vacancies are published, and the coordinated actions of HRDs on the Internal Mobility committee that sits monthly, about a third of vacancies were filled by employees wishing to move forward in their careers. This illustrates the high levels of loyalty among staff, and the house's aim to offer both vertical and horizontal opportunities. Hermès attaches great importance to exploiting the full potential of this internal development lever for its male and female staff in different ways.

GENERATING FRUITFUL LINKS THROUGH EXCHANGE PROGRAMMES

Since 1837, Hermès has affirmed its conviction that collective energy is worth more than the sum of individual talents. This is why networking initiatives, which bring employees together by providing opportunities for original experiences, continued at a sustained pace in 2015. Fifty-five employees – craftsmen and sales assistants – participated in Tandem weeks. Working in pairs, they took turns to spend time in the workshop or store, to experience their partner's daily life for a week. This rewarding encounter between two key players, part tutors, part apprentices, was a mechanism for connecting the worlds that create the dream that Hermès seeks to offer its customers.

The Parcours d'Adresse programmes offered a group of artisans an immersive experience of a métier's vertical production chain. Over the course of a week, they discovered the skills and the stages involved in the manufacture of an object, from raw material to final, quality-checked product. In 2015, eight Parcours d'Adresse programmes gave nearly 75 employees the chance to enrich their knowledge of arts and crafts by interacting with peers from different métiers. The Prix de l'Adresse, a biannual prize for excellence in

craftsmanship created in 2011, this year involved 19 teams who worked together to make a piece either from the Hermès Conservatoire of Creations or one of their choice. The métiers represented included leather, silk, precious metals and crystal, as well as in shoemaking and watchmaking. Five teams won awards, which were presented at an event held at the Cité des Métiers in Pantin.

INTEGRATING NEW EMPLOYEES HARMONIOUSLY

Over the course of the last three years, Hermès has welcomed almost 2,300 new employees. Their integration is a key element in helping them to understand the culture, codes and internal workings of the organisation. Hermès is devoting more and more time and resources to this aspect of recruitment.

Each new employee enjoys a period of support by a mentor who helps them grasp the culture of the house. The Mosaïque integration programme gave 320 employees in Europe the opportunity to immerse themselves deeply in the world of Hermès for three intense days that made their arrival in the house a positive experience.

The H Immersion programme represents real progress for the effective integration of all sales assistants. Placed in immediate contact with customers, they gain a solid knowledge of the house, its history, its identity, its products and its sales culture. Rolled out locally by the retail subsidiaries' teams, over 700 new employees benefited from this programme in 2015.

In the same vein, 63 people from the textile sector took part in the Au fil d'HTH integration programme.

ENCOURAGING OPENNESS AND PROGRESSION THROUGH DIVERSE EDUCATIONAL INITIATIVES

At the very beginning of 2015, Hermès inaugurated the Espace Jean-Louis Dumas, located in Pantin and near the Cité des Métiers. This venue, with a surface area of 8,000m² spread over three levels, was constructed to provide a comfortable and generous space for the biannual presentation of collections.

At other times of the year, it serves to host the many team seminars and training programmes run by the Université Ex-Libris and the Group’s other internal schools and academies.

In just one year, the venue has become a vibrant hub for exchange, dedicated to the development of people and the dynamism of teams, to the advantage of both individual and collective corporate intelligence. With over 80 events attended by 5,300 people, this first year has demonstrated the house’s vitality in terms of team-building and the mutual sharing of projects.

DEVELOPING SKILLS AND DISSEMINATING GOOD PRACTICE

In 2015, the Université Ex-Libris continued to fulfil its role as a “cultural melting pot” to further skills, knowledge and employees’ personal development. The leadership development programmes for managers

help them to become enlightened men and women, capable of creating the conditions conducive to independence and responsibility. Sessions employ the common language and tools needed to exercise a key skill, one that is essentially people-oriented and requires regular training and practice sharing. They promote a cross-disciplinary approach and buy-in to a management culture advocating team spirit and initiative, benevolent in its expectation of high standards. Almost 200 people benefited from these sessions in 2015. Additionally, at all manufacturing sites, local managers were supported in running participative initiatives aimed at finding ways to make it easier for the craftsmen to express themselves, implementing their ideas and projects in ways that improved their working conditions.

540 employees were able to take advantage of the Happy Culture, IFH and Mosaique programmes. These aim to develop or update their knowledge of Hermès with numerous examples and actions designed to preserve, transmit and nourish the house’s unique culture.



1



2

1. Seminar for subsidiary general managers and executive committee members in Stockholm.
2. Nineteen teams participated in the third Prix de l'Adresse.

REINFORCING EXPERTISE THROUGH INTERNAL SCHOOLS AND ACADEMIES

The sustained growth of the Hermès Leather Goods-Saddlery craftsmanship hub resulted in 250 new appointments in 2015 and trained 2,779 employees.

The École du Cuir welcomed nearly 600 craftspeople across its portfolio of programmes, which are principally focused on acquiring and maintaining skills and excellence in leather craft techniques (cutting, stitching and table work).

Seventy-seven artisans – aged between 19 and 60 – were supported in gaining a CAP (vocational studies) diploma in leather working.

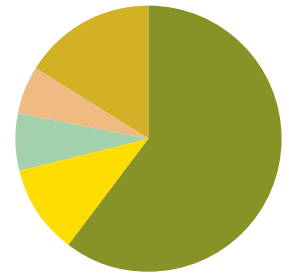
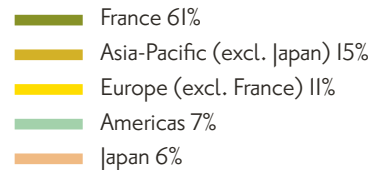
Also, a far-reaching initiative aimed at preserving health in the workplace, Un corps pour la vie, was rolled out at the leather goods manufacturing sites with the assistance of ergonomists and physiotherapists. Practical advice and recommendations on posture, movements, and reflex actions to adopt in daily life offered an opportunity for improved wellbeing and a long professional life for every individual.

In 2015, eleven Hermès craftsmen won Meilleur Ouvrier de France craftsmanship awards: seven from the textile sector, three in crystal and one in leather. This recognition of their talent and unique skill, the result of long hours of work, goes hand in hand with the pride of knowing they had taken Hermès' exacting standards in craftsmanship to the very highest level.

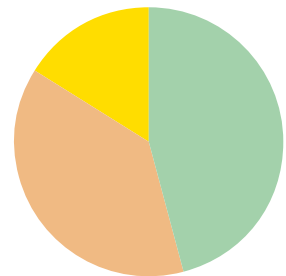
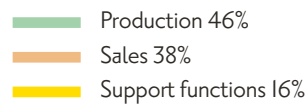
In the United States, the Hermès of Paris subsidiary devoted 14,700 hours to training, with a particular emphasis on the integration of new sales assistants and training on new products in the seasonal collections.

In the Hermès Services Group, a division of Hermès Sellier, the training programme Posture d'excellence focuses on developing communication and listening skills and a service culture. Introduced in 2013, the programme has run for 37 sessions and attuned 337 employees to an efficient service-minded approach in-house, which contributes to the success of staff within Hermès Sellier and other French subsidiaries of the Group in the areas of general services, IT, human resources, finance, etc.

WORKFORCE BY REGION



WORKFORCE BY SECTOR



WORKFORCE BY GENDER





Belt in Epsom calfskin.

RISK MANAGEMENT

The group has implemented a system to anticipate and control risk. This system is constantly updated to allow for regulatory, economic, geopolitical and competitive developments. The main risk factors for the group, taking its business model into account, are described in this chapter.

A detailed description of the group's risk management system is set out in the chairman's report on internal control and risk management procedures on page 33 of volume 2.

RISKS ASSOCIATED WITH STRATEGY AND OPERATIONS

LIMITING INDUSTRIAL RISKS AND RESPECTING THE ENVIRONMENT

The industrial division implements and coordinates the initiatives designed to protect our manufacturing assets, our employees and the environment on all Hermès production sites. It relies on the industrial departments in the métiers and site directors to have internal diagnostics or audits carried out by specialised third parties and to prepare operational improvement plans. The recommendations resulting from these analyses in the areas of organisation, procedures, training or investment are subject to careful follow-up. Safety-

related expenditure and investment are considered to be a priority when making budget choices. Hermès' initiatives and accomplishments with regard to the environment are presented in the Sustainable Development and the Environment section (page 78 of volume I) of this report.

CONTROL OVER SOURCING

Hermès retains control of its production, with the majority of its products being manufactured in-house. Hermès has developed long-term relationships with its partners and suppliers, thereby better protecting its supplies and critical know-how. Hermès carries out targeted audits to ascertain that its suppliers' operations meet the group's expectations. In some cases, it will buy into carefully selected companies to ensure the stability of these relationships. Significant work has also been carried out to optimise and secure the supply chain. Finally, the group is strengthening supply protection, implementing a policy of diversification and limitation of supplier dependence, and building up strategic inventories.

BALANCING AND SAFEGUARDING OUR DISTRIBUTION

Hermès holds a unique position in the luxury market. Its broad portfolio of products reduces the risk of dependence on any particular range and its distribution is well balanced geographically.

Hermès relies on a distribution structure that significantly reduces customer risk. Its presence is spread over 307 sales outlets, including 210 branches which represent just over 80% of turnover. The stores owned by the group are listed on page 126 of volume 2. In addition to this, the exposure of sales to seasonal phenomena is limited: 53% of total sales were generated in the second semester of 2015 (compared with 54% in 2014, and 53% in 2013). In each country where the group operates, products are distributed through a selective distribution network specific to each of the stores concerned, in keeping with applicable local laws, compliance with which Hermès ensures via a number of initiatives. The balance of the geographical portfolio reduces risks related to geographical areas, with results obtained throughout all the Group's areas and a controlled investment policy.

MINIMISING RISKS TO PROPERTY ASSETS

All property-related transactions are handled and centralised by the property development department. This contributes to the judicious control of critical issues:

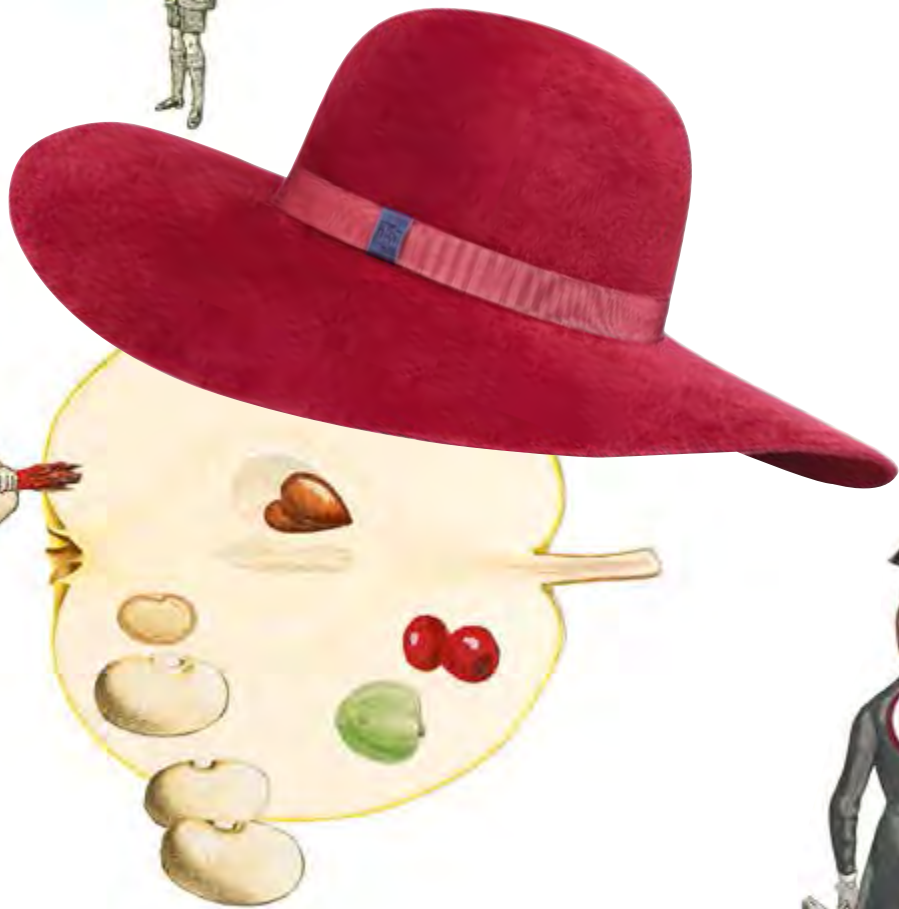
- identifying and assessing the viability of retail store locations, production facilities and administrative offices based on qualitative and technical criteria;
- directly or indirectly overseeing key construction projects in France to ensure the work is properly carried out;
- supervising inspection plans for the group's main sites, to ensure they conform to structural and fire safety regulations. These inspections are supplemented by prevention system reviews carried out by the group's insurers. In addition, the Property Safety Committee is responsible for overseeing potential risks and for ascertaining that group safety rules are duly applied. It also systematically follows up on all action plans.

IT RISK MONITORING AND PREVENTION

Hermès' expenditure on IT systems (equipment and maintenance) is comparable with that of its peers in the sector. The aim is to bring the technology infrastructure and systems in line with the increasing needs of users and the group's métiers, to guarantee good operational performance, to keep IT-related risks under control and to prepare systems for the future, especially for new digital services. The group's IT systems department works under an information technology governance charter and has drawn up a corpus of procedures that apply to all group companies. IT security and group procedure conformity audits were carried out at the DSI Group and within major subsidiaries. Work to further enhance the security of IT systems also entailed continuing to harmonise the different systems in use using a standard ERP system. As regards IT risk prevention, work carried out in 2015 focused mainly on enhancing the security of central systems, the centralisation of access rights to facilitate their management, ensuring the security of internal and external access, protecting workstations, preventing leaks of confidential data and improving backup and breakdown tolerance mechanisms for critical systems to ensure continued operation in the event of an incident. As is the case each year, internal, Wifi and external network intrusion testing and computer crash simulations were carried out.

COMPLIANCE WITH APPLICABLE LAWS IN ALL AREAS

The group keeps abreast of changes in legislation and case law in all relevant areas to ensure that it complies with French and foreign laws and regulations. This monitoring is carried out by in-house and external firms. Internally, to address growing complexity in all areas of the law, the legal department is organised into centres of expertise specialising in the major branches: intellectual property, corporate law, securities law, property law, and business law (contracts of all kinds, competition, distribution, consumption). Employment and tax matters



Wide-brimmed hat in felt and grosgrain.

are respectively handled by the group's human resources and finance departments, which work in conjunction with the legal department.

Externally, in each region where the group operates, Hermès is advised by leading local independent law firms, renowned and specialised in each of the numerous areas covered. The group continues to be involved in ongoing litigation, but there are no pending settlements that are expected to have an impact on its business or on its financial results. The company is not aware of any other pending or potential governmental, legal or arbitration proceedings that may have, or that over the last twelve months have had, a significant impact on its financial condition or profitability and/or on the financial situation or profitability of the group.

PROTECTING THE HEALTH AND SAFETY OF CONSUMERS

The products are regularly tested by laboratories in Europe, Asia and the United States, in order to verify that they conform to the most exacting regulations in the world, as well as to ensure their safety.

Monitoring is carried out to analyse the development of regulations before drawing up product specifications.

PROTECTING AND DEFENDING INTELLECTUAL PROPERTY RIGHTS

The group places great importance on the protection and defence of its intellectual property rights. It owns a particularly large number of brands and domain names which is regularly growing to include new classes of products and services, for example, and new geographical areas.

For this reason a specific team within the legal department is dedicated to these issues.

The group also ensures that all its new and existing creations are properly protected, with numerous design patents filed both in France and elsewhere.

Obtaining three-dimensional trademarks in several

countries allows the company to protect some of its products, such as the *Kelly* and *Birkin* bags.

Finally, the group ensures that its rights are respected and pursues an active anti-counterfeiting policy involving both preventive measures (training and lobbying) and coercive measures (administrative, civil and criminal proceedings) across the world and particularly on the Internet. These measures are initiated by the legal department with the support of external advisers and in collaboration with the competent local authorities as regards intellectual property and the fight against counterfeiting. They enable several hundreds of thousands of counterfeit products to be seized and destroyed every year, and the source of these products to be identified, the group's rights to be recognised, and the payment of damages to redress the loss suffered.

FINANCIAL RISKS

CONSERVATIVE TREASURY AND CURRENCY MANAGEMENT

As the group has a positive cash flow, it is not exposed to liquidity risk and applies a conservative policy in managing market risks, such as exchange rates, interest rates and counterparty risks. Because the bulk of its production is in the eurozone but receives a significant percentage of its sales revenue in American dollars, Japanese yen and other Asian currencies, the group is naturally exposed to currency risks. Exposure to operational currency risk is systematically hedged on an annual basis, based on projected cash flows.

In parallel, exposure to non-operational currency risk is hedged as soon as the commitment is firm and definitive.

In this respect, treasury and currency management is centralised by the group's treasury department and adheres to strict management and monitoring rules.

Administrative management and operational control are ensured by the Middle & Back Office department, notably via the use of integrated cash flow software.

Furthermore, the audit and risk management department

oversees proper compliance with risk monitoring and management procedures.

On a monthly basis, the Treasury Security Committee ascertains that these procedures have been followed and that any risks identified have been addressed. The group follows a conservative investment policy, designed to avoid the risk of capital loss and maintain liquidity in order to be able to implement rapid and independent strategic changes. The group deals with leading banks and financial institutions only. In addition, counterparty risks on financial transactions are monitored on an ongoing basis by Hermès International's Treasury Management department. Most available cash is invested for the short term, mainly in money-market mutual funds offered by leading financial institutions and in deposit certificates issued by top-rated banks, with very low sensitivity.

The treasury department constantly monitors changes in legal regulations with regard to investment and derivative transactions to ensure that the group conforms to current regulations.

Furthermore, the finance department adjusts its procedures and tools on an ongoing basis to accommodate changes in its environment.

INSURANCE POLICY

PROTECTING OUR ASSETS THROUGH A PRUDENT INSURANCE PROGRAMME

The group holds policies from leading insurers to provide property, operating loss and civil liability cover, as described in the Insurance section on page I27 of volume 2.

This cover is supplemented by an active prevention initiative and strict monitoring of recommendations issued by the group's insurers.



CONSOLIDATED RESULTS

CONSOLIDATED RESULTS

In 2015, the group reported sales revenue of €4,841m, an increase of 17.5% on the previous year at current exchange rates (8.1% at constant exchange rates). The gross margin reached 66.1%, a decrease of 0.7 points against 2014, a consequence notably of the dilutive impact of currency fluctuation. Sales, marketing and administrative expenses, which represented €1,418.9m versus €1,291.7m in 2014, include €214.6m of communication expenditure. Other income and expenses came to €238.9m. This figure includes €147.3m of depreciation and amortisation charges, which reflects the rapid pace of investment in the development and renovation of the distribution network, as well as the cost of free shares that were included in sales, marketing and administrative expenses until 2014. Operating income increased by 18.6%, to reach €1,540.7m versus €1,299.3m in 2014.

The operating margin represented 31.8% of sales, a slight rise compared to the level achieved in 2014 (31.5 %).

Net financial income represented an expense of €45.6m versus €24.7m recorded in 2014. Net income attributable

to non-controlling interests totalled €4.6m versus €4.5m the previous year. After taking into account an income tax expense of €535.6m which includes the tax of 3% on dividends paid, and the results of associated companies (€17.7m income), the group's net income increased by 13.2% to €972.6m.

INVESTMENTS

In 2015, Hermès pursued the qualitative development of its distribution network and the strengthening of its production capacity, with €266.6m in investments (excluding financial investments). The group opened, refurbished or extended over 15 branches.

Furthermore, the Leather Goods and Saddlery sector continued its capacity investments, with notably the growth of its two new sites in Isère and in Charente and the launch of construction projects for two new leather goods manufactures in Franche-Comté.

millions of euros	2015	2014
Operating investments	252.4	278.9
Investments in financial assets	14.2	43.3
Subtotal – Investments (excluding financial investments)	266.6	322.2
Financial investments ¹	0.2	2.5
Total investments	266.7	324.8

1. Financial investments correspond to the investments for which the sensitivity and maturity require that they be classified as financial assets in accordance with IFRS.

FINANCIAL POSITION

Operating cash flow totalled €1,218.2m, an increase of 16.2%. This funded the entirety of investments (€266.7m), the working capital (€31.0m), as well as the distribution of the common share dividends (€308.0m) and extraordinary dividends (€522.0m). Net cash position amounted to €1571.2m as at 31 December 2015 versus €1,421.6m as at 31 December 2014, an increase of nearly €150m.

Restated net cash (after taking into account non-liquid financial investments and borrowings) totalled €1,614.0m as at 31 December 2015, versus €1,493.6m as at 31 December 2014. Strong earnings growth drove up shareholders' equity to €3,742.0m (Group share) as at 31 December 2015, versus €3,449.0m as at 31 December 2014.

VALUE CREATION

The notions of economic value added (EVA) and return on capital employed (ROCE) were implemented within Hermès several years ago as performance indicators for the Group's investments.

To ensure greater readability and understanding of the performance indicators used, and in application of the AMF 2015-12 position on alternative performance indicators, EVA and ROCE will henceforth be calculated according to the following method:

millions of euros	2015	2014	2013	2012	2011
Recurring operating income	1,540.7	1,299.3	1,218.0	1,118.6	885.2
Group tax rate	35.8%	33.2%	33.3%	31.7%	32.3%
Recurring operating income, after tax (1)	988.7	867.4	812.6	763.7	599.5
Capital employed at end of period	2,316.3	2,123.8	1,883.0	1,754.2	1,361.7
Average capital employed at end of period (2)	2,220.1	2,003.4	1,818.6	1,557.9	1,321.9
Weighted average cost of capital (3)	8.83%	7.73%	8.66%	10.14%	10.84%
Economic value added (EVA) 1 - (2 x 3)	792.7	712.6	655.1	605.7	456.2
Return on capital employed (ROCE) 1/2	45%	43%	45%	49%	45%
Indicators previously calculated using the Stern Stewart & Co method:					
Adjusted economic value added (EVA)	788.8	722.9	679.1	628.5	463.8
Adjusted return on capital employed (ROCE)	40%	39%	41%	46%	42%

The economic value added (€793m in 2015 as against €713m in 2014) increased by 11% due to the higher earnings. Return on capital employed remained very high at 45% in 2015.

EXCEPTIONAL EVENTS

No exceptional events occurred in 2015.

OUTLOOK

Hermès will confidently pursue its development strategy based on the excellence of its craftsmanship, imagination and creativity, and bolstered by the performances of recent years.

The qualitative development of our network of stores will be pursued with the opening of four new boutiques in Rio de Janeiro, Hong Kong Airport, Macao and Chongqing. Priority will be given to extensions and renovation projects in over twenty branches around the world.

In light of our particularly strong growth, Hermès will continue to increase its production capacities. The high demand for Leather Goods & Saddlery will be addressed by our two new increasingly significant production sites in Isère and Charente, and by our new manufacture in Héricourt. Investment in a second site in Franche-Comté will continue in 2016, and extensions to the manufactures at Le Vaudreuil in Normandy and Saint-Junien in the Limousin are now underway.

Meanwhile, in late 2015, Hermès acquired the Tanneries du Puy in its entirety. Specialised in the production of Box calfskin, this move upholds the house policy of safeguarding its know-how.

True to its history of outstanding communication, Hermès will continue to devise rich and surprising events, whose impact will be enhanced by a series of media-wide campaigns. Digital activity will be stepped up, and the events strategy will remain extremely dynamic with the *Saut Hermès au Grand Palais*, events inspired by our universes (women, men and home), the *Fierce and Fragile* travelling exhibition by Robert Dallet, as well as the Festival des Métiers and petit h events.

Meanwhile, the house's other métiers will continue to draw on their know-how to design and produce exceptional objects.

In light of the economic, geopolitical and monetary uncertainties around the world, sales growth in 2016 could be below the medium-term goal of a 8% revenue growth at constant exchange rates.

For Hermès, 2016 will be a celebration of "Nature at full gallop". Through its relationship with the horse, its first customer, the house has forged a deep and authentic bond with nature that is underpinned by inspiration, admiration and respect. Nature inspires us with the vitality and dazzling beauty of the precious creations it offers us, and for which we are truly grateful.

Thanks to the success of its unique business model, Hermès will continue its long-term development strategy based on creativity, maintaining control over its know-how, and outstanding communication.



Small bow ties in silk twill.



Galop Hermès bracelet in rose gold and blue sapphires.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME FOR 2015

millions of euros	2015	2014
Revenue (note 3)	4,841.0	4,118.6
Cost of sales (note 4)	(1,642.5)	(1,365.6)
Gross margin	3,198.5	2,753.0
Selling, marketing and administrative expenses (note 5)	(1,418.9)	(1,291.7)
Other income and expense (note 6)	(238.9)	(162.0)
Current operating income (note 3)	1,540.7	1,299.3
Other non-recurring income and expense	-	-
Operating income	1,540.7	1,299.3
Net financial income (note 7)	(45.6)	(24.7)
Pre-tax income	1,495.1	1,274.6
Income tax expense (note 8)	(535.6)	(423.7)
Net income from associates (note 15)	17.7	12.4
CONSOLIDATED NET INCOME	977.2	863.3
Net income attributable to non-controlling interests (note 21)	(4.6)	(4.5)
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT (note 3)	972.6	858.8
Earnings per share (in euros) (note 9)	9.32	8.24
Diluted earnings per share (in euros) (note 9)	9.26	8.19

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CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

millions of euros	2015	2014
Consolidated net income	977.2	863.3
Changes in foreign currency adjustments (note 20.2)	117.6	82.1
Cash flow hedges ¹ (note 20.4)	35.7	(44.0)
– change in the fair value	22.2	(13.5)
– recycling through profit or loss	13.5	(30.5)
Available-for-sale financial assets ¹	-	-
– change in the fair value	-	-
– recycling through profit or loss	-	-
Gains and losses recognised in equity and transferable through profit or loss	153.3	38.1
Other items ¹ (note 20.4)	-	-
Employee benefits: change in value linked to actuarial gains and losses ¹ (note 20.4)	(9.2)	(19.9)
Gains and losses recognised in equity and not transferable through profit or loss	(9.2)	(19.9)
Comprehensive income	1,121.2	881.5
attributable to owners of the parent	1,115.2	876.0
attributable to non-controlling equity interests	6.0	5.5

(The note numbers refer to the appendix to the 2015 consolidated financial statements in volume 2 of the annual report.)

1. Net of tax.

N.B. The values shown in the tables are generally expressed in millions of euros. In certain cases, the effect of rounding up/down can lead to slight discrepancies in the level of the totals or variations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

ASSETS

millions of euros

	31/12/2015	31/12/2014
Non-current assets	2,092.4	1,976.6
Goodwill (note 10)	37.9	37.4
Intangible assets (note 11)	122.3	117.5
Property, plant and equipment (note 12)	1,287.4	1,181.5
Investment property (note 13)	100.2	97.5
Financial assets (note 14)	42.4	61.0
Investments in associates (note 15)	85.4	91.3
Loans and deposits (note 16)	50.6	43.5
Deferred tax assets (note 8.3)	360.3	335.8
Other non-current assets (note 18)	5.9	11.3
Current assets	3,095.2	2,791.7
Inventories and work-in-progress (note 17)	949.2	912.0
Trade and other receivables (note 18)	303.0	249.3
Current tax receivables (note 18)	31.8	8.7
Other current assets (note 18)	183.0	140.7
Derivative financial instruments (note 22.4)	39.0	39.4
Cash and cash equivalents (note 19)	1,589.2	1,441.6
TOTAL ASSETS	5,187.6	4,768.2

(The note numbers refer to the appendix to the 2015 consolidated financial statements in volume 2 of the annual report.)



EQUITY AND LIABILITIES (BEFORE ALLOCATION)

millions of euros

	31/12/2015	31/12/2014
Equity	3,748.7	3,458.5
Share capital (note 20)	53.8	53.8
Share premium	49.6	49.6
Treasury shares (note 20)	(271.8)	(266.9)
Reserves	2,750.3	2,719.5
Foreign currency translation adjustments (note 20.2)	165.3	47.7
Financial instruments attributable to equity (note 20.3)	22.2	(13.5)
Net income attributable to owners of the parent (note 3)	972.6	858.8
Non-controlling interests (note 21)	6.7	9.5
Non-current liabilities	281.7	265.8
Borrowings and debt (note 22.3)	11.4	19.5
Provisions (note 23)	2.6	2.7
Post-employment and other employee benefit obligations (note 25)	155.0	123.8
Deferred tax liabilities (note 8.3)	50.7	31.2
Other non-current liabilities (note 26)	62.0	88.6
Current liabilities	1,157.2	1,043.9
Borrowings and debt (note 22.3)	30.2	21.8
Provisions (note 23)	58.8	36.9
Post-employment and other employee benefit obligations (note 25)	4.8	5.1
Trade and other payables (note 26)	440.3	398.6
Derivative financial instruments (note 22.4)	37.1	73.1
Current tax liabilities (note 26)	115.0	121.4
Other current liabilities (note 26)	471.1	387.0
TOTAL EQUITY AND LIABILITIES	5,187.6	4,768.2

(The note numbers refer to the appendix to the 2015 consolidated financial statements in volume 2 of the annual report.)

CONSOLIDATED CASH FLOW STATEMENT FOR 2015

millions of euros

	Note	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income attributable to owners of the parent	3	972.6	858.8
Depreciation and amortisation	11, 12 & 13	178.6	145.9
Impairment losses	10, 11 & 12	27.9	22.7
Mark-to-Market financial instruments		(2.1)	1.4
Foreign exchange gains/(losses) on fair value adjustments		(23.0)	(20.4)
Change in provisions		19.9	9.6
Net income from associates	15	(17.7)	(12.4)
Net income attributable to non-controlling interests	21	4.6	4.5
Capital gains/(losses) on disposals		(3.7)	(1.0)
Deferred tax		25.0	1.1
Accrued expenses and income related to share-based payments	30	36.4	38.5
Others		(0.2)	0.0
Operating cash flows		1,218.2	1,048.7
Dividend income		(1.5)	(1.7)
Financial expenses and interest income		(5.7)	0.5
Current tax expense		539.6	460.4
Operating cash flows before interest, dividends and tax		1,750.6	1,508.0
Change in working capital		2.0	(105.1)
Interest paid/received		5.7	(0.5)
Income tax paid		(572.6)	(435.6)
Net cash from operating activities		1,185.7	966.8
CASH FLOWS USED IN INVESTMENT ACTIVITIES			
Purchase of intangible assets	11	(39.1)	(34.2)
Purchase of property	12 & 13	(213.3)	(244.7)
Investments in associates		(14.2)	(43.3)
Purchase of other financial assets	14	(0.2)	(2.5)
Amounts payable to fixed asset suppliers		(21.3)	8.2
Proceeds from disposals of operating assets		10.4	1.2
Proceeds from disposals of other financial assets	14	17.8	0.2
Dividends received		18.5	0.4
Net cash used in investment activities		(241.3)	(314.8)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Dividends paid		(840.2)	(294.9)
Treasury shares		(5.2)	(3.5)
Borrowings		10.7	0.0
Repayments of borrowings		(2.2)	(1.5)
Other equity rises/(reductions)		0.3	0.0
Net cash used in financing activities		(836.7)	(299.9)
Effect of changes in the scope of consolidation		1.9	0.0
Foreign currency translation adjustment on intragroup transactions		11.6	17.4
Foreign currency translation adjustment	19	28.4	30.0
CHANGE IN NET CASH POSITION	19	149.6	399.6
Net cash position at beginning of period	19	1,421.6	1,022.0
Net cash position at end of period	19	1,571.2	1,421.6



Sieste au paradis scarf in silk twill.

SHAREHOLDER'S GUIDE



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2016 CALENDAR (FOR INFORMATION ONLY)

Publication of Q1 2016 consolidated sales	28/04/2016
Combined General Meeting of shareholders	31/05/2016
Publication of Q2 2016 consolidated sales	21/07/2016
Publication of HI 2016 consolidated net income	14/09/2016
Publication of Q3 2016 consolidated sales	03/11/2016

FINANCIAL INFORMATION

The Hermès financial website is consultable at <http://finance.hermes.com>. On this website, shareholders and investors can access the following information, available in French and English, for the last five financial years.

GENERAL PRESENTATION OF THE GROUP

- Group Overview
- Hermès métiers
- Stores and manufactures
- Key figures

CORPORATE GOVERNANCE

Group Management

- Executive management
- Executive committee

Management bodies

Supervisory board

- Composition
- Rules of procedure
- Ethics charter

Special committees of the Supervisory board

- Audit Committee
 - Composition
 - Rules of procedure

- The Compensation, Appointments and Governance Committee

- Composition
 - Rules of procedure

The Active Partner

PRESS RELEASES

- Sales
- Results
- Other press releases

REPORTS AND PRESENTATIONS

- Half-year reports
- Annual reports/Shelf-registration document
- Presentations
- Other reports

SHAREHOLDER'S GUIDE

- The Hermès shareholder
- Financial calendar
- The Hermès share
- Dividends
- General meetings
- Glossary

LIVE SHARE PRICE

REGULATED INFORMATION

OTHER LEGAL INFORMATION

- Share buy-back
- Monthly information relating to total number of shares and voting rights comprising the share capital
- Liquidity contract
- Articles of association
- Others

SHAREHOLDER INFORMATION

Shareholders and investors may obtain information on the Hermès Group by contacting:
 Mme Carole Dupont-Pietri
 Group Financial Operations and Investor Relations Director
 Hermès International
 13-15, rue de la Ville-l'Évêque – 75008 Paris
 Tel.: +33 (0)1 40 17 49 26
 E-mail: contact.finance@hermes.com

HOW TO BECOME A HERMÈS INTERNATIONAL SHAREHOLDER

REGISTERED SHARES

These shares are registered in a securities account held by:

BNP PARIBAS SECURITIES SERVICES
 Services aux Émetteurs
 LES GRANDS MOULINS DE PANTIN
 9, rue du Débarcadère
 93761 Pantin Cedex
 Tel.: +33 (0)8 26 10 91 19

Shareholders who opt for this method of administration automatically receive notices of General Meetings and a form to complete if they wish to receive a hard copy of the Annual Report. They may place orders to buy or sell shares with BNP Paribas Securities Services after signing a service agreement.

Fully registered shares are handled directly by BNP Paribas Securities Services. You must sign a service agreement to open a fully registered share account, setting out the terms and conditions for buying and selling shares via BNP Paribas. The company covers the custody fees.

Administered registered shares are handled by another financial institution, of the shareholder's choice, that may charge custody fees.

BEARER SHARES

Bearer shares are handled by another financial institution that may apply custody fees. Shareholders who opt for this form of administration are not known to the Company and must make themselves known if they wish to obtain documents and attend General Meetings.

HOW TO PARTICIPATE IN GENERAL MEETINGS OF SHAREHOLDERS

All shareholders or representatives of shareholders are entitled to attend the meeting and participate in the proceedings, regardless of the number of shares they hold. However, in order to attend the meeting, to be represented at the meeting or to vote by mail, shareholders must be shareholders of record as evidenced by the registration of shares in their name (or in the name of the financial intermediary registered on their behalf if they are not residents of France) by 12:00 midnight (Paris time) on the second business day preceding the meeting:

- in the register of registered shares held on behalf of the Company by its agent BNP Paribas Securities Services;
- or in a securities account held by the financial intermediary with which their shares are registered if the shares are bearer shares.

Shareholders may choose to participate in the General Meeting in one of three different ways:

- by attending the meeting and voting in person;
- by voting by post: by casting their vote online or by giving a proxy to the Chairman of the General Meeting or to another authorised representative;
- by voting online: by casting their vote online or by giving a proxy to the Chairman of the General Meeting or to another authorised representative.

IF YOU WISH TO ATTEND THE GENERAL MEETING OF HERMÈS INTERNATIONAL

To expedite admittance to the General Meeting, shareholders are asked to obtain an admission card prior to the meeting, which they will receive by post or which may be downloaded by following these instructions:

– If you did not opt to receive the meeting notice by e-mail, and your shares are *registered shares*, you will automatically receive the meeting notice together with the attendance form by post; you should complete the form and return it in the enclosed postage-paid envelope. In addition, all registered shareholders may now obtain an admission card online. Simply log on to the GISPROXY site using your access code, as described in the “Voting online” section below;

– If you hold *bearer shares*, you should request a certificate from your financial intermediary proving your status as a shareholder as of the date of the request. Your financial intermediary will then forward this certificate to BNP Paribas Securities Services, who will send you an admission card.

If you have not received your admission card by the second business day before the General Meeting and if you hold bearer shares, you should request a shareholding certificate from your custodian institution; if you hold registered shares, you may make yourself known on arrival at the General Meeting.

On the day of the meeting, all shareholders will be asked to provide evidence of their status as shareholder and proof of identity at the registration desk.

IF YOU ARE UNABLE TO ATTEND THE GENERAL MEETING OF HERMÈS INTERNATIONAL

Shareholders who are unable to attend the General Meeting may vote by post or online, either directly or by giving their proxy to the Chairman of the Meeting, or any other representative authorised for this purpose.

Voting by post:

If you hold *registered shares*, you will automatically receive the voting form together with the meeting notice.

If you hold bearer shares, you should send a request to your custodian institution, which will forward the voting form together with a shareholding certificate to BNP Paribas Securities Services. Requests for voting forms will be honoured only if received by no later than Wednesday 25 May 2016. The duly completed form should be returned using the enclosed postage-paid envelope and must be received by BNP Paribas Securities Services by no later than 12:00 midnight (Paris time) on Friday, 27 May 2016.

Voting online:

Shareholders may now vote online before the General Meeting via a dedicated secure website, by following the instructions below:

If you hold *registered shares*:

If you hold fully registered shares and wish to vote online, you should log on to the website at the address given below before the Meeting, using the login and password that was sent to you.

If you hold administered registered shares, you may request that your password be sent to you by post, by logging onto the GISPROXY website, using the login shown in the upper right-hand corner of the voting form enclosed with the meeting notice sent to you by post.

If you hold *bearer shares*:

If you hold bearer shares and wish to vote online before the General Meeting, you should request a shareholding certificate from the financial institution that is the custodian of your shares and provide your e-mail address. The custodian will send the shareholding certificate, together with your email address, to BNP Paribas Securities Services, the manager of the online voting site. BNP Paribas Securities will use this email address to send you a login and a password, which will enable you to log on to the site at the address shown below.

In both cases, simply follow the instructions that appear on screen. The secure voting website will open on Friday, 13 May 2016. Shareholders may vote online before the General Meeting up to 3:00 p.m. (Paris time) on Monday, 30 May 2016, i.e. the day before the meeting. To avoid possible bottlenecks on the dedicated secure website, it is recommended that you do not wait until the day before the meeting to cast your vote.

Address of the secure dedicated website:

<https://gisproxy.bnpparibas.com/hermesinternational.pg>
It is specified that:

Shareholders who have already voted, applied for an admittance card or requested a voting form (Article R.225-85 of the Code de Commerce):

- may not choose another method of participation;
- may opt to sell some or all of their shares.

However, if the sale is concluded before 12:00 midnight (Paris time) on Friday, 27 May 2016, the Company shall invalidate or apply any relevant changes to the postal vote, online vote, proxy, admission card or voting form,

as appropriate. The authorised intermediary acting as custodian shall notify the Company or its agent of any such sale and shall forward the necessary information. Any sale or other transaction completed after 12:00 midnight (Paris time) on Friday, 27 May 2016, by any means whatsoever, shall not be notified by the authorised financial intermediary or taken into consideration by the Company, notwithstanding any agreement to the contrary.

Proxies:

In accordance with the provisions of Article R 225-79 of the French Code de Commerce, notice of the appointment or revocation of a proxy may be given by post, in the same conditions as those applicable to the appointment of a proxy, and must be sent to the General Meeting Department (Service Assemblées Générales) of BNP Paribas Securities Services.

Such notice may also be made online, and will be processed more rapidly, by following the instructions below:

If you hold *fully registered shares*:

– The shareholder should send an email to: paris.bp2s.france.cts.mandats@bnpparibas.com. This email must contain the following information: company name and date of the general meeting, first name, surname, address, bank references of the shareholder, as well as the first name, surname and, if possible, the address of the proxy.

If you hold *bearer shares or administered registered shares*:

– The shareholder should send an email to paris.bp2s.france.cts.mandats@bnpparibas.com. This e-mail must contain the following information: company name and date of the general meeting, first name, surname, address, bank references of the shareholder, as well as the first name, surname and, if possible, the address of the proxy.

– Shareholders must ask the financial intermediary that manages their securities account to send written confirmation to the General Meeting Department of BNP Paribas Securities Services – CTS Assemblées Générales – Les Grands Moulins de Pantin, 9, rue du Débarcadère, 93761 Pantin Cedex.

Only instructions pertaining to the appointment or revocation of proxies should be sent to the above e-mail address; any requests or instructions pertaining to other matters will not be considered and/or processed.

In order for instructions on the appointment or revocation of proxies submitted by e-mail to be duly taken into consideration, the confirmation notice must be received by no later than 3:00 p.m. (Paris time) on the day before the meeting. Instructions to appoint or revoke a proxy sent by post must be received by no later than three calendar days before the date of the meeting.

OWNERSHIP THRESHOLD DISCLOSURE REQUIREMENTS

STATUTORY OWNERSHIP THRESHOLDS

(ARTICLES L.233-7 et SEQ. OF THE FRENCH CODE DE COMMERCE AND ARTICLES L.433- et SEQ. OF THE FRENCH MONETARY AND FINANCE CODE)

Any natural or legal person, acting alone or jointly, coming into possession of more than 5% of Hermès International's share capital or voting rights (see table below) is required to disclose to the Company the total number of shares or voting rights held.

Such disclosure must also be made whenever the percentage of share capital or voting rights held falls below one of the thresholds indicated opposite.

Any person who is subject to this requirement must also disclose these facts to the AMF.

Owing to the existence of double voting rights, in practice, twenty-two thresholds must be monitored.

The thresholds may be attained after shares are acquired or sold, regardless of the means (purchase, transfer, merger, demerger, scrip dividends or by any other means) or following a change in the apportionment of voting rights (gain or loss of double voting rights). The shares to be taken into account include not just newly acquired shares, but the shares that the shareholder has the right to acquire at his or her sole initiative pursuant to an agreement (contract of sale, option, etc.) and those that the shareholder can acquire at his or her sole initiative, immediately or in the future, as a result of holding a financial instrument (bond redeemable for shares, equity swap, warrant, etc.). Share ownership threshold disclosures must be filed no later than the close of business on the fourth trading day following attainment of the threshold.

By the 15th of each month, the Company publishes a report on its website (www.hermes-international.com) disclosing

the total number of shares, the total number of theoretical voting rights (including shares disqualified from voting) and the total number of exercisable voting rights (excluding shares disqualified from voting) that make up the share capital on the last day of the previous month.

OWNERSHIP THRESHOLDS, NOMINATIVE REGISTRATION REQUIREMENT

Any natural or legal person, acting alone and/or jointly, coming into possession, in any manner whatsoever, within the meaning of Articles L 233-7 et seq. of the French Code de Commerce, of a number of shares representing 0.5% of the share capital and/or of the voting rights in General Meetings (or any multiple of this percentage), at any time, even after attaining one of the thresholds provided for by Articles L. 233-7 et seq. of the Code de Commerce, must, within five Stock Exchange days from the date this threshold is exceeded, request the registration of his or her shares in nominative form. This nominative registration requirement applies to all shares

already owned, as well as any that come into ownership beyond this threshold. A copy of the nominative registration application, sent by registered post with acknowledgement of receipt to the registered office within ten Stock Exchange days from the date on which the threshold is attained, shall constitute a declaration of attaining the ownership threshold in question. The registration requirement for securities also applies to any natural or legal person, acting alone and/or jointly, coming into possession, in any manner whatsoever according to the meaning of Articles L 233-7 et seq. of the French Code de Commerce, of a number of shares representing 0.5% of the share capital and/or of the voting rights in General Meetings.

In the event of failure to comply with the above requirements, the shares that exceed the threshold subject to disclosure or having been subject to disclosure shall be disqualified from voting rights.

In the event of an adjustment, the corresponding voting rights can only be exercised once the period stipulated by law and current regulations has expired.

THRESHOLD	EQUIVALENT (%)	RELATED OBLIGATIONS
1/20	5.00%	
1/10	10.00%	Statement of intent
3/20	15.00%	Statement of intent
1/5	20.00%	Statement of intent
1/4	25.00%	Statement of intent
3/10	30.00%	File a public takeover bid or offer of exchange ¹ from that threshold
1/3	33.33%	
1/2	50.00%	
2/3	66.66%	
18/20	90.00%	

¹ This requirement is also applicable in the event of an increase within a period of 12 consecutive months of over 1% of capital or voting rights for persons holding, alone or in concert, between 30 and 50% of capital or voting rights.

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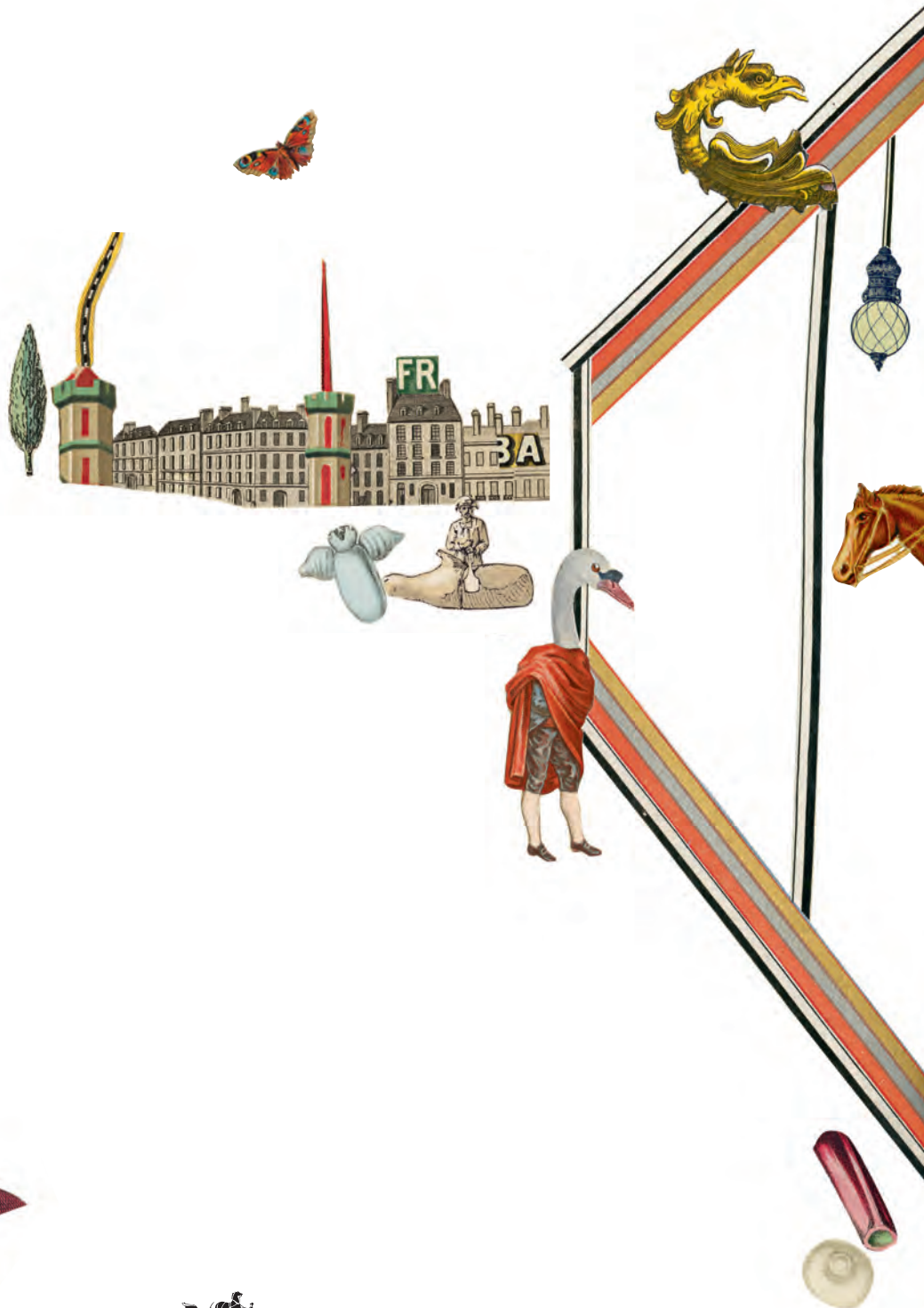
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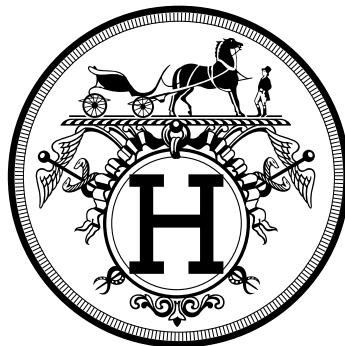
2015 ANNUAL REPORT
OTHER INFORMATION CONTAINED IN THE SHELF-REGISTRATION DOCUMENT
CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS



**REGISTRATION DOCUMENT
FILED WITH THE AUTORITÉ DES MARCHÉS FINANCIERS
(FINANCIAL MARKETS AUTHORITY)**

In accordance with Article 212-13 of the AMF General Regulations, this shelf-registration document, which contains the annual financial report and comprises Volume 1 and Volume 2 of the Annual Report, was filed with the AMF on 14 April 2016. This document may be used in support of a financial transaction only if it is supplemented by an offering circular approved by the AMF. This document has been drawn up by the issuer and implies the responsibility of its authorised signatories.

This document is a free translation into English of the “Document de Référence”, originally prepared in French, and has no other value than an informative one. Should there be any difference between the French and the English version, only the French-language version shall be deemed authentic and considered as expressing the exact information published by Hermès.



**2015 ANNUAL REPORT
OTHER INFORMATION CONTAINED IN THE SHELF-REGISTRATION DOCUMENT
CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS**

VOLUME 2

Hermès International

Partnership limited by shares with share capital of €53,840,400.12 - Commercial and Company Register of Paris no. 572 076 396
Registered office: 24, rue du Faubourg-Saint-Honoré - 75008 Paris - Tel.: + 33 (0)1 40 17 49 20 - Fax: + 33 (0)1 40 17 49 94 - Legal filing, 2nd quarter of 2016 - ISBN 978-2-35102-060-9

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12 Share capital – Balance sheet – Net income

PRESENTATION OF HERMÈS INTERNATIONAL

Purpose

Hermès International is the Group's parent company. Its purpose is:

- to define the Group's strategy and its focuses for development and diversification;
- to oversee the operations of its subsidiaries and to provide corporate, financial, legal and commercial assistance;
- to manage the Group's real estate assets;
- to protect and defend its trademarks, designs, models, and patents;
- to maintain a documentation centre and make it accessible to the subsidiaries;
- to ascertain that the style and image of each brand name is consistent throughout the world and, for this purpose, to design and orchestrate advertising campaigns, actions and publications to support the various business activities;
- to provide guidance in design activities and to ensure that the Hermès spirit is consistently applied in each business sector.

Hermès International derives its funds from:

- dividends received from subsidiaries;
- royalties from trademarks, licensed exclusively to Group subsidiaries, to wit, Hermès Sellier, Comptoir Nouveau de la Parfumerie, La Montre Hermès, Hermès Horizons and Faubourg Italia (amounts concerning the 2015 financial year are presented on pages 276 et seq.).

Hermès brands, which belong to Hermès International, are protected by trademarks in many countries, for all categories of products in each of the Group's business sectors.

Hermès International's scope of consolidation encompasses 143 subsidiaries and sub-subsidiaries.

A simplified presentation of the Group appears on page 24 of Volume 1.

Legal form

Hermès International was converted into a *société en commandite par actions* (partnership limited by shares) by a decision of the Extraordinary General Meeting held on 27 December 1990, in order to preserve its identity and culture and thus ensure its sustainability over the long term, in the interests of the Group and all Shareholders.

In this form of partnership, the share capital is divided into shares and there are two classes of partners: one or more Active Partners, with the status of "commerçant", who actively engage in operating the business and are jointly and severally liable for all the Company's debts for an indefinite period of time, and limited partners, who are not actively engaged in the business and are liable only up to the amount of their contribution.

The rules governing the operation of a *société en commandite par actions* are the following:

- the Active Partner or partners, who carry on the business, are jointly and severally liable for all the Company's debts, for an indefinite period of time;
- the limited partners (or shareholders), who contribute capital, are liable in this capacity only up to the amount of their contribution;
- the same party maybe both an Active Partner and a limited partner;
- a Supervisory Board is appointed by the Ordinary General Meeting of Shareholders as a supervisory body (Active Partners, even if they are also limited partners, cannot vote on the appointment of Supervisory Board members);
- one or more Executive Chairmen, designated from among the Active Partners or from outside the Company, are chosen to manage the Company.

Limited Partners (Shareholders)

Limited partners:

- appoint the Supervisory Board members, who must be selected from among the limited partners, and the Statutory Auditors, at the General Meetings of Shareholders;
- vote on the accounts approved by the Executive Management; and
- appropriate earnings (including the distribution of dividends).

The main limited partners (shareholders) are listed on page 111.

Active Partner

Since 1 April 2006, Émile Hermès SARL has been the sole Active Partner of Hermès International.

The Active Partner:

- has the authority to appoint or revoke the powers of any Executive Chairman, on the considered recommendation of the Supervisory Board;
- takes the following decisions for the Group, on the Supervisory Board's recommendation:
 - determine the strategic options,
 - determine the consolidated operating and investment budgets, and
 - decide on any proposal submitted to the General Meeting pertaining to the appropriation of share premiums, reserves or retained earnings;
- may formulate recommendations to the Executive Management on any matter of general interest to the Group;
- authorises any loans of Hermès International whenever the amount of such loans exceeds 10% of the amount of the consolidated net worth of the Hermès Group, as determined based on the consolidated financial statements drawn up from the latest approved accounts (the "Net Worth");

- authorises any sureties, endorsements or guarantees and any pledges of collateral and encumbrances on the Company's property, whenever the claims guaranteed amount to more than 10% of the Net Worth;
- authorises the creation of any company or the acquisition of an interest in any commercial, industrial or financial operation, movable or immovable property, or any other operation, in any form whatsoever, whenever the amount of the investment in question amounts to more than 10% of the Net Worth.

In order to maintain its status of Active Partner, and failing which it will automatically lose such status ipso jure, Émile Hermès SARL must maintain in its Articles of Association clauses in their original wording or in any new wording as may be approved by the Supervisory Board of Hermès International by a three-quarter majority of the votes of members present or represented, stipulating the following:

- the legal form of Émile Hermès SARL is that of a *société à responsabilité limitée à capital variable* (limited company with variable capital);
- the exclusive purpose of Émile Hermès SARL is:
 - to serve as Active Partner and, if applicable, as Executive Chairman of Hermès International;
 - potentially to own an equity interest in Hermès International; and
 - to carry out all transactions in view of pursuing and accomplishing these activities and to ascertain that any liquid assets it may hold are appropriately managed;
- only the following may be partners in the Company:
 - descendants of Mr Émile-Maurice Hermès and his wife, born Julie Hollande, and
 - their spouses, but only as beneficial owners of the shares; and
- each partner of Émile Hermès SARL must have deposited, or arrange to have deposited, shares in the present Company in the corporate accounts of Émile Hermès SARL in order to be a partner of this Company.

The Active Partner, Émile Hermès SARL, has transferred its business know-how to the Company, in consideration for its share of the profits in the Company, which amounts to 0.67% of distributable profits and is payable to the Active Partner on a priority basis (before dividends are paid to the limited partners).

Executive Management

The Executive Management ensures the management of Hermès International.

In accordance with the Articles of Association, the Company is administered by one or two Executive Chairmen, who are natural persons, and either active partners or from outside the Company, each having the same powers and duties.

The Executive Chairmen are appointed by the Active Partner, after consultation with the Supervisory Board. At this time, the Company is administered by two Executive Chairmen:

- the company Émile Hermès SARL (represented by Mr Henri-Louis Bauer), appointed by decision of the Active Partner on 14 February 2006 (effective on 1 April 2006);
- Mr Axel Dumas, appointed by decision of the Active Partner, on 4 June 2013 (effective on 5 June 2013).

The term of office of the Executive Chairmen is open-ended.

Supervisory Board

The Company is governed by a Supervisory Board, which currently comprises 11 members who are appointed for a term of three years. The members are selected from among shareholders who are not Active Partners, Legal Representatives of an Active Partner, or an Executive Chairman.

As the Company is subject to the provisions of Article L 225-79-2 of the Code de Commerce, a member, and natural person, was appointed by the Group

Committee on 19 November 2014 to represent employees for a three-year period.

The Supervisory Board exercises ongoing control over the Company's management.

For this purpose, it has the same powers as the Statutory Auditors and receives the same documents as the Statutory Auditors, at the same time. In addition, the Executive Management must submit a detailed report to the Supervisory Board on the Company's operations at least once a year.

The Supervisory Board submits to the Active Partners for consideration its reasoned opinion:

- on the nomination and dismissal of any Executive Chairman of the Company; and
- in case of the Executive Chairman's resignation, on reducing the notice period.

The Supervisory Board:

- determines the proposed appropriation of net income to be submitted to the General Meeting each year;
- approves or rejects any proposed new wording of certain clauses of the Articles of Association of Émile Hermès SARL.

The Active Partner must consult the Supervisory Board prior to making any decisions on the following matters:

- strategic options;
- consolidated operating and investment budgets; and
- proposals to the General Meeting on the distribution of share premiums, reserves and retained earnings.

Each year, the Supervisory Board presents to the Annual Ordinary General Meeting of Shareholders a report in which it comments on the Company's management and draws attention to any inconsistencies or inaccuracies identified in the financial statements for the year.

The functions exercised by the Supervisory Board do not entail any interference with the Executive Management, or any liability arising from the Management's actions or from the results of such actions.

Joint Council

The Executive Management of Hermès International or the Chairman of the Supervisory Board of Hermès International shall convene a Joint Council meeting of the Executive Management Board of Émile Hermès SARL and the Supervisory Board of Hermès International whenever they deem it appropriate.

The Joint Council is an institution designed to enable broad collaborative efforts between the Active Partner's Executive Management Board, an internal body with a need to know the main aspects of Hermès International's management, and the Supervisory Board, which is appointed by shareholders.

The Joint Council has knowledge of all matters that it addresses or that are submitted thereto by the party who convened the conference, but does not, in the decision-making process, have the right to act as a substitute for those bodies to which such powers are ascribed by law or by the Articles of Association of Hermès International or of Émile Hermès SARL. The Joint Council of the Executive Management Board and Supervisory Board does not in itself have decision-making powers as such. It acts exclusively as a collaborative body. At their discretion, the Executive Management Board and Supervisory Board may make all decisions or issue all recommendations within their jurisdiction in a Joint Council meeting.

Registered office - Principal administrative establishment

The registered office of Hermès International is located at 24, rue du Faubourg Saint-Honoré, 75008 Paris, France.

The Company's principal administrative establishment is located at 13-15, rue de la Ville-l'Évêque, 75008 Paris, France.

The Legal Department is located at 13-15, rue de la Ville-l'Évêque, 75008 Paris, France.

Date created - Commercial and Company Register, APE CODE

Hermès International was created on 1 June 1938. It is registered with the Paris Commercial and Company Register under number 572 076 396, APE code 7010Z.

Date of initial public offering

Hermès International was taken public on the Second Marché of the Paris Stock Market on 3 June 1993. It has been listed on the Eurolist by Euronext (Compartment A) since 2005.

PRESENTATION OF ÉMILE HERMÈS SARL

Page 105 describes the control exercised by the company Émile Hermès SARL over Hermès International. The operation of Émile Hermès SARL, Active Partner, was not affected by the set-up of the H51 SAS company in 2011.

Legal form

Émile Hermès SARL is a *société à responsabilité limitée à capital variable* (limited company with variable capital), constituted on 2 November 1989. Its partners are the direct descendants of Mr Émile-Maurice Hermès and his spouse.

In companies with variable capital, the share capital can increase or decrease constantly, as existing partners or new "incoming" partners contribute additional funds, or as "outgoing" partners withdraw their funds.

Corporate purpose

The sole purpose of Émile Hermès SARL is:

- to serve as Active Partner and, if applicable, as Executive Chairman of Hermès International;
- potentially to own a direct or indirect equity interest in Hermès International; and
- to carry out all transactions in view of pursuing and accomplishing these activities and to ascertain that any liquid assets it may hold are appropriately managed.

Partners

Only the following may be partners in Émile Hermès SARL:

- descendants of Mr Émile-Maurice Hermès and his wife, born Julie Hollande; and
- their spouses, but only as beneficial owners of shares.

In the light of the Company's purpose, no person shall be a partner if, for each share they own in the Company, they do not have on deposit in the corporate accounts (draft resulting from the split that occurred on 1 March 2013):

- a number of non-dismembered Hermès International shares undivided and free from any encumbrance or commitment to third parties equal to 2,250 (two thousand two hundred and fifty);
- or, the beneficial or legal ownership of a number of Hermès International shares undivided and free from any encumbrance or commitment to third parties equal to 4,500 (four thousand five hundred).

On 31 December 2015, all partners of Émile Hermès SARL are direct descendants of Mr Émile-Maurice Hermès and his spouse.

Executive Chairman

Émile Hermès SARL's Executive Chairman is Mr Henri-Louis Bauer, a great-grandson of Émile-Maurice Hermès. He was appointed on 1 July 2012.

Executive Management Board

The Company is governed by an Executive Management Board comprising three to twelve members, including the Executive Chairman, who serves as Board Chairman.

Executive Management Board members must be natural persons. The Executive Chairman is an *ex-officio* member thereof. The other members of the Executive Management Board are chosen from amongst the company partners (draft resulting from the modification of the Articles of Association taking effect on 1 January 2014).

The Executive Chairman of Émile Hermès SARL shall act in accordance with the Executive Management Board's recommendations in exercising its powers as Active Partner of Hermès International.

Date created - Commercial and Company

Register - Registered office

Émile Hermès SARL was created on 2 November 1989. It is registered with the Paris Commercial and Company Register under number 352 258 115. Its registered office is located at 23, rue Boissy d'Anglas, 75008 Paris, France.

Share capital - Total assets - Net income

The authorised share capital is €343,840 and the share capital under the Articles of Association was €111,004 as at 31 December 2015.

It is divided into 27,751 shares with a par value of €4 each. As at 31 December 2015, Émile Hermès SARL had total assets of €45,351,447, including net income for the year of €4,871,786.49.

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Corporate Governance - Report from the Chairman of the Supervisory Board on the corporate governance principles implemented by the Company, and reporting on the composition of the Supervisory Board and the implementation of the principle of balanced representation of women and men within the Board, the preparation conditions and organisation of the Supervisory Board's work, as well as internal control procedures and risk management implemented by the Company

In accordance with the regulatory provisions and with the recommendations issued by the AMF, we hereby submit our report on the corporate governance principles applied by the Company, with regard to the composition of the Supervisory Board and the application of the principle of balanced representation between women and men within the Supervisory Board, the conditions for preparation and organisation of the Supervisory Board's work, and the internal control and risk management procedures set-up by the Executive Management. The present report has been prepared by the Chairman of the Supervisory Board with the help of the Compensation, Appointments and Governance Committee, hereinafter the "CAG Committee" (part relative to corporate governance), of the Audit Committee (part relative to internal control), of the Supervisory Board Secretary and of the functional departments concerned. It was approved by the Board at its meeting on 22 March 2016.

CORPORATE GOVERNANCE CODE

• Corporate governance principles applied

The Supervisory Board officially adopted the latest version of the AFEP/MEDEF recommendations on corporate governance in 2009, as it deemed these recommendations to be entirely in keeping with the Group's corporate governance policy. The guidelines include the AFEP-MEDEF Corporate Governance Code for listed companies, revised in November 2015, and

the recommendations from the HCGE (Corporate Governance High Committee), that further elaborate this code's recommendations.

With each revision of the AFEP-MEDEF code, the CAG Committee performs an exhaustive comparative analysis of the Company's application of the code's recommendations, and reports to the Supervisory Board. Below is a table of the provisions of the AFEP-MEDEF code that the Company is not applying, along with corresponding explanations.

Provisions of the AFEP-MEDEF Corporate Governance Code, revised in November 2015, that were set aside	
	Explanations
<p><i>Board assessment (art. 10.4)</i> It is recommended that the non-executive directors should meet on a periodic basis, at least once each year, without the presence of the executive or internal directors, in order to assess the performance of the Executive Corporate Officers.</p>	<p>In view of the role assigned to the Supervisory Board (described on pages 10 and 11), this provision of the AFEP-MEDEF code does not apply within a société en commandite par actions (partnership limited by shares).</p>
<p><i>Proportion of independent members on the Audit Committee (art. 16.1)</i> The share of independent directors on the Audit Committee should be at least two-thirds.</p>	<p>The Supervisory Board determined that while slightly less than two-thirds of Audit Committee members are independent directors, (60%, i.e. three out of five members), this situation was not detrimental to the Committee's operation. In the Audit Committee Rules of Procedures, which were adopted on 24 March 2010, the Supervisory Board stipulates that at least one-half of the seats on the Audit Committee be held by directors who qualified as independent at the time of their appointment and throughout their term of office. In its 2014 report, the HCGE considers that an Audit Committee with, for example, three independent members out of five remains compliant with the spirit of the Code, provided that the Chairman is an independent member, as is the case for this Company.</p>

Provisions of the AFEP-MEDEF Corporate Governance Code, revised in November 2015, that were set aside	
	Explanations
<p><i>Composition of the Compensation Committee (art. 18.1)</i> It is recommended that an employee member of the Supervisory Board should be a Committee member.</p>	The Company's CAG Committee (description on pages 51 et seq.) does not have the authority to set the compensation of the Executive Chairmen, which is part of the Active Partner's remit; accordingly, the Supervisory Board has decided that it is not relevant for the Employee Representative to be a member.
<p><i>Severance pay (art. 23.2.5)</i> The payment of severance pay to a director must only be authorised in the case of a forced departure, irrespective of its form, related to a change of control or strategy.</p>	<p>The Company has agreed to pay severance pay to Mr Axel Dumas under the conditions described in the presentation of the reasons on page 264.</p> <p>In view of the importance of the Active Partner's role within a partnership limited by shares, and in the case of a legal entity of its Legal Representative, it was considered that the termination of functions of Axel Dumas as Executive Chairman, that would result from the replacement of the Executive Chairman of Émile Hermès SARL, should be viewed as a forced departure.</p> <p>The Supervisory Board nevertheless considered that the deferred compensation commitment made for the benefit of Mr Axel Dumas complied with the requirements of the AFEP-MEDEF Corporate Governance Code.</p>

• Activity of the Supervisory Board

Group activity and finance

In 2015, the Supervisory Board was informed of the group's activities at each of its meetings and in particular:

- heard the Executive Management's presentation on the parent company and consolidated financial statements;
- examined the 2015 budget;
- reviewed documents on forecasting and planning;
- decided on the proposed appropriation of earnings to be submitted to the General Meeting of 2 June 2015;
- reviewed the situation of certain equity investments;
- formally noted proposals for acquisitions, disposals and equity investments;
- formally noted proposed investment projects;
- examined the reports and work of the Audit Committee, described on page 29.

Recommendations, authorisations and other items

In 2015, the Supervisory Board:

- authorised and reclassified related-party agreements and reviewed those for which the effects are ongoing (see the Supervisory Board's report on page 27);

- issued a favourable opinion on the proposed resolutions submitted to the Combined General Meeting of 2 June 2015 and familiarised itself with the reports drawn up by the Executive Management;
- formally noted the summary statement of services provided by Hermès International to Émile Hermès SARL in 2014 and projections for 2015;
- renewed the global authorisation to the Executive Management to grant endorsements and guarantees on behalf of subsidiaries for 2015, subject to a ceiling;
- discussed the Company's policy with regard to professional and wage equality;
- approved the wording of the prudential rules applicable by the subsidiaries, together with updated lists of the authorised signatories and banks of Hermès International;
- performed an annual review of the related-party agreements for which the effects are ongoing;
- recalled the responsibility inherent to holding inside information as well as the Stock market ethics charter;
- examined anti-corruption procedures within the group;
- were informed of the implementation of European measures relative to the freezing of funds and economic resources of Russians and Russian legal

entities to be found on the lists in the EU Regulations appendices nos. 208/2014 and 269/2014;

- decided to maintain publication of quarterly sales revenues;
- authorised bank guarantees.

Governance – Appointments – Compensation

In 2015, the Supervisory Board:

- examined and/or approved CAG Committee reports and works as described on pages 27 and 28;
- decided upon the distribution and payment of compensation and directors' fees for members of the Board and the committees;
- decided upon the update of reimbursement policies for Supervisory Board member expenses based upon the new rates of group procedure;
- decided upon the renewal of the Audit Committee chairwoman and members and the CAG Committee chairwoman and members;
- decided upon the required term of office for the Employee Representative member of the Supervisory Board and the details of their training.

At each meeting, the CAG Committee informed the Supervisory Board of current events relating to governance (AMF reports, AFEP-MEDEF reports, implementation guides, IFA studies, etc.).

Major annual topics – Site visits

Every year, at least one detailed presentation on a specific or general topic regarding the Group's activities is provided by the relevant management team.

Since 2011, the Board has occasionally travelled to different sites in order to enhance its knowledge of one of the Group's particular subsidiaries. The visits carried out from 2011 to 2013 are described in the 2013 shelf-registration document (volume 2, page 26). The visits carried out in 2014 are described in the 2014 shelf-registration document (volume 2, page 18).

In 2015, the Board:

- took part in a presentation on issues surrounding sustainable development and corporate social and environmental responsibility;
- took part in a presentation on the strategy for "Footwear" business;
- visited the subsidiary Maroquinerie Iséroise, where it enjoyed a presentation of the activity, the results from the craft division Hermès Leather Goods and a visit of the manufacturing workshop;
- visited the subsidiary SIEGL, where it enjoyed a presentation of the activity, the results from the textile business-line and a visit of the manufacturing workshop.

CONDITIONS GOVERNING THE PREPARATION AND ORGANISATION OF THE SUPERVISORY BOARD'S WORK

• Composition of the Supervisory Board – Proportion of Employee Representatives – Application of the principle of balanced representation of women and men within the Board

The Supervisory Board comprises 11 members: Mr Éric de Seynes, Chairman, Mrs Dominique Senequier and Mrs Monique Cohen, Vice-Chairwomen, Mr Charles-Éric Bauer, Mr Matthieu Dumas, Mr Blaise Guerrand, Mrs Julie Guerrand, Mr Denis Marmonier (Employee Representatives), Mr Renaud Momméja, Mr Robert Peugeot and Mrs Florence Woerth. All the Supervisory Board members are of French nationality.

From amongst its members, the Supervisory Board appoints two Vice-Chairmen, currently Mrs Dominique Senequier and Mrs Monique Cohen. The Articles of Association indicate that in case of the Chairman's absence, his duties will be performed by the older

of the two Vice-Chairmen. Mrs Nathalie Besombes, Director of company law and stock markets, is the Board Secretary under the Chairman’s control.

The Supervisory Board currently includes an Employee Representative member, Mr Denis Marmorier, who was appointed by the Group committee as of 19 November 2014 following the modification of the Articles of Association during the General Meeting on 3 June 2014.

Since 2011 the CAG Committee has been assigned to advise the Board of its recommendations as to the evolution of the Board’s composition.

In order to make these recommendations to the Supervisory Board, the CAG Committee has organised its assignment in three stages:

1. Definition of a “Supervisory Board target”;
2. Pre-selection, with the help of an external expert, of potential candidates corresponding to identified requirements;
3. Establishment of a schedule for the evolution of the Supervisory Board’s composition.

Works completed:

- from 2011 to 2013 are described in the shelf-registration document 2013 (volume 2, pages 21 and 22);
- for 2014 and 2015 are described in the shelf-registration document 2014 (volume 2, page 19).

Since 8 August 2014, works completed have served to reach a proportion of at least 40% of each sex in the composition of the Supervisory Board.

Progress of the assignment in 2016

In 2016, the Supervisory Board has fixed itself the objective of integrating a new independent member with an international profile. It has been decided to focus the search exclusively on female candidates, in order to maintain a balanced representation between men and women, in accordance with the law.

The recruitment consulting firm previously involved was instructed to identify candidates. The firm submitted to the CAG Committee the profiles of about 30 women, with diverse experience, who would be potentially interested in integrating the Supervisory Board.

On the basis of a detailed report and a verbal presentation from the firm, the Chairman of the Board, along with a member of the CAG Committee, made a pre-selection of five candidates with whom they met individually.

At the beginning of 2016, two candidates were retained, who had met with the other members of the CAG Committee as well as the Executive Chairmen. In March, the CAG Committee discussed the results of these interviews and decided to recommend the candidature of Mrs Sharon MacBeath.

This application was submitted to the Émile Hermès SARL Executive Management board and to the Supervisory Board, which unanimously decided to propose her appointment at the General Meeting 2016, in replacement of Mrs Florence Woerth whose

Summary table of changes in the composition of the Supervisory Board over FY 2015			
	Departures	Appointments	Renewals
Changes	None	None	Mr Matthieu Dumas Mr Blaise Guerrand Mr Robert Peugeot Mr Renaud Momméja
Changes that involve diversification (in terms of feminisation, nationality or international experience) or an evolution in matters of governance	None	None	None

office comes to term. Details for Mrs Sharon MacBeath can be found on page 270.

Mrs Sharon MacBeath is to be appointed a member of the Audit Committee; this will maintain the current proportion of independent members on the Committee.

• **Criteria for qualifying a Supervisory Board member as an “independent” – Management of conflicts of interest - Plurality of offices**

The criteria for qualifying a Supervisory Board member as an “independent”, which were formally adopted by the Supervisory Board in 2009, are the following:

- they may not be a partner or member of the Executive Management Board of Émile Hermès SARL, Active Partner;
- they must comply with the criteria set out in Article 9.4 of the AFEP-MEDEF Corporate Governance Code, including the criterion pertaining to length of service, which has been respected since 2013.

In 2015, the Board examined the situation of each of its members in the light of the aforesaid criteria, on a case-by-case basis, and determined that four directors qualified as “independent”: Mrs Monique Cohen, Mrs Dominique Senequier, Mrs Florence Woerth, and Mr Robert Peugeot.

A summary table detailing each Supervisory Board member’s situation can be found on pages 31 and 32. The Board resolved that one-third of its members should be independent. This proportion is observed. In particular, the Board has identified no significant business relationship between its members and the Company. This analysis is performed each year on the basis of a questionnaire that is sent to all Supervisory Board members. At the beginning of 2016, the company sent out a new, more detailed and thorough questionnaire in which they are asked to make

a sworn statement regarding any situations that could constitute a potential conflict of interest in view of their office as a member of the Supervisory Board for Hermès International.

Upon assessment of business relationships between a member of the Supervisory Board and the Group, the criteria used by the Board to determine whether or not there exists a significant business relationship which could potentially affect the independence of a Supervisory Board member are both quantitative and qualitative, and include, in particular, the sum of potential revenues and analysis of the nature of existing relationships.

The CAG Committee has examined the answers to the questionnaire and has determined that none of the situations presented constitute *a priori* any potential conflict of interest for the parties concerned in view of their office as a member of the Supervisory Board.

Moreover, the Supervisory Board ethics charter indicates that (art. 6) *“a Supervisory Board member must strive to avoid any conflict that could exist between their moral or material interests, and those of the Company. They shall inform the Supervisory Board of any conflict of interests in which they might be involved. In cases in which they cannot avoid being in a position of conflict of interests, they shall refrain from taking part in discussions and any decision on the matters concerned.”*

The analysis of the individual situation of each of the Supervisory Board members and of the Executive Chairmen in view of the rules on the plurality of offices, indicated that no Board member or Executive Chairman holds multiple offices, both with regard to the legal rules and the principles set out in Article 19 of the AFEP-MEDEF Corporate Governance Code

(not holding more than four other corporate offices in companies outside of the Group, with the exception of companies for which the main activity is the acquisition and management of equity interests). Have been taken into account the new provisions resulting from the law for growth, activity and equality of economic opportunities (the “Macron” law) no. 2015-9901 of 6 August 2015.

• Duration and staggering of terms of office

Article 18.2 of the Articles of Association stipulates that Supervisory Board members are appointed for a term of three years. As part of the General Meeting of 2 June 2009, the company approved a provision calling for one-third of Supervisory Board members to stand for re-election each year.

• Operation of the Supervisory Board – Rules of procedure – Ethics charter

The Supervisory Board’s rules of procedure, that have existed since 18 March 2009, and the latest version of which was approved by the Supervisory Board on 22 March 2016, is provided in its entirety on page 41. These rules of procedure include an obligation for Supervisory Board members (excepting Employee Representatives) to own a relatively significant number of registered shares (200 shares). Using the Hermès International share price on 31 December 2015 (€311.75), this represents more than two and a half years of directors’ fees.

On 29 January 2016, the Supervisory Board determined that all Supervisory Board members continued to meet this obligation (with the exception of the Employee Representative member).

The Supervisory Board ethics charter, that has existed since 26 January 2011, and the latest version of which was approved by the Supervisory Board on 25 January 2012, is provided in its entirety on page 47.

Since 2011, a “master file” has been provided to the Supervisory Board. This master file currently contains the following sections:

- list and contact details of the Executive Committee members, of the Supervisory Board members and of the Board’s Committees and secretary;
- professional background of the Supervisory Board members;
- summary table of the dates of terms of office;
- Supervisory Board Rules of Procedure;
- Audit Committee Rules of Procedure;
- Compensation, Appointments and Governance Committee Rules of Procedure;
- Supervisory Board ethics charter;
- explanatory note on the list of insiders;
- calendar of blackout periods;
- regulations relative to the declaration and direct registration obligations of the directors;
- rules on the reimbursement of expenses;
- Presentations of Hermès International and Émile Hermès SARL;
- Articles of Association, annotated;
- insurance summary of Corporate Officer’s civil liability.

This master file is updated on a regular basis. The Statutory Auditors and the Work Council Representatives are systematically invited to attend all Supervisory Board meetings. The Supervisory Board meets at least twice per year in accordance with the Articles of Association.

Over FY 2015, the Board met seven times with the regular presence of almost all of its members, resulting in an average attendance rate of 97.4%, as shown in the table on page 31.

Furthermore, as in previous years, the Chairman of the Supervisory Board was invited to attend all meetings of the Executive Management Board of Émile Hermès SARL.

To ensure that Supervisory Board meetings are held in due and proper form, a file containing background documents related to issues on the agenda is sent to each Board member prior to every meeting and, since 2011 whenever possible, at least 48 hours beforehand. Persons who are not Board members, in particular members of the Executive Committee and of the Management Committee, may be invited to attend Board meetings at the Chairman's discretion to provide any information that members of the Board might require to reach a full understanding of matters on the agenda and that are technical in nature or require special expertise.

Minutes are drawn up at the end of each Meeting and sent to all Board members, who are invited to comment.

Any comments are discussed at the next Supervisory Board meeting, which approves the final text of the minutes of the previous meeting.

• Role of the Supervisory Board

The primary role of the Supervisory Board of a société en commandite par actions (partnership limited by shares) is to maintain ongoing control over the Company's management in accordance with the law and with the Articles of Association. In this respect, the Supervisory Board is responsible for assessing the advisability of strategic choices; monitoring the correctness of Executive Management's actions; ensuring equal treatment of all shareholders; and verifying the procedures implemented by the Company to ensure the fairness and accuracy of the parent company and consolidated financial statements. To fulfil these obligations, every year, the Supervisory Board presents any comments it may have on the parent-company and consolidated financial statements, decides on the proposed appropriation of net income, and provides all recommendations and authorisations.

The Supervisory Board has delineated the due diligence procedures it carried out during the year ended 31 December 2015 in a report presented to the Annual General Meeting called to approve the financial statements (page 27).

The functions exercised by the Supervisory Board do not entail any interference with the Executive Management, or any liability arising from the Management's actions or from the results of such actions.

As an extra-statutory mission, the rules of procedure call for the Board to approve or refuse an Executive Chairman's acceptance of any new appointment within a listed company.

• Assessment of the Supervisory Board

Given the progress made by the Company in recent years in terms of governance, the Supervisory Board decided in 2011 to only carry out a questionnaire-based self-assessment every three years, while maintaining an annual review of the Board's work to be included in the Board meeting agenda.

The conditions and provisions for the last formal three-year self-assessment, carried out in 2013, are described in the 2013 shelf-registration document (volume 2, pages 26 and 27).

In late 2015, the CAG Committee reviewed the axes for improvement that had been identified by the Board in 2014.

All the improvements, which mainly consisted of refining the text for the "corporate governance" section of the shelf-registration document to include the latest recommendations in matters of governance have been implemented as follows (see table).

The improvements made in recent years have been confirmed by external assessments, which indicates that the governance of Hermès can already be considered as one of the best practices in the marketplace.

Axes for improvement implemented in 2015 and early 2016	Text justifying improvement
Give a more detailed explanation on the minimum period for the auditors' review	<i>AFEP-MEDEF study on the application of the code in SBF 120 – Hermès International, page 6 Corporate Governance High Committee report 2014 (HCGE), pages 27 and 67</i>
Add a reference to the existing, exhaustive comparative analysis of the application, by the Company, of the recommendations of the AFEP-MEDEF code.	<i>The 2014 AMF report on corporate governance, page 7</i>
Maintain the principle of a complete description of the Board's works by simplifying the form and grouping sections of the Chairman's report to clarify the presentation	<i>The 2014 AMF report on corporate governance, page 47 HCGE report 2014, page 24</i>
Given a more detailed explanation on the proportion of independent members on the Audit Committee	<i>The 2014 AMF report on corporate governance, page 60 HCGE report 2014, page 64</i>
Set out in the table say on pay relating to Axel Dumas that the pension plan that he receives is closed	<i>The 2014 AMF report on corporate governance, page 75</i>
Add a presentation on the organisational structure of command and control of a société en commandite par actions (partnership limited by shares)	<i>HCGE report 2014, page 32</i>
Add a detailed explanation on the absence of periodic meetings of "non-executive" Board members at Board assessment	<i>HCGE report 2015, page 13</i>
Indicate specific methods for ascertaining retirement obligations, and the estimated amount for pensions that may potentially be paid out with regard to these obligations, and the pertaining costs thereto	<i>HCGE report 2015, page 17 Art. L 225-42-1 et L 225-102-1 of the Code de Commerce from the law of 6 August 2015</i>
Add a detailed explanation justifying that the employee Representative Supervisory Board member is not a member of the CAG Committee	<i>HCGE report 2015, page 70</i>
Update the CAG Committee rules of procedure to specify that Executive Chairmen are implicated in the selection of future members of the Supervisory Board	<i>HCGE report 2015, page 75</i>
Centralise all information concerning corporate governance in the section of the shelf-registration document dedicated to corporate governance	<i>The 2015 AMF report on corporate governance, page 10</i>
Use summary tables that demonstrate the implementation of recommendations of the code relative to corporate governance	<i>The 2015 AMF report on corporate governance, page 10</i>
Indicate that the criteria used by the Board to determine whether or not there exists a significant business relationship which could potentially affect the independence of a Supervisory Board member are both quantitative and qualitative, and include, in particular, the sum of potential revenues and analysis of the nature of existing relationships	<i>The 2015 AMF report on corporate governance, page 11</i>
Give more detailed information on the procedure set up to assess the operation of the Board, the results obtained and the possible means of improvement	<i>The 2015 AMF report on corporate governance, page 11</i>
Provide details on the composition, assignments and outcome of the activities of the Committees and the Board in concise and to the point summary tables	<i>The 2015 AMF report on corporate governance, page 50</i>

In view of the works undertaken by the CAG Committee, the Board considered that its overall operation remained highly satisfactory.

The Board's next formal self-assessment will be in 2016.

**• Training for Supervisory Board members –
Integration programme**

Supervisory Board members can make use of the company's group membership of IFA, and thereby take advantage of all of its services. Mrs Julie Guérand gained her certificate as a certified company board member (ASC France) in 2013 and Mr Matthieu Dumas in 2015. Other Board members will likely be taking part in this company governance certification programme carried out by IFA in partnership with Sciences-Po.

Furthermore, in 2014 the CAG Committee set up an integration and training programme for new Board members, which included:

– the issuing of an integration kit for new Supervisory Board members (legal/governance documents) including:

- the Supervisory Board's master file,
- the latest shelf-registration document,
- the notice for the last General Meeting,
- a USB key for accessing the company's financial site,
- the booklet "20 years on the stock market" (2013),
- the business code of conduct (Hermès Group guidelines),
- the Supervisory Board's dashboard for the current FY,
- the schedule of Supervisory Board meetings for the next three years,
- the pocketbook of the IFA administrator (2014);

– registration for three days of the in-house "Mosaic" immersion training with the employees;

– presentation of capital distribution and of Émile Hermès SARL, Active Partner;

– "catch-up" relative to site visits (see page 18) since 2011 (if necessary);

– participation in IFA governance training (if necessary);

– presentation of new collections of Hermès products.

• Expense reimbursements

Supervisory Board members are reimbursed for travel, accommodation and restaurant expenses incurred thereby to attend the Supervisory Board meetings, upon presentation of substantiating documents or receipts. These reimbursements are capped (see rules of procedure, page 43) and based upon the rules applicable to the Group's employees.

• Directors' fees and compensation

Based on a proposal from the CAG Committee and in order to apply the AFEP-MEDEF Corporate Governance Code (revised in June 2013), indicating that the provisions for the distribution of directors' fees must include a preponderant part based on actual attendance, the Supervisory Board decided, on 20 November 2013, to modify the provisions for the distribution of directors' fees.

The resulting changes to the previously applicable principles are described in the 2013 shelf-registration document (volume 2, page 28).

The principles of distribution for directors' fees applicable as of 2015 for FY 2014 are indicated in the Board rules of procedure (page 43).

In keeping with these principles, on 29 January 2016 the Supervisory Board apportioned directors' fees and compensation of €391,900 out of a total of €500,000 approved by a resolution adopted by the shareholders at the Ordinary General Meeting of 3 June 2014. The amounts allocated to each Board member for 2014 and 2015 are indicated on page 89.

• **Special committees**

Since 2005, two special committees have been created:

- the Audit Committee (26 January 2005);
- the Compensation Committee (26 January 2005), to which the Board subsequently decided to assign new duties and responsibilities; it was renamed “Compensation and Appointments Committee” on 18 March

2009 and “Compensation, Appointments and Governance Committee” on 20 January 2010.

These Committees act under the collective and exclusive responsibility of the Supervisory Board. Their role is to research and to prepare for certain deliberations of the Board, to which they submit their opinions, proposals or recommendations.

Compensation, Appointments and Governance Committee (CAG Committee)

<p>Composition and operation of the CAG Committee</p>	<ul style="list-style-type: none"> • The CAG Committee is composed of the following members: <ul style="list-style-type: none"> – Mrs Dominique Senequier, Chairwoman; – Mr Matthieu Dumas, member; – Mr Robert Peugeot, member. • The composition rules, duties and operating provisions of the CAG Committee are described in detail in the rules of procedure approved by the Supervisory Board, and that have existed since 24 March 2010. Version no. 5 of these rules of procedure, dated 22 March 2016, is provided in its entirety on page 51. • The Chairman of the Supervisory Board can be invited to certain CAG Committee meetings in order to provide his opinion in matters of appointments or governance, which has not been the case in 2015. The Executive Chairmen are only invited for that part of the meetings relating to the compensation of Executive Committee members (excluding the Executive Chairmen). • Over the period FY 2015 the CAG Committee met six times (versus five times in 2014) with all of its members attending the meetings. • Individual and average rates of attendance are indicated in the table on page 31.
<p>CAG Committee Missions</p>	<p>The Compensation, Appointments and Governance Committee studies and prepares certain proceedings of the Supervisory Board and submits to the Board its opinions, proposals and recommendations. Without prejudice to the powers of the Supervisory Board, which it does not replace, the Compensation, Appointments and Governance Committee missions are:</p> <ul style="list-style-type: none"> • WITH RESPECT TO COMPENSATION <ul style="list-style-type: none"> – to receive information and draw up recommendations on the terms and conditions of compensation paid to Executive Committee members; – to receive information and draw up recommendations from the Board to the Executive Management on the terms and conditions of allotment of any share purchase options and bonus shares granted to Executive Committee members; – to draw up proposals and recommendations on the aggregate amount of directors' fees and other compensation and benefits awarded to members of the Supervisory Board and of its special committees, and on the apportionment thereof, primarily on the basis of Board members' attendance at Meetings; – to review proposals for stock option plans and bonus share distributions to Senior Executives in order to enable the Supervisory Board to determine the aggregate or individual number of options or shares allotted, and the terms and conditions of allotment; – to review proposals for stock option plans and bonus share distributions for employees and to draw up recommendations thereon for submission to the Executive Management; – to assist the Supervisory Board in determining the conditions and performance criteria to be applied in the allocation of share subscription or purchase options, performance shares and/or additional pensions to Executive Chairmen; – to ascertain that the compensation of the Executive Chairmen complies with the provisions of the Articles of Association and the decisions made by the Active Partner; – to remain informed and to make recommendations to the management or supervisory bodies of the main French subsidiaries within the Hermès Group, relative to executive compensation; – to remain informed and to make recommendations to the management or supervisory bodies of the main French subsidiaries within the Hermès Group, relative to granting options to purchase shares to Executive Corporate Officers; – to perform specific assignments entrusted to it by the management or supervisory bodies of the main French subsidiaries within the Hermès Group. • WITH RESPECT TO APPOINTMENTS <ul style="list-style-type: none"> – to draw up recommendations for the Board to submit to the Active Partner after reviewing all information that the Board must take into consideration in its deliberations, i.e. striking an appropriate balance in the composition of the Board in the light of the composition and changes in the Company's shareholder base, identifying and evaluating potential candidates, and examining the advisability of renewing terms of offices; – to organise a selection procedure for future independent members of the Board and carry out its own research on potential candidates, to which the Executive Chairmen are associated; – to ensure a plan of succession of the Executive Corporate Officers (the Executive Chairmen) drawn up by the Active Partner.

	<ul style="list-style-type: none"> • WITH RESPECT TO CORPORATE GOVERNANCE <ul style="list-style-type: none"> – to recommend revisions to corporate governance rules, as needed; – to periodically ascertain that independent Supervisory Board members meet the criteria pertaining to independence and objectiveness set out in the Supervisory Board Rules of Procedure; – to review the composition of the special committees; – to oversee the annual assessment of Supervisory Board practices; – to ascertain that the management bodies apply the Supervisory Board Rules of Procedure and the recommendations of the AFEP/ MEDEF Corporate Governance Code in force in their operations, inter alia.
<p>Activity of the CAG Committee in 2015</p>	<p>In 2015, the CAG Committee was required to examine and/or issue recommendations on many subjects and in particular the following:</p> <ul style="list-style-type: none"> • WITH RESPECT TO COMPENSATION <ul style="list-style-type: none"> – review of the chapters of the shelf-registration document on corporate governance and executive compensation (management report) and of the description of the proposed resolutions relative to the advisory opinion (“Say on Pay”) regarding the compensation of directors; – projected distribution of directors’ fees and compensation payable to the Board members and Committee members in respect of FY 2014; – presentation of company policy in matters of professional and earnings equality; – 2015 compensation of the Hermès International Executive Chairmen and press release to be published on the financial Internet site; – review of compensation of Executive Committee members; – validation of compensation for Corporate Officers in their term of office of French subsidiary management (due to the CAG Committee taking on the mission of the subsidiary Compensation Committee). <p>The CAG Committee reviewed current events in matters of compensation:</p> <ul style="list-style-type: none"> – IGF – Report on ‘top hat’ retirement schemes; – AFEP - Study on directors’ fees (July 2015); – AFEP – Study on performance criteria of management compensation (July 2015); – AFEP - Summary of the Say on Pay study and renewal of administrative terms of office of Executive Corporate Officers (July 2015); – AFEP – Study on directors’ fees (July 2015) with SBF 120 average excluding CAC. <ul style="list-style-type: none"> • WITH RESPECT TO APPOINTMENTS <ul style="list-style-type: none"> – change of the composition of the Board. • WITH RESPECT TO CORPORATE GOVERNANCE <ul style="list-style-type: none"> – analysis of the individual situation of Supervisory Board members (independence, conflicts of interest, plurality of offices, number of shares) and of the Committee members (special skills with regard to finance or accounting); – update and distribution of Supervisory Board documents (master file, rules of procedure, 2015 calendar of blackout periods); – review of the report from the Chairman of the Supervisory Board on corporate governance principles implemented by the Company, and reporting on the composition of the Board and the application of the principle of balanced representation between women and men within the Board, on the conditions for preparing and organising the work of the Supervisory Board as well as on the internal control and risk management procedures implemented by the Company; – proposals to the Supervisory Board in accordance with the application of the text of 3 June 2015 relative to the time required by employee members of the Board to perform their term of office and their training conditions within the Company; – modification of the CAG Committee rules of procedure (specifying that the Executive Chairmen are associated with the selection of Supervisory Board members); – comparative study on the way in which certain SBF 120 companies present the significance of business relationships in their shelf-registration documents; – update of sworn statement to be completed every year by Executive Chairmen, Executive Committee members and Supervisory Board members alike; – analysis of the results of the informal annual assessment of the work of the Board and of the CAG Committee. <p>Some of these issues are further discussed in this report.</p>

INFORMATION ON THE SHARE CAPITAL AND ON THE SHAREHOLDERS

INFORMATION ON THE FINANCIAL STATEMENTS, AND ON SUBSIDIARIES AND ASSOCIATES

PROPERTY AND INSURANCE

CSR APPENDICES: ENVIRONMENTAL INFORMATION

CSR APPENDICES: HUMAN RESOURCES

CONSOLIDATED FINANCIAL STATEMENTS

PARENT COMPANY FINANCIAL STATEMENTS

COMBINED GENERAL MEETING OF 31 MAY 2016

ADDITIONAL LEGAL INFORMATION

<p>Activity of the CAG Committee in 2015 (continued)</p>	<p>The CAG Committee reviewed current events in matters of governance:</p> <ul style="list-style-type: none">- AMF recommendation no. 2012-02 (updated on 11 December 2014): Corporate governance and compensation of company directors with reference to the AFEP-MEDEF code – Consolidated presentation of the recommendations contained in the AMF annual reports;- application guide for the AFEP-MEDEF Corporate Governance Code for listed companies of June 2013, published in December 2014 by the HCGE (Corporate Governance High Committee);- AMF recommendation no. 2014-15: Communication of listed companies on their internet site and on social media;- AFG recommendations on corporate governance, January 2015;- AMF study relative to Chairman's reports on internal control and risk management procedures for FY 2013;- 2014 AFEP-MEDEF study on the application of the Corporate Governance Code by Hermès International;- AMF – Review of the implementation of proposals from the 2012 AMF report on Shareholder General Meetings of listed companies – Analysis of Hermès International practices;- IFA – first results from the employee directors survey;- bill for the growth, activity and equality of economic opportunities;- AFEP – Obligation for discretion of employee directors survey;- AFEP-MEDEF study on the application of the code by Hermès International;- comparative perspective UK and France Evolution of women as part of Administrative Boards;- IFA: Survey on the status and compensation of ETI administrators;- AFEP – Appraisal of the 2015 General Meetings;- SONEAN – Study on independent administrators;- AMF 2015 report on corporate governance and compensation of directors: analysis of the Hermès International practices and follow-up actions;- 2015 HCGE annual report;- Image Sept 2015 study on the governance of CAC 40 companies;- France Board Index 2015 – SpencerStuart;- Article "How much board turnover is best" – Harvard Business Review – SpencerStuart;- EY-Labrador 2015 governance overview;- 2015 Russel Reynolds study of the governance of CAC 40 companies;- 2015 winners list - the feminisation of leadership (Ethics & Board);- AMF 2015 report on corporate governance and compensation of directors;- AFEP-MEDEF Corporate Governance Code, revised in November 2015;- study on the assessment of Administrative Boards KPMG (March 2015);- AMF working group report on the Chairman's report on internal control and risk management procedures (November 2015).
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Audit Committee

<p>Composition and operation of the Audit Committee</p>	<p>The Audit Committee is composed of the following members:</p> <ul style="list-style-type: none"> – Mrs Monique Cohen, Chairwoman; – Mr Charles-Éric Bauer, member; – Mr Renaud Momméja, member; – Mr Robert Peugeot, member; – Mrs Florence Woerth, member. <p>The composition rules, duties and operating provisions of the Audit Committee are described in detail in the rules of procedure approved by the Board and have been in existence since 24 March 2010 and remain unchanged. These rules of procedure are provided in their entirety on page 55.</p> <p>In 2015, the Supervisory Board:</p> <ul style="list-style-type: none"> – renewed the composition of the Audit Committee, for its other members, after the renewal of the terms of office of the Supervisory Board members by the General meeting on 2 June 2015; – identified the Audit Committee members who can be qualified as “independent”, i.e. Mrs Monique Cohen and Mrs Florence Woerth, and Mr Robert Peugeot; – considered that all Audit Committee members have special skills in the areas of finance or accounting in view of their professional experience, background and training as described in pages 67, 70, 75, 76 and 78. Before each Audit Committee meeting, Audit Committee members are sent in good time, with reasonable lead time and subject to confidentiality requirements, a file containing documentation on items on the agenda requiring prior analysis and review. <p>Throughout 2015, the Audit Committee met six times. Nearly all of its members attended the meetings (the average attendance rate was 90%).</p>
<p>Missions of the Audit Committee</p>	<p>The Audit Committee studies and prepares certain proceedings of the Supervisory Board and submits to the Board its opinions, proposals and recommendations.</p> <p>In accordance with Article L 823-19 of the Code de Commerce, and without prejudice to the powers of the Supervisory Board, which it does not replace, the Audit Committee missions are:</p> <ul style="list-style-type: none"> – to review and comment on the Company’s parent company and consolidated financial statements prior to approval by the Executive Management; – to ascertain that the accounting methods applied are relevant and consistent; – to verify that internal data collection and control procedures guarantee the quality of information provided; – to review the work programme and results of internal and external audit assignments; – to carry out special tasks assigned to it by the Supervisory Board; – to monitor the effectiveness of the internal control and risk management systems, of the statutory audit of the parent company financial statements and, if applicable, of the consolidated financial statements by the Statutory Auditors; – to ascertain compliance with the rules guaranteeing the independence and objectiveness of the Statutory Auditors; – to participate in the procedure for selecting the Statutory Auditors. <p>In the performance of these missions, the Audit Committee may carry out field trips to obtain complete information on the group and to appraise the overall consistency of the internal control and risk management system.</p>
<p>Activity of the Audit Committee in 2015</p>	<p>In 2015, the Audit Committee reviewed the following matters:</p> <ul style="list-style-type: none"> – presentation of the budget for 2015; – opening of a new banking relationship for the group; – review of attempts of fraud and intrusion; – haute bijouterie security system; – presentation of the director of security; – review of the press release on 2014 sales revenue; – review of activities related to risk management, audit and internal control in 2014; – audit plan for 2015; – risk mapping methodology for the group; – parent company and consolidated financial statements for the year ended 31 December 2014; – presentation of principal projects in progress; – presentation of the consensus of financial analysts; – review of price positioning policy;

Activity of the Audit Committee in 2015 (continued)	<ul style="list-style-type: none">- review of the press release on half-year and full-year results;- consolidated financial statements as at 30 June 2015;- Statutory Auditors' report on the consolidated financial statements;- presentation of the Hermès Leather Goods division;- presentation of the Hermès Textile Holding company division;- presentation of IT risks;- presentation of disputes;- presentation of financial communication objectives. <p>As part of its mission, the Audit Committee heard from the Group finance director both with regard to the accounting data and the treasury data, the consolidation director, the audit and risk director, and the statutory auditors.</p>
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• Factors liable to affect the outcome of a public offering

Factors liable to affect the outcome of a public offering are described in the Management Report (page 98).

• Special terms and conditions for participating in General Meetings

The terms and conditions for participating in general meetings are set out in Volume 1 (page 108).

Summary table

	Charles-Éric Bauer	Monique Cohen	Matthieu Dumas	Blaise Guerrand	Julie Guerrand	Denis Marmonier	Renaud Momméja	Robert Peugeot	Éric de Seynes	Dominique Senequier	Florence Woerth
Personal details											
Age in 2016	52 years	60 years	44 years	33 years	41 years	59 years	54 years	66 years	56 years	63 years	60 years
Date of birth	09/01/1964	28/01/1956	06/12/1972	04/06/1983	26/02/1975	01/09/1957	20/03/1962	25/04/1950	09/06/1960	21/08/1953	16/08/1956
Nationality	French	French	French	French	French	French	French	French	French	French	French
Sex	M	F	M	M	F	M	M	M	M	F	F
Information on terms of office											
Role on the Board	Member of the Board	Deputy Chairman of the Board	Member of the Board	Member of the Board	Member of the Board	Employee Representative Board member	Member of the Board	Member of the Board	Chairman of the Board	Deputy Chairman of the Board	Member of the Board
Date of appointment	03/06/2008	03/06/2014	03/06/2008	29/05/2012	02/06/2005	19/11/2014	02/06/2005	24/01/2007	03/03/2011	04/06/2013	07/06/2010
Term of current office	GM 2016	GM 2017	GM 2018	GM 2018	GM 2016	GM 2017	GM 2017	GM 2018	GM 2017	GM 2016	GM 2016
Length of service in that role	8 years	2 years	8 years	4 years	11 years	2 years	11 years	9 years	5 years	3 years	6 years
Attendance in 2015	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	85.71%	100.00%	100.00%	85.71%
Average attendance in 2015	97.40%										
Compensation, Appointments and Governance Committee											
Role	-	-	Member of the Committee	-	-	-	-	Member of the Committee	-	Chairwoman of the Committee	-
Date of appointment	-	-	03/06/2008	-	-	-	-	03/06/2008	-	06/06/2013	-
Term of current office	-	-	GM 2015	-	-	-	-	GM 2018	-	GM 2016	-
Length of service in that role	-	-	8 years	-	-	-	-	8 years	-	3 years	-
Attendance in 2015	-	-	100.00%	-	-	-	-	100.00%	-	100.00%	-
Average attendance in 2015	100.00%										
Audit Committee											
Role	Member of the Committee	Chairwoman of the Committee	-	-	-	-	Member of the Committee	Member of the Committee	-	-	Member of the Committee
Date of appointment	26/01/2005	03/06/2014	-	-	-	-	06/06/2008	03/06/2008	-	-	07/06/2010
Term of current office	GM 2016	GM 2017	-	-	-	-	GM 2017	GM 2018	-	-	GM 2016
Length of service in that role	11 years	2 years	-	-	-	-	8 years	8 years	-	-	6 years
Attendance in 2015	83.33%	100.00%	-	-	-	-	83.33%	83.33%	-	-	100.00%
Average attendance in 2015	90.00%										

Corporate Governance - Report from the Chairman of the Supervisory Board

Summary table (continued)

	Charles-Éric Bauer	Monique Cohen	Matthieu Dumas	Blaise Guerrand	Julie Guerrand	Denis Marmonier	Renaud Momméja	Robert Peugeot	Éric de Seynes	Dominique Senequier	Florence Woerth
Situation with regard to the criteria of independence as set down by the AFEP-MEDEF code of corporate governance (art. 9.4) to define the independence of members of the Supervisory Board.											
Not being an employee or Corporate Officer of the Company, an employee or Board member of its parent company or of a company that it consolidates, and not having been so in the previous five years.	No	Yes	No	No	No	No	No	Yes	No	Yes	Yes
Not being a Corporate Officer of a company in which the Company directly or indirectly holds a Board member's position or in which an employee designated as such or a Corporate Officer of the Company (currently or having served as one within the last five years) is serving as a Board member.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Not being a customer, supplier, business banker or financing banker: – that is significant for the company or its group; – or for which the company or its group represents a significant share of the business.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Not having close family ties with a Corporate Officer.	No	Yes	No	No	No	Yes	No	Yes	No	Yes	Yes
Not having been the company's auditor during the previous five years.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Not having been a Board member of the company for more than twelve years.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hermès International additional independence criterion											
– they may not be a partner or member of the Executive Management Board of Émile Hermès SARL, Active Partner	No	Yes	No	No	No	Yes	No	Yes	No	Yes	Yes
Conclusion	Non-independent	Independent	Non-independent	Non-independent	Non-independent	Non-independent	Non-independent	Independent	Non-independent	Independent	Independent

INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES INSTITUTED BY THE COMPANY

Pursuant to Articles L 225-37, L 225-68, L 823-19 and L 823-20 of the Code de Commerce, below is the report on the principal risk management and internal control procedures instituted within the Company, using the new “Reference Framework” published by the AMF in 2010, AMF recommendation no. 2013-17 updated in January 2015, and the AFEP-MEDEF code of corporate governance of June 2013. This report has been prepared by the Chairman of the Supervisory Board with the assistance of the Audit Committee and the relevant functional departments. It was approved by the Board at its meeting on 22 March 2016.

• Objectives of risk management and internal control system at Hermès International

Risk management systems are designed to frequently examine the major risks. This includes methods for identifying and prioritising risks and for handling the main internal and external risks at the appropriate operating level in order to reduce the Company’s exposure, for instance by strengthening internal control procedures.

Internal control systems rely on ongoing, recurring actions that are integrated into the Company’s operating processes. They apply to all functions and processes, including those associated with the production of financial and accounting information.

The Hermès internal control objectives are to ensure:

- compliance with laws and regulations;
- proper observance of the Executive Management’s instructions and strategy directions;
- operating efficiency of the Company’s internal procedures, particularly those that help to protect its assets, as well as the safety and security of property and persons;

– the reliability of financial information; in general, the internal control system enables the Company to maintain control over its activities, to enhance the efficiency of its operations and to optimise the use of its resources.

• Control environment

While Hermès has attained the stature of an international group, it has also retained its human dimension, with family ideals. The Company is dedicated to a culture and spirit of craftsmanship and seeks to cultivate strong values among its staff members.

Among these values, quality is paramount – the very essence of Hermès’ business. The Group’s commitment to quality applies not only to its products and services, but also to its management methods. Hermès attaches great importance to its Senior Executives’ managerial skills. The Hermès culture, which is propagated mainly through integration programmes for new managers and special training, imparts to each individual a thorough understanding of his or her role in the organisation and of the need to abide by the Group’s Code of Conduct and rules of behaviour. The quality-oriented values and mentality shared by all employees serve as a solid foundation to underpin behaviours and observance of stringent internal control policies and procedures. The way in which these values work together and their balance are contingent on the control environment which forms their common base, and more specifically, on the Company’s ingrained risk management and internal control culture, management style and corporate values. With this in mind, to underpin the risk management culture promoted by the Group, a formal Code of Conduct was adopted and disseminated to its collaborators in 2009. In 2013, it was completed by the business code of conduct, that sets out the behaviour expected from the Group’s employees. Additional training sessions on anti-corruption laws have also been organised for

operational staff. However, no risk management and internal control system, no matter how well-designed and applied, can provide absolute certainty that the Company will achieve its objectives.

• Scope of the risk management and internal control system

The Group's risk management and internal control mechanisms are applicable to the parent company and to the controlled subsidiaries, as they are presented in the notes to the consolidated financial statements.

• Parties responsible for management and internal control system

Senior management

The senior management designs risk management and internal control procedures commensurate with the Company's size, business operations, geographical footprint and organisation. In addition to establishing procedures for delegating authority established at different hierarchical levels, senior management has ultimate responsibility for guaranteeing the effectiveness of the risk management system and its adequacy for meeting the Group's strategy objectives. To this end, it is provided with activity reports and regularly meets with the audit and risk management department (A&RMD). Senior management therefore oversees the system as a whole to safeguard its integrity and, where applicable, to initiate any corrective measures needed to remedy any failures.

Audit Committee

The Audit Committee was created in 2005 within the Supervisory Board. In accordance with Article L 823-19 of the Code de Commerce, the Audit Committee, "acting under the exclusive and collective responsibility of the members of the Supervisory Board, is responsible for ensuring controls over:

- the process for preparing financial information;
- the effectiveness of the internal control and risk management systems;
- the statutory audit of parent company financial statements and consolidated financial statements by the Statutory Auditors;
- the independence of the Statutory Auditors."

The roles and duties of the Audit Committee were formally documented in Rules of Procedure drawn up by the Supervisory Board in 2010.

It regularly reports to the Board with regard to the domains within its remit. The Committee meetings result in written and approved minutes. In 2014, the Supervisory Board prepared an overview of areas for improvement, identified in late 2013, and in particular with regard to the Audit Committee's practices, and it notes a satisfactory improvement.

Audit and Risk Management Department

The department reports to the Group's senior management, which guarantees its independence, and has unlimited authority to review any matter at its discretion.

It performs three main roles for the Group:

- it identifies and analyses risks;
- it performs internal audits and monitors the implementation of the recommendations;
- it ensures the deployment of internal controls suited to group ventures.

The A&RMD carries out a continuous initiative intended to improve the internal control and risk management system. It notably monitors the practices of other companies in matter. In 2014, it also submitted its risk mapping methodology to a review by a specialised external firm, and then implemented the suggested improvement proposals. The A&RMD coordinates the work of a team of internal auditors and of a growing network of employees responsible for internal control, in France and abroad, within

business lines, distribution and support activities. It works alongside the Group's various departments in order to promote the upstream handling of the main risks, and of emerging risks. It also participates in the Group training sessions in order to promote an awareness of internal control best practices amongst the management.

An audit charter formalising the duties and responsibilities of the internal auditors and their professional conduct and detailing their audit engagements was released and circulated in 2010. In 2013, the system was completed by a risk charter that formalises the principles and rules implemented with regard to risk management, and by an internal control charter that formalises the roles and responsibilities of the people involved in internal control. The Head of Audit and Risk Management attends Audit Committee meetings. He meets in a private session with the Audit Committee at least once each year and with its Chairman several times during the year.

The Group's operational staff

The Senior Executives, the major functional and operating departments, and members of the Management Committees of the Group's various entities serve as the main conduits for applying internal control and risk management; they are the main beneficiaries of the system and also key contributors to its proper operation.

Control activities carried out at the level of each entity fall under the joint responsibility of the Chief Executive Officer and Chief Financial Officer, as established by the signature of a letter of representation relating to the knowledge of the Hermès internal control objectives and of the quality of the controls implemented within the entity. To this end, they rely on the results of an annual self-assessment questionnaire on the implementation of the internal control system.

• Risk management system

The Group's risk management process is based upon the preparation of risk maps as well as a range of complementary tools that facilitate the identification of risks and help to define the actions necessary to best deal with them.

Set up in 2004, the mapping initiative has been rolled out to the main entities under the supervision of the A&RMD. The internal control managers within the entities are the local relays for the mapping initiative. They participate in the initial risk analysis, while updating and monitoring the action plans.

These maps are used to systematically identify and assess the main risks. They represent a lever for performance improvement, as they contribute to the protection of company value and assets, and to the definition of action plans as well as the responsibilities of the stakeholders.

The A&RMD coordinates this initiative within the main business lines, distribution subsidiaries and support functions. The risk maps can also be deployed on a case-by-case basis, for certain projects. They are presented in a dynamic format, and highlight the effect of the actions plans to be rolled out.

A Group risk map is established. It takes into account locally identified risks and individual interviews held with senior management. This document, which enables the consolidation of the main action plans, is shared with the Audit Committee. Prioritisation of risks carried out by Group management is also shared with the entities in order to be included in the mapping carried out locally.

In 2015, A&RMD carried out a specific mapping exercise concerning the risk of fraud. This analysis will be regularly updated.

Hermès International has also deployed specific processes to monitor certain risks through special committees or working groups. These committees meet on a regular basis. For example, committees focusing

on real estate risks, transportation safety, IT risks and treasury risks analyse the issues, study the appropriate corrective measures and verify that the existing control systems correspond with Group procedures. The main operational contacts involved take part in these committees, as does A&RMD, whose role is to facilitate the identification of risks and of the associated action plans.

The A&RMD has also set up risk and control committees that bring together the general managers and finance directors from each of the subsidiaries. The A&RMD is also able to modify its work programme and carry out *ad hoc* assignments in order to deal with new risks, particularly in the event of an alert issued by a Group division.

Finally, an IT platform for the sharing of incidents not only enables assessment of the evolution of certain risks, but also the apprehension, early on, of any possible signs of weakness. It's a preventative tool that allows for the constant improvement of the control system, in the realist possible terms.

• Internal control system

Organisation

The Company's management is organised into an Executive Committee and several special Committees, and ensures that strategic directions are followed consistently and that information is disseminated effectively. Detailed organisational charts and memoranda outlining strategic directions give staff members a thorough understanding of their role in the organisation and a way periodically to evaluate their performance by comparing it with stated targets. The Group's organisation is based on an approach designed to foster a high level of accountability among local managers, whose duties and responsibilities are clearly defined.

In its human resources processes, Hermès has established hiring, training and skills development

programmes designed to enable each individual effectively to perform his or her duties, now or in the future. Within Hermès International, the Finance Department has primary responsibility for preparation and control of financial information (see below).

Information systems

Hermès International uses effective IT tools tailored to its requirements in preparing and controlling information. Integrated applications are used to centralise data reported to Hermès International by the subsidiaries, for account consolidation and for cash management. Managers have access to data generated the management systems on a weekly and monthly basis, giving them the information they need to manage business operations effectively, to monitor performance consistently, and to identify any irregularities. The information systems are designed to ensure that the accounting and financial information produced complies with security, reliability, availability and relevance criteria. Specific rules on the organisation and operation of all IT systems have been defined, applying to system access, validation of processing and year-end closing procedures, data archiving and record verification.

Furthermore, procedures and controls have been set up to ensure the quality and security of operation, maintenance and upgrading of accounting and management systems and all systems that directly or indirectly send data to these systems.

As a supplement to the detailed reviews performed by the Information Systems department within the main subsidiaries, the A&RMD verifies the implementation of the general IT controls during the audits.

Internal control procedures

The internal control processes are described in the Group procedures. They are defined on a Group level, then rolled out and adapted to the specific contexts

and local regulations by each division. All Group employees have access to them via a secure intranet site.

The Group procedures cover the Company's main cycles (purchases, sales, treasury, inventory management, fixed assets, human resources, information systems, etc.). The A&RMD updates them on a regular basis, alongside the various experts in their respective domains. The financial manual includes the Group chart of accounts and the consolidation system's user manual.

The management manual is available online for all Group financial managers. It serves as a basis for the common rules on account presentation in accordance with international accounting standards (IFRS). Moreover, the Group Finance Department periodically issues instructions that are sent to the subsidiaries for the year-end account closing, re-estimates, and at other times on any topic related to financial information. Furthermore, users have at their disposition a user manual for the Group consolidation and reporting system. The Investment Project Management Manual describes the applicable rules within the Group. The Business Development and Investment Department (BDIP) is in charge of keeping these procedures up to date, circulating them and ascertaining that they are applied. The BDIP examines each investment project by coordinating the preliminary business and financial analyses and issuing opinions on investment return calculations. The procedure is carried out in stages. The managers involved issue recommendations, which are summarised by the BDIP. Depending on the scale of the projects, the Executive Management reviews the summary recommendations and takes the ultimate decision on whether or not to approve the project. Moreover, extremely stringent cash management procedures have been put in place. The Treasury Security Rules Manual details the following procedures:

- a treasury management procedure that defines the roles and responsibilities between the Group treasury and the subsidiaries;
- rules for opening and operating bank accounts, called "Prudential Rules", for each of the Group's companies, which are constantly updated and include monitoring of the authorised signatories, inter alia;
- a foreign exchange policy approved by the Group's Supervisory Board (this policy describes all authorised financial instruments and sets limits on their use by members of the Hermès International Treasury Management Department);
- a foreign exchange risk management agreement with each relevant subsidiary, which provides a framework for the relationships between the Hermès Group and its subsidiaries, sets out cash management policy and rules, and defines the terms and conditions for calculating and applying the annual guaranteed exchange rates;
- a Group cash investment policy, which is approved by the Supervisory Board of Hermès International and sets out the criteria for investing the Group's cash and limits on its use by members of the Hermès International Treasury Management Department.

The internal control self-assessment work

Self-assessment of internal control, that began in 2005, is now an established process within the Group, and relies upon questionnaires completed by all controlled subsidiaries. This system helps to disseminate an internal control-oriented culture throughout the Group and serves as a tool for assessing the level of internal control within the subsidiaries and determining how operational and functional risks are handled at the appropriate level. If the control processes assessed are found to be ineffective, the subsidiaries are required to draw up an action plan to remedy the situation. Subsidiaries perform self-assessment on an annual basis using four questionnaires available on the intranet,

in the “CHIC” (“Check your Hermès Internal Control”) IT tool run by the A&RMD. The self-assessment uses a general internal control questionnaire (CHIC Practices) for which the repository is linked with the AMF “Reference framework”, a specific treasury management questionnaire (CHIC Treasury) and a questionnaire on the operational procedures within the distribution network (CHIC Boutique). In 2015, the questionnaire (CHIC Industrial) was added in order to specifically cover controls related to security and safety on production sites. These questionnaires are updated on an annual basis, in order to include any new risks and controls identified as key on the Group level.

The A&RMD is in charge of the consolidation and analysis of action plans. The consolidation of the questionnaires is automated. The self-assessment summary is drafted by the A&RMD. It recommends the internal control priorities set for the following year. The results are also analysed on a centralised basis, in order to identify areas for improvement and control priorities for the following year.

The internal control managers are involved in the self-assessment, and are in charge of monitoring the action plans. The A&RMD checks the questionnaires during its audits. It ensures that the controls have been correctly appropriated, as well as the implementation of the corrective action plans.

Internal control system monitoring

Regular reviews are carried out by internal control at a local level and are completed by the A&RMD depending on the stakes of each entity. The network of internal control managers is responsible for ensuring that the principal risks related to distribution and production operations, as well as to support functions, are covered by suitable controls, notably regarding the security of assets. This network has become more dense and now provides fine-meshed internal control within the main entities.

As part of its role as coordinator for the network of internal control managers, the A&RMD is involved in their appointment; it validates each subsidiary’s annual plans, disseminates best practices, notably through an information sharing tool, communicates the internal control priorities, and encourages experience sharing between all network members. In 2015, this tool took the form of a social and collaborative platform, better suited to the size of the network as well as to its nature and the frequency of its exchanges.

The audit assignments represent the third control level. The auditors work on the basis of an annual audit plan, validated by the Executive Management and the Audit Committee, and that is adapted every six months, if necessary. The A&RMD also carries out support assignments for the internal control roll-out within newly acquired entities. In order to conduct specialised audits, A&RMD may call upon outside firms or use appropriate analysis tools. Each year, the Audit and Risk Management Department presents a report on its work to the Audit Committee. Upon completion of the audits, reports are prepared containing the audit findings, identifying risks and recommending solutions to remedy any problems. Proper implementation of the recommendations is verified during follow-up audits. The audit reports are sent to the managers of the audited subsidiaries or departments and to the Group’s senior management.

• Internal control system for accounting and financial information

The internal control system applicable to accounting and financial information is a key component of Hermès International’s overall management system. It is designed to ensure stringent financial oversight of the Company’s business activities. It encompasses all processes involved in producing and reporting accounting and financial information for

the parent company and the companies integrated into the consolidated accounts. It meets the following objectives:

- the prevention and identification of any accounting or financial fraud or inconsistencies, as much as possible;
- the reliability of information circulated and used in-house by the senior management;
- the reliability of the published accounts and of other information reported to investors.

Oversight of the accounting and financial organisation

Hermès has set up an organised, documented system to ensure the consistency of reported consolidated accounting and financial data. This system is based on a Group management manual, strict division of responsibilities and on Hermès International's tight controls on information produced by the subsidiaries. The internal control process for accounting and financial information involves the following parties:

- the Group's Executive Management, which includes the Executive Chairmen and the Executive Committee. As part of the parent company and consolidated financial statement review and approval process, the Executive Management receives all information that it deems to be useful, such as information on the main options applied for the reporting period, accounting estimates and changes in accounting methods. It analyses the subsidiaries' accounts on a regular basis and meets with their Senior Executives from time to time, particularly during the budget preparation and account closing periods. Lastly, it reviews the findings of the Statutory Auditors;
- the Supervisory Board, which exercises ongoing control over the Company's management. By consulting the Executive Management, the Board can verify that oversight and control systems are adequate to ensure that the financial information published by

the Company is reliable. It has the same powers as the Statutory Auditors and receives the same documents as the Statutory Auditors, at the same time as the Statutory Auditors;

- the Executive Vice-President in charge of Governance and Organisational Development, member of the Executive Committee, who ensures the implementation of adequate methods (organisation, skilled resources, tools) and oversees A&RMD responsible for the internal control and risk management initiative;
- the Executive Vice-President Finance, member of the Executive Committee, who ensures the implementation of an initiative:

- for the consolidation of financial information in accordance with IFRS accounting standards,
- for the monitoring and coordination thereof at the event of regular reviews (year-end and half-year accounts closure, estimation updates and budgets),
- for the external communication of financial information in accordance with regulations;

he is supported by consolidation, management control and investor relations departments;

- The managing directors and finance directors of the subsidiaries, who have primary responsibility for the quality of the financial information preparation processes applied by the entities they oversee. They are also responsible for circulating procedures drawn up and issued by Hermès International and for ensuring that these are properly applied.

Procedures for preparing published accounting and financial information

The procedures that Hermès has implemented in drawing up the financial statements aim to ensure the following:

- that published accounting and financial information is impartial, objective and relevant in the light of user requirements; that reporting deadlines are met (via

a timetable for closing the accounts), and that such information is understandable;

– that year-end consolidated account closing procedures that meet these criteria are drawn up and circulated to all consolidated entities, namely via the Group management manual, and instructions sent to the subsidiaries;

– the traceability of closing accounting entries within the information systems;

– that individual accounts are controlled to ascertain that they comply with Group accounting standards and practices and to verify their consistency prior to

integration of the consolidation packages, inter alia; – that systems are in place for analysing the accounts, such as reviews conducted by the auditors, verification of consolidation transactions, ascertaining that IFRS have been properly applied, analysis of internal transactions, etc. The reporting and consolidation procedures call for the controls required to ensure the reliability of financial information.

Finally, in the context of these audits, A&RMD coordinates the work of the Statutory Auditors in order to ensure the consistency and effectiveness of their joint involvement.

The Chairman of the Supervisory Board

Supervisory Board Rules of Procedure

(version no. 7 of 22 March 2016)

PURPOSE

These Rules of Procedure define the terms and conditions of organisation and operation of the Supervisory Board of Hermès International (hereinafter referred to as the “Board”) and its Committees. They supplement the provisions set out by the applicable laws and by the Articles of Association (an extract of the Articles of Association is attached to this report).

Their purpose is to enhance the quality of the Board’s work by promoting the application of good corporate governance principles and practices, in the interests of ethics and greater effectiveness.

TITLE I – SUPERVISORY BOARD

A - COMPOSITION OF THE BOARD

ARTICLE 1 - Ownership of a minimum number of the Company’s shares by members of the Board

All Board members shall own 200 Hermès International shares registered in their own name during the year in which they are appointed. The directors’ fees they receive may assist in this acquisition. This obligation does not apply to the Employee Representative Board members.

ARTICLE 2 - Independence of Board members

Members of the Board are independent if they have no relationship of any kind whatsoever with the Company, its Group or its management that is liable to compromise the exercise of their freedom of judgement in any way.

• Independence criteria

The independence criteria applicable to Board members are as follows:

– they may not be a partner or member of the Executive Management Board of Émile Hermès SARL, Active Partner;

– they must comply with the criteria set out in Article 9.4 of the AFEP-MEDEF Code of Corporate Governance, June 2013.

• Procedure for qualifying members as “independent directors”

The qualification of a Board member as independent is discussed each year by the Compensation, Appointments and Governance Committee, which draws up a report on this matter and submits it to the Board.

Each year, in the light of this report, the Board reviews the situation of each member to determine whether he or she qualifies as an “independent director”.

The Board is required to report the findings of its review to the shareholders in the Annual report.

• Proportion of independent members on the Board

One-third of the Board members must be independent members. Employee Representative Board members are not included in the calculation of this proportion.

ARTICLE 3 - Professional conduct of members of the Board and their Permanent Representatives

Members of the Supervisory Board undertake to abide by the rules contained in the Supervisory Board Code of Conduct and to apply them.

B - OPERATION OF THE BOARD

ARTICLE 1 - Meetings of the Supervisory Board

• Frequency of meetings

The Board meets at least four times per year and whenever required by the Company’s best interests or operations.

The duration of each meeting shall be sufficient to properly review all business on the agenda.

The procedures for calling a meeting and participating therein and the quorum and majority requirements are those stipulated by law and by the Articles of Association.

The schedule of Board meetings other than special meetings is drawn up from one year to the next.

• **Attendance by persons who are not Board members**

The Statutory Auditors and the Work Council Representatives are invited to attend all Supervisory Board meetings.

Persons who are not Board members, and members of the Executive Committee and the Management Committee, inter alia, may be invited to attend Board meetings at the Chairman's discretion to provide any information that members of the Board might require to reach a full understanding of matters on the agenda that are technical in nature or require special expertise.

• **Minutes**

Minutes are drawn up following each meeting and sent to all Board members, who are invited to comment. Any comments are discussed during the following Board meeting. The final draft of the minutes from the previous meeting is submitted to the Board for approval.

ARTICLE 2 - Information of Board members

Board members are entitled to receive all information required to fulfil their duties and responsibilities and may request any documents that they deem to be useful.

Before each Board meeting, members are sent in good time, with reasonable lead time and subject to confidentiality requirements, a file containing

documentation on items on the agenda requiring prior analysis and review.

Between scheduled Board meetings, members receive all important information pertaining to the Company on a regular basis and are notified of any event or change with a material impact on transactions or information previously disclosed to the Board. Board members shall send requests for additional information to the Chairman of the Board, who is responsible for assessing the usefulness of the documents requested.

Board members have a duty to request any information that they deem to be useful and essential to carry out their duties.

ARTICLE 3 - Continuing education for Board members

Each Board member may receive additional education on the special attributes of the Group, its organisation and its business lines, and in the areas of accounting, finance or corporate governance.

ARTICLE 4 - Supervisory Board mission not covered by the Articles of Association

The Supervisory Board approves or rejects the acceptance of any new office in a listed company by an Executive Chairman.

C - ASSESSMENT OF THE BOARD BY ITS MEMBERS

The Board regularly conducts self-assessment of its performance, covering the various points of its mission and commitments. This self-assessment is carried out every three years using an evaluation matrix proposed by the CAG Committee. In interim years, a review of the Board's works is included in the agenda of a Board meeting.

As part of this process, the different areas of

responsibility and commitment of the Board and its members are reviewed and assessed; and any applicable recommendations for improving performance are issued.

TITRE II – SPECIAL COMMITTEES OF THE SUPERVISORY BOARD

The Board may create special Board Committees, to which it appoints members and the chairman. These Committees act under the collective and exclusive responsibility of the Supervisory Board. Their role is to research and to prepare for certain deliberations of the Board, to which they submit their opinions, proposals or recommendations.

Two Committees have been created:

- the Audit Committee (26 January 2005);
- the Compensation Committee (26 January 2005), to which the Board subsequently decided to assign new duties and responsibilities; it was renamed “Compensation and Appointments Committee” on 18 March 2009 and “Compensation, Appointments and Governance Committee” on 20 January 2010.

The rules applying to the composition, duties and responsibilities and operating procedures for each Board Committee are set out in Rules of Procedure proposed by the said Committee and approved by the Supervisory Board.

TITRE III – COMMON PROVISIONS

ARTICLE 1 - Compensation of Board members and directors' fees

The principles for allotting directors' fees and other compensation adopted by the Board are as follows:

- €100,000 fixed component for the Supervisory Board Chairman's compensation, with no variable

component since he is required to chair all meetings;

- €8,000 for the fixed component and €14,000 for the variable component on the basis of attendance, for each Deputy Chairman of the Board;

– €8,000 for the fixed component and €14,000 for the variable component on the basis of attendance, for other Board members;

– €20,000 for the fixed component and no variable component for the Chairmen of the Audit Committee and the Compensation, Appointments and Governance Committee;

– €4,000 for the fixed component and €6,000 for the other members of the Audit Committee and the CAG committee;

– if a member is appointed during the year, the outgoing member and his successor will share the fixed component and the variable component will be allotted based on their attendance at meetings;

– members of Hermès International's Executive Committee do not receive any directors' fees;

– Employee Representative Supervisory Board members do not receive any directors' fees.

The fixed and variable components are determined by the Board at its first meeting of the year following the year for which compensation and directors' fees are paid.

ARTICLE 2 - Rules governing reimbursement of accommodation and travel expenses

Supervisory Board members are reimbursed for travel (from their principal residence), accommodation and restaurant expenses incurred to attend the Supervisory Board meetings, upon presentation of substantiating documents or receipts.

The Board determines the policy applicable for the reimbursement of expenses that should be based upon the rules applicable to Group employees. This policy lists the eligible transportation classes and the caps for expenses incurred for each meeting of the

Supervisory Board, of the Audit Committee and of the CAG Committee.

These reimbursements apply only to meetings of the Board and of the Committees, and do not in any case apply to Annual General Meetings.

ARTICLE 3 - Participation in General Meetings

Members of the Supervisory Board, and particularly those who are also a member of a specialised committee, are strongly encouraged to participate in General Meetings.

APPENDIX: ARTICLES 18, 19, 20 OF THE ARTICLES OF ASSOCIATION

18 - Supervisory Board

18.1 - The Company is governed by a Supervisory Board consisting of three to fifteen members (not including Employee Representative members appointed pursuant to the conditions of Article 18.6 below), selected from amongst shareholders who are neither Active Partners, nor Legal Representatives of an Active Partner, nor Executive Chairmen. When appointments to the Supervisory Board come up for renewal, the number of Supervisory Board members is fixed by a decision adopted by the Active Partners by unanimous vote.

Supervisory Board members may be natural persons or legal entities.

At the time of their appointment, legal entities must designate a Permanent Representative who is subject to the same terms, conditions and obligations and incurs the same liabilities as if he were a Supervisory Board member in his own name, without prejudice to the joint and several liability of the legal entity he represents. The Permanent Representative serves for the same term of office as the legal entity he represents.

If the legal entity revokes its Representative's

appointment, it is required to notify the Company thereof forthwith by registered post, and to state the identity of its new Permanent Representative. This requirement also applies in the event the Permanent Representative should die, resign, or become incapacitated for an extended period of time.

18.2 - Supervisory Board members are appointed or reappointed by the Ordinary General Meeting of Shareholders. The Active Partners may, at any time, propose that one or more new Supervisory Board members be nominated.

The Supervisory Board is renewed in its entirety every three years, during the annual Ordinary General Meeting. Each appointment, whether as a replacement for a member of the Supervisory Board or not, is acted until the next renewal of the Supervisory Board.

18.3 - No person over the age of 75 shall be appointed to the Supervisory Board if, as a result of such appointment, more than one-third of the Board members would be over that age.

18.4 - The appointments of Supervisory Board members can be revoked by a resolution adopted by the Ordinary General Meeting only for cause, on the joint recommendation of the Active Partners, acting by unanimous consent, and the Supervisory Board.

18.5 - In the event of a vacancy or vacancies caused by the death or resignation of one or more Supervisory Board members, the Supervisory Board may appoint an interim replacement member within three months as from the effective date of the vacancy.

However, if no more than two Supervisory Board members remain in office, the member or members in office, or, in his or their absence, the Executive Chairman, or in his absence, the Statutory Auditor or Auditors, shall immediately call an Ordinary General Meeting of Shareholders for the purpose of filling the vacancies to bring the number of Board members up to the required minimum.

18.6 - When the provisions of Article L 225-79-2 of

the Code de Commerce are applicable to the Company, a Group Employee Representative member must be nominated. When the Supervisory Board consists of 13 or more members (not including the Employee Representatives), a second natural person, Employee Representative must be appointed. The number of Supervisory Board members taken into account, when determining the number of Employee Representatives to be appointed to the Supervisory Board, is assessed on the date of appointment of the Employee Representatives. Neither the Supervisory Board members elected by the employees under Article L 225-27 of the Code de Commerce, nor the employee shareholder Supervisory Board members appointed in accordance with Article L 225-23 of the Code de Commerce are therefore taken into account. The term of office for Employee Representative Supervisory Board members is indicated in Article 18.2 of the present Articles of Association.

A reduction to 12 or less Supervisory Board members has no effect on the term of office for Employee Representative Supervisory Board members, that will come to an end upon its normal expiry.

Employee Representative Supervisory Board members are appointed by the Company's Group committee. Employee Representative Supervisory Board members must be in possession of an employment contract, for at least the past two years, with the Company or one of its direct or indirect subsidiaries having its registered office in France or abroad. Notwithstanding the rule contained in Article 18.1 of the present Articles of Association, Employee Representative Supervisory Board members are not required to be shareholders.

18.7 - All Supervisory Board members must comply with the Supervisory Board rules of procedure.

19 - Deliberations of the Supervisory Board

19.1 - The Supervisory Board elects a Chairman, who is a natural person, and two Vice-Chairmen, from among its members.

It appoints a secretary who may be but is not required to be a Supervisory Board member.

If the Chairman is absent, the older of the two Vice-Chairman acts as Chairman.

19.2 - The Supervisory Board meets when convened by its Chairman or by the Executive Management, whenever required for the Company's best interest but no less than twice per year, at the Company's registered office or at any other place specified in the notice of meeting.

Notices are served by any means providing legally valid proof in business matters, at least seven business days before the meeting. This period of time may be shortened by unanimous consent of the Chairman or a Vice-Chairman of the Supervisory Board, the Active Partners and the Executive Management.

Any member of the Supervisory Board may give a proxy to one of his colleagues to represent him at a Board meeting, by any means providing legally valid proof in business matters. Each member may hold only one proxy during a given meeting. These provisions are applicable to the Permanent Representative of a legal entity that is a member of the Supervisory Board.

The Supervisory Board is duly convened only if a quorum consisting of at least half of its members are present or represented.

Resolutions are adopted by a majority of the votes of members present or represented. However, the Supervisory Board must approve or reject any proposed new wording of certain clauses of the Articles of Association of Émile Hermès SARL by a three-quarters majority of members present or represented, in accordance with the stipulations of the Article entitled "Responsibilities and Powers of the Active Partners".

Supervisory Board members who participate in the meeting by video-conferencing or telecommunications means that enable them to be identified and effectively to participate in the meeting through the use of technology providing for continuous and simultaneous transmission of discussions are deemed to be present for purposes of calculating the quorum and majority, except at Supervisory Board meetings convened for the review and verification of the Annual Report and consolidated and parent company financial statements. The Supervisory Board defines the conditions and procedures for using video-conferencing or other telecommunications means when applicable.

The Executive Management must be convened to Supervisory Board meetings and may attend such meetings, but it does not have the right to participate in the discussion and to vote.

19.3 - The deliberations of the Supervisory Board are recorded in minutes, which are entered in a special initialled register and signed by the Chairman and the secretary.

20 - Authority of the Supervisory Board

20.1 - The Supervisory Board exercises ongoing control over the Company's management.

For this purpose, it has the same powers as the Statutory Auditors and receives the same documents as the Statutory Auditors, at the same time as the Statutory Auditors. In addition, the Executive Management must submit a detailed report to the Supervisory Board on the Company's operations at least once a year.

20.2 - The Supervisory Board submits to the Active Partners for their consideration its considered recommendation:

– on the nomination and dismissal of any Executive Chairman of the Company; and

– in case of the Executive Chairman's resignation, on reducing the notice period.

20.3 - Each year, the Supervisory Board determines the proposed appropriation of net income to be submitted to the General Meeting.

20.4 - The Supervisory Board approves or rejects any proposed new wording of certain clauses of the Articles of Association of Émile Hermès SARL in accordance with the stipulations of the Article entitled "Responsibilities and Powers of the Active Partners".

20.5 - The Active Partners must consult the Supervisory Board prior to taking any decisions concerning:

– strategic options;

– consolidated operating and investment budgets; and

– proposals to the General Meeting on the distribution of share premiums, reserves and retained earnings.

20.6 - Each year, the Supervisory Board presents to the Annual Ordinary General Meeting of Shareholders a report in which it comments on the Company's management and draws attention to any inconsistencies or inaccuracies identified in the financial statements for the year.

This report, together with the Company's balance sheet and a list of its assets and liabilities, is made available to the Shareholders and may be consulted at the Company's registered office as from the date of the notice of the General Meeting.

The Supervisory Board may convene a General Meeting of Shareholders whenever it deems this appropriate.

The functions exercised by the Supervisory Board do not entail any interference with the Executive Management, or any liability arising from the Management's actions or from the results of such actions.

Supervisory Board ethics charter

(version no. 2 of 25 January 2012)

PURPOSE

The purpose of this Charter is to contribute to the quality of work of Supervisory Board members by encouraging the application of corporate governance principles and best practices in terms of ethical and effectiveness considerations.

ARTICLE 1 – MANDATE AND CORPORATE INTEREST

Members of the Supervisory Board must, under all circumstances, act in the Company’s corporate interest. They must, whatever their mode of appointment, consider themselves Representatives of all the shareholders, and must also take into account the requirements of the other stakeholders.

ARTICLE 2 – COMPLIANCE WITH LAWS AND ARTICLES OF ASSOCIATION

Members of the Supervisory Board must fully understand their rights and obligations. They must in particular be familiar and comply with the legal and regulatory provisions binding to their position, the applicable governance codes and best practices, and the rules specific to the Company resulting from its Articles of Association and the Board rules of procedure.

ARTICLE 3 – PREVENTION OF INSIDER TRADING – STOCK MARKET ETHICS – OBLIGATIONS TO ABSTAIN – OBLIGATION TO DECLARE

• Principles

Inside information must only be used by a member of the Supervisory Board for the fulfilment of their mandate. It must under no circumstances be communicated to a third party outside the framework of fulfilment of the mandate as a member of the Board, and for other purposes, or for an activity other than those on account of which it is held.

Holding inside information creates an obligation to refrain from carrying out transactions on Hermès International shares for all members of the Supervisory Board. In particular, when they hold information on the Company which has not been made public, they undertake not to use it to carry out transactions on the Company’s shares, or to have such transactions carried out by a third party.

In particular, when they hold inside information on the Company which has not been made public, they undertake not to carry out transactions on the Company’s shares, or to have such transactions carried out by a third party. Each member is personally responsible for appraising the “inside” nature of any information they hold, and for judging accordingly whether they may or may not use or pass on this information, or carry out any transaction on the Company’s shares, or have such transactions carried out by others.

• Insider lists

Under the terms of Article L 621-18-4 of the Code Monétaire et Financier (Monetary and Financial Code), listed companies must draw up, update and send to the Financial Markets Authority a list of persons working within them, who have access to inside information directly or indirectly concerning them, and of

third parties who have access to such information in the context of their professional relationships with them.

Hermès International updates this list at least twice a year.

All members of the Supervisory Board are automatically included in this list as permanent insiders and are personally informed of this by a letter which they must send back countersigned.

Members of the Supervisory Board must familiarise themselves with the explanatory document prepared, presented and updated by the legal department concerning the regulations and applicable penalties relating to holding inside information and insider training: Article L 465-1 of the Monetary and Financial Code and Articles 621-1 et seq. of the General Regulations of the Financial Markets Authority, a copy of which is supplied to them as soon as they are included in the list of insiders and which contain in particular a reminder of the definition of inside information.

• Prudential regulations

Members of the Supervisory Board must comply with the following prudential regulations:

AS REGARDS WRITTEN DOCUMENTS

- mark all “sensitive” documents with the word “Confidential”;
- avoid broad distribution (email/common network);
- keep paper documents under lock and key and lock electronic documents with passwords;
- get third parties receiving inside information to sign a confidentiality commitment;

AS REGARDS VERBAL EXCHANGES

- be discrete in relationships with others;
- be mindful of surrounding people in public places.

• “Blackout” periods

In addition to the period preceding the publication of any inside information of which they have knowledge, during which members of the Supervisory Board must

refrain, in accordance with the law, from any transaction on the Company’s shares, members of the Supervisory Board are advised to refrain from any transaction on shares during the “blackout” periods applicable to the Company, which are detailed in a timetable drawn up and circulated each year.

• Obligation to provide information

Members of the Supervisory Board must familiarise themselves with the summary notes prepared, presented and updated by the legal department concerning the regulations and applicable penalties relating to:

- the provisions in force concerning the holding of inside information and insider trading: Article L 465-1 of the Monetary and Financial Code and Articles 621-1 et seq. of the General Regulations of the AMF;
- declarations concerning the exceeding of thresholds;
- directors’ declaration obligations.

• Declarations to the AMF

In accordance with the applicable regulations, members of the Supervisory Board and persons closely associated with them, as defined by decree, must declare to the AMF any acquisitions, transfers, subscriptions or exchanges of financial instruments of the Company, together with any transactions carried out on instruments which are associated with them, whenever the total amount of these transactions exceeds €5,000 for the current calendar year.

Members of the Supervisory Board and persons closely associated with them must send their declaration to the AMF, electronically (declarationdirigeants@amf-france.org), within a period of five trading days following the conducting of the transaction.

The declarations are then placed online on its website by the AMF and are the subject of an annual summary statement in the Company’s management report.

ARTICLE 4 – DUTIES: GUIDING PRINCIPLES

Members of the Supervisory Board perform their duties with independence, integrity, loyalty and professionalism.

ARTICLE 5 - INDEPENDENCE, COURAGE AND DUTY OF NOTIFICATION

Members of the Supervisory Board must strive to maintain under all circumstances his independence of judgement, decision and action. They shall not be influenced by any factor that is not in keeping with the corporate interests that they are responsible for defending. They shall alert the Supervisory Board to any information known to them which they deem liable to affect the Company's interests. They have a duty to clearly express their queries and opinions. They shall endeavour to convince the Supervisory Board of the relevance of their positions. In the event of disagreement, they shall be careful to ensure that these reservations are explicitly recorded in the minutes of the proceedings.

ARTICLE 6 – INDEPENDENCE AND CONFLICT OF INTERESTS

Members of the Supervisory Board shall endeavour to avoid any possible conflict between their moral and material interests and those of the company. They shall inform the Supervisory Board of any conflict of interests in which they might be involved. In cases where a conflict of interests cannot be avoided, they shall refrain from taking part in any discussions or decisions related to the matters concerned.

ARTICLE 7 – INTEGRITY AND LOYALTY

Members of the Board act in good faith at all times and do not take any initiative which could be detrimental to the Company's interests.

They make a personal commitment to maintain complete confidentiality concerning the information they receive, the discussions in which they are involved and the decisions made.

They undertake not to use the inside information to which they have access for their personal benefit or for the benefit of any other person. In particular, when they hold information on the Company which has not been made public, they undertake not to use it to carry out transactions on the Company's shares, or to have such transactions carried out by a third party.

ARTICLE 8 – PROFESSIONALISM AND COMMITMENT

Members of the Supervisory Board undertake to devote the necessary time and attention to their duties.

They shall make sure that the number and workload of their mandates as a director or as a member of the Supervisory Board leave them sufficiently available, particularly if they also perform executive duties.

They shall obtain information on the Company's lines of business and specificities, together with its aims and values, including by consulting its principal directors. They shall regularly and diligently take part in the meetings of the Supervisory Board and the specialised committees of which they are members.

They shall attend Shareholders' General Meetings. They shall make efforts to obtain in due time any information that they deem necessary in order to participate in Board meetings in full possession of the facts.

They shall endeavour to stay abreast of the knowledge they require and ask the Company to provide them with the training necessary for the correct fulfilment of their duties.

ARTICLE 9 – PROFESSIONALISM AND EFFECTIVENESS

Members of the Supervisory Board shall contribute to the collegiality and effectiveness of the work of the Supervisory Board and of any specialised committees constituted within it. They shall make any recommendation which they believe may improve the operational methods of the Board, particularly at the time of its periodic assessment. They agree to be assessed on their own activity within the Supervisory Board.

They shall endeavour, with the other members of the Supervisory Board, to ensure that the missions of guidance and control are accomplished effectively

and without hindrance. In particular, they shall make sure that procedures are set up within the Company to monitor that the letter and spirit of laws and regulations are adhered to. They shall make sure that the positions adopted by the Supervisory Board demonstrate without exception duly justified, formal decisions recorded in the minutes of its meetings.

ARTICLE 10 – APPLICATION OF THE CHARTER

If a member of the Board ceases to be in a position to perform their duties in accordance with the charter, either for reasons attributable to them or for any other reason, including reasons pertaining to the rules specific to the Company, they must inform the Chairman of the Supervisory Board, seek solutions to remedy this situation and, if unable to do so, accept the resulting personal consequences regarding the fulfilment of their mandate.

Compensation, Appointments and Governance Committee rules of procedure (version no. 5, effective 22 March 2016)

PURPOSE

These rules of procedure define the composition, missions and methods of organisation and operation of the Compensation, Appointments and Governance 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 Compensation, Appointments and Governance Committee's work by promoting the application of good corporate governance principles and practices, in the interests of ethics and greater effectiveness.

A. COMPOSITION OF THE COMPENSATION, APPOINTMENTS AND GOVERNANCE COMMITTEE

• Chairmanship – Number of members

The Chairman of the Compensation, Appointments and Governance Committee is appointed by the Supervisory Board.

The Compensation, Appointments and Governance Committee comprises at least three members of the Supervisory Board.

• Proportion of independent members

At least half of the members of the Compensation, Appointments and Governance 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.

• Term of appointment to the Compensation, Appointments and Governance Committee

The members of the Compensation, Appointments and Governance 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.

B. MISSIONS OF THE COMPENSATION, APPOINTMENTS AND GOVERNANCE COMMITTEE

The Compensation, Appointments and Governance Committee studies and prepares certain proceedings of the Supervisory Board and submits to the Board its opinions, proposals and recommendations. Without prejudice to the powers of the Supervisory Board, which it does not replace, the Compensation, Appointments and Governance Committee missions are:

WITH RESPECT TO COMPENSATION

- to receive information and draw up recommendations on the terms and conditions of compensation paid to Executive Committee members;
- to receive information and draw up recommendations from the Board to the Executive Management on the terms and conditions of allotment of any share purchase options and bonus shares granted to Executive Committee members;
- to draw up proposals and recommendations on the aggregate amount of directors' fees and other compensation and benefits awarded to members of the Supervisory Board and of its special committees, and on the apportionment thereof, primarily on the basis of Board members' attendance at Meetings;
- to review proposals for stock option plans and bonus share distributions to Senior Executives in order to enable the Supervisory Board to determine the aggregate or individual number of options or shares allotted, and the terms and conditions of allotment;

- to review proposals for stock option plans and bonus share distributions for employees and to draw up recommendations thereon for submission to the Executive Management;

- to assist the Supervisory Board in determining the conditions and performance criteria to be applied in the allocation of share subscription or purchase options, performance shares and/or additional pensions to Executive Chairmen;

- to ascertain that the compensation of the Executive Chairmen complies with the provisions of the Articles of Association and the decisions made by the Active Partner;

- to remain informed and to make recommendations to the Executive Management or supervisory bodies of the main French subsidiaries within the Hermès Group, relative to the compensation of Executive Corporate Officers;

- to remain informed and to make recommendations to the Executive Management or supervisory bodies of the main French subsidiaries within the Hermès Group, relative to granting options to purchase shares to Executive Corporate Officers;

- to perform specific assignments entrusted to it by the executive management or supervisory bodies of the main French subsidiaries within the Hermès Group;

WITH RESPECT TO APPOINTMENTS

- to 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;

- to organise a selection procedure for future independent members of the Board and carry out its own research on potential candidates, to which the Executive Chairmen are associated;

- to ensure a plan of succession of the Executive Corporate Officers (the Executive Chairmen) drawn up by the Active Partner;

WITH RESPECT TO CORPORATE GOVERNANCE

- to recommend revisions to corporate governance rules, as needed;

- to periodically ascertain that independent Supervisory Board members meet the criteria pertaining to independence and objectiveness set out in the Supervisory Board Rules of Procedure;

- to review the composition of the special committees;

- to oversee the annual assessment of Supervisory Board practices;

- to ascertain that the management bodies apply the Supervisory Board Rules of Procedure and the recommendations of the AFEP/ MEDEF Corporate Governance Code in force in their operations, inter alia.

C. OPERATION OF THE COMPENSATION, APPOINTMENTS AND GOVERNANCE COMMITTEE

The Compensation, Appointments and Governance 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 Compensation, Appointments and Governance 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 Compensation, Appointments and Governance 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 Compensation, Appointments and Governance Committee meetings is performed, if he is present, by the Group's Human Resources Director, or by a member of the Compensation, Appointments and Governance 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 Compensation, Appointments and Governance Committee and the secretary of the meeting.

Certain persons who are not members of the Compensation, Appointments and Governance Committee – in particular the “Compensation and Benefits” Director and the Executive Management – may be invited to meetings of the Compensation, Appointments and Governance Committee.

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

Decisions of the Compensation, Appointments and Governance Committee are made by majority vote of those members present.

D. SUPERVISORY BOARD REPORTS

The Compensation, Appointments and Governance 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 reports of the Compensation, Appointments and

Governance Committee must enable the Supervisory Board to be fully informed on the Compensation, Appointments and Governance Committee's performing of its assignments.

E. INFORMATION ON THE COMPENSATION, APPOINTMENTS AND GOVERNANCE COMMITTEE

The Compensation, Appointments and Governance Committee must receive all documents necessary to the execution of its assignments, particularly from Hermès International employees.

In particular, the Compensation, Appointments and Governance Committee must be informed of the compensation policy for main Non-Executive Corporate Officer (particularly for members of the Executive Committee).

The Compensation, Appointments and Governance Committee may contact the Group's senior management 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.

F. COMPENSATION OF THE COMPENSATION, APPOINTMENTS AND GOVERNANCE COMMITTEE

The compensation for members of the Compensation, Appointments and Governance Committee is defined by the Board and deducted from the overall amount of directors' fees.

**G. SELF-ASSESSMENT OF THE
COMPENSATION, APPOINTMENTS
AND GOVERNANCE COMMITTEE**

The Compensation, Appointments and Governance Committee regularly assesses its performance, covering the points of its assignments and its commitment by means of an assessment table.

This serves as an opportunity for review and appraisal of the various points of the assignment and commitment of the Compensation, Appointments and Governance Committee and its members; and any applicable recommendations for improving performance are issued.

Audit Committee rules of procedure (version no. 1 of 24 March 2010)

PURPOSE

These rules of procedure define the composition, missions and methods of organisation and operation for the Hermès International Audit Committee, which acts under the collective and exclusive responsibility of the Supervisory Board.

Its purpose is to enhance the quality of the Audit Committee's work by promoting the application of good corporate governance principles and practices, in the interests of ethics and greater effectiveness.

A. COMPOSITION OF THE AUDIT COMMITTEE

• Chairmanship – Number of members

The Chairman of the Audit Committee is appointed by the Supervisory Board.

The Audit Committee comprises at least four members of the Supervisory Board.

• Proportion of independent members

At least half of the members of the Audit Committee must, at the time of their appointment and for the term their office, be qualified as independent under the Supervisory Board rules of procedure.

At least one of the members of the Audit Committee must be appointed from among the independent members of the Supervisory Board and have specific expertise in financial or accounting matters.

• Term of appointment to the Audit Committee

The members of the Audit 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 term defined by the Supervisory Board. They may be reappointed indefinitely.

B. MISSIONS OF THE AUDIT COMMITTEE

The Audit Committee studies and prepares certain proceedings of the Supervisory Board and submits to the Board its opinions, proposals and recommendations.

In application of Article L 823-19 of the Code de Commerce, and without prejudice to the powers of the Supervisory Board, which it does not replace, the missions of the Audit Committee are:

- to review and comment on the Company's parent company and consolidated financial statements prior to approval by the Executive Management;
- to ascertain that the accounting methods applied are relevant and consistent;
- to verify that internal data collection and control procedures guarantee the quality of information provided;
- to review the work programme and results of internal and external audit assignments;
- to carry out special tasks assigned to it by the Supervisory Board;
- to monitor the effectiveness of the internal control and risk management systems, of the statutory audit of the parent company financial statements and, if applicable, of the consolidated financial statements by the Statutory Auditors;
- to ascertain compliance with the rules guaranteeing the independence and objectiveness of the Statutory Auditors;
- to participate in the procedure for selecting the Statutory Auditors.

In the performance of these missions, the Audit Committee may carry out field trips to obtain complete information on the group and to appraise the overall consistency of the internal control and risk management system.

C. OPERATION OF THE AUDIT COMMITTEE

The Audit Committee meets as many times as necessary and at least twice a year, before annual account closure by the Executive Management and before the half-year accounts examination by the Supervisory Board.

The Audit 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 Audit Committee meeting, Audit Committee members are sent in good time, with reasonable lead time and subject to confidentiality requirements, a file containing documentation on items on the agenda requiring prior analysis and review.

The role of secretary of the Audit Committee meetings is performed, if he is present, by the Audit and Risk Director, otherwise by a member of the Audit Committee appointed as reporter by the Chairman.

The proceedings are noted in minutes which are entered in a special register and signed by the Chairman of the Audit Committee and the secretary of the meeting.

Certain persons who are not members of the Audit Committee – in particular the statutory auditors, the Audit and Risk Director, the Financial Director and the Executive Management – may be invited to Audit Committee meetings.

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

Decisions of the Audit Committee are made by a majority vote of the members present.

D. SUPERVISORY BOARD REPORTS

The Audit 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 reports of the Audit Committee must enable the Supervisory Board to be fully informed on the Audit Committee's performing of its assignments.

E. INFORMATION ON THE AUDIT COMMITTEE

The Audit Committee must receive all documents necessary to the execution of its assignments, particularly from Hermès International employees and the statutory auditors. In particular, it must receive a regular summary of the work of the Audit and Risk Division.

At the time of examination of the accounts by the Audit Committee, this examination must be prepared and accompanied by a presentation from the statutory auditors underlining the essential points not only relating to results, but also to the chosen accounting options, together with a presentation by the Financial Director describing the Company's exposure to risks and its significant, off-balance sheet commitments.

The Audit Committee examines the Group's budgets in a final summary before presentation to the Supervisory Board in order to understand and validate the strategy underlying them.

The Audit Committee may contact the Group's senior management 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.

F. COMPENSATION OF THE AUDIT COMMITTEE

Compensation of Audit Committee members is defined by the Board and deducted from the overall amount of directors' fees.

As part of this process, the different areas of responsibility and commitment of the Audit Committee and its members are reviewed and assessed; and any applicable recommendations for improving performance are issued.

G. AUDIT COMMITTEE SELF-ASSESSMENT

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

The corporate governance principles established by the Company are described in the Report from the Chairman of the Supervisory Board, on pages 16 to 40.

COMPOSITION AND OPERATION OF THE ADMINISTRATIVE, EXECUTIVE AND SUPERVISORY BODIES

The composition of the Supervisory Board is detailed in the summary table on page 31.

Detailed information on the Corporate Officers and members of the Executive Committee (expertise, experience and offices held) can be found hereafter on pages 61 to 78.

The operation of management bodies is described on pages 11 to 13.

• Changes during financial year 2015

To the Supervisory Board

The General Meeting on 2 June 2015:

– renewed the terms as Supervisory Board members of Mr Matthieu Dumas, Mr Blaise Guerrand

and Mr Robert Peugeot, for a period of three years expiring at the end of the Annual Ordinary General Meeting called in order to approve the financial statements for FY ending 31 December 2017.

To the Executive Committee

– Departure of Mr Patrick Albaladejo, Deputy Managing Director for Strategic Development and Image, 28 February 2015.

– Appointment of Mrs Charlotte David, Executive Vice President Communication, 12 October 2015.

– Appointment on 1 June 2015 of two new members:

• Mr Éric du Halgouët, Deputy Managing Director Finance;

• Mr Olivier Fournier, Deputy Managing Director in charge of Governance and Organisational Development.

– Departure of Mrs Mireille Maury, Managing Director of Finance and Administration, 1 October 2015.

– On 1 October 2015, Mr Éric du Halgouët became Executive Vice President Finance and Mr Olivier Fournier became Executive Vice President of Governance and Organisational Development.

	Purpose
Active Partner Émile Hermès SARL	The Active Partner is jointly and severally liable for all the Company's debts, for an indefinite period of time. The Active Partner has the authority to appoint or revoke the powers of the Executive Chairmen, after receiving the considered recommendation of the Supervisory Board. The Active Partner makes all decisions pertaining to the Group's strategic options, consolidated operating and investment budgets, and recommendations to the General Meeting with respect to the distribution of share premiums, reserves and retained earnings, on the recommendation of the Supervisory Board. It may submit recommendations to the Executive Management on any matter of general interest to the Group. It authorises all company loans, sureties, endorsements and guarantees, any pledges of collateral and encumbrances on the Company's property, as well as the creation of any company or acquisition of an interest whenever the investment amounts to more than 10% of the Group's consolidated net worth.

Group management	Purpose	Composition	
Executive Management	The role of the Executive Chairmen is to manage the Group and act in its general interest, within the scope of the corporate purpose and subject to those powers expressly granted by law or by the Articles of Association to the Supervisory Board, to the Active Partner and to General Meetings of shareholders. The Executive Chairmen distributed their roles as follows: Axel Dumas is in charge of strategy and operational management and Émile Hermès SARL, through its Executive Board, is responsible for the vision and strategic axes.	Mr Axel Dumas	Executive Chairman
		Émile Hermès SARL, represented by Mr Henri-Louis Bauer	Executive Chairman
Executive Committee	Hermès international's executive management is comprised of the Executive Chairman and the Executive Committee, which consists of Managing Directors, each of whom has well-defined areas of responsibility. Its role is to oversee the Group's strategic management.	Mr Axel Dumas	Executive Chairman
		Mr Florian Craen	Executive Vice President Sales and Distribution
		Mr Pierre-Alexis Dumas	Artistic Executive Vice President
		Mrs Charlotte David	Executive Vice President Communication
		Mr Olivier Fournier	Executive Vice President in charge of Governance and Organisational Development
		Mr Wilfried Guerrand	Executive Vice President in charge of Digital Projects and E-commerce
		Mr Éric du Halgouët	Executive Vice President Finance
		Mr Guillaume de Seynes	Executive Vice President Manufacturing Division and Equity Investments

	Purpose
Supervisory Board	The Supervisory Board exercises ongoing control over company management. For this purpose, it has the same powers as the Statutory Auditors. The Supervisory Board determines the proposed earnings appropriation for the financial year to be submitted to the Annual General Meeting. The Active Partner must consult the Supervisory Board before making any decisions pertaining to strategic options, to consolidated operating and investment budgets or to recommendations to the General Meeting with respect to the distribution of share premiums, reserves and retained earnings. The Supervisory Board also submits to the Active Partner its considered recommendations on the appointment or possible revocation of the powers of the Executive Chairmen

INFORMATION ON CORPORATE OFFICERS AND MEMBERS OF THE EXECUTIVE COMMITTEE

The Executive Chairmen, Active Partner and Supervisory Board members are domiciled at the Company's registered office.

Summary table of changes in the composition of the Supervisory Board over FY 2015

	Departures	Appointments	Renewals
Changes	-	-	Mr Matthieu Dumas Mr Blaise Guerrand Mr Robert Peugeot
Changes that involve diversification (in terms of feminisation, nationality or international experience) or an evolution in matters of governance.	-	-	-

Executive Chairmen

AXEL DUMAS

A direct descendant of Mr Émile-Maurice Hermès, Axel Dumas joined the Hermès Group in 2003. He served as Sales Director in France and directed the Jewellery division from 2006 to 2008, then the Leather Goods division from 2008 to 2011. He was appointed as Managing Director of Operations in 2011, before being appointed as Executive Chairman of Hermès International as of 5 June 2013, for an unspecified duration.

Date of appointment as Executive Chairman

5 June 2013

Term of current office

Unspecified

Age in 2016

46 years

Nationality

French

Shares held in Hermès International

Legal owner of 6,358 shares as at 31 December 2015

Address

Hermès International
 24, rue du Faubourg-Saint-Honoré
 75008 Paris

EXECUTIVE CHAIRMAN OF HERMÈS INTERNATIONAL

Expertise and additional professional experience

Axel Dumas is a graduate of the Institut d'études politiques de Paris and of Harvard Business School (AMP 179). He also has a bachelor's degree in philosophy and a master's degree in business law. He began his career at BNP Paribas, in China from 1995 to 1997, and then in the United States from 1999 to 2003.

Offices and positions held during 2015

Company name		Country	Office
Hermès International	H ♦	France	Co-Executive Chairman
Ateliers A.S.	H C	France	Permanent Representative of Hermès International, Director
Boissy Mexico	H	Mexico	Acting Director (until 31/12/2015)
Castille Investissements	H	France	Permanent Representative of Hermès International, Chairman
Compagnie Hermès de participations	H	France	Permanent Representative of Hermès International, Chairman
Comptoir Nouveau de la Parfumerie	H C	France	Permanent Representative of Hermès International, Director
Créations Métaphores	H	France	Permanent Representative of Hermès International, member of the Management Board
Faubourg Middle East	H	United Arab Emirates	Director
Grafton Immobilier	H	France	Chairman (until 29/06/2015)
Herlee	H	Hong Kong	Chairman and Director
Hermès Asia Pacific	H	Hong Kong	Director
Hermès Australia	H	Australia	Chairman of the Administration Board and Director (until 05/02/2015)
Hermès Benelux Nordics	H	Belgium	Director (until 15/04/2015)
Hermès Canada	H	Canada	Chairman and Director
Hermès China	H	China	Chairman of the Administration Board and Director
Hermès China Trading	H	China	Director
Hermès de Paris (Mexico)	H	Mexico	Acting Director
Hermès do Brasil	H	Brazil	Consultative Board member
Hermès GB	H	United Kingdom	Chairman and Director (until 15/04/2015)
Hermès Grèce	H	Greece	Director
Hermès Horizons	H	France	Chairman
Hermès Iberica	H	Spain	Director
Hermès Immobilier Genève	H	Switzerland	Director
Hermès India	H	India	Director
Hermès Italie	H	France	Chairman of the Administration Board and Director (until 20/03/2015)
Hermès Japon	H	Japan	Director
Hermès Korea	H	South Korea	Director
Hermès Latin America	H	USA	Director
Hermès Monte-Carlo	H	Principality of Monaco	Permanent Representative of Hermès International, Vice-Chairman, Permanent Representative of Hermès International, Board member and Permanent Representative of Hermès Sellier, Director
Hermès of Hawaii	H	USA	Chairman and Director
Hermès of Paris	H	USA	Chairman and Director
Hermès Retail (Malaysia)	H	Malaysia	Chairman and Director

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

AXEL DUMAS (SUITE)

Company name		Country	Office
Hermès Sellier	H	France	Chairman, Managing Director - Hermès Leather Goods and Saddlery division, Managing Director - Hermès Commercial division, Managing Director - Hermès Silk & Textiles division, Managing Director - Hermès Travel Retail division, Managing Director - Hermès Jewellery division, Managing Director of Hermès Homme division and Managing Director Hermès Services Group division
Immauger	H	France	Permanent Representative of Hermès International, Executive Manager
Immobilière du 5 rue de Furstemberg	H	France	Permanent Representative of Hermès International, Chairman (until 29/06/2015)
Immobilière de la Maroquinerie de Normandie (ex-Isamyol 26)	H	France	Permanent Representative of Hermès International, Chairman
Maroquinerie de Normandie (ex-Isamyol 27)	H	France	Permanent Representative of Hermès International, Chairman (until 07/09/2015)
Isamyol 28	H	France	Permanent Representative of Hermès International, Chairman
Tannerie de Vivoin (ex-Isamyol 29)	H	France	Permanent Representative of Hermès International, Chairman
Isamyol 30	H	France	Permanent Representative of Hermès International, Chairman
Isamyol 31	H	France	Permanent Representative of Hermès International, Chairman
Isamyol 32	H	France	Permanent Representative of Hermès International, Chairman
Isamyol 33	H	France	Permanent Representative of Hermès International, Chairman
La Montre Hermès	H	Switzerland	Director
Motsch-George V	H	France	Permanent Representative of Hermès International, Chairman (until 29/06/2015)
SCI Auger-Hoche	H	France	Permanent Representative of Hermès International, Executive Manager
SCI Boissy Les Mûriers	H	France	Permanent Representative of Hermès International, Executive Manager (until 31/12/2015)
SCI Boissy Nontron	H	France	Permanent Representative of Hermès International, Executive Manager
SCI Édouard VII	H	France	Permanent Representative of Hermès International, Executive Manager
SCI Honossy	H	France	Permanent Representative of Hermès International, Executive Manager
SCI Les Capucines	H	France	Permanent Representative of Hermès International, Co-Executive Manager
Axam 2		France	Executive Manager
Maia		France	Executive Manager
Mathel		France	Executive Manager
H51		France	Director

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2015

Permanent Representative of Isamyol 25 (now Immobilière de la Maroquinerie de Montbéliard), member of the Management Board of Hermès Sellier (France) and Managing Director of division Hermès Distribution Europe of Hermès Sellier (France), Executive Manager of AXAM (France) member of the Management Board of Hermès Rus (Russie).

ÉMILE HERMÈS SARL, REPRESENTED BY ITS EXECUTIVE MANAGER, HENRI-LOUIS BAUER

Émile Hermès SARL has been Active Partner of Hermès International since 27 December 1990. Émile Hermès SARL was appointed Executive Chairman on that date and held that office until 31 December 1994. On 1 April 2006, it was again appointed Executive Chairman of Hermès International for an open-ended term.

It does not now hold nor has it in the past held any offices in any other company.

Date of appointment as Executive Chairman

1 April 2006

Term of current office

Unspecified

Shares held in Hermès International

Legal owner of 33,236 shares as at 31 December 2015

Address

Hermès International
24, rue du Faubourg-Saint-Honoré
75008 Paris

ACTIVE PARTNER AND EXECUTIVE CHAIRMAN OF HERMÈS INTERNATIONAL

Expertise and additional professional experience

Émile Hermès SARL is a *société à responsabilité limitée à capital variable* de droit français (limited company with variable capital subject to French law). Its partners are the direct descendants of Mr Émile-Maurice Hermès and his spouse. Émile Hermès SARL's Executive Chairman is Mr Henri-Louis Bauer (appointment effective as of 1 July 2012), a direct descendant of Mr Émile-Maurice Hermès, and it has an Executive Management Board. Émile Hermès SARL's main purpose is to be the Active Partner of Hermès International. Its *modus operandi* is described on pages 11 and 12.

ÉMILE HERMÈS SARL

Offices and positions held during 2015

Company name	Country	Office
Hermès International	H ♦ France	Active Partner and Executive Chairman

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2015

None.

HENRI-LOUIS BAUER

Offices and positions held during 2015

Company name	Country	Office
Émile Hermès SARL	France	Executive Manager and Chairman of the Executive Management Board
Aucleris	France	Executive Manager (until 27/12/2015)
Aucleris 2	France	Executive Manager
Fondation d'entreprise Hermès	France	Director
H2	France	Director
H51	France	Director
Sabarots	France	Executive Manager
Samain B2	France	Executive Manager

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2015

Executive Committee Member of Pollux et Consorts (until 2011) and Chairman of Pollux et Consorts (until 2009).

Active Partner

ÉMILE HERMÈS SARL

(Refer to the paragraph above concerning Executive Chairmen)

Corporate Governance

Executive Committee

Name <i>Personal details:</i> Age in 2016 Date of birth Nationality	Date of appointment to the Executive Committee	Training	Positions held in the Hermès Group (date of appointment)	Other positions
Axel Dumas	See pages 61 and 62			
Florian Craen 46 years 31/10/1970 French	01/09/2013	École Supérieure du Commerce Extérieur de Paris (1992) Harvard Business School (AMP 184)	Executive Vice President Sales and Distribution Hermès International (January 2014) Executive Vice President Hermès North Asia (June 2009) Executive Vice President Hermès Great Britain (September 2006) Director Hermès International travel retail (January 2001)	
Charlotte David 41 years 28/03/1975 French	12/10/2015	ESSEC (1997)	Executive Vice President Communication (12 October 2015)	
Pierre-Alexis Dumas 50 years 04/06/1966 French	01/10/2005	Graduate in visual arts from Brown University (1991)	Artistic Executive Vice President (October 2005)	Chairman of the Fondation d'Entreprise Hermès (from 2008 to 2016) Chairman of Decorative Arts (January 2016)
Olivier Fournier 55 years 10/07/1961 French	01/06/2015	EM Lyon (1983) Graduate degree in accounting and finance	Executive Vice President Governance and Organisational Development Hermès International (2015) Managing Director Hermès Leather Goods-Saddlery division (2008) Managing Director Holding Textile Hermès (2001)	Chairman of the Fondation d'Entreprise Hermès (8 February 2016)
Wilfried Guerrand 45 years 01/02/1971 French	01/07/2014	Neoma Business School (1993, Rouen) MBA de la London School of Economics, NYU Stern and HEC (2011, TRIUM) Reserve Lieutenant	Executive Vice President for Digital Projects and e-Commerce Hermès International (1 July 2014) Executive Vice President Hermès Woman (2012) Executive Vice President Europe Hermès International (2009) Group Director of Sales Hermès International (2007) Executive Vice President Hermès France for Hermès Leather Goods-Saddlery division (2004) Director of Industrial Development Hermès International (2002) Advisor to the Executive Vice President Hermès Leather Goods-Saddlery division (1999) Financial Controller for Hermès Leather Goods-Saddlery division (1995)	

Name <i>Personal details:</i> Age in 2016 Date of birth Nationality	Date of appointment to the Executive Committee	Training	Positions held in the Hermès Group (date of appointment)	Other positions
Éric du Halgouët 53 years 14/03/1963 French	01/06/2015	Neoma Business School (1986, Rouen) Graduate degree in accounting and finance	Executive Vice President Finance Hermès International (2015) Group Financial Director (2007) Director of consolidation and financial control (2006)	Arthur Andersen Alcatel Group as part of the internal audit division, the financial operations division and financial controller for head office divisions
Guillaume de Seynes 59 years 14/10/1957 French	01/01/2005	Graduate in law and political science Paris (1978) and an ESSEC graduate (1982)	Executive Vice President Manufacturing Division & Equity Investments (2011) Director of John Lobb (2007) Deputy Managing Director Hermès International (2006) Managing Director Hermès Leather Goods-Saddlery division (2004) Managing Director La Montre Hermès SA (1999) Director of Sales and Marketing La Montre Hermès SA (1997)	Chairman of the Colbert committee (as of June 2016) Chairman of the European Alliance for Cultural and Creative Industries Chairman of the prêt-à-porter Chambre Syndicale of dressmakers and fashion designers (2008-2012)

Supervisory Board

No service contract exists between the Supervisory Board members and the Company, or any of its subsidiaries, that would result in benefits being granted pursuant to such a contract.

ÉRIC DE SEYNES

Éric de Seynes is a direct descendant of Mr Émile-Maurice Hermès. He has been a member of the Supervisory Board since 7 June 2010. He previously held this office from 2005 until 2008. He also served as Audit Committee member from 2005 to 2008 and as member of the Executive Management Board of Émile Hermès SARL from 2008 to 2010. He was appointed Chairman of the Supervisory Board on 3 March 2011.

Date of appointment to the Board

7 June 2010

Term of current office

GM 2017

Age in 2016

56 years

Nationality

French

Shares held in Hermès International

Legal owner of 203 shares as at 31 December 2015, at least 200 of which are registered

Address

Hermès International
24, rue du Faubourg-Saint-Honoré
75008 Paris

EXECUTIVE VICE PRESIDENT AND MEMBER OF THE SUPERVISORY BOARD OF HERMÈS INTERNATIONAL

Expertise and additional professional experience

Éric de Seynes is a graduate of École Supérieure Libre des Sciences Commerciales Appliquées (ESLSCA) with a specialisation in marketing. Until 2014, he successively served as: Head of Marketing for Mobil Oil Française, Director of Sponsoring for Seita, Marketing Director for Sonauto-Yamaha, Director of Marketing and Sales for Yamaha Motor France, Chairman of Groupe Option, Chairman and CEO of Yamaha Motor France as well as Operational Director for Yamaha Motor France. Since 2015, he has served as Chief Operating Officer (COO) of Yamaha Motor Europe, but also, since 2016, as Executive Officer of Yamaha Motor Co. Ltd, Japan and Chairman of the International Chambre Syndicale of automobiles and motorcycles and member of the Executive Committee of the Association of European motorcycle constructors.

Offices and positions held during 2015

Company name	Country	Office
Hermès International	H ♦ France	Chairman and member of the Supervisory Board
Brame et Lorenceau	C France	Director
Groupe Option SAS	France	Chairman
H51	France	Director
Hermès Sellier	H France	Member of the Management Board
Les Producteurs	C France	Director
Naturéo Finance SAS	France	Member of the Management Board
Sféric SAS	France	Chairman
Yamaha Motor France	C France	Director and Chief Executive Officer (until 01/02/2015)
Yamaha Motor Turkey	Turkey	Director
MBK	France	Director
Motori Minarelli	Italy	Director

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2015

None.

MONIQUE COHEN

VICE-CHAIRWOMAN AND MEMBER OF THE SUPERVISORY BOARD
 CHAIRWOMAN OF THE HERMÈS INTERNATIONAL AUDIT COMMITTEE

Not related to the Hermès family and an independent director based on the criteria applied by the Company.

Date of appointment to the Board

3 June 2014

Term of current office

GM 2017

Age in 2016

60 years

Nationality

French

Shares held in Hermès International

Legal owner of 250 shares as at 31 December 2015, at least 200 of which are registered

Address

Hermès International
 24, rue du Faubourg-Saint-Honoré
 75008 Paris

Expertise and additional professional experience

Monique Cohen is a graduate of the Polytechnic Institute (X76), with a Master's degree in mathematics and a degree in business law.

She began her career in 1979 at Paribas as a senior banker then as the world-wide manager for equity-related business lines. Starting in 2000, she served as Associate Director in charge of investments in the sector of services for companies, financial and health services at Apax Partners. She is also the Chief Operating Officer of Altamir Gérance.

Monique Cohen is a Director of the Safran group and Supervisory Board member of JCDecaux.

She was also nominated to the Board of Directors of BNP Paribas on 12 February 2014.

Until September 2014, she was a member of the panel of the Financial Markets Authority. Since then, she has been a member of the European Commission group of experts on venture capital and risk capital.

Offices and positions held during 2015

Company name	Country	Office
Hermès International	H ♦ France	Vice-Chairwoman and member of the Supervisory Board, Chairwoman of the Audit Committee
Altamir Gérance	France	Chief Operating Officer (until 04/05/2015)
Apax Partners MidMarket	France	Director
BNP Paribas	♦ France	Director
Global Project SAS	France	Supervisory Committee member
JCDecaux	♦ C France	Supervisory Board member
Proxima Investissement	Luxembourg	Chairwoman of the Board of Directors and Director
Safran	♦ C France	Director
SC Fabadari	France	Assistant Manager
Trocadéro Participations	France	Chairwoman and Supervisory Board member
Trocadéro Participations II	France	Chairwoman

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2015

Director of Buy Way Personal Finance Belgium, Director of Buy Way Tech, Director of Financière MidMarket, Director of Société de Financement Local, Chairwoman of the Board of Directors and Director of Wallet, Chairwoman of the Board of Directors and Director of Wallet Investment I, Chairwoman of the Board of Directors and Director of Wallet Investment II, Executive Manager of SC Equa, Director of Finalliance, member of the Supervisory Board of Financière Famax, Director of Equalliance, Chairwoman of Financière Duchesse I, Director of B Capital, Director of Global Project, Chairwoman of Trocadéro Participations, Chairwoman and Supervisory Board member of Texavenir II, Manager of Santamedia Group Holding, Chief Operating Officer of Apax Partners & Co., Director of Altitude.

DOMINIQUE SENEQUIER

VICE-CHAIRWOMAN AND MEMBER OF THE SUPERVISORY BOARD,
CHAIRWOMAN OF THE COMPENSATION, APPOINTMENTS AND GOVERNANCE
COMMITTEE OF HERMÈS INTERNATIONAL

Not related to the Hermès family and an independent director based on the criteria applied by the Company.

Date of appointment to the Board

4 June 2013

Term of current office

GM 2016

Age in 2016

63 years

Nationality

French

Shares held in Hermès International

200 on 31 December 2015, fully owned, all registered

Address

Hermès International
24, rue du Faubourg-Saint-Honoré
75008 Paris

Expertise and additional professional experience

Dominique Senequier is a graduate of the École polytechnique (X72) and also holds a postgraduate diploma “Currency Banking Finance” from the University of the Sorbonne. She began her career at Gan, where she created and developed the subsidiary Gan Participations from 1987 to 1995, after having exercised the functions of Acquisitions Manager for the group and spent five years in the insurance inspectorate. In 1996, she joined the Axa group and founded Axa Private Equity. At the end of 2013, Axa Private Equity became Ardian, of which she is currently Chairwoman.

Offices and positions held during 2015

Company name	Country	Office
Hermès International	H ♦ France	Vice-Chairwoman and member of the Supervisory Board, Chairwoman of the Compensation, Appointments and Governance Committee
Ardian France SA	C France	Chairwoman of the Supervisory Board (terminated on 07/07/2015)
Ardian Germany GmbH	Germany	Chairwoman of the Supervisory Board (terminated on 07/07/2015)
Ardian Investment Singapore Pte Ltd	Singapore	Member of the Board of Directors
Ardian Investment Switzerland AG	Switzerland	Chairwoman of the Board of Directors
Ardian Investment Switzerland Holding AG	Switzerland	Chairwoman of the Board of Directors
Ardian Investment UK Ltd	United Kingdom	Member of the Board of Directors, member of the ASF V, AESF V and ASF VI committees
Ardian US LLC	USA	Chairwoman of the Supervisory Committee, member of the Investment Committees ASF III-2, AESF III-2 and AESF IV
Ardian Beijing Consulting Limited Company (formerly Axa Beijing Consulting Limited Company)	China	Member of the Board of Directors
Escouf Properties Corp.	USA	Chairwoman
Fondation Valentin Haüy	France	Member of the Board of Directors
SCI 30 rue Jacob SCI	France	Executive Manager
SENEQ SA	Belgium	Director and Executive Director
SENUM SAS	France	Chairwoman
Théâtre des Champs-Élysées SA	C France	Director

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2015

Member of the Board of Directors of Compagnie Industrielle Reunite SpA (Italy), Chairwoman of the Board of Ardian SA (France), Chairwoman of the Board of Directors of Ardian Italy Srl (Italy), Chairwoman, member of the Board of Directors and the Coordination Committee of Axa Infrastructure Investissement SAS (France), Chairwoman of the Board of Ardian France SA (France), Chairwoman of

DOMINIQUE SENEQUIER (SUITE)

Arrian Holding, previously named Holding PE (France), member of the Investment Committee of the United Nations (United States), Chairwoman of the Supervisory Board of Axa Private Equity Eastern Europe GmbH (Austria), Observer on the Board of Directors of Bourbon group (France), member of the Supervisory Board and Observer on the Supervisory Board of Schneider Electric SA (France), Executive Manager of Vendôme GSG (France), Chairwoman, member of the Board of Directors and Investment Committee of Matignon Développement 1 (France), Chairwoman, member of the Board of Directors and Investment Committee of Matignon Développement 2 (France), Chairwoman, member of the Board of Directors and Investment Committee of Matignon Développement 3 (France), Chairwoman, member of the Board of Directors and Investment Committee of Matignon Développement 4 (France), Observer on the Board of Directors of Nakama (France), Chairwoman of Pikanter 9 (France), Chairwoman of Pikanter 10 (France), member of the Board of Directors and the Audit Committee of Hewlett-Packard Company (United States).

CHARLES-ÉRIC BAUER

A direct descendant of Mr Émile-Maurice Hermès, Charles-Éric Bauer has been a member of the Supervisory Board since 3 June 2008. Mr Bauer has also served as member of the Audit Committee since its inception on 26 January 2005.

Date of appointment to the Board

3 June 2008

Term of current office

GM 2016

Age in 2016

52 years

Nationality

French

Shares held in Hermès International

73,648 on 31 December 2015, fully owned, including at least 200 registered

Address

Hermès International
24, rue du Faubourg-Saint-Honoré
75008 Paris

MEMBER OF THE SUPERVISORY BOARD AND AUDIT COMMITTEE OF HERMÈS INTERNATIONAL

Expertise and additional professional experience

Charles-Éric Bauer holds a degree in technical analysis from Institut des Techniques de Marchés. He is also a graduate of École d'Administration et Direction des Affaires (EAD) business school, option: finance. He served as Co-Managing Director of and Head of Mutual Fund Management at CaixaGestion from 2000 to 2005, and as Director, Corporate and Institutional Clients, CaixaBank France, from 2005 to 2007. Since March 2007, he has been Associate Director of Hem-Fi Conseil, a consulting firm active in the allocation and selection of financial assets.

Offices and positions held during 2015

Company name	Country	Office
Hermès International	H ♦ France	Member of the Supervisory Board and Audit Committee
H51	France	Director
Almareen	France	Executive Manager (until 27/12/2015)
Sabarots	France	Executive Manager
Yundal	France	Executive Manager
Samain B2	France	Executive Manager
Hem-Fi Conseil	France	Associate director
Zumsee	France	Executive Manager
Almareen 2	France	Executive Manager

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2015

Member of the Management Committee of Pollux et Consorts (terminated in 2013).

MATTHIEU DUMAS

A direct descendant of Mr Émile-Maurice Hermès, Matthieu Dumas has been a member of the Supervisory Board and of the Compensation, Appointments and Governance Committee since 3 June 2008.

Date of appointment to the Board

3 June 2008

Term of current office

GM 2018

Age in 2016

44 years

Nationality

French

Shares held in Hermès International

Legal owner of 213 shares as at 31 December 2015, at least 200 of which are registered

Address

Hermès International
 24, rue du Faubourg-Saint-Honoré
 75008 Paris

MEMBER OF THE SUPERVISORY BOARD AND OF THE COMPENSATION, APPOINTMENTS AND GOVERNANCE COMMITTEE OF HERMÈS INTERNATIONAL

Expertise and additional professional experience

Matthieu Dumas holds a Master of Law degree from Université Paris II-Assas and a Master of Management degree majoring in strategic marketing, development and corporate communication from the Institut Supérieur de Gestion. From 2001 to 2003, he served as Head of Promotion and Partnerships at Cuisine TV (Canal+ Group), then as Marketing and Business Development Director from 2003 to 2006. In 2008, he occupied the functions of Brand Manager of 13e Rue, NBC Universal group, then that of Deputy Managing Director of all of the brands of PureScreens in 2010, then Marketing and Communication Manager of the Discovery Channel in France in 2011.

Offices and positions held during 2015

Company name	Country	Office
Hermès International	H ♦ France	Member of the Supervisory Board and of the Compensation, Appointments and Governance Committee
Comptoir Nouveau de la Parfumerie	H C France	Director
DRestauration	France	Executive Manager
Eaque	France	Executive Manager
L.D.M.D.	France	Executive Manager
ASOPE	France	Executive Manager
AXAM 2	France	Executive Manager
MATHEL	France	Executive Manager
H2	France	Director

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2015

Commercial and Development Manager of Cuisine TV, Canal + group (France), Brand Manager of 13^e Rue, NBC Universal group (France), Deputy Managing Director of PureScreens, Executive Manager of AXAM (France), Marketing and Communication Manager of Discovery Networks (France).

BLAISE GUERRAND

A direct descendant of Mr Émile-Maurice Hermès, Blaise Guerrand has been a member of the Supervisory Board since 29 May 2012.

Date of appointment to the Board

29 May 2012

Term of current office

GM 2018

Age in 2016

33 years

Nationality

French

Shares held in Hermès International

200 on 31 December 2015, fully owned, all registered

Address

Hermès International
24, rue du Faubourg-Saint-Honoré
75008 Paris

MEMBER OF THE SUPERVISORY BOARD OF HERMÈS INTERNATIONAL

Expertise and additional professional experience

Blaise Guerrand is a graduate of HEC Paris. He began his career as an Analyst within the equity capital markets department of the bank NM Rothschild & Sons between 2005 and 2006. From 2007 to 2010, he became an Associate, then Director of equity investments for the Indian subsidiary of Ashmore Investment Management, one of the world's leading investors in emerging countries, with more than 75 billion dollars under management and listed on the London Stock Exchange. Since 2011, he has been Associate Executive Manager in company takeovers. Also, since 2007, he has been Director of the foundation ACCESS Health International, which works in partnership with the Rockefeller Foundation, to improve access to health care for underprivileged classes in certain developing countries.

Offices and positions held during 2015

Company name	Country	Office
Hermès International	H ♦ France	Supervisory Board member
Hermès Sellier	H France	Member of the Management Board
SCI Sèvres SCIFAH	France	Executive Manager
Jakyval	Luxembourg	Director
ACCESS Health International	USA	Director

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2015

Director of Avest Capital (Mauritius), Director of equity investments of Ashmore Investment Advisors India, development Vice-Chairman of Haseltine Global Health (United States) and Director of Dravor (United Kingdom).

JULIE GUERRAND

A direct descendant of Mr Émile-Maurice Hermès, Julie Guerrand has been a member of the Supervisory Board since 2 June 2005. She also served as member of the Audit Committee from its inception on 26 January 2005 until 2 March 2011, when she withdrew from the Audit Committee to take the new position she now holds within the Company.

Date of appointment to the Board

2 June 2005

Term of current office

GM 2016

Age in 2016

41 years

Nationality

French

Shares held in Hermès International

4,805 on 31 December 2015, fully owned, including at least 200 registered

Address

Hermès International
24, rue du Faubourg-Saint-Honoré
75008 Paris

MEMBER OF THE SUPERVISORY BOARD OF HERMÈS INTERNATIONAL

Expertise and additional professional experience

Julie Guerrand holds a DEUG advanced degree in applied mathematics and the social sciences and a Master of Economics and Industrial Strategy from Université Paris IX-Dauphine. Between 1998 and 2006, she worked within the financial affairs department (consulting in mergers and acquisitions) of the investment bank Rothschild & Cie. From 2007 until 2011, she was Director of Equity Investments at Paris Orléans, a holding company listed on Euronext and controlled by the Rothschild family. In March 2011, she joined the group as Corporate Development Director of Hermès International, then, since October 2014, she has been Deputy Managing Director – finance and organisation of the Hermès Precious Leathers division. She has been certified as a Company Director (ASC France) by the IFA and Sciences Po since 2014.

Offices and positions held during 2015

Company name	Country	Office
Hermès International	H ♦ France	Supervisory Board member
Hermès Cuir Précieux	H France	Member of the Management Board
Antonino	France	Executive Manager
Compagnie des cuirs précieux	H France	Deputy Managing Director – Finance and organisation
H51	France	Chairwoman
Jakyval	Luxembourg	Director
Jerocar	France	Executive Manager
La Mazarine-SCIFAH	France	Executive Manager
SCI Apremont	France	Executive Manager
SCI Briand Villiers I	France	Executive Manager
SCI Briand Villiers II	France	Executive Manager
SCI 8 Drouot	France	Executive Manager
SIFAH	France	Director
Société Immobilière du Dragon	France	Executive Manager
Val d'Isère Carojero	France	Executive Manager
Vie et Veranda Groupe	France	Director

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2015

Director of 28-30-32 Faubourg Saint-Honoré (France), Director of equity investments within the investment team at Paris Orléans (France) and member of the Audit Committee of Hermès International (France).

DENIS MARMONIER

Unrelated to the Hermès family.

Date of appointment to the Board

19 November 2014

Term of current office

19 November 2017

Age in 2016

59 years

Nationality

French

Shares held in Hermès International

30 as at 31 December 2015, fully owned

Address

Hermès International
24, rue du Faubourg-Saint-Honoré
75008 Paris

MEMBER OF THE EMPLOYEE REPRESENTATIVE SUPERVISORY BOARD

Expertise and additional professional experience

Denis Marmonier was elected on 13 November 2014 by the Group's Committee as a member of the Supervisory Board representing employees from 19 November 2014.

He joined the staff of Siegl on 1 June 1977 (a company of the Hermès group since 2002), after having completed training in mechanical construction (Bac F1).

He began his career in the kitchen workshop (preparation of colours before printing) as a coloured leather cutter, and rose to a job as transfer manager in the same workshop.

Today, he is the leading trainer within his workshop, recognised for his expertise.

Before his appointment as member of the Supervisory Board, he exercised four appointments as Staff Representative: elected to the Work Council, Union Delegate and Representative on Siegl's Health, Safety and Working-Conditions Committee, and Union Representative on the Group's Committee.

Offices and positions held during 2015

Company name	Country	Office
Hermès International	H ♦ France	Member of the Employee Representative Supervisory Board
Siegl	H France	Transfer Manager

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2015

None.

RENAUD MOMMÉJA

A direct descendant of Mr Émile-Maurice Hermès, Renaud Momméja has been a member of the Supervisory Board since 2 June 2005. He has also served as Audit Committee Member since 3 June 2008.

Date of appointment to the Board

2 June 2005

Term of current office

GM 2017

Age in 2016

54 years

Nationality

French

Shares held in Hermès International

111,314 on 31 December 2015, fully owned, including at least 200 registered

Address

Hermès International
 24, rue du Faubourg-Saint-Honoré
 75008 Paris

MEMBER OF THE SUPERVISORY BOARD AND AUDIT COMMITTEE OF HERMÈS INTERNATIONAL

Expertise and additional professional experience

Renaud Momméja is a graduate of École Supérieure Libre des Sciences Commerciales Appliquées (ESLSCA). He has been Executive Manager of SARL Tolazi since 2004, a corporate property management, organisation and strategy consulting firm. Since 2006, he has been the Representative of SC Lor to the Executive Management of SC du Château Fourcas Hosten.

Offices and positions held during 2015

Company name	Country	Office
Hermès International	H ♦ France	Member of the Supervisory Board and Audit Committee
28-30-32 Faubourg Saint-Honoré	France	Chairman (until 02/07/2015)
Altizo	France	Executive Manager
Binc	France	Executive Manager
Comptoir Nouveau de la Parfumerie	H C France	Director
GFA Château Fourcas Hosten	France	Co-Executive Manager
H2	France	Chairman
HUSO	C France	Director
J.L. & Co	H United Kingdom	Director
Lor	France	Co-Executive Manager
Rose Investissement	France	Executive Manager
SARL Tolazi	France	Executive Manager
SCI AJIMMO	France	Co-Executive Manager
SCI Briand Villiers I	France	Executive Manager
SCI Briand Villiers II	France	Executive Manager
SCI de l'Univers	France	Executive Manager
Société civile du Château Fourcas Hosten	France	Permanent Representative of Lor, Executive Manager
SCI du 74 rue du Faubourg-Saint-Antoine	France	Co-Executive Manager
Société immobilière du Faubourg Saint-Honoré « SIFAH »	France	Executive Manager (until 02/07/2015)
SAS SIFAH	France	Chairman

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2015

Chairman of 28-30-32 Faubourg Saint-Honoré (France), Executive Manager of the Société Immobilière du Faubourg Saint-Honoré "SIFAH", member of the Supervisory Board of Comptoir Nouveau de la Parfumerie (France) and Chairman of SAS Pollux et Consorts (France).

ROBERT PEUGEOT

MEMBER OF THE SUPERVISORY BOARD, THE AUDIT COMMITTEE, AND THE COMPENSATION, APPOINTMENTS AND GOVERNANCE COMMITTEE OF HERMÈS INTERNATIONAL

Unrelated to the Hermès family and independent according to the criteria adopted by the Company, Robert Peugeot has been a member of the Supervisory Board of Hermès International since 24 January 2007. Since 3 June 2008, he has also served on the Audit Committee and on the Compensation, Appointments and Governance Committee.

Expertise and additional professional experience

After his studies at the École Centrale de Paris and INSEAD, Robert Peugeot occupied various managerial posts within the PSA Peugeot Citroën group and was a member of the Executive Committee of the group between 1998 and 2007, in charge of the innovation and quality functions. He is a Permanent Representative of FFP to the Supervisory Board of Peugeot SA, a member of the Financial and Audit Committee and he chairs the Strategic Committee. He has managed the development of FFP since the end of 2002.

Date of appointment to the Board

24 January 2007

Term of current office

GM 2018

Age in 2016

66 years

Nationality

French

Shares held in Hermès International

200 on 31 December 2015, fully owned, all registered

Address

Hermès International
24, rue du Faubourg-Saint-Honoré
75008 Paris

Offices and positions held during 2015

Company name	Country	Office
Hermès International	H ♦ France	Member of the Supervisory Board, the Audit Committee, and the Compensation, Appointments and Governance Committee
CHP Gestion	France	Executive Manager
DKSH	♦ Switzerland	Director, member of the Appointments and Compensation Committee
Établissements Peugeot Frères-EPF	♣ France	Director, Chairman of the Accounts Committee
Faurecia	♦ France	Director, member of the Appointments and Compensation Committee
Financière Guiraud SAS	France	Permanent Representative of FFP Invest, Chairman
Imerys	♦ ♣ France	Director, member of the Strategic Committee, member of the Appointments and Compensation Committee
PSA Peugeot Citroën (Peugeot SA)	♦ France	Permanent Representative of FFP, member of the Supervisory Board, Chairman of the Strategic Committee, member of the Financial and Audit Committee
SCI Rodom	France	Executive Manager
Sanef	♣ France	Permanent Representative of FFP Invest, Director, Chairman of the Compensation and Appointments Committee
FFP	♦ ♣ France	Chairman and Managing Director, Chairman of the Equity Investments Committee
Sofina	♦ Belgium	Director, Chairman of the Compensation and Appointments Committee
FFP Invest	France	Permanent Representative of FFP Invest, Chairman
Holding Reinier	France	Director, member of the Compensation Committee, member of the Strategic Committee

H Hermès Group company ♦ Listed company ♣ Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2015

Permanent Representative of FFP Invest on the Supervisory Board of Zodiac Aerospace, Director of SANEF, member of the Supervisory Board of IDI Emerging Markets SA (Luxembourg), Director of Alpine Holding (Austria), Director of B-1998, SL (Spain), Director of FCC Construcción, SA (Spain), Director of Fomentos de Construcciones y Contratas, SA (Spain), Director of Immeubles et Participations de l'Est

ROBERT PEUGEOT (SUITE)

(France), Director of LFPF – La Française de Participations Financières (France), Chairman and Managing Director of Simante S.L. (Spain) and Director of WRG – Waste Recycling Group Ltd (United Kingdom), member of the Supervisory Board of Peugeot SA, member of the Supervisory Board of IDI EM, Director of Sanef, Permanent Representative of FFP Invest on the Supervisory Board of Peugeot SA.

Robert PEUGEOT holds six other appointments in listed companies, but four of these appointments are held pursuant to his functions as Chairman and Managing Director of FFP, the main business of which is the acquisition and management of such equity investments.

FLORENCE WOERTH

MEMBER OF THE SUPERVISORY BOARD AND AUDIT COMMITTEE OF HERMÈS INTERNATIONAL

Unrelated to the Hermès family and independent according to the criteria adopted by the Company, Florence Woerth has been a member of the Supervisory Board since 7 June 2010. Since that date, she has also been a member of the Audit Committee.

Date of appointment to the Board

7 June 2010

Term of current office

GM 2016

Age in 2016

60 years

Nationality

French

Shares held in Hermès International

250 on 31 December 2015, fully owned, including at least 200 registered

Address

Hermès International
24, rue du Faubourg-Saint-Honoré
75008 Paris

Expertise and additional professional experience

Florence Woerth holds degrees from Société française des analystes financiers (SFAF) and École des Hautes Études Commerciales (HEC). From February 2006 until October 2007, Mrs Woerth was Senior Private Banker for development and management of high net worth accounts, in charge of wealth management at La Compagnie 1818, the private banking arm of Groupe Caisse d'Épargne. She also served as Portfolio and Wealth Management Director and Manager, then as Executive Manager in charge of advertising and marketing for the private bank, Head of Business Development for very high net worth customers, and member of the Private Banking Executive Committee at Rothschild & Cie Gestion. From November 2007 until June 2010, she was Head of Investments and Research in charge of financial asset management at Clymène. She has been site director of the FIA, the International Automobile Federation, since November 2012, and attached to the office of staff of the Chairman.

Offices and positions held during 2015

Company name	Country	Office
Hermès International	H ♦ France	Member of the Supervisory Board and Audit Committee
Association Jean-Bernard	France	Member of the Board of Directors
Expert Isi Conseil	France	Chairwoman
Écurie Dam's	France	Chairwoman
Fondation Conde	France	Member of the Board of Directors and Treasurer
SC Conde	France	Executive Manager

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2015

Investments and Research Director at Clymène (France).

STATEMENTS BY CORPORATE OFFICERS AND SUPERVISORY BOARD MEMBERS

According to the statements made to the Company by the Corporate Officers and Supervisory Board members:

- no Executive Corporate Officer or Supervisory Board member has been convicted of fraud within the last five years;
- no Executive Corporate Officer or Supervisory Board member has been involved in any bankruptcy, sequestration or liquidation within the last five years in their capacity as a member of an Administrative, Management or Supervisory body or as a Managing Director;
- no Executive Corporate Officer or Supervisory Board member has been barred by a court from acting as a member of an Administrative, Management or Supervisory body of a listed company or from participating in the management or in conducting the business of a listed company over the past five years;
- no Executive Corporate Officer or Supervisory Board member has been the subject of any official public accusation or penalty issued by the statutory or regulatory authorities (including designated professional bodies).

CONFLICTS OF INTEREST

Since 2010, the Company has sent out an annual, and highly detailed questionnaire to all Supervisory Board members, asking them to indicate any potential

conflicts of interest that may exist due to their office as member of the Supervisory Board of Hermès International. The content of this questionnaire develops all possible situations, with precise examples, inviting the members of the Board to declare all situations which could represent a potential conflict of interest. At the beginning of 2016, the Company sent a new, more detailed and more complete questionnaire. During the examination of the business relationships between a member of the Supervisory Board and the Group, the criteria used by the Board to determine whether significant personal affairs exist which might affect the independence of a member of the Supervisory Board are criteria that are both quantitative and qualitative, particularly including the amount of revenue made and the analysis of the nature of existing relationships.

The analysis of each of these situations, at the beginning of 2016, by the Compensation, Appointments and Governance Committee, concluded that none of them were of such a nature to constitute a conflict of interest for the persons concerned and that none of the independent members of the Board had, directly or indirectly, significant business relationships with the Company or its Group.

Moreover, the Supervisory Board ethics charter indicates that (art. 6), “A Supervisory Board member must strive to avoid any conflict that could exist between their moral or material interests, and those of the Company. They shall inform the Supervisory Board of any conflict of interests in which they might be involved. In cases where a conflict of interests cannot be avoided, they shall refrain from taking part in any discussions or decisions related to the matters concerned.”

TRANSACTIONS IN HERMÈS INTERNATIONAL SHARES BY CORPORATE OFFICERS AND IMMEDIATE FAMILY MEMBERS

In accordance with Article L 621-18-2 of the Monetary and Financial Code and Article 223-22 of the AMF General Regulation, we hereby report to you transactions in the Company's shares effected by the Company's Senior Executives and their immediate family members during the past year.

Declaration No.	Date of the transaction	Name and function	Nature of the transaction	Securities concerned	Unit price ⁽¹⁾	Amount of the transaction
2015DD345146	2 January 2015	H51, a legal entity related to the Chairman Axel Dumas, has members of the Executive Committee, members of the Supervisory Board and members of the Executive Management Board of Émile Hermès SARL, Active Partner and Executive Chairman	Purchase	Shares	€297.19	€20,723,712
2015DD377994	26 June 2015	SAGAIE, a legal entity related to Frédéric Dumas, member of the Executive Management Board of Émile Hermès SARL, Active Partner and Executive Chairman	Purchase	Shares	€352.58	€1,516,094
2015DD391124	15 September 2015	Émile Hermès SARL, Executive Chairman and Active Partner	Purchase	Shares	€310.00	€839,790
2015DD392953	24 September 2015	Émile Hermès SARL, Executive Chairman and Active Partner	Purchase	Shares	€309.36	€2,214,377
2015DD392954	29 September 2015	Émile Hermès SARL, Executive Chairman and Active Partner	Purchase	Shares	€308.84	€2,213,449
2015DD406481	21 December 2015	Émile Hermès SARL, Executive Chairman and Active Partner	Purchase	Shares	€308.46	€4,556,601
2015DD406485	21 December 2015	H51, a legal entity related to the Chairman Axel Dumas, has members of the Executive Committee, members of the Supervisory Board and members of the Executive Management Board of Émile Hermès SARL, Active Partner and Executive Chairman	Purchase	Shares	€308.80	€12,023,050
2015DD406480	22 December 2015	Émile Hermès SARL, Executive Chairman and Active Partner	Purchase	Shares	€308.81	€440,978
2015DD406491	22 December 2015	H51, a legal entity related to the Chairman Axel Dumas, has members of the Executive Committee, members of the Supervisory Board and members of the Executive Management Board of Émile Hermès SARL, Active Partner and Executive Chairman	Purchase	Shares	€308.62	€773,397
2016DD406917	24 December 2015	H51, a legal entity related to the Chairman Axel Dumas, has members of the Executive Committee, members of the Supervisory Board and members of the Executive Management Board of Émile Hermès SARL, Active Partner and Executive Chairman	Purchase	Shares	€308.97	€1,672,151
2016DD406918	28 December 2015	H51, a legal entity related to the Chairman Axel Dumas, has members of the Executive Committee, members of the Supervisory Board and members of the Executive Management Board of Émile Hermès SARL, Active Partner and Executive Chairman	Purchase	Shares	€308.93	€3,584,835

(1) Amount rounded to two decimal places.

No other Executive Corporate Officer (Executive Chairman or Supervisory Board member) of Hermès International reported any trades in Hermès International shares in 2015.

No other member of senior management (Executive Committee member) of Hermès International reported any trades in Hermès International shares in 2015.

Neither did the Company receive any other reports of such trades from any of their immediate family members.

OWNERSHIP INTERESTS OF CORPORATE OFFICERS, SENIOR EXECUTIVES AND SUPERVISORY BOARD MEMBERS IN THE COMPANY

As of 31 December 2015, the Executive Corporate Officer, Senior Executives and Supervisory Board members' interests in the Company's share capital, as reported to the Company, were as follows:

	Shares owned fully or in usufruct ⁽¹⁾ (votes of the OGM deciding on the assignment of earnings)				Shares fully owned or under bare ownership ⁽¹⁾ (other votes of the General Meeting)			
	Number of shares	%	Number of vote	%	Number of shares	%	Number of vote	%
Capital as at 31/12/2015	105,569,412	100.00%	150,664,450	100.00%	105,569,412	100.00%	150,664,450	100.00%
Executive Chairmen								
Émile Hermès SARL	33,236	0.00%	33,238	0.00%	33,236	0.00%	33,238	0.00%
Axel Dumas	6,358	0.00%	6,386	0.00%	6,358	0.00%	6,386	0.00%
Supervisory Board members								
Éric de Seynes	203	0.00%	406	0.00%	203	0.00%	406	0.00%
Charles-Éric Bauer	73,648	0.07%	147,296	0.10%	73,648	0.07%	147,296	0.10%
Monique Cohen	250	0.00%	250	0.00%	250	0.00%	250	0.00%
Matthieu Dumas	213	0.00%	426	0.00%	213	0.00%	426	0.00%
Blaise Guerrand	200	0.00%	400	0.00%	200	0.00%	400	0.00%
Julie Guerrand	4,805	0.00%	9,610	0.01%	4,805	0.00%	9,610	0.01%
Denis Marmonier	30	0.00%	55	0.00%	30	0.00%	55	0.00%
Renaud Momméja	111,314	0.11%	222,628	0.21%	111,326	0.11%	222,652	0.21%
Robert Peugeot	200	0.00%	400	0.00%	200	0.00%	400	0.00%
Dominique Senequier	200	0.00%	200	0.00%	200	0.00%	200	0.00%
Florence Woerth	250	0.00%	450	0.00%	250	0.00%	450	0.00%
Executive Committee (excluding Executive Chairmen and members of the Supervisory Board)								
Florian Craen	3,030	0.00%	3,030	0.00%	3,030	0.00%	3,030	0.00%
Charlotte David	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Olivier Fournier	1,615	0.00%	1,700	0.00%	1,615	0.00%	1,700	0.00%
Éric du Halgouët	3,031	0.00%	3,032	0.00%	3,031	0.00%	3,032	0.00%
Guillaume de Seynes	7,555	0.00%	7,780	0.00%	7,555	0.00%	7,780	0.00%
Pierre-Alexis Dumas	89,087	0.08%	170,844	0.16%	84,964	0.08%	156,598	0.15%
Wilfried Guerrand	3,085	0.00%	3,140	0.00%	3,085	0.00%	3,140	0.00%

(1) Voting rights that can be exercised in the General Meeting. In accordance with Article 12 of the Articles of Association of the Company, the voting right is exercised by the Bare Owner for all decisions made for all General Meetings, except for decisions concerning the assignment of earnings, for which the voting right is exercised by the usufructuary. The procedures for publication and distribution of voting rights are detailed on page 98.

COMPENSATION AND BENEFITS PAID TO CORPORATE OFFICERS AND SUPERVISORY BOARD MEMBERS

The tables cited and presented on pages 87 to 94 have been numbered by reference to the AMF's recommendation no. 2009-16, amended 13 April 2015, on information on compensation of Corporate Officers to be disclosed in shelf-registration documents, except Tables 11 and 12, which were numbered by the Company.

The Executive Chairmen, the Active Partner and the members of the Supervisory Board are shareholders and in this regard received an ordinary dividend of €2.95 and an extraordinary dividend of €5.00 in 2015.

Executive Chairmen

• Elements of compensation

A detailed presentation of the principles and the amount (or the valuation) of the elements of the compensation of each Executive Chairman is shown in the description of proposed resolutions on pages 264 to 266.

This presentation covers the following elements:

- gross annual statutory variable compensation;
- gross annual additional compensation;
- deferred variable compensation;
- multi-year variable compensation;
- exceptional compensation;
- share options, performance shares or any other element of long-term compensation;
- compensation for assumption of duties;
- severance payment;
- non-competition payment;
- supplementary pension scheme;
- directors fees;
- valuation of benefits of any kind.

All compensation elements that are potential or acquired by Executive Chairmen are made public immediately after the meeting of the Executive Management Board that decided them by a press release published on the Company's financial website <http://finance.hermes.com>.

The table below summarises the press releases relative to the elements of compensation of Executive Chairmen published over the last two financial years:

Date of publication	Press releases
2015	
27 March 2015	Potential or acquired elements of compensation of Executive Chairmen
2014	
21 March 2014	Potential or acquired elements of compensation of Executive Chairmen

Each Executive Chairman has the right to receive certain compensation in accordance with Article 17 of the Articles of Association, and may also receive additional compensation, the maximum amount of which is determined by the Ordinary General Meeting with the unanimous approval of the Active Partners. Within these limits, the Active Partner decides on the effective compensation of each of the Executive Chairmen each year.

1. The mode of calculation of the statutory compensation specified by Article 17 of the Articles of Association has never been revised. It is according to the consolidated pre-tax earnings of the Company, made pursuant to the previous financial year, within the limit of 0.2% of these earnings. This mode of determination naturally leads to a strict variability of the statutory compensation of Executive Chairmen, without any guarantee of a minimum amount. With an objective of clarity, the statutory compensation of Executive Chairmen is known as "variable compensation", by analogy with market practices.

2. Additional compensation was introduced by a decision of the Ordinary General Meeting of 31 May 2001, which limited it to €457,347.05 and specified indexing, upwards only, on the increase in the consolidated revenue for the previous financial year at constant exchange rates and on the same scope of consolidation, by comparison with revenue for the next to last financial year. In accordance with the principle thus determined and to facilitate understanding of the procedures for calculating the additional compensation of Executive Chairmen before indexing, the Company has always called it “fixed compensation”, by analogy with market practices.

Changes to the two components of the compensation of Executive Chairmen depends upon objective quantitative criteria that have been unchanged for many years, which are public and predefined by nature.

Mr Henri-Louis Bauer, Legal Representative of Émile Hermès SARL, Executive Chairman, does not personally receive any compensation from Hermès International. He receives compensation from Émile Hermès SARL for his functions as Executive Chairman of this Company, which are unrelated to the appointment as Executive Chairman of Émile Hermès SARL in Hermès International.

The Executive Chairmen do not receive any compensation or benefits of any kind from the subsidiaries of Hermès International.

A breakdown of effective compensation paid to the Executive Chairmen set by the Executive Management Board of Émile Hermès SARL for the last two years is provided in [Table 2](#) on page 88. Each year, the Compensation, Appointments and Governance Committee of the Supervisory Board of Hermès International is responsible for ascertaining that compensation paid to the Executive Chairmen complies with the provisions of the Articles of Association and the decisions made by the Active Partner.

In order to comply with the AFEP-MEDEF Corporate Governance Code, Mr Axel Dumas decided, on 5 June 2013, to end his employment contract when he was appointed as Executive Chairman of Hermès International.

• Service provision agreements

No Executive Chairman directly or indirectly invoices services to the Company.

By a service provision contract dated 1 September 2005, amended several times since, Émile Hermès SARL wished to use the services of Hermès International to fulfil routine or exceptional duties in legal matters (legal secretariat, monitoring shareholders, etc.), financial matters (accounting, tax declarations, cash management, etc.) or secretarial matters. Any modification of the tasks assigned or re-invoicing specified (other than annual indexing) must be the subject of an amendment. This contract and its existing or future amendments are subject to the procedure on regulated agreements, as indicated in the special report from the statutory auditors on page 275.

• Directors' fees in the subsidiaries of the Group

The rules for the distribution of directors' fees within the Group specify that the members of the Executive Committee of Hermès International who are Directors in subsidiaries do not receive directors' fees in this regard.

Active Partner

Under the terms of Article L 26 of the Articles of Association, the Company pays 0.67% of the distributable profits to the Active Partners. The amounts paid in respect of the last two financial years are shown in the table below:

Compensation of the Active Partner	Distribution of profits paid pursuant to the previous financial year	
	2015	2014
Émile Hermès SARL	€5,646,531.33	€3,937,502.77

Supervisory Board, Audit Committee and Compensation, Appointments and Governance Committee

• Directors' fees and compensation

Supervisory Board members receive directors' fees and compensation in a total amount that is approved by the shareholders at the General Meeting and that is apportioned by the Supervisory Board.

Compensation paid to members of the Audit Committee and of the Compensation, Appointments and Governance Committee is deducted from the total amount of directors' fees.

The principles for apportioning directors' fees are set out in the report from the Chairman (page 24).

Table 3 on pages 89 and 90 details the directors' fees and other compensation received by the members of the Supervisory Board from Hermès International and the companies that it controls according to the meaning of Article L 233-16 of the Code de Commerce over the last two financial years.

The members of the Supervisory Board of a société en commandite par actions (partnership limited by shares) may be bound to the Company by an employment agreement with no condition other than that resulting from the existence of a relationship of subordination with the company and the recognition of effective employment.

Two members of the Supervisory Board have an employment contract with Hermès International or one of its subsidiaries:

– Julie Guerrand (Corporate Development Manager at

Hermès International from 7 March 2011 to 30 September 2014 and Deputy Managing Director – finance and organisation of the Hermès Cuir Précieux division since 1 October 2014);

– Denis Marmonier (Gateway Manager at Siegl).

For reasons of confidentiality, the salaries paid to them are not communicated.

• Options to subscribe for and/or to purchase shares – Free share distributions

No options to subscribe for or to purchase shares were allotted to Supervisory Board members during 2015, nor were any such options exercised by those persons.

No free shares were granted to any Supervisory Board members during 2015.

OPTIONS TO SUBSCRIBE FOR SHARES AS AT 31 DECEMBER 2015

All share subscription option plans lapsed in 2009. No authorisation from the General Meeting allows the Executive Management to grant share options.

SHARE PURCHASE OPTIONS, FREE ASSIGNMENTS OF SHARES AND OTHER COLLECTIVE ARRANGEMENTS FOR ASSOCIATING EMPLOYEES WITH THE PERFORMANCE OF THE GROUP ON 31 DECEMBER 2015

General policies on assignment of options and free shares

Assignments of share purchase options and free assignments of shares form part of the Hermès

Group’s long-term compensation policy. However, these assignments have historically been made at a multi-year rate (see comments below on the plans in force); they are exceptional and have benefited a much wider population than that of the Corporate Officers and Senior Executives of the Group.

Concerning assignments of free shares, in 2007, 2010 and in 2012, free shares were assigned to all Group staff (subject to minimum seniority on the assignment date) in France and abroad.

In accordance with the provisions of Articles L 225-197-1 and following of the Code de Commerce, these assignments were always associated with conditions of presence, and conditions of performance for some plans. With an objective of building long-term loyalty, these plans were associated with a rights acquisition period of four years for participants residing in France and six years for participants abroad, and a mandatory holding period of the shares thus acquired of two years for participants resident in France.

Share purchase option plans in force

The Executive Management was authorised to grant options to purchase shares to certain employees and Corporate Officers of Hermès International and of affiliated companies by the Extraordinary General Meeting. These grants of authority were not used in 2015. After the three-for-one stock split on 10 June 2006, by a decision of 12 June 2006, the Executive Management made the following adjustments for plans remaining in effect as of that date:

- the number of shares to which all outstanding share purchase options entitle the holders was tripled;
- the exercise price of all outstanding stock options was divided by three.

Information on the terms applying to stock option plans that remained in effect at 1 January 2015 and reflecting these adjustments is shown in [Table 8](#) on page 92.

[Table 9](#) on page 92 shows the number of options to purchase shares granted to the ten Non-Corporate Officers who received the largest number of options and options exercised by such employees.

Option plans for the assignment of free shares in force

In accordance with Article L 225-197-4 of the Code de Commerce, we hereby report to you on bonus shares granted during 2015.

The Executive Management has been authorised by the Extraordinary General Meeting to allot bonus shares, on one or more occasions, to some or all employees and/or Senior Executives of the Company or companies affiliated therewith, by granting existing shares in the Company for no consideration. The condition of delegations of authority still in force are shown on page 100.

The total number of shares freely assigned under each of these authorisations and the total number of purchase options granted and not yet exercised are limited to 2% of the number of shares in the Company on the day of assignment, without taking into account those already granted under previous authorisations. The Executive Management did not make use of any of these delegations of authority during the 2015 financial year.

You will find, in [Table 11](#) on page 93, the details of the conditions of the free share assignment plans (and notably the acquisition period, the retention period and the conditions of performance where applicable) and, in [Table 12](#) on page 94, the details of free shares assigned to the first 10 assignees who are Non-Corporate Officers.

Free share distributions do not dilute the share capital because they consist exclusively of existing shares in the Company. Their value as of the allotment date,

calculated using the method for recognition of the shares in the consolidated financial statements, is shown in the Notes to the Consolidated Financial Statements (Note 30.2, page 222).

It is proposed to the General Meeting of 31 May 2016 to renew the delegations of authority to the Executive Management, authorising it to proceed with assignments of existing shares in accordance with the provisions of Articles L 225-197-1 and following of the Code de Commerce.

OTHER INITIATIVES INVOLVING EMPLOYEES IN THE GROUP'S PERFORMANCE

A special participation agreement was signed in 2012 with all of the Representative Unions, enabling all employees of the companies in France to be associated with the profits of the Group in a harmonised manner.

Profit-sharing agreements are also in place at the level of the companies. These agreements have a duration of three years and aim to associate employees with the development of locally-determined indicators that are relevant with regard to the activity and environment of each of these entities, notably quality, safety and productivity.

TABLES PREPARED IN ACCORDANCE WITH THE AMF RECOMMENDATION NO. 2009-16 AMENDED ON 13 APRIL 2015 PERTAINING TO INFORMATION ON COMPENSATION OF CORPORATE OFFICERS TO BE DISCLOSED IN SHELF-REGISTRATION DOCUMENTS

Table no. 1

Table summarising compensation and options and shares assigned to each Executive Chairman	2015	2014
Mr Axel Dumas	from 1 January to 31 December 2015	from 1 January to 31 December 2014
Compensation due pursuant to the financial year (detailed in table no. 2)	€2,268,000	€2,100,000
Valuation of options assigned during the financial year (detailed in table no. 4)	n/a	n/a
Valuation of multi-year variable compensation assigned during the financial year	n/a	n/a
Valuation of performance shares assigned during the financial year (detailed in table no. 6)	n/a	n/a
Total	€2,268,000	€2,100,000
Total natural persons as Executive Chairmen	€2,268,000	€2,100,000
Émile Hermès SARL	from 1 January to 31 December 2015	from 1 January to 31 December 2014
Compensation due pursuant to the financial year (detailed in table no. 2)	€4,450,353	€4,082,383
Valuation of options assigned during the financial year (detailed in table no. 4)	n/a	n/a
Valuation of multi-year variable compensation assigned during the financial year	n/a	n/a
Valuation of performance shares assigned during the financial year (detailed in table no. 6)	n/a	n/a
Total	€4,450,353	€4,082,383
Total legal entities as Executive Chairmen	€4,450,353	€4,082,383

n/a: not applicable.

Table no. 2

Gross annual compensation of Executive Chairmen	2015			2014		
	Limits granted by the Articles of Association or the General Meeting	Amounts due (or allocated) by the Executive Management Board ⁽¹⁾	Amounts paid	Limits granted by the Articles of Association or the General Meeting	Amounts due (or allocated) by the Executive Management Board	Amounts paid
Mr Axel Dumas	<i>Decision of the Executive Management Board dated 23 March 2015</i>			<i>Decision of the Executive Management Board dated 18 March 2014</i>		
Statutory variable compensation ⁽²⁾	€2,573,899	€1,101,450	€1,101,450	€2,393,104	€1,050,000	€1,050,000
Additional compensation ⁽²⁾	€1,876,454	€1,166,550	€1,166,550	€1,689,279	€1,050,000	€1,050,000
<i>Of which fixed part</i>	€1,689,279	€1,050,187	€1,050,187	€1,494,845	€929,146	€929,146
<i>Of which part indexed on revenue</i>	€187,175	€116,363	€116,363	€194,434	€120,854	€120,854
Exceptional compensation	–	–	–	–	–	–
Bonus for 2013 ⁽³⁾	n/a	n/a	n/a	n/a	n/a	€166,667
Directors' fees	n/a	n/a	n/a	n/a	n/a	n/a
Benefits in kind	n/a	n/a	Car/ representation	n/a	n/a	Car/ representation
Émile Hermès SARL	<i>Decision of the Executive Management Board dated 23 March 2015</i>			<i>Decision of the Executive Management Board dated 18 March 2014</i>		
Statutory variable compensation ⁽²⁾	€2,573,899	€2,573,899	€2,573,899	€2,393,104	€2,393,104	€2,393,104
Additional compensation ⁽²⁾	€1,876,454	€1,876,454	€1,876,454	€1,689,279	€1,689,279	€1,689,279
<i>Of which fixed part</i>	€1,689,279	€1,689,279	€1,689,279	€1,494,845	€1,494,845	€1,494,845
<i>Of which part indexed on revenue</i>	€187,175	€187,175	€187,175	€194,434	€194,434	€194,434
Exceptional compensation	–	–	–	–	–	–
Directors' fees	n/a	n/a	n/a	n/a	n/a	n/a
Benefits in kind	n/a	n/a	n/a	n/a	n/a	n/a

n/a: not applicable.

(1) A detailed presentation of the principles and the amount (or the valuation) of the elements of the compensation of each Executive Chairman is shown in the description of proposed resolutions on pages 264 to 266.

(2) These amounts take into account the limits granted individually and collectively by the Articles of Association and the General Meeting.

(3) Mr Axel Dumas having been appointed Executive Chairman with effect from 5 June 2013, in 2014 he received, on a *pro rata* basis, the bonus that he was entitled to claim in this regard according to the objectives that were set for him in his employment contract as Managing Director of Operations from 1 January to 4 June 2013 before he was appointed Director of the Company.

Table no. 3

Directors' fees and other compensation received by members of the Supervisory Board in Hermès International Directors' fees received by Non-Executive Corporate Officers in the companies controlled by Hermès International	Amounts paid in 2016 pursuant to the 2015 financial year	Amounts paid in 2015 pursuant to the 2014 financial year
Overall amount of directors' fees and compensation allocated by the General Meeting of Hermès International	€500,000	€500,000
Overall amount of directors' fees and compensation actually assigned by Hermès International	€391,900	€392,800
Mr Éric de Seynes		
Compensation of the Chairman of the Supervisory Board	€100,000	€100,000
Directors' fees for Hermès International	n/a	n/a
- <i>fixed part</i>	–	–
- <i>variable part based on attendance</i>	–	–
Directors' fees for Hermès Sellier	€3,000	€3,000
Mrs Monique Cohen		
Compensation of the Chairman of the Audit Committee	€20,000	€10,000
Directors' fees for Hermès International	€22,000	€14,500
- <i>fixed part</i>	€8,000	€4,000
- <i>variable part based on attendance</i>	€14,000	€10,500
Mrs Dominique Senequier		
Compensation of the Chairman of the Compensation, Appointments and Governance Committee	€20,000	€20,000
Directors' fees for Hermès International	€22,000	€22,000
- <i>fixed part</i>	€8,000	€8,000
- <i>variable part based on attendance</i>	€14,000	€14,000
Mr Charles-Éric Bauer		
Compensation of the Audit Committee members	€9,000	€10,000
- <i>fixed part</i>	€4,000	€4,000
- <i>variable part based on attendance</i>	€5,000	€6,000
Directors' fees for Hermès International	€22,000	€22,000
- <i>fixed part</i>	€8,000	€8,000
- <i>variable part based on attendance</i>	€14,000	€14,000
Mr Matthieu Dumas		
Compensation of the Compensation, Appointments and Governance Committee members	€10,000	€10,000
- <i>fixed part</i>	€4,000	€4,000
- <i>variable part based on attendance</i>	€6,000	€6,000
Directors' fees for Hermès International	€22,000	€22,000
- <i>fixed part</i>	€8,000	€8,000
- <i>variable part based on attendance</i>	€14,000	€14,000
Directors' fees Comptoir Nouveau de la Parfumerie	€3,000	€3,000
Mr Blaise Guerrand		
Directors' fees for Hermès International	€22,000	€22,000
- <i>fixed part</i>	€8,000	€8,000
- <i>variable part based on attendance</i>	€14,000	€14,000
Directors' fees for Hermès Sellier	€3,000	€3,000
Mrs Julie Guerrand		
Directors' fees for Hermès International	€22,000	€22,000
- <i>fixed part</i>	€8,000	€8,000
- <i>variable part based on attendance</i>	€14,000	€14,000

n/a: not applicable.

Table no. 3 (continued)

Directors' fees and other compensation received by members of the Supervisory Board in Hermès International Directors' fees received by Non-Executive Corporate Officers in the companies controlled by Hermès International	Amounts paid in 2016 pursuant to the 2015 financial year	Amounts paid in 2015 pursuant to the 2014 financial year
Mr Renaud Momméja		
Compensation of the Audit Committee members	€9,300	€8,500
- fixed part	€4,000	€4,000
- variable part based on attendance ⁽¹⁾	€5,300	€4,500
Directors' fees for Hermès International	€22,000	€22,000
- fixed part	€8,000	€8,000
- variable part based on attendance	€14,000	€14,000
Directors' fees Comptoir Nouveau de la Parfumerie	€3,000	€3,000
Mr Robert Peugeot		
Compensation of the Audit Committee members	€9,600	€7,000
- fixed part	€4,000	€4,000
- variable part based on attendance ⁽¹⁾	€5,600	€3,000
Compensation of the Compensation, Appointments and Governance Committee members	€10,000	€8,800
- fixed part	€4,000	€4,000
- variable part based on attendance	€6,000	€4,800
Directors' fees for Hermès International	€20,000	€18,500
- fixed part	€8,000	€8,000
- variable part based on attendance	€12,000	€10,500
Mrs Florence Woerth		
Compensation of the Audit Committee members	€10,000	€10,000
- fixed part	€4,000	€4,000
- variable part based on attendance	€6,000	€6,000
Directors' fees for Hermès International	€20,000	€22,000
- fixed part	€8,000	€8,000
- variable part based on attendance	€12,000	€14,000
Mr Denis Marmonier		
Directors' fees for Hermès International	n/a	n/a
- fixed part	n/a	n/a
- variable part based on attendance	n/a	n/a

n/a: not applicable.

(1) A regularisation was performed pursuant to 2014 to take into account a meeting of the Audit Committee on 12 December 2014, which was not counted in the calculation of directors' fees for the previous year. This regularisation concerns two members of the Audit Committee and represents a total amount of €900.

Table no. 4

Options for subscription or purchase of shares assigned during the financial year to Executive Chairmen by Hermès International and by all companies of the Group						
Name of the Executive Corporate Officer	Number and date of plan	Nature of options	Valuation of options according to the method used for the consolidated accounts	Number of options assigned during the financial year	Exercise price	Exercise period
Mr Axel Dumas	n/a	n/a	n/a	–	n/a	n/a

n/a: not applicable.

Table no. 5

Options for subscription or purchase of shares exercised during the financial year by the Executive Chairmen of Hermès International			
Name of the Executive Corporate Officer	Number and date of plan	Number of options exercised during the financial year	Exercise price
Mr Axel Dumas	n/a	n/a	n/a
Total	n/a	n/a	n/a

n/a: not applicable.

Table no. 6

Performance-based share distributions assigned to each Corporate Officer						
Performance-based share distributions assigned by the Shareholders General Meeting during the financial year to each Corporate Officer by the issuer and by all companies of the Group (nominative list)	Number and date of plan	Number of shares assigned during the financial year	Valuation of shares according to the method used for the consolidated accounts	Acquisition date	Availability date	Performance conditions
Mr Axel Dumas	n/a	n/a	n/a	n/a	n/a	n/a
Total	n/a	n/a	n/a	n/a	n/a	n/a

n/a: not applicable.

Table no. 7

Performance-based share distributions made available to each Corporate Officer			
Name of the Corporate Officer	Number and date of plan	Number of shares acquired during the financial year	Conditions of acquisition
Mr Axel Dumas	n/a	n/a	n/a
Total	n/a	n/a	n/a

n/a: not applicable.

Table no. 8

History of assignments of options for subscription or purchase of shares Information on the options for subscription or purchase	
Meeting of 25/05/1998 (sixth resolution) – Options for subscription or purchase	Plans nos. 1 to 4 expired
Meeting of 03/06/2003 (fifteenth resolution) – Purchase options	Plans nos. 5 and 6 expired
Meeting of 06/06/2006 (ninth resolution) – Purchase options	Plan no. 7 expired
Meeting of 02/06/2009 (fourteenth resolution) – Purchase options	No plan put in place in 2009, 2010 or 2011
Meeting of 30/05/2011 (twenty-first resolution) – Purchase options	No plan put in place in 2011 or 2012
Meeting of 29/05/2012 (thirteenth resolution) – Purchase options	No plan put in place in 2012 or 2013
Meeting of 04/06/2013 (eighteenth resolution) – Purchase options	No plan put in place in 2013 or 2014
Meeting of 03/06/2014 (sixteenth resolution) – Purchase options	No plan put in place in 2014
Meeting of 02/06/2015 (fourteenth resolution) – Purchase options	No plan put in place in 2015

Table no. 9

Options for the subscription or purchase of shares granted to the first ten Non-Corporate Officer assignees and options exercised by the latter	Total number of options assigned/ shares subscribed or purchased	Weighted average price	Plans nos. 1 to 7
Options granted, during the financial year, by the issuer and any company included within the scope of assignment of the options, to the ten employees of the issuer and of any company included within this scope for whom the number of options thus granted is the highest (overall information)	n/a	n/a	Plans expired
Options held on the issuer and the companies previously mentioned, exercised during the financial year by the ten employees of the issuer and of these companies for whom the number of options thus purchased or subscribed is the highest (overall information)	n/a	n/a	

n/a: not applicable.

Table no. 10

Directors (natural persons)	Employment contract	Supplementary pension scheme	Compensation or benefits due or likely to be due because of cessation or change of functions ⁽¹⁾	Compensation relative to a non-competition clause
Mr Axel Dumas, Executive Chairman Date of start of term of office: 05/06/2013 Date of end of term of office: Indeterminate	no ⁽²⁾	yes	yes	no

(1) The details of these commitments are shown on page 264.

(2) Since 05 June 2013.

Table no. 11

Details of free share allocation plans still in force on 1 January 2015				
Date of authorisation by the Extraordinary General Meeting	02/06/2009 (fifteenth resolution)	02/06/2009 (fifteenth resolution)	30/05/2011 (twenty-ninth resolution)	30/05/2011 (twenty-ninth resolution)
Date of the decision by the Executive Management	31/05/2010 (plan b)	31/05/2010 (plan c)	15/05/2012 (plan d)	15/05/2012 (plan e)
Total number of shares assigned	188,500 ⁽³⁾	229,860	515,280	302,000
Shares assigned to Directors ⁽¹⁾	24,000	180	420	70,000
Number of Directors ⁽¹⁾ concerned	6	6	7	7
Share related to capital of assignments of shares to Directors	0.02%	n. s.	n. s.	0.06%
French tax residents on the date of assignment: – acquisition period – date of transfer of ownership of shares	4 years 01/06/2014	4 years 01/06/2014	3 tranches of 20 shares 4 / 5 / 6 years 16/05/2016 16/05/2017 16/05/2018 17/05/2018 17/05/2019 17/05/2020	4 years 16/05/2016
– end of the retention period	02/06/2016	02/06/2016		17/05/2018
Tax residents outside France on the date of assignment: – acquisition period – date of transfer of ownership of shares	6 years 01/06/2016	6 years 01/06/2016	3 tranches of 20 shares 6 / 7 / 8 years 16/05/2018 16/05/2019 16/05/2020	6 years 16/05/2018
– end of the retention period	n/a	n/a	n/a	n/a
Performance conditions	Yes	No	No	Yes
Number of shares acquired ⁽²⁾ on 31/12/2015	128,000	133,980	2,160	500
Number of shares lost on 31/12/2015	13,000	41,490	79,560	10,000

n/s: not significant; n/a: not applicable.

(1) The following are considered Directors in the present table no. 11: Executive Chairmen, members of the Supervisory Board and the members of the Executive Committee of the issuer on the date of assignment.

(2) Including by early release in accordance with the regulations of the plan (death, invalidity).

(3) Maximum.

Table no. 12

Assignments of free shares granted to the first ten Non-Corporate Officer assignees	Total number of shares assigned	Date of the plan
Shares assigned, during the financial year, to the ten employees of the issuer and any company included in this scope for whom the number of shares thus granted is the highest (overall information)	n/a	n/a

n/a: not applicable.

The tables nos. 1 to 10 shown above were numbered by reference to the recommendation of the AMF no. 2009-16 modified on 13 April 2015 relative to the information to be given in shelf-registration documents on the compensation of Corporate Officers. The tables nos. 11 and 12 were numbered at the initiative of Hermès International.

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Information on the share capital

SHARE CAPITAL

	Amount	Number of shares	Nominal value
As at 01/01/2015	€53,840,400.12	105,569,412	€0.51
As at 31/12/2015	€53,840,400.12	105,569,412	€0.51
On the day of the Meeting	€53,840,400.12	105,569,412	€0.51

The shares are fully paid-up.

VOTING RIGHTS

By the 15th of each month at the latest, the Company issues a report on the total number of voting rights and shares that make up the share capital on the last day of the previous month and publishes it on its website (<http://finance.hermes.com>).

On 29 February 2016, the total number of voting rights (including shares deprived of voting rights) stood at 173,956,413. Each share gives the holder the right to at least one vote in General Meetings of shareholders, except for treasury shares held by the Company, which have no voting rights.

Ownership of certain shares is split between a beneficial owner and a legal owner. In accordance with the Articles of Association, voting rights attached to the shares are exercised by the legal owners at all general meetings (ordinary, extraordinary or special meetings), save for decisions regarding the appropriation of net income, in which case the beneficial owner exercises the voting rights.

Furthermore, double voting rights are allocated to:

- any fully-paid registered share which has been duly recorded on the books in the name of the same shareholder for a period of at least four years from the date of the first general meeting following the fourth anniversary of the date when the share was registered on the books; and
- any registered share allotted for no consideration

to a shareholder, in the event of a capital increase effected by capitalisation of sums in the share premium, reserve or retained earnings accounts, in proportion to any existing shares which carry double voting rights.

Double voting rights ceased automatically under the conditions specified by the law and notably for any share that was the subject of a conversion to bearer or a transfer, excluding any “registered to registered” transfer following succession, liquidation of community of property between spouses or family donation. Failure to disclose attainment of certain ownership thresholds as provided by law or by the Articles of Association may disqualify the shares for voting purposes (see Article 11 of the Articles of Association on page 299).

INFORMATION ON FACTORS LIABLE TO AFFECT THE OUTCOME OF A PUBLIC OFFERING

As a société en commandite par actions (partnership limited by shares), Hermès International is governed by certain provisions specific to this corporate form, stipulated by law or by the Articles of Association, and which are liable to have an effect in case of a takeover bid, namely:

- the Executive Chairmen may only be appointed or dismissed by the Active Partner;
- Émile Hermès SARL, the Active Partner, must retain in its Articles of association certain provisions concerning its legal form, corporate purpose and the conditions to be met to qualify as a partner (see Article 14.3 of the Articles of Association of Hermès International on page 301);
- the Company may be converted into an SA (corporation) only with the consent of the Active Partner; and
- except for decisions coming under their exclusive

competence, no decision by meetings of Limited Partners (shareholders) is legitimately taken if it was not approved by the Active Partner no later than the closure of the said Meeting.

Hermès International's Articles of Association also contain stipulations that are liable to produce an impact on the outcome of a public offering, namely:

- voting rights are exercised by the legal owners at all general meetings, except for decisions regarding the appropriation of net income, in which case the beneficial owner shall exercise the voting rights;
- double voting rights are allocated to each share registered on the books in the name of the same shareholder for a period of four consecutive years;
- any shareholder who comes to hold 0.5% of the shares and/or voting rights, or any multiple of that percentage, must disclose this fact (Article 11 of the Articles of Association).

Furthermore, a priority right to acquire Hermès International shares, granted by the members of the Hermès family group and descendants of these members for the benefit of the company H51 is explained on page 112.

Lastly, the Executive Management has a grant of authority to carry out capital increases.

CHANGES IN SHARE CAPITAL OVER THE PAST THREE YEARS

No change of capital occurred over the last three financial years.

Information on the share capital

SUMMARY TABLE OF THE USE OF FINANCIAL DELEGATIONS OF AUTHORITY

In accordance with the provisions of Article L 225-100 sub-paragraph 7 of the Code de Commerce, the table below shows all of the delegations of competence and powers granted by the General Meeting to the Executive Management, in financial matters, distinguishing: delegations that remain valid; delegations used during the 2015 financial year, where applicable; new delegations submitted to the General Meeting on 31 May 2016.

	Resolution number	Duration of the authorisation Expiry ⁽¹⁾	Characteristics	Use during the 2015 financial year
General Meeting of 4 June 2013				
Increase in capital by incorporation of reserves	Fourteenth	26 months 2 June 2015	The nominal amount of capital increases that may be carried out immediately and/or in the future pursuant to this delegation of authority may not be greater than 20% of the share capital on the date of the Meeting; any capital increases carried out in accordance with this delegation shall not count against the limit common to the delegations granted in the fifteenth, sixteenth and seventeenth resolutions.	None
Issues with preferential subscription rights to any securities giving access to capital	Fifteenth	26 months 2 June 2015	The nominal amount of capital increases that may be carried out immediately and/or in the future pursuant to the present delegation of authority may not be greater than 20% of the share capital, this limit being common to all capital increases carried out pursuant to the delegations granted in the fifteenth, sixteenth and seventeenth resolutions.	None
Issues without preferential subscription rights to any securities giving access to capital	Sixteenth	26 months 2 June 2015	The nominal amount of debt securities that may be issued pursuant to the present delegation of authority may not be greater than 20% of the share capital, this limit being common to all issues made pursuant to the delegations granted in the fifteenth and sixteenth resolutions.	None
Capital increase without preferential subscription rights in favour of members of a savings plan	Seventeenth	26 months 2 June 2015	The nominal amount of capital increases that may be carried out immediately and/or in the future pursuant to the present delegation of authority may not be greater than 1% of the share capital, this limit being offset against the limit of 20% common to the delegations granted in the fifteenth, sixteenth and seventeenth resolutions. Discount fixed at 20% of the average of the prices quoted for the Company's share during the 20 stock market trading days preceding the day of the decision fixing the date of opening of subscriptions.	None
General Meeting of 3 June 2014				
Purchase of shares	Fourteenth	18 months 2 June 2015	Limit of 10% of the capital Maximum purchase price €400 Maximum funds committed €800m	See page 117
Cancellation of purchased shares (general cancellation programme)	Fifteenth	24 months 2 June 2015	Limit of 10% of the capital	None
Assignment of share purchase options	Sixteenth	38 months 2 June 2015	The purchase price of the shares shall be set by the Executive Management within the limits and according to the procedures specified in Article L 225-177 sub-paragraph 4 of the Code de Commerce, and shall be at least equal to the average of the prices quoted during the 20 stock market trading days preceding the assignment of the option, without being less than 80% of the average purchase price of the shares held. In the event of grants to one or more Executive Chairmen: - the Company must fulfil one or more of the conditions specified in Article L 225-186-1 of the Code de Commerce, and - the purchase options may not be exercised before the cessation of functions of the Executive Chairmen, unless a quantity of shares resulting from option exercise has been fixed that they must keep registered until the cessation of their functions, - the options granted will be subject to serious and demanding performance conditions to be satisfied for several years and defined at the time of their assignment, - the maximum percentage of purchase options that may be granted shall be 0.05%, this sub-limit being offset against the limit of 2% common to the delegations of authority in the sixteenth and seventeenth resolutions. The number of purchase options granted pursuant to the sixteenth resolution and the number of shares freely assigned pursuant to the seventeenth resolution may not represent a number of shares greater than 2% of the total number of shares existing at the time of the assignment without taking into account those already granted pursuant to previous authorisations.	None

	Resolution number	Duration of the authorisation Expiry ⁽¹⁾	Characteristics		Use during the 2015 financial year
Assignment of free shares in favour of employees	Seventeenth	38 months 2 June 2015		In the event of grants to one or more Executive Chairmen: - the Company must fulfil one or more of the conditions specified in Article L 225-197-6 of the Code de Commerce, and - the assigned shares may not be sold before the cessation of functions of the Executive Chairmen, unless a quantity of these shares has been fixed that they must keep registered until the cessation of their functions, - the freely-assigned shares will be subject to serious and demanding performance conditions to be satisfied for several years and defined at the time of their assignment, - the maximum percentage of free shares that may be assigned shall be 0.05%, this sub-platform being offset against the platform of 2% common to the delegations of authority of the sixteenth and seventeenth resolutions.	None
General Meeting of 2 June 2015					
Purchase of shares	Eleventh	18 months 2 December 2016 ⁽²⁾		Limit of 10% of the capital Maximum purchase price €500 Maximum funds committed €850m	See page 117
Cancellation of treasury shares (general cancellation programme)	Thirteenth	24 months 2 June 2017 ⁽²⁾		Limit of 10% of the capital	None
In accordance with Article L 233-32 of the Code de Commerce, the delegations of authority below granted pursuant to the fourteenth (purchase options), fifteenth (free shares), seventeenth (issue with maintenance of preferential subscription rights), eighteenth (issue with elimination of preferential subscription rights), nineteenth (capital increase reserved for members of a company or group savings plan), twentieth (issued by private placement) and twenty-first (issue to compensate contributions in kind) resolutions may be implemented during a period of a public offer on the securities of the Company.					
Assignment of share purchase options	Fourteenth	38 months 2 August 2018 ⁽²⁾	The number of purchase options granted pursuant to the fourteenth resolution and the number of shares freely assigned pursuant to the fifteenth resolution may not represent a number of shares greater than 2% of the total number of shares existing at the time of the assignment without taking into account those already granted pursuant to previous authorisations.	The purchase price of the shares shall be set by the Executive Management within the limits and according to the procedures specified in Article L 225-177 sub-paragraph 4 of the Code de Commerce, and shall be at least equal to the average of the prices quoted for the Company's share on the regulated market Euronext Paris during the 20 stock market trading days preceding the assignment of the option, without being less than 80% of the average purchase price of the shares held. In the event of grants to one or more Executive Chairmen: - the Company must fulfil one or more of the conditions specified in Article L 225-186-1 of the Code de Commerce, and - the purchase options may not be exercised before the cessation of functions of the Executive Chairmen, unless a quantity of shares resulting from option exercise has been fixed that they must keep registered until the cessation of their functions, - the options granted will be subject to serious and demanding performance conditions to be satisfied for several years and defined at the time of their assignment, - the maximum percentage of shares to which entitlement may be given by the purchase options granted to the Executive Chairmen pursuant to the present resolution shall be 0.05% of the share capital on the day of the assignment decision by the Executive Management, this sub-limit being offset against the limit of 2% common to the delegations of authority of the fourteenth and fifteenth resolutions.	None

Information on the share capital

	Resolution number	Duration of the authorisation Expiry ⁽¹⁾	Characteristics		Use during the 2015 financial year
Free assignment of the Company's existing ordinary shares	Fifteenth	38 months 2 August 2018 ⁽²⁾		In the event of grants to one or more Executive Chairmen: - the Company must fulfil one or more of the conditions specified in Article L. 225-197-6 of the Code de Commerce, and - the assigned shares may not be sold before the cessation of functions of the Executive Chairmen, unless a quantity of these shares has been fixed that they must keep registered until the cessation of their functions, - the freely-assigned shares will be subject to serious and demanding performance conditions to be satisfied for several years and defined at the time of their assignment, - the maximum percentage of free shares that may be assigned shall be 0.05%, this sub-platform being offset against the platform of 2% common to the delegations of authority of the fourteenth and fifteenth resolutions.	None
Capital increase by capitalisation of reserves, earnings and/or premiums and/or free assignment of shares and/or increase in the par value of existing shares	Sixteenth	26 months 2 August 2017	The nominal amount of capital increases that may be carried out immediately and/or in the future pursuant to this delegation of authority may not be greater than 40% of the share capital on the date of the meeting; any capital increases carried out in accordance with this delegation shall not count against the limit common to the delegations granted in the seventeenth, eighteenth, nineteenth, twentieth and twenty-first resolutions.		None
Issues of shares and/or any securities giving access to capital with maintenance of preferential subscription rights	Seventeenth	26 months 2 August 2017	The nominal amount of capital increases that may be carried out immediately and/or in the future pursuant to this delegation of authority may not be greater than 40% of the share capital on the date of the meeting; any capital increases carried out in accordance with this delegation being counted against the limit of 40% common to the delegations granted in the seventeenth, eighteenth, nineteenth, twentieth and twenty-first resolutions.		None
Issue of shares and/or any other securities giving access to capital with elimination of preferential subscription rights but with the option to establish a priority subscription period, by public offer	Eighteenth	26 months 2 August 2017	Discount fixed at 20% of the average of the prices quoted for the Company's share during the 20 stock market trading days preceding the day of the decision fixing the date of opening of subscriptions.	The nominal amount of the debt securities that may be issued immediately and/or in future pursuant to the present delegation of authority may not be greater than one billion euros, this limit being common to all of the seventeenth, eighteenth, twentieth and twenty-first resolutions.	None
Capital increase without preferential subscription rights in favour of members of a savings plan	Nineteenth	26 months 2 August 2017	The nominal amount of capital increases that may be carried out immediately and/or in future pursuant to the nineteenth (capital increase reserved for members of a Company or group savings plan) resolution may not be greater than 1% of the share capital, this limit being offset against the limit of 40% common to the delegations of authority granted in the seventeenth, eighteenth, nineteenth, twentieth and twenty-first resolutions. Discount fixed at 20% of the average of the prices quoted for the Company's share during the 20 stock market trading days preceding the day of the decision fixing the date of opening of subscriptions.		None
Issue of shares and/or any other securities giving access to capital, with elimination of preferential subscription rights, by private placement covered by Article L 411-2, II of the Monetary and Financial Code	Twentieth	26 months 2 August 2017	The nominal amount of capital increases that may be carried out immediately and/or in the future pursuant to this delegation of authority may not be greater than 20% of the share capital on the date of the meeting; any capital increases carried out in accordance with this delegation being counted against the limit of 40% common to the delegations granted in the seventeenth, eighteenth, nineteenth, twentieth and twenty-first resolutions. Discount fixed at 20% of the average of the prices quoted for the Company's share during the 20 stock market trading days preceding the day of the decision fixing the date of opening of subscriptions.	The nominal amount of the debt securities that may be issued immediately and/or in future pursuant to the present delegation of authority may not be greater than one billion euros, this limit being common to all of the seventeenth, eighteenth, twentieth and twenty-first resolutions	None

	Resolution number	Duration of the authorisation Expiry ⁽¹⁾	Characteristics		Use during the 2015 financial year
Issue of shares and/or securities giving access to capital, with elimination of preferential subscription rights, in order to pay for contributions in kind granted to the Company relating to equity securities or securities giving access to capital.	Twenty-first	26 months 2 August 2017	The nominal amount of capital increases that may be carried out immediately and/or in the future pursuant to this delegation of authority may not be greater than 10% of the share capital on the date of the meeting; any capital increases carried out in accordance with this delegation being counted against the limit of 40% common to the delegations granted in the seventeenth, eighteenth, nineteenth, twentieth and twenty-first resolutions. Discount fixed at 20% of the average of the prices quoted for the Company's share during the 20 stock market trading days preceding the day of the decision fixing the date of opening of subscriptions.		None
Delegations proposed to the General Meeting dated 31 May 2016					
Purchase of shares	Twelfth	18 months 30 November 2017	Limit of 10% of the capital Maximum purchase price €500 Maximum funds committed €1,000m		–
Cancellation of treasury shares (general cancellation programme)	Thirteenth	24 months 31 May 2018	Limit of 10% of the capital		–
Assignment of share purchase options	Fourteenth	38 months 31 July 2019	<p>The purchase price of the shares shall be set by the Executive Management within the limits and according to the procedures specified in Article L 225-177 sub-paragraph 4 of the Commerce de Code, and shall be at least equal to the average of the prices quoted for the Company's share on the regulated market Euronext Paris during the 20 stock market trading days preceding the assignment of the option, without being less than 80% of the average purchase price of the shares held.</p> <p>In the event of grants to one or more Executive Chairmen:</p> <ul style="list-style-type: none"> – the Company must fulfil one or more of the conditions specified in Article L 225-186-1 of the Code de Commerce, and – the purchase options may not be exercised before the cessation of functions of the Executive Chairmen, unless a quantity of shares resulting from option exercise has been fixed that they must keep registered until the cessation of their functions, – the exercise price of the options will not include any discount, – the options granted will be subject to serious and demanding performance conditions to be satisfied for several years and defined at the time of their assignment, – the maximum percentage of shares to which entitlement may be given by the purchase options granted to the Executive Chairmen pursuant to the present resolution shall be 0.05% of the share capital on the day of the assignment decision by the Executive Management, this sub-limit being offset against the limit of 2% common to the delegations of authority of the fourteenth and fifteenth resolutions. <p>The number of purchase options granted pursuant to the fourteenth resolution and the number of shares freely assigned pursuant to the fifteenth resolution may not represent a number of shares greater than 2% of the total number of shares existing at the time of the assignment without taking into account those already granted pursuant to previous authorisations.</p>		–

Information on the share capital

	Resolution number	Duration of the authorisation Expiry ⁽¹⁾	Characteristics		Use during the 2015 financial year
Free assignment of the Company's existing ordinary shares	Fifteenth	38 months 31 July 2019	The number of purchase options granted pursuant to the fourteenth resolution and the number of shares freely assigned pursuant to the fifteenth resolution may not represent a number of shares greater than 2% of the total number of shares existing at the time of the assignment without taking into account those already granted pursuant to previous authorisations.	In the event of grants to one or more Executive Chairmen: <ul style="list-style-type: none"> - the Company must fulfil one or more of the conditions specified in Article L. 225-197-6 of the Code de Commerce, and - the assigned shares may not be sold before the cessation of functions of the Executive Chairmen, unless a quantity of these shares has been fixed that they must keep registered until the cessation of their functions, - the freely-assigned shares will be subject to serious and demanding performance conditions to be satisfied for several years and defined at the time of their assignment, - the maximum percentage of free shares that may be assigned shall be 0.05%, this sub-platform being offset against the platform of 2% common to the delegations of authority of the fourteenth and fifteenth resolutions. 	-

(1) The statement of expiration of valid authorisations before the general meeting of 2 June 2015 included delegations of authority which cancelled prior delegations of the same nature for the duration remaining to run and for the unused fraction.

(2) These delegations are intended to be cancelled, for the duration remaining to run and for the unused fraction, in case of the adoption of a new delegations of the same nature by the General Meeting of 31 May 2016.

Information on the Shareholders

NUMBER OF SHAREHOLDERS

At least once each year, the Company uses the Euro-clear France “identifiable bearer shares” procedure (TPI) to identify its shareholders. During the study of 31 December 2015, there were about 90,000 shareholders; there were approximately 107,000 of them on 31 December 2014 and about 23,000 on 31 December 2013.

The great increase in the number of shareholders seen in 2014 results (i) from the exceptional distribution in kind of Hermès International shares by the company LVMH Moët Hennessy - Louis Vuitton, (ii) the payment of an interim dividend in kind in the form of Hermès International shares by Financière Jean Goujon, and (iii) from the exceptional distribution in kind of shares of Hermès International and the payment of an interim dividend in kind in the form of Hermès International shares by Christian Dior, successively carried out by these companies for the benefit of their respective shareholders at the end of 2014.

PERCENTAGE OF INDIVIDUAL SHAREHOLDERS

The percentage of individual shareholders was 5.4% in 2015, against 5.23% in 2014. Grouping the registered shares held on 31 December 2015 by the individual shareholders and the bearer shares identified by the TPI on the same date, excluding holdings by the family groups.

MAIN SHAREHOLDERS ON 31 DECEMBER 2015 – CONTROL OF THE COMPANY

Hermès International is controlled – through the intermediary of Émile Hermès SARL, its Active Partner – by the Hermès family group, which also holds, notably via the intermediary of the company H51 SAS, a majority shareholding (in capital and voting rights) within the Company in the capacity of Limited Partner. This control is exclusive control according to the meaning of Article L 233-16 of the Code de Commerce.

The companies H51 SAS and H2 SAS are held exclusively by members of the Hermès family group.

To the Company’s knowledge, there are no shareholders other than those shown in the tables on page 110, directly or indirectly holding, alone or together, more than 5% of the capital or voting rights.

The ownership interests of Corporate Officers, Senior Executives and Supervisory Board members are listed on page 81.

Material changes in ownership of the share capital over the past three years are described below, under “Ownership threshold disclosures”. To the Company’s knowledge, the organisation of the Hermès family group has not been significantly modified since the incorporation of the company H51 SAS.

Significant movements occurring during the last three years in the distribution of its capital and voting rights, and the reasons for these movements – Retention commitment

According to the terms of a transaction signed on 3 September 2014, LVMH Moët Hennessy - Louis Vuitton undertook to distribute to its shareholders all of the shares that it held in Hermès International, followed by the distribution by Financière Jean Goujon

and Christian Dior to their own shareholders of shares thus received from LVMH Moët Hennessy - Louis Vuitton. The share distributions were implemented at the end of 2014 and the start of 2015, with LVMH Moët Hennessy - Louis Vuitton and Christian Dior holding only a residual balance of the Hermès International shares, which they disposed of no later than 2 September 2015.

LVMH Moët Hennessy - Louis Vuitton, Christian Dior and the Arnault family group also gave an undertaking not to acquire Hermès shares for a period of five years.

Variations occurring after closure of the financial year

The proportion of voting rights held by the Hermès family group on 31 March 2016 stood at 74.7% (resolution on assignment of earnings) and 77.1% (other resolutions) mainly due to a significant acquisition of double voting rights occurring in February 2016. The forward transactions of 1 April 2016 mentioned below, subsequent to this date, are not taken into account.

Also, the proportion of capital held by the Hermès family group was reduced on 1 April 2016 following the settlement of forward transactions covering 0.4% of the capital (AMF declarations 2016DD424010, 2016DD424011 and 2016DD424014).

To the Company's knowledge, there has been no significant change with regards to Hermès International shareholders between 31 December 2015 and the date on which this registration document was filed with the AMF.

Measures taken to prevent abusive control

Refer to chapter "Corporate governance", page 15, and to paragraph "Conflicts of interest", page 79.

BREACH OF THRESHOLDS

Breaches of thresholds occurring after the closure of the 2015 financial year

No breach of any legal threshold was declared after closure of the 2015 financial year.

Share ownership threshold disclosures in 2015

In 2015, the following breach of a legal threshold was declared:

• **AMF notice no. 215C0070.** On 6 January 2015, the Arnault family group declared that it crossed below the threshold of 10% of the capital of Hermès International and held, directly and indirectly, through the intermediary of companies that it controls, 10,444,636 shares in Hermès International representing as many voting rights, namely 9.89% of the capital and 6.88% of the voting rights, distributed as follows:

	Shares	% capital	Voting rights	% voting rights
Semyrhamis	8,771,914	8.31	8,771,914	5.78
LVMH	1,197,451	1.13	1,197,451	0.79
Christian Dior	333,080	0.32	333,080	0.22
Famille Arnault	142,191	0.13	142,191	0.09
Total Arnault family group	10,444,636	9.89	10,444,636	6.88

This downward breach of the threshold results from the exceptional distributions of Hermès International shares for the benefit of the shareholders in the companies LVMH Moët Hennessy - Louis Vuitton (exceptional distribution in kind) and Christian Dior (exceptional distribution in kind and interim dividend in kind), as the distribution transactions were implemented.

It should be noted that, in accordance with the statements in the aforementioned notice to the

AMF, the 1,197,451 shares in Hermès International held by LVMH Moët Hennessy - Louis Vuitton and the 330,080 shares in Hermès International held by Christian Dior correspond to a balance of shares pursuant to exceptional transactions for the distribution of shares in kind not yet delivered or intended to be disposed of.

By letter dated 2 April 2015, the Arnault family group declared that it held, on 31 March 2015, 8,972,665 shares representing 8.5% of the capital and 5.95% of the voting rights. This drop results from the sale by LVMH Moët Hennessy - Louis Vuitton, controlled by the Arnault family group, of fractional amounts of Hermès International shares pursuant to the exceptional distribution in kind that was made on 17 December 2014.

Ownership threshold disclosures during the past two financial years

Share ownership threshold disclosures in 2014

In 2014, the following breaches of a legal threshold were declared:

- **AMF notice no. 214C2722.** On 18 December 2014, the Arnault family group declared that it had crossed below the thresholds of 20% of the capital and 15% of the voting rights of Hermès International and, on 22 December 2014, the thresholds of 15% of the capital and 10% of the voting rights of this Company and that it held, at this latter date, directly and indirectly, through the intermediary of the companies that it controlled, 13,938,737 shares in Hermès International representing as many voting rights, namely 13.20% of the capital and 9.18% of the voting rights, divided as follows:

	Shares	% capital	Voting rights	% voting rights
Semyrhamis	8,771,914	8.31	8,771,914	5.78
LVMH	4,018,561	3.81	4,018,561	2.65
Christian Dior	1,006,071	0.95	1,006,071	0.66
Famille Arnault	142,191	0.13	142,191	0.09
Total Arnault family group	13,938,737	13.20	13,938,737	9.18

These breaches of the thresholds result (i) from the exceptional distribution in kind of Hermès International shares by the company LVMH Moët Hennessy - Louis Vuitton, (ii) the payment of an interim dividend in kind in the form of Hermès International shares by Financière Jean Goujon, and (iii) from the exceptional distribution in kind of shares of Hermès International and the payment of an interim dividend in kind in the form of Hermès International shares by Christian Dior, successively carried out by these companies for the benefit of their respective shareholders.

At the time of these transactions:

- LVMH Moët Hennessy - Louis Vuitton declared that it crossed below (i) on 17 December 2014, the thresholds of 20% of the capital, 15% of the capital and voting rights and 10% of the voting rights of Hermès International, (ii) on 18 December 2014, the threshold of 10% of the capital of Hermès International, (iii) on 19 December 2014, the threshold of 5% of the voting rights of Hermès International and (iv) on 22 December 2014, the threshold of 5% of the capital of Hermès International, following the exceptional distribution in kind of Hermès International shares for the benefit of its shareholders;
- Financière Jean Goujon declared that it crossed above, on 17 December 2014, following an exceptional distribution of Hermès International shares performed by LVMH Moët Hennessy - Louis Vuitton for the benefit of its shareholders, the thresholds of

5% of the capital and voting rights of Hermès International, then crossed below, on the same day, following a distribution of Hermès International shares in the form of an interim dividend in kind by Financière Jean Goujon for the benefit of its single shareholder, the same thresholds and no longer held any share in this company;

– Christian Dior declared that it crossed above, on 17 December 2014, following a distribution for its benefit of Hermès International shares previously held by Financière Jean Goujon, the thresholds of 5% of the capital and voting rights in Hermès International, then crossed below the same thresholds on the same day, following an exceptional distribution in kind of Hermès International shares and payment of an interim dividend in kind in the form of Hermès International shares by Christian Dior for the benefit of its shareholders;

– The company Semyrhamis declared that it crossed above, on 17 December 2014, following the aforementioned Hermès International share distribution transactions performed by Christian Dior for the benefit of its shareholders, the thresholds of 5% of the capital of Hermès International, and the same day, following purchases from other companies controlled by the Arnault family group, the threshold of 5% of the voting rights in Hermès International.

Share ownership threshold disclosures in 2013

No breach of a legal threshold was declared in 2013.

EXEMPTION DECISION

At its meeting of 6 January 2011, the AMF granted an exemption to the requirement to file a proposed public offer to buy out the shares of Hermès International, following a petition filed by 52 natural persons and their family companies that are direct

shareholders of Hermès International (see decision no. 211C0024, the entire text of which is available on the AMF's website – www.amf-france.org).

This decision has become definitive.

EMPLOYEE OWNERSHIP OF SHARE CAPITAL

To the Company's knowledge, the proportion of capital represented by the shares held by employees of the group (other than Executive Corporate Officers) on 31 December 2015 is not significant.

No shares are owned by employees of the Company or any affiliated entities via the corporate employee share savings scheme or dedicated employee investment fund.

No free shares were assigned to employees pursuant to Article L 225-197-1 of the Code de Commerce after 7 August 2015, the date of publication of the law no. 2015-990 dated 6 August 2015 on growth, activity and equality of economic opportunities, known as the "Macron" law.

PLEDGING OF SHARES

Duly registered shares are not encumbered by any material pledges.

TREASURY SHARES

As at 31 December 2015, Hermès International held 1,180,771 of its own shares, representing 1.12% of its capital, purchased under the terms of the share buyback programme described on page 117.

STOCK MARKET ETHICS CHARTER

In 2011, a stock market ethics charter was adopted by the Hermès Group.

The purpose of this charter is to formalise the measures put in place by the Hermès Group to prevent offences and misfeasance by insiders and to raise the awareness of Executives and certain employees of the Hermès Group concerning the duties incumbent upon them and the penalties for which all employees who may have access to privileged information may be liable.

This charter specifies in particular that, other than the period preceding the publication of any privileged information that they may be aware of, during which insider employees must refrain, in accordance with the law, from any transaction on the securities of the Company; it is recommended that insider employees, and notably Executives and permanent insiders, refrain from any transaction on the securities during the negative windows applicable to the Company and detailed in a calendar prepared and distributed each year.

This timetable specifies the obligatory abstention periods, both legal (Articles L 225-177-1 and L 225-197-1 of the Code de Commerce respectively for the assignment of stock options and for the disposal of freely-assigned shares) and internal, applicable to all transactions on the Company's securities (purchase, sale, exercising purchase options, etc.).

As AMF recommendation no. 2010-07, states, the obligation for abstention applies as soon as the persons concerned come into possession of privileged information, and notably when feedback of accounting elements sufficiently enables the result to be determined before the following periods of abstention:

- period of 30 calendar days preceding the publication of the annual or half-yearly accounts, which will be made obligatory on 3 July 2016, date of entry into force of European regulation no. 596/2014 on market abuses;
- period of 15 calendar days before the publication of the quarterly information.

DIVIDEND POLICY

Subject to the investments needed for the Company's development and the corresponding financing requirements, the Company's current intention is to continue the "ordinary" dividend policy it has conducted over the past several years. The amount of dividends paid in each of the years included in the historical financial information is shown on page 118. In order to partly distribute the large amount of cash available (more than a billion euros), an "exceptional" dividend of €5 was paid in 2012 and in 2015 as well as an "ordinary" dividend.

With regard to the level of cash reached at the end of 2015, the Executive Management decided, for the fifth time, to pay an interim dividend of €1.50 per share. In future, the Executive Management will decide case by case, given the situation of the Group and its prospects, whether it is appropriate to pay interim dividends before the General Meeting.

In accordance with the law, the time limit after which entitlement to dividends of Hermès International shares ceases is 5 years from the dividend payment date. After the five-year time limit expires, the Company pays over any unclaimed dividends to the tax centre to which it reports.

OWNERSHIP OF SHARE CAPITAL AND VOTING RIGHTS AS AT 31 DECEMBER 2015

On 31 December 2015 and to the Company's knowledge, the distribution of the capital and voting rights of the Company was as follows:

	Capital		Voting rights ⁽¹⁾			
			Appropriation of net income		Others	
	Number	%	Number	%	Number	%
H51 SAS	55,516,570	52.6	108,460,367	62.7	108,448,763	62.7
H2 SAS	6,876,102	6.5	12,165,192	7.0	12,165,192	7.0
Other members of the Hermès family group	6,427,025	6.1	7,520,123	4.4	11,600,123	6.7
Subtotal Hermès family group ⁽²⁾	68,819,697	65.2	128,145,682	74.1	132,214,078	76.4
Semyrhamis	8,771,914	8.3	8,771,914	5.1	8,771,914	5.1
Famille Arnault	183,557	0.2	183,557	0.1	183,557	0.1
Subtotal Arnault family group ⁽³⁾	8,955,471	8.5	8,955,471	5.2	8,955,471	5.2
Public ⁽⁴⁾	20,530,858	19.4	29,858,405	17.3	25,790,009	14.9
Mr Nicolas Puech ⁽⁵⁾	6,082,615	5.8	6,082,615	3.5	6,082,615	3.5
Treasury shares	1,180,771	1.1	–	0.0	–	0.00
Total	105,569,412	100.0	173,042,173	100.0	173,042,173	100.0

(1) Voting rights that can be exercised in the General Meeting. In accordance with Article 12 of the Articles of Association of the Company, the voting right is exercised by the Bare Owner for all decisions made for all General Meetings, except for decisions concerning the assignment of earnings, for which the voting right is exercised by the usufructuary. The procedures for publication and distribution of voting rights are detailed on page 98.

(2) The Hermès family group is composed of the partners of Émile Hermès SARL, their spouses, children and grandchildren, their asset holdings, and direct and indirect shareholders in Hermès International and Émile Hermès SARL.

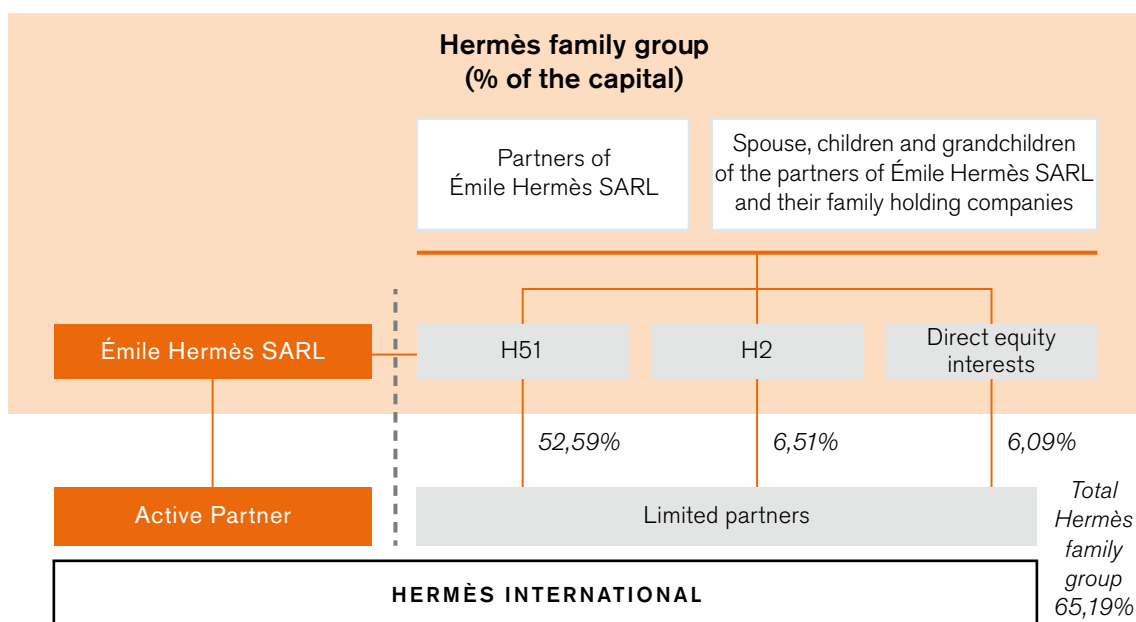
(3) According to the declaration of 27 January 2016.

(4) These amounts correspond to all of the shares and voting rights in circulation, reduced by the number of shares and voting rights declared by the identified shareholders as mentioned in this table.

(5) According to the signed declaration of 8 February 2016. Of which 900,000 shares held in the name of the Nicolas Puech foundation.

These figures result for the registered shares on the register kept by the Securities service of BP2S and for the bearer shares, from the declarations, where applicable, of those in question.

Variations occurring after closure of the financial year are detailed on page 106.



CHANGE IN OWNERSHIP AND VOTING RIGHTS

During the last three years and to the Company's knowledge, the distribution of capital and voting rights in the Company (by percentage) was the following:

Shareholders holding more than 5% of the capital or voting rights	31/12/2015			31/12/2014			31/12/2013		
	Capital	Voting rights ⁽¹⁾		Capital	Voting rights ⁽¹⁾		Capital	Voting rights ⁽¹⁾	
		Appropriation of net income	Others		Appropriation of net income	Others		Appropriation of net income	Others
H51 SAS	52.6 %	62.7 %	62.7 %	52.5 %	58.0 %	58.0 %	50.3 %	58.2 %	58.2 %
H2 SAS	6.5 %	7.0 %	7.0 %	6.5 %	8.1 %	8.1 %	6.5 %	5.5 %	5.5 %
Autres membres du groupe familial Hermès	6.1 %	4.4 %	6.7 %	6.1 %	4.8 %	7.6 %	6.1 %	5.3 %	8.1 %
Sous-total groupe familial Hermès ⁽²⁾	65.2 %	74.1 %	76.4 %	65.0 %	70.9 %	73.7 %	62.9 %	69.0 %	71.8 %
Semyrhamis	8.3 %	5.1 %	5.1 %	8.3 %	5.8 %	5.9 %		n/a	
Famille Arnault	0.2 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %		n/a	
LVMH Moët Hennessy - Louis Vuitton	n/a	n/a	n/a	1.5 %	1.0 %	1.0 %	23.1 %	16.7 %	16.7 %
Christian Dior	n/a	n/a	n/a	0.4 %	0.3 %	0.3 %		n/a	
Sous-total groupe familial Arnault ⁽³⁾	8.5 %	5.2 %	5.2 %	10.3 %	7.2 %	7.2 %		n/a	
Public ⁽⁴⁾	19.4 %	17.3 %	14.9 %	17.8 %	17.8 %	15.1 %	6.8 %	10.1 %	7.3 %
M. Nicolas Puech ⁽⁵⁾	5.8 %	3.5 %	3.5 %	5.8 %	4.0 %	4.0 %	5.8 %	4.2 %	4.2 %
Autodétention	1.1 %	0.0 %	0.0 %	1.1 %	0.0 %	0.0 %	1.4 %	0.0 %	0.0 %
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

(1) Voting rights that can be exercised in the General Meeting. In accordance with Article 12 of the Articles of Association of the company, the voting right is exercised by the Bare Owner for all decisions made for all General Meetings, except for decisions concerning the assignment of earnings, for which the voting right is exercised by the usufructuary. The procedures for publication and distribution of voting rights are detailed on page 106.

(2) The Hermès family group is composed of the partners of Émile Hermès SARL, their spouses, children and grandchildren, their asset holdings, and direct and indirect shareholders in Hermès International and Émile Hermès SARL.

(3) The lines composing this subtotal were established:

– for 2015, according to the declaration of 27 January 2016;

– for 2014, according to the declaration of 28 January 2015. The balances specified correspond to shares either not yet delivered by LVMH Moët Hennessy - Louis Vuitton and by Christian Dior to their shareholders pursuant to the exceptional distribution in kind, or that are intended to be disposed of.

– for 2013, according to the declaration of 10 February 2014.

(4) These percentages correspond to the total shares and voting rights in circulation, reduced by the number of shares and voting rights declared by the identified shareholders as mentioned in this table.

(5) – For 2015: according to the signed declaration of 8 February 2016. Of which 900,000 shares held in the name of the Nicolas Puech foundation.

– For 2014: according to the signed declaration of 14 January 2015, confirmed on 13 March 2015. Of which 900,000 shares held in the name of the Nicolas Puech foundation.

– For 2013: according to the signed declaration dated 7 January 2014. Of which 900,000 shares held in the name of the Nicolas Puech foundation.

n/a : not applicable.

SHAREHOLDER PACTS AND AGREEMENTS

Priority acquisition right

A priority right to acquire Hermès International shares (AMF notice 211C2288) came into force on 13 December 2011. This priority acquisition right is stipulated for the benefit of the simplified joint stock company with variable capital H51 and was initially granted by 102 individual persons and 33 legal entities (all members, held by members or for whom one of the parents is a member of the Hermès family group), representing a total of about 12.3% of the capital of Hermès International.

By amendment (AMF notice 213C0716) which came into force on 17 June 2013, the price at which H51 could acquire the Hermès International shares from the

members of the Hermès family group pursuant to this priority acquisition right would be equal to the average of the prices weighted by volumes (on the entire trading platform) of the Hermès International share during the 30 trading days preceding the day of notification of the transfer, unless the said share is insufficiently liquid (as defined in the amendment), in which case an expert appraisal procedure will be implemented.

To the Company's knowledge:

- the organisation of the Hermès family group has not been significantly modified since the incorporation of the company H51 SAS;
- the priority acquisition right that H51 SAS benefits from covers most of the securities in the company also held by the members of the Hermès family group;
- the priority acquisition right was granted by members of the Hermès family group and descendants of these members who do not yet directly or indirectly hold shares in the Company.

Dutreil agreements

The shareholder agreements below, coming under the Dutreil law and still in force in 2015, were brought to the Company's attention:

	Dutreil wealth tax agreement 2010.3	Dutreil wealth tax agreement 2010.4	Dutreil wealth tax agreement 2010.5	Dutreil wealth tax agreement 2011.4
Regime	Article 885 I bis of the CGI	Article 885 I bis of the CGI	Article 885 I bis of the CGI	Article 885 I bis of the CGI
Date of signature	28 December 2010	29 December 2010	28 December 2010	28 December 2011
Duration of the collective commitment	Six years from the date of registration (in this case, 29 December 2010)	Six years from the date of registration (in this case, 30 December 2010)	Six years from the date of registration (in this case, 30 December 2010)	Six years from the date of registration (in this case, 28 December 2011)
Contractual duration of the agreement				
Procedures for renewal	Renewal by amendment	Renewal by amendment	Renewal by amendment	Renewal by amendment
Percentage of the capital covered by the agreement on the date of its signature	58.79%	53.82%	42.56%	61.81%
Percentage of voting rights covered by the agreement on the date of its signature	67.55%	61.59%	49.29%	68.38%
Names of the signatories having the capacity of Directors (according to the meaning of Article L 621-18-2-a)	<i>On the date of signature of the agreement:</i> – Émile Hermès SARL, Executive Chairman and Active Partner – Jérôme Guerrand, Chairman of the Supervisory Board – Patrick Thomas, Chairman	<i>On the date of signature of the agreement:</i> – Émile Hermès SARL, Executive Chairman and Active Partner – Jérôme Guerrand, Chairman of the Supervisory Board – Patrick Thomas, Chairman	<i>On the date of signature of the agreement:</i> – Émile Hermès SARL, Executive Chairman and Active Partner – Jérôme Guerrand, Chairman of the Supervisory Board – Patrick Thomas, Chairman	<i>On the date of signature of the agreement:</i> – Émile Hermès SARL, Executive Chairman and Active Partner – Éric de Seynes, Chairman of the Supervisory Board – Patrick Thomas, Chairman
Names of the signatories having close personal links with the Directors (according to the meaning of Articles L 621-18-2 c and R 621-43-1 of the Monetary and Financial Code)	All signatories	All signatories	All signatories	All signatories
Names of signatories holding at least 5% of the capital and/or voting rights in the Company on 31 December 2015	Axam SC ⁽¹⁾ Falaises SAS ⁽¹⁾ Flèches SAS ⁽¹⁾ Jakyval SA ⁽¹⁾ Pollux & Consorts SAS ⁽¹⁾ SDH SAS ⁽¹⁾ Théodule SC (now H2 SAS)	Axam SC ⁽¹⁾ Falaises SAS ⁽¹⁾ Flèches SAS ⁽¹⁾ Jakyval SA ⁽¹⁾ Pollux & Consorts SAS ⁽¹⁾ SDH SAS ⁽¹⁾ Théodule SC (now H2 SAS)	Axam SC ⁽¹⁾ Falaises SAS ⁽¹⁾ Flèches SAS ⁽¹⁾ Jakyval SA ⁽¹⁾ Pollux & Consorts SAS ⁽¹⁾ SDH SAS ⁽¹⁾ Théodule SC (now H2 SAS)	H51 SAS H2 SAS

(1) H51 SAS since 12 December 2011.

Information on the Shareholders

	Dutreil Transmission agreement 2013.1	Dutreil Transmission agreement 2013.2	Dutreil wealth tax agreement 2013.3
Regime	Article 787 B of the CGI	Article 787 B of the CGI	Article 885 I bis of the CGI
Date of signature	8 October 2013	18 December 2013	27 December 2013
Duration of the collective commitment	Two years from the date of registration (in this case, 8 October 2013)	Two years from the date of registration (in this case, 18 December 2013)	Two years from the date of registration (in this case, 27 December 2013)
Contractual duration of the agreement			
Procedures for renewal	Non-renewable	By express notification to the tax administration before 20 December 2015	By express notification to the tax administration before 20 December 2015
Percentage of the capital covered by the agreement on the date of its signature	50.42%	56.81%	56.83%
Percentage of voting rights covered by the agreement on the date of its signature	56.09%	63.06%	63.07%
Names of the signatories having the capacity of Directors (according to the meaning of Article L 621-18-2-a)	<i>On the date of signature of the agreement:</i> – Émile Hermès SARL, Executive Chairman and Active Partner – Axel Dumas, Executive Chairman	<i>On the date of signature of the agreement:</i> – Émile Hermès SARL, Executive Chairman and Active Partner – Axel Dumas, Executive Chairman – Éric de Seynes, Chairman of the Supervisory Board	<i>On the date of signature of the agreement:</i> – Émile Hermès SARL, Executive Chairman and Active Partner – Axel Dumas, Executive Chairman – Éric de Seynes, Chairman of the Supervisory Board
Names of the signatories having close personal links with the Directors (according to the meaning of Articles L 621-18-2 c and R 621-43-1 of the Monetary and Financial Code)	All signatories	All signatories	All signatories
Names of signatories holding at least 5% of the capital and/or voting rights in the Company	H51 SAS	H51 SAS H2 SAS	H51 SAS H2 SAS

	Dutreil Transmission agreement 2014.1	Dutreil Transmission agreement 2014.2	Dutreil wealth tax agreement 2014.3
Regime	Article 787 B of the CGI	Article 787 B of the CGI	Article 885 I bis of the CGI
Date of signature	13 June 2014	28 November 2014	30 December 2014
Duration of the collective commitment	Two years from the date of registration (in this case, 16 June 2014)	Two years from the date of registration (in this case, 9 December 2014)	Two years from the date of registration (in this case, 30 December 2014)
Contractual duration of the agreement			
Procedures for renewal	Non-renewable	Non-renewable	By express notification to the tax administration before 20 December 2016
Percentage of the capital covered by the agreement on the date of its signature	56.82%	56.93%	52.42%
Percentage of voting rights covered by the agreement on the date of its signature	64.06%	64.21%	57.55%
Names of the signatories having the capacity of Directors (according to the meaning of Article L 621-18-2-a)	<i>On the date of signature of the agreement:</i> – Émile Hermès SARL, Executive Chairman and Active Partner – Axel Dumas, Executive Chairman – Éric de Seynes, Chairman of the Supervisory Board	<i>On the date of signature of the agreement:</i> – Émile Hermès SARL, Executive Chairman and Active Partner – Axel Dumas, Executive Chairman	<i>On the date of signature of the agreement:</i> – Émile Hermès SARL, Executive Chairman and Active Partner – Axel Dumas, Executive Chairman – Éric de Seynes, Chairman of the Supervisory Board
Names of the signatories having close personal links with the Directors (according to the meaning of Articles L 621-18-2 c and R 621-43-1 of the Monetary and Financial Code)	All signatories	All signatories	All signatories
Names of signatories holding at least 5% of the capital and/or voting rights in the Company	H51 SAS H2 SAS	H51 SAS H2 SAS	H51 SAS

Information on the Shareholders

	Dutreil Transmission agreement 2015.1	Dutreil Transmission agreement 2015.2	Dutreil Transmission agreement 2015.3	Dutreil wealth tax agreement 2015.1
Regime	Article 787 B of the CGI	Article 787 B of the CGI	Article 787 B of the CGI	Article 885 I bis of the CGI
Date of signature	25 March 2015	4 December 2015	21 December 2015	30 December 2015
Duration of the collective commitment	Two years from the date of registration (in this case, 30 March 2015)	Two years from the date of registration (in this case, 4 December 2015)	Two years from the date of registration (in this case, 31 December 2015)	Two years from the date of registration (in this case, 31 December 2015)
Contractual duration of the agreement				
Procedures for renewal	By express notification to the tax administration before 20 December 2016	Non-renewable	Non-renewable	By express notification to the tax administration before 20 December 2017
Percentage of the capital covered by the agreement on the date of its signature	59.35%	53.20%	52.61%	52.59%
Percentage of voting rights covered by the agreement on the date of its signature	66.06%	58.29%	62.74%	62.68%
Names of the signatories having the capacity of Directors (according to the meaning of Article L 621-18-2-a)	<i>On the date of signature of the agreement:</i> – Émile Hermès SARL, Executive Chairman and Active Partner – Axel Dumas, Executive Chairman	<i>On the date of signature of the agreement:</i> – Émile Hermès SARL, Executive Chairman and Active Partner – Axel Dumas, Executive Chairman	<i>On the date of signature of the agreement:</i> – Émile Hermès SARL, Executive Chairman and Active Partner – Axel Dumas, Executive Chairman	<i>On the date of signature of the agreement:</i> – Émile Hermès SARL, Executive Chairman and Active Partner – Axel Dumas, Executive Chairman
Names of the signatories having close personal links with the Directors (according to the meaning of Articles L 621-18-2 c and R 621-43-1 of the Monetary and Financial Code)	All signatories	All signatories	All signatories	All signatories
Names of signatories holding at least 5% of the capital and/or voting rights in the Company	H51 SAS H2 SAS	H51 SAS	H51 SAS	H51 SAS

Share buyback programme

In accordance with the provisions of Article L 225-209 of the Code de Commerce, we have the honour to report to you the buyback transactions carried out by the Company during the financial year 2015 under the authorisations granted by the general meeting as reiterated below:

Meeting having authorised the programme	3 June 2014 (in force until 2 June 2015)	2 June 2015 (in force since 3 June 2015)
Date of the decision by the Executive Management	15 May 2014	1 June 2015
Maximum number of shares	10% of the share capital	10% of the share capital
Maximum amount authorised	€800m	€850m
Maximum purchase price	€400	€500

During the financial year ending on 31 December 2015, the Executive Management assigned the transactions shown in the table below, in the context of share buyback programmes authorising the Executive Management to buy and sell its own shares under Article L 225-209 of the Code de Commerce.

	From 01/01/2015 to 02/06/2015	From 03/06/2015 to 31/12/2015	Total
Excluding the liquidity contract			
Number of shares booked in the name of the Company on 31 December 2014	1,158,424		1,158,424
Number of shares purchased	6,166	4,373	10,539
Reason for acquisitions	External growth	External growth	–
Average price of purchases	€324.92	€340.03	€331.19
Number of shares sold	300	1,310	1,610
Average price of sales	€204.20	€221.69	€218.43
Amount of net expenses excluding taxes			0€
Number of shares cancelled			0
Average price of cancelled shares			–
Number of shares booked in the name of the Company on 31 December 2015	1,164,290	3,063	1,167,353
Appropriation			
– Employee shareholding	1,108,982	– 1,310	1,107,672
– External growth	55,308	4,373	59,681
Net value evaluated during the purchase	€266,294,182	€1,196,527	€267,490,709
Net value evaluated during closure	€362,967,408	€954,890	€363,922,298
Nominal value	€593,788	€1,562	€595,350
Fraction of the capital that they represent	1.10%	0.00%	1.11%
In the context of the liquidity contract			
Number of shares booked in the name of the Company on 31 December 2014	8,840		8,840
Resources implemented (liquidity account)	€5,000,000	€5,000,000	€5,000,000
Number of shares purchased	109,373	149,669	259,042
Average price of purchases	€315.34	€333.09	€325.60
Number of shares sold	111,499	142,965	254,464
Average price of sales	€316.46	€333.68	€326.13
Number of shares booked in the name of the Company on 31 December 2015	6,714	6,704	13,418
Net value evaluated during the purchase	€2,287,672	€2,040,959	€4,328,631
Net value evaluated during closure	€2,093,090	€2,089,972	€4,183,062
Nominal value	€3,424	€3,419	€6,843
Fraction of the capital that they represent	0.01%	0.01%	0.01%

A report will be given to you of any transactions occurring since 1 January 2016 during the annual General Meeting called in 2017 to decide on the accounts for the 2016 financial year.

The Executive Management

Share price trend over the past five years

2011					2012				
Month	Price (in €)			Monthly average of daily transactions on Euronext	Month	Price (in €)			Monthly average of daily transactions on Euronext
	Higher	Lower	Average closure			Higher	Lower	Average closure	
January	163.05	142.55	153.76	71,324	January	269.00	228.15	249.74	35,177
February	157.75	143.30	149.37	194,549	February	290.90	260.00	275.58	37,711
March	161.40	142.05	152.14	93,915	March	286.25	243.50	259.88	86,877
April	160.00	148.50	153.32	40,937	April	270.00	243.85	253.81	47,566
May	180.55	157.20	170.17	87,207	May	279.85	255.00	266.00	37,084
June	206.00	178.70	190.66	149,829	June	267.55	241.40	253.67	47,515
July	242.30	199.50	222.29	81,561	July	244.25	219.00	230.45	41,304
August	269.55	210.50	246.10	100,819	August	235.10	212.50	223.64	33,339
September	272.50	221.80	256.50	74,367	September	232.85	209.00	218.87	36,319
October	251.60	212.45	235.85	54,550	October	220.90	207.70	213.85	29,922
November	258.40	218.25	239.85	41,140	November	238.50	210.75	227.86	30,710
December	237.00	210.00	226.12	41,675	December	238.50	222.90	231.08	22,432

2013					2014				
Month	Price (in €)			Monthly average of daily transactions on Euronext	Month	Price (in €)			Monthly average of daily transactions on Euronext
	Higher	Lower	Average closure			Higher	Lower	Average closure	
January	245.15	224.15	235.90	32,326	January	265.35	261.50	245.655	21,872
February	257.00	238.75	250.86	29,817	February	243.00	240.65	238.178	15,387
March	271.90	255.10	259.98	24,659	March	243.50	241.50	235.569	16,869
April	278.45	247.80	259.42	23,370	April	257.90	254.50	249.248	16,737
May	283.20	255.40	271.66	18,238	May	260.45	258.25	256.343	10,276
June	273.90	235.50	254.75	20,517	June	269.50	263.95	259.110	14,543
July	265.00	245.20	254.32	15,831	July	272.00	269.50	265.652	11,130
August	264.80	243.00	257.57	12,973	August	264.85	263.05	260.038	9,683
September	274.50	253.15	263.17	18,623	September	263.00	260.55	245.264	38,269
October	268.70	246.70	257.74	13,554	October	247.30	244.95	236.265	29,487
November	257.90	246.10	251.64	15,648	November	269.50	265.55	257.408	27,387
décembre	265.40	244.50	251.64	18,276	December	317.40	298.45	288.883	165,440

2015				
Month	Price (in €)			Monthly average of daily transactions on Euronext
	Higher	Lower	Average closure	
January	302.95	277.55	289.55	94,411
February	301.25	280.10	289.97	62,438
March	330.15	283.50	304.94	82,246
April	349.95	324.15	338.80	76,567
May	357.85	323.70	342.97	50,349
June	365.55	334.60	353.05	75,808
July	354.45	320.50	338.88	58,291
August	355.80	298.05	330.63	54,162
September	331.45	306.00	316.09	68,726
October	352.80	313.55	336.96	53,223
November	358.50	320.10	338.67	53,527
December	342.70	306.35	319.43	55,896

Information on the parent company financial statements, on accounts payable due dates, subsidiaries and associates

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INFORMATION ON THE PARENT COMPANY FINANCIAL STATEMENTS

The parent company financial statements as presented were approved by the Executive Management on 9 February 2016 and will be submitted to the shareholders for approval at the Annual General Meeting of 31 May 2016. The parent company financial statements were also reviewed by the Audit Committee at its meeting of 11 February 2016.

Revenue

Revenue amounted to €207.2 million in 2015, as compared with €161.9 million in 2014.

The Company's revenue consists of sales of services that are charged back to Group subsidiaries for advertising and public relations, rent, staff provided on secondment, insurance and professional fees and of royalties on the sales of the production subsidiaries.

Statement of financial position and statement of income

Hermès International's statement of financial position and statement of income appear on pages 232 to 255. The parent company financial statements are drawn up in accordance with the provisions of French laws and regulations and with generally accepted accounting principles.

As at 31 December 2015, total assets amounted to €2,544.5 million compared with €2,560.6 million at 31 December 2014. The statement of income shows net income of €842.8 million, compared with €587.7 million in 2014.

As at 31 December 2015, Hermès International's share capital amounted to €53,840,400.12, made up of 105,569,412 shares with a par value of €0.51 each.

INFORMATION ON ACCOUNTS PAYABLE

In application of Articles L 441-6-1, D 441-4 and D 823-7-1 of the Code de Commerce, the breakdown of the balance of debt with regard to suppliers by maturity is given on page 246.

INFORMATION ON SUBSIDIARIES AND ASSOCIATES

A list of companies whose registered office is located in French territory and in which the Company owns a material interest, whether directly or indirectly, is provided in the notes to the parent company financial statements (pages 254 and 255).

Activity of subsidiaries

The activities of the main subsidiaries of the group are shown on page 31 of volume 1.

Equity investments in companies having their head office in France (art. L 233-6 of the Code de Commerce)

In 2015, Hermès International and its subsidiaries made equity investments in companies having their head office in France:

- Hermès International increased its holding to 6.18% in the company Maroquinerie Thierry to bring it to 49.97%;
- Hermès International increased its holding from 40% in the company SCI Les Capucines to bring it to 100%;
- Hermès International acquired 9.80% of the capital of the company Sciaux;
- Hermès Cuirs Précieux acquired 100% of the capital of the company Tanneries du Puy.

INFORMATION ON BRANCHES

In application of Article L 232-1 of the Code de Commerce, below, we communicate to you the list of branches (secondary establishments) of the Company on 31 December 2015:

Address	SIRET
Paris	
13-15, rue de la Ville-l'Évêque 75008 Paris	572 076 396 00173
20-22, rue de la Ville-l'Évêque 75008 Paris	572 076 396 00090
27, rue de la Ville-l'Évêque 75008 Paris	572 076 396 00181
10-12, rue d'Anjou 75008 Paris	572 076 396 00215
51, rue Francois-I ^{er} 75008 Paris	572 076 396 00132
74, rue du Faubourg-Saint-Antoine 75012 Paris	572 076 396 00157
Pantin	
35, rue Auger 93500 Pantin	572 076 396 00116
100, avenue du Général-Leclerc 93500 Pantin	572 076 396 0199
110 B, avenue du Général-Leclerc 93500 Pantin	572 076 396 00207

INFORMATION ON THE AMOUNT OF INTER-COMPANY LOANS

Hermès International has not granted, since the “Macron” law of 6 August 2015, any inter-company loan (loans of less than two years granted to micro-companies or small and medium-sized companies with which Hermès International has economic links).

Property and Insurance

126 Property

127 Insurance

Property

In Paris, the Group now occupies office surface of approximately 26,000 m², mainly near its historical head office of 24, rue du Faubourg-Saint-Honoré and 19-21, rue Boissy-d'Anglas, which it owns. Staff are also assigned to office premises in rue de la Ville-l'Évêque, rented to third parties according to the terms of commercial leases, and on a site located at rue du Faubourg-Saint-Antoine, which also houses a Leather Goods production unit. In 2015, the Group inaugurated a new office building totalling approximately 5,500 m².

In 2015, in Bobigny, the group continued the work to increase the size of its 21,000 m² logistical site, which it owns.

Hermès also strengthened its establishment in the commune of Pantin, with the inauguration of the Espace Jean-Louis Dumas at the beginning of the year. This group of buildings of 8,800 m² is established in the town centre, in the immediate proximity of the Cité des Métiers, delivered the previous year and which won the 2014 "Équerre d'argent" prize.

Concerning the production sites, the Group is the owner of 40 of the 49 units that it operates. These

production units are divided over 42 geographical sites, including 31 in France, 3 in Switzerland, 2 in the United States, 4 in Australia, 1 in Great Britain and 1 in Italy (see page 132 for the detailed list). After two new Leather Goods production facilities, located respectively in Charente and in the Rhône-Alpes region, inaugurated in 2015, a third was completed in Héricourt, in Franche-Comté.

Hermès products are available worldwide through a network of 307 exclusive stores. A detailed list of these appears in Volume 1, pages 64 to 69, of the Annual Report. Of the 307 Hermès exclusive retail outlets throughout the world, 210 are operated as branches. Most of these are rented under long-term commercial leases intended primarily to ensure the continuity of operations over time. The Group also owns the buildings that house certain stores, including those in Paris, Ginza in Tokyo, Dosan Park in Seoul, The Galleria in Hong Kong, Beverly Hills in the US and in Geneva, Switzerland. The branches are located in the following regions: 74 in Europe (including 15 in France), 38 in the Americas (including 27 in the US), 92 in Asia (including 31 in Japan), and 6 in Oceania.

Insurance

The Hermès Group's policy regarding insurance is to transfer any exposure that is liable to produce a material impact on profits to the insurance market. The Group insurance programmes represent most of the insurance coverage for the subsidiaries. They are placed via the intermediary of brokers who are amongst the ten largest French brokers and with first-rate insurance companies. The main international insurance programmes favour an "all risks except" approach and cover:

1) Property damage and operating losses that may affect production sites, logistics centres, distribution centres or administrative offices, in France and in other countries. The policy underwritten by FM Global was renewed for a one-year term. The upper cover limit is €500 million. The deductibles for direct damage vary from €15,000 to €250,000 and from €70,000 to three days' gross profit for operating losses. In Japan, the Group has an earthquake insurance policy covering €40 million in direct damage and operating losses. It secured this policy several years ago: this insurance coverage is supplemented by a prevention/engineering programme and prevention inspections were carried out at 68 distribution sites

in 2015. Implementation of the main recommendations issued is monitored through a formally documented system;

2) Financial liability for damages to persons, property and intangibles caused to third parties in the conduct of business operations or by products. This policy is underwritten by AIG Europe. The amount of coverage under this policy takes into account the nature of the Group's operations. The upper cover limit per occurrence is €30 million and deductibles range from €1,000 to €10,000;

3) The transport of products between the production sites and to the distribution network. A policy has been subscribed with ACE Europe;

4) Responsibilities in relation to the environment. This policy was renewed with AIG Europe on 1 January 2015 for a period of 24 months. The coverage limit is €7.5m per claim and €15m for the period, and the deductible thresholds are €25,000.

Other contracts had been subscribed to fulfil specific requirements, particularly in the context of building operations (new work or renovation) carried out as contracting authority. In 2015, these policies were not the subject of significant claims.

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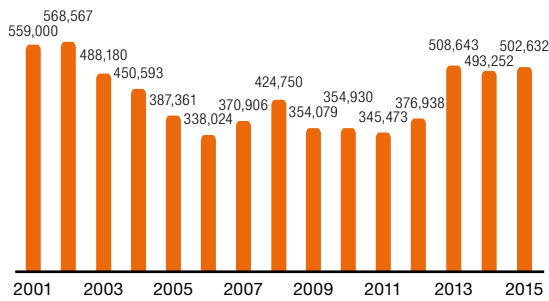
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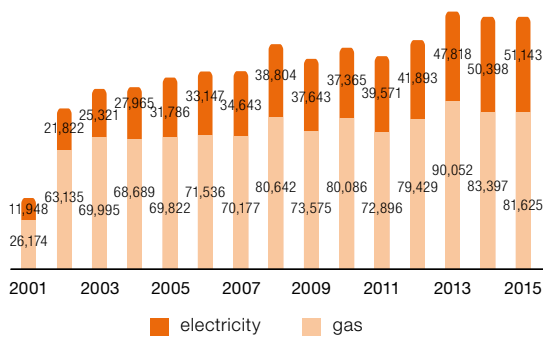
Environmental information

CONSUMPTION OF NATURAL RESOURCES

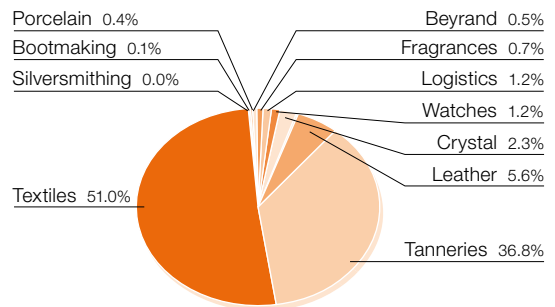
• Change in water consumption (in m³)



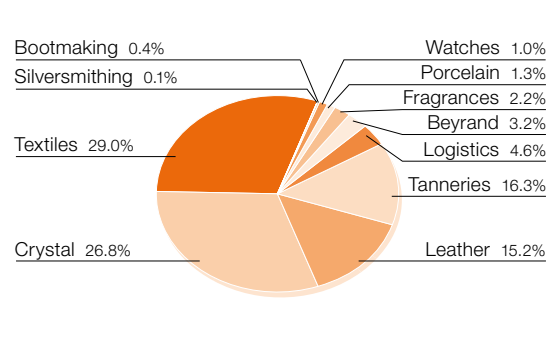
• Change in energy consumption (in MWh)



• Breakdown of water consumption by sector in 2015 (in m³)



• Breakdown of energy consumption (electricity and gas) by sector in 2015 (in MWh)



PRODUCTION FACILITIES

The Hermès Group operates 49 production sites, including 38 in France, divided over 42 geographic

sites (including 31 in France, 3 in Switzerland, 2 in the United States, 4 in Australia, 1 in Great Britain and 1 in Italy), as well as the logistics centre in Bobigny.

Sector	Company (<i>production sites</i>)
Leather Goods	Hermès Sellier (<i>Paris Faubourg-Saint-Honoré, Pantin-Pyramide, Pantin-CIA, Pierre-Bénite</i>) Maroquinerie de Saint-Antoine (MSA) (<i>Paris Faubourg-Saint-Antoine</i>) Maroquinerie de Belley (<i>Belley</i>) Maroquinerie des Ardennes (<i>Bogny-sur-Meuse</i>) Maroquinerie de Sayat (<i>Sayat</i>) Manufacture de Seloncourt (<i>Seloncourt and Étupes</i>) Maroquinerie de Héricourt (<i>Étupes</i>) Manufacture de Haute Maroquinerie (MHM) (<i>Aix-les-Bains</i>) Maroquinerie Nontronnaise (<i>Nontron</i>) Ganterie de Saint-Junien (<i>Saint-Junien</i>) Comptoir Nouveau de la Parfumerie (<i>Le Vaudreuil</i>) Maroquinerie de Fitillieu (<i>Fitillieu</i>) Maroquinerie des Abrets (<i>Les Abrets</i>) Maroquinerie de la Tardoire (<i>Montbron</i>)
Tanning and Precious Leather	Gordon-Choisy (<i>Montereau</i>) Tanneries des Cuirs d'Indochine et de Madagascar (TCIM) (<i>Vivoin</i>) Michel Rettilli (<i>Cuneo/Italy</i>) Tannerie d'Annonay (<i>Annonay</i>) Tanneries du Puy (<i>Le Puy-en-Velay</i>) United States division, including Reptile Tannery of Louisiana (RTL) (<i>Lafayette</i>) Australia division
Fragrances	Comptoir Nouveau de la Parfumerie (CNP) (<i>Le Vaudreuil</i>)
Textiles	Créations Métaphores (<i>Bourgoin-Jallieu</i>) Société d'Impression sur Étoffes du Grand-Lemps (SIEGL) (<i>Le Grand-Lemps</i>) Ateliers A.S. (<i>Pierre-Bénite</i>) Holding Textile Hermès (HTH) (<i>Pierre-Bénite, Bourgoin-Jallieu</i>) Établissements Marcel Gandit (Gandit) (<i>Bourgoin-Jallieu</i>) Ateliers de Tissage de Bussièrès et de Challes (ATBC) (<i>Bucol, Le Crin (Bussièrès, Challes)</i>) Société Nontronnaise de Confection (SNC) (<i>Nontron, Bourgoin-Jallieu</i>) Ateliers d'Ennoblement d'Irigny (AEI) (<i>Irigny</i>)
Crystal	Compagnie des Cristalleries de Saint-Louis (<i>Saint-Louis-lès-Bitche</i>)
Silversmithing and Jewellery	Puiforcat (<i>Pantin-CIA</i>)
Porcelain and Enamel	Compagnie des Arts de la Table et de l'Émail (CATE) (<i>Nontron</i>) Beyrand (<i>Saint-Just-le-Martel</i>)
Watches	La Montre Hermès (LMH) (<i>Bienne/Switzerland</i>) Natéber (<i>La Chaux-de-Fonds/Switzerland</i>) Joseph Érad (<i>Noirmont/Switzerland</i>)
Footwear	John Lobb (<i>Paris Mogador, Northampton/United Kingdom</i>)
Logistics	Hermès Sellier (<i>Bobigny, Pantin Cartier-Bresson</i>)

The information on the environmental impact of the activity of the production units and distribution site of Hermès is presented by sector (Leather Goods, Textile, Tanneries, Fragrances, Crystal, Watchmaking, Porcelain and Enamel, Silversmithing and Jewellery, Footwear, Logistics) each time using the most relevant indicators in accordance with the provisions of Article 225 of the law "Grenelle 2" of 12 July 2010. The areas examined cover the organisations and resources put in place to prevent environmental risks, the use of resources, issues of pollution and waste management, climatic change and biodiversity. Additional information is provided to present the main actions carried out in the areas of health and safety, as well as societal commitments and relationships with stakeholders specific to each sector.

LEATHER GOODS

The craftsmanship division of Hermès Maroquinerie Sellerie (PAHMS) includes 17 production units, including a workshop in Vaudreuil within the Comptoir Nouveau de la Parfumerie and a leather-goods workshop in rue du Faubourg-Saint-Honoré.

In 2015, the production unit at Héricourt opened its doors in Franche-Comté to receive staff who until then were located in a temporary workshop in Étupes. A temporary workshop was set up in Saint-Junien while waiting for a new production unit to open in the town in 2017. A new production unit is also being built in Normandy, in the commune of Val-de-Reuil to receive, from the end of 2016, the workshop that is currently hosted by Comptoir Nouveau de la Parfumerie.

In 2015, the growth in production was +10.8% compared to 2014, with the ramp-up of the two new sites in Isère and in Charente. This growth is accompanied by the integration of 163 new craftsmen and

86 new employees in the whole of the craftsmanship division.

1. GENERAL POLICY ON HEALTH, SAFETY AND THE ENVIRONMENT (HSE)

The HMS craftsmanship division has the aim of producing in living environments that respect both people and the environment, at the service of the tradition of excellence, work well done and innovation. Resources are given to each establishment enabling everyone to work in complete safety and to enable staff to perform their duties over the long term and act daily for the environment.

A HSE manager is appointed in each production unit. They monitor the improvement plans defined with their management according to the HMS craftsmanship division's HSE policy. They routinely organise on topics of hygiene, safety and health, working closely with the maintenance and occupational health services. They take part in quarterly meetings organised by the central HSE coordination to evaluate the progress of ongoing projects, organise lessons learned and define new areas for improvement.

The central coordination ensures the coherence of the improvement plans carried out by each production unit and establishes priorities. They provide material support to the actions of the sites, select experts for necessary interventions and monitor changes in regulations and technical innovations. They develop and make available common tools for training, reporting and all the information necessary to compliance with the regulations.

• Environment

In a context of strong growth of the production workforce, the objective fixed by the HMS craftsmanship division is to stabilise consumption of energy and water. This therefore amounts to reducing them at constant scope. At the same time, the production

units are increasing the share of renewable energy within their power sources.

Each year, the production sites present actions to reduce their environmental impact during the sustainable development week.

• Health, Safety and Working Conditions

The Senior Management of the Craftsmanship Division meets each quarter to discuss issues of health and safety at work. It orients the strategy on priority topics, encourages local initiatives and validates the actions of central coordination. The adoption, by the production units, of a demanding health and safety culture is evaluated during audits.

Information and training modules have been built to disseminate the concepts of health at work within the production workshops. Thus, the “hand accident-prevention” network, composed of health professionals, organised conferences in four establishments in 2015. Nearly 500 staff received messages on preventing risks of accidents involving the hand and the first actions to be taken. The Intermediate Management of three production units received training on safety dedicated to team leaders. This training is intended to enable local managers to highlight safety subjects within their teams. Lastly, a recreational and interactive module on knowledge of the physical functioning of an individual was provided to 1,435 staff in 2015. This module enables a new approach to one’s body, perceived as a unique working tool, which one must know how to protect. Through practical exercises, everyone becomes aware of the necessity of warming up before working, adjusting their tools to better control them and changing some of their habits in order to exercise their functions over the long term.

For the protection of persons, the work of improving the installed base of machines that began in 2014 is continuing. Noise reduction and securing old equipment are the main objectives of this work. Working

closely with manufacturers or suppliers of equipment, the central teams are revising the systems for noise reduction at source to ensure comfort in the workshops.

Each work-related accident is the subject of an investigation, with analysis of the causes. The production unit that is affected then distributes a report to the entire craftsmanship division and seeks the comments or advice of its counterparts. The sharing of experience and best practices has been put in place, enabling the health and safety at work services to exchange their opinions and examine common solutions to cope with identified risks.

The rate of frequency of work-related accidents was stable between 2014 and 2015. It is down by 40% compared to 2012. The rate of gravity of work-related accidents dropped by 26% since 2012. It remains below the branch’s severity rate.

The declared intention in 2015 concerning the policy on the prevention and control of chemical risk, following actions to improve the management of chemical products carried out over the last few years, is to make the sites autonomous in their evaluation of the chemical risk. A common tool has been acquired and seven HSE managers have been trained in its use. The sites self-assessed themselves with central support. Twelve sites have a formalised and up-to-date risk evaluation. The strategies for sampling and regulatory measurement are carried out continuously. They generate local action plans that are shared centrally, with basic actions carried out with the help of a chemicals expert who arrived in 2015 at the technical and quality department. They concern the substitution of the last solvent glues and composition of the chemical products not directly related to the finished product.

2. FIGURES

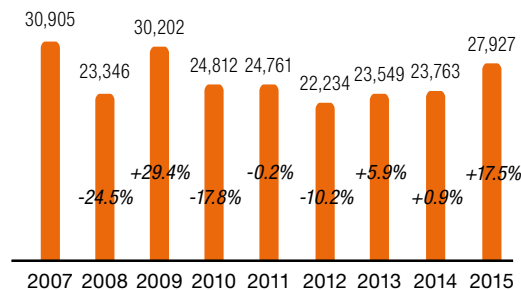
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water (m ³)	30,905	23,346	30,202	24,812	24,761	22,234	23,549	23,763	27,927
Electricity (MWh)	10,607	11,063	11,297	11,399	11,751	12,468	12,233	12,468	13,047
Gas (MWh)	7,755	9,130	7,410	8,572	7,594	8,070	8,276	6,395	7,087
Fuel (MWh)	1,382	1,037	953	726	0	0	0	-	-
Wood (MWh)	-	-	70	385	390	377	338	446	546
OIW waste (t)	684	670	640	633	638	670	584	496	433.35
HIW waste (t)	15	21	29	37	42	49	69	71.54	79.63
Level of activity	100	108	109	110	118	126	138	147	162
Total workforce								2,988	3,237
Theoretical hours of presence (x 1,000)	2,487	2,686	2,702	2,733	2,925	3,146	3,433	3,666	4,029

The data on the consumption of water and energy and the generation of waste does not include the Vaudreuil workshop, nor the leather-work workshop at the Faubourg, which are included in other scopes.

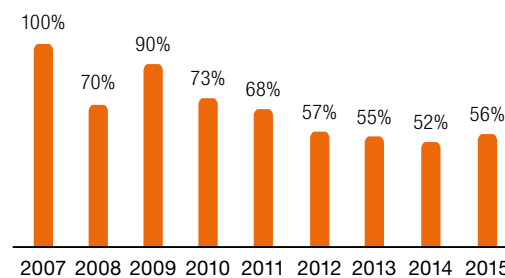
• Water

In the HMS craftsmanship division, the water consumed has no industrial use. It corresponds to sanitary use, to the fire-extension network and to watering green areas. At la Pyramide, water is also used to supply the backup air-conditioners.

Annual water consumption in 2015 stood at 27,927 m³, representing an increase of 17.5% compared to 2014. This increase is explained by a water leak evaluated at 2,000 m³ detected in the external network of sanitary facilities at MHM and by the consumption of water in the new Abrets production unit, which is greater than that of the temporary site of Fitilieu in 2014. The Pantin-Pyramide represents 42% of the consumption of the craftsmanship division, because it also houses the central services, a company restaurant and hosts the major events of the House.



PROGRESSION OF WATER CONSUMPTION SINCE 2007



WATER CONSUMPTION BY ACTIVITY

• Energy

Electricity, gas and water are the energy sources used within the division. Electricity is used in the buildings and production. Gas is used only to heat sites. Wood is used in the leather-goods facilities in Nontron and Abrets. The Belley site uses wood for communal heating.

The total energy consumption (electricity, gas and wood) was 20,679 MWh for 2015. With respect to the activity, it has decreased by 35% since 2007.

Environmental information

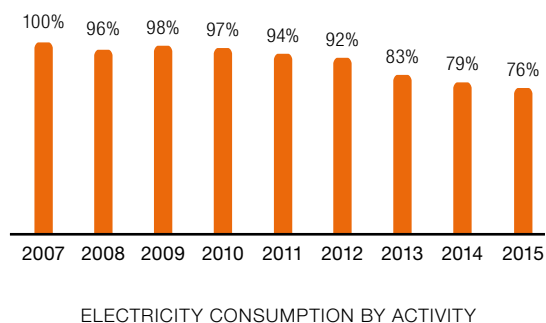
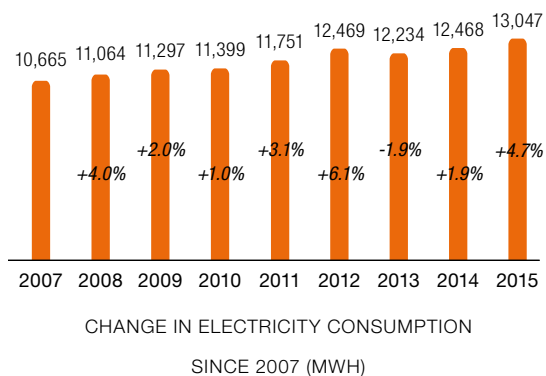
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total consumption	100%	108%	100%	107%	100%	106%	106%	98%	105%
Total consumption with respect to the activity	100%	100%	92%	97%	85%	84%	76%	66%	65%

Electricity

Electricity is the main power source for manufacturing production tools as well as equipment for buildings. The annual consumption in 2015 amounted to 13,047 MWh. It is up 4.7% from 2014, but down 5% relative to the activity. This is explained by the reduction in cutting operations in new factories in 2015, in Montbron and Abrets.

Manufacturing centres in Sayat and Pierre-Benite recorded increases of power consumption caused by high summer temperatures, which required greater use of air conditioning systems. The Pierre-Benite leather-goods production facility, the most important site for cutting activity, remains a high consumer despite improvements to its system in recent years. The Pantin-Pyramide represents a quarter of the consumption of the site, but the centres provide, in addition to production, the offices of the central services, events and a corporate restaurant.

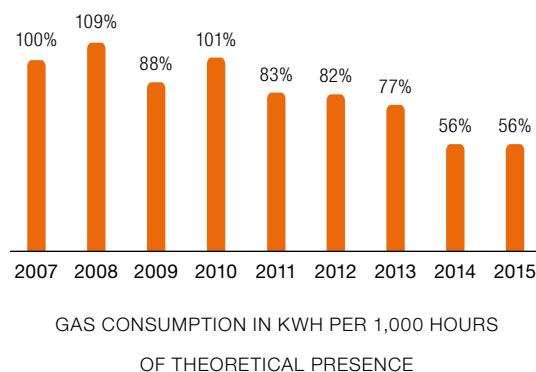
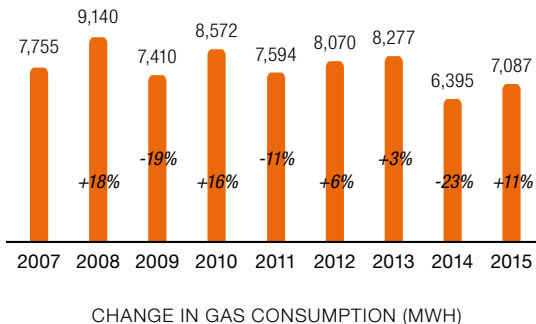
Other institutions stabilise their electrical consumption, demonstrating their mastery of the on-site equipment and the attention they bring to the energy element in the renewal of production tools.



Fossil fuels

Gas is used only to heat sites. Gas consumption totalled 7,087 MWh in 2015, an increase of 11% with respect to 2014. With respect to production, the consumption of gas remained stable in 2015 compared to 2014.

It should be noted that the Nontron site, which utilises a mixed heating system (wood and gas), was not been able to start the wood boiler in the last quarter of 2015 as weather patterns were too mild. Heating, which is usually done using 55% wood, was performed entirely with gas during this period.



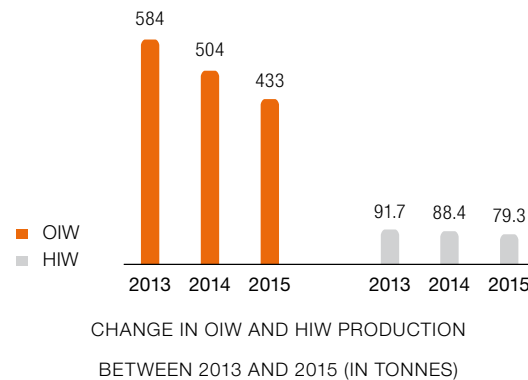
Renewable energy

Heating is performed entirely with wood within the Belley manufacturing site (communal heating) and at Abrets (independent heater). The manufacturing site at Nontron, unable to start the wood-fired boiler between September and December 2015, thus showed a drop in the share of wood heating with respect to gas heating compared with 2014 (21% in 2015 vs 55% in 2014). Photovoltaic solar panels are used for heating of water used for cleaning, representing 100% of the needs of this centre. For the entirety of this manufacturing site, wood only represents 7% of the consumption required to heat the buildings.

Waste management

The plan to reduce and better manage waste throughout the division, started in 2014, and showed results in 2015: the production of ordinary industrial waste (OIW) totalled 433 tonnes, down 14% from 2014. The generation of hazardous industrial waste (HIW) in 2015 totalled 79.3 tonnes, down 15% from 2014. A detailed analysis per site and consolidated at the division level was conducted to identify areas for improvement, especially regarding the use of detergent-solution fountains. These wastes are in the process of being integrated, with the objective of minimising them by developing alternative techniques. They effectively generate liquid waste that constitutes half of the quantity of HIW generated in the division and nearly 80% of costs.

Each type of waste is directed to a specially devised treatment or sorting chain.



Aqueous and gaseous pollutant releases

Leather-goods production facilities represent limited sources of pollutant releases, due to manufacturing procedures that are essentially manual and respectful of the environment. Air quality inside workshops is regularly analysed to ensure its quality. Production sites have replaced solvent-based adhesives with water-based adhesives across the board. Air conditioning, ventilation, heating, gluing and sanding

equipment that generate gaseous pollutant releases are fitted with filtering devices that guarantee the quality of the air emitted.

3. SUSTAINABLE DEVELOPMENT

The Autumn 2013 presentation of the House's sustainable development initiative to the Management Committees and HSE managers led to the creation of seven working groups on all aspects of sustainable development.

As a result of these groups, projects are in place to set up beehives at Sayat and Belley, plantations of flowers or trees from endemic species around three of the facilities, as well as the elimination of organic waste and phytosanitary products. Another example, production management on the Pantin pilot site is now in the dematerialisation phase with the arrival of computerised tablets to replace paper. For its part, the Saint-Antoine site is a pioneer in accurate waste calculation, and in improved stock management. Finally, the efforts to decrease scrap leather at Pierre-Bénite are contributing to our permanent endeavour to make the best possible use of the hides.

The Sustainable Development week is now firmly established as part of the culture of the sites. Every year, it includes a considerable number of events focussing on disability and visits with our partners, i.e. sheltered work establishments (ESAT) and adapted companies (EA); biodiversity with events such as organic food markets and the involvement of reintegration associations offering baskets of biological products; as well as waste reduction at Pierre-Bénite that included a contest with eco-responsible prizes. With regard to reducing the carbon footprint, tests using an electronic car and a carpooling challenge were organised at Seloncourt.

• Relationships with stakeholders

Over the last six years, the division has developed close partnership relations with four sheltered work establishments (ESAT) and an adapted company (EA), located in the vicinity of the production facilities. Within these five partner establishments, the Health, Safety and Working Conditions underwent a formal audit. A personal contact person provided these workshops with technical and quality support on a day-to-day basis, but also over the long term, as part of development projects as well as in the implementation of future premises or the acquisition of new equipment.

• Usage of materials

The raw materials used in the manufacturing of Leather Goods and Saddlery products primarily consist of cowhides and sheepskin, as well as precious leathers (crocodile, alligator, lizard, ostrich), metallic material treated for various finishes (gold, palladium, etc.) and textiles (silk, cotton).

The leathers used by Hermès are rare and of exceptional quality. Their very careful usage is one of the main concerns for producers of Leather Goods. All methods, such as the usage of cutting scraps, the associated cutting technique, and the sharing of best practices for cutting are all used and encouraged within the division. They help to increase the expertise of the cutters and to optimise the usage of the leathers.

• Climate Change

The Bilan Carbone® (Carbon Assessment) initiative was launched within the Pierre-Bénite facility in 2006, and extended to the entire division in 2008. A regular measurement of our carbon emissions serves to verify that our carbon footprint grew more slowly than the activity, and that the distribution of the contributing stations is stable from one year to the next: half of the

emissions come from raw materials, one quarter from staff commuting and one quarter from energy consumption. It also contributes to the water, energy and carbon progress plans, with concrete actions such as the use of an electric service vehicle, or increasing the share of renewable energies.

TEXTILES

The textile division now includes 11 production entities across 7 geographical sites, after the grouping of several units within the establishment located in Bourgoin-Jallieu. Each site adheres to the HSE policy defined by the division's coordinator, under the authority of the industrial strategy director. 2015 was marked by a slight decline in the production activity of the textile division and stabilisation of production investments, after several years of major investments, such as the expansion of the Bussières site in 2014 and the installation of new Pierre-Bénite printing lines at the Ateliers A.S. site. Investments in the prevention of environmental risks and programmes related to site safety amounted to €338k, to which the complete redevelopment of ATBC's company premises must be added, to the amount of €317k.

• Figures

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water (m ³)	260,000	241,000	199,000	215,800	198,478	238,760	269,232	275,995	256,534
Electricity (MWh)	9,678	10,075	9,267	9,520	9,694	11,673	12,586	14,050	13,034
Gas (MWh)	21,897	22,254	20,443	22,810	21,000	26,324	27,115	27,175	25,407
OIW waste (t)	469	306	239	345	346	448	457	507	536
HIW waste (t)	334	387	409	488	522	546	696	973	643

• Water

Water consumption decreased by 7%. Several actions have been carried out, building on projects from previous years. At Siegl, the replacement of two machines for washing frames and blades allowed for an 8% gain throughout the workshop. In the Ateliers A.S., centralised management of water meters and the new mechanisms (pot washing machines, for example) installed in 2014 have been a resounding success. Awareness-raising projects among craftsmen were conducted through daily alert programmes. The preventive maintenance plan was also strengthened.

• Pollutant releases

All means helping to control and improve the quality of the effluent are being used: the replacement – whenever possible – of certain chemical products with products that are more respectful of the environment, reduced use of solvents, decreased consumption of chemical products, and improved recovery of products before their transfer to the station. As such, for the printing sites, all new equipment includes the recovery of colours, better stripping of the frames, and recovery of the products resulting from the stripping of tables.

For AEI, a new buffering and effluent temperature control installation was implemented. Wastewater pollution decreased in the Siegl and AEI. This trend coupled with the greater regularity of our results show that we have mastered our processes.

• Energy

Production activities and mild winter temperatures in 2015 do not explain the numerous variations of gas and electricity consumption, also affected by the significant increase in average fabric widths, and the variety of inputs offered by the new collections.

Energy consumption decreased by 7%. This change is linked to a decrease in activity, but is also the result

of investments made in previous years, such as new air processing units installed at the Ateliers A.S. in 2014. In addition, awareness campaigns for craftsmen were conducted throughout the supply chain. Finally, a small percentage of the electrical needs of the ITH was supplied by a limited array of photovoltaic panels.

• Raw Materials

The main raw materials used for HTH are silk, cashmere and cotton. Genuine partnerships have been set up with suppliers of these materials in order to increase the reliability of the procurement and to ensure compliance with the ethical and environmental requirements of the Group. An audit and verifications are performed upon each visit.

• Waste

The waste collection and treatment system was reviewed in its entirety in 2015. A formal specification was issued by a working group, comprising all stakeholders in the supply chain, which audited all treatment processes. The organisation of collections was examined at all sites to maximise the ergonomics of the collection methods, so as to ensure better waste sorting. HIWs have been reduced to a more “normal” level in 2015, after the exceptional wastewater tank cleaning conducted in 2014 at the AEI.

• Bilan Carbone® (Carbon Assessment)

The Bilan Carbone® (Carbon Assessment) for the entire division was updated in 2015. This effort contributed to the sector’s “water, energy, carbon” action plans. The stations producing the most omissions are purchasing (fabrics, chemical products and packaging), upstream freight and commuting.

• Relationships with stakeholders

Partnerships with the ESATs for the recycling of photo-frames, fabric sampling for Créations Métaphores,

maintenance of green spaces and cleaning of the sites continued. In 2015, HTH continued to support the Handysoie partner company, in collaboration with ESAT, which employs disabled staff for making textile products.

• Health and Safety

Since 2014, investments have been made by incorporating HSE aspects, from the design phase, particularly regarding ergonomics and noise. Thus, the action plan launched for visiting workshops, in which higher volumes of large format products create a risk of MSDs, is still ongoing. Measures such as warm-up exercises have been implemented.

TANNING AND PRECIOUS LEATHER

The “Tanneries and Precious Leathers” division consists of four tanneries for exotic hides, primarily crocodile and alligator, located in France, (Montereau, Vivoin and Annonay), Italy (Cuneo) and the US (Lafayette) and recently two calfskin tanneries located in France (in Annonay and Puy-en-Velay). The “Tanneries and Precious Leathers” division’s scope expanded in late 2015 with the acquisition of Tanneries du Puy. The data corresponding to its activity is not included in this report.

The oversight of the Health, Safety and Environment actions is provided by the dedicated HSE managers on each production site. Improvements regarding the environmental impacts of the sites (water, energy, waste) and of employees’ working conditions are amongst their priority missions. As a result, they receive support from the Site Directors who are directly involved with regard to these subjects. All of the data is shared within the division, and joint improvements are implemented at the instigation of the Industrial Department.

In order to coordinate the division's cross-functional missions, quarterly meetings were organised between the HSE managers within the tanneries or other Hermès sites. These meetings provide an opportunity for discussions on the latest regulatory developments, as well as for the sharing of best practices between tanneries.

A total investment of €531k was devoted to the prevention of environmental risks and pollution in 2015. Most of this investment was used to finalise the construction of the new wastewater treatment plant at the Lafayette Tannery, opened in 2014 and whose total cost is approximately €1,800k.

HSE EVALUATION

• Figures

	2009	2010	2011	2012	2013 ⁽¹⁾	2014	2015 ⁽²⁾
Water (m ³)	95,809	85,215	95,036	87,649	180,340	155,455	184,956
Electricity (MWh)	3,260	3,256	3,686	3,555	5,529	6,143	6,572
Gas (MWh)	7,567	8,104	6,577	7,230	13,541	11,788	15,019
Fuel (MWh)	-	-	-	-	55	35	52
OIW waste (t)	Nd	Nd	Nd	781	1,876	2,247	2,418
HIW waste (t)	Nd	Nd	Nd	159	1,022	1,230	1,757
including recycled waste (t)	Nd	Nd	Nd	140	1,070	957	1,202
including reused waste (t)	Nd	Nd	Nd	85	267	225	226

Nd: Not disclosed.

(1) The reporting scope has included the Tannerie d'Annonay since 2013 (acquired in December 2012).

(2) Tanneries du Puy, acquired in November 2015, is excluded from the reporting for 2015.

(3) The USA and Australia divisions are excluded from reporting.

• Water

The water consumption of the division increased by 19% in 2015. This increase is mainly due to the increase of production capacity at the Tannerie d'Annonay. The average ratio of water consumption linked to activity increased slightly in the Tannerie d'Annonay. It is,

however, down at exotic leather tanneries due to control and consumption reduction efforts.

This includes a monthly monitoring of water consumption figures, preventive maintenance programmes for the installations, regular verification and sampling of the meters, and programmes to raise employee awareness. Significant discrepancies not related to production differences are also analysed. The necessary verifications are immediately carried out by the maintenance teams, in order to locate and repair any possible leaks.

• Energy

The power consumption of the division rose 20%. Three-quarters of this increase can be explained by increased production capacity at the Tannerie d'Annonay.

The average ratios of energy consumption related to operations increased slightly at all tanneries. This is partly explained by an expansion of on-site machinery fleets, and improvements to capture and ventilation devices at work sites. For example, the Tannerie de Montereau has equipped its workshop with an air handling unit (AHU) and air renewal systems at its finishing shop. The Tannerie de Vivoin continued its development work by applying LED lighting and occupancy detectors throughout the site, working on the thermal insulation of new workshops, and the optimisation of its ventilation equipment.

In Cuneo, electricity production from 296 photovoltaic panels installed on the roof of the tannery came to 75 MWh, about 10% of the total electricity consumption of the site in 2015. This production, used entirely for the tannery on weekdays, is fed into the grid during the weekends. The tannery is also equipped with a gas co-generator to simultaneously produce hot water and electricity. This equipment entered operation in the last quarter of 2015.

Regulatory Energy Audits were also carried out by a specialised team in the second half of 2015 at the

Tannerie de Montereau and Tannerie de Vivoin. The key improvement areas identified will be reviewed in 2016.

• Pollutant releases

Each tannery is equipped with an effluent treatment station and verifies its industrial pollutant releases in compliance with the applicable standards. Regulatory inspection reports are submitted to the local authorities on a regular basis. The division's tanneries continually work on improving the performances of the effluent treatment.

In Montereau, the reduction of water consumption combined with the production increase led to a concentration of pollutants in its wastewater. In 2015, the site continued its research on the implementation of a complementary treatment.

After the work done in 2013 and 2014 in its dechromatation and sewage stations (automation, tubes, etc.), the Annonay site strengthened its sludge treatment in the first half of 2015, which allowed it to further optimise its performance. The treatment facility at the Tannerie de Cuneo carried out stable operations throughout the year. The Vivoin site, meanwhile, continued work to develop and secure the treatment of its effluents. Finally, the construction of the new water treatment plant at the Lafayette Tannery, begun in 2014, was completed in 2015 and the effluent discharge permit for the municipal system was obtained. The tanning division's gaseous emissions primarily result from the operation of the boilers, the dry degreasing activity and the finishing booths. The verifications of such equipment, as identified in the prefectural orders or site permits, are performed in compliance with the applicable regulations. The thresholds were not exceeded on any site.

Finally, each year, in keeping with regulations, the Montereau site prepares a management plan for its solvents. The flow of specific VOC (volatile organic

compounds – g/m² of manufactured products) comply with applicable requirements. Furthermore, the Tannerie de Montereau continued its efforts to reduce VOC emissions generated by its activities, notably by establishing a degreasing process for a portion of the hides in drums, and improved air treatment and insulation for the workshop in question.

• Waste

The increase in the amount of hazardous waste generated (+40%) results directly from the increase in production capacity of the Tannerie d'Annonay and the improvement of its treatment of sewage sludge. More than 500 additional tonnes of sludge have been removed. The tannery contributed 87% to the total tonnage in 2015.

Apart from this development, the production of non-hazardous waste in the division, on one hand, and hazardous waste from exotic leather tanneries on the other hand, appears relatively constant from year to year. 100% of waste is evacuated through approved channels.

Each site continually strives to seek out the best recycling or reclamation channels for its waste. Ordinary industrial waste (OIW) and biomedical waste with risks of infection (BWRI) produced on the sites are incinerated with energy recovery; hazardous waste is processed separately on the basis of its characteristics; paper and cardboard materials are recycled through classical paper industry channels; wooden pallets and crates are recycled; while metals are resold in order to be directed towards steel recycling channels. Waste from tripe splitting and gluestock, specific to the Tannerie d'Annonay, are turned into flour and used as fuel for cement facilities.

On-site waste storage was optimised in order to avoid all pollution (sheltered storage areas, retention basins, etc.), and regular actions were undertaken with the employees in order to raise awareness

regarding sorting and arranging work areas, using the 5S method.

• **Noise and olfactory pollution**

In connection with the current production activities, as well as any isolated operations (for example:: maintenance or civil engineering operations), the sites make every effort to avoid and reduce noise and olfactory pollution as much as possible. No complaints were received in 2015.

When required by the regulations, the tanneries may be compelled to implement noise measures at the property line. The latest measures in 2015 did not bring to light any excess noise readings.

• **Health and Safety**

Risk prevention, protection of the employees and the security of the products are but a few of the division's priorities. To this end, all of the necessary human and material resources are assigned. For several years, the sites have been working to improve health and safety conditions, and many initiatives have already been undertaken, notably including an assessment of professional risks and prevention measures for hardship resulting from work at the various workstations. Exchanges between dedicated on-site managers are held on a regular basis in order to share best practices within the division.

Examples of these actions include the continued compliance controls for extraction and air exchange devices at Vivoin, Montereau and Annonay; improving the safety of machinery fleet; securing high-level access-ways; trials of innovative equipment to reduce TMS (exoskeleton testing at Annonay) and securing production operations (development of delining and smoothing prototypes) achieving monthly informational campaigns and on-site safety training; enhancing site safety in a context of redevelopment and construction of buildings; creation of a film about

accident prevention for new recruits to Annonay; or monthly security audits conducted by an external consultant in Lafayette.

All of the tanneries have also continued to work on optimising the management of chemical products (listing, identification, storage and usage conditions) and on the replacement of certain substances in order to comply with the current regulations while anticipating future changes (REACH regulations, POP [persistent organic pollutants], biocides, etc.). Workers' exposure to certain chemical agents was the subject of measures at the Vivoin, Montereau, and Cuneo sites.

In addition, the French tanneries evaluated the exposure of employees to the four risk factors applicable in 2015 (night labour, successive labour in alternating teams, repetitive labour and work in hyperbaric environments), as part of the hardship prevention protocol. As part of improving the ergonomics of the workstations, specific actions were carried out in each of the tanneries. As such, the Montereau site brought in an ergonomist to study the smoothing and manual framing stations, the Vivoin site has experimented with the development of muscular awakening sessions in various workshops and the Annonay site entered the "TMS Services" stage in partnership with the Rhône-Alpes division of Carsat.

Finally, as part of the safety training of the employees, a considerable number of annual sessions were provided on-site, in addition to the regulatory training: handling of chemical products, gestures and postures, workplace first aid, management of external companies, consideration of safety during maintenance operations, performance of evacuation and emergency exercises with the fire department, improved orientation of new-comers (for example: creation of a prototype for a manual framing machine for hides at Vivoin).

SUSTAINABLE DEVELOPMENT

• Bilan Carbone® (Carbon Assessment)

The Bilan Carbone® (Carbon Assessment) from the “Tanneries and Precious Leathers” division has been updated for the year 2015. CO₂ emissions in the division increased between 2014 and 2015 (+27%). This increase is explained by increased production in tanneries including that of the Tannerie d’Annonay (additional consumption of energy and chemicals) and a decrease of sea freight in the supply of precious skins (due to logistical constraints). Both emission sources are the most significant in the division and represent over 90% of emissions from production sites.

In 2010, after repeated tests, a maritime transport system – which consumes from 10 to 20 times less energy than air transport – was set up for *Alligator mississippiensis* from Florida and Louisiana, for *Crocodilus niloticus* from Africa and, since 2013, for *Crocodilus porosus*, from Asia and Australia.

The procurements of exotic hides is highly regulated internationally, and is carried out in strict compliance with the CITES (Convention on International Trade in Endangered Species of wild Fauna and Flora) regulations. This international agreement between states is intended to ensure that the trade in animal specimens does not threaten the survival of the species to which they belong.

• Relationships with stakeholders

Visits to the tanneries are occasionally organised on their initiative. As part of collaborative efforts with universities, institutes and professional training institutions, the tanneries can open their facilities to visits by students and people undergoing training. 2015 was marked by the inauguration of the Tannerie de Cuneo with the presence of employees, local authorities, project partners and business clients.

Tannerie de Montereau and Tannerie de Vivoin, through their partnerships with institutions and

work-aid support services (ESAT), have included the participation of persons for the maintenance of green spaces. The Montereau site also hosts two people from the same ESAT programme as part of production operations. For its part, the Tannerie d’Annonay works with an ESAT branch for office supplies.

As part of the division’s commercial relations with its subcontractors and hide suppliers, the industrial department regularly performs audits in order to check that the Group’s requirements, notably in terms of quality as well as compliance with social and environmental commitments - are actually being respected. At the end of 2015, more than 40% of the partners had been visited. Over the last three years, 90% of them have been audited.

Regular inspections are also carried out in the livestock sites. In addition to these inspections, an audit programme was set up for all crocodile skins providers. These verifications primarily concern CITES regulations, good farming practices, environmental management, social conditions of employees, safe infrastructure and working conditions. These topics are grouped together in a charter of good livestock raising practices established in relation with veterinary experts.

• Sustainable Development Week

To educate employees, the Annonay and Montereau sites participated in Sustainable Development Week, 2015. Three beehives have been installed on a hill on the premises of the Tannerie d’Annonay. They were installed in the presence of artisans and a bee-keeper in contract with the tannery. An “organic” breakfast was organised at the Tannerie de Montereau with more than 70 employees.

FRAGRANCES

The growth of Fragrances' development continued in terms of revenue in 2015, but the work carried out on logistics flows and inventory during the year generated lower amounts of products produced and the number of packaged units. Works started on insulation and façade renovation started in 2011 and was completed with the construction and implementation in June 2015 of a charging station for batteries used for site maintenance equipment, as well as the redevelopment of offices. Around €600k was spent in 2015 on HSE matters.

• Figures

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water (m ³)	5,426	5,644	5,777	4,359	2,772	2,703	3,756	3,723	3,489
Electricity (MWh)	1,422	1,422	1,430	1,446	1,701	1,414	1,533	1,579	1,591
Gas (MWh)	2,246	2,376	2,331	3,032	2,037	2,161	1,774	1,289	1,378
Fuel (MWh)	0.8	0.8	0.8	0.8	0.3	12	4	4	11
OIW waste (t)	45	59	79	114	140		199	278	256
HIW waste (t)							627	585	543

• Water

Water consumption at the site is down 6.3% compared to 2014. Water is used in the manufacturing of Fragrances, in the cleaning of the tanks, in the washrooms and company restaurant, for the green spaces and to top up the fire system reservoir. In 2015, a new wastewater discharge agreement was established with the inter-municipal sewage treatment plant, following the discharge analysis work in 2014.

• Energy

Natural gas consumption, entirely dedicated to the heating of facilities and restoration, increased by 6.5% in 2015, connected with the decrease in temperature

between 2014 and 2015. Leather Goods production represents one fifth of global consumption on the site, marked by an increase in gas consumption for this building that has not been the subject of insulation work in recent years.

Electricity consumption was stable overall in 2015, for which Leather Goods activity still represents about 5% of total use. A new meter was installed in June beside the charging docks for on-site handling equipment batteries. This site represents about 2% of overall consumption.

The increase in fuel consumption is entirely due to an increase in operating time of the pumps during the weekly tests, at the request of our insurer.

• Air quality

For 2015, gaseous emissions of VOCs (volatile organic compounds) were estimated at roughly 1% of the total consumption of solvents and therefore remain below the 5% emission limit for perfume industries. These VOCs primarily consist of ethanol, a product that is not bio-accumulable, presents no measurable risk to animal and plant life, and vaporises and biodegrades quickly.

• Waste

The volume of waste has decreased by about 7% compared to 2014, which is partly explained by lower volumes of manufactured and packaged perfumes.

In 2015, 59% of waste (OIW and HIW) was recycled and 37% recovered as energy, versus 55% recycled and 19% recovered in 2014. This year, all packaged alcoholic products, cosmetics, POP and packaging items destined for destruction were re-purposed by an external partner. For these types of waste, on average, after preparation and sorting, 76% of the materials are recycled and 24% are used in energy recovery.

The Sustainable Development Week was marked by the opening of on-site paper sorting (sorting, recovery

and recycling) and the allocation of staff to products deriving sustainable agriculture.

• Bilan Carbone® (Carbon Assessment)

Both areas represent the vast majority of emissions of CO₂, leaving downstream packaging and freight (especially airfreight). The total amount of CO₂ emitted decreased by almost 10% between 2014 and 2015. This decrease is due in part to lower volumes of perfumes produced and packaged in 2015, echoed in the decrease in purchases of materials and packaging, but also because of greater use of ocean freight, whose emission rate is 10 to 20 times lower than air freight, and which now accounts for nearly 40% of our shipments.

• Health and Safety

Concerning health and safety, major projects were completed during 2015, such as:

- assessing the updating of the authorisation to operate the site (working in collaboration with the DREAL) to integrate developments to the activity and to the site in years to come, and to enable the adding of new manufacturing tanks. A new prefectural operating decree is expected for the first half of 2016;
- the work on redevelopment, construction and the implementation of a battery charging station for maintenance equipment, the expansion of manufacturing space and the creation of a tank washing area, improvements to production installations and the distribution of compressed air, to strengthen site access verification;
- the implementation of monthly HSE flashes;
- the study of the training module for MSD prevention that has been deployed for all Leather Goods craftsmen and should be set up for Fragrances in 2016.

CRYSTAL

In 2015, the HSE subjects for the Saint-Louis crystal processing facility were coordinated by a safety facilitator, an environmental engineer and technical, hygiene, safety and environment managers.

A budget of €860k was invested in various projects aimed at improving the performance of manufacturing in terms of hygiene, ergonomics, safety, working conditions and environment (including refurbishment of “changing halls” to prepare for the use of work clothes, replacement of the roof and heating in the “final choice” workshop, automation of the upgrading of acid baths of the “chemical etching” workshop, replacement of an acid polishing facility, automating more risk-prone operations, renovation of industrial water treatment installations or selective sorting of OIW).

In partnership with Compagnie des Arts de la Table, Saint-Louis incorporated a new porcelain decoration activity involving 14 employees during the last quarter of 2015.

• Données

	2010	2011	2012	2013	2014	2015
Water (m ³)	18,461	17,991	12,992	15,850	15,235	11,662
Electricity (MWh)	7,548	8,985	8,563	8,797	8,584	8,578
Gas (MWh)	33,028	32,488	32,474	34,428	31,296	27,020
Fuel (MWh)	168	123	93	101	142	159.5
OIW waste (t)	132	85	92	92	81	80.5
Waste SIW + HIW (t)	1,086	1,030	1,032	1,180	1,586	1,163
Including recycled + recovered (t)	935	828	807	860	947	651.7
Fused crystal activity (index 100 in 2009)	96	99	92	94	95	94

• Water

Water consumption fell sharply in 2015 due to the decrease in business volume in the B2B division and the closure of hall 44 during the revision project for the pot furnace.

• Energy

Power consumption is closely related to activity levels and the operation of the main fusion tool, showing signs of reaching the end of its useful life. The negative impact this reduced operability had on consumption was offset by the parallel efforts made to optimise use of the facilities.

The efficiency of the 9-pot furnace, opened late February and replacing the 12-pot furnace that reached the end of its lifespan, explains the sharp decrease in natural gas consumption compared to the previous year. The closure during the year of two hot air generators running on natural gas, one of them replaced by a new condensing boiler, also contributed to the decrease in natural gas consumption.

The fuel consumption increase is entirely due to the implementation of radiators that were used during the first two months of the year during the construction of the new pot furnaces, which required implementing “frost protection” within the workshop.

• Waste

The amount of OIW is stable. The establishment of waste sorting in the second half of the year helped increase the reuse of ordinary waste.

The decrease in HIW/SIW (special industrial waste) is explained by the 400 tonnes of refractory bricks generated from the demolition of the 12-pot furnace in 2014. The substances extracted during the renovation of the “Jardins Saint-Louis” (260 tonnes) were taken care of by a specially-adapted centre.

The amount of cullet recycled within the fusion tool is stable, despite the events of the second half of

the year in the main fusion furnace that generated a quality of material that does not allow its reuse.

• Aqueous effluents and gaseous emissions

Industrial wastewater, pre-separated in its respective workshops and collected at a single point, has been purified by phytotreatment since the first half of 2009. A complementary treatment study to identify a more efficient process was conducted in 2014. The testing of this alternative process at a pilot installation has allowed for the validation of the implementation in the summer of 2015.

The operation of the new facility, performed in the second part of 2015 by capitalising on existing water projects, was made more reliable by the implementation of a vessel for smoothing the chemical load and the volume of water to be treated. An awareness programme to educate users in the treatment of water to sustain the performance of the new facility was initiated in conjunction with these projects.

Gaseous emissions measurement campaigns were conducted in June and November. The results confirm the operation of the facilities in terms of air emissions. The operations conducted in 2015, including the reconstruction of the pot furnaces, allowed for all gaseous emissions during manufacturing to be brought up to standards.

• REACH

Within the framework of the ROHS (Restriction of Hazardous Substances) directive, an exemption request was filed for electrified crystal products (lighting fixtures) by the sector’s crystal manufacturers at the beginning of the year, in close cooperation with the Fédération des Cristalleries et Verreries à la main (Federation of Crystal Glassworks).

• **Chemical Risk**

The assessment of the facility's chemical risk, carried out in 2012, was updated in 2015. This update, taking into account the results of previous campaigns, has clarified the level of exposure to certain homogeneous exposure groups (HEG). They have thus been subject to samples during the campaign, which took place during the month of December 2015.

• **Health, Safety and Security**

Many actions aimed at improving working conditions were conducted in 2015 to reduce chemical risks (use of work clothes for 165 employees, clothes specific to certain operations involving smoke, glove testers, etc.), to improve the ergonomics of certain operations (the stacking of local cartons, handling of lighting packages, weight reduction for mallets, height adjustment for presses and glassmaking supports, etc.) but also to bring certain facilities up to standards (emergency stops on the cutting shop drills, cowlings for belts, etc.).

Awareness campaigns were organised for the risks associated with lead and the use of chemicals, but also to optical radiation. Moreover, awareness days for dietetics have attracted many workers' interest. The "Authorised Economic Operator" certification (AEO), obtained in May 2012, was renewed in 2015 following an audit carried out in October. As part of this certification, various measures have ensured the safety of the site in 2015 - video surveillance, access control, intruder alarms, but also human guards patrolling the site or increased awareness so that workers actively contribute to the process.

• **CSR**

In 2015, the facility exceeded the regulatory threshold of 6% of disabled workers in its manufacturing process, as well as in support functions. Moreover,

maintenance of green spaces is entrusted to the APAEIE Ingwiller Association.

WATCHES

The Watchmaking division consists of La Montre Hermès (LMH) (design, manufacturing and distribution of watch products), Joseph Érad (manufacturing of watch cases) and Natéber (manufacturing of dials). Since 2012, an HSE and general services position has been in place to conduct activities concerning HSE issues in the Watchmaking division. An HSE committee meets once every quarter on each of the three sites, and organises inspection visits. External audits on issues relating to health, safety and the environment as well as fire safety are organised on a regular basis.

• **Figures**

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water (m ³)	746	607	1,012	707	860	5,437	6,013	6,539	6,269
Electricity (MWh)	350	343	334	357	381	509	1,027	1,141	1,210
Gas (MWh)						118	94	93	109
Fuel (L)						28,455	14,401	12,571	
OIW waste (t)	20	20	20	20	20	19	22	19	11

Water consumption is monitored on a monthly basis and noted in a dedicated register.

• **Water**

While water is used only for domestic purposes within LMH, it is used in the electroplating process at Natéber. Work has been conducted in this area to reduce water consumption during this process, and the favourable results were absorbed by the growth in business.

• Energy (fuel, gas, electricity)

The increase in gas and electricity consumption is directly proportional to growth in enrolment. However, a finer ventilation and heating operation at Joseph Érad has led to a 55% decrease in fuel consumption over two years.

• Waste

Waste production is monitored, and a statement is released each month for use in annual monitoring. The staff are sensitised and trained to use the bins provided for each category of waste, ensuring compliance with good practices in this area. The Service Managers will ensure that the sorting instructions are respected.

All aqueous products, solvents, adhesives or dyes are packaged in waterproof containers and disposed of by a professional chemical disposal network.

• Gaseous Emissions

For LMH, there are no gaseous emissions, as the heating water is produced by the incineration facility in Brugg, that recycles part of our combustible waste. For Natéber, the heating facility within the factory uses domestic gas. For Joseph Érad, the central heating system runs on domestic fuel oil.

• Bilan Carbone® (Carbon Assessment)

Performed at LMH each year since 2013, the Bilan Carbone® (Carbon Assessment) now includes the Érad and Natéber sites in order to provide an overall view of the emissions, and to steer the reduction projects throughout the Watchmaking division.

PORCELAIN AND ENAMEL

1. COMPAGNIE DES ARTS DE LA TABLE ET DE L'ÉMAIL (CATE)

The main activities at the Nontron site are the decoration of blank porcelain and the production of enamelled bracelets. An HSE manager is employed on site, reporting to the Site Manager. Consumptions are tracked and analysed monthly. The total investment in HSE issues in 2015 was €271k.

• Figures

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water (m ³)	875	2,136	803	1,196	1,429	1,615	1,883	1,733	2,230
Electricity (MWh)	833	918	846	936	922	1,229	1,222	1,208	1,208
Gas (MWh)	538	530	478	547	461	547	696	499	494
Fuel (MWh)	62	74	55	55	33	31	31	33	33
OIW waste (t)	90	91	75	65	34	82	81	88	104
HIW waste (t)	0.3	1	1.7	3.9	7.6	8.8	34.2	30.1	8.9

• Water

The Nontron facility uses water in its production process for both porcelain decorations and its enamel operations, as well as for the domestic purposes. In 2015, overall water consumption was 29% higher than in 2014. This increase was primarily driven by the production workshops and is partly explained by more frequent cleaning of enamel tools, but also the replacement in 2015 with larger models of dipping tanks in the decoration workshop. The addition of eight trainees in the decoration workshop and the establishment of year-end overtime also contributed to this general increase in water consumption.

• Wastewater

Following the study conducted in 2013 for the optimisation of the station for processing effluents from the enamel process, a system for regular cleaning of

pipes and pumping stations was implemented. Operating indicators at this station are subject to a monthly review. All hazardous chemical products are placed in retention, thus preventing any risk of water pollution.

• **Energy**

Overall energy consumption at the site (electricity, gas and fuel) remains stable. The air conditioning and heating network of the logistics area was renovated in 2015.

• **Waste**

The Company is working to reduce its consumption of raw materials with suppliers upstream, refining the selection of white colouring based on the decoration, with working groups aiming to improve the rates of internal waste generation by practising preventive maintenance at furnaces and, finally, recycling materials and metal frames. Waste sorting was initiated in 2015 in the dining area in order to involve all craftsmen in the process.

Volumes of OIW generated increased in comparison to 2015, whereas HIW decreased. This is explained by the fact that the effluents from the regular cleaning of the water treatment facilities were reported as hazardous waste in previous years, while they were not classified as hazardous due to their concentration. The decoration position replacement site also contributed to the increase of OIW production.

• **Bilan Carbone® (Carbon Assessment)**

The update of the Bilan Carbone® (Carbon Assessment) in 2015 confirmed that the main cause of greenhouse gas emissions (GHG) is transport. If the data on raw materials has been refined over the years, data for transport must still be made more reliable, particularly for packaging.

• **Health and Safety**

The creation of new decoration positions was accompanied by a replacement of seats in workshops and offices with a more ergonomic model, as well as the implementation of a polishing dust extractor. Work has also been undertaken to strengthen part of the building's foundations, and to secure the roof access. The training effort continues in 2015, with fire and OSH training, and training in electrical operations for some staff.

• **Relationships with stakeholders**

The site is located in the centre of Nontron, where it is the second largest employer after Maroquinerie Nontron. The use of local craftsmen is promoted for regular plumbing, electrical, roofing or mechanical works.

2. BEYRAND

The activity at the Beyrand site is devoted to multi-modal silk-screen printing.

A QHSE (quality, health, safety and environment) manager provides normative and regulatory monitoring, and additional monitoring of waste, energy consumption and work in collaboration with maintenance, purchasing and continuous improvement, under the authority of the Industrial Director of the Company.

• **Figures**

	2010	2011	2012	2013	2014	2015
Water (m ³)	3,514	4,767	4,150	4,243	3,936	2,706
Electricity (MWh)	2,396	2,574	2,550	2,425	2,482	2,473
Gas (MWh)	2,072	1,611	1,709	1,627	1,218	1,779
Fuel (L)	3,000	6,000	4,501	3,000	3,000	0
OIW waste (t)	36	42	44	38	47	48
HIW waste (t)	9	9	11	14	9	11

• Water

Water is primarily used for domestic purposes to supply the automatic fire suppression network and for the washing and development of frames. The reduction in water consumption is due to the closure of the cooling tower, replaced by a new refrigeration unit.

The site has a water treatment station at the exit from the washer/scouring sluice (physico-chemical treatment). There are also silver recovery units at the output from the film developers. The rain water and wastewater networks are separate.

• Energy

Electricity is mainly used for air conditioning, which is necessary to control the humidity and temperature of the workshops. Its consumption is stable. The new refrigeration unit is the main cause of the increased gas consumption.

• Waste

The amount of waste is stable. Sorting and storage operations conducted in the maintenance building in preparation for the installation of the new refrigeration unit have generated a significant part of OIW.

The site has recovery vats for the various types of waste: paste products, used solvents, soiled packaging, paper, porcelain scraps, wood, etc. All ink cartridges are also recovered and reused. Colour and paper consumption are calculated as accurately as possible such as to avoid waste. Colour pots and screens are reused insofar as possible before being destroyed.

A regular reminder of these rules is carried out through payslips. Various awareness campaigns are also carried out during the year at storage/sorting workshops.

• Health and Safety

The main implemented actions from the 2015 HSE plan are as follows:

- Improvement of the workstations at the end of the printing line and in the printing workshop, in close collaboration with the service staff: purchase and installation of anti-fatigue mats, degassing area brought up to standards, review of the service flow, creation of new editing tables, replacement of extractions to eliminate exposure of the staff;
- Creation of a “reflection” area separated from the research and development laboratory;
- Creation of administrative offices taking into account ergonomic constraints: light, ergonomic chairs, etc.;
- Compliance enforcement/replacement of smoke detectors on site;
- Compliance enforcement of colours for laboratory grinders;
- Replacement of the air conditioning system: complete removal of R22 throughout the site, removal of the cooling tower;
- Use of work clothes adapted to the risks of each position.

SILVERSMITHING AND JEWELLERY

The Site Manager coordinates the health, safety and environment issues for the production site.

• Figures

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water (m ³)	719	698	696	853	1,055	486	358	269	221
Electricity (MWh)	164	173	173	190	168	200	175	178	153
Gas (MWh)	18.3	18.8	17.9	16.7	11.8	12.7	10.4	8	7.1

• **Energy**

In 2015, the renewal of the integration of energy consumption into incentive criteria gave rise to regular and sustained awareness campaigns to all staff. Gas and electricity consumption were lower than the previous year and are explained in part by the slowdown in activity.

• **Water**

Water consumption was down nearly 20%, a result that reaffirms the choice made in 2013 for the renovation of the cleaning line, in which the usual detergent was changed. Monthly communication of the consumption data helps to raise staff awareness with regard to the usage of water for domestic purposes.

• **Pollutant releases**

The Puiforcat workshop is integrated into the CIA and as such, follows the steps taken on the site. Good practices for the use of electrolytic baths were maintained, as well as for the management and storage of chemicals.

• **Bilan Carbone® (Carbon Assessment)**

An update of the calculation of greenhouse gas emissions was conducted in 2015.

• **Health and Safety**

An analysis of workplace accidents in recent years has been conducted. This helped initiate reflections and appropriation of prevention concepts. Orange binders with descriptions of the risks identified, and a registry of severe and imminent dangers, were also implemented. Analysis was also conducted on the hardship factors experienced at polishing stations. Finally, a new fume extraction system in the furnace was installed at the end of the year.

FOOTWEAR

The IT and General Services Manager ensures the proper awareness of health, safety and environmental issues at the John Lobb Northampton site, while in Paris, the site's Production Manager oversees these areas directly.

• **Figures**

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water (m ³)	459	809	861	847	767	788	844	823	717
Electricity (MWh)	227	237	219	233	225	242	275	349	300
Gas (MWh)	226	206	213	200	193	177	186	203	220

• **Water and energy**

Water is primarily intended for domestic purposes and for the weekly tests of the sprinkler system. The manufacturing process represents a marginal part of the water consumption during the preparation phase for soles. The decrease is partly explained by the slowdown in production activity during the year.

The variations in energy consumption are mostly weather-related, even though insulation work was carried out in 2015.

• **Bilan Carbone® (Carbon Assessment)**

The update of the calculation of greenhouse gas emissions has been carried out on an annual basis since 2013.

• **Waste**

Selective sorting is in place in the manufacturing process for plastic, cardboard and paper. A contract is still in place with a company that collects waste each day and manages its treatment, ensuring 100% recycling with no burial. In 2015, building on the same idea, a new sector was developed with a subcontractor for the use of leather scraps.

• Health and Safety

The Northampton site is proceeding with its health and safety initiative launched in 2009, while notably continuing to work with an external consultant who specialises in these fields, for the follow-up and update of the facility’s obligations. Internal audits are conducted weekly. All new employees are provided with training in the area of health, safety and working conditions. Special training modules were provided for the relevant staff, focusing on fire prevention or use of the defibrillator. In 2015, a Work Council was set up. It will work primarily on handling HSE issues.

LOGISTICS

A person reporting to the Human Resources Management division is responsible for on-site health, safety and environment projects. On a daily basis, the general services team provides the maintenance of the buildings and equipment needed for the site’s operation.

• Figures

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water (m ³)	2,900	2,529	2,586	2,680	2,324	4,274	4,246	5,771	5,921
Electricity (MWh)	2,653	2,728	2,694	2,480	2,059	2,040	2,016	2,209	2,977
Gas (MWh)	2,987	3,945	3,316	3,776	2,535	2,224	2,305	2,726	3,104

• Water and energy

In 2015, the expansion and growth of operations explain the increase in water consumption. During the works, the sprinkler networks were flushed several times. In the administration building bathrooms, sensor-activated faucets and automatic flushing toilets were installed.

Electricity consumption in 2015 was still significantly impacted by the ongoing work on the installation of

the mezzanine, and the enlargement of the operational surfaces. In addition, a new building was rented to install the itinerant sales teams. In offices, lights were replaced with T5 tubes, and presence detectors were installed along with dimmer switches. In the warehouses, conventional lighting was replaced with less consuming LED lights.

The use of gas for heating the facilities increased with the implementation of the Cartier-Bresson site. Gas boilers used for staff housing have been replaced with a model with the same power but with better performance.

• Waste

Specific bins dedicated to paper reuse were added in offices. Initiated in 2009, the generalised usage of reusable containers (rolls, crates, etc.) continued in collaboration with the production sites.

• Noise

The site produces only slight noise pollution, resulting primarily from the boiler room and traffic. The noise levels were measured in order to verify compliance with the prefectural operation order.

• Bilan Carbone® (Carbon Assessment)

The update of the calculation of greenhouse gas emissions has been carried out on an annual basis since 2013. The main noise pollution generator is clearly transport, for which optimisation is a daily task.

• Health and Safety

Each new employee receives training on arrival by a member of the security team, explaining the procedure to follow for evacuations, accidents or illnesses (fire extinguishers, alarm trigger, emergency exits, list of first aid staff, first aid kits, etc.).

As part of the construction of the mezzanine and the new building work, an evacuation strategy adapted

Environmental information

to the site was implemented, in accordance with the site's operating procedures and constraints. Particular attention was paid to updating the evacuation instructions to be displayed in different areas of the

buildings. Training was provided for security, a summary sheet was created, and an organisational chart of the evacuation teams was given to each manager, complementing the training of evacuation teams.

CSR appendices: Human Resources information

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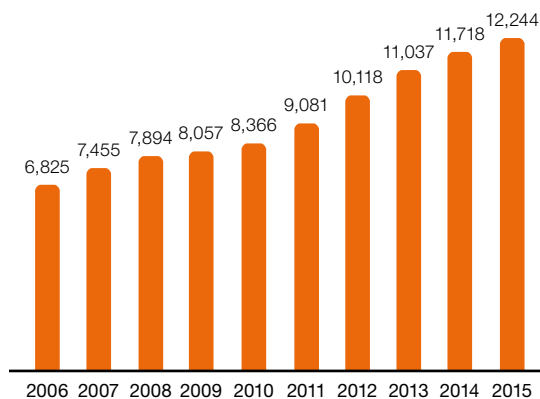
Human Resources information

In accordance with Article 225 of the “Grenelle 2” Law of 10 July 2010, we have outlined information on the way in which Hermès takes the social consequences of its activity into account. These are presented below. The sectors examined include the priorities of employment, organisation of work, social relations, health and safety, training and equal treatment as well as compliance with the core labour agreements. At this point, it is important to clarify that human resources is decentralised and that an HR presence can be found in all countries or zones where the Group operates.

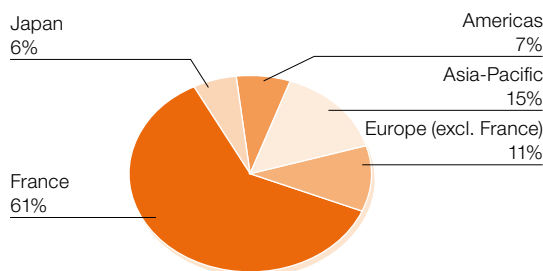
GROUP HEADCOUNT

The headcount within the Hermès Group includes active permanent staff members and people on fixed-term contracts of more than nine months, including apprenticeship contracts. The permanent active staff represent 96% of the total staff.

Increasing by roughly 79% over the last ten years, the Group headcount was equal to 12,244 people on 31 December 2015.

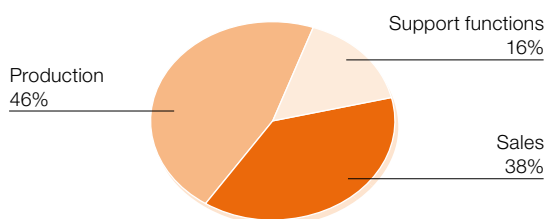


WORKFORCE BY REGION



	2014	2015	Growth	Distribution of additional jobs
Americas	809	832	3%	4%
Asia-Pacific	1,859	1,897	2%	7%
Europe excluding France	1,257	1,308	4%	10%
France	7,051	7,461	6%	78%
Japan	742	746	1%	1%
Grand total	11,718	12,244	4%	100%

WORKFORCE BY JOB CATEGORY



Sales staff includes:

- all people in direct contact with customers in stores, such as sales personnel, cashiers, hostesses, store security staff, etc.;
- all people who work in specialised distribution networks (perfumes, watches, etc.), and all individuals who work with intermediaries, sales representatives, export managers, etc.;
- all people in direct contact with finished goods and

in indirect contact with customers, that is, employees who work in distribution but who are not directly engaged in selling.

Production staff includes:

- all people taking part in the physical production of finished goods;
- all people in indirect contact with finished goods, that is, employees who work in production without taking part in the actual process of physical production.

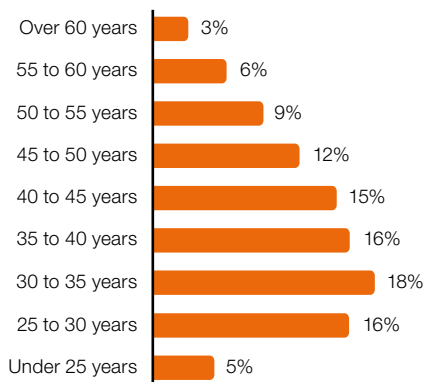
Support staff includes:

- all people who employ a specific skill or expertise in design or other creative fields;
- all people who are members of departments such as Executive Management, Finance, Human Resources, Administration, Legal, IT, Press, Public Relations, etc.

DEMOGRAPHIC DATA

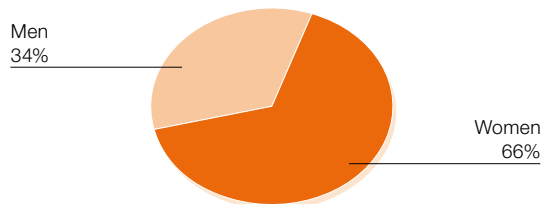
• Workforce by age

The distribution of the Group’s workforce by age remained stable. The average employee age is 40.



• Workforce by sex

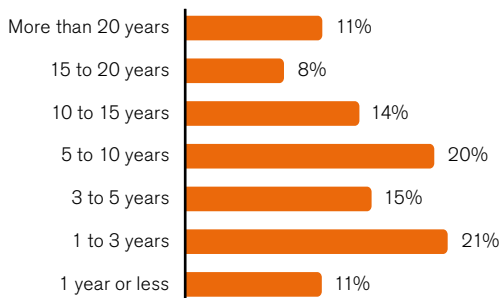
The Group is largely comprised of women (66%) represented at all hierarchical levels and in all sectors.



• Seniority pyramid

The average length of service is nine years and 47% of staff members have been with the Group for less than five years.

The Group encourages the development of skills and long careers. Nearly one third of the staff has been with the Group for more than 10 years.



EMPLOYMENT

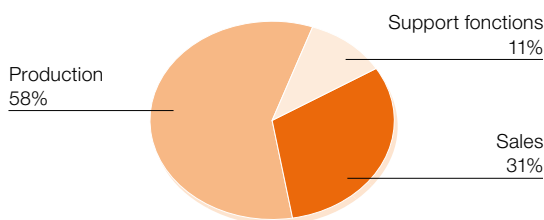
Given the Group’s organic growth, the last ten years have not required any restructuring efforts for economic reasons that had any consequences with regard to jobs. During development operations (site construction), any transfers were on a voluntary basis. In France, individual layoffs involved 75 people in 2015.

As part of Hermès’ strategy to maintain and develop its sources of materials provision, the Group took over a new tannery in Auvergne in 2015. Only staff-related indications are given for this new entity.

• Jobs created within the Group

The Group created 526 jobs in 2015. As has been mentioned, the Production sector saw the most growth with the creation of 306 additional jobs in order to increase our production capabilities and to protect our expertise and our sources of supply.

• Distribution of the additional jobs by sector



SALARIES

(in €M)	2013	2014	2015
Total payroll	474	518	579

The Group’s payroll was €579 million in 2015 versus €518 million in 2014, to which one must also add €190 million of social security charges. Also, in France, the payroll includes €66.1 million of incentives and profit-sharing, and €2.3 million for social projects.

The rise in payroll costs (excluding exchange rate impact) reflects increases in both headcount and salaries in all regions.

Hermès is committed to rewarding employee performance at the collective and individual levels, and the increase in variable compensation at both levels reflects this commitment.

Compensation is determined primarily by employee qualifications and local job market factors. The Group’s compensation policy is based on rewarding employee

initiative and skills development while ensuring internal fairness and external competitiveness.

Every year, the Group provides its subsidiaries with the budget guidelines for salary growth that take inflation and local markets into account. Particular vigilance is required concerning equality between men and women and the market difference (internal and external). Additional budgets may be granted if adjustments are necessary.

The compensation of the Corporate Officers is shown on page 82 of this document.

EMPLOYEE SUPPORT ACTIVITIES (FRANCE)

The total amount paid to Work Councils for employee support activities rose by 4.55% in 2015.

(in €M)	2013	2014	2015
Employee support activities	1.9	2.2	2.3

INCENTIVE SCHEMES AND PROFIT-SHARING (FRANCE)

(in €M)	Incentive schemes	Profit-sharing	Total
2013	20.6	39.3	59.9
2014	24.2	39.7	63.9
2015	25.9 ⁽²⁾	40.2 ⁽¹⁾	66.1

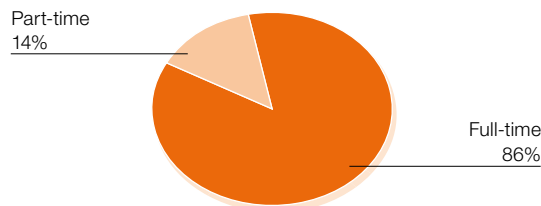
(1) An exceptional incentive supplement was paid to most of the Group’s French companies relating to the Group’s participation agreement.

(2) Including the ratification of new agreements.

ORGANISATION OF WORK TIME

Each entity manages its working times in compliance with the regulations in force and on the basis of the particularities of its own activity, in an effort to balance private/professional life, in particular implementing variable working times for French entities.

• Full time - Part time



• Absenteeism

The Management of absenteeism is of key importance to our HRDs present on each production site, which facilitates a highly customised follow-up of the population groups. Changes relative to absenteeism are therefore systematically monitored and analysed by entity, in order to identify causes and propose action plans.

In France, the absenteeism rate is 4%. This consists of the total number of hours of absence with a duration of less than or equal to 90 consecutive days for the following reasons: illness and occupational illness, sick leave after a workplace accident or commuting accident, and unjustified or unauthorised absences.

The tools for combating absenteeism include, for example, the usage of back-to-work interviews. This type of measure helps to encourage dialogue, leading to better understanding of the causes of the absence while respecting medical confidentiality. Managers are also trained in managing returns to work based on the type of absence, which is a key element for limiting their frequency.

Moreover, this monitoring system has led certain

companies to only establish short and medium-term objectives with regard to absenteeism. These objectives are accompanied by initiatives focusing on an improvement of working conditions, development of versatility or manager training regarding the management of absenteeism.

As such, the adopted measures include communication, awareness-raising and prevention actions (vaccinations, presence of a physician on the sites, etc.), but also verifications in order to increase the accountability of the employees and managers.

Also, based on the demographics of certain sites, specific actions have been implemented in order to support maternity under the best possible conditions. For example, these specific action plans may involve adapting the workstation, or implementing prevention measures intended to allow pregnant women to remain at work, if they so desire, until the start of their maternity leave. Some of the leather-works plants have seen their maternity leaves begin three weeks later as a result of these measures.

SOCIAL RELATIONS

Within the Group, social dialogue is organised by country on the basis of the local laws and regulations. In France, Hermès complies with the relevant obligations. The social dialogue is organised by the Company in order to comply with the local particularities and to ensure that the discussions will account for the realities of each situation.

A Group Committee meets once each year in order to discuss and debate the appraisal of the elapsed year and the prospects for coming years. In addition, a follow-up committee for the social dialogue in France was set up in 2008, in application of a social dialogue agreement signed with all representative trade union organisations.

Internationally, the social relations of the distribution activities are supervised by the Human Resources Directors for each zone (or country, according to the size of the local markets), who ensure compliance with the local regulations and the application of the Group's ethics charter.

In France, more than 55 agreements and amendments (on both Group and company levels) were signed in 2015, including a Group agreement regarding the payment of an additional contribution for the year 2014. During the year, several companies have modified their profit-sharing agreement and renewed their agreement for professional equality between women and men.

HEALTH AND SAFETY

The health and safety of the House's employees are priority subjects. The measures that serve to ensure compliance with the regulatory obligations in this regard are implemented and monitored site by site, then consolidated by the business lines, as explained in the chapter on the results of the health, safety and environment policy, on page 131 to 154.

In 2015, the frequency rate ⁽¹⁾ of lost-time accidents is 16.79 for a severity rate ⁽²⁾ of 0.78.

(1) Number of workplace accidents with sick leave per million hours worked.

(2) Number of calendar days lost as a result of a work accident per 1,000 hours worked, estimated from working days based on 7am-5pm working days for Hermès Sellier.

TRAINING

As indicated in Volume 1 of this report, the Group recognises the great importance of training its employees, with programmes suited to the various Group's professions and establishments.

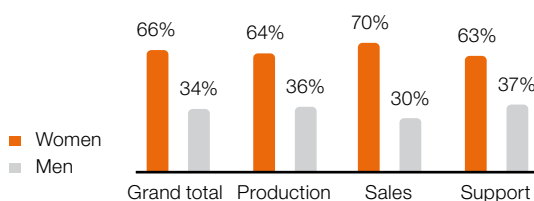
Follow-up training is provided to each employee within each company. At the present time, the follow-up indicators are different, and do not allow for data consolidation on the Group level. In France, 94,010 hours of training were provided in 2015. This number does not reflect the entire training effort, since it does not include "on-the-job" training directly at the workstation.

EQUAL TREATMENT

The Group is committed to the principles of recognition and respect, irrespective of one's origin, sex, family situation or profession. This respect for differences is presented to the employees in the ethics charter that serves as the guarantor of the objectivity, equal opportunity and promotion of diversity without discrimination as part of recruiting, career progress and daily management.

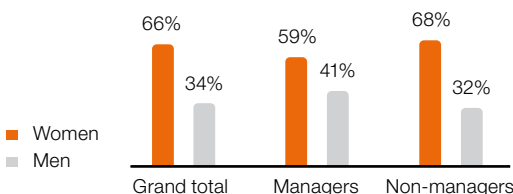
• Distribution of men and women by sector

The distribution of men and women indicates a majority of women, which is uniform across the sectors.

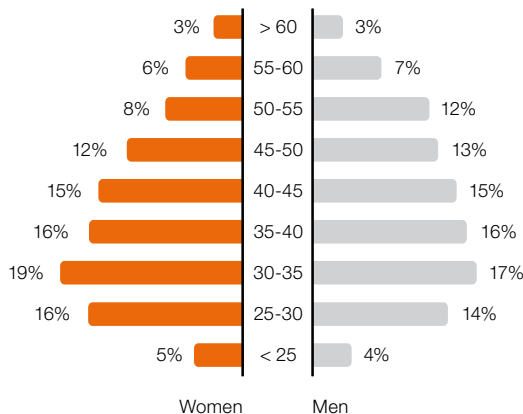


• Distribution of men and women by category (managers/non-managers)

We note a majority of women in the various functions, notably in management roles. One of the members of the Group's Executive Committee is a woman.



Age distribution for men and women was as follows:



EMPLOYMENT OF DISABLED WORKERS

Through its concrete actions, the Group works to promote the employment of disabled people, notably in the Textile sector.

Given that the calendars for the various declarations do not align, we are publishing the figure that corresponds with the number of disabled workers in 2014. As such, the number of workers with disabilities declared in France was equal to 245 people in 2014, i.e. just over 3% of the staff in France.

ADVANCEMENT AND COMPLIANCE WITH THE FUNDAMENTAL CONVENTIONS REGARDING HUMAN RIGHTS

The Hermès Group's ethics policy aligns with the universal framework set down by the major principles, standards and international agreements, and it notably adheres to:

- the Universal Declaration of Human Rights;
- the European Union Charter of Fundamental Rights;
- the Charter of Fundamental Rights of the International Labour Organisation ⁽¹⁾, that includes principles grouped according to the following topics: freedom of association, forced labour, child labour, discrimination;
- the OECD guidelines ⁽²⁾;
- the OECD convention on combating the corruption of foreign public officials.

It is self-evident that the Hermès Group and its employees strive to comply with the applicable laws and regulations in all countries in which they are active. These principles are clearly set out in the Group's ethics charter, that has been released in ten languages, available on the Group Intranet and published since 2009 in more than 24,000 copies (including one for each newcomer).

(1) The International Labour Organisation is the UN agency that brings together the governments, employers and workers of its Member States, in a common effort to promote decent work throughout the world.

(2) The OECD (Organisation for Economic Cooperation and Development) brings together the governments of 30 countries in support of the principles of democracy and the market economy, for the purposes of:

- supporting sustainable economic growth;
- developing employment;
- raising living standards;
- maintaining financial stability;
- helping other countries to develop their economies;
- contributing to the growth of worldwide trade.

Consolidated financial statements

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Consolidated statement of income for 2015

	in millions of euros	
	2015	2014
Revenue (Note 3)	4,841.0	4,118.6
Cost of sales (Note 4)	(1,642.5)	(1,365.6)
Gross margin	3,198.5	2,753.0
Selling, marketing and administrative expenses (Note 5)	(1,418.9)	(1,291.7)
Other income and expenses (Note 6)	(238.9)	(162.0)
Current operating income (Note 3)	1,540.7	1,299.3
Other non-recurring income and expense	–	–
Operating income	1,540.7	1,299.3
Net financial income (Note 7)	(45.6)	(24.7)
Pre-tax income	1,495.1	1,274.6
Income tax expense (Note 8)	(535.6)	(423.7)
Net income from associates (Note 15)	17.7	12.4
CONSOLIDATED NET INCOME	977.2	863.3
Net income attributable to non-controlling interests (Note 21)	(4.6)	(4.5)
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT (NOTE 3)	972.6	858.8
Earnings per share (euros) (Note 9)	9.32	8.24
Diluted earnings per share (euros) (Note 9)	9.26	8.19

Consolidated statement of other comprehensive income

	in millions of euros	
	2015	2014
Consolidated net income	977.2	863.3
Changes in foreign currency adjustments (Note 20.2)	117.6	82.1
Cash flow hedges ⁽¹⁾ (Note 20.4)	35.7	(44.0)
– <i>Change in the fair value</i>	22.2	(13.5)
– <i>Recycling through profit or loss</i>	13.5	(30.5)
Available-for-sale financial assets ⁽¹⁾	–	–
– <i>Change in the fair value</i>	–	–
– <i>Recycling through profit or loss</i>	–	–
<i>Gains and losses recognised in equity and transferable through profit or loss</i>	153.3	38.1
Other items ⁽¹⁾ (Note 20.4)	–	–
Employee benefits: change in value linked to actuarial gains and losses ⁽¹⁾ (Note 20.4)	(9.2)	(19.9)
<i>Gains and losses recognised in equity and not transferable through profit or loss</i>	(9.2)	(19.9)
Net comprehensive income	1,121.2	881.5
Attributable to the Group	1,115.2	876.0
Attributable to non-controlling equity interests	6.0	5.5

(1) Net of taxes.

Note: the values shown in the tables are generally expressed in millions of euros. In certain cases, the effects of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

Consolidated statement of financial position as at 31 December 2015

ASSETS

	in millions of euros	
	31/12/2015	31/12/2014
Non-current assets	2,092.4	1,976.6
Goodwill (Note 10)	37.9	37.4
Intangible assets (Note 11)	122.3	117.5
Property, plant and equipment (Note 12)	1,287.4	1,181.5
Investment property (Note 13)	100.2	97.5
Financial assets (Note 14)	42.4	61.0
Investments in associates (Note 15)	85.4	91.3
Loans and deposits (Note 16)	50.6	43.5
Deferred tax assets (Note 8.3)	360.3	335.8
Other non-current assets (Note 18)	5.9	11.3
Current assets	3,095.2	2,791.7
Inventories and work in progress (Note 17)	949.2	912.0
Trade and other receivables (Note 18)	303.0	249.3
Current tax receivables (Note 18)	31.8	8.7
Other assets (Note 18)	183.0	140.7
Derivative financial instruments (Note 22.4)	39.0	39.4
Cash and cash equivalents (Note 19)	1,589.2	1,441.6
TOTAL ASSETS	5,187.6	4,768.2

Note: the values shown in the tables are generally expressed in millions of euros. In certain cases, the effects of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

LIABILITIES

Before allocation	in millions of euros	
	31/12/2015	31/12/2014
Equity	3,748.7	3,458.5
Share capital (Note 20)	53.8	53.8
Share premium	49.6	49.6
Treasury shares (Note 20)	(271.8)	(266.9)
Reserves	2,750.3	2,719.5
Foreign currency translation adjustments (Note 20.2)	165.3	47.7
Financial instruments attributable to equity (Note 20.3)	22.2	(13.5)
Net income attributable to owners of the parent (Note 3)	972.6	858.8
Non-controlling interests (Note 21)	6.7	9.5
Non current liabilities	281.7	265.8
Borrowings and debt (Note 22.3)	11.4	19.5
Provisions (Note 23)	2.6	2.7
Post-employment and other employee benefit obligations (Note 25)	155.0	123.8
Deferred tax liabilities (Note 8.3)	50.7	31.2
Other non-current liabilities (Note 26)	62.0	88.6
Current liabilities	1,157.2	1,043.9
Borrowings and debt (Note 22.3)	30.2	21.8
Provisions (Note 23)	58.8	36.9
Post-employment and other employee benefit obligations (Note 25)	4.8	5.1
Trade and other payables (Note 26)	440.3	398.6
Derivative financial instruments (Note 22.4)	37.1	73.1
Current tax liabilities (Note 26)	115.0	121.4
Other current liabilities (Note 26)	471.1	387.0
TOTAL LIABILITIES	5,187.6	4,768.2

Note: the values shown in the tables are generally expressed in millions of euros. In certain cases, the effects of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

Consolidated statement of changes in equity as at 31 December 2015

Before allocation

	Capital (Note 20)	Share premium	Treasury shares (Note 20)
As at 31 December 2013	53.8	49.6	(313.9)
Net income attributable to owners of the parent	-	-	-
Other comprehensive income	-	-	-
<i>Sub-total</i>	-	-	-
Change in share capital and share premium	-	-	-
Purchase or sale of treasury shares	-	-	47.0
Share-based payments	-	-	-
Dividends paid	-	-	-
Others	-	-	-
As at 31 December 2014	53.8	49.6	(266.9)
Net income attributable to owners of the parent	-	-	-
Other comprehensive income	-	-	-
<i>Sub-total</i>	-	-	-
Change in share capital and share premium	-	-	-
Purchase or sale of treasury shares	-	-	(4.9)
Share-based payments	-	-	-
Dividends paid	-	-	-
Others	-	-	-
As at 31 December 2015	53.8	49.6	(271.8)

Note: the values shown in the tables are generally expressed in millions of euros. In certain cases, the effects of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

in millions of euros

Consolidated reserves and net income – owners of the parent	Financial Instruments (Note 20.3)	Foreign currency adjustments (Note 20.2)	Actuarial differences (Note 20.4)	Shareholders' equity	Non-controlling equity interests (Note 21)	Equity	Number of shares (Note 20)
3,092.1	30.5	(33.5)	(53.1)	2,825.6	15.6	2,841.2	105,569,412
858.8	–	–	–	858.8	4.5	863.3	–
0.0	(44.0)	81.1	(19.9)	17.2	1.0	18.2	–
858.8	(44.0)	81.1	(19.9)	876.0	5.5	881.5	–
–	–	–	–	–	–	–	–
(50.5)	–	–	–	(3.5)	–	(3.5)	–
38.8	–	–	–	38.8	–	38.8	–
(285.1)	–	–	–	(285.1)	(9.8)	(294.9)	–
(2.6)	–	0.1	(0.3)	(2.8)	(1.7)	(4.5)	–
3,651.5	(13.5)	47.7	(73.3)	3,449.0	9.5	3,458.5	105,569,412
972.6	–	–	–	972.6	4.6	977.2	–
–	35.7	116.2	(9.2)	142.6	1.4	144.0	–
972.6	35.7	116.2	(9.2)	1,115.2	6.0	1,121.3	–
–	–	–	–	0.0	–	–	–
0.3	–	–	–	(4.6)	–	(4.6)	–
36.4	–	–	–	36.4	–	36.4	–
(833.9)	–	–	–	(833.9)	(6.3)	(840.2)	–
(21.4)	–	1.4	–	(20.0)	(2.5)	(22.6)	–
3,805.4	22.2	165.3	(82.5)	3,742.0	6.7	3,748.7	105,569,412

Consolidated cash flow statement for 2015

	in millions of euros	
	2015	2014
CASH FLOWS RELATED TO OPERATING ACTIVITIES		
Net income attributable to owners of the parent (Note 3)	972.6	858.8
Depreciation and amortisation (Notes 11, 12 et 13)	178.6	145.9
Impairment losses (Notes 10, 11 et 12)	27.9	22.7
Mark-to-market value of financial instruments	(2.1)	1.4
Foreign exchange gains/(losses) on fair value adjustments	(23.0)	(20.4)
Change in provisions	19.9	9.6
Net income from associates (Note 15)	(17.7)	(12.4)
Net income attributable to non-controlling interests (Note 21)	4.6	4.5
Capital gains/(losses) on disposals	(3.7)	(1.0)
Deferred tax	25.0	1.1
Accrued expenses and income linked to share-based payments (Note 30)	36.4	38.5
Others	(0.2)	0.0
Operating cash flows	1,218.2	1,048.7
Dividend income	(1.5)	(1.7)
Financial expenses and interest income	(5.7)	0.5
Current tax expense	539.6	460.4
Operating cash flow before financial interest, dividends and taxes	1,750.6	1,508.0
Change in working capital requirements	2.0	(105.1)
Financial expenses and interest income	5.7	(0.5)
Income tax paid	(572.6)	(435.6)
Net cash related to operating activities	1,185.7	966.8
CASH FLOWS RELATED TO INVESTMENT ACTIVITIES		
Purchase of intangible assets (Note 11)	(39.1)	(34.2)
Purchase of property, plant and equipment assets (Notes 12 et 13)	(213.3)	(244.7)
Investments in subsidiaries and associates	(14.2)	(43.3)
Purchase of other financial assets (Note 14)	(0.2)	(2.5)
Amounts payable to fixed asset suppliers	(21.3)	8.2
Proceeds from disposals of operating assets	10.4	1.2
Proceeds from disposals of other financial assets (Note 14)	17.8	0.2
Dividends received	18.5	0.4
Net cash related to investment activities	(241.3)	(314.8)
CASH FLOWS RELATED TO FINANCING ACTIVITIES		
Dividends paid	(840.2)	(294.9)
Treasury share buybacks net of disposals	(5.2)	(3.5)
Borrowings	10.7	0.0
Repayment of borrowings	(2.2)	(1.5)
Other increases/(decreases) in equity	0.3	0.0
Net cash related to financing activities	(836.7)	(299.9)
Change in scope	1.9	0.0
Foreign currency translation adjustment on intra-group transactions	11.6	17.4
Foreign currency translation adjustment (Note 19)	28.4	30.0
CHANGE IN NET CASH POSITION (Note 19)	149.6	399.6
Net cash position at the beginning of the period (Note 19)	1,421.6	1,022.0
Net cash position at the end of the period (Note 19)	1,571.2	1,421.6

Note: the values shown in the tables are generally expressed in millions of euros. In certain cases, the effects of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

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Note: the values shown in the tables are generally expressed in millions of euros. In certain cases, the effects of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

Hermès International is a société en commandite par actions (partnership limited by shares) established under French law. It is listed on the eurolist (Compartment A) and governed by all laws applicable to commercial companies in France. Its registered office is located at 24, rue du Faubourg-Saint-Honoré, 75008 Paris (France).

The consolidated financial statements present the financial position of Hermès International and its subsidiaries (the "Group"), together with interests in associates (see

Note 1.2). They are prepared on the basis of annual financial statements for the period ended 31 December, expressed in euros.

The consolidated financial statements as presented were approved by the executive Management on 22 March 2016 and will be submitted to the shareholders for approval at the Annual General Meeting on 31 May 2016. The annual consolidated financial statements were also reviewed by the Audit Committee at its meeting on 17 March 2016.

NOTE 1 - ACCOUNTING PRINCIPLES AND METHODS

1.1 - Accounting standards

The Hermès Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as of 31 December 2015. Under European Regulation no. 1606/2002 of 19 July 2002, companies listed on a regulated stock exchange in one of the European Union Member States are required to present their consolidated financial statements prepared in accordance with IFRS for financial years commencing on or after 1 January 2005.

1.1.1 - Mandatory standards, amendments and interpretations applicable as at 1 January 2015

The standards applicable to Hermès from 2015 onwards are as follows:

- ◆ amendments resulting from the annual IFRS improvement procedure, 2011-2013 cycle;
- ◆ IFRIC 21 - Levies.

These texts had no significant impact on the group's consolidated financial statements.

At 31 December 2014, the Group had opted for early application of the amendments to IAS 19 - Employee contributions to defined benefit plans.

1.1.2 - Optional interpretations and standards as at 1 January 2015

The Group has not opted for early application of the amendments arising from the annual IFRS improvement procedure, 2010-2012 cycle.

Moreover, the Group is monitoring the standards that have not yet been adopted by the European Union, notably:

◆ IFRS 9 - Financial instruments lays down principles governing recognition and disclosures in relation to financial assets and liabilities. These principles would replace those currently set out in IAS 39 - Financial instruments, applicable in 2018;

◆ IFRS 15 - Revenue recognition, which would replace IAS 18 - Revenue from ordinary activities, applicable in 2018;

◆ IFRS 16 - Leases, applicable in 2019.

The effects of applying these standards are currently being analysed.

1.2 - Scope and methods of consolidation

The consolidated financial statements include the financial statements of Hermès International and material subsidiaries and associates over which Hermès International directly or indirectly exerts exclusive control, joint control or significant influence.

1.2.1 - Exclusive control

Exclusive control is presumed to exist when the Group holds more than 50% of the voting rights. Nevertheless, it can be considered that a company is under exclusive control when less than 50% is held, provided that the Group holds the power to govern a company's financial and operational policies in order to derive benefits from its business activities.

The financial statements of companies under exclusive control are fully consolidated. Under the full consolidation method, assets, liabilities, income and expenses are combined in full on a line by-line basis. Equity and net income attributable to non-controlling interests are

identified separately under “Non-controlling interests” in the consolidated statement of financial position and the consolidated statement of income.

1.2.2 - Joint control

Entities owned by the Group in which the power to govern financial and operating policies is contractually shared with one or more other parties, none of which exercises effective control, are accounted for using the equity method. On the present date, the Group does not hold any company under joint control.

1.2.3 - Significant influence

The financial statements of “associates”, or other companies over which the Group has significant influence (which is presumed to exist when the Group’s percentage of control exceeds 20%, or proven if the control percentage is below 20%), are accounted for using the equity method.

1.2.4 - Newly consolidated and deconsolidated companies

Subsidiaries are included in the consolidation from the date on which control is effectively transferred to the Group. Divested subsidiaries are excluded from the scope of consolidation from the date on which the Group ceases to have control.

1.3 - Conversion of foreign-currency items

Foreign-currency transactions are recorded on initial recognition in euros, by using the applicable exchange rate at the date of the transaction (historical rate). Monetary assets and liabilities denominated in foreign currencies are converted using the closing exchange rate. Foreign currency adjustments are recognised in income or expenses. Non-monetary assets and liabilities denominated in foreign currencies are converted using the exchange rate at the transaction date.

1.3.2 - Conversion of foreign companies’ financial statements

Financial statements expressed in foreign currencies are converted in accordance with the following principles:

- ◆ statement of financial position items are converted at the year-end exchange rate for each currency;
- ◆ statement of income items are converted at the average annual exchange rate for each currency;
- ◆ statement of cash flows items are converted at the average annual exchange rate for each currency;

◆ the foreign currency adjustment attributable to owners of the parent arising from the impact on equity of the difference between historical exchange rates and year-end exchange rates, and from the use of different exchange rates for the statement of income and statement of financial position, is shown separately in consolidated equity. The same principle is applied to non-controlling interests.

Any goodwill and any fair value adjustments arising on the acquisition of a foreign entity are considered to be assets and liabilities of that foreign entity. Therefore, they are expressed in the entity’s functional currency and converted at closing rates.

1.4 - Eliminations of intra-group transactions

The effect on the statement of income of intra-group transactions such as margins on inventories, gains or losses on disposals, impairment of shares in consolidated companies, and impairment of loans to consolidated companies, has been eliminated.

These transactions are subject to corporate income tax. Dividends and interim dividends received by the Group from consolidated companies are eliminated on consolidation.

A matching amount is recorded in consolidated reserves.

In the case of companies accounted for using the full consolidation method, reciprocal payables and receivables as well as reciprocal income and expenses are fully eliminated.

1.5 - Structure of the consolidated statement of financial position

In accordance with IAS 1 – Presentation of Financial Statements, the Group classifies its assets and liabilities on its statement of financial position as current and non-current. An asset or liability is classified as current:

- ◆ when the Group plans to realise an asset or pay a liability within twelve months or within the Group’s normal operating cycle;
- ◆ when the relevant asset or liability is held for the purpose of being traded.

IAS 12 – Income Taxes specifies that deferred tax balances shall be classified as non-current.

1.6 - First-time consolidation and goodwill

1.6.1 - Subsidiaries

Business combinations, in the event that the Group gains control over one or several other activities, were accounted for using the purchase method.

Business combinations carried out from 1 January 2010 were evaluated and accounted for in accordance with the provisions of the amended IFRS 3 standard: the transferred counterparty (acquisition costs) was measured at fair value of the assigned assets, the equity issued and the liabilities incurred on the date of the swap. The identifiable assets and liabilities of the company that were acquired were measured at fair value on the acquisition date. The costs that can be directly attributed to the acquisition are recorded as an expense. The resulting valuation adjustments are recognized under the related assets and liabilities, including the share attributable to non-controlling interests, and not just the share of net assets acquired. The residual difference, which is the difference between the transferred counterparty and the share of net assets measured at fair value, is recognised under goodwill.

This valuation is carried out within no more than a year following the date of acquisition and in the currency of the acquired entity. This period is applicable to the valuation of identifiable assets and liabilities, to the transferred counterparty and to the non-controlling interests. Purchases or sales of non-controlling interests that do not lead to a change in control are recorded as equity transactions among shareholders. Consequently, any difference between the fair value of the counterparty paid or received and the corresponding book value of the equity interest acquired or sold (without resulting in a loss of control), but that does not provide control, is directly recorded in equity.

The valuation of identifiable intangible assets recognized upon first-time consolidation is based mainly on the work of independent experts, taking into account sector-specific criteria that enable such valuations to be subsequently monitored.

In accordance with IFRS 3 revised, goodwill is not amortised. Goodwill is reviewed annually, when the budget is drawn up, to ensure that the residual net value does not exceed the recoverable amount in respect of the expected return on the investment in the related subsidiary (determined on the basis of discounted future cash

flows). If internal or external events or circumstances bring to light indications of lost value, the frequency of the impairment tests may be revised (see Note 1.8). Impairment of the goodwill of subsidiaries is not reversible. Any impairment charge is included in "Other income and expenses" of the operating income.

1.6.2 - Associated companies

Goodwill of associates is recognised under "Investments in associates". When impairment criteria as defined by IAS 39 – Financial Instruments: Recognition and Measurement indicate that these investments may be impaired, the amount of such impairment is determined in accordance with the rules defined by IAS 36 – Impairment of assets.

Goodwill impairment is reversible.

1.7 - Intangible assets and property, plant and equipment

In accordance with IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets, only those items whose cost can be reliably determined and from which it is probable that future economic benefits will flow to the Group are recognised as fixed assets.

1.7.1 - Intangible assets

Intangible assets, valued at amortised historical cost, consist primarily of:

- ◆ leasehold rights;
- ◆ patents, models and brands other than internally generated brands;
- ◆ computer software.

Leasehold rights are generally deemed to be fixed assets with an indefinite life if their residual value at the end of the lease term is positive. In this case, they are subject to impairment testing to ensure that their net carrying amount is higher than their probable realizable value.

It is specified that internally generated brands and items that are similar in substance are not recognised under intangible assets, in accordance with IAS 38. All costs incurred in this respect are recognised as expenses.

Other software, either acquired or developed internally, is amortised on a straight-line basis over periods ranging from 3 to 8 years maximum and deemed to be fixed assets with a finite life.

1.7.2 - Property, plant and equipment

Property, plant and equipment is recorded at historical acquisition cost, less accumulated depreciation and recognised impairment losses, and is depreciated, generally using the straight-line method, over the following average estimated useful lives:

- ◆ buildings: 20 to 50 years;
- ◆ leasehold improvements, furniture and fixtures: 10 to 20 years depending on the expected useful life of the related asset and the term of the lease (in particular in the case of store fixtures);
- ◆ machinery, plant and equipment: 10 to 20 years;
- ◆ other: 3 to 10 years maximum.

Total depreciation and amortisation of property, plant and equipment are presented in “Other income and expense”, except for allocations relative to fixed assets used for production, that are included in “Cost of sales”. The different components of an asset are recorded as separate items when their estimated lives, and therefore the periods over which they are depreciated, differ significantly. Where an asset is made up of components with different useful lives, these components are recorded as separate items under “Property, plant & equipment”. Gains or losses on disposals of assets represent the difference between the sale proceeds and the net carrying amount of the divested asset, and are included in “Other operating income and expense”.

1.7.3 - Finance lease agreements

Property acquired under finance lease agreements is capitalised when the lease effectively transfers to the lessee virtually all risks and rewards incident to ownership of such property. The criteria for evaluating these agreements as provided by IAS 17 - Leases are based primarily on:

- ◆ the lease term as a proportion of the life of the leased assets;
- ◆ the total future minimum payments in proportion to the fair value of the asset financed;
- ◆ the transfer of ownership at the end of the lease;
- ◆ the existence of an attractive purchase option;
- ◆ the specific nature of the leased asset.

Finance leases identified in this way, if they are material, are restated in order to show:

- ◆ on the asset side of the statement of financial position, the original value of the relevant property and the theoretical depreciation thereon (wherein the original value

is the lower of the present value of the minimum lease payment amounts or the fair value of the leased asset at the inception of the lease);

- ◆ on the liabilities side of the statement of financial position, the corresponding financial liability;
- ◆ under financial expense and depreciation, the minimum lease payments under the agreement, such that the financial expense is allocated to periods during the lease term so as to produce a constant periodic interest rate on the remaining balance of the liability for each fiscal year.

Leases that do not meet the criteria of finance leases are treated as operating leases, in which case the rents are recorded under income on a straight-line basis over the lease term.

1.7.4 - Investment property

In accordance with IAS 40 – Investment Property, property held by the Group to earn rental income is recognised under “Investment property”. This revenue and the associated expenses are recognised in Other income and expenses. For property that is held for use both for the supply of goods and services and as investment property, the two components are identified separately and recognised in accordance with IAS 16 – Property, Plant and Equipment, and IAS 40, respectively.

As in the case of property, plant and equipment, investment property is recognised at historical acquisition cost less accumulated depreciation and recognised impairment losses, over the same depreciation periods as those applicable to other property, plant and equipment.

1.8 - Impairment of fixed assets – Impairment losses

In accordance with IAS 36 – Impairment of Assets, when events or changes in the market environment indicate that there is the risk of an impairment loss on:

- ◆ intangible assets;
- ◆ property, plant and equipment;
- ◆ investment property;
- ◆ goodwill,

these assets are required to undergo a detailed review in order to determine whether their net carrying amount is lower than their recoverable amount, which is defined as the higher of fair value (less disposal cost) or value in use. Value in use is the present value of the future cash

flows expected to be derived from an asset and from its disposal.

If the recoverable amount is lower than the net carrying amount, an impairment loss equal to the difference between these two amounts is recognised. Impairment losses on intangible assets and property, plant and equipment with a finite life may subsequently be reversed if the recoverable amount rises above the net carrying amount (up to the amount of the impairment loss initially recognised).

The Group tests for impairment of assets with an indefinite life every year during the budget preparation period in order to take the most recent data into account.

If internal or external events or circumstances indicate impairment losses, the frequency of impairment testing may be revised.

In determining the value in use of assets, assets to which independent cash flows cannot be directly allocated are grouped within a cash-generating unit (CGU) to which they are attached. The recoverable amount of the CGU is measured using the discounted cash flow (DCF) method, applying the following principles:

- ◆ cash flow (after tax) figures are derived from a medium-term (5 years) business plan developed by the relevant entity;
- ◆ the discount rate is determined based on WACC for the Group (8.83% in 2015) adjusted for local inflation and any country risks;
- ◆ the recoverable amount is calculated as the sum of cash flows generated each year and the terminal value, which is determined based on normative cash flows by applying a zero growth rate to infinity.

The Hermès Group has defined the following CGUs or group CGUs:

- ◆ sales units (branches), distribution, which are treated independently from one another;
- ◆ separate production activities (leather production, silk production);
- ◆ businesses centred on production or distribution of one type of product (including Fragrances, Watches, HCP, etc.);
- ◆ investment property;
- ◆ associated companies.

1.9 - Financial assets and liabilities

In accordance with IFRS standards, financial assets include non- consolidated and other investment

securities, loans and financial receivables, and the positive fair value of financial derivatives.

Financial liabilities include borrowings and debt, bank lines of credit and the negative fair value of financial derivatives.

Financial assets and liabilities are presented in the statement of financial position under current or non- current assets or liabilities, depending on whether they come due within one year or more, with the exception of trading derivatives, which are recorded under current assets or liabilities.

Operating payables and receivables and cash and cash equivalents fall within the scope of IAS 39 – Financial Instruments: Recognition and Measurement, and are presented separately on the statement of financial position.

1.9.1 - Classification of financial assets and liabilities and valuation methods

A. Financial assets and liabilities stated at fair value with changes in fair value recorded in the statement of income

These assets are initially recognised at acquisition cost excluding incidental acquisition expenses. For each closing period, they are measured at fair value. Changes in fair value are recorded in the statement of income under “Other financial income and expense”.

Dividends and interest received on these assets are also recognised in the statement of income under “Other financial income and expense”.

B. Held-to-maturity financial assets

This category covers fixed-term financial assets, bought with the intention and ability of holding them until maturity.

These items are recognised at amortised cost. Interest is calculated at the effective interest rate and recorded in the statement of income under “Other financial income and expense”.

C. Loans and financial receivables

Loans and financial receivables are valued and recognised at amortised cost less any impairment.

Interest is calculated at the effective interest rate and recorded in the statement of income under “Other financial income and expense”.

D. Available-for-sale financial assets

Available-for-sale financial assets include

non-consolidated investments and investment securities. For each closing period, they are stated at fair value.

Unrealised gains or losses on available-for-sale financial assets are recorded under other comprehensive income in "Derivatives included in equity".

For available-for-sale financial assets represented by debt securities, interest is calculated at the effective interest rate and credited to the statement of income under "Other financial income and expense".

E. Financial liabilities

Financial debts are recorded at amortised cost, with separate reporting of embedded derivatives where applicable.

Interest is calculated at the effective interest rate and recorded in the statement of income under "Gross cost of debt" over the duration of the financial debt.

F. Derivative financial instruments

Scope

The scope of derivative financial instruments applied by the Group corresponds to the principles set out in IAS 39 – Financial Instruments: Recognition and Measurement. According to Group rules, consolidated subsidiaries may not take any speculative financial positions.

In compliance with IAS 39, the Group analyses all its contracts, of both a financial and non-financial nature, to identify the existence of any "embedded" derivatives. Any component of a contract that affects the cash flows of a given contract in the same way as a stand-alone derivative corresponds to the definition of an embedded derivative.

If they meet the conditions set out by IAS 39, embedded derivatives are accounted for separately from the "host" contract at the inception date.

Recognition and Measurement

Derivatives are initially recorded at fair value.

Changes in the fair value of these derivatives are recorded in the statement of income, unless they are classified as cash flow hedges, as described below. Changes in the fair value of such hedging instruments are recorded directly under other comprehensive income in "Derivatives included in equity", excluding the ineffective portion of the hedge, which is recorded in the statement of income under "Other financial income

and expense". The ineffective portion of the hedge corresponds to the changes in the fair value of the hedging instrument in excess of changes in the fair value of the hedged item. When the hedged cash flows materialise, the amounts previously recognised in equity are transferred to the statement of income in the same way as for the hedged item.

Derivatives classified as hedges

The Group uses derivatives to hedge its foreign exchange risks.

Hedge accounting is applicable, in accordance with standard IAS 39 – Financial Instruments: Recognition and Measurement, when the following conditions have been met:

- 1) the hedge must be supported by appropriate documentation from its inception;
- 2) the effectiveness of the relationship of the hedge must be demonstrated both prospectively and retrospectively. The income obtained in this way must be between 80% and 125 %.

G. Cash and cash equivalents

Cash and cash equivalents consist of immediately available cash and very short-term investments that can be divested within a maximum of three months at the investment date, with minimal risk of any change in value. Investments in listed shares, investments for a term of over 3 months that are not redeemable before the maturity date and bank accounts covered by restrictions (frozen accounts) other than restrictions due to country- or sector-specific regulations (e.g. currency controls) are not included in cash in the statement of cash flows. Bank overdrafts that are deemed to be financing arrangements are also excluded from the cash position.

Shares in funds held for the short term and classified as "Cash equivalents" are recorded at fair value, with changes in fair value recorded in the statement of income.

1.9.2 - Impairment of financial assets

For each closing period, the Group assesses whether there is any objective evidence of an asset's impairment. If so, the Group estimates the asset's recoverable value and records any necessary impairment as appropriate for the category of asset concerned.

A. Financial assets recorded at amortised cost

Impairment is equal to the difference between the asset's net carrying amount and the discounted value of projected future cash flows expected to be generated as determined using the original effective interest rate of the financial instrument. Any impairment loss is included in the statement of income under "Other financial income and expense". If the impairment loss decreases in a subsequent period, it is reversed and recorded as income.

B. Available-for-sale financial assets

If there is a significant long-term decrease in the fair value of available-for-sale financial assets, the unrealised loss is reclassified from equity to income. If, in a subsequent period, the fair value of an available-for-sale financial asset increases, the increase in value is recorded in equity for equity instruments, while for debt instruments, the impairment previously recorded is reversed and transferred to the statement of income.

1.10 - Inventories

Inventories and work in progress held by Group companies are valued at the lower of cost (including indirect production costs) or net realisable value. Cost is generally calculated at weighted average cost or standard cost adjusted for variances.

The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, as specified by IAS 2 – Inventories. In particular, discounts and collection costs are included in the measurement of inventories.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Impairment is booked to reduce inventories to net realisable value if this is lower than the carrying amount. These impairments are included in the cost of sales.

1.11 - Treasury shares

Treasury shares are recorded at acquisition cost and are deducted from equity. Gains or losses on the disposal of these shares are recognised directly in equity, with no impact on net income.

1.12 - Revenue and trade receivables

Revenue consists of sales of retail goods, sales of goods and services produced by the Group's main business operations, and income from royalties, licences and operating subsidiaries.

Revenue is recognised:

- ◆ when the major risks and benefits incident to ownership of goods are transferred to the buyer;
- ◆ when the amount of revenue can be measured reliably;
- ◆ when any volume or trade discounts and other benefits on sales are deducted from revenue (separability principle);
- ◆ when, at the transaction date, it is probable that the amount of the sale will be recovered.

In general, sales of goods are accounted for on delivery, sales of services are accounted for on completion.

Credit risk arises from the potential inability of customers to meet their payment obligations.

when there is objective evidence of impairment, the value of these obligations is adjusted at each closing period.

An impairment expense is recognised in the statement of income when the carrying amount of the asset is higher than its recoverable amount.

1.13 - Other non-recurring income and expense

"Other non-recurring operating income and expense" relates to major events which occurred during the year and produced a material financial impact. This item is presented separately from recurring operating income because it could give a misleading view of the Group's performance.

1.14 - Operating segments

In accordance with IFRS 8 – Operating Segments, the presented segment information is based on internal reporting used by management to assess the performance of the different business sectors.

The activity of the Hermès Group is monitored by the main operational decision-maker ("Executive committee") by geographical area and trades.

Given the Group's current structure, organised into geographical areas placed under the responsibility of operational managers in charge of applying the strategy defined by the Executive committee, the Group has determined that the geographical areas constitute the operating segments with reference to the fundamental principle of IFRS 8.

1.15 - Put options granted to non-controlling interest holders

Pursuant to IAS 32 – Financial instruments: presentation when the non-controlling interest holders hold the put options of their share in the Group, a financial debt that corresponds to the price of the exercise of an option is recorded, corresponding with the option exercise price. This debt is posted through shareholders' equity:

- ◆ as a deduction from the “Non-controlling equity interests”, equal to the book value of the securities that are the subject of the put option;
- ◆ for the remainder, as a deduction against the “Equity of the Group”.

This entry is adjusted at the end of each period in accordance with the trend of the exercise price and the book value of the non-controlling equity interests. In the absence of specific IFRS rules, the Group has applied the AMF recommendations issued in November 2009, that involve recording fair value variations directly in shareholders equity.

1.16 - Provisions

A provision is a liability of uncertain timing or amount. It is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. In addition, a reliable estimate of the amount of the obligation is made based on the information available to the Group when the consolidated financial statements are prepared.

1.17 - Pension plans and other long-term benefits

In accordance with the laws and practices in each country where it operates, the Group participates in post-employment and other retirement benefit schemes for employees and in top-up schemes for executives and senior managers.

1.17.1 - Defined contribution pension plans

For basic post-employment and other defined-contribution plans, the Group recognises contributions to be paid as expenses when they are due and when no provision was booked in this respect, as the Group has no obligations other than the contributions paid.

1.17.2 - Defined benefit pension plans

For defined-benefit plans, the Group's obligations are calculated annually by an independent actuary using the projected credit unit method. This method is based on actuarial assumptions and takes into account the employee's probable future length of service, future salary and life expectancy as well as staff turnover. Actuarial assumptions are reviewed annually.

The present value of the obligation is calculated by applying an appropriate discount rate for each country where the obligations are located. It is recognised on a basis pro-rated to the employee's years of service.

When benefits are partly funded in advance by external funds (insurance companies, foundations or other entities), the assets held are measured at fair value, and taken into account in the assessment of the liabilities.

The expense recognised in the consolidated statement of income is the sum of:

- ◆ the current service cost, which constitutes the increase in obligations arising from the vesting of one additional year of rights;
- ◆ the past service cost, namely the variation in the present fair value of the obligation that originates from the modification of a plan or the reduction of a plan;
- ◆ the profit or the loss resulting from liquidation, if applicable;
- ◆ the interest cost, which reflects the increase in the present value of the obligations during the period;
- ◆ the financial income on hedge assets.

Changes in actuarial assumptions and experience effects give rise to actuarial gains or losses, the total of which is recorded under “Other comprehensive income” over the period during which they were recognised.

1.17.3 - Other long-term benefits

Certain other post-employment benefits, such as life insurance and health insurance benefits (primarily in Japan), or long-term benefits such as long-service awards (bonuses paid to employees, mainly in France, based on length of service), are also covered by provisions, which are determined using an actuarial calculation that is comparable to that used to calculate provisions for post-employment benefit obligations.

The actuarial gains and losses that result from experience adjustments and changes in actuarial assumptions adopted for calculation of these obligations are entered

in the consolidated financial statement for the financial year during which they were recognised.

1.18 - Income tax

Income tax expense includes:

- ◆ the current tax for the year of the consolidated companies;
- ◆ deferred tax resulting from timing differences:
 - between the taxable earnings and accounting income of each consolidated company,
 - arising from adjustments made to the financial statements of consolidated companies to bring them into line with Group accounting principles;
 - arising from consolidation adjustments.

1.18.1 - Deferred tax

Deferred tax is calculated on all timing differences existing at year-end (full reserve) at the tax rate in force on that date, or at the enacted tax rate (or nearly enacted rate) for the subsequent fiscal year. Previous deferred tax is revalued using the same rate (liability method).

The main categories of deferred tax apply to restatements of internal margins on inventories, impairment on inventories and timing differences.

Deferred tax assets are recorded to the extent that their future use is probable given the expected taxable profits. If a recovery risk arises on some or all of a deferred tax asset, an impairment is recorded.

Foreign currency differences arising from the conversion of deferred tax income or expense are recognised in the statement of income in deferred tax income or expense. Discounting is not applied to deferred tax.

1.18.2 - Group tax election

Since 1 January 1988, Hermès International has opted for a group tax election under French tax law. Under the terms of an agreement between the parent company and the subsidiaries included in the group tax integration, projected and actual tax savings or liabilities generated by the Group are recognised in the parent company's statement of income in the year in which they arise.

1.19 - Adjustment of depreciation, amortisation and impairment

The impact of accounting entries booked net of deferred tax solely to comply with tax legislation is eliminated from the consolidated financial statements.

These adjustments mainly relate to restricted provisions and accelerated tax depreciation in French companies, and to impairment of inventories and doubtful receivables in foreign companies.

1.20 - Earnings per share

In accordance with IAS 33 – Earnings per Share, basic earnings per share is calculated by dividing the net income attributable to owners of the parent by the average number of ordinary shares outstanding during the period. The net earnings per share are calculated on the basis of the weighted average number of circulating shares during the fiscal year.

The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, less the treasury shares, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighting factor.

The weighted average number of circulating shares during the fiscal year as well as those from previous fiscal years are adjusted in order to account, if relevant, for operations involving the free distribution of shares and the reduction of the share's face value occurring during the fiscal year, as well as of treasury shares.

Diluted earnings per share is adjusted for the effects of all potentially dilutive ordinary shares that may be created as a result of the conversion of convertible instruments, the exercise of stock options or share warrants, or the issuance of new shares.

The diluted earnings per share are restated for the shares that are to be created as part of the share subscription plans decided upon by the Chairmen.

1.21 - Option plans and similar

Share subscription option plans/share purchase option plans or free share plans are recognised as expenses at fair value in the "Other income and expenses" section, with a corresponding increase in equity, over the term of the vesting period. This fair value is spread over the vesting period.

The fair value of stock options is determined using a binomial model, which takes into account the attributes of the plan (exercise price, exercise period), market data at the time of allotment (risk-free rate, share price, volatility, expected dividends) and assumptions on the beneficiaries' behaviour.

For the free share plans, the estimate of the fair value is calculated on the basis of the share price on the date that the corresponding management decision is made and subject to the deduction of the amount of the advance dividends over the vesting period, as well as a non-assignability discount, where relevant.

1.22 - Use of estimates

The preparation of the consolidated financial statements under IFRS sometimes requires the Group to make estimates in valuing assets and liabilities and income and expenses recognised during the year. The Group bases these estimates on comparative historical data and on a variety of assumptions, which it deems to be the most reasonable and probable under the circumstances. Accounting principles that require the use of assessments and estimates are also described in the relevant Notes.

The main items that require the use of assessments and estimates are as follows.

1.22.1 - Depreciation and amortisation periods for property, plant & equipment and intangible assets

Estimates and assumptions are used to calculate the estimated useful life of these assets in order to determine the period over which they should be depreciated or amortised and to recognise any impairment in value. This useful life is determined in accordance with the Group's accounting principles, which are applied uniformly and systematically by all subsidiaries. These periods are shown in Note 1.7.

1.22.2 - Impairment of fixed assets

The value of fixed assets has been reviewed in detail in order to determine whether any impairment loss must

be recognised in accordance with the model described in Note 1.8. The impairment testing model and the assumptions used are estimates based on management's judgement, past events and, whenever available, information from external sources. These have been applied in determining discount rates, terminal values, sales projections, and operating margins.

1.22.3 - Provisions

A provision is a liability of uncertain timing or amount. Estimates and assumptions are used in calculating provisions and may be a source of uncertainty. When there is significant uncertainty, which may in particular be the case in analysing provisions for risks and litigation, the provision is assessed on the basis of the scenario that is deemed to be the most probable and/or the most conservative, in accordance with the principles set forth in Note 1.16.

1.22.4 - Post-employment and other employee benefit obligations

Obligations under defined-benefit plans are calculated based on assumptions provided by an independent actuary, in accordance with the principles described in Note 1.17.

1.22.5 - Deferred tax

Deferred tax assets and liabilities are recognised in accordance with the principles described in Note 1.18. When an entity has recognised tax losses in the recent past, no deferred tax asset is recognised until there is a reasonable certainty that it will return to profits.

1.23 - Events after the closing

No significant event has occurred since the closing as at 31 December 2015.

Notes to the consolidated financial statements

NOTE 2 - ANALYSIS OF THE MAIN CHANGES IN THE SCOPE OF CONSOLIDATION

No significant change in the scope of consolidation occurred during financial year 2015.

NOTE 3 - SEGMENT INFORMATION

The information below is shown after consolidation adjustments and eliminations (see note 1.14).

3.1 - Statement of income by operating segment

in millions of euros

2015	France	Europe (excluding France)	Japan	Asia Pacific (excluding Japan)	Americas	Others	Holding	Total
Revenue	683.8	905.8	600.2	1,694.0	884.1	73.2		4,841.0
Selling, marketing and administrative expenses	(175.9)	(259.2)	(204.3)	(427.8)	(261.8)	(23.7)	(66.1)	(1,418.9)
Amortisation	(21.6)	(26.5)	(12.3)	(44.7)	(28.0)	(0.8)	(13.3)	(147.3)
Operating provisions	(9.9)	(7.8)	(2.9)	(7.4)	(2.4)	(1.1)	(7.1)	(38.6)
Impairment losses	(11.9)	(3.0)	0.1	(0.8)	–	–	–	(15.5)
Other income/(expenses)	(10.6)	(10.8)	(5.2)	(3.7)	(4.7)	(0.5)	(2.2)	(37.5)
Operating income	226.0	238.3	203.7	667.6	278.9	14.8	(88.7)	1,540.7
<i>Operating profitability by segment</i>	33.1 %	26.3 %	33.9 %	39.4 %	31.5 %	20.2 %		31.8 %
Net financial income							(45.6)	(45.6)
Net income from associates							17.7	17.7
Income tax expense							(535.6)	(535.6)
Net income attributable to non-controlling interests							(4.6)	(4.6)
Net income	226.0	238.3	203.7	667.6	278.9	14.8	(656.8)	972.6

in millions of euros

2014	France	Europe (excluding France)	Japan	Asia Pacific (excluding Japan)	Americas	Others	Holding	Total
Revenue	643.9	799.8	484.4	1,405.0	711.1	74.5		4,118.6
Selling, marketing and administrative expenses	(168.0)	(242.9)	(179.4)	(364.4)	(234.2)	(25.2)	(77.5)	(1,291.7)
Amortisation	(16.8)	(22.0)	(10.8)	(34.4)	(23.6)	(0.8)	(9.9)	(118.4)
Operating provisions	(6.2)	(3.9)	(7.4)	(3.2)	(2.6)	4.3	(5.5)	(24.4)
Impairment losses	(5.0)	(2.8)	0.0	(0.7)	–	–	(1.0)	(9.4)
Other income/(expenses)	(0.2)	3.6	(0.1)	(13.6)	0.7	(0.1)	(0.1)	(9.8)
Operating income	219.0	218.8	149.3	567.4	221.5	17.4	(94.0)	1,299.3
<i>Operating profitability by segment</i>	34.0 %	27.4 %	30.8 %	40.4 %	31.2 %	23.4 %		31.5 %
Net financial income							(24.7)	(24.7)
Net income from associates							12.4	12.4
Income tax expense							(423.7)	(423.7)
Net income attributable to non-controlling interests							(4.5)	(4.5)
Net income	219.0	218.8	149.3	567.4	221.5	17.4	(534.5)	858.8

3.2 - Revenue by sector

The breakdown of revenue by sector is as follows:

in millions of euros

	2015	2014
Leather Goods and Saddlery	2,274.3	1,842.1
Ready-to-wear and Accessories	1,100.6	933.6
Silk and Textiles	521.2	482.3
Other Hermès sectors	331.9	280.9
Fragrances	241.4	230.8
Watches	163.2	148.1
Other incomes	208.5	200.8
Income from ordinary activities	4,841.0	4,118.6

Notes to the consolidated financial statements

3.3 - Non-current assets by geographical area

The breakdown of the non-current assets ⁽¹⁾ by geographical area is as follows:

	in millions of euros	
	31/12/2015	31/12/2014
France	806.9	784.6
Europe (excluding France)	188.5	176.4
Japan	170.0	150.9
Asia Pacific (excluding Japan)	276.6	271.4
Americas	215.6	155.7
Rest of the World	32.4	40.9
Non-current assets ⁽¹⁾	1,689.9	1,580.0

(1) Non-current assets other than financial instruments and deferred tax assets.

NOTE 4 - COST OF SALES

All commissions are included in the cost of sales.
Impairment of inventories, losses on inventories, and the

portion of depreciation that is allocated to the production cost of goods sold are included in the cost of sales.

NOTE 5 - SELLING, MARKETING AND ADMINISTRATIVE EXPENSES

	in millions of euros	
	2015	2014
Communication	(214.6)	(207.4)
Other selling, marketing and administrative expenses ⁽¹⁾	(1,204.3)	(1,084.3)
Total	(1,418.9)	(1,291.7)

(1) In 2015, to make its income statement easier to interpret, the Group decided to recognise the annual free share plan expense, calculated in accordance with IFRS 2 at €36.4 million, in "Other income and expenses". Up to 31 December 2014, the annual free share plan expense was recognised in "Selling, marketing and administrative expenses". If this expense had been classed in the same category in 2014, "Other income and expenses" would have totalled €200.5 million instead of €162.0 million, and "Selling, marketing and administrative expenses" would have totalled €1,253.2 million instead of €1,291.7 million.

NOTE 6 – OTHER INCOME AND EXPENSES

	in millions of euros	
	2015	2014
Amortisation (note 3)	(147.3)	(118.4)
Net change in recurring provisions	(21.8)	(11.0)
Cost of defined benefit plans (note 25)	(16.8)	(13.4)
<i>Sub-total</i>	(38.6)	(24.4)
Impairment losses (note 3)	(15.5)	(9.4)
Expense linked to free share plans and similar expenses ⁽¹⁾ (note 30)	(36.4)	–
Other expenses (including impairment of goodwill)	(19.6)	(13.0)
Other incomes	18.5	3.2
<i>Sub-total</i>	(53.0)	(19.2)
Total	(238.9)	(162.0)

(1) In 2015, to make its income statement easier to interpret, the Group decided to recognise the annual free share plan expense, calculated in accordance with IFRS 2 at €36.4 million, in "Other income and expenses". Up to 31 December 2014, the annual free share plan expense was recognised in "Selling, marketing and administrative expenses". If this expense had been classed in the same category in 2014, "Other income and expenses" would have totalled €200.5 million instead of €162.0 million, and "Selling, marketing and administrative expenses" would have totalled €1,253.2 million instead of €1,291.7 million.

Total depreciation and amortisation of tangible and intangible assets included in operating expenses (other income and expense and cost of sales) amounted to

€178.6 million in 2015, compared with €145.9 million in 2014. The other expenses include depreciation of goodwill (refer to note 10).

NOTE 7 - NET FINANCIAL INCOME

	in millions of euros	
	2015	2014
Income from cash and cash equivalents	7.3	6.7
Cost of gross financial debt	(0.7)	(0.4)
– of which: net income/(loss) on hedging instruments	0.4	0.2
Cost of net financial debt	6.6	6.3
Other financial expenses and income	(52.2)	(31.1)
– of which: ineffective portion of cash flow hedges	(49.2)	(33.2)
Total	(45.6)	(24.7)

The ineffective portion of cash flow hedges includes –€11.5 million in over-hedging, compared with +€1.1 million in over-hedging in 2014. The impact of the effective

portion of the hedges recorded in equity is shown in Note 20.3.

NOTE 8 – INCOME TAX

8.1 – Breakdown of income tax expense

	in millions of euros	
	2015	2014
Current tax	(539.6)	(460.2)
Deferred tax	3.9	36.6
Total	(535.6)	(423.7)

8.2 - Rationalisation of income tax expense

The effective tax rate was 35.8% as at 31 December 2015, compared with 33.2% as at 31 December 2014. This tax rate includes, for €25.0 million, the effect of the 3% tax on dividend distributions resulting from the

second rectifying finance law for 2012 (compared with €8.9 million in 2014).

The difference between the theoretical tax and the actual tax is explained as follows:

	in millions of euros	
	2015	2014
Net income attributable to owners of the parent	972.6	858.8
Net income from associates	17.7	12.4
Net income attributable to non-controlling interests	(4.6)	(4.5)
Tax expense	(535.6)	(423.7)
Pre-tax income	1,495.1	1,274.6
Effective tax rate	35.8 %	33.2 %
Current tax rate in France ⁽¹⁾	38.0 %	38.0 %
Theoretical tax expense	(568.1)	(484.3)
<i>Reconciliation items</i>		
– differences relating to foreign taxation (primarily the taxation rate)	92.8	105.2
– permanent differences and transactions taxed at a reduced rate ⁽²⁾	(60.2)	(44.5)
Total	(535.6)	(423.7)

(1) The tax rate applicable in France is the basic rate of 33.33% plus the social contribution of 3.3% and an exceptional surcharge of 10.7% for French companies with a revenue of more than €250 million, i.e. 38%. This exceptional surcharge has been withdrawn with effect from 1 January 2016 by the provisions of the draft 2016 Budget Act.

(2) Including the effect of the 3% tax on dividends.

8.3 - Deferred tax

The net change in deferred tax assets and liabilities is broken down as follows:

	in millions of euros	
	2015	2014
Deferred tax assets at 1 January	335.8	242.5
Deferred tax liabilities at 1 January	31.3	25.7
Net deferred tax assets at 1 January	304.4	216.8
Impact on income statement	3.9	36.6
Impact on scope of consolidation	-	(0.2)
Impact of exchange rate movements	15.8	13.5
Others ⁽¹⁾	(14.7)	37.7
Net deferred tax assets at the end of the period	309.6	304.4
Balance of deferred tax assets at the end of the period	360.3	335.8
Balance of deferred tax liabilities at the end of the period	50.7	31.3

(1) Other items primarily involve deferred taxes resulting from changes in the portion of revaluation of financial instruments recorded under equity (transferable portion) and in actuarial gains and losses on employee benefit obligations. These changes had no impact on net income for the year (see note 20.4).

Deferred taxes mainly related to the following adjustments:

	in millions of euros	
	2015	2014
Internal margins on inventories and depreciation of inventories	231.0	198.9
Employee benefits	59.6	51.5
Derivatives	(4.0)	16.6
Impairment losses	9.9	7.9
Regulated provisions	(20.8)	(40.5)
Others	33.7	70.0
Total	309.6	304.4

As at 31 December 2015, tax loss carry-forwards and other temporary differences that did not lead to the recognition of deferred tax assets represented potential tax savings of €27.5 million (compared with €16.8 million in 2014).

Notes to the consolidated financial statements

NOTE 9 - EARNINGS PER SHARE

In accordance with the definitions set out in note 1.20, the calculation and reconciliation of basic earnings per share and diluted earnings per share is as follows :

	2015	2014
Numerator (in millions of euros)		
Basic net income	972.6	858.8
Adjustments	–	–
Diluted net income	972.6	858.8
Denominator (in number of shares)		
Weighted average number of ordinary shares	104,395,884	104,267,723
Basic earnings per share	9.32	8.24
Weighted average number of shares resulting from options		
Weighted average number of shares resulting from free share plans	692,884	555,618
Weighted average number of diluted ordinary shares	105,088,768	104,823,341
Diluted earnings per share	9.26	8.19
Annual average price per share	€325.14	€252.40

NOTE 10 - GOODWILL

10.1 – Change in the year

	31/12/2014	Increases	Decreases	Exchange rate impact	Others	31/12/2015
						in millions of euros
Goodwill	127.0	11.2	–	5.7	–	143.9
Total gross values	127.0	11.2	–	5.7	–	143.9
Amortisation recognised before 1 January 2004	28.9	–	–	2.7	–	31.6
Impairment losses	60.7	11.2	–	1.3	1.2	74.4
Total amortisation and impairment	89.6	11.2	–	3.9	–	106.0
Total net values	37.4	–	–	1.8	(1.2)	37.9

On 31 December 2015, the net value of the goodwill was equal to €37.9 million, primarily relating to the CGUs of the distribution entities (€28.6 million) and the group's production CGUs (€10.5 million).

There was no material change in the net value of goodwill during the year.

10.2 - Impairment tests

HCP CGU

The goodwill of the HCP CGU had a nil net value at 31 December 2015, following the impairment loss recognised during the year.

CGUs of the distribution entities

Within this CGU, the main goodwill is that of Hermès Japan, which stands at €15.1 million. The pre-tax discount rate applied to projected cash flows for Japan is

11%; for other countries, it varies from 10.4% to 21.5%. The annual asset impairment test of this asset as well as those of the other non-significant goodwill of this CGU do not bring to light any probable scenario according to which the CGU's recoverable value becomes lower than the net carrying amount.

Other CGUs

Individually, the above goodwill figures are not significant and do not bring to light any probable depreciation scenario.

NOTE 11 – INTANGIBLE ASSETS

	in millions of euros					
	31/12/2014	Increases ⁽¹⁾	Decreases	Exchange rate impact	Others	31/12/2015
Leasehold rights	68.8	0.3	(0.1)	0.8	–	69.9
Concessions, patents, licences and software	49.2	4.0	(0.4)	1.9	17.2	72.0
Other intangible assets	141.2	24.4	(2.0)	(1.4)	(10.3)	151.9
Assets under construction	12.5	10.5	(0.0)	0.0	(9.8)	13.1
Total gross values	271.6	39.1	(2.4)	1.4	(2.9)	306.9
Amortisation of leasehold rights	36.8	3.7	–	0.2	–	40.7
Amortisation of concessions, patents, licences and software	33.0	4.9	(0.3)	1.3	11.8	50.5
Amortisation of other intangible assets	82.3	22.6	(1.9)	(0.8)	(11.5)	90.6
Impairment losses	2.0	0.8	–	(0.0)	(0.1)	2.7
Total amortisation and impairment	154.1	31.9	(2.2)	0.6	0.2	184.6
Total net values	117.5	7.2	(0.2)	0.7	(3.0)	122.3

(1) Investments mainly relate to the acquisition and/or implementation of integrated management software packages in accordance with IAS 38.

Notes to the consolidated financial statements

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

in millions of euros

	31/12/2014	Increases ⁽¹⁾	Decreases	Exchange rate impact	Others	31/12/2015
Land	153.3	0.5	(1.9)	11.5	(0.8)	162.5
Buildings	719.6	24.0	(4.5)	28.7	16.7	784.6
Industrial machinery, plant and equipment	257.3	29.9	(12.6)	3.2	15.2	293.0
Store fixtures and furnishings	484.6	80.1	(10.9)	35.9	119.5	709.3
Other property, plant and equipment assets	397.7	38.9	(15.6)	4.3	(105.2)	320.2
Assets under construction	75.6	39.8	(1.0)	2.6	(56.0)	60.9
Total gross values	2,088.1	213.3	(46.5)	86.2	(10.5)	2,330.5
Depreciation of buildings	226.7	32.7	(3.9)	9.8	0.6	265.9
Depreciation of plant, machinery and equipment	153.5	20.9	(11.8)	1.7	3.3	167.6
Depreciation of store fixtures and furnishings	268.7	54.9	(10.6)	19.9	49.9	382.7
Depreciation of other property, plant and equipment	231.9	36.8	(12.8)	2.3	(69.2)	188.9
Impairment losses (2)	25.9	14.9	(0.2)	0.8	(3.4)	38.1
Total amortisation and impairment	906.6	160.2	(39.4)	34.6	(18.8)	1,043.1
Total net values	1,181.5	53.1	(7.1)	51.6	8.3	1,287.4

(1) Investments made during the year related mainly to the opening and renovation of stores and capital expenditure to expand production capacity.

(2) Impairment losses relate to production activities and stores deemed not to be sufficiently profitable. It is noted that the cash generating units on which impairment losses have been recognised are not individually material when compared with the Group's overall business.

No item of property, plant or equipment has been pledged as debt collateral. Furthermore, the amount of such assets in temporary use is not material when compared with the total value of property, plant and equipment.

NOTE 13 – INVESTMENT PROPERTY

in millions of euros

	31/12/2014	Increases	Decreases	Exchange rate impact	Others	31/12/2015
Land	33.5	–	–	1.9	(0.1)	35.2
Buildings	78.7	–	–	4.3	0.1	83.2
Total gross values	112.2	–	–	6.2	0.0	118.4
Amortisation	14.7	2.2	–	1.3	–	18.2
Total net values	97.5	(2.2)	–	4.9	0.0	100.2

It is stipulated that the Group and its subsidiaries are not bound by any contractual obligation to buy, build or develop investment properties, existing or not.

Moreover, the costs incurred for the upkeep, maintenance and improvement of the investment assets are not significant nor likely, as far as we know, to change materially in the coming fiscal years.

The net rental proceeds coming from investment properties were equal to €7.1 million in 2015 (compared with €4.9 million in 2014).

As at 31 December 2015, the fair value of the investment properties was greater than €110 million. € This estimate is based on evaluation works performed by independent experts. The evaluations are notably based on real estate operations involving comparable assets and on indicators established by professionals or recognised institutions.

NOTE 14 – FINANCIAL ASSETS

	in millions of euros					
	31/12/2014	Increases	Decreases	Exchange rate impact	Others	31/12/2015
Investments in financial assets and accrued interest ⁽¹⁾	52.1	0.5	(18.0)	–	–	34.5
Liquidity contract	10.2	–	(0.9)	–	–	9.3
Other non-consolidated investments ⁽²⁾	0.3	0.1	–	–	(0.1)	0.3
Total gross values	62.6	0.5	(18.9)	0.0	(0.1)	44.1
Impairments	1.6	0.3	(0.1)	–	(0.0)	1.7
Total net values	61.0	0.2	(18.8)	0.0	(0.1)	42.4

(1) Financial investments correspond with investments that do not meet the cash equivalent criteria notably as a result of their original maturity of more than 3 months.

(2) Other available-for-sale non-consolidated investments do not include any listed securities.

NOTE 15 – INVESTMENTS IN ASSOCIATES

The change in investments in associates is broken down as follows:

	in millions of euros	
	2015	2014
Balance at 1 January	91.3	44.5
Impact of changes in scope of consolidation	0.1	31.1
Net income from associates	17.7	12.4
Dividends paid	(15.7)	(0.2)
Exchange rate fluctuations	2.8	3.5
Others	(10.8)	(0.1)
Balance at 31 December	85.4	91.3

NOTE 16 – LOANS AND DEPOSITS

	in millions of euros					
	31/12/2014	Increases	Decreases	Exchange rate impact	Others	31/12/2015
Loans and deposits ⁽¹⁾	47.8	9.2	(3.3)	2.3	(0.0)	55.9
Impairments	4.3	0.6	–	0.4	–	5.3
Total	43.5	8.5	(3.3)	1.9	(0.0)	50.6

(1) Security deposits amounted to €35.9 million as at 31 December 2015, compared with €27.3 million as at 31 December 2014.

NOTE 17 - INVENTORIES AND WORK IN PROGRESS

in millions of euros

	31/12/2015			31/12/2014		
	Gross	Impairment	Net	Gross	Impairment	Net
Retail, semi-finished and finished goods	978.0	407.6	570.4	846.7	308.1	538.6
Raw materials and work in progress	533.1	154.2	378.9	509.7	136.3	373.4
Total	1,511.1	561.8	949.2	1,356.4	444.4	912.0
Net income/(expense) from impairment of retail, semi-finished and finished goods	-	(79.1)	-	-	(59.6)	-
Net income/(expense) from impairment of raw materials and work in progress	-	(10.1)	-	-	(23.6)	-

No inventories were offered as collateral to secure financial debt.

NOTE 18 – TRADE AND OTHER RECEIVABLES

in millions of euros

	31/12/2015			31/12/2014
	Gross	Impairment	Net	Net
Trade and other receivables	308.6	5.6	303.0	249.3
<i>of which: – not yet due</i>	269.8	0.2	269.5	207.0
<i>– payable ⁽¹⁾</i>	38.8	5.4	33.5	42.3
Current tax receivables	31.8	-	31.8	8.7
Other assets	183.2	0.2	183.0	140.7
Other non-current assets	6.2	0.2	5.9	11.3
Total	529.8	6.0	523.8	409.9

(1) The amount of trade and other receivables payable is broken down as follows:

in millions of euros

	31/12/2015			31/12/2014
	Gross	Impairment	Net	Net
Under 3 months	29.3	0.4	28.9	35.8
Between 3 and 6 months	4.4	1.1	3.3	4.1
Over 6 months	5.2	3.9	1.3	2.5

Except for other non-current assets, all accounts receivable are due within one year. There were no significant payment deferrals that would justify the discounting of receivables.

The Group's policy is to recommend that insurance be taken out covering accounts receivable inasmuch as

local conditions permit. Consequently, the risk of non-recovery is low, as evidenced by accounts receivable impairment, which amounted to 2% of the gross value at the end of 2015 (2% end of 2014). There is no significant concentration of credit risk.

Notes to the consolidated financial statements

NOTE 19 - CASH AND CASH EQUIVALENTS

19.1 – Change in net cash position

in millions of euros

	31/12/2014	Cash flows	Exchange rate impact	Impact on scope of consolidation	Others ⁽¹⁾	31/12/2015
Cash and cash equivalents	423.1	98.6	14.2	1.9	(2.1)	535.7
Marketable securities ⁽²⁾	1,020.2	18.1	14.8	–	–	1,053.1
<i>Sub-total</i>	<i>1,443.3</i>	<i>116.6</i>	<i>29.0</i>	<i>1.9</i>	<i>(2.1)</i>	<i>1,588.8</i>
Bank overdrafts and current accounts in debit	(21.7)	11.7	(0.6)	(7.6)	0.6	(17.6)
Net cash position	1,421.6	128.3	28.4	(5.7)	(1.5)	1,571.2

(1) Corresponds with the mark-to-market on cash and cash equivalents.

(2) Primarily invested in money market SICAV and cash equivalents with a duration of less than 3 months.

All of the cash and cash equivalents have a maturity of less than 3 months and a sensitivity of less than 0.5%. The gains and losses generated during the financial year and recorded through profit or loss were equal to €0.6 million in 2015 (versus €1.1 million in 2014). No unrealised gain or loss existed as at 31 December 2015.

19.2 - Change in working capital requirements

in millions of euros

	31/12/2014	Change in working capital requirements	Cash flows others	Exchange rate impact	Impact of revaluation of financial and hedging instruments	Others	31/12/2015
Net inventories and work in progress	912.0	5.6	–	27.0	–	4.7	949.4
Trade and other receivables	249.3	15.2	–	7.8	19.7	11.1	303.0
Other current assets	139.3	40.6	–	3.4	(0.3)	(0.1)	183.0
Other non-current assets	1.0	(0.8)	–	0.0	–	–	0.2
Available-for-sale securities (excluding liquidity agreement and forward financial investments)	0.4	0.2	–	0.0	–	(0.2)	0.4
Loans and deposits	46.8	5.8	–	2.3	–	0.6	55.6
Deferred tax assets	211.7	20.7	–	12.6	–	(0.2)	244.7
Trade payables (excluding amounts payable to fixed asset suppliers)	(340.2)	(48.9)	–	(7.6)	(2.1)	(3.9)	(402.7)
Other liabilities and sundry items (excluding current tax expense)	(460.4)	(25.3)	–	(12.0)	2.7	(1.3)	(496.2)
Net derivative financial instruments	(33.8)	(15.0)	–	0.0	33.8	16.5	1.5
Change in working capital requirements	726.2	(2.0)	–	33.6	53.8	27.3	838.9

NOTE 20 - EQUITY – GROUP SHARE

As at 31 December 2015, Hermès International's share capital consisted of 105,569,412 fully-paid shares with a par value of €0.51 each. 1,180,771 of these shares are treasury shares

In fiscal year 2015, the following treasury movements occurred:

- buyback of 10,539 shares for €3.5 million, excluding movements under the liquidity agreement;
- purchase of 4,578 shares as part of the liquidity contract;
- exercise of 1,610 free shares allotted to Hermès Group employees.

It is specified that no shares are reserved for issuance under put options or agreements to sell shares.

For management purposes, the Hermès Group uses the notion of "shareholders' equity" as shown in the consolidated statement of changes in equity. More specifically, shareholders' equity includes the part of financial instruments that has been transferred to equity as well as actuarial gains and losses, as defined in Notes 1.9 and 1.17.

The Group's objectives, policies and procedures in the area of capital management are in keeping with sound management principles designed to ensure that

operations are well-balanced financially and to minimise the use of debt. As its surplus cash position gives it some flexibility, the Group does not use prudential ratios such as "return on equity" in its capital management. During the current year, the Group made no change in its capital management policy and objectives.

Lastly, the parent company, Hermès International, is governed by French laws on capital requirements. Shareholders' equity must be greater than or equal to at least half of the share capital. If it drops below this level, an extraordinary General Meeting must be called to approve the measures required to remedy this situation. Hermès International has never been in this position and has always met this requirement.

20.1 - Dividends

An ordinary dividend of €2.95 per share and an extraordinary dividend of €5 per share were paid, representing a total amount of €830.0 million, after having been approved by the shareholders at the general meeting held on 2 June 2015 to approve the financial statements for the year ended 31 December 2014.

20.2 - Foreign currency adjustments

The change in foreign currency adjustments in 2015 is analysed below:

	in millions of euros	
	31/12/2015	31/12/2014
Balance at 1 January	47.7	(33.5)
Yen	22.7	(2.0)
US dollar	38.0	33.2
Yuan	4.1	5.9
Australian dollar	(0.2)	0.8
Pound sterling	4.5	4.5
Macao Pataca	6.3	6.1
Swiss franc	16.0	1.5
Singapore dollar	17.9	20.0
Hong Kong dollar	15.3	14.1
Other currencies	(7.2)	(2.9)
Balance at 31 December	165.3	47.7

Notes to the consolidated financial statements

20.3 - Financial instruments

In 2015, changes in derivatives and financial investments were broken down as follows (after tax):

	in millions of euros	
	2015	2014
Balance at 1 January	(13.5)	30.5
Amount transferred to equity in the year in respect of derivatives	17.4	(32.3)
Amount transferred to equity in the year in respect of financial investments	0.0	0.0
Adjustments in the value of derivatives at the end of the period	1.9	(17.5)
Other deferred foreign exchange gains/(losses) recognised in comprehensive income	16.3	5.8
Balance at 31 December	22.2	(13.6)

20.4 - Other comprehensive income

In 2015, other comprehensive income was broken down as follows:

	in millions of euros		
	Gross impact	Tax effect	Net impact
Actuarial differences (Note 25.3.4)	(14.0)	4.8	(9.2)
Foreign currency adjustments (Note 20.2)	117.6	–	117.6
Financial instruments attributable to equity (Note 20.3)	55.3	(19.6)	35.7
Other items	–	–	–
Balance at 31 December 2015	158.9	(14.9)	144.0

And for 2014:

	in millions of euros		
	Gross impact	Tax effect	Net impact
Actuarial differences (Note 25.3.4)	(30.1)	10.2	(19.9)
Foreign currency adjustments (Note 20.2)	82.1	–	82.1
Financial instruments attributable to equity (Note 20.3)	(71.4)	27.4	(44.0)
Other items	–	–	–
Balance at 31 December 2014	(19.4)	37.6	18.2

NOTE 21 – NON-CONTROLLING EQUITY INTERESTS

	in millions of euros	
	2015	2014
Balance at 1 January	9.5	15.6
Net income attributable to non-controlling interests	4.6	4.5
Dividends paid to non-controlling interests	(6.3)	(9.8)
Foreign currency translation adjustments on foreign entities	1.4	1.0
Other variations	(2.5)	(1.7)
Balance at 31 December	6.7	9.5

NOTE 22 – EXPOSURE TO MARKET RISKS

22.1 - Counterparty risk

Pursuant to the applicable internal control procedures, the Group only deals with leading banks and financial institutions that have signed FBF and ISDA agreements on trading in forward financial instruments, and it is not exposed to any material counterparty risk. In addition, counterparty risks on financial transactions are monitored on an ongoing basis by Hermès International's Treasury Management department. Lastly, the Group has no exposure to any material risk of dependence on a single counterparty.

Moreover, the impact of the credit risk as recommended by IFRS 13 in the fair value of derivative instruments is close to 0 for the Group, given that all of the derivative instruments have a maturity of under 12 months.

22.2 - Currency risk

Most of the Group's currency exposure comes from sales denominated in foreign currencies. It hedges this exposure in order to minimise the impact of currency fluctuations on the Group's profits.

The Group's currency exposure management policy is based on the following principles:

- the manufacturing subsidiaries invoice the distribution subsidiaries in their local currency, which automatically concentrates the currency risk on the manufacturing subsidiaries;
- the Group's net currency exposure is systematically hedged by Hermès International according to annual budgets, based on highly probable future operating

cash flows, through firm foreign exchange transactions and/or optional ones eligible for hedge accounting;

- no speculative transactions in the economic sense of the term are authorised;

- all other non-operating transactions are hedged against currency risk as soon as the commitment is firm and definitive. It corresponds to financial risks arising from intercompany loans and dividends in foreign currencies.

These management rules have been validated by the executive Committee and have also been endorsed by the Supervisory Board.

The administrative management and control of these transactions are provided by the middle & back office department, notably by means of an integrated cash software program. In addition, Hermès International's Internal Audit department ascertains compliance with the risk control and management procedures.

Within this set of rules, management's decisions are validated by the executive Committee, via a Treasury Security Committee that meets on a regular basis.

The Group's currency exposure is hedged annually by Hermès International, based on highly probable future cash flows derived from budget projections. In practice, as at 31 December, nearly 100% of the Group's annual requirements for the previous year had been hedged.

As part of its currency risk management procedure, the Group uses purchases and sales of put and call options and currency swaps to hedge future cash flows and firm commitments made in foreign currencies.

Notes to the consolidated financial statements

22.2.1 - Net currency position

in millions of euros

Currency	Monetary assets/ (liabilities) ⁽¹⁾	Future cash flows	Net position before hedging	Derivatives ⁽²⁾	Net position after hedging	Hedging ratio
As at 31/12/2015						
US dollar	67.4	346.8	414.2	(422.5)	(8.3)	102%
Yuan	141.1	181.8	322.9	(307.7)	15.2	95%
Yen	22.2	234.7	256.9	(246.1)	10.8	96%
Singapore dollar	37.0	179.4	216.4	(204.4)	12.0	94%
Hong Kong dollar	24.1	191.6	215.7	(227.2)	(11.5)	105%
Euro (3)	14.3	61.2	75.5	(68.8)	6.8	91%
Pound sterling	(7.4)	80.3	72.9	(74.4)	(1.5)	102%
Swiss franc	6.2	27.5	33.7	(34.5)	(0.8)	102%
Canadian dollar	4.4	26.7	31.1	(29.1)	2.0	94%
Thai baht	5.7	19.2	24.9	(24.0)	0.9	96%
Rouble	5.1	15.0	20.1	(18.6)	1.5	92%
Mexican peso	4.3	8.0	12.3	(11.1)	1.3	90%
Australian dollar	(7.3)	17.2	9.9	(5.9)	4.0	60%
South Korean won	0.0	(9.2)	(9.2)	9.2	0.0	100%
Turkish lira	0.3	5.2	5.4	(5.0)	0.4	92%
Czech crown	0.7	4.0	4.7	(4.3)	0.4	92%
Brazilian real	0.8	3.8	4.6	(3.8)	0.8	84%
Indian rupee	0.0	3.3	3.3	(3.3)	0.0	100%
Emirati Dirham	0.0	(2.1)	(2.1)	1.9	(0.2)	92%
Argentine peso	1.0	-	1.0	-	1.0	
Summary	319.8	1,394.6	1,714.4	(1,679.6)	34.8	98%
As at 31/12/2014						
US dollar	70.7	367.6	438.3	(423.4)	14.9	97%
Yuan	119.4	198.9	318.3	(313.1)	5.2	98%
Yen	23.0	191.9	214.9	(210.2)	4.7	98%
Singapore dollar	17.7	148.7	166.4	(167.6)	(1.2)	101%
Hong Kong dollar	(55.8)	215.1	159.3	(165.5)	(6.2)	104%
Pound sterling	(2.6)	73.2	70.6	(70.5)	0.2	100%
Euro (3)	10.7	54.1	64.8	(64.6)	0.2	100%
Swiss franc	6.9	33.1	40.0	(39.3)	0.7	98%
Canadian dollar	0.6	29.1	29.7	(29.3)	0.4	99%
Thai baht	2.4	20.9	23.2	(22.4)	0.8	96%
Rouble	2.3	8.7	11.0	(8.7)	2.3	79%
South Korean won	(0.0)	(8.8)	(8.8)	8.8	(0.0)	100%
Australian dollar	(0.0)	8.4	8.4	(5.8)	2.6	69%
Mexican peso	1.3	5.5	6.8	(6.9)	(0.1)	102%
Turkish lira	0.4	5.6	6.0	(5.6)	0.4	93%
Brazilian real	1.2	3.3	4.5	(3.3)	1.2	73%
Czech crown	0.4	3.3	3.7	(3.7)	0.1	98%
Emirati Dirham	(0.1)	(0.5)	(0.7)	0.5	(0.2)	77%
Argentine peso	0.6	-	0.6	-	0.6	
Summary	199.0	1,358.0	1,557.0	(1,530.5)	26.5	98%

(1) The monetary assets are recognised from receivables and loans as well as from bank balances, investments and cash equivalents dated less than three months from the acquisition date. Monetary liabilities are recognised from financial debts as well as operating liabilities and miscellaneous liabilities. (2) Purchase/(Sale). (3) Euro exchange risk for subsidiaries having a different functional currency.

22.2.2 - Sensitivity to currency fluctuations

The sensitivity of equity to currency risk is analysed for the cash flow hedge reserve. The impact on equity corresponds to the change in the market value of cash flow hedging derivatives relative to the current variance in exchange rates, ceteris paribus.

A 10% appreciation in the currencies to which the Group is exposed at the balance sheet date would have

resulted in a €73.3 million decrease in equity (before tax) in the fair value reserve. A 10% depreciation would have led to an €86.6 million increase (before tax).

Moreover, a 10% appreciation in the currencies to which the Group is exposed would have led to a €3.9 million increase in net income at the balance sheet date. A 10% depreciation would have led to a €3.2 million decrease in net income.

22.2.3 – Analysis of currency agreements

in millions of euros

Agreements	Nominal amounts of derivatives	Nominal amounts of derivatives used to hedge foreign exchange risk	Market value of contracts as at 31/12/2015 ⁽¹⁾			
			Future cash flow hedge	Fair value hedge	Unallocated	Total
Options purchased						
US dollar put	33.8	33.8	0.7			0.7
US dollar collar	133.7	133.7	0.5			0.5
Chinese yuan put	17.6	17.6	1.1			1.1
Chinese yuan collar	69.0	69.0	3.5			3.5
Japanese yen put	33.4	33.4	0.9			0.9
Japanese yen collar	120.6	120.6	1.7			1.7
Singapore dollar put	26.2	26.2	1.1			1.1
Singapore dollar collar	103.4	103.4	3.2			3.2
Hong Kong dollar put	21.9	21.9	0.5			0.5
Hong Kong dollar collar	86.4	86.4	0.2			0.2
	646.1	646.1	13.5	-	-	13.5
Forward currency agreements⁽²⁾						
US dollar	177.8	177.8	(6.3)		(0.0)	(6.4)
Yuan	93.0	93.0	(0.6)		(0.0)	(0.6)
Yen	80.6	80.6	(2.2)		-	(2.2)
Singapore dollar	43.1	43.1	0.2		(0.0)	0.2
Hong Kong dollar	83.3	83.3	(3.8)		(0.1)	(3.9)
Pound sterling	80.3	80.3	(0.6)		(0.0)	(0.6)
Euro ⁽³⁾	60.2	60.2	0.7		0.1	0.8
Swiss franc	27.5	27.5	0.1		-	0.1
Canadian dollar	26.7	26.7	1.6		(0.0)	1.6
Thai baht	19.0	19.0	0.1		-	0.1
Rouble	15.0	15.0	3.2		-	3.2
South Korean won	(9.2)	(9.2)	(0.2)		-	(0.2)
Australian dollar	17.1	17.1	0.0		(0.1)	(0.1)
Others	22.3	22.3	0.8		-	0.8
	736.9	736.9	(7.0)	-	(0.1)	(7.1)
Treasury swaps⁽²⁾						
US dollar	77.2	73.3	(0.7)		(0.1)	(0.8)
Yuan	128.1	127.0	(1.1)		(0.0)	(1.2)
Yen	11.4	11.4	(0.2)		-	(0.2)
Singapore dollar	31.6	30.5	(0.3)		(0.0)	(0.3)
Hong Kong dollar	35.6	29.0	(0.4)		(0.1)	(0.4)
Pound sterling	(5.9)	(8.1)	0.2		(0.8)	(0.6)
Euro ⁽³⁾	8.6	9.0	0.0		0.0	0.0
Swiss franc	7.0	6.0	0.0		0.0	0.0
Canadian dollar	2.4	2.0	0.0		0.0	0.0
Thai baht	5.0	4.9	(0.0)		(0.0)	(0.0)
Rouble	3.6	3.6	0.2		-	0.2
Australian dollar	(11.2)	(10.3)	0.0		(0.0)	0.0
Others	3.4	3.4	(0.0)		-	(0.0)
	296.7	281.8	(2.3)	-	(0.9)	(3.2)
Options sold						
	-	-	-	-	-	-
Total	1,679.6	1,664.7	4.2	-	(1.0)	3.2

(1) Gain/(Loss). (2) Sale/(Purchase). (3) Euro exchange risk for subsidiaries having a different functional currency.

Notes to the consolidated financial statements

in millions of euros

Agreements	Nominal amounts of derivatives	Nominal amounts of derivatives used to hedge foreign exchange risk	Market value of contracts as at 31/12/2014 ⁽¹⁾			
			Future cash flow hedge	Fair value hedge	Unallocated	Total
Options purchased						
US dollar put	129.3	50.6	0.0		0.0	0.0
US dollar collar	135.0	135.0	(3.2)			(3.2)
Chinese yuan put	60.5	29.9	0.3		0.1	0.4
Chinese yuan collar	79.9	79.9	(1.0)			(1.0)
Japanese yen put	99.8	31.8	2.3		2.9	5.2
Japanese yen call	(21.2)				0.0	0.0
Japanese yen collar	97.1	97.1	6.5			6.5
Singapore dollar put	77.9	33.6	0.4		0.1	0.4
Singapore dollar collar	89.5	89.5	0.8			0.8
Hong Kong dollar put	94.9	37.7	0.2		0.0	0.2
Hong Kong dollar collar	100.6	100.6	(2.8)			(2.8)
	943.3	685.8	3.6	-	3.1	6.6
Forward currency agreements ⁽²⁾						
US dollar	182.0	182.0	(13.5)		(0.0)	(13.5)
Yuan	89.1	89.1	(8.2)		(0.1)	(8.3)
Yen	63.0	63.0	3.4			3.4
Singapore dollar	18.9	18.9	(6.3)		(0.0)	(6.3)
Hong Kong dollar	76.5	76.5	(10.1)		0.0	(10.0)
Pound sterling	73.2	73.2	(2.7)		0.0	(2.7)
Euro ⁽³⁾	53.8	53.8	2.6		(0.0)	2.6
Swiss franc	33.1	33.1	(0.3)			(0.3)
Canadian dollar	29.1	29.1	(1.1)			(1.1)
Thai baht	20.9	20.9	(0.9)		(0.0)	(0.9)
Rouble	8.7	8.7	4.2			4.2
South Korean won	(8.8)	(8.8)	0.0			0.0
Australian dollar	8.4	8.4	0.2			0.2
Others	17.2	17.2	(0.0)		0.0	0.0
	665.0	665.0	(32.6)	-	(0.1)	(32.7)
Treasury swaps ⁽²⁾						
US dollar	55.8	54.4	(1.0)		(0.0)	(1.0)
Yuan	114.2	114.2	(2.6)		(0.0)	(2.6)
Yen	18.4	17.9	(0.3)		(0.0)	(0.3)
Singapore dollar	25.5	25.6	(0.4)		(0.0)	(0.4)
Hong Kong dollar	(49.3)	(50.4)	1.2		(0.0)	1.1
Pound sterling	(2.7)	(2.9)	0.1		(0.0)	0.1
Euro ⁽³⁾	10.8	10.8	0.1		0.0	0.1
Swiss franc	6.3	6.3	0.0		-	0.0
Canadian dollar	0.2	(0.0)	(0.0)		(0.0)	(0.0)
Thai baht	1.5	1.5	(0.0)		-	(0.0)
Rouble	(0.1)	2.2	0.0		(0.0)	0.0
Australian dollar	(2.6)	(2.9)	0.0		0.0	0.0
Others	1.8	1.7	(0.0)		(0.0)	(0.0)
	179.7	178.3	(2.9)	-	(0.1)	(3.0)
Options sold						
US dollar put	(78.7)				(0.0)	(0.0)
Chinese yuan put	(30.6)				(0.1)	(0.1)
Japanese yen put	(68.0)				(2.9)	(2.9)
Japanese yen call	21.2				(0.0)	(0.0)
Singapore dollar put	(44.3)				(0.1)	(0.1)
Hong Kong dollar put	(57.2)				(0.0)	(0.0)
	(257.5)	-	-	-	(3.0)	(3.0)
Total	1,530.5	1,529.1	(31.9)	-	(0.2)	(32.1)

(1) Gain/(Loss). (2) Sale/(Purchase). (3) Euro exchange risk for subsidiaries having a different functional currency.

22.3 - Interest rate and liquidity risks

The Hermès Group's policy is to maintain a positive treasury position and to have cash available in order to be able to finance its growth strategy independently.

The Group's treasury surpluses and needs are directly managed or overseen by Hermès International's Treasury Management department in accordance with a conservative policy designed to avoid the risk of capital loss and to maintain a satisfactory liquidity position.

Cash surpluses are invested mainly in money-market mutual funds and cash equivalents with a sensitivity of less than 0.5% and a recommended investment period of less than 3 months.

The items recognised by the Group as "Cash and cash equivalents" strictly correspond with the criteria used in the AMF position, as updated in 2011. The investments

are regularly reviewed in accordance with Group procedures and in strict compliance with the qualification criteria as defined by standard IAS 7 Cash flow statement and the recommendations of the AMF. As at 31 December 2015, these analyses had not led to changes in the previously adopted accounting classification.

From time to time, the Group uses financial instruments such as swaps and interest rate derivatives to hedge part of its payables and receivables against interest rate fluctuations.

The following interest rate risks involve the only items of the net cash position.

Moreover, the interest rate risks are not material as concerns the financial assets and liabilities not included in the net cash position.

Notes to the consolidated financial statements

As at 31/12/2015

in millions of euros

	< 1 year	1 to 5 years	> 5 years	Total	Floating rate	Fixed rate
Financial assets	1,589.2	-	-	1,589.2	1,439.2	150.0
Euro	1,000.4	-	-	1,000.4	850.4	150.0
Yuan	48.2	-	-	48.2	48.2	-
US dollar	119.8	-	-	119.8	119.8	-
Yen	17.6	-	-	17.6	17.6	-
Others	403.3	-	-	403.3	403.3	-
Financial liabilities ⁽¹⁾	30.2	1.8	-	32.0	25.9	6.0
Euro	18.6	0.7	-	19.3	18.0	1.2
Yen	4.2	-	-	4.2	-	4.2
Others ⁽²⁾	7.4	1.1	-	8.5	7.9	0.6
Net cash before hedging	1,559.0	(1.8)	-	1,557.2	1,413.3	144.0
Net cash after hedging	1,559.0	(1.8)	-	1,557.2	1,413.3	144.0

in millions of euros

	< 1 year	1 to 5 years	> 5 years	Total	Floating rate	Fixed rate
Financial assets	1,589.2	-	-	1,589.2	1,439.2	150.0
Cash and cash equivalents	1,589.2	-	-	1,589.2	1,439.2	150.0
Financial liabilities ⁽¹⁾	30.2	1.8	-	32.0	25.9	6.0
Medium- and long-term debt	-	1.8	-	1.8	0.3	1.5
Bank overdrafts and short-term debt	30.1	-	-	30.1	25.6	4.5
Current accounts in debit	0.1	-	-	0.1	0.1	-
Net cash before hedging	1,559.0	(1.8)	-	1,557.2	1,413.3	144.0
Net cash after hedging	1,559.0	(1.8)	-	1,557.2	1,413.3	144.0

(1) Excluding commitments to buy out non-controlling interests (€9.6 million at 31 December 2015).

(2) Mainly consists of long-term reducing fixed-rate loans taken out by Hermès India Retail and Distributors, floating-rate loans taken out by Hermès Brasil and foreign subsidiaries' bank overdrafts.

As at 31/12/2014

in millions of euros

	< 1 year	1 to 5 years	> 5 years	Total	Floating rate	Fixed rate
Financial assets	1,441.6	-	-	1,441.6	1,316.6	125.0
Euro	1,043.1	-	-	1,043.1	918.1	125.0
Yuan	29.2	-	-	29.2	29.2	-
US dollar	132.0	-	-	132.0	132.0	-
Yen	13.8	-	-	13.8	13.8	-
Others	223.5	-	-	223.5	223.5	-
Financial liabilities ⁽¹⁾	21.8	0.8	3.4	26.0	21.9	4.1
Euro	10.8	0.5	0.3	11.7	11.0	0.7
Yen	8.3	-	-	8.3	8.3	-
Others ⁽²⁾	2.6	0.3	3.1	6.0	2.6	3.4
Net cash before hedging	1,419.8	(0.8)	(3.4)	1,415.6	1,294.7	120.9
Net cash after hedging	1,419.8	(0.8)	(3.4)	1,415.6	1,294.7	120.9

in millions of euros

	< 1 year	1 to 5 years	> 5 years	Total	Floating rate	Fixed rate
Financial assets	1,441.6	-	-	1,441.6	1,316.6	125.0
Cash and cash equivalents	1,441.6	-	-	1,441.6	1,316.6	125.0
Financial liabilities ⁽¹⁾	21.8	0.8	3.4	26.0	21.9	4.1
Medium- and long-term debt	-	0.8	3.4	4.2	0.2	4.0
Bank overdrafts and short-term debt	21.6	-	-	21.6	21.5	0.1
Current accounts in debit	0.2	-	-	0.2	0.2	-
Net cash before hedging	1,419.8	(0.8)	(3.4)	1,415.6	1,294.7	120.9
Net cash after hedging	1,419.8	(0.8)	(3.4)	1,415.6	1,294.7	120.9

(1) Excluding commitments to buy out non-controlling interests (€15.3 million at 31 December 2014).

(2) Mainly consists of long-term reducing fixed-rate loans taken out by Hermès India Retail and Distributors to finance investments linked to the Bombay store (opened in October 2011).

22.3.1 - Equity risk

Investments in equities are not material at Group level. As such, the Group has no exposure to equity risk.

22.3.2 - Sensitivity to interest rate fluctuations

A uniform 1 percentage point increase in interest rates would have had a €14.1 million positive impact

on consolidated net income before tax (€12.9 million in 2014).

The market value of investments is equivalent to their carrying amount.

Financial liabilities do not include the liability associated with employee profit-sharing, which is included in "Other liabilities".

22.4 -Fair value of financial assets and liabilities

2015	Assets at fair value	Loans and receivables	Held-to- maturity assets
Financial investments (note 14)	–	20.3	–
Liquidity contract (note 14)	9.3	–	–
Other financial assets (note 14)	–	–	0.0
Other non-consolidated investments (note 14)	–	–	–
Held-to-maturity securities (note 14)	–	–	–
Financial assets (note 14)	9.3	20.3	–
Loans and deposits (note 16)	–	50.6	–
Trade and other receivables (note 18)	–	523.8	–
Foreign exchange derivatives – assets (note 22.2.3)	39.0	–	–
Cash and cash equivalents (note 19)	839.5	749.7	–
Bank overdrafts (note 22)	–	–	–
Borrowing – Brazil (note 22)	–	–	–
Borrowing – Japan (note 22)	–	–	–
Borrowing – India (note 22)	–	–	–
Other borrowings (note 22)	–	–	–
Current accounts in debit (note 22)	–	–	–
Financial liabilities (note 22)	–	–	–
Trade payables and other liabilities (note 26)	–	–	–
Foreign exchange derivatives – liabilities (note 22.2.3)	–	–	–
Other derivatives – liabilities	–	–	–

* Interest rates are floating rates.

In compliance with the IFRS 7 – Financial instruments - disclosures, the assets and liabilities recorded at fair value are classified according to the three following fair value levels:

- *level 1*: prices listed on an active market. If listed prices in an active market are available, they are used as a priority in order to determine market value;
- *level 2*: internal model with parameters that can be observed on the basis of internal valuation techniques.

These techniques require the use of the usual mathematical calculation methods that include data that can be observed within the markets (future prices, yield curve...). The calculation of most derivative financial instruments traded within markets is performed on the basis of models that are commonly used by participants in order to assess these financial instruments;

- *level 3*: internal model with non-observable parameters.

in millions of euros

Available-for-sale financial assets	Liabilities at fair value	Liabilities at amortised cost	Carrying amount	Fair value	Evaluation level	Interest rate	Effective interest rate
12.7	-	-	32.9	32.9		-	-
-	-	-	9.3	9.3	1	-	-
-	-	-	0.0	0.0	-	-	-
0.1	-	-	0.1	0.1	-	-	-
-	-	-	-	-	-	-	-
12.8	-	-	42.4	42.4			
-	-	-	50.6	50.6	-	-	-
-	-	-	523.8	523.8	-	-	-
-	-	-	39.0	39.0	2		
-	-	-	1,589.2	1,589.2	1	-	-
-	-	(17.6)	(17.6)	(17.6)	-	*	-
-	-	(5.9)	(5.9)	(5.9)	-	15.3 %	15.3 %
-	-	(4.2)	(4.2)	(4.2)	-	0.3 %	0.3 %
-	-	(2.5)	(2.5)	(2.5)	-	9.6 %	9.6 %
-	-	(1.8)	(1.8)	(1.8)	-	2.3 %	2.3 %
-	-	(0.1)	(0.1)	(0.1)	-	*	-
-	-	(32.0)	(32.0)	(32.0)		-	-
-	-	(1,088.4)	(1,088.4)	(1,088.4)	-	-	-
-	(35.8)	-	(35.8)	(35.8)	2	-	-
-	(1.2)	-	(1.2)	(1.2)	2	-	-

Notes to the consolidated financial statements

2014	Assets at fair value	Loans and receivables	Held-to- maturity assets
Financial investments (note 14)	–	20.2	–
Liquidity contract (note 14)	10.2	–	–
Other financial assets (note 14)	–	–	0.0
Other non-consolidated investments (note 14)	–	–	–
Held-to-maturity securities (note 14)	–	–	–
Financial assets (note 14)	10.2	20.2	0.0
Loans and deposits (note 16)	–	43.5	–
Trade and other receivables (note 18)	–	409.9	–
Foreign exchange derivatives – assets (note 22.2.3)	39.4	–	–
Cash and cash equivalents (note 19)	692.6	749.0	–
Bank overdrafts (note 22)	–	–	–
Borrowing – India (note 22)	–	–	–
Other borrowings (note 22)	–	–	–
Current accounts in debit (note 22)	–	–	–
Financial liabilities (note 22)	–	–	–
Trade payables and other liabilities (note 26)	–	–	–
Foreign exchange derivatives – liabilities (note 22.2.3)	–	–	–
Other derivatives – liabilities	–	–	–

* Interest rates are floating rates.

For 2015 and 2014, there were no transfers between levels 1 and 2 for financial assets and liabilities recognised at fair value.

in millions of euros

Available-for-sale financial assets	Liabilities at fair value	Liabilities at amortised cost	Carrying amount	Fair value	Evaluation level	Interest rate	Effective interest rate
30.5	-	-	50.6	50.6	-	-	-
-	-	-	10.2	10.2	1	-	-
-	-	-	0.0	0.0	-	-	-
0.1	-	-	0.1	0.1	-	-	-
-	-	-	-	-	-	-	-
30.7	-	-	61.0	61.0			
-	-	-	43.5	43.5	-	-	-
-	-	-	409.9	409.9	-	-	-
-	-	-	39.4	39.4	2		
-	-	-	1,441.6	1,441.6	1	-	-
-	-	(21.6)	(21.6)	(21.6)	-	*	-
-	-	(3.3)	(3.3)	(3.3)	-	10.7 %	10.7 %
-	-	(0.9)	(0.9)	(0.9)	-	4.0 %	4.0 %
-	-	(0.2)	(0.2)	(0.2)	-	*	-
-	-	(26.1)	(26.0)	(26.0)	-	-	-
-	-	(995.6)	(995.6)	(995.6)	-	-	-
-	(71.5)	-	(71.5)	(71.5)	2	-	-
-	(1.6)	-	(1.6)	(1.6)	2	-	-

Notes to the consolidated financial statements

NOTE 23 - PROVISIONS

in millions of euros

	31/12/2014	Depreciations	Reversals ⁽¹⁾	Exchange rate impact	Other and reclassifications	31/12/2015
Current provisions	36.9	27.0	(20.4)	1.5	13.8	58.8
Non-current provisions	2.7	0.4	(0.7)	0.1	(0.0)	2.6
Total	39.6	27.4	(21.0)	1.6	13.8	61.4

(1) Of which €15 million reversed and used.

At 31 December 2015, provisions consisted of provisions for returned items (€17.4 million) and provisions for other legal, financial and tax risks resulting from

past events and for unspecified amounts and due dates (€44.0 million). No individual class of provisions is material.

NOTE 24 - EMPLOYEES

A geographical breakdown of the workforce is as follows:

	31/12/2015	31/12/2014
France	7,461	7,051
Europe (excluding France)	1,308	1,257
Other regions	3,475	3,410
Total	12,244	11,718

A breakdown by category is as follows:

	31/12/2015	31/12/2014
Production	5,591	5,285
Sales	4,636	4,474
Other (design, communication and administration)	2,017	1,959
Total	12,244	11,718

Employee expenses in 2015 totalled €932.9 million, compared with €904.6 million in 2014.

NOTE 25 - POST-EMPLOYMENT AND OTHER EMPLOYEE BENEFIT OBLIGATIONS

25.1 - Description of plans

Hermès Group employees are eligible for short-term benefits (paid leave, sick leave, profit-sharing), long-term benefits (long-service awards) and post-employment benefits under defined contribution/defined benefit plans (mainly retirement benefits, and supplemental pension schemes).

Post-employment benefits are awarded either through defined contribution plans or through defined benefit plans.

25.1.1 - Defined contribution plans

Under these plans, regular payments are made to outside organisations, which are responsible for their administrative and financial management. These plans release the employer from any subsequent obligation, as the outside organisation takes responsibility for paying amounts due to employees (basic Social Security old-age plan, ARRCO/AGIRC supplemental pension plans, defined contribution pension funds).

25.1.2 - Defined benefit plans

Under these plans, the employer assumes an obligation vis-à-vis its employees. If these plans are not entirely funded in advance, a provision is recorded.

Post-employment and similar benefit obligations (Defined Benefit Obligations or DBOs) are measured using the projected credit units method, based on actuarial assumptions that take into consideration specific conditions, primarily macroeconomic conditions, in the different countries in which the Group operates.

Changes to actuarial assumptions and experience effects give rise to actuarial gains and losses which are all recorded in the equity over the period during which they were recognised.

For the Group, the main defined benefit plans apply mainly to:

– retirement benefits in France, Italy, Turkey, Greece,

Japan and Taiwan: these are calculated based on employee length of service and annual salary upon reaching retirement age. These obligations are partially or entirely externalised depending on the country;

– these are awards for long-standing service or outstanding initiatives taken by employees or persons treated as employees during their careers, or for skills enhancement. The awards are issued with a bonus, under the terms of a collective agreement, company-wide agreement or decision by the relevant company or works council;

– long-term bonuses in Japan, Asia Pacific, in Switzerland and in England: within certain foreign subsidiaries, seniority is rewarded by means of bonuses on specific anniversary dates;

– a supplementary plan for the directors in France or abroad (Switzerland, Canada).

in millions of euros

	< 1 year	> 1 year	2015	< 1 year	> 1 year	2014
Post-employment and similar benefit obligations	4.8	155.0	159.8	5.1	123.8	128.9
Total	4.8	155.0	159.8	5.1	123.8	128.9

25.2 - Actuarial assumptions

For 2015, the following actuarial assumptions were used for the countries to which the Hermès group's main commitments apply:

	France	Italy	Switzerland	Japan	Taiwan	Rest of Asia
Retirement age	62/65	62/69.6	63/64	60	60/65	50/66
Increase in salaries	3.0%	2.0%	2.0%	2.5%	3.5%	4.75% - 7.0%
Increase in social security ceiling	2.75%	n/a	n/a	n/a	n/a	n/a
Discounting rate	1.9% - 1.49%*	1.9%	0.8%	0.9%	1.3%	0.4% - 3.0%

n/a : not applicable.

* Rates according to the duration of the plans.

2014 assumptions

	France	Italy	Switzerland	Japan	Taiwan	Rest of Asia
Retirement age	62/65	62/66	63/64	60	60/65	50/65
Increase in salaries	3.0%	2.0% - 2.5%	2.2%	2.5%	3.5%	5.0% - 9.0%
Increase in social security ceiling	2.75%	n/a	n/a	n/a	2.0%	n/a
Discounting rate	1.7% - 1.36%*	1.7%	1.5%	1.0%	2.0%	0.4% - 2.9%

n/a : not applicable.

* Rates according to the duration of the plans.

Notes to the consolidated financial statements

The discount rates applied are obtained by reference to the yield on investment grade (AA) corporate bonds with the same maturity as that of the obligation. In accordance with IAS 19 revised, rates of return on assets are determined by reference to discount rates on the obligations.

A 0.50 point increase or decrease in the discount rate would lead to a €14.5 million decrease or a €16.1 million increase in Hermès Group's pension provision respectively, with the balancing entry recognised in equity.

More specifically, for pension plans in Switzerland, a 0.50 point increase or decrease in the applied interest rate would lead to a €1.3 million increase or a €1.1 million decrease in the pension provision, with the balancing entry recognised in equity.

At 31 December 2015, contributions paid for the coming year (including contributions paid to a fund and benefits paid directly by the employer) totalled €4.8 million, compared with €5.1 million in 2014.

25.3 - Change in provisions recognised in the statement of financial position

in millions of euros

	Defined benefit pension plans	Other defined benefit plans	2015	Defined benefit pension plans	Other defined benefit plans	2014
Provisions as at 1 January	120.7	8.2	128.9	82.0	6.5	88.5
Foreign currency adjustments	4.3	0.2	4.5	0.0	0.2	0.2
Cost according to income statement	14.5	2.8	17.3	11.9	2.0	13.9
Benefits/contributions paid	(4.5)	(0.6)	(5.1)	(3.2)	(0.5)	(3.7)
Actuarial gains and losses/limits on plan assets	12.7	–	12.7	30.1	–	30.1
Change in scope	1.1	0.0	1.1	–	–	–
Adjustment of opening equity	–	–	–	–	–	–
Others	0.2	0.2	0.4	(0.1)		(0.1)
Provisions as at 31 December	149.0	10.8	159.8	120.7	8.2	128.9

25.3.1 Reconciliation of the value of post-employment and other employee benefit obligations

in millions of euros

	Defined benefit pension plans	Other defined benefit plans	2015	Defined benefit pension plans	Other defined benefit plans	2014
Present value of obligations at 1 January	186.0	8.2	194.2	151.0	6.5	157.5
Foreign currency adjustments	8.0	0.2	8.2	0.8	0.2	1.0
Service cost	13.2	0.9	14.1	10.1	0.7	10.8
Interest cost	2.9	0.1	3.0	3.1	0.2	3.3
Benefits paid	(6.2)	(0.6)	(6.8)	(11.3)	(0.5)	(11.8)
Employee contributions	1.7	–	1.7	1.6	–	1.6
Experience gains and losses	7.4	0.7	8.1	12.1	0.3	12.4
Actuarial gains and losses from demographic assumptions	0.6	0.1	0.7	0.1	–	0.1
Actuarial gains and losses from financial assumptions	5.8	(0.2)	5.6	18.6	0.7	19.3
Plan changes	(0.8)	1.2	0.4	(0.1)	0.1	0.0
Change in scope	1.1	–	1.1	–	–	–
Others	0.2	0.2	0.4	0.0	0.0	0.0
Present value of obligations at 31 December	219.9	10.8	230.7	186.0	8.2	194.2

25.3.2 – Fair value of pension plans

in millions of euros

	2015	2014
Fair value of assets at 1 January	65.3	69.1
Employer contributions	4.5	3.2
Employee contributions	1.7	1.6
Benefits paid	(6.2)	(11.3)
Financial income	1.0	1.4
Administrative expenses	(0.3)	(0.2)
Foreign currency adjustments	3.7	0.7
Actuarial differences	1.2	0.8
Change in scope	–	–
Others	–	–
Fair value of assets at 31 December	70.9	65.3

25.3.3 – Analysis of provision for post-employment and similar benefit obligations

in millions of euros

	Defined benefit pension plans	Other defined benefit plans	31/12/ 2015	Defined benefit pension plans	Other defined benefit plans	31/12/ 2014
Present value of funded obligations	171.6		171.6	146.1		146.1
Fair value of plan assets	(70.9)		(70.9)	(65.3)		(65.3)
Excess obligations/(assets) in funded plans	100.7	–	100.7	80.8	–	80.8
Present value of unfunded obligations	48.3	10.8	59.1	39.9	8.2	48.1
Unrecognised net assets			–	–	–	–
Net defined benefit obligations	149.0	10.8	159.8	120.7	8.2	128.9
Breakdown of obligations – assets	–	–	–	–	–	–
Breakdown of obligations – liabilities	149.0	10.8	159.8	120.7	8.2	128.9
Net obligations	149.0	10.8	159.8	120.7	8.2	128.9

25.3.4 - Change in actuarial gains and losses

in millions of euros

Actuarial gains and losses recognised in equity at 1 January 2013	81.8
Experience gains and losses	12.1
Actuarial gains and losses from changes in demographic assumptions	0.1
Actuarial gains and losses from changes in financial assumptions	18.6
Impact of limits on plan assets	–
Other actuarial gains and losses	(0.2)
Actuarial gains and losses recognised in equity at 31 December 2014	112.4
Experience gains and losses	7.4
Actuarial gains and losses from changes in demographic assumptions	0.6
Actuarial gains and losses from changes in financial assumptions	5.8
Impact of limits on plan assets	–
Other actuarial gains and losses	0.1
Actuarial gains and losses recognised in equity at 31 December 2015	126.3

25.3.5 – Analysis of expenses recognised in the statement of income

in millions of euros

	Defined benefit pension plans	Other defined benefit plans	2015	Defined benefit pension plans	Other defined benefit plans	2014
Service costs	13.2	0.9	14.1	10.1	0.7	10.8
Interest costs	2.9	0.1	3.0	3.1	0.2	3.3
Financial income on assets	(1.0)	–	(1.0)	(1.4)	–	(1.4)
(Gains)/losses resulting from a plan change	(0.8)	1.2	0.4	(0.1)	0.1	0.0
Change in scope	–	–	–	0.0	0.0	0.1
Net actuarial (gains)/losses recognised in year	–	0.6	0.6	–	1.0	1.0
Administrative expenses	0.2	0.0	0.2	0.2	–	0.2
Cost of defined benefit plans	14.5	2.8	17.3	11.9	1.9	13.9

25.4 - Plan assets

A weighted average breakdown of plan assets by investment type is as follows:

in millions of euros

	31/12/2015		31/12/2014	
	Value	Breakdown	Value	Breakdown
Equities	7.6	11 %	6.0	9 %
Obligations	50.2	71 %	47.1	72 %
Others	13.1	18 %	12.2	19 %
Total	70.9	100 %	65.3	100 %

25.5 - Information by geographical area

in millions of euros

	31/12/2015		31/12/2014	
	Value	Breakdown	Value	Breakdown
France	131.5	57 %	113.6	58 %
Europe (excluding France)	60.5	26 %	49.7	26 %
Japan	33.6	15 %	27.4	14 %
Asia Pacific (excluding Japan)	4.7	2 %	3.2	2 %
Americas	0.4	0 %	0.3	0 %
Present value of obligations	230.7	100 %	194.2	100 %
France	32.4	46 %	31.5	48 %
Europe (excluding France)	38.1	54 %	33.5	51 %
Asia Pacific (excluding Japan)	0.4	0 %	0.3	0 %
Fair value of plan assets	70.9	100 %	65.3	100 %
France	–	–	–	–
Asia Pacific (excluding Japan)	–	–	–	–
Unrecognised net assets	–	–	–	–
France	99.1	62 %	82.1	64 %
Europe (excluding France)	22.5	14 %	16.2	13 %
Japan	33.6	21 %	27.4	21 %
Asia Pacific (excluding Japan)	4.3	3 %	2.9	2 %
Americas	0.4	0 %	0.3	0 %
Provisions for post-employment and similar benefit obligations	159.8	100 %	128.8	100 %

NOTE 26 - TRADE PAYABLES AND OTHER LIABILITIES

	in millions of euros	
	31/12/2015	31/12/2014
Trade payables	402.5	340.2
Amounts payable to fixed asset suppliers	37.8	58.4
Trade and other payables	440.3	398.6
Current tax liabilities	115.0	121.4
Other current liabilities	471.1	387.0
Other non-current liabilities	62.0	88.6
Trade payables and other liabilities	1,088.4	995.6

Other current and non-current liabilities mainly consists of tax and social security liabilities.

NOTE 27 - UNRECOGNISED COMMITMENTS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

27.1 - Financial commitments

	in millions of euros				
	< 1 year	1 to 5 years	> 5 years	31/12/2015	31/12/2014
Bank guarantees given	-	-	9.3	9.3	8.1
Bank guarantees received	-	-	0.3	0.3	0.3
Irrevocable commitments to purchase financial assets	1.0	4.2	15.6	20.8	22.1
Other commitments	16.3	-	-	16.3	19.6

Future non-cancellable commitments for minimum actualised payments on lease agreements for all stores operated by the Group worldwide are as follows:

	in millions of euros				
	< 1 year	1 to 5 years	> 5 years	Total	Annual discount rate
Minimum payments to be made in 2015	122.7	316.6	117.7	557.0	8.83 %
Minimum payments to be made in 2014	122.7	357.5	107.1	587.3	7.73 %

27.2 - Other unrecognised commitments

The Group has no knowledge of any commitments other than those mentioned elsewhere herein and that would not be reflected in the financial statements for the year ended 31 December 2015. To date, there is no exceptional event or dispute that would be liable to have a likely and material impact on the Group's financial position.

Furthermore, in the normal course of its business operations, the Group is involved in legal actions and is subject to controls. A provision is recorded when a risk is identified and when its cost can be estimated.

NOTE 28 - RELATED-PARTY TRANSACTIONS

28.1 - Transactions with equity-accounted associates

Transactions with equity-accounted associates were not material relative to the Group's overall business activities.

28.2 - Transactions with other related parties

Relationships with other related parties, within the meaning of IAS 24 – Related Party Disclosures can be summarised as follows:

– RDAI firm: RDAI was commissioned to undertake a design assignment for the application of the architectural concept to all Hermès Group stores. Fees paid by the Hermès Group amounted to €7.6 million before tax in 2015. The RDAI firm, as well as the above-mentioned SCI, are considered to be related parties given that certain members of the Group's management or members of the Supervisory Board have personal interests therein and exercise significant influence.

– Émile Hermès SARL, Active Partner : Émile Hermès SARL is a *société à responsabilité limitée à capital*

variable (limited company with variable capital). Its partners are the direct descendants of Mr. Émile-Maurice Hermès and his spouse Émile Hermès SARL's Executive Chairman is Mr Henri-Louis Bauer. The Company is governed by a Management Board. Each year, Hermès International pays 0.67% of the distributable profits to the Active Partner. In addition, Hermès International charges Émile Hermès SARL for certain expenses incurred. Hermès International charged back €0.2 million in this respect in 2015;

– ARDIAN Holding : as part of the diversification of its investments, Hermès International has a 13.49% equity interest in the company ARDIAN Holding, in which a member of the Supervisory Board has responsibilities. This commitment had been assumed prior to this person's appointment.

Certain of the above transactions constitute related-party agreements according to the definition contained in the Commercial code. For further details, see the description of the proposed resolutions on page 262 to 269.

28.3 Lease agreements with related parties

Address	Lessor	Lessee	Leasetype	Period	Start	End	Security deposit
28/30/32, rue du Faubourg-Saint-Honoré	SIFAH (formerly SAS 28/30/32 rue du Faubourg-Saint-Honoré)	Hermès International	Commercial lease	9 years	01/01/2007	31/12/2015 ⁽¹⁾	3 months
28/30/32, rue du Faubourg-Saint-Honoré	SIFAH (formerly SAS 28/30/32 rue du Faubourg-Saint-Honoré)	Hermès Sellier	Commercial lease	9 years	01/01/2007	31/12/2015 ⁽¹⁾	3 months
26, rue du Faubourg-Saint-Honoré	SIFAH (formerly SAS 28/30/32 rue du Faubourg-Saint-Honoré)	Hermès International	Commercial lease	9 years	01/01/2014	31/12/2022	3 months
26, rue du Faubourg-Saint-Honoré	SIFAH (formerly SAS 28/30/32 rue du Faubourg-Saint-Honoré)	Hermès International	Commercial lease	9 years	01/01/2008	31/12/2016	3 months
23, rue Boissy-d'Anglas	SIFAH (formerly SAS 28/30/32 rue du Faubourg-Saint-Honoré)	Hermès Sellier	Commercial lease	9 years	01/01/2009	31/12/2017	3 months
74, rue du Faubourg-Saint-Antoine	SCI 74 rue du Faubourg-Saint-Antoine	Hermès International	Commercial lease	9 years	01/07/2008	30/06/2017	3 months
4, rue du Pont-Vert 27400 Le Vaudreuil	Briand Villiers I	Comptoir Nouveau de la Parfumerie	Commercial lease	9 years firm	01/07/2005	30/06/2014 ⁽¹⁾	3 months

(1) In process of being renewed.

Total rental expenses for the abovementioned leases amount to €9 million (versus €9 million in 2014). All of the transactions described were carried out on an arm's

length basis, i.e. on terms that would apply if the transactions had occurred between unrelated parties.

NOTE 29 - EXECUTIVE COMPENSATION

A breakdown of total compensation paid to members of the Executive Committee and the Supervisory

Board, in respect of their functions within the Group, is as follows:

	in millions of euros	
	2015	2014
Short-term benefits	13.5	10.5
Post-employment benefits	3.4	2.1
Other long-term benefits	0.2	0.1
Share-based payments	2.5	2.4
Total	19.6	15.0

Short-term benefits include compensation, bonuses and other benefits paid to Executive Committee members during the year, as well as directors' fees paid

to members of the Supervisory Board. Share-based payments correspond to the amounts expensed in the year.

NOTE 30 - SHARE-BASED PAYMENTS

30.1 - Share purchase option plans

	in shares	
	2015	2014
Outstanding at 1 January	-	60,021
<i>O/w exercisable</i>	-	60,021
Options issued	-	-
Options exercised	-	(53,971)
Options cancelled	-	-
Options forfeited	-	(6,050)
Outstanding at 31 December	-	-
<i>O/w exercisable</i>	-	-
<i>Weighted average exercise price</i>	<i>n/a</i>	<i>n/a</i>

n/a : not applicable

The information relative to the share purchase plans is provided on page 92 (Table no. 8).

30.2 – Free share plans

	2015	2014
		in shares
Outstanding at 1 January	868,640	1,152,740
<i>O/w exercisable</i>	–	–
Options issued	–	–
Options exercised	(1,610)	(260,820)
Options cancelled	–	–
Options forfeited	(40,080)	(23,280)
Outstanding at 31 December	826,950	868,640
<i>O/w exercisable</i>	–	–

The information relative to the free share plans is provided on page 93 (Table no. 11).

The expense recognised in 2015 in respect of bonus share plans totalled €36.4 million, compared with €38.5 million in 2014.

NOTE 31 - INFORMATION ON FEES PAID

Au titre de l'exercice 2015, les honoraires versés aux commissaires aux comptes et aux membres de leurs réseaux se détaillent comme suit :

in millions of euros

	PricewaterhouseCoopers				Crowe Horwath, Cabinet Didier Kling & Associés			
	2015	Break-down	2014	Break-down	2015	Break-down	2014	Break-down
Audit								
Statutory audits	1.8	81 %	1.6	72 %	0.5	100 %	0.5	100 %
<i>Hermès International (parent company)</i>	0.2	11 %	0.2	11 %	0.2	36 %	0.2	35 %
<i>Fully consolidated subsidiaries</i>	1.6	70 %	1.4	62 %	0.3	68 %	0.3	65 %
Other audits and services directly related to the role of the statutory auditors	0.1	6 %	0.1	3 %	-	-	-	-
<i>Hermès International (parent company)</i>	0.0	2 %	0.0	0 %	-	-	-	-
<i>Fully consolidated subsidiaries</i>	0.1	4 %	0.1	2 %	-	-	-	-
<i>Sub-total</i>	1.9	87 %	1.7	75 %	0.5	100 %	0.5	100 %
Other services provided by the networks to foreign subsidiaries								
Legal, tax and corporate matters ⁽¹⁾	0.3	13 %	0.6	25 %	-	-	-	-
<i>Sub-total</i>	0.3	13 %	0.6	25 %	-	-	-	-
Total	2.2	100 %	2.3	100 %	0.5	100 %	0.5	100 %

(1) Fees paid to auditors for tax matters are related to foreign subsidiaries which require such services to ensure local and international tax compliance, including the review of tax matters on annual statements.

The observed imbalance can be explained by the fact that the PwC network is in charge of nearly all of the auditing of the foreign subsidiaries of the Hermès group.

Notes to the consolidated financial statements

NOTE 32 – SCOPE OF CONSOLIDATION

List of the main consolidated companies as at 31 December 2015 (manufacturing and holding subsidiaries of the divisions for the major part)

Company	Office	Percentage 2015			Registered no. (France)
		Control	Interest	Method*	
Hermès International	24, rue du Faubourg-Saint-Honoré, 75008 Paris	Parent	Parent	Parent	572 076 396
Boissy Les Mûriers	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	351 649 504
Boissy Mexico	Avenida Presidente Mazaryk 422, Local "A", Col Polanco, 11560 Mexico D.F. (Mexico)	54.20	54.20	Full	-
Boissy Retail PTE LTD Singapour	501 Orchard Road; #04-07/08 Wheelock Place 238880 Singapore	100.00	100.00	Full	-
Castille Investissements	24, rue du Faubourg-Saint-Honoré, 75008 Paris	100.00	100.00	Full	352 565 451
Compagnie des Cristalleries de Saint-Louis	Saint-Louis-lès-Bitche, 57620 Lemberg	99.98	99.98	Full	353 438 708
Compagnie Hermès de Participations	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	413 818 147
Compagnie Hermès de Participations 2	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	789 925 534
Comptoir Nouveau de la Parfumerie	23, rue Boissy-d'Anglas, 75008 Paris	99.67	99.67	Full	542 053 285
Hermès Denmark ApS	Pilestræde 58, 1112 København K (Denmark)	100.00	100.00	Full	-
Édouard VII France	23, rue Boissy-d'Anglas, 75008 Paris	99.75	99.75	Full	393 882 170
Faubourg Italia	1/A Piazza della Repubblica, 20121 Milan (Italy)	60.00	60.00	Full	-
Faubourg Guam	C/Co Calvo Fisher & Jacob LLP, 259 Martyr Street, Suite 100, Hagatna Guam 96910 (USA)	100.00	100.00	Full	-
Faubourg Middle East	LB13002, Jebel Ali Free Zone, Dubai	40.00	40.00	EA	-
Financière Saint-Honoré	1, rue Robert-Céard, 1204 Geneva (Switzerland)	100.00	100.00	Full	-
Full More Group	25/F, Chinachem Leighton Plaza, 29 Leighton Road, Causeway Bay (Hong Kong)	90.00	90.00	Full	-
Ganterie de Saint-Junien	18, rue Louis-Codet, 87200 Saint-Junien	100.00	100.00	Full	391 581 196
Grafton Immobilier	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	440 256 444
Hermès Argentina	Avenida Alvear 1981, 1129 Buenos Aires (Argentina)	100.00	99.99	Full	-
Hermès Asia Pacific	25/F Chinachem Leighton Plaza, 29 Leighton Road, Causeway Bay (Hong Kong)	100.00	100.00	Full	-
Hermès Australia	Level 11, 70 Castlereagh Street, Sydney NSW 2000 (Australia)	100.00	100.00	Full	-
Hermès Benelux Nordics	50, boulevard de Waterloo, 1000 Brussels (Belgium)	100.00	100.00	Full	-
H Brazil	Avenida Magalhaes de Castro, n° 12.000, Loja 32, Piso Terreo, Jardim Panarama, São Paulo (Brazil)	100.00	100.00	Full	-
Hermès Canada	131 Bloor Street West, Toronto, Ontario M5S 1R1 (Canada)	100.00	100.00	Full	-

* Consolidation method Full: Fully consolidated – EA: Equity-accounted.

Company	Office	Percentage 2015			Registered no. (France)
		Control	Interest	Method*	
Hermès (China) Co. Ltd	Unit 130, Shanghai Plaza 66, n° 1266 West Nanjing Road, 200040 Shanghai (Chinae)	100.00	100.00	Full	-
Hermès China Trading	Building n° 12, n° 211, 213, 215 and 227, Middle Huahai Road, 200021 Shanghai (China)	100.00	100.00	Full	-
Hermès Cuir Précieux	3, avenue Hoche, 75008 Paris	100.00	100.00	Full	398 142 695
Hermès de Paris (Mexico)	Avenida Presidente Mazaryk 422, Local "A", Col Polanco, 11560 Mexico D.F. (Mexico)	54.21	54.21	Full	-
Hermès GB	1 Bruton Street, London W1J 6TL (United Kingdom)	100.00	100.00	Full	-
Hermès GmbH	Marshallstrasse 8, 80539 Munich (Germany)	100.00	100.00	Full	-
Hermès Grèce	Rue Stadiou 4 et rue Voukourestiou 1, City Link, 10564 Syntagma Athens (Greece)	100.00	100.00	Full	-
Hermès Iberica	Paseo de la Castellana n° 28, 28046 Madrid (Spain)	100.00	100.00	Full	-
Hermès Holding GB	1 Bruton Street, Londres, W1J 6TL (United Kingdom)	100.00	100.00	Full	-
Hermès Horizons	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	480 011 527
Hermès Immobilier Genève	1, rue Robert-Céard, 1204 Geneva (Switzerland)	100.00	100.00	Full	-
Hermès India Retail and Distributors Private Limited	G/5-9 Shopping Arcade, The Oberoi, Dr Zakir Hussain Marg, 110003 New Delhi (India)	51.01	51.01	Full	-
Hermès Internacional Portugal	Largo do Chiado 9, 1200-108 Lisbon (Portugal)	100.00	100.00	Full	-
Hermès Istanbul	Abdi İpekçi Cad. No:79 Nisantasi, Sisli, Istanbul (Turkey)	100.00	100.00	Full	-
Hermès Italie	Via Gastone Pisoni 2, 20121 Milan (Italy)	100.00	100.00	Full	-
Hermès Japon	4-1, Ginza 5-Chome, Chuo-Ku, Tokyo 104-0061 (Japan)	100.00	100.00	Full	-
Hermès Korea	630-26 Shinsa-Dong Gangnam-gu, Seoul 135-895 (South Korea)	100.00	100.00	Full	-
Hermès Latin America Inc.	703 Waterford Way, Suite 195, Miami, Florida 33126 (USA)	100.00	100.00	Full	-
Hermès Middle East South Asia	1 Marina Boulevard, #28-00, Singapore 018989 (Singapore)	100.00	100.00	Full	-
Hermès Monte-Carlo	11-13-15, avenue de Monte-Carlo, 98000 Monaco	100.00	100.00	Full	-
Hermès of Paris	55 East, 59th Street, 10022 New York (USA)	100.00	100.00	Full	-
Hermès Prague	Parizska 12/120, 11000 Prague (Czech Republic)	100.00	100.00	Full	-
Hermès Retail (Malaysia)	Level 16, Menara Asia Life, 189 Jalan Tun Razak, 50400 Kuala Lumpur (Malaysia)	70.00	70.00	Full	-
Hermès Sellier	24, rue du Faubourg-Saint-Honoré, 75008 Paris	99.77	99.77	Full	696 520 410
Hermès Singapore (Retail)	1 Marina Boulevard, #28-00, Singapore 018989 (Singapore)	100.00	100.00	Full	-
Hermès Suisse	1, rue Robert-Céard, 1204 Geneva (Switzerland)	100.00	100.00	Full	-

* Consolidation method Full: Fully consolidated – EA: Equity-accounted.

Notes to the consolidated financial statements

Company	Office	Percentage 2015			Registered no. (France)
		Control	Interest	Method*	
Hermès South East Asia	1 Marina Boulevard, #28-00, Singapore 018989 (Singapore)	100.00	100.00	Full	-
Holding Textile Hermès	16, chemin des Mûriers, 69310 Pierre-Bénite	96.71	96.71	Full	592 028 542
Honossy	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	393 178 025
Immauger	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	377 672 159
Immobilière de la Maroquinerie de Normandie France	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	789 925 872
Immobilière du 5 rue de Furstemberg	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	440 252 849
Immobilière de la Cotonnière	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	535 205 728
J. L. & Company Limited	Westminster Works, 1 Oliver Street, Northampton NN2 7JL (United Kingdom)	100.00	100.00	Full	-
John Lobb	23, rue Boissy-d'Anglas, 75008 Paris	99.99	99.99	Full	582 094 371
La Manufacture de Seloncourt	18, rue de la Côte, 25230 Seloncourt	100.00	100.00	Full	407 836 329
La Maroquinerie Nontronnaise	Route de Saint-Martin-le-Pin, 24300 Nontron	100.00	100.00	Full	403 230 436
La Montre Hermès	Erlenstrasse 31 A, 2555 Brügg (Switzerland)	100.00	100.00	Full	-
Leica Camera Japan Co.	1-7-1 Yurakucho Chiyoda-ku, Tokyo 100-0006 (Japan)	49.00	49.00	EA	-
Manufacture de Haute Maroquinerie	ZAE Les Combaruches, 825, bd Jean-Jules-Herbert, 73100 Aix-les-Bains	100.00	100.00	Full	409 548 096
Maroquinerie de Belley	Lieu-dit le Pontet ou la Rodette, VC7 des Ecassaz et 5 de Charignin, 01300 Belley	100.00	100.00	Full	428 128 425
Maroquinerie de Normandie	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	789 926 334
Maroquinerie de la Tardoire	Route de Chez Marvaud, 16220 Montbron	100.00	100.00	Full	480 011 568
Maroquinerie de Saint-Antoine	74, rue du Faubourg-Saint-Antoine, 75012 Paris	100.00	100.00	Full	409 209 202
Maroquinerie de Sayat	Route de Volvic, 63530 Sayat	100.00	100.00	Full	411 795 859
Maroquinerie des Ardennes	Avenue des Marguerites, 08120 Bogny-sur-Meuse	100.00	100.00	Full	428 113 518
Maroquinerie Iséroise	Lieu-dit Nétrin-Ouest, rue Victor-Hugo, 38490 Les Abrets	100.00	100.00	Full	480 011 451
Maroquinerie Thierry	ZI Les Bracots, rue des Fougères, 74890 Bons-en-Chablais	49.97	49.97	EA	312 108 368
Motsch-George V	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	440 252 476
Perrin & Fils	ZA Les Chaumes, 38690 Le Grand-Lemps	39.52	38.22	EA	573 620 143
Saint-Honoré (Bangkok)	Unit 1207, 12th Floor, Park Venture Ecoplex, 57 Wireless Road, Lumpini Pathumwan, Bangkok 10330 (Thailand)	80.00	80.00	Full	-
SCI Auger-Hoche	12-22, rue Auger, 93500 Pantin	100.00	100.00	Full	335 161 071
SCI Boissy Nontron	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	442 307 021
SCI Les Capucines	ZI Les Bracots, 74890 Bons-en-Chablais	100.00	99.99	Full	408 602 050

* Consolidation method Full: Fully consolidated – EA: Equity-accounted.

Parent company financial statements

- [231](#) Statement of income for 2015
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Statement of income for 2015

	in millions of euros	
	2015	2014
Operating income	249.2	256.8
Revenue (Note 2)	207.2	161.9
Other revenue	0.8	0.6
Reversals of provisions and expenses reclassified	41.2	94.3
Operating expenses	264.1	275.2
Other purchases and external expenses	99.2	101.7
Tax and duties	6.2	5.3
Salaries	45.6	37.5
Social security and similar expenses (Note 3)	55.3	71.8
Amortisation, depreciation, provisions and impairment	52.7	54.1
Other expenses	5.2	4.8
NET OPERATING INCOME/(LOSS)	(14.9)	(18.4)
Financial income	1,015.1	686.6
Income from subsidiaries and associates	931.0	668.9
Other interest and similar income	6.2	6.5
Reversals of provisions and impairment (Note 11)	46.6	10.1
Foreign exchange gains	30.6	–
Net income from disposals of marketable securities	0.6	1.1
Financial expenses	123.7	80.3
Additions to provisions and impairment (Note 11)	122.2	67.9
Foreign exchange losses	–	11.4
Interest and similar expenses	1.5	1.0
NET FINANCIAL INCOME	891.4	606.3
RECURRING NET OPERATING INCOME	876.5	587.9
Non-recurring income	18.6	51.1
Non-recurring expenses	20.2	50.8
NET EXTRAORDINARY INCOME (Note 4)	(1.6)	0.3
NET INCOME BEFORE TAX AND EMPLOYEE PROFIT-SHARING	874.9	588.1
Employee profit-sharing	(3.9)	(4.4)
Income tax expense (Note 5)	(28.3)	4.0
NET INCOME	842.8	587.7

N. B.: the values shown in the tables are generally expressed in millions of euros. In certain cases, the effects of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

Statement of financial position as at 31 December 2015

ASSETS

	in millions of euros	
	31/12/2015	31/12/2014
FIXED ASSETS	710.6	625.2
Intangible assets (Note 6)	7.1	8.1
Concessions, patents and brands	–	2.3
Others	7.1	5.8
Property, plant and equipment (Note 6)	18.7	13.7
Land	0.2	0.2
Buildings	–	–
Other assets	17.9	12.5
Assets under construction	0.6	1.0
Financial assets (Note 7)	684.8	603.4
Investments in subsidiaries and associates	628.2	552.3
Other long-term investments	2.6	2.6
Other financial assets	54.0	48.5
CURRENT ASSETS	1,829.7	1,929.4
Trade receivables (Note 8)	154.8	140.2
Other receivables (Note 8)	451.5	515.7
Marketable securities (Note 9)	1,042.7	1,077.9
Derivatives	32.6	30.0
Cash at bank and in hand	148.2	165.6
PREPAYMENTS AND ACCRUALS (Note 8)	4.2	6.0
TOTAL ASSETS	2,544.5	2,560.6

N. B.: the values shown in the tables are generally expressed in millions of euros. In certain cases, the effects of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

LIABILITIES

Before allocation	in millions of euros	
	31/12/2015	31/12/2014
EQUITY	2,122.1	2,113.2
Capital (Note 10)	53.8	53.8
Share, merger or contribution premiums	49.6	49.6
Other reserves	501.3	401.0
Legal reserve	5.7	5.7
Retained earnings	668.6	1,015.1
Net income for the financial year	842.8	587.7
Regulated provisions (Note 11)	0.4	0.4
PROVISIONS FOR CONTINGENCIES AND LOSSES (Note 11)	196.1	160.6
LIABILITIES	226.4	286.8
Financial debts (Note 12)	34.0	25.0
Derivatives	6.6	5.9
Operating debts (Note 12)	73.2	74.5
Various liabilities (Note 12)	112.6	181.3
TOTAL LIABILITIES	2,544.5	2,560.6

N. B.: the values shown in the tables are generally expressed in millions of euros. In certain cases, the effects of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

Changes in equity in 2015

	in millions of euros						
	Capital (Note 10)	Share, merger or contribution premiums	Legal reserve, other reserves retained earning	Net income for the financial year	Regulated provisions (Note 11)	Equity	Number of shares outstanding (Note 10)
Balance at 31 December 2013 before appropriation of earnings	53.8	49.6	1,162.5	544.3	0.2	1,810.4	105,569,412
Allocation of net income 2013	-	-	544.3	(544.3)	-	-	-
Dividends paid in respect of the year	-	-	(285.1)	-	-	(285.1)	-
Net income for the financial year 2014	-	-	-	587.7	-	587.7	-
Other variations	-	-	-	-	0.2	0.2	-
Balance at 31 December 2014 before appropriation of earnings	53.8	49.6	1,421.7	587.7	0.4	2,113.2	105,569,412
Allocation of net income 2014	-	-	587.7	(587.7)	-	-	-
Dividends paid in respect of the year	-	-	(833.9)	-	-	(833.9)	-
Net income for the financial year 2015	-	-	-	842.8	-	842.8	-
Other variations	-	-	-	-	-	-	-
Balance at 31 December 2015 before appropriation of earnings	53.8	49.6	1,175.5	842.8	0.4	2,122.1	105,569,412

N. B.: the values shown in the tables are generally expressed in millions of euros. In certain cases, the effects of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

Cash flow statement for 2015

	in millions of euros	
	2015	2014
Net income	842.8	587.7
Depreciation and amortisation	8.0	4.9
Change in provisions and impairment (note 11)	117.8	56.2
Capital gains/(losses) on disposals	0.3	50.3
Operating cash flows	968.9	699.1
Change in intra-group current accounts	10.0	(66.4)
Change in other receivables	(15.7)	1.8
Change in trade and other payables	4.7	17.9
CHANGE IN WORKING CAPITAL REQUIREMENTS	(1.1)	(46.7)
NET CASH FLOWS FROM OPERATING ACTIVITIES	967.8	652.4
Purchase of intangible assets (note 6)	(6.4)	(3.7)
Purchase of property, plant and equipment assets (note 6)	(5.7)	(2.1)
Investments in subsidiaries and associates (note 7)	(193.2)	(25.1)
Purchase of other financial assets (note 7)	(3.7)	(2.6)
Disposals (note 7)	21.1	0.0
Change in receivables and payables related to fixed assets	0.7	(0.5)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(187.2)	(34.0)
Dividends paid	(833.9)	(285.1)
Treasury share buybacks net of disposals	(5.2)	(3.3)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(839.1)	(288.4)
CHANGE IN NET CASH POSITION	(58.5)	330.0
Net cash at the beginning of the period (note 13)	984.1	654.2
Net cash at the end of the period (note 13)	925.6	984.1
CHANGE IN NET CASH POSITION	(58.5)	330.0

Liabilities relating to employee profit-sharing have been reclassified under other liabilities.

N. B.: the values shown in the tables are generally expressed in millions of euros. In certain cases, the effects of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

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N. B.: the values shown in the tables are generally expressed in millions of euros. In certain cases, the effects of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

The financial year covers the 12 months from 1 January through 31 December 2015.

The following notes are an integral part of the financial statements.

NOTE 1 - ACCOUNTING PRINCIPLES AND METHODS

Generally accepted accounting conventions have been applied, in line with the principle of prudence, according to the following accounting assumptions and principles:

- ◆ the Company's status as an ongoing concern;
 - ◆ the consistency of accounting policies from one financial year to another;
 - ◆ the accruals and matching principle ;
 - ◆ the historical cost convention;
- and in accordance with ANC regulation 2014-03 relative to the general chart of accounts.

1.1 - Intangible assets

Intangible assets include the purchase of original works of arts by living artists, which allows the Company to benefit from a tax deduction that is set aside in a reserve, as well as software and the cost of websites, which are amortised on a straight-line basis over 1 to 6 years.

1.2 - Property, plant and equipment

Property, plant and equipment are valued at acquisition cost (purchase price plus incidental expenses, excluding acquisition costs), except for assets acquired before 31 December 1959, which are shown in the statement of financial position at their value in use on that date. Depreciation is calculated using the straight-line or declining-balance method, on the basis of the following expected useful lives:

- ◆ buildings: straight-line method over 20 to 30 years;
- ◆ building fixtures and fittings: straight-line method over 10 to 40 years;
- ◆ office furniture and equipment: straight-line or declining-balance method over 4 to 10 years;
- ◆ computer equipment: declining-balance method over 3 years;
- ◆ vehicles: straight-line method over 4 years.

1.3 - Financial assets

Investments in subsidiaries and associates are shown in the statement of financial position at acquisition cost, excluding incidental expenses. Where the balance sheet value at closing is lower than the carrying

amount, a provision for impairment is recorded for the difference.

The balance sheet value is determined based on criteria such as the value of the share of net assets or the earnings prospects of the relevant subsidiary. These criteria are weighted by the effects of owning these shares in terms of strategy or synergies, in respect of other investments held.

1.4 - Trade receivables

Trade receivables are recorded at face value. A provision for impairment is recognised where there is a risk of non-recovery.

1.5 - Marketable securities

The gross value of marketable securities is their acquisition cost less incidental expenses. Marketable securities are valued at the lower of acquisition cost or market value, calculated separately for each category of securities.

In the event that part of a line of securities is sold, proceeds on disposals are calculated using the first-in, first-out method (FIFO).

Treasury shares that are specifically allocated to covering employee share plans or options to purchase shares are recorded under "Marketable securities". A provision is accrued in an amount representing the difference between the purchase price of the shares and the option exercise price, if the purchase price is more than the exercise price.

In the event of a decrease in the stock market price, a provision for impairment is recognised for treasury shares that are not specifically allocated. It is calculated as the difference between the net carrying amount of the shares and the average stock market price for the month immediately preceding the closing date, weighted by the exchanged volumes.

1.6 - Treasury management

Income and expense items expressed in foreign currencies are converted into euros at the hedged exchange rate. Payables, receivables, and cash expressed in

currencies outside of the euro zone are shown on the statement of financial position at the hedged exchange rate or at the closing rate if they are not hedged. In this case, differences arising from the reconversion of payables and receivables at the closing exchange rate are recorded in the statement of financial position under "Foreign currency adjustments". A provision for contingencies is established for unrealised foreign exchange losses. Premiums on foreign currency options are recorded through profit or loss on the maturity date. In addition, financial instruments are used in connection with the management of the Company's treasury investments. Gains and losses on interest rate differentials and any corresponding premiums are recognised on an accrual basis.

1.7 - Income tax

Since 1 January 1988, the Company has opted for a group tax election under French tax law. Under the terms of an agreement between the parent company and the subsidiaries included in the group tax election, projected and actual tax savings or liabilities generated by the Group are recognised in income (temporary or definite) in the year in which they arise. The tax expense borne by the subsidiaries is the expense they would have incurred if there had been no group tax election. The companies included in the group tax election are Hermès International, Ateliers d'Ennoblement d'Irigny, Ateliers de Tissage de Bussières et de Challes, Castille Investissements, Compagnie des Arts de la Table et de l'Émail, Compagnie des Cristalleries de Saint-Louis, Compagnie Hermès de Participations, Compagnie Hermès de Participations 2, Comptoir Nouveau de la Parfumerie, Créations Métaphores, SCI Édouard VII, Établissements Marcel Gandit, Ganterie de Saint-Junien, Gordon-Choisy, Grafton Immobilier, Hermès Cuir Précieux, Hermès Horizons, Hermès Sellier, Hermès Voyageur, Holding Textile Hermès, Immauger, Immobilière du 5 rue de Furstemberg, Immobilière Charentaise de la Tardoire, Immobilière de la Cotonnière, Immobilière de Montbéliard, Immobilière de Normandie, Immobilière Iséroise, Immobilière Textile Honoré, John Lobb, La Manufacture de Seloncourt, La Maroquinerie Nontronnaise, Manufacture de Haute

Maroquinerie, Maroquinerie de Belley, Maroquinerie des Ardennes, Maroquinerie de Normandie, Maroquinerie de Sayat, Maroquinerie de Saint-Antoine, Maroquinerie de la Tardoire, Maroquinerie Iséroise, Motsch-George V, SC Honossy, Puiforcat, SCI Auger-Hoche, SCI Boissy Les Mûriers, SCI Boissy Nontron, Société d'Impression sur Étoffes du Grand-Lemps, Société Novatrice de Confection, Tannerie d'Annonay, Tanneries des Cuir d'Indochine et de Madagascar and Immobilière de la Maroquinerie de Montbéliard.

1.8 - Post-employment and other employee benefit obligations

For basic pension and other defined-contribution plans, Hermès International recognises contributions to be paid as expenses when they come due and no provision is accrued in this respect, as the Company has no obligation other than the contributions paid.

For defined-benefit plans, Hermès International's obligations are calculated annually by an independent actuary using the projected credit unit method. This method is based on actuarial assumptions and takes into account the employee's probable future length of service, future salary and life expectancy as well as staff turnover. The present value of the obligation is calculated by applying an appropriate discount rate. It is recognised on a basis pro-rated to the employee's years of service.

Benefits are partly funded in advance by external funds (insurance companies). Assets held in this way are measured at fair value.

The expense recognised in the statement of income is the sum of:

- the service cost, which reflects the increase in obligations arising from the vesting of one additional year of benefits;
- the interest cost, which reflects the increase in the present value of the obligations during the period.

Accrued actuarial gains and losses are amortised when they exceed 10% of the obligation amount, gross of dedicated investments, or of the market value of these investments at year-end ("corridor" method), starting from the year following the year in which they were initially recognised and continuing over the average residual duration of employment of the employee.

NOTE 2 – REVENUE

	in millions of euros	
	2015	2014
Sales of services	99.1	60.2
Royalties	108.1	101.7
REVENUE	207.2	161.9

Sales of services are primarily amounts charged back to subsidiaries for advertising and public relations services, rent, staff provided on secondment, insurance and professional fees. They also include the accrued income pursuant to a re-invoicing agreement for free share plan expenses concerning the Group's French companies for €18.3 million in 2015 versus €18.2 million in 2014.

Furthermore, in 2014, the May 2010 free share plan, which matured on 1 June 2014 for French employees,

resulted in the cancellation of €31.7 million in accrued income recognised in services sold at end December 2013. The cost of the shares issued to employees was invoiced to each subsidiary and recognised as exceptional income.

Royalties are calculated based on the production subsidiaries' revenue. Their increase results from the increase in the sales revenue of the companies subject to this royalty.

NOTE 3 – SOCIAL SECURITY AND SIMILAR EXPENSE

	in millions of euros		
	2015	2014	Variation
Cost of shares issued to employees of Hermès International	–	13.8	(13.8)
2010 free share plans	3.3	9.8	(6.5)
2012 free share plans	33.7	33.5	0.2
Social security contributions	18.3	14.7	3.6
SOCIAL SECURITY AND SIMILAR EXPENSES	55.3	71.8	(16.5)

The social charges and other personnel costs include the expenses relative to the free share plans for all beneficiaries.

The costs for the free shares for personnel of the French entities resulted in accrued income (refer to Note 2 relative to revenue).

Notes to the financial statements

NOTE 4 - EXTRAORDINARY RESULT

	in millions of euros	
	2015	2014
Non-recurring income	18.6	51.1
Reversals of provisions for accelerated depreciation	0.2	0.0
Disposals of property, plant and equipment and non-current financial assets	18.5	51.1
Non-recurring expenses	(20.2)	(50.8)
Provisions for accelerated depreciation	(0.2)	(0.2)
Additions to impairment	(1.8)	–
Disposals of property, plant and equipment and non-current financial assets	(18.2)	(50.6)
NET EXTRAORDINARY INCOME	(1.6)	0.3

Net exceptional income mainly consists of a €1.8 million addition to impairment on intangible assets and a €0.4 million gain on disposals of treasury shares under the liquidity agreement.

In 2014 the income included, for €36.8 million, the cost of the plans for the free share plans for the employees as decided in 2010 and that have matured, as well as the transfer of expenses for the cost of the shares provided

to Hermès International employees, €13.8 million. It also included a gain of €0.3 million on the disposals of treasury shares related to the liquidity contract

In 2014, the disposals of financial fixed assets primarily corresponded with the cost of the shares provided to French employees for €50.5 million within the framework of the above-mentioned free share plans.

NOTE 5 – INCOME TAX

5.1 – Breakdown of income tax expense

	in millions of euros	
	2015	2014
Pre-tax income	871.0	583.7
Net income before tax and employee profit-sharing	874.9	588.1
Employee profit-sharing	(3.9)	(4.4)
Income tax	(28.3)	4.0
Tax (parent company only)	(55.6)	(15.5)
<i>O/w tax on net exceptional income</i>	<i>(0.1)</i>	<i>(0.1)</i>
<i>O/w tax on other items</i>	<i>(55.5)</i>	<i>(15.4)</i>
Tax arising from tax consolidation	27.3	19.5
NET INCOME	842.8	587.7

Hermès International recognised a tax expense of €28.3 million in 2015, compared with a tax credit of €4.0 million in 2014. In addition, Hermès International is jointly liable for payment of the tax of the fiscally consolidated group, which amounted to €221.1 million in 2015 compared with €211.4 million in 2014.

The income tax expense takes into account the additional tax contributions of 3.30% and 10.7%, and the tax on dividends.

5.2. – Increases or decreases in future tax liability

As at 31 December 2015, the future tax debt was equal to €11.4 million, versus €1.6 million as at 31 December 2014. This mainly consists of temporarily

Hermès International's corporate income tax expense only includes applicable exemptions under the terms of the parent-daughter regime for income from investments in subsidiaries. The income tax credit takes into account the effect of the group tax election arising from tax losses for certain subsidiaries and from offsetting the share of fees and expenses on income and the capital gains on disposals of property, plant and equipment and financial assets, where relevant.

non-deductible expenses. The increases or reductions of the future tax debt were calculated while taking into account additional contributions of 3.30% and 10.7%.

NOTE 6 - INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

	in millions of euros						
	Gross value as at 31/12/2014	Increases	Decreases	Others	Gross value as at 31/12/2015	Amortisa- tion	Net value as at 31/12/2015
Intangible assets	22.4	6.4	(0.7)	(2.3)	25.8	(18.7)	7.1
Concessions, patents and brands	2.3			(2.3)	–	–	–
Others	20.1	6.4	(0.7)	–	25.8	(18.7)	7.1
Property, plant and equipment	31.7	5.7	(0.4)	2.3	39.4	(20.6)	18.8
Land	0.2	–	–	–	0.2	–	0.2
Buildings	0.5	–	(0.0)	–	0.5	(0.5)	–
Other assets	31.0	5.7	(0.4)	2.3	38.7	(20.1)	18.5
INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT	54.2	12.2	(1.1)	–	65.2	(39.3)	25.9

NOTE 7 – FINANCIAL ASSETS

in millions of euros

	Gross value as at 31/12/2014	Acquisitions/ Subscrip- tions	Disposals	Gross value as at 31/12/2015	Provisions for impairment (note 11)	Net value as at 31/12/2015
Investments in subsidiaries and associates	884.2	193.2	(17.8)	1,059.6	(431.4)	628.2
SCI Auger-Hoche ⁽¹⁾	11.2	120.0	–	131.2	–	131.2
Castille Investissements ⁽¹⁾	160.4	60.0	–	220.4	(212.0)	8.4
Maroquinerie de Saint-Antoine ⁽¹⁾	7.1	6.2	–	13.3	(11.0)	2.3
Hermès Horizons ⁽¹⁾	15.3	5.0	–	20.3	(19.9)	0.4
H Brazil ⁽²⁾	3.0	0.9	–	3.9	(2.3)	1.6
Ardian Holding ⁽³⁾	30.5	–	(17.8)	12.7	–	12.7
Other equity interests ⁽⁴⁾	656.6	1.1	–	657.7	(186.2)	471.6
Other financial assets	50.0	8.9	(3.3)	55.6	(1.6)	54.0
Financial investments	31.8	0.5	(1.1)	31.2	(1.6)	29.6
Treasury shares (including liquidity contract) ⁽⁵⁾	15.2	5.2	–	20.5	–	20.5
Deposits and guarantees	2.9	3.2	(2.2)	3.9	–	3.9
Other long-term investments	2.9	0.0	(0.0)	2.9	(0.2)	2.6
FINANCIAL ASSETS	937.0	202.1	(21.1)	1,118.0	(433.2)	684.8

The list of equity investments is presented at the end of the notes to the financial statements.

(1) Namely share capital increases of Hermès group subsidiaries.

(2) H Brasil is 100% held by Hermès International, versus 80% at the end of 2014.

(3) Partial buyback of preference shares by Ardian (€17.8 million).

(4) Other provisions for impairment mainly relate to the subsidiaries John Lobb, La Manufacture de Seloncourt, La Manufacture de Haute Maroquinerie, Compagnie Hermès de Participations, Hermès Cuir Précieux, Faubourg Italia, Hermès Argentina, Hermès India, La Maroquinerie Nontronaïse, Maroquinerie de Belley, Maroquinerie de Sayat, Maroquinerie de la Tardoire, Ganterie de Saint-Junien and Maroquinerie Iséroise.

(5) As at 31 December 2015, Hermès International held 73,099 treasury shares (liquidity contract and unallocated shares intended for external growth operations). These shares were valued on the basis of their stock market price when they were purchased, i.e. €279.91 per share.

NOTE 8 – ANALYSIS OF ASSETS BY MATURITY

in millions of euros

	31/12/2015				31/12/2014	
	< 1 year	> 1 year and < 5 years	Gross amount	Impairment	Net amount	Net amount
Other financial assets (Note 7)	20.3	35.3	55.6	(1.6)	54.0	48.5
Outstanding loans and advances	-	-	-	-	-	-
Others	20.3	35.3	55.6	(1.6)	54.0	48.5
Current assets ⁽¹⁾	588.6	28.1	616.7	(10.5)	606.3	656.0
Trade and other receivables	76.5	-	76.5	-	76.5	70.2
Other receivables	50.2	28.1	78.3	-	78.3	70.0
Various receivables ⁽²⁾	461.9	-	461.9	(10.5)	451.5	515.7
Prepayments and accruals	4.2	-	4.2	-	4.2	6.0
Communication fees	1.1	-	1.1	-	1.1	2.7
Leases	2.7	-	2.7	-	2.7	3.0
Others	0.5	-	0.5	-	0.5	0.3
TOTAL	613.1	63.4	676.6	(12.1)	664.5	710.5

(1) Current assets include a net amount of €596.8 million in receivables due from related companies.

(2) Other receivables mainly consist of a net amount of €451.3 million corresponding to financial current accounts with subsidiaries.

in millions of euros

	31/12/2015	31/12/2014
	Other financial assets	
Under 1 year	20.3	-
from 1 to 5 years	35.3	50.0
Current assets		
Under 1 year	588.6	634.4
from 1 to 5 years	28.1	49.5
Prepayments and accruals		
Under 1 year	4.2	6.0
from 1 to 5 years	-	-

Notes to the financial statements

NOTE 9 - MARKETABLE SECURITIES

in millions of euros

	Gross value as at 31/12/2015	Provisions for impairment	Net value as at 31/12/2015	Net value as at 31/12/2014
Open-ended investment companies (SICAVs) and mutual funds	441.3	–	441.3	376.2
Negotiable debt securities	350.0	–	350.0	450.0
Treasury shares (1)	251.4	–	251.4	251.7
MARKETABLE SECURITIES	1,042.7	–	1,042.7	1,077.9

(1) Includes 1,107,672 Hermès International treasury shares acquired under free share allotment plans for employees, and valued at the acquisition price. These shares are to be added to the 73,099 other treasury shares held as financial assets (see Note 7).

NOTE 10 – EQUITY

As at 31 December 2015, Hermès International's share capital amounted to €53,840,400.12, made up of 105,569,412 shares with a par value of €0.51 each, or the same as at 31 December 2014.

NOTE 11 - PROVISIONS

in millions of euros

	31/12/2014	Depreciations	Reversals		31/12/2015
			Provisions used	Provisions not used	
Provisions for impairment	361.5	110.8	–	(28.6)	443.7
Financial assets (Note 7)	333.6	103.4		(3.8)	433.2
Trade and other receivables	27.9	7.4		(24.8)	10.5
Marketable securities	–				0.0
Regulated provisions	0.4	0.2	(0.2)	–	0.4
Accelerated depreciation	0.4	0.2	(0.2)		0.4
Provisions for contingencies and losses	160.6	57.8	(3.4)	(18.8)	196.1
Provisions for contingencies ⁽¹⁾	52.5	15.7	(2.9)	(18.8)	46.5
Provisions for losses ⁽²⁾	108.1	42.1	(0.6)		149.6
TOTAL	522.5	168.8	(3.6)	(47.4)	640.3

(1) Provisions for contingencies include: provisions for risks arising on the Company's subsidiaries, to cover the Company's share of negative net equity, in accordance with accounting principles and policies, and provisions for ongoing litigation.

(2) Provisions for losses mainly include the cost of free share plans granted in May 2010 and 2012 as well as with retirement benefits and expenses associated with the supplementary pension scheme for executives and senior managers. These amounts are periodically paid over to pension funds.

NOTE 12 - ANALYSIS OF LIABILITIES BY MATURITY

in millions of euros				
	31/12/2015		31/12/2014	
	< 1 year	> 1 year and < 5 years	Net amount	Net amount
Financial liabilities	16.1	17.8	34.0	25.0
Bank borrowings ⁽¹⁾	13.9	–	13.9	7.7
Sundry borrowings and debt ⁽²⁾	2.3	17.8	20.1	17.4
Operating debts	71.9	1.4	73.2	74.5
Trade and related payables ⁽³⁾	30.0		30.0	35.2
Tax and social security liabilities ⁽⁴⁾	41.9	1.4	43.2	39.3
Various liabilities	111.8	0.8	112.6	181.3
Amounts payable to fixed asset suppliers	2.1		2.1	1.4
Others ⁽⁵⁾	109.7	0.8	110.5	179.9
TOTAL	199.8	20.0	219.8	280.9

(1) Bank overdrafts.

(2) Funds held in trust for employees under the statutory employee profit-sharing scheme.

(3) Including €10.0 million in invoices not yet received and €5.1 million with related companies

(4) Including €22.5 million in tax and employee-related provisions payable

(5) Mainly comprise financial current accounts with subsidiaries.

in millions of euros		
	31/12/2015	31/12/2014
Financial debts		
Under 1 year	16.1	9.4
from 1 to 5 years	17.8	15.7
Operating debts		
Under 1 year	71.9	71.8
from 1 to 5 years	1.4	2.7
Various liabilities		
Under 1 year	111.8	179.7
from 1 to 5 years	0.8	1.6

Information on accounts payable due dates

in millions of euros

	31/12/2015		
	Group	Non-group	Total
Trade payables	5.1	24.9	30.0
Total payable	1.1	2.1	3.3
under 30 days	–	1.0	1.0
30 to 90 days	1.1	0.4	1.6
over 90 days	–	0.7	0.7
Total not yet due	4.0	22.7	26.7
of which due in less than 30 days	2.1	21.4	23.4
of which due in 30-60 days	1.9	1.4	3.3

in millions of euros

	31/12/2014		
	Group	Non-group	Total
Trade payables	3.4	31.7	35.2
Total payable	1.1	0.4	1.5
under 30 days	0.0	0.2	0.2
30 to 90 days	1.1	0.1	1.2
over 90 days	0.0	0.1	0.1
Total not yet due	2.3	31.4	33.7
of which due in less than 30 days	2.1	31.0	33.1
of which due in 30-60 days	0.2	0.4	0.6

NOTE 13 - CHANGE IN NET CASH POSITION

	in millions of euros		
	2015	2014	Change
Marketable securities	791.3	826.2	(34.8)
Cash at bank and in hand	148.2	165.6	(17.5)
Bank overdrafts	(13.9)	(7.7)	(6.2)
NET CASH POSITION	925.6	984.1	(58.5)

For the cash variation, treasury shares are excluded from the marketable securities.

NOTE 14 - RELATED-PARTY TRANSACTIONS

Transactions with companies accounted for by the equity method were not material by comparison with the overall business activities of Hermès International in 2015.

The companies mentioned above are considered related parties insofar as certain members of management of the company or certain members of the Supervisory Board have personal interests therein and exercise significant influence. Relationships with related parties are summarised as follows:

– RDAI firm: RDAI architects were appointed to carry out design work on the internal layout of the offices at 10-12 rue d'Anjou, as well as the annual assignment consisting of design work to apply the architectural concept to all Hermès stores. Fees paid by Hermès

International amounted to €0.2 million in 2015 (vs €0.1 million in 2014).

– Émile Hermès SARL, Active Partner: Émile Hermès SARL is a *société à responsabilité limitée à capital variable* (limited company with variable capital). Its partners are the direct descendants of Mr. Émile-Maurice Hermès and his spouse. Émile Hermès SARL's Executive Chairman is Mr Henri-Louis Bauer. The Company is governed by a Management Board.

Each year, Hermès International pays 0.67% of the distributable profits to the Active Partner.

In addition, Hermès International charges Émile Hermès SARL for certain expenses incurred. Hermès International charged back €0.2 million in this respect in 2015 and in 2014.

NOTE 15 - EXPOSURE TO MARKET RISKS AND FINANCIAL COMMITMENTS

15.1 - Currency risk

Most of the company's currency exposure comes from sales denominated in foreign currencies. These risks are

generally fully hedged, based on highly probable future cash flows, using forward currency sales or options that are eligible for hedge accounting.

15.1.1 - Net currency positions

As at 31/12/2015

in millions of euros

Currency	Monetary assets/ (liabilities)	Future cash flows	Net position before hedging	Derivatives ⁽¹⁾	Net position after hedging	Hedging ratio	10% sensitivity
US dollar	7.1	10.9	18.0	(17.9)	0.1	99%	0.0
Pound sterling	(18.5)	2.7	(15.7)	15.7	(0.0)	100%	(0.0)
Australian dollar	(11.4)	1.6	(9.9)	9.7	(0.1)	99%	(0.0)
Swiss franc	1.3	7.8	9.1	(10.0)	(0.9)	110%	(0.1)
Singapore dollar	2.1	5.1	7.3	(7.6)	(0.3)	105%	(0.0)
Yen	1.1	5.6	6.7	(5.7)	1.0	85%	0.1
Yuan	2.8	2.5	5.3	(5.1)	0.2	97%	0.0
Hong Kong dollar	0.3	3.1	3.3	(3.3)	(0.0)	100%	(0.0)
Canadian dollar	0.3	0.7	1.0	(0.7)	0.3	71%	0.0
Mexican peso	0.1	0.4	0.5	(0.5)	0.0	98%	0.0
Rouble	0.3	0.2	0.5	(0.3)	0.2	61%	0.0
Czech crown	0.1	0.0	0.1	(0.1)	0.0	75%	0.0
Thai baht	0.0	0.1	0.1	(0.0)	0.1	36%	0.0
Turkish lira	0.0	-	0.0	-	0.0	-	0.0
Emirati Dirham	(0.0)	-	(0.0)	-	(0.0)	-	(0.0)
Summary	(14.3)	40.8	26.4	(25.9)	0.5	98%	0.1

As at 31/12/2014

in millions of euros

Currency	Monetary assets/ (liabilities)	Future cash flows	Net position before hedging	Derivatives ⁽¹⁾	Net position after hedging	Hedging ratio	10% sensitivity
Hong Kong dollar	(79.4)	1.4	(77.9)	79.2	1.3	102%	0.1
Pound sterling	(13.8)	1.1	(12.7)	12.5	(0.2)	98%	(0.0)
Yen	8.1	1.4	9.5	(8.8)	0.7	93%	0.1
Swiss franc	1.5	4.8	6.3	(6.6)	(0.3)	105%	(0.0)
Singapore dollar	(8.9)	2.6	(6.3)	5.7	(0.6)	90%	(0.1)
US dollar	(0.1)	5.6	5.4	(8.6)	(3.2)	159%	(0.4)
Yuan	2.9	1.1	4.0	(3.0)	1.0	75%	0.1
Australian dollar	(4.0)	1.1	(2.9)	2.4	(0.5)	82%	(0.1)
Rouble	0.1	0.1	0.2	(0.3)	(0.0)	112%	(0.0)
Mexican peso	0.1	0.1	0.2	(0.3)	(0.1)	152%	(0.0)
Canadian dollar	0.0	0.2	0.2	0.1	0.3	(58)%	0.0
Czech crown	0.0	0.0	0.1	(0.1)	0.0	85%	0.0
Summary	(93.4)	19.5	(73.9)	72.3	(1.6)	98%	(0.2)

(1) Purchase/(Sale).

15.1.2 - Analysis of currency agreements

Hedging operations are performed over-the-counter, exclusively with leading banks. The company therefore does not incur any significant counterparty risk.

in millions of euros

	Nominal amounts of derivatives	Nominal amounts of derivatives used to hedge foreign exchange risk	Market value of the contracts as at 31/12/2015 ⁽¹⁾
Options purchased			
US dollar put	33.8	33.8	0.7
US dollar collar	133.7	133.7	0.5
Japanese yen put	33.4	33.4	0.9
Japanese yen collar	120.6	120.6	1.7
Hong Kong dollar put	21.9	21.9	0.5
Hong Kong dollar collar	86.4	86.4	0.2
Singapore dollar put	26.2	26.2	1.1
Singapore dollar collar	103.4	103.4	3.2
Chinese yuan put	17.6	17.6	1.1
Chinese yuan collar	69.0	69.0	3.5
	646.1	646.1	13.5
Forward currency agreements ⁽²⁾			
US dollar	(156.9)	(156.9)	6.7
Yen	(148.5)	(148.5)	3.3
Hong Kong dollar	(105.2)	(105.2)	4.7
Singapore dollar	(124.5)	(124.5)	1.3
Yuan	(84.1)	(84.1)	0.5
Swiss franc	7.8	7.8	0.0
Pound sterling	2.7	2.7	(0.0)
Australian dollar	1.5	1.5	(0.1)
Others	1.3	1.3	0.2
	(605.7)	(605.7)	16.6
Treasury swaps ⁽²⁾			
US dollar	7.2	3.4	(0.1)
Yen	0.1	0.1	(0.0)
Hong Kong dollar	0.3	(6.3)	(0.0)
Singapore dollar	2.5	1.3	(0.0)
Yuan	2.6	1.6	(0.0)
Swiss franc	2.2	1.2	0.0
Pound sterling	(18.4)	(20.6)	(0.8)
Australian dollar	(11.3)	(10.3)	0.0
Others	0.3	0.3	0.0
	(14.5)	(29.4)	(0.9)
Total	25.9	11.0	29.2

(1) Gain/(Loss).

(2) (Purchase)/Sale.

Notes to the financial statements

in millions of euros

	Nominal amounts of derivatives	Nominal amounts of derivatives used to hedge foreign exchange risk	Market value of the contracts as at 31/12/2014 ⁽¹⁾
Options purchased			
US dollar put	129.3	50.6	0.0
US dollar collar	135.0	135.0	(3.2)
Japanese yen put	99.8	31.8	5.2
Japanese yen call	(21.2)	–	0.0
Japanese yen collar	97.1	97.1	6.5
Hong Kong dollar put	94.9	37.7	0.2
Hong Kong dollar collar	100.6	100.6	(2.8)
Singapore dollar put	77.9	33.6	0.4
Singapore dollar collar	89.5	89.5	0.8
Chinese yuan put	60.5	29.9	0.4
Chinese yuan collar	79.9	79.9	(1.0)
	943.3	685.8	6.6
Forward currency agreements ⁽²⁾			
US dollar	(180.1)	(180.1)	11.9
Yen	(127.5)	(127.5)	(7.9)
Hong Kong dollar	(137.2)	(137.2)	9.5
Singapore dollar	(120.5)	(120.5)	3.0
Yuan	(108.7)	(108.7)	7.4
Swiss franc	4.8	4.8	(0.0)
Pound sterling	1.1	1.1	(0.0)
Australian dollar	1.0	1.0	0.0
Others	0.5	0.5	0.1
	(666.6)	(666.6)	23.9
Treasury swaps ⁽²⁾			
US dollar	3.0	1.6	(0.1)
Yen	7.3	6.9	(0.1)
Hong Kong dollar	(80.4)	(81.4)	1.7
Singapore dollar	(8.3)	(8.1)	0.1
Yuan	1.9	1.8	(0.0)
Swiss franc	1.8	1.8	0.0
Pound sterling	(13.6)	(13.7)	0.2
Australian dollar	(3.4)	(3.7)	0.0
Others	0.0	1.9	(0.0)
	(91.5)	(92.9)	1.8
Options sold			
US dollar put	(78.7)	–	(0.0)
Japanese yen put	(68.0)	–	(2.9)
Japanese yen call	21.2	–	(0.0)
Hong Kong dollar put	(57.2)	–	(0.0)
Singapore dollar put	(44.3)	–	(0.1)
Chinese yuan put	(30.6)	–	(0.1)
	(257.5)	–	(3.0)
Total	(72.3)	(73.7)	29.3

(1) Gain/(Loss).

(2) (Purchase)/Sale.

15.2 - Other financial commitments as at 31 December 2015

in millions of euros

	31/12/2015	31/12/2014
Bank guarantees given ⁽¹⁾	0.8	3.0
Irrevocable commitments to purchase financial assets	20.3	22.8
Other commitments ⁽²⁾	79.8	58.1
TOTAL	100.9	84.0

(1) The guarantees assumed on behalf of subsidiaries are re-invoiced to the beneficiary subsidiaries.

(2) The other commitments primarily relate to lease payments by Hermès International or by subsidiaries, for which Hermès International is the guarantor. The increase relative to 2014 is due to new leases having been signed.

Moreover, two "umbrella" sureties have been granted to the HSBC and BNP Paribas banks for a maximum amount of €75 million and €100 million to give subsidiaries designated by Hermès International access to an aggregate Group banking facility. The amounts drawn by the subsidiaries are re-invoiced on the basis of a rate that aligns with the market banking conditions.

As at 31 December 2015, the amounts drawn on these credit facilities amounted to €20 million and €22 million, respectively.

Also, the amount of the subsidiaries' tax losses that Hermès International is liable for refunding to its subsidiaries under the Group tax election agreement amounted to €109.4 million as at 31 December 2015, versus €90.3 million as at 31 December 2014.

NOTE 16 - EMPLOYEES

The Company's average number of employees is broken down as follows:

	31/12/2015	31/12/2014
Executives and managers	339	317
Non-management staff	30	30
TOTAL	369	347

As part of the reform of professional training, the individual training entitlement was replaced by the personal training account with effect from 1 January 2015. Accumulated training hours under the individual training entitlement at 31 December 2014 were

transferred to the personal training account at the employee's initiative. Entitlements under the personal training account are now attached to each employee and follow employees throughout their working lives, irrespective of employer.

NOTE 17 - POST-EMPLOYMENT BENEFIT OBLIGATIONS

As at 31 December 2015, the value of post-employment benefit obligations amounted to €78.1 million versus €64.2 million as at 31 December 2014. Amounts due in respect of statutory retirement benefits and supplemental pension schemes have been paid over to an insurance company; the value of the funds is €23.0 million. A provision of €10.5 million has been accrued to cover the remainder of these obligations.

For 2015, the following actuarial assumptions were used:

- retirement age	62 to 65 years
- increase in salaries	3 to 4%
- discount rate	1.5% to 1.9%
- expected rate of return on plan assets	3.2%

After applying the "corridor" method, actuarial differences amounted to €61.9 million as at 31 December 2015 compared with €58.2 million as at 31 December 2014.

NOTE 18 - REMUNERATION OF CORPORATE OFFICERS

Gross aggregate remuneration paid to corporate officers and directors in respect of 2015 amounted to €7.1million, including €0.4 million in directors' fees.

List of investments in subsidiaries and associates as at 31 December 2015

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES AND OTHER LONG-TERM SECURITIES

	in thousands of euros	
	Number of shares	Net values
Carrying amounts of more than €100,000		
Ardian Holding	12,679,181	12,679
Castille Investissements	9,650,000	8,392
Compagnie Hermès de Participations	4,200,000	29,269
Comptoir Nouveau de la Parfumerie	753,501	27,146
ERM Warenhandels GmbH	1	1,263
ERM-WHG Warenhandels GmbH	1	1,235
Faubourg Italia	60	1,463
Financière Saint-Honoré	3,000	1,694
Grafton Immobilier	5,174,500	82,792
Herlee	50,000,000	19,511
Hermès Argentina	37,747	580
Hermès Asia Pacific	314,999,999	43,483
Hermès Australia	6,500,000	4,409
Hermès Benelux Nordics	57,974	3,164
H Brazil	8,404,647	1,592
Hermès Canada	1,000	1,501
Hermès Cuirs Précieux	6,400,000	18,431
Hermès de Paris (Mexico)	6,218,525	1,440
Hermès GmbH	1	7,218
Hermès Grèce	566,666	1,700
Hermès Holding GB	7,359,655	10,535
Hermès Horizons	460,000	417
Hermès Iberica	69,311	4,952
Hermès Immobilier Genève	70,000	44,457
Hermès Internacional Portugal	799,200	999
Hermès Istanbul	259,999	2,996
Hermès Italie	412,200	13,196
Hermès Japon	4,400	13,727
Hermès Middle East South Asia	2,100	103
Hermès Monte-Carlo	13,198	201
Hermès of Paris	114,180	10,903
Hermès Prague	38,000	1,090
Hermès Sellier	310,279	4,788
Hermès South East Asia	1,000,000	2,201
Holding Textile Hermès	45,151,350	90,685
John Lobb	3,773,566	820
Maroquinerie de Belley	647,172	2,689
Maroquinerie de Saint-Antoine	1,679,503	2,282
Maroquinerie de Sayat	295,649	709
Maroquinerie des Ardennes	284,063	10,527
Manufacture de Haute Maroquinerie	3,600,000	2,647
SC Honossy	210,099	3,203
SCI Auger-Hoche	126,945,488	131,242
SCI Boissy Les Mûriers	8,699	1,326
SCI Boissy Nontron	99,999	649
SCI Les Capucines	39,999	995
SCI Immauger	1,375	2,096
Stoleshnikov 12	1	380
Carrying amounts of less than €100,000		1,015
TOTAL		630,792

Table of subsidiaries and affiliates as at 31 December 2015

COMPANIES OR GROUPS OF COMPANIES

A – Detailed information on investments in subsidiaries and associates with a gross carrying value exceeding 1% of the share capital of Hermès International

		Capital		Equity	
		[in '000 of local currency]	[in '000 of local currency]	[in '000 of local currency]	[in '000 of local currency]
1. SUBSIDIARIES (AT LEAST 50% OWNED BY THE COMPANY)					
Castille Investissements	Paris	EUR	9,650	EUR	8,392
Compagnie Hermès de Participations	Paris	EUR	42,000	EUR	29,269
Comptoir Nouveau de la Parfumerie	Paris	EUR	9,072	EUR	30,186
ERM Warenhandels Gmbh	Vienna (Austria)	EUR	35	EUR	77
ERM-WHG Warenhandels Gmbh	Vienna (Austria)	EUR	35	EUR	55
Faubourg Italia	Milan (Italy)	EUR	100	EUR	2,438
Financière Saint-Honoré	Geneva (Switzerland)	CHF	3,000	CHF	95,834
Grafton Immobilier	Paris	EUR	82,792	EUR	88,519
H Brazil	São Paulo (Brazil)	BRL	8,404	BRL	6,249
Herlee	Causeway Bay (Hong Kong)	HKD	65,000	HKD	717,379
Hermès Argentina	Buenos Aires (Argentina)	ARS	3,974	ARS	8,566
Hermès Asia Pacific	Causeway Bay (Hong Kong)	HKD	315,000	HKD	2,127,300
Hermès Australia	Sydney (Australia)	AUD	6,500	AUD	30,584
Hermès Benelux Nordics	Brussels (Belgium)	EUR	2,665	EUR	7,821
Hermès Canada	Toronto (Canada)	CAD	2,000	CAD	24,160
Hermès Cuirs Précieux	Paris	EUR	6,400	EUR	18,431
Hermès de Paris (Mexico)	Mexico (Mexico)	MXN	1,705	MXN	109,207
Hermès GmbH	Munich (Germany)	EUR	7,200	EUR	27,485
Hermès Grèce	Athens (Greece)	EUR	1,700	EUR	3,069
Hermès Holding GB	London (United Kingdom)	GBP	7,360	GBP	56,664
Hermès Iberica	Madrid (Spain)	EUR	4,228	EUR	12,912
Hermès Immobilier Genève	Geneva (Switzerland)	CHF	70,000	CHF	66,935
Hermès Internacional Portugal	Lisbon (Portugal)	EUR	800	EUR	1,555
Hermès Istanbul	Istanbul (Turkey)	TRY	6,500	TRY	21,065
Hermès Italie	Milan (Italy)	EUR	7,786	EUR	32,186
Hermès Japon	Tokyo (Japan)	JPY	220,000	JPY	26,168,667
Hermès of Paris	New York (USA)	USD	11,418	USD	421,649
Hermès Prague	Prague (Czech Republic)	CZK	8,018	CZK	59,782
Hermès Sellier	Paris	EUR	4,976	EUR	398,985
Hermès South East Asia	Singapore (Singapore)	SGD	1,000	SGD	213,765
Holding Textile Hermès	Lyon	EUR	46,686	EUR	100,181
John Lobb	Paris	EUR	3,774	EUR	820
Manufacture de Haute Maroquinerie	Aix-les-Bains	EUR	3,600	EUR	2,647
Maroquinerie de Belley	Paris	EUR	7,766	EUR	2,604
Maroquinerie de Saint-Antoine	Pantin	EUR	1,680	EUR	2,282
Maroquinerie de Sayat	Pantin	EUR	4,730	EUR	629
Maroquinerie des Ardennes	Paris	EUR	4,545	EUR	13,724
SC Honossy	Paris	EUR	3,151	EUR	7,768
SCI Auger-Hoche	Pantin	EUR	126,946	EUR	139,891
SCI Boissy Les Mûriers	Paris	EUR	1,322	EUR	10,260
SCI Boissy Nontron	Paris	EUR	1,000	EUR	649
SCI Capucines	Bons-en-Chablais	EUR	609	EUR	1,037
SCI Immauger	Paris	EUR	2,269	EUR	3,664

B – Aggregate information on other subsidiaries and associates

1. SUBSIDIARIES (not included in A)

– French (aggregate)

– Foreign (aggregate)

2. ASSOCIATES (not included in A)

– French (aggregate)

– Foreign (aggregate)

TOTAL

Percent ownership [%]	Gross value of shares owned [€'000]	Net value of shares owned [€'000]	Outstanding loans and advances [€'000]	Guarantees given [€'000]	Revenue [€'000]	Profit or loss in the period [€'000]	Dividends received in the year [€'000]
100.00 %	220,407	8,392	-	-	-	(21,802)	-
100.00 %	42,013	29,269	-	-	-	3,204	-
99.67 %	27,146	27,146	-	-	223,637	17,824	19,591
100.00 %	1,263	1,263	-	-	269	42	50
100.00 %	1,235	1,235	-	-	142	18	20
60.00 %	2,000	1,463	-	-	3,627	326	210
100.00 %	1,694	1,694	-	-	-	22,033	-
100.00 %	82,792	82,792	-	-	-	861	-
100.00 %	3,906	1,592	-	-	6,275	(1,433)	-
76.92 %	19,511	19,511	-	-	-	75,838	39,347
94.99 %	3,760	580	-	2,756	6,979	589	-
100.00 %	43,483	43,483	-	-	597,050	212,164	211,562
100.00 %	4,409	4,409	-	-	63,157	16,217	12,227
100.00 %	3,164	3,164	-	-	54,515	4,789	3,803
100.00 %	1,501	1,501	-	-	61,695	15,344	12,523
100.00 %	110,134	18,431	-	-	-	(19,783)	-
54.21 %	1,440	1,440	-	-	15,000	271	-
100.00 %	7,218	7,218	-	10	129,092	19,652	18,000
100.00 %	1,700	1,700	-	-	6,746	1,035	980
100.00 %	10,535	10,535	-	-	-	19,515	-
100.00 %	4,952	4,952	-	-	51,338	7,195	4,990
100.00 %	44,457	44,457	-	-	-	1,057	-
99.90 %	999	999	-	-	5,087	637	607
100.00 %	2,996	2,996	-	-	12,098	3,070	1,862
90.00 %	13,196	13,196	-	-	133,534	20,754	14,015
100.00 %	13,727	13,727	-	-	560,962	97,566	75,124
100.00 %	10,903	10,903	-	663	731,310	90,253	45,952
100.00 %	1,090	1,090	-	-	7,174	1,721	950
99.77 %	4,788	4,788	-	261	2,132,126	354,930	333,550
100.00 %	2,201	2,201	-	-	287,528	116,586	121,008
96.71 %	90,685	90,685	-	-	141,042	(10,412)	-
100.00 %	19,275	820	-	156	5,719	(2,468)	-
100.00 %	10,111	2,647	-	-	13,980	(2,605)	-
100.00 %	10,165	2,689	-	-	13,031	(1,011)	-
100.00 %	13,313	2,282	-	-	8,013	(1,058)	-
100.00 %	9,118	709	-	-	15,673	(1,350)	-
100.00 %	10,527	10,527	-	-	17,985	1,245	-
100.00 %	3,203	3,203	-	-	-	544	-
100.00 %	131,242	131,242	-	-	-	2,064	-
99.99 %	1,326	1,326	-	-	-	1,118	-
100.00 %	1,000	649	-	-	-	(8)	-
100.00 %	995	995	-	-	-	76	-
92.34 %	2,096	2,096	-	-	-	120	-
	55,942	985	-	-	-	(308)	9,899
	1,887	949	-	-	-	7,028	670
	12,841	12,809	-	-	-	46,999	3,031
	52	52	-	-	-	1,626	1,886
	1,062,398	630,792	-	3,846			931,857

Five-year summary of the Company's financial data

	2015	2014	2013	2012	2011
Share capital at the end of the year					
Share capital (millions of euros)	53.8	53.8	53.8	53.8	53.8
Number of shares outstanding	105,569,412	105,569,412	105,569,412	105,569,412	105,569,412
Total net income from operations (in millions of euros)					
Revenue excluding taxes	207.2	161.9	189.9	155.2	126.7
Net income before tax, employee profit-sharing, amortisation, depreciation, provisions and impairment	961.9	605.8	626.2	593.6	462.9
Corporate income tax (income)	28.3	(4.0)	(8.7)	(1.1)	(14.0)
Employee profit-sharing (expense)	3.9	4.4	4.1	4.2	3.2
Net income after tax, employee profit-sharing, amortisation, depreciation, provisions and impairment	842.8	587.7	544.3	542.9	481.6
Profits distributed as dividends (including on treasury shares)	359.3	843.2	288.7	267.6	742.2
Earnings per share (in euros)					
Net income after tax and employee profit-sharing but before amortisation, depreciation, provisions and impairment	8.81	5.73	5.98	5.59	4.49
Net income after tax, employee profit-sharing, amortisation, depreciation, provisions and impairment	7.98	5.57	5.16	5.14	4.56
Net dividend paid per share	3.35 ⁽¹⁾	7.95 ⁽²⁾	2.70	2.50	7.00 ⁽²⁾
Employees					
Number of employees (average workforce)	369	347	331	306	282
Total payroll (millions of euros)	45.6	37.5	38.1	38.5	29.1
Employee benefits paid in the year (millions of euros)	55.3	71.8	65.1	55.7	42.3

(1) Subject to approval by the Ordinary General Meeting of 31 May 2016. A proposal will be made for a dividend of €3.35, for which an interim dividend of €1.50 was paid on 26 February 2015.

(2) In 2011, an ordinary dividend of €2.00 and an extraordinary dividend of €5.00, and in 2014, an ordinary dividend of €2.95 and an extraordinary dividend of €5.00.

Combined General Meeting of 31 May 2016

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 - *Statutory Auditors' report on the capital decrease by cancellation of own shares purchased (thirteenth resolution)*
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 - *Statutory Auditors' report on the free allocation of existing shares (fifteenth resolution)*
 - *Report of one of the Statutory Auditors, appointed as independent third party, on the consolidated social, environmental and societal information contained in the management report*
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Agenda of the Combined General Meeting of 31 May 2016

I – ORDINARY BUSINESS

[1] Presentation of reports to be submitted to the Ordinary General Meeting

Executive Management's reports:

- on the financial statements for the year ended 31 December 2015 and on the Company's activity for the financial year;
- on the management of the Group and on the consolidated financial statements for the year ended 31 December 2015;
- on resolutions relating to ordinary business.

Report from the Chairman of the Supervisory Board:

- on the corporate governance principles implemented by the Company, and reporting on the composition of the Supervisory Board and the implementation of the principle of balanced representation of women and men within the Board, the preparation conditions and organisation of the Supervisory Board's work, as well as internal control procedures and risk management implemented by the Company.

Supervisory Board's report

Statutory Auditors' reports:

- on the annual financial statements;
- on the consolidated financial statements;
- on regulated agreements and commitments with third parties;
- established pursuant to Article L. 226-10-1 of the Code de Commerce on the report of the Chairman of the Supervisory Board.

Report of one of the Statutory Auditors, appointed as independent third party, on the consolidated social, environmental and societal information contained in the management report

[2] Vote on resolutions relating to ordinary business

First resolution

Approval of the parent company financial statements.

Second resolution

Approval of the consolidated financial statements.

Third resolution

Management Discharge.

Fourth resolution

Allocation of income - Distribution of a dividend.

Fifth resolution

Approval of related-party agreements and commitments.

Sixth resolution

Re-election of Mr Charles-Éric Bauer as Supervisory Board member for a term of three years.

Seventh resolution

Re-election of Mrs Julie Guerrand as Supervisory Board member for a term of three years.

Eighth resolution

Re-election of Mrs Dominique Senequier as Supervisory Board member for a term of three years.

Ninth resolution

Appointment of Mrs Sharon MacBeath as a new member of the Supervisory Board for a term of three years, replacing Mrs Florence Woerth.

Tenth resolution

Notice of compensation elements due or awarded for the financial year ending 31 December 2015 to Mr Axel Dumas, Executive Chairman.

Eleventh resolution

Notice of compensation elements due or awarded for the financial year ending 31 December 2015 to Émile Hermès SARL, Executive Chairman.

Twelfth resolution

Authorisation granted to Executive Management to trade in the Company's shares.

II – EXTRAORDINARY BUSINESS

[1] Presentation of reports to be submitted to the Extraordinary General Meeting

Executive Management's report:

– on resolutions relating to extraordinary business.

Supervisory Board's report

Statutory Auditors' reports:

– on the capital decrease by cancellation of own shares purchased (thirteenth resolution);
– on the authorisation to grant stock options (fourteenth resolution);
– on the free allocation of existing shares (fifteenth resolution).

[2] Vote on resolutions relating to extraordinary business

Thirteenth resolution

Authorisation granted to Executive Management for the effect of reducing the share capital by cancellation of all or part of the shares held by the Company (Article L 225-209 of the Code de Commerce) - General Cancellation Programme.

Fourteenth resolution

Authorisation granted to Executive Management to issue stock options.

Fifteenth resolution

Authorisation granted to Executive Management to proceed with the free grants of the Company's ordinary shares.

Sixteenth resolution

Authority.

Description of proposed resolutions

We invite you to approve all of the resolutions proposed to you, which are presented below.

I – ORDINARY BUSINESS

Approval of statutory and consolidated financial statements – Management Discharge

In the first, second and third resolutions, we ask that you approve the amount of expenses and charges covered by Article 39-4 of the Code Général des Impôts, which totalled €207,075; that you approve the parent company financial statements and consolidated financial statements for the year ended 31 December 2015 as they have been presented to you; and that you grant final discharge to the Executive Management for its management of the Company for the said financial year.

Allocation of income - Distribution of an ordinary dividend

In the fourth resolution, we submit to you for approval the appropriation of net income for the year, in the amount of €842,765,870.02. Of this amount, €226,041.00 is to be appropriated to the reserve for purchasing original works of art and €5,646,531.33 is to be distributed to the Active Partner.

We invite you to allocate additional reserves of €100 million. The Supervisory Board recommends that the ordinary dividend is fixed at €3.35 per share. This represents an increase of 13.60% in the ordinary dividend relative to the previous year.

In accordance with Article 243 bis of the Code Général des Impôts, for shareholder beneficiaries who are natural persons fiscally domiciled in France, this entire dividend will be automatically considered to determine their total income subject to the income tax schedule, and will be eligible for the allowance of

40% provided for in Article 158-3 of the Code Général des Impôts.

After the interim dividend of €1.50 per share paid on 26 February 2016, the remainder of the ordinary dividend for the year, which amounts to €1.85 per share, would be detached from the shares on 2 June 2016 and payable in cash on 6 June 2016 based on closing positions on 3 June 2016. As Hermès International is not entitled to receive dividends for shares held in treasury, the corresponding sums will be transferred to Retained earnings on the date the dividend becomes payable.

The gross dividend per share paid in respect of each of the three previous financial years is as follows:

In euros

Financial year	2014	2013	2012
Ordinary dividend	2.95	2.70	2.50
Extraordinary dividend	5.00	–	5.00
Amount eligible for the reduction provided by Article 158-3 of the CGI	3.18	1.08	3.00

We note that the five-year summary of the Company's financial data required under Article R 225-102 of the Code de Commerce is presented on page 257.

Related-party agreements and commitments

In the fifth resolution, we ask you to approve the special report of the Statutory Auditors on the agreements and commitments referred to in Articles L 226-10, L 225-38 to L 225-43 of the Code de Commerce. This report appears on pages 275 to 277.

The new agreement, which alone is subject to the vote of the Meeting, concerns:

– the conclusion of a contract and a rider between Hermès International and the Cabinet of RDAI for a mission of interior arrangement for offices 10-12, rue d'Anjou, in Paris, 8th arrondissement.

Re-election of Supervisory Board members

The mandates of four members of the Supervisory Board (Mrs Julie Guerrand, Mrs Florence Woerth and Mrs Dominique Senequier, and Mr Charles-Éric Bauer) expire at the end of this Meeting.

Given the upcoming expiry of their mandates, in the sixth, seventh and eighth resolutions, the Active Partner proposes that you renew, for the statutory period of three years, the mandates of the following members of the Supervisory Board:

- Mr Charles-Éric Bauer;
- Mrs Julie Guerrand;
- Mrs Dominique Senequier.

These three mandates will thus expire at the end of the General Meeting called in 2019 to approve the accounts for the financial year ending 31 December 2018. Information on the persons whose re-election is submitted to your approval is provided on pages 70, 73 and 68.

Appointment of a new Supervisory Board member

For the ninth resolution, the Active Partner suggests naming Mrs Sharon MacBeath as member

of the Supervisory Board for a statutory period of three years to replace Mrs Florence Woerth, whose mandate expires. This mandate will therefore expire at the end of the General Meeting called in 2019 to approve the accounts for the financial year ending 31 December 2018. Information about the person whose appointment is subject to your approval is listed on page 270.

Notice of compensation elements due or awarded to the Executive Chairmen

For the tenth and eleventh resolutions, we propose issuing a favourable opinion on the elements of compensation due or awarded to the Executive Chairmen for the 2015 financial year presented in the two tables below.

As per Article 26 of the Articles of Association, the Company pays Émile Hermès SARL, in its capacity as Active Partner, an amount equal to 0.67% of the distributable profit (being in 2015 - under the 2014 financial year - €3,937,502.77). However, this is not an executive compensation.

Description of proposed resolutions

PAYMENT ELEMENTS	AMOUNT OR VALUE ACCOUNTED FOR (IN EUROS)	PRESENTATION
Tenth resolution: Mr Axel Dumas		
Gross annual statutory compensation (variable compensation)	From 1 January to 31 December 2015 €1,101,450	The gross annual compensation of each Executive Chairman for a given year, as authorised by the Articles of Association, shall not be more than 0.20% of the Company's consolidated income before tax (€2,573,899 for 2015) for the previous financial year. Within the maximum amounts set forth herein, the Executive Management Board of the Active Partner Émile Hermès SARL shall determine the effective amount of the annual compensation of each Executive Chairman. Thus, no minimum statutory compensation is guaranteed for Executive Chairmen. The statutory compensation for Mr Axel Dumas paid in 2015 was set by the Executive Management Board on 23 March 2015.
Gross annual supplementary compensation (fixed compensation)	From 1 January to 31 December 2015 €1,166,550 – Of which fixed part: €1,050,187 – Of which part indexed on revenue: €116,363	The General Meeting of 31 May 2001 decided to allocate to each Executive Chairman gross annual compensation in addition to their compensation pursuant to the Articles of Association, subject to a ceiling of €457,347.05. This ceiling is indexed each year, but it can only be adjusted upwards. Since 1 January 2002, this amount has been indexed to growth in the Company's consolidated revenue for the previous financial year at constant exchange rates and on the same scope of consolidation, by comparison with revenue for the next to last financial year (€1,876,454 for 2015). Within the limits of the ceiling defined above, the Executive Management Board of Émile Hermès SARL, Active Partner, sets the effective amount of the annual additional compensation payable to each Executive Chairman. The additional compensation of Mr Axel Dumas paid in 2015 was set by the Board of Management on 23 March 2015.
Deferred variable compensation	Not applicable	The principle for the allocation of the deferred variable compensation is not expected.
Multi-year variable compensation	Not applicable	No multi-year compensation arrangement was implemented in 2015.
Exceptional compensation	Not applicable	The principle of such compensation is not provided.
Share options, performance shares or any other element of long-term compensation	Purchase options: n/a Performance shares: n/a Other items: n/a	No plan for stock options or performance share benefiting the Executive Chairmen has been implemented during the 2015 financial year.
Compensation for assumption of duties	Not applicable	No such commitment exists.
Severance payment	0 €	The Company has pledged to pay Mr Axel Dumas compensation in an amount equal to 24 months of total compensation (statutory compensation and additional compensation) in the case of the termination of his Executive Chairman functions (decision made by the Supervisory Board on June 4, 2013 approved by the General Meeting of June 3, 2014, ninth resolution - pursuant to Article L 225-42-1 of the Code de Commerce). The payment of severance pay is subject to the subsequent cessation of Executive Management functions resulting: – either from a decision taken by Mr Axel Dumas by reason of a change of control over the Company, a change in the Executive Chairman of Émile Hermès SARL, which is an Executive Chairman of the Company, or a change in the Company's strategy; or; – from a decision made by the Company. Moreover, the payment of such compensation is also subject to the following performance conditions, so that the conditions of his departure are in equilibrium with the situation of the Company: reaching at least four budgets (revenue and operating growth rate measured at constant rates) in the last five years, with no deterioration in the Hermès brand/corporate image The Supervisory Board has considered that the deferred compensation commitment to Mr Axel Dumas meets the requirements of the AFEP-MEDEF Corporate Governance Code.

PAYMENT ELEMENTS	AMOUNT OR VALUE ACCOUNTED FOR (IN EUROS)	PRESENTATION
Non-competition payment	Not applicable	Mr Axel Dumas is not subject to any non-competition agreement, no compensation is therefore made in this category.
Supplementary pension scheme	<p><i>Pursuant to the Article 83 payment scheme:</i> €2,311 - maximum gross amount of estimated annual pension as of 31/12/2015 (intended for the entire career with the Group)</p> <p><i>Pursuant to the Article 39 payment scheme:</i> €14,707 – estimate of gross annual profit as of 31/12/2015 for Corporate Officer functions</p>	<p><i>Defined contribution pension plan (Art. 83 of the CGI)</i> Mr Axel Dumas is entitled to the additional defined contribution pension created for the benefit of all employees of the Group's French companies who have adhered (decision made on 4 June 2013 by the Supervisory Board, approved by the General Meeting convened on 3 June 2014, fourth resolution - pursuant to Article L 225-40 of the Code de Commerce). As with all employees of the Group: (i) The defined contribution pension plan is financed as follows: 1.1% for the reference compensation amounting to 1x the annual Social Security ceiling (PASS), 3.3% for the reference compensation between 1 and 2 PASS, and 5.5% on reference compensation between 2 and 6 PASS. Reference compensation means the gross annual compensation in accordance with Article L 242-1 of the Code de la Sécurité Sociale; (ii) these contributions are distributed between the Company (90.91%) and the recipient (9.09%); (iii) the employer's contributions are deductible from the tax base of the companies, subject to the "forfait social" of 20% and excluded from the base of Social Security contributions at the highest limit of these two values: 5% of PASS or 5% of earnings retained within the limit of 5 PASS.</p> <p><i>Defined benefit pension plan (Art. 39 of the CGI. - Article L 137-11 of the Code de la Sécurité Sociale)</i> Mr Axel Dumas is also eligible for the supplemental pension plan established in 1991 for the benefit of Company Directors (decision made by the Supervisory Board of 4 June 2013, approved by the General Meeting of 3 June 2014 - fourth resolution - pursuant to Article L 225-40 of the Code de Commerce). This pension plan is not closed. It is funded by the Company through a policy taken out with an outside insurer. Premiums paid to this organisation are deductible from the tax base of the companies. They are also subject to the employer's contribution to premiums at the rate of 24%. In addition, if applicable, provisions are included in the accounts. As a fundamental condition of the pension regulations, in order to be eligible for the scheme, beneficiaries must have reached the end of their professional career with the company after at least ten years of service, and be eligible to draw pension benefits under the basic state Social Security regime. If all eligibility requirements are met, the annual pension under this plan, in accordance with the rules of the plan, would depend on: – the average yearly compensation for the last three years; – a percentage depending on seniority and, in all cases, less than 3%. Finally, the pension thus determined shall in no case exceed the amount of 8x the Social Security ceiling.</p>
Directors' fees	Not applicable	Executive Chairmen do not receive attendance fees.
Valuation of benefits of any kind	€2,182	In 2015, Mr Axel Dumas was granted a company car and a representation policy, constituting his only benefit in kind. He ceased to benefit from use of the company car, as of 1 November 2015. Mr Axel Dumas benefits from the collective and obligatory medical expenses scheme, implemented by the Group for the benefit of all staff of entities in France who have adhered to this plan (decision made by the Supervisory Board on 19 March 2014).
Pension plan		Mr Axel Dumas benefits from the collective and obligatory pension plan, implemented by the Group for the benefit of all staff (AGIRC affiliated) of the entities in France who have adhered to the plan (decision made by the Supervisory Board on 19 March 2014). It provides, as is the case for all employees, the following gross lifetime benefits: (i) a disability pension at 51% of base compensation in case of Category 1 disability and 85% of reference compensation in case of Category 2 or 3 disabilities. The reference compensation (gross annual compensation) is limited to 8x the Social Security Ceiling. The payment of the disability pension is discontinued when the recipient in question is no longer categorised as disability or permanent impairment and, at the latest, the day of the normal or early liquidation of the old age insurance pension from a compulsory retirement plan, for any reason whatsoever; (ii) a death benefit equal to, depending on the family situation, a maximum of 380% of the reference compensation capped at 8 PASS; (iii) contributions to the insurance funds are distributed between the Company (1.54% for tranche A, and 1.64% for tranches B and C) and the recipient (1.06% for tranche A and 1.16% for tranches B and C); (iv) these contributions are deductible from the tax base of companies, subject to the "forfait social" at the rate of 8%, and excluded from base Social Security contributions, within the limit of an amount equal to the sum of 6% of PASS and 1.5% of earnings retained in the limit of 12 PASS.

n/a : non applicable.

Description of proposed resolutions

PAYMENT ELEMENTS	AMOUNT OR VALUE ACCOUNTED FOR (IN EUROS)	PRESENTATION
Eleventh resolution: Émile Hermès SARL		
Gross annual statutory compensation (variable compensation)	From 1 January to 31 December 2015 €2,573,899	The gross annual compensation of each Executive Chairman for a given year, as authorised by the Articles of Association, shall not be more than 0.20% of the Company's consolidated income before tax (€2,573,899 for 2015) for the previous financial year. Within the maximum amounts set forth herein, the Executive Management Board of the Active Partner Émile Hermès SARL shall determine the effective amount of the annual compensation of each Executive Chairman. Thus, no minimum statutory compensation is guaranteed for Executive Chairmen. Statutory compensation paid by Émile Hermès SARL in 2015 was set by the Executive Management Board on 23 March 2015.
Gross annual supplementary compensation (fixed compensation)	From 1 January to 31 December 2015 €1,876,454 – Of which fixed part: €1,689,279 – Of which part indexed on revenue: €187,175	The General Meeting of 31 May 2001 decided to allocate to each Executive Chairman gross annual compensation in addition to their compensation pursuant to the Articles of Association, subject to a ceiling of €457,347.05. This ceiling is indexed each year, but it can only be adjusted upwards. Since 1 January 2002, this amount has been indexed to growth in the Company's consolidated revenue for the previous financial year at constant exchange rates and on the same scope of consolidation, by comparison with revenue for the next to last financial year (€1,876,454 for 2015). Within the limits of the ceiling defined above, the Executive Management Board of Émile Hermès SARL, Active Partner, sets the effective amount of the annual additional compensation payable to each Executive Chairman. The additional compensation paid by Émile Hermès SARL in 2014 was set by the Executive Management Board on 23 March 2015.
Deferred variable compensation	Not applicable	The principle for the allocation of the deferred variable compensation is not expected.
Multi-year variable compensation	Not applicable	No multi-year compensation arrangement was implemented in 2015.
Exceptional compensation	Not applicable	The principle of such compensation is not provided.
Share options, performance shares or any other element of long-term compensation	Purchase options: n/a Performance shares: n/a Other items: n/a	No plan for stock options or performance share benefiting the Executive Chairmen has been implemented during the 2015 financial year. Émile Hermès SARL, a legal entity, is not eligible for stock option plans and performance shares.
Compensation for assumption of duties	Not applicable	No such commitment exists.
Severance payment	Not applicable	No such commitment exists.
Non-competition payment	Not applicable	No such commitment exists.
Supplementary pension scheme	Not applicable	Émile Hermès SARL, a legal entity, is not eligible for a supplementary pension plan.
Directors' fees	Not applicable	Executive Chairmen do not receive attendance fees.
Valuation of benefits of any kind	Not applicable	Émile Hermès SARL does not receive benefits in kind.

n/a : non applicable.

Delegations to Executive Management

- Share buyback programme

In the twelfth resolution, you are asked to renew the authorisation granted to the Executive Management to trade in the Company's own shares, under the conditions stipulated therein, more specifically:

- purchases and sales of shares representing up to 10% of the share capital would be authorised;
- the maximum purchase price (excluding costs) would be €500 per share. The maximum amount of funds to be committed would be €1 billion. On the day of the General Meeting, treasury shares are not taken into account in this maximum amount;
- the shares may be repurchased in order to affect the objectives permitted by European regulations (cancellation of shares within the limit of 10% of capital per 24-month period, covering the commitment to deliver shares, i.e. in connection with issuances of securities granting access to capital or grants of stock or existing shares options, allocation to employees) or to one or more market practices currently accepted by the Financial Market Authority (acquisition practices and the implementation of a liquidity contract with an investment service provider acting independently) or later, and to more generally affect the effectuation of any operation in accordance with the regulations in force.

This authorisation would be valid for 18 months from the date of the General Meeting.

II – EXTRAORDINARY BUSINESS

Delegations to Executive Management

- Cancellation of shares

For the thirteenth resolution, we ask you to renew the authorisation granted to Executive Management to issue, on one or more occasions, in the amounts and at the times it so decides, to cancel all or part of

the shares acquired by the Company under the programme to purchase its own shares up to the limit of 10% of Company capital within a period of 24 months. This authorisation would enable the Company to cancel shares issued to cover stock options that are no longer exercisable or that have expired.

This authorisation would be valid for 24 months from the date of the General Meeting.

Delegations to Executive Management - Stock options

In the fourteenth resolution, we ask that you renew the authorisation to Executive Management to grant options to purchase shares to employees and Executive Corporate Officers of the Company and its subsidiaries, so as to continue the Group's policy of giving employees a stake in the Company's growth.

The total number of options that may be granted and that have not yet been exercised and the total number of bonus shares granted under the terms of the fifteenth resolution shall not represent more than 2% of the total number of ordinary shares outstanding on the date on which the options to purchase shares would be granted, not including those options granted under the terms of previous authorisations. The purchase price of the shares would be fixed by the Executive Management within the limitations and in accordance with the terms and conditions stipulated by law.

Given current regulations, the purchase price may not be less than 80% of the average share price over the 20 trading days, on the Euronext Paris regulated market, preceding the date the options are granted, without the possibility of being less than 80% of the average purchase price of shares held by the Company, primarily acquired under the buyback programme. This price would not be subject to change during the life-cycle of the options unless the Company were to enter into the financial transactions covered by Article L 225-181 of the Code de Commerce.

Description of proposed resolutions

In this case, the Executive Management would adjust the number of shares and the price in accordance with the applicable statutory provisions. The options would be exercisable within seven years at the most, as from the option grant date.

Pursuant to Article L 233-32 of the Code de Commerce, this resolution must be implemented during a public offer for the shares of the Company. In the event of grants to one or more Executive Chairmen:

1) The Company must complete one or more of the conditions set forth in Article L 225-186-1 of the Code de Commerce, namely:

- also grant such options to all of the Company's employees and to at least 90% of the employees of its French subsidiaries,
- or distribute bonus shares to the aforesaid employees,
- or enhance the terms of employee incentive and/or profit-sharing schemes of the Company and its subsidiaries (or institute such schemes, where applicable);

2) In accordance with the provisions of Article L 225-185 of the Code de Commerce, the Supervisory Board shall ensure that the relevant Executive Chairman or Managers may not exercise their options until after they have left office, or that it shall set a number of shares resulting from the exercise of options they must hold in registered form until after they have left office;

3) Moreover, in accordance with the AFEP-MEDEF Corporate Governance Code, to which the Company has adhered:

- the exercise price of the options will not include any discount,
- the options granted will be subject to serious and demanding performance conditions, to be met over several years and defined at the time of issuance,
- the maximum percentage of shares for which Executive Chairmen may grant the right to purchase

options under this resolution will be 0.05% of the share capital at the date on which Executive Management decides to grant them, the sub-ceiling being charged within the 2% joint delegations ceiling under the fourteenth and fifteenth resolutions.

This authorisation would be valid for 38 months from the date of the General Meeting.

Delegations to Executive Management

- Free shares

In the fifteenth resolution, we ask that you renew the authorisation to the Executive Management to grant ordinary shares in the Company for no consideration. The total number of freely granted shares and the total number of shares which may entitle stock option purchase granted under the fourteenth resolution, and not yet exercised, will be a number shares greater than 2% of the number of common shares of the Company at the date of their granting, without taking into account those already granted under previous authorisations. The acquisition period for allocated shares shall not be less than two years, the Executive Management Board is authorised to reduce the allocation period to one year, if the share allocation is subject to a mandatory holding period of a minimum of one year. The mandatory retention period for shares may not be less than one year, the Executive Management Board is authorised to reduce or eliminate this period, within the conditions and limits provided for by law on the day of the award decision, except special cases set out in the resolution.

Pursuant to Article L 233-32 of the Code de Commerce, this resolution must be implemented during a public offer for the shares of the Company. Similarly, for share purchase options, if awarded to one or more Executive Chairmen:

1) The Company must complete one or more of the conditions set forth in Article L 225-197-6 of the Code de Commerce, namely:

- grant bonus shares to all of the Company's employees and to at least 90% of the employees of its French subsidiaries,
 - grant options to purchase shares to the aforesaid employees,
 - or enhance the terms of employee incentive and/or profit-sharing schemes of the Company and its subsidiaries (or institute such schemes, where applicable;
- 2) In accordance with the provisions of Article L 225-185 of the Code de Commerce, the Supervisory Board shall ascertain that the relevant Executive Chairman or Managers shall not sell the shares distributed until after they have left office, or shall set a number of such shares that they must retain in registered form until after they have left office;

3) Moreover, in accordance with the AFEP-MEDEF Corporate Governance Code, to which the Company has adhered:

- the freely-assigned shares will be subject to serious and demanding performance conditions to be satisfied for several years and defined at the time of their assignment,
- the maximum percentage of free shares that may be assigned shall be 0.05%, this sub-platform being offset against the platform of 2% common to the delegations of authority of the fourteenth and fifteenth resolutions.

This authorisation would be valid for 38 months from the date of the General Meeting.

Information on persons whose re-election and/or appointment is submitted to the Combined General Meeting for approval

Information regarding persons whose mandate is subject renewal, namely Mr Charles-Éric Bauer, Mrs Julie Guerrand and Mrs Dominique Senequier, is presented on pages 70, 73 and 68-69, respectively.

SHARON MACBEATH

MEMBER OF THE HERMÈS INTERNATIONAL SUPERVISORY BOARD

Not related to the Hermès family and an independent director based on the criteria applied by the Company.

Age in 2016

47 years

Nationality

British

Shares held in Hermès International

None

Address

Hermès International
24, rue du Faubourg-Saint-Honoré
75008 Paris

Expertise and additional professional experience

Sharon MacBeath is a graduate of Glasgow University, the Panthéon-Sorbonne University and INSEAD. Her development has been enriched by her diversity of experiences, both in the business community as well as mass distribution, and now business to business.

She has served successively as Director of Human Resources at McDonald's, Managing Director at EMDS Consulting, Human Resources Group Director at Rexam, where she was primarily in charge of risk management topics, and Senior Vice Chairwoman of Human Resources and Communications at Redcats. Since 2013 she has served as Senior Human Resources Vice Chairwoman at Rexel.

Offices and positions held during 2015

Company name	Country	Office
Rexel	◆ France	Senior Vice Chairwoman of Human Resources, member of the Executive Committee
Coface	◆ C France	Independent Director

H Hermès Group company ◆ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2015

None.

Supervisory Board's report to the Combined General Meeting of 31 May 2016

In accordance with legal and regulatory requirements, we hereby present our report for the year ended 31 December 2015.

We first wish to inform you that:

- ◆ the Executive Management has kept us regularly informed of the Company's business operations and results;
- ◆ the statement of financial position, statement of income and notes thereto have been provided to us as required by law;
- ◆ transactions subject to prior approval by the Supervisory Board under the terms of special provisions contained in the Company's Articles of Association have been duly approved by us, as is duly demonstrated hereafter;
- ◆ the Supervisory Board has met on a regular basis to decide on various matters within its exclusive competence, under the terms of the Articles of Association.

1. Observations about the Company and consolidated financial statements

Statements In the light of the comprehensive review already provided, we have no specific comments on the business performance or on the financial statements for the year ended 31 December 2015. We recommend that you approve the financial statements.

2. Appropriation of net income

On 9 February 2016, the Executive Management decided to pay an interim dividend of €1.50 per share. This interim dividend was paid on 26 February 2016. We recommend that you approve the proposed appropriation of net income as set out in the resolutions submitted to you for approval, calling for a net ordinary dividend of €3.35 per share.

After the deduction of the interim dividend, the balance of €1.85 per share will be detached as of 2 June 2016 and paid on 6 June 2016, following the positions adopted on 3 June 2016.

3. Related-party agreements and commitments

The Executive Management informed us of agreements to be entered into during the year ended 31 December 2015 and covered by the combined provisions of Articles L 226-10 and L 225-38 through L 225-43 of the Code de Commerce, and subjected them to our prior authorisation. In the Statutory Auditors' special report on pages 275 to 277, you will find a summary of agreements and commitments authorised during the 2015 financial year, as well as those previously authorised and whose execution continued during said financial year. Pursuant to Article L 225-38 of the Code de Commerce amended by ordinance 2014-863 of 31 July 2014, the authorisation decisions of the Supervisory Board as of 1 August 2014 are all motivated.

A review of regulated agreements and commitments is effectuated by the Supervisory Board every year since 2013, in accordance with proposal no. 27 of AMF Recommendation no. 2012-05 regarding Shareholders General Meetings of listed companies that were incorporated in the Code de Commerce (Article L. 225-40-1) by the above-cited Ordinance. Following the review in 2015, the Board had no comments to make.

4. Activity of the Supervisory Board

On Page 16 of the report by the Chairman of the Supervisory Board, you will find the 2015 activities of the Supervisory Board.

5. Composition of the Supervisory Board

We fully commit to the proposition that has been made to you, to:

- ◆ renew the mandates set to expire of:
 - Mr Charles-Éric Bauer;
 - Mrs Julie Guerrand;
 - Mrs Dominique Senequier;

- ◆ appoint to the Supervisory Board:
 - Mrs Sharon MacBeath, replacing Mrs Florence Woerth, whose mandate expires.

On Page 19 of the report by the Chairman of the Supervisory Board, you will find a progress report of the mission to change the composition of the Supervisory Board, entrusted since 2011 to the Compensation, Appointments and Governance Committee.

6. Recommendations on proposed resolutions submitted to the Combined General Meeting of 31 May 2016

We are in favour of all the proposed resolutions submitted to you.

This concludes our report on the information and opinions we considered necessary to bring to your attention in connection with the present General Meeting, and we recommend that you vote to approve all the resolutions submitted to you.

The Supervisory Board

Statutory auditor's report on the financial statements

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended 31 December 2015, on:

- the audit of the accompanying financial statements of Hermès International
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the company's corporate governance. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sample techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2015 and of the results of its operations for the year then ended in accordance with French accounting principles.

2. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring to your attention the following matter:

– Note 1.3 to the financial statements describes the accounting methods and principles applied in order to determine the value of the financial assets. As part of our assessment, we have examined the appropriate nature of these methods and reviewed the assumptions used.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments (and controlling interests) and the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

Drafted in Neuilly-sur-Seine and Paris, on 8 April 2016
The Statutory Auditors

PricewaterhouseCoopers Audit
Christine Bouvry

Didier Kling & Associés
Christophe Bonte Didier Kling

Statutory auditors' report on the consolidated financial statements

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the Group's management report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In compliance with the assignment entrusted to us by your Annual general meeting, we hereby report to you, for the year ended 31 December 2015, on:

- the audit of the accompanying consolidated financial statements of Hermès International ;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Company's corporate governance. Our role is to express an opinion on these consolidated financial statements based on our audit.

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

2. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring to your attention the following matter(s):

- As part of our assessment of the accounting principles applied by your group, we reviewed the methods used to apply these principles to intangible assets and property, plant and equipment (Note 1.7 to the consolidated financial statements) and to inventories (Note 1.10 to the consolidated financial statements) and we verified their proper implementation;
- The group tests for impairment of goodwill on an annual basis according to the methods described in Note 1.8 to the consolidated financial statements. We reviewed the methods used to implement these tests and verified the reasonableness of the estimates made by the management;
- Note 1.17 to the consolidated financial statements describes the methods used to measure postemployment and other employee benefit obligations. With regard to defined-benefit plans, these obligations have been assessed by independent actuaries. Our work included reviewing the data and assumptions used. These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Drafted in Neuilly-sur-Seine and Paris, on 8 April 2016

The Statutory Auditors

PricewaterhouseCoopers Audit
Christine Bouvry

Didier Kling & Associés
Christophe Bonte Didier Kling

Statutory Auditors' special report on related-party agreements and commitments

This is a free translation into English of the Statutory Auditors' special report on related-party agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as Statutory Auditors for your Company, we present to you our report on related-party agreements and commitments.

Our responsibility is to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements and commitments.

Under the provisions of Article R 226-2 of the Commercial code, it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R 226-2 of the Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

I. Agreements and commitments to be submitted for the approval of the General Meeting

Agreements and commitments authorised during the year

In accordance with Article L.226-10 of the Commercial Code, we were informed of the following agreements and commitments authorised by the Supervisory Board.

Design mission contract with the company RDAI

PERSON CONCERNED: Sandrine Brekke, owner of more than 10% of RDAI and member of the Executive Management of Émile Hermès SARL, Executive Chairman.
 NATURE, PURPOSE AND PROVISIONS: At its meetings of 3 July 2015 and 20 November 2015, the Supervisory Board authorised:

- an agreement between Hermès International and the architectural firm RDAI to undertake an assignment to design the office interior located 10-12 rue d'Anjou in Paris, on several floors and including procurement of furniture;
- an amendment to that agreement for RDAI to undertake two studies with (i) fitting out a complementary level and (ii) changing the programming and the planting of some spaces for other levels.
 Hermès International paid €150,600 in fees in respect of 2015.

GROUNDS FOR THE COMPANY'S BEST INTEREST: Hermès International has leased an office building located 10-12 rue d'Anjou in Paris. That building is intended to bring together in one place all communication teams and will receive all the creators of the group and the press in perfect conditions. The firm RDAI was chosen because it knows very well the architectural concept stores to have created it and because it was therefore best placed to develop this property that will serve as a showcase for group communication in line with the Hermès brand image. The fees were packages deals and correspond to the market price.

II. Agreements and commitments already approved by the General Meeting

Agreements and commitments approved in previous years which were implemented during the year

In accordance with Article R 226-2 of the Commercial Code, we have been informed that the following agreements and commitments, approved by the General Meeting in previous years, remained in effect during the year.

a) Service agreement entered into with Émile Hermès SARL

PERSON CONCERNED: Émile Hermès SARL, Executive Chairman of Hermès International.

NATURE, PURPOSE AND PROVISIONS: At its meetings of 23 March 2005 and 14 September 2005, the Supervisory Board authorised Hermès International to enter into a service agreement with Émile Hermès SARL for the provision of routine legal and financial services. At its meeting of 1 September 2007, the Supervisory Board authorised the signature of an amendment

to add secretarial services to this agreement. At its meetings of 25 January 2012 and 30 August 2012, the Supervisory Board authorised two amendments to this agreement to alter the price of the secretarial services and to exceptionally provide for share ownership monitoring.

Hermès International billed €208,449 for services provided under the terms of this agreement in 2015.

b) Design mission contract with the company RDAI

PERSON CONCERNED: Sandrine Brekke, owner of more than 10% of RDAI and member of the Executive Management of Émile Hermès SARL, Executive Chairman. NATURE, PURPOSE AND PROVISIONS: At its meetings of 20 March 2003 and 15 September 2004, the Supervisory Board authorised an agreement and its amendment between Hermès International and the architectural firm RDAI to undertake an assignment to design Hermès stores.

This agreement has no effect in 2015.

c) Trademark licence agreements

PERSONS CONCERNED (ON THE DAY OF THE AGREEMENT'S APPROVAL):

- Hermès International, direct or indirect shareholder with an interest of more than 10% of the licensed companies;
- For Hermès Sellier: Mr. Eric de Seynes and Mr. Blaise Guerrand, Supervisory Board members of Hermès International and members of the Management board of Hermès Sellier;
- For Hermès Horizons: Mr. Axel Dumas, Executive Chairman and legal representative of Hermès International and Executive Chairman of Hermès Horizons;
- For La Montre Hermès: Mr. Axel Dumas, Executive Chairman of Hermès International and Board member of La Montre Hermès;

NATURE, PURPOSE AND PROVISIONS: The trademark licence agreements and its amendments provide for the following royalties:

Company	Period	Royalties paid in respect of 2015
Hermès Sellier	10 years, from 1 January 2007	€92,871,794
Hermès Horizons	10 years, from 1 January 2008	€278,143
Comptoir Nouveau de la Parfumerie	10 years, from 1 January 2007	€11,212,455

Company	Period	Royalties paid in respect of 2015
La Montre Hermès	10 years, from 1 January 2006	€3,559,566
Faubourg Italia	10 years, from 1 January 2011	€136,572

d) Commitments for the benefit of an Executive Corporate officer

PERSON CONCERNED: Mr. Axel Dumas, Executive Chairman of Hermès International.

NATURE, PURPOSE AND PROVISIONS: on 4 June 2013, your Supervisory board made the following commitments with regard to the compensation for Mr. Axel Dumas:

- the benefit of the supplemental defined-contribution pension plan established for all of the personnel of the Group's French companies.

- the benefit of the additional retirement plan set up in 1991 for the benefit of the company's senior managers. As a fundamental condition of the pension regulations, in order to be eligible for the scheme, beneficiaries must have reached the end of their professional career with the Company, have at least ten years of seniority, and be eligible to draw pension benefits under the basic state Social Security regime. The annual benefit under this plan will be calculated according to the seniority and annual compensation. Representing a percentage of the compensation per year of seniority, these benefits cannot exceed eight times the Social security ceiling.

- In the event that his appointment as Executive Chairman is terminated, the Company has also agreed to pay Mr. Axel Dumas an amount equal to twenty-four months of compensation (sum authorised by the articles of association and supplemental compensation). This commitment had been made subject to the realisation of the following performance conditions: achieving budget targets in at least four out of the five previous years (with revenue and operating profit growth measured at constant rates), without deterioration in the Hermès brand and corporate image.

The payment of this amount will be subject to termination resulting:

- either from a decision of the Executive Chairman by reason of a change of control of the Company, the replacement of the Executive Chairman of Émile Hermès SARL, or a change in the Company's strategy;
- or from a decision taken by the Company.

On 19 March 2014, the Supervisory Board authorised the continuation, for Mr. Axel Dumas, of the collective benefits regarding health expenses and the provident fund in force in the Hermès group companies.

e) Employment contract of a Supervisory board member

PERSON CONCERNED: Mrs. Julie Guerrand.

NATURE, PURPOSE AND PROVISIONS: As authorised by the Supervisory Board at its meeting on 3 March 2011, Mrs Julie Guerrand has had an employment contract within the framework of her duties in Hermès International. On 1 October 2014, her employment contract was transferred to the Gordon Choisy company (now Tanneries de Montereau), in which she took new functions.

f) Non-competition commitment of a former corporate officer

PERSON CONCERNED: Mr. Patrick Thomas.

NATURE, PURPOSE AND PROVISIONS: At its meeting on 20 November 2013, your Supervisory board authorised the signing of a non-competition commitment according to the provisions presented below:

For a period of ten years, Patrick Thomas undertakes not to carry out, whether personally or on behalf of third parties, any activity that competes with that of Hermès International Group, and in particular not to collaborate, in any capacity whatsoever and in any form whatsoever, with a company in the luxury sector that is active in the following geographical zone: Europe and Asia. This non-competition commitment took effect as of the departure of Patrick Thomas from the Group and is compensated in the amount of €966,300 per year for four years, on 1 February 2014, 2015, 2016 and 2017.

In respect of FY 2015, the amount paid by Hermès International is equal to €966,300.

g) Compensation of members of special committees

PERSONS CONCERNED:

- Mrs. Monique Cohen;
- Mr. Charles-Éric Bauer;
- Mr. Matthieu Dumas;
- Mr. Renaud Mommeja;
- Mr. Robert Peugeot;
- Mrs. Dominique Sénéquier;
- Mrs. Florence Woerth.

NATURE, PURPOSE AND PROVISIONS: The Supervisory board meeting on 20 November 2013 authorised a new method for the distribution of directors' fees. The compensation of the Audit Committee and the Compensation, Appointments and Governance Committee (CAG) members was fixed as follows, from 2014:

	Fixed annual amount	Maximum variable amount ⁽¹⁾	Maximum total
Audit Committee Chairman	€20,000	–	€20,000
Audit Committee Members	€4,000	€6,000	€10,000
CAG Committee Chairman	€20,000	–	€20,000
CAG Committee Members	€4,000	€6,000	€10,000

(1) Variable part calculated according to the attendance of the members.

For fiscal year 2015, the total amount owed by Hermès International with regard to their duties was equal to €99,700 for all members of these two special committees.

Drafted in Neuilly-sur-Seine and Paris, on 8 April 2016
The Statutory Auditors

PricewaterhouseCoopers Audit
Christine Bouvry

Didier Kling & Associés
Christophe Bonte Didier Kling

Statutory Auditors' special report prepared in application of article L 226-10-1 of the Commercial code on the report from the Chairman of the Supervisory board

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as Statutory Auditors of your Company, and in accordance with Article L 226-10-1 of the Commercial code, we hereby report to you on the report prepared by the Chairman of your Company in accordance with the provisions of the aforesaid article for the year ended 31 December 2015.

It is the Chairman's responsibility to prepare, and submit to the Supervisory Board for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by Article L 226-10-1 of the Commercial code in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and
- to attest that the report sets out the other information required by Article L 226-10-1 of the Commercial code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with the professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information

on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;

- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;

- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report. On the basis of our work, we have no matters to report on the information given on the Company's internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Supervisory Board's report, prepared in accordance with Article L 226-10-1 of the Commercial code.

Other information

We attest that the report from the Chairman of the Supervisory board sets out the other information required by Article L 226-10-1 of the Commercial code.

Drafted in Neuilly-sur-Seine and Paris, on 8 April 2016

The Statutory Auditors

PricewaterhouseCoopers Audit
Christine Bouvry

Didier Kling & Associés
Christophe Bonte Didier Kling

Statutory Auditors' report on the capital decrease by cancellation of own shares purchased (thirteenth resolution)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as Statutory Auditors of your Company, and in accordance with the requirements of Article L 225-209 or the Commercial Code concerning share capital decreases by cancellation of repurchased shares, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed share capital decrease.

The Company's Executive Management proposes that the shareholders confer upon it, for a period of twenty-four months as of the date of this Meeting, all necessary powers to cancel, on one or more occasions and up to a maximum of 10% of the Company's share capital per period of twenty-four months, some or all of the shares held or purchased under

the authorisation for your Company to buy back its own shares as provided pursuant to the terms of the aforementioned article.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures involved examining the fairness of the reasons for and the terms and conditions of the proposed share capital decrease, which is not considered to infringe upon the principle of equal treatment of shareholders.

We have no comments on the reasons for or the terms and conditions of the proposed share capital decrease.

Drafted in Neuilly-sur-Seine and Paris, on 8 April 2016
The Statutory Auditors

PricewaterhouseCoopers Audit
Christine Bouvry

Didier Kling & Associés
Christophe Bonte Didier Kling

PRESENTATION OF HERMES INTERNATIONAL AND EMILIE HERMES SARL
CORPORATE GOVERNANCE
INFORMATION ON THE SHARE CAPITAL AND ON THE SHAREHOLDERS
INFORMATION ON THE FINANCIAL STATEMENTS, AND ON SUBSIDIARIES AND ASSOCIATES
PROPERTY AND INSURANCE
CSB APPENDICES: ENVIRONMENTAL INFORMATION
CSB APPENDICES: HUMAN RESOURCES
CONSOLIDATED FINANCIAL STATEMENTS
PARENT COMPANY FINANCIAL STATEMENTS
COMBINED GENERAL MEETING OF 31 MAY 2016
ADDITIONAL LEGAL INFORMATION

Statutory Auditors' report on the authorisation to grant share purchase options (fourteenth resolution)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as Statutory Auditors of your Company, and in accordance with the requirements of Articles L 225-177 and R 225-144 of the Commercial Code, we hereby present our report on the authorisation to grant share purchase options to employees and corporate officers of Hermès International and all or some of its affiliated companies or groups, under the conditions stipulated by Article L 225-180 of the Commercial Code, or to certain categories of them, which is submitted to you for approval.

The Company's Executive Management proposes that, on the basis of its report, the shareholders authorise it, for a period of thirty-eight months as of the date of this Meeting, to grant share purchase options on one or several occasions. The maximum percentage of shares that can be provided by the options granted to the Executive Chairmen under the present resolution will be 0.05% of the share capital on the date of the granting decision by the Executive Management, with this cap being

applied against the 2% cap common to the delegations listed in the fourteenth and fifteenth resolutions.

It is the Executive Management's responsibility to draw up a report on the reasons for granting share purchase options as well as the proposed methods used to set the purchase price. Our responsibility is to express an opinion on the proposed methods used to set the share purchase price.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted, in particular, in verifying that the proposed methods used to set the share purchase price are specified in the Executive Management's report and that they comply with the applicable laws and regulations.

We have no comments to make on the proposed methods used to set the share purchase price.

Drafted in Neuilly-sur-Seine and Paris, on 8 April 2016

The Statutory Auditors

PricewaterhouseCoopers Audit
Christine Bouvry

Didier Kling & Associés
Christophe Bonte Didier Kling

Statutory Auditors' report on the allocation of existing free shares (fifteenth resolution)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as Statutory Auditors of your Company, and in accordance with the requirements of Article L 225-197-1 of the Commercial Code, we hereby present our report on the proposed authorisation to grant existing shares, for no consideration, to employees and/or corporate officers of Hermès International and all or some of its affiliated companies or groups, under the conditions stipulated by Article L 225 197-2 of the Commercial Code, or to certain categories of them, which is submitted to you for approval.

The Company's Executive Management proposes that, on the basis of its report, the shareholders authorise it, for a period of thirty-eight months as of the date of this Meeting, to grant existing shares for no consideration, on one or several occasions.

The maximum percentage of free shares that can be allocated to the Executive Chairmen under the present resolution will be 0.05% of the share capital on the date of the granting decision by the Executive

Management, with this cap being applied against the 2% cap common to the delegations listed in the fourteenth and fifteenth resolutions.

It is the Executive Management's responsibility to draw up a report on this operation that it wishes to carry out. Our responsibility is to make comments on the information that is provided to you on the proposed transaction, as necessary.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted, in particular, in verifying that the proposed methods disclosed in the Executive Management's report comply with the applicable laws and regulations.

We have no comments to make on the information provided in the Executive Management's report on the proposed authorisation to allocate free shares.

Drafted in Neuilly-sur-Seine and Paris, on 8 April 2016

The Statutory Auditors

PricewaterhouseCoopers Audit
Christine Bouvry

Didier Kling & Associés
Christophe Bonte Didier Kling

Report from one of the Statutory Auditors, designated as the independent third party organisation, on the consolidated social, environmental and societal information contained in the management report

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as Statutory auditor of Hermès International appointed as an independent third party, and certified by COFRAC under the number 3-1060, we hereby report to you on the consolidated labour, environmental and social information for the financial year ended 31 December 2015, presented in the management report (hereinafter the "CSR Information"), in accordance with Article L 225-102-1 of the Commercial code.

Responsibility of the company

The Executive Management is responsible for preparing a management report including CSR Information, in accordance with the provisions of Article R 225-105-1 of the Commercial code and with the guidelines used by the company (hereinafter the "Guidelines"), summarised in the management report and are available on request at the company's registered office.

Independence and quality control

Our independence is defined by regulatory texts, the code of ethics governing the audit profession and the provisions of Article L 822-11 of the Commercial code. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the codes of ethics, professional auditing standards and applicable legal and regulatory texts.

Statutory auditor's responsibility

On the basis of our work, it is our responsibility to:

- certify that the required CSR Information is presented in the management report or, if omitted, that an explanation is provided in accordance with the third sub-paragraph of Article R 225-105 of the Commercial code (Statement of completeness of CSR Information);
- express limited assurance that the CSR Information, taken as a whole, is fairly presented, in all material respects, in accordance with the Guidelines (Reasoned opinion on the fairness of the CSR Information). Our work was carried out by a team of 6 people, over approximately 8 weeks between early February and late March 2015. We were assisted in our work by our specialists in corporate social responsibility (CSR). We performed our work in accordance with the professional auditing standards applicable in France and the order of 13 May 2013 that determines the

provisions under which the independent third party performs its mission, and regarding the justified opinion of fairness, with the international ISAE 3000 standard.

1. Confirmation of completeness of CSR Information

Nature and scope of work

We obtained an understanding of the sustainable development policy, on the basis of interviews with the relevant heads of department, according to the impact of the company's activity on labour and the environment, of its social commitments and any action or programmes related thereto.

We compared the CSR Information presented in the management report with the list stipulated in article R 225-105-1 of the Commercial code.

In case of the absence of certain consolidated information, we verified that explanations were provided in compliance with the provisions of article R 225-105 sub-paragraph 3 of the Commercial code.

We ensured that the CSR Information covers the scope of consolidation, i.e., the company, its subsidiaries as defined by Article L 233-1 and the entities that it controls as defined by Article L 233-3 of the Commercial code, with the perimeter limits indicated in the "Correspondence table (Article 225-105)" contained in the management report.

Conclusion

Based on this work, and given the limitations mentioned above, we attest to the completeness of the required CSR Information in the management report.

2. Reasoned opinion on the fairness of the CSR Information

Nature and scope of work

We conducted approximately 10 interviews with the people responsible for preparing the CSR Information in the departments charged with collecting the information and, where appropriate, the people responsible for the internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in light of their relevance, completeness, reliability, impartiality and comprehensibility, and taking good market practice into account when necessary;
- verify the implementation of a data collection, compilation, processing and control procedure that is

designed to produce CSR Information that is exhaustive and consistent, and familiarise ourselves with the internal control and risk management procedures involved in preparing the CSR Information.

We determined the nature and scope of our tests and controls according to the nature and importance of the CSR Information in view of the characteristics of the company, the social and environmental challenges of its activities, its sustainable development policy and good market practices.

For the CSR Information that we considered to be most important:

– on the level of the consolidating entity, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organisation, policy, action), we followed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data and we verified their consistency and concordance with the other information in the management report;

– on the level of a representative sample of sites that we selected on the basis of their activity, contribution to the consolidated indicators, location and a risk analysis, we carried out interviews in order to verify the correct application of the procedures and performed detailed tests on the basis of samples, so as

to check the completed calculations and to compare the data with the supporting documentation. As such, the selected sample represents 36% of the workforce (worldwide) and between 38% and 55% of the other social quantitative information and between 21% and 43% of the environmental quantitative information.

For the other consolidated CSR Information, we assessed consistency based on our understanding of the company.

Finally, we also assessed the relevance of the explanations given for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes used, based on our professional judgment, allow us to express limited assurance; a higher level of assurance would have required more extensive verification work. As a result of the use of sampling techniques and other limitations intrinsic to the operation of any information and internal control system, we cannot completely rule out the possibility that a material irregularity has not been detected.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly, in all material respects, in accordance with the Guidelines.

Drafted in Neuilly-sur-Seine and Paris, on 8 April 2016
One of the Statutory Auditors, PricewaterhouseCoopers Audit

Christine Bouvry,
partner

Sylvain Lambert,
associate of the sustainable development department

Resolutions submitted to the Combined General Meeting of 31 May 2016

I – ORDINARY BUSINESS

First resolution

Approval of the parent company financial statements

The General Meeting, acting with the quorum and majority requirements for Ordinary General Meetings, having considered the report of the Executive Management Board regarding the activity and situation of the Company, the report by the Supervisory Board and the Statutory Auditors' report for the financial year ended 31 December 2015, approved as they were presented the financial statements for said financial year, including

the balance sheet, income statement and notes, as well as the transactions reflected in these accounts or described in these reports.

Pursuant to Article 223 quater of the Code Général des Impôts, the Meeting approves the expenses and charges mentioned in Article 39-4 of the Code Général des Impôts, which amounted in the 2015 financial year to €207,075, which generated a tax charge estimated at €78,688.

Second resolution

Approval of the consolidated financial statements

The General Meeting, acting with the quorum and majority requirements for Ordinary General Meetings, having considered the report of the Executive Management Board regarding the activity and situation of the Company, the report by the Supervisory Board and the

Statutory Auditors' report for the financial year ended 31 December 2015, approved as they were presented the financial statements for said financial year, including the balance sheet, income statement and notes, as well as the transactions reflected in these accounts or described in these reports.

Third resolution

Management Discharge

The General Meeting, acting with the quorum and majority requirements for Ordinary General Meetings,

gives discharge to the Executive Management Board for its management for the financial year beginning 1 January 2015 and ended 31 December 2015.

Fourth resolution

Allocation of income - Distribution of a dividend

The General Meeting, acting with the quorum and majority requirements for Ordinary General Meetings, noting that the profit for the year amounted to €842,765,870.02 and that the earlier postponement

again totals to €668,556,327.74, and after noting that the legal reserve is provided in full, approves the allocation of these amounts, representing a distributable profit for the amount of €1,511,322,197.76, as proposed by the Supervisory Board, namely:

Resolutions submitted to the Combined General Meeting of 31 May 2016

- ◆ to the reserve for purchasing original works of art: €226,041.00
- ◆ to the Active Partner, pursuant to Article 26 of the Company's Articles of Association: €5,646,531.33
- ◆ to shareholders, as an ordinary dividend of €3.35 per share ⁽¹⁾, being: €353,657,530.20
- ◆ to other reserves in the sum of: €100,000,000.00
- ◆ to retained earnings, the balance of: €1,051,792,095.23
- ◆ **Altogether** €1,511,322,197.76

(1) The total amount of the distribution referred to in the above table is calculated on the basis of the number of shares outstanding as of 31 December 2015, being 105,569,412 shares, and may vary if the number of shares granting rights to dividend changes between 1 January 2016 and the date of the dividend payment, depending in particular on the evolution of the number of treasury shares and the final allocations of free shares.

The General Meeting resolves that the remainder of the ordinary dividend for the year, which amounts to €1.85 after the payment of an interim dividend of €1.50 per share on 26 February 2016, shall be detached from the shares on 2 June 2016 and shall be payable in cash on 6 June 2016 based on closing positions on 3 June 2016. As Hermès International is not entitled to receive dividends for shares held in treasury, the corresponding sums will be transferred to Retained earnings on the date the dividend becomes payable.

In accordance with Article 243 bis of the Code Général des Impôts, it is specified that, for the shareholder beneficiaries who are natural persons fiscally domiciled in France, this entire dividend will be taken into account for the right to determine their total income subject to income tax schedule, and will be eligible for the 40% provided for in Article 158-3 of the Code Général des Impôts.

It is also recalled that, in accordance with Article 119bis of the Code Général des Impôts, the dividend distributed to shareholders not fiscally domiciled in France is subject to a withholding tax at a rate determined by the tax jurisdictions of the shareholder.

In accordance with the provisions of Article 47 of Law No. 65-566 of 12 July 1965, the General Meeting duly notes that dividends distributed to the shareholders in respect of the three previous financial years were as follows:

In euros

Financial year	2014	2013	2012
Ordinary dividend	2.95	2.70	2.50
Extraordinary dividend	5.00	–	5.00
Amount eligible for the reduction provided by Article 158-3 of the CGI	3.18	1.08	3.00

Fifth resolution

Approval of related-party agreements and commitments

The General Meeting, acting with the quorum and majority required of Ordinary General Meetings, after examining the special report of the Statutory Auditors on the agreements and commitments under the

combined provisions of Articles L. 226-10 and L. 225-38 L 225-43 of the Code de Commerce, approves the report in its entirety and the covenants, agreements and transactions to which it refers, concluded or executed during the 2015 financial year.

Sixth resolution

Re-election of Mr Charles-Éric Bauer as Supervisory Board member for a term of three years

Regarding the proposal of the Active Partner, the General Meeting, acting with the quorum and majority required in Ordinary General Meetings, renews as member of the Supervisory Board:

Mr Charles-Éric Bauer.

Pursuant to Article 18.2 of the Articles of Association, its mandate for a period of three years, will expire at the end of the Annual Ordinary General Meeting called to approve the financial statements for the financial year ending 31 December 2018.

Mr Bauer has indicated that he is prepared to accept this appointment and that he is not legally prohibited from doing so in any manner whatsoever.

Seventh resolution

Re-election of Mrs Julie Guerrand as Supervisory Board member for a term of three years

Regarding the proposal of the Active Partner, the General Meeting, acting with the quorum and majority required in Ordinary General Meetings, renews as member of the Supervisory Board:

Mrs Julie Guerrand.

Pursuant to Article 18.2 of the Articles of Association, its mandate for a period of three years, will expire at the end of the Annual Ordinary General Meeting called to approve the financial statements for the financial year ending 31 December 2018.

Mrs Guerrand has indicated that she is prepared to accept this appointment and that she is not legally prohibited from doing so in any manner whatsoever.

Eighth resolution

Re-election of Mrs Dominique Senequier as Supervisory Board member for a term of three years

Regarding the proposal of the Active Partner, the General Meeting, acting with the quorum and majority required in Ordinary General Meetings, renews as member of the Supervisory Board:

Mrs Dominique Senequier.

Pursuant to Article 18.2 of the Articles of Association, its mandate for a period of three years, will expire at the end of the Annual Ordinary General Meeting called to approve the financial statements for the financial year ending 31 December 2018.

Mrs Dominique Senequier has indicated that she is prepared to accept this appointment and that she is not legally prohibited from doing so in any manner whatsoever.

Ninth resolution

Appointment of Mrs Sharon MacBeath as new member of the Supervisory Board for a term of three years, replacing Mrs Florence Woerth

Regarding the proposal of the Active Partner, the General Meeting, acting with the quorum and majority required for Ordinary General Meetings, appoints as member of the Supervisory Board for the statutory period of three years, replacing Mrs Florence Woerth, whose term is to expire:

Mrs Sharon MacBeath.

Her term will expire at the end of the Annual Ordinary General Meeting called to approve the financial statements for the financial year ending 31 December 2018. Mrs Sharon MacBeath has indicated that she is prepared to accept this appointment and that she does not exercise any function and that she is not legally prohibited from doing so in any manner whatsoever.

Tenth resolution

Notice regarding elements of compensation due or awarded for the financial year ended 31 December 2015 to Mr Axel Dumas, Executive Chairman

The General Meeting, consulted in application of the recommendation of §24.3 of the AFEP/MEDEF Corporate Governance Code of November 2015, which constitutes the reference code used by the Company

pursuant to Article L 225-37 of the Code de Commerce, having fulfilled the quorum and majority requirements for Ordinary General Meetings, gives a favourable opinion on elements of compensation due or awarded for the financial year ending 31 December 2015 to Mr Axel Dumas under his mandate as Executive Chairman, as presented in the statement of proposed resolutions.

Eleventh resolution

Notice regarding elements of compensation due or awarded for the financial year ended 31 December 2015 to Émile Hermès SARL, Executive Chairman

The General Meeting, consulted in application of the recommendation of §24.3 of the AFEP/MEDEF Corporate Governance Code of November 2015, which constitutes the reference code used by the Company

pursuant to Article L 225-37 of the Code de Commerce, having fulfilled the quorum and majority requirements for Ordinary General Meetings, gives a favourable opinion on elements of compensation due or awarded for the financial year ended 31 December 2015 to Émile Hermès SARL under its mandate as Executive Chairman, as presented in the statement of proposed resolutions.

Twelfth resolution

Authorisation granted to Executive Management to trade in the Company's shares

The General Meeting, acting under the quorum and majority requirements applicable to ordinary general meetings, having reviewed the Executive Management's Report:

1) authorises Management, with the faculty of sub-delegation as provided by law, in accordance with Articles L. 225-209 and pursuant to the Code de Commerce, to buy or to compel the purchase of shares of the company, within the legal and regulatory limits without:

- the number of shares purchased by the Company during the term of the buyback programme shall not exceed 10% of the total number of shares in the Company, at any time; this percentage shall apply to share capital adjusted as a function of transactions that will affect it subsequent to this General Meeting; in accordance with the provisions of Article L 225-209 of the Code de Commerce, the number of shares used as a basis for calculating the 10% limit is the number of shares bought, less the number of shares sold during the term of the authorisation if these shares were purchased to provide liquidity under the conditions defined by the AMF General Regulation, and
- the Company shall not at any time own more than 10% of its own shares on the date in question;

2) resolves that the shares may be bought with a view to:

- ensuring the promotion of a secondary market or the liquidity of the shares through an investment service provider acting independently under a liquidity contract in accordance with an ethics charter recognised by the Financial Market Authority,

- cancelling all or part of the shares bought back in order to increase the return on equity and earnings per share, and/or to neutralise the dilutive impact of capital increases for shareholders, wherein such purpose is contingent upon adoption of a special resolution by the Extraordinary General Meeting;

- retaining the shares, in order subsequently to transfer the shares in payment, in exchange or as other consideration for a takeover bid initiated by the Company, it being specified that the number of shares purchased by the Company in view of retaining them and subsequently delivering them in payment or exchange under

the terms of a merger, demerger or partial merger shall not exceed 5% of the share capital;

- allotting or selling the shares to employees and Executive Corporate Officer of the Company or an affiliated company, under the terms and conditions stipulated by law, as part of share purchase option plans (in accordance with Articles L 225-179 et seq. of the Code de Commerce), or bonus share distributions (in accordance with Articles L 225-197-1 et seq. of the Code de Commerce), or with respect to their participation in the Company's profit-sharing or through a share ownership plan or a company savings plan or group (or similar plan) under conditions provided by law, in particular Articles L 3332-1 et seq of the Code du Travail,
- reuse during the exercise of rights associated with securities, giving the right by conversion, exercise, redemption, exchange, presentation of a warrant or in any other way, to the allocation of shares in the Company. This programme is also intended to enable the Company to operate toward any other purpose that may be decided, by law or regulations, including any market practice that may be approved by the Financial Market Authority subsequent to this General Meeting.

In such case, the Company would inform its shareholders by publishing a special notice;

3) resolves that, save for shares purchased in order to deliver them under stock option plans for the Company's employees or Corporate Officers, that the purchase price per share shall be no higher than five hundred euros (€500), excluding incidental expenses;

4) resolves, however, that the Executive Management may adjust the aforesaid purchase price in the event of a change in the par value per share; a capital increase by capitalisation of reserves; a bonus share distribution; a stock split or reverse split; a write-off or reduction of the share capital; distribution of reserves or other assets; and any other transactions applying to shareholders' equity, to take into account the effect of such transactions on the value of the shares;

5) resolves that the maximum amount of funds that may be committed to this share buyback programme shall be one billion euros (€1,000,000,000);

6) resolves that the shares may be purchased by any means, including all or part of interventions on regulated

markets, multilateral trading systems, with systematic internalisers or OTC, including block purchases securities (without limiting the portion of the buyback programme carried out by this means), by public offer to purchase or exchange or the use of options or derivatives (in compliance with legal and regulatory requirements while applicable), excluding the sale of put options, and at the time that the Executive Management deems appropriate, including during a public offer for the shares of the Company, in accordance with stock market regulations, either directly or indirectly via an investment services provider. The shares acquired pursuant to this authorisation may be retained, sold, or, more generally, transferred by any means, including by block sales and during times of public offerings;

7) grants full powers to Executive Management to implement this delegation, and in particular:

– to decide and carry out the actual transactions enumerated by this authorisation; to determine the terms, conditions and procedures applicable thereto;

– to place all orders, either on or off market;

– to adjust the purchase price of the shares to take into account the effect of the aforesaid transactions on the value of the shares;

– to allocate or assign the acquired shares to the various objectives pursued under the applicable legal and regulatory conditions;

– to enter into all agreements, in particular for purposes of maintaining the stock transfer ledgers;

– to file all necessary reports with the Financial Markets Authority and any other relevant authority;

– to undertake all necessary formalities, and

– to generally carry out all necessary measures;

8) resolves that this authorisation is granted for a period of 18 months from the date of this Meeting, and that it supersedes the authorisation granted under the eleventh resolution adopted by the Combined General Meeting of 2 June 2015, cancelling the unused portion of that authorisation.

II – EXTRAORDINARY BUSINESS

Thirteenth resolution

Authorisation granted to Executive Management to reduce the share capital by cancellation of all or part of the shares held by the Company (Article L 225-209 of the Code de Commerce) - General Cancellation Programme

The General Meeting, acting under the quorum and majority required for Extraordinary General Meetings, having reviewed the Executive Management Report, the Supervisory Board's report and the Statutory Auditors' special report, and in accordance with Article L 225-209 of the Code de Commerce, hereby authorises the Executive Management to reduce the share capital as much as deemed necessary, by cancelling some or all of the shares acquired by the Company in connection

with the share buyback programme covered by the eleventh resolution submitted to the present Meeting and/or pursuant to any authorisation granted by a past or future General Meeting, on one or more occasions, up to a maximum of 10% of the share capital per period of twenty-four months.

The General Meeting delegates to the Executive Management full powers for purposes of this authorisation, and in particular:

– to allocate the difference between the purchase price and the par value of the cancelled shares to whichever reserve account it sees fit, and to record the reductions in share capital resulting from the cancellations authorised by the present resolution;

– to amend the Company’s Articles of Association accordingly, and to undertake all necessary formalities. This authorisation is granted to the Executive Management for a period of twenty-four months. It supersedes

the authorisation granted under the thirteenth resolution adopted by the Combined General Meeting of 2 June 2015 and cancels the unused portion of that authorisation.

Fourteenth resolution

Authorisation granted to Executive Management for the purpose of granting options to purchase shares

The General Meeting, acting with the quorum and majority requirements for Extraordinary General Meetings, having considered the report by Executive Management, the special report of the Statutory Auditors and the report of the Supervisory Board:

- 1) decides to authorise Executive Management, under Articles L 225-177 to L 225-186-1 of the Code de Commerce, to grant, within the limits of current legislation,
 - on one or more occasions;
 - to all or some employees and Executive Corporate Officer, Senior Executives and Supervisory Board members of Hermès International and companies or groups affiliated therewith under the conditions covered by Article L 225-180 of the Code de Commerce, options to buy Hermès International shares that the Company has acquired under statutory conditions;
- 2) confirms that, pursuant to Article L 233-32 of the Code de Commerce, this delegation may be implemented during public offerings on the shares of the Company.

The Executive Management may use this authorisation, at such time or times as it may deem appropriate, for a period of thirty-eight months as from the date of this Meeting.

The total number of options that may be granted under this authorisation shall not be such that the total number of options granted pursuant to this resolution and the total number of bonus shares distributed pursuant to the fifteenth resolution would amount to more than 2% of the total number of ordinary shares in the Company outstanding as of the option grant date, not including those already conferred under authorisations granted by previous General Meetings.

The options may be exercised by the beneficiaries within a maximum of seven years as from the option grant date. The share purchase price will be determined by Executive Management within the limits and conditions set in Articles L 225-177, sub-paragraph 4, and L 225-179, sub-paragraph 2 of the Code de Commerce, and will be at least 80% of the average share price of the Company’s share on the Euronext Paris regulated market during the 20 trading days preceding the grant of the option, but no less than 80% of the average purchase of shares held by the Company with respect to purchases made in accordance with Articles L 225-208 and L 225-209 of said Code.

The General Meeting grant the broadest of powers to the Executive Management, acting within the limits set forth above, for purposes of this resolution, and in particular:

- ◆ to determine the terms and conditions of the transaction, in particular the conditions under which the options will be granted, the time or times at which the options may be allotted and exercised, the list of the beneficiaries of the options and the number of shares that each beneficiary may acquire;
- ◆ to determine the conditions for exercising the options;
- ◆ to stipulate any lock-up period for the shares resulting from the exercise of the options and/or period during which such shares cannot be converted to bearer shares, it being specified that such lock-up period shall not exceed three years from the option exercise date;
- ◆ to provide for the possibility of temporarily suspending the exercise of options for a maximum of three months in the event of a financial transaction entailing the exercise of a right attached to the shares.

In the event of grants to one or more Executive Chairmen:

◆ resolves that the Executive Management shall ascertain that the Company fulfils one or more of the conditions stipulated in Article L 225-186-1 of the Code de Commerce, and shall take every necessary measure in this respect;

◆ resolves that the Supervisory Board shall ensure that the relevant Executive Chairman or Chairmen may not exercise their options until after they have left office, or that it shall set a number of shares resulting from the exercise of options they must hold in registered form until after they have left office;

◆ decides that, in accordance with the AFEP-MEDEF Corporate Governance Code of November 2015, to which the Company has adhered:

- the exercise price of the options will not include any discount,
- the options granted will be subject to serious and demanding performance conditions to be met over several consecutive years and defined at the time of their granting,
- the maximum percentage of shares that may grant the right purchase options given to Executive Chairmen

under this resolution will be 0.05% of the share capital at the awarding of Executive Management's decision, the sub-ceiling being assigned to the 2% ceiling common to delegations granted in the fourteenth and fifteenth resolutions.

If, during the period in which the options were granted, the Company carries out any of the transactions contemplated by Article L 225-181 of the Code de Commerce or Article R 225-138 of the Code de Commerce, the Company shall, under prescribed conditions, take into account the impact of this operation, the measures necessary to protect the interests of beneficiaries, including, where appropriate, by making an adjustment to the number and price of shares that can be obtained through the exercise of options granted to beneficiaries. Each year, the Executive Management shall report to the Ordinary General Meeting on the transactions carried out pursuant to this authority.

This authorisation supersedes the authorisation granted under the fourteenth resolution adopted by the Combined General Meeting of 2 June 2015 and cancels the unused portion of that authorisation.

Fifteenth resolution

Authorisation granted to Executive Management to proceed with the free issue of the Company's ordinary shares

The General Meeting, acting under the quorum and majority required for Extraordinary General Meetings, having reviewed the Management Report, the Statutory Auditors' report and the Supervisory Board's report, and in accordance with the provisions of Article L 225-197-1 et seq. of the Code de Commerce:

1) authorises the Executive Management to grant bonus shares to some or all employees and/or Executive Corporate Officer of the Company or in affiliated companies or groups under the conditions set out in Article L 225-197-2 of the Code de Commerce, by allotting existing ordinary shares of the Company for no consideration. The existing shares that may be distributed pursuant to this resolution must have been purchased by the Company either in accordance with Article L 225-208 of the Code de Commerce, or as part of the share buyback programme authorised by the eleventh resolution under

the terms of Article L 225-209 of the Code de Commerce or any share buyback programme applicable previously or in the future;

2) resolves that the Executive Management shall determine the identity of the beneficiaries or the categories of beneficiaries of the bonus shares as well as the conditions and any criteria applying to distribution of the shares;

3) resolves that the Executive Management shall determine the dates on which the bonus shares will be distributed, within the conditions and limitations stipulated by law;

4) resolves that the total number of ordinary shares distributed for no consideration under the terms of this authorisation shall not be such that the total number of bonus shares distributed pursuant to this resolution and the total number of share purchase options granted pursuant to the fourteenth resolution and not yet exercised amount to more than 2% of the total number of ordinary shares in the Company as of the bonus share distribution date, not including those

already conferred under authorisations granted by previous General Meetings;

5) resolves that Executive Management shall determine, for each allocation, the acquisition period after which the allocation of shares will become final, said period cannot be less than a period of one year; However, in the case of a beneficiary's death, their heirs may request the allocation of shares within six months of death, subject, where appropriate, to the fulfilment of performance conditions; Furthermore, in the case of the classification of the beneficiary as disabled within the definition of Category 1 or 2 provided for in Article L 341-4 of the Code de la Sécurité Sociale and resulting in the cessation of any professional activity, said beneficiary may request the allocation of their shares before the end of this period, subject, where appropriate, to the fulfilment of performance conditions;

6) decides that the Executive Management will, in principle, set a retention period for the shares by the beneficiaries at each allocation, which shall commence accrual as of the final allocation of shares, and shall not be less than a period of one year. However, Executive Management is allowed to reduce or eliminate said retention period, under the conditions and limits provided for by law on the day of the award decision; however, the shares shall be freely assignable in the event of the beneficiary's death, or should the beneficiary become disabled, providing that such disability is a Category 2 or Category 3 disability as defined by Article L 341-4 of the Code de la Sécurité Sociale;

7) authorises the Executive Management to determine any applicable conditions and criteria for distribution of the shares, including but not limited to the number of years of service, conditions with respect to maintaining employment or the term of office during the vesting period, and any other financial condition or condition relating to individual or collective performance;

8) authorises Executive Management to register free shares in a registered account in the name of their holder, mentioning if necessary that the shares are unavailable;

9) authorises the Executive Management to undertake, during the vesting period of the bonus shares, any adjustments needed to take into consideration the effect of transactions affecting the Company's share capital and, more specifically, to determine the conditions under which the number of ordinary shares granted will be adjusted;

10) confirms that, in accordance with Article L 233-32 of the Code de Commerce, this authorisation may be implemented during a public offer for the shares of the Company;

11) more generally, grants the broadest of powers to the Executive Management, with the option further to delegate such powers as provided by law, to enter into all agreements, to draw up all documents, to carry out all formalities, and to undertake all filings with all relevant organisations, and, in general, to do all that is necessary.

The period during which the Executive Management may use this authorisation, on one or more occasions, is thirty-eight months from the date of this Meeting.

In the event of grants to one or more Executive Chairmen:

12) resolves that the Executive Management shall ascertain that the Company fulfils one or more of the conditions stipulated in Article L 225-197-6 of the Code de Commerce, and shall take every necessary measure in this respect;

13) resolves that the Supervisory Board shall ascertain that the relevant Executive Chairman or Managers shall not sell the shares distributed until after they have left office, or shall set a number of such shares that they must retain in registered form until after they have left office;

14) decides that, in accordance with the AFEP-MEDEF Corporate Governance Code of November 2015, to which the Company has adhered:

– the freely-assigned shares will be subject to serious and demanding performance conditions to be satisfied for several consecutive years and defined at the time of their assignment,

– the maximum percentage of free shares that may be granted to Executive Chairmen under this resolution will be 0.05%, this sub-ceiling being charged to the 2% ceiling common to delegations granted in the fourteenth and fifteenth resolutions.

Each year, the Executive Management will report to the General Meeting on the number of shares distributed pursuant to this resolution under the conditions provided by law, and more particularly, by Article L 225-197-4 of the Code de Commerce.

This authorisation supersedes the authorisation granted under the fifteenth resolution adopted by the Combined General Meeting of 2 June 2015 and cancels the unused portion of that authorisation.

Sixteenth resolution

Authority

The General Meeting confers full powers on any bearer of an extract or copy of these minutes recording its

deliberations to carry out all legal publication or other formalities.

Additional legal information

298 Articles of Association of Hermès International (commented)

308 Persons Responsible

309 Statutory Auditors

310 Information incorporated by reference

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Articles of Association of Hermès International with commentary (updated after the decisions of the Combined General Meeting of 2 June 2015)

Comments are indicated by a vertical line down the left margin.

1 - LEGAL FORM

The Company is a société en commandite par actions (partnership limited by shares) between:

- ◆ its limited partners, and
- ◆ its Active Partner, Émile Hermès SARL, with registered offices located at 23 rue Boissy-d'Anglas in Paris (75008). The Company is governed by the laws and regulations applicable to sociétés en commandite par actions and by these Articles of Association.

The Company was converted into a société en commandite par actions (partnership limited by shares) by a decision of the Extraordinary General Meeting held on 27 December 1990, in order to preserve its identity and culture and thus ensure its sustainability over the long term, in the interests of the Group and all Shareholders.

The rules governing the operation of a société en commandite par actions are the following:

- the Active Partner or partners, who carry on the business, are jointly and severally liable for all the Company's debts, for an indefinite period of time;
- the limited partners (or Shareholders), who contribute capital, are liable in this capacity only up to the amount of their contribution;
- the same party maybe both an Active Partner and a limited partner;
- one or more Executive Chairmen, selected from among the Active Partners or from outside the Company, are chosen to manage the Company; the first Executive Chairman (or Executive Chairmen) is appointed by the Articles of Association;
- the Supervisory Board is appointed by the Ordinary General Meeting of Shareholders (Active Partners, even if they are also limited partners, cannot vote on their appointment). The first members of the Supervisory Board are appointed by the Articles of Association.

2 - PURPOSE

The Company's purpose, in France and in other countries, is:

- ◆ to acquire, hold, manage, and potentially sell direct or indirect equity interests in any legal entity engaged in the creation, production and/or sale of quality products and/or services, and, in particular, in companies belonging to the Hermès Group;
- ◆ to provide guidance to the group it controls, in particular by providing technical assistance services in the legal, financial, corporate, and administrative areas;

- ◆ to develop, manage and defend all rights it holds to trademarks, patents, designs, models, and other intellectual or industrial property, and in this respect, to acquire, sell or license such rights;
- ◆ to participate in promoting the products and/or services distributed by the Hermès Group;
- ◆ to purchase, sell and manage all property and rights needed for the Hermès Group's business operations and/or for asset and cash management purposes; and
- ◆ more generally, to engage in any business transaction of any kind whatsoever in furtherance of the corporate purpose.

3 - COMPANY NAME

The Company's name is "Hermès International".

4 - REGISTERED OFFICE

The Company's registered office is located at 24 rue du Faubourg-Saint-Honoré, 75008 Paris, France.

It may be transferred:

- ◆ to any other location in the same département, by a decision of the Executive Management, subject to ratification of such decision at the next Ordinary General Meeting; and
- ◆ to any other location, by a decision of the Extraordinary General Meeting.

5 - DURATION

The Company will be dissolved automatically on 31 December 2090, unless it is dissolved previously or unless its duration is extended.

6 - SHARE CAPITAL - CONTRIBUTIONS

6.1 - The share capital is **€53,840,400.12**.

It is made up of **105,569,412** shares, all of them fully paid, which are apportioned among the Shareholders in proportion to their rights in the Company.

6.2 - The Active Partner, Émile Hermès SARL, has transferred its business know-how to the Company, in consideration for its share of the profits.

The par value of the shares is €0.51 each, after two three-for-one splits since the initial public offering, on 6 June 1997 and 10 June 2006.

7 - INCREASE AND RÉDUCTION OF CAPITAL

7.1 - The share capital may be increased either by the issuance of ordinary shares or preference shares, or by increasing the par value of existing equity securities.

7.2 - The General Meeting, voting in accordance with the quorum and majority requirements stipulated by law, has the authority to decide to increase the share capital. It may delegate this authority to the Executive Management. The General Meeting that decides to effect a capital increase may also delegate the power to determine the terms and conditions of the issue to the Executive Management.

7.3 - In the event of a capital increase effected by capitalisation of sums in the share premium, reserve or retained earnings accounts, the shares created to evidence the relevant capital increase shall be distributed only among the existing Shareholders, in proportion to their rights to the share capital.

7.4 - In the event of a capital increase for cash, the existing share capital must first be fully paid up. The Shareholders have preferential subscription rights, which may be waived under the conditions stipulated by law.

7.5 - Any contributions in kind or stipulation of special advantages made at the time of a capital increase are subject to the approval and verification procedures applicable to such contributions and instituted by law.

7.6 - The Extraordinary General Meeting of Shareholders, or the Executive Management when granted special authority for this purpose, and subject to protecting the rights of creditors, may also decide to reduce the share capital. In no event shall such a capital reduction infringe upon the principle of equal treatment of Shareholders.

7.7 - The Executive Management has all powers to amend the Articles of Association as a result of a capital increase or reduction and to undertake all formalities in connection therewith.

8 - PAYMENT FOR SHARES

8.1 - Payment in consideration for newly created shares may be made in cash, including by set-off against liquid claims due by the Company; by contributions in kind; by capitalisation of reserves, earnings or share premiums; or as the result of a merger or demerger.

8.2 - Within the framework of resolutions adopted by the General Meeting, the Executive Chairman calls the funds required to pay for the shares.

Any late payment of amounts due for the shares shall automatically bear interest payable to the Company at the legal interest rate plus three percentage points, and no legal action or formal notice shall be required to collect such interest.

9 - FORM OF THE SHARES

9.1 - All shares issued by the Company are in registered form until they have been fully paid up. Fully-paid shares may be in registered or bearer form, at the Shareholder's discretion. They are registered on a securities account under the terms and conditions provided by law.

The General Meeting of 29 May 2012 established the registered form for shareholdings exceeding the 0.5% threshold; non-compliance with this obligation to be sanctioned by the loss of voting rights.

9.2 - The Company may, at any time, in accordance with the applicable laws and regulations, request communication from the central custodian or any securities clearing organisation or authorised intermediary to enable it to identify the owners of securities giving immediate or future rights to vote at General Meetings, as well as the number of securities held by each such owner and any restrictions that may apply to the securities.

Clearing and settlement of the shares in France are effected by Euroclear.

Hermès International ordinarily exercises this option once a year, as of 31 December.

10 - TRANSFER OF SHARES

Shares are freely transferable. Transfers are effected under the terms and conditions provided by law.

11 - OWNERSHIP THRESHOLD DISCLOSURES

Any natural or legal person, acting alone and/or jointly, coming into possession, in any manner whatsoever, within the meaning of Articles L 233-7 et seq. of the Code de Commerce, of a number of shares representing 0.5% of the share capital and/or of the voting rights in General Meetings (or any multiple of this percentage), at any time, even after attaining one of the thresholds provided for by Articles L. 233-7 et seq. of the Code de Commerce, must, within five Stock Exchange days from the date this threshold is exceeded, request the registration of his shares in nominative form. This nominative registration requirement applies to all shares already owned, as well as any that come into ownership beyond this threshold. A copy of the nominative registration application, sent by registered post with acknowledgement of receipt to the registered office within ten Stock Exchange days from the date on which the threshold is attained, shall constitute a declaration of attaining the ownership threshold in question. The registration requirement for securities also applies to any natural

or legal person, acting alone and/or jointly, coming into possession, in any manner whatsoever according to the meaning of Articles L 233-7 et seq. of the Code de Commerce, of a number of shares representing 0.5% of the share capital and/or of the voting rights in General Meetings. These persons are given a period of 20 trading days after the General Meeting on 29 May 2012 to comply with this obligation.

In the event of failure to comply with the above requirements, the shares that exceed the threshold subject to disclosure or having been subject to disclosure shall be disqualified from voting rights.

In the event of an adjustment, the corresponding voting rights can only be exercised once the period stipulated by law and current regulations has expired.

Unless one of the thresholds covered by the aforesaid Article L 233-7 is exceeded, this sanction shall be applied only at the request of one or several Shareholders individually or collectively holding at least 0.5% of the Company's share capital and/or voting rights and duly recorded in the minutes of the General Meeting.

12 - RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES

12.1 - The shares are indivisible with regard to the Company.

Co-Owners of undivided shares must be represented with regard to the Company and at General Meetings by one of them only or by a single Representative. In the event of a disagreement, their representative shall be appointed by the Court at the request of the co-owner who takes the initiative to refer this matter to the Court.

12.2 - Each share shall give the holder the right to cast one vote at General Meetings of Shareholders.

However, double voting rights are allocated to:

- ◆ any fully-paid registered share which has been duly recorded on the books in the name of the same Shareholder for a period of at least four years from the date of the first General Meeting following the fourth anniversary of the date when the share was registered on the books; and
- ◆ any registered share allotted for no consideration to a Shareholder, in the event of a capital increase effected by capitalisation of sums in the share premium, reserve or retained earnings accounts, in proportion to any existing shares which carry double voting rights.

Double voting rights are automatically eliminated under the conditions stipulated by law.

Double voting rights were instituted by the Shareholders at the Extraordinary General Meeting of 27 December 1990.

Voting rights attached to the shares are exercised by the legal owners at all General Meetings (ordinary, extraordinary or special meetings), save for decisions regarding the appropriation of net income, in which case the beneficial owner shall exercise the voting rights.

This allocation was approved by the Extraordinary General Meeting of 6 June 2006.

12.3 - Each share gives the holder a right of ownership in the Company's assets, its profits, and any winding-up surplus, in proportion to the percentage of ownership it represents.

All shares are of equal par value and are identical in all respects, except with respect to the date on which they are eligible for the dividend.

12.4 - Ownership of a share automatically entails compliance with the Company's Articles of Association and with resolutions duly adopted by the General Meeting of Shareholders.

12.5 - Whenever ownership of a certain number of shares is required in order to exercise any right whatsoever, owners of single shares, or with an insufficient number of shares, may only exercise such rights if they personally arrange to consolidate their shares, or arrange for the purchase or sale of a sufficient number of shares.

13 - DEATH. LEGAL PROHIBITION. PERSONAL BANKRUPTCY. INSOLVENCY. RECEIVERSHIP OR COMPULSORY LIQUIDATION OF A PARTNER

The Company has two classes of partners:

- Shareholders, who are "Limited Partners";
- Active Partners.

Since 1 April 2006, there has been only one Active Partner: Émile Hermès SARL.

13.1 - Shareholders

The Company shall not be dissolved in case of the death, legal prohibition or personal bankruptcy of a Shareholder, or due to the initiation of insolvency, receivership or compulsory liquidation proceedings against that Shareholder.

13.2 - Active Partner

13.2.1 - In the event that an Active Partner should be prohibited by law from engaging in a business profession, or in the case of personal bankruptcy, or should

insolvency, receivership or compulsory liquidation proceedings be initiated against him, such Active Partner shall automatically lose his status as Active Partner ipso jure; the Company shall not be dissolved. Neither shall the Company be dissolved if an Active Partner who is a natural person and who was appointed Executive Chairman ceases to hold this office.

If, as a result of this loss of status, the Company no longer has any Active Partners, an Extraordinary General Meeting of Shareholders must be called forthwith, either to appoint one or more new Active Partners, or to change the corporate form of the Company. Such change does not entail the creation of a new legal person.

If an Active Partner loses his status as such, he shall have the right to receive his share of the Company's profits, pro-rated until the day such status is lost, in full settlement of all amounts due.

13.2.2 - The Company shall not be dissolved in the event of the death of an Active Partner. If, as a result of this death, the Company no longer has any Active Partners, an Extraordinary General Meeting of Shareholders must be called forthwith, either to appoint one or more new Active Partners, or to change the corporate form of the Company. Such change does not entail the creation of a new legal person.

This also applies if the Company has only one Active Partner and if that Active Partner loses his status as such for any reason whatsoever.

The heirs, assigns or the surviving spouse, if any, of the deceased Active Partner shall have the right to receive the deceased Active Partner's share of the Company's profits, pro-rated until the day such status is lost, in full settlement of all amounts due.

14 - RESPONSIBILITY AND POWERS OF THE ACTIVE PARTNER

14.1 - Active Partners are jointly and severally liable for all the Company's debts, for an indefinite period of time.

14.2 - Each Active Partner has the power to appoint and revoke the appointment of any Executive Chairman, acting on the Supervisory Board's considered recommendation under the conditions provided in the Article entitled "Executive Management".

Acting by unanimous consent, the Active Partners:

- ◆ on the Supervisory Board's recommendation:
 - determine the Group's strategic options,
 - determine the Group's consolidated operating and investment budgets, and
 - decide on any proposal submitted to the General

Meeting pertaining to the appropriation of share premiums, reserves or retained earnings;

- ◆ may formulate recommendations to the Executive Management on all issues of general interest for the Group;
- ◆ authorise any loans of Hermès International whenever the amount of such loans exceeds 10% of the amount of the consolidated net worth of the Hermès Group, as determined based on the consolidated financial statements drawn up from the latest approved accounts (the "Net Worth");

- ◆ authorise any sureties, endorsements or guarantees and any pledges of collateral and encumbrances on the Company's property, whenever the claims guaranteed amount to more than 10% of the Net Worth;

- ◆ authorise the creation of any company or the acquisition of an interest in any commercial, industrial or financial operation, movable or immovable property, or any other operation, in any form whatsoever, whenever the amount of the investment in question amounts to more than 10% of the Net Worth.

14.3 - In order to maintain its status of Active Partner, and failing which it will automatically lose such status ipso jure, Émile Hermès SARL must maintain in its Articles of Association clauses, in their original wording or in any new wording as may be approved by the Supervisory Board of the present Company by a three-quarters majority of the votes of members present or represented, stipulating the following:

- ◆ the legal form of Émile Hermès SARL is that of a *société à responsabilité limitée à capital variable* (limited company with variable capital);

- ◆ the exclusive purpose of Émile Hermès SARL is:
 - to serve as Active Partner and, if applicable, as Executive Chairman of Hermès International;

- potentially to own an equity interest in Hermès International; and

- to carry out all transactions in view of pursuing and accomplishing these activities and to ascertain that any liquid assets it may hold are appropriately managed;

- ◆ only the following may be partners in the Company:
 - descendants of Mr Émile-Maurice Hermès and his wife, born Julie Hollande; and

- their spouses, but only as beneficial owners of the shares; and

- ◆ each partner of Émile Hermès SARL must have deposited, or arrange to have deposited, shares in the present Company in the corporate accounts of Émile Hermès SARL in order to be a partner of this Company.

14.4 - Any Active Partner who is a natural person and

who has been appointed to the office of Executive Chairman shall automatically lose his status as Active Partner immediately upon termination of his office of Executive Chairman for any reason whatsoever.

14.5 - All decisions of the Active Partners are recorded in minutes, which are entered in a special register.

15 - EXECUTIVE MANAGEMENT

15.1 - The Company is administered by one or two Executive Chairmen or Managers, who may be but are not required to be Active Partners in the Company. If there are two Executive Chairmen, any provision of these Articles of Association mentioning “the Executive Chairman” shall apply to each Executive Chairman. The Executive Chairmen may act jointly or separately. The Executive Chairman may be a natural person or a legal person, which may be but is not required to be an Active Partner.

At this time, the Company is administered by two Executive Chairmen:

- Mr Axel Dumas, appointed by a resolution approved by the Active Partners, on the considered recommendation of the Supervisory Board, dated 4 June 2013 (appointment effective as of 5 June 2013);
- Émile Hermès SARL, which was appointed by a resolution approved by the Active Partners, on the considered recommendation of the Supervisory Board, dated 14 February 2006 (appointment effective as of 1 April 2006).

From 4 June 2013 to 31 January 2014, Article 15.1 of the Articles of Association was amended to allow for the temporary appointment of a third Executive Chairman. This triple stewardship was intended for the sole purpose of preparing for the succession of Mr Patrick Thomas, the reason for which it was implemented temporarily. Executive Management took note on 31 January 2014 of the expiry of the mandate period of the Executive Chairman, Mr Patrick Thomas, resigned and withdrew the provisional reference of the Articles of Association.

15.2 - The Executive Chairman’s term of office is open-ended.

During the Company’s lifetime, the power to appoint an Executive Chairman is exclusively reserved for the Active Partners, acting on the Supervisory Board’s recommendation. Each Active Partner may act separately in this respect.

15.3 - The appointment of an Executive Chairman is terminated in case of death, disability, legal prohibition, or due to the initiation of insolvency, receivership or compulsory liquidation proceedings against that Executive Chairman; if the appointment is revoked; if the Executive Chairman resigns; or when the Executive Chairman reaches 75 years of age.

The Company shall not be dissolved if an Executive Chairman’s appointment is terminated for any reason whatsoever.

An Executive Chairman who wishes to resign must notify the Active Partners and the Supervisory Board thereof at least six months in advance, by registered post, unless each of the Active Partners, after soliciting the opinion of the Supervisory Board, has agreed to reduce this notice period.

An Executive Chairman’s appointment can be revoked only by an Active Partner, acting on the Supervisory Board’s considered recommendation. In the event that the Supervisory Board recommends against revocation, the Active Partner in question must suspend its decision for a period of at least six months. At the end of this period, if it persists in its wish to revoke the appointment of the Executive Chairman in question, that Active Partner must again solicit the opinion of the Supervisory Board, and once it has obtained a favourable recommendation from the Board, it may revoke the appointment of that Executive Chairman.

16 - AUTHORITY OF THE EXECUTIVE MANAGEMENT

16.1 - Relationships with third parties

Each Executive Chairman is invested with the broadest of powers to act on the Company’s behalf, in all circumstances. Each Executive Chairman shall exercise these powers within the scope of the corporate purpose and subject to those powers expressly granted by law to the Supervisory Board and to General Meetings of Shareholders.

16.2 - Relationships among the partners

In relationships among partners, the Executive Management holds the broadest of powers to undertake all management acts, but only if such acts are in the Company’s interests and subject to those powers granted to the Active Partners and to the Supervisory Board by these Articles of Association.

16.3 - Delegations

The Executive Chairman may, under their responsibility, delegate all powers as they see fit and as required for the proper operation of the Company and their Group.

They may issue a limited or unlimited blanket delegation of powers to one or more Executives of the Company, who then take on the title of Managing Director.

17 - COMPENSATION OF THE EXECUTIVE MANAGEMENT

The Executive Chairman (or, where there is more than one, each Executive Chairmen) shall have the right to receive compensation fixed by the Articles of Association and, potentially, additional compensation, the maximum amount of which shall be determined by the Ordinary General Meeting, with the approval of the Active Partner or, if there are several Active Partners, with their unanimous approval.

The gross annual compensation of the Executive Chairman (or, where there is more than one, of each Executive Chairman) for the year shall not be more than 0.20% of the Company's consolidated income before tax for the previous financial year.

However, if there are more than two Executive Chairmen, the combined total gross annual compensation of all Executive Chairmen shall not be more than 0.40% of the Company's consolidated income before tax for the previous financial year.

Within the maximum amounts set forth herein, the Executive Management Board of the Active Partner Émile Hermès SARL shall determine the effective amount of the annual compensation of the Executive Chairman (or, where there is more than one, of each Executive Chairman).

Details on the compensation of the Executive Chairmen are presented in the Executive Management's Report on corporate governance (pages 82 *et seq.*).

18 - SUPERVISORY BOARD

The composition of the Supervisory Board is described in the report from the Chairman of the Supervisory Board (page 18).

18.1 - The Company is governed by a Supervisory Board consisting of three to fifteen members (not including Employee Representative members appointed pursuant to the conditions of Article 18.6 below), selected from amongst shareholders who are neither Active Partners, nor Legal Representatives of an Active Partner, nor Executive Chairman. When appointments to the Supervisory Board come up for renewal, the number of Supervisory Board members is fixed by a decision adopted by the Active Partners by unanimous vote.

In a decision dated 22 March 2012, the Active Partner set the number of Supervisory Board members at 11.

Supervisory Board members may be natural persons or legal entities.

At the time of their appointment, legal entities must designate a Permanent Representative who is subject to the same terms, conditions and obligations and incurs the same liabilities as if he were a Supervisory Board member in his own name, without prejudice to the joint and several liability of the legal entity he represents. The Permanent Representative serves for the same term of office as the legal entity he represents.

If the legal entity revokes its Representative's appointment, it is required to notify the Company thereof forthwith by registered post, and to state the identity of its new Permanent Representative. This requirement also applies in the event the Permanent Representative should die, resign, or become incapacitated for an extended period of time.

18.2 - Supervisory Board members are appointed or reappointed by the Ordinary General Meeting of Shareholders. The Active Partners may, at any time, propose that one or more new Supervisory Board members be nominated.

Supervisory Board members are appointed for a term of three years. As an exception to this rule, in order to ensure that one-third of the Supervisory Board members will stand for re-election each year, the General Meeting may decide to appoint one or more Board members for one or two years, and who may be designated by drawing lots, as necessary.

The General Meeting of 2 June 2009 approved a provision calling for one-third of Supervisory Board members to stand for re-election each year.

18.3 - No person over the age of 75 shall be appointed to the Supervisory Board if, as a result of such appointment, more than one-third of the Board members would be over that age.

18.4 - The appointments of Supervisory Board members can be revoked by a resolution adopted by the Ordinary General Meeting only for cause, on the joint recommendation of the Active Partners, acting by unanimous consent, and the Supervisory Board.

18.5 - In the event of a vacancy or vacancies caused by the death or resignation of one or more Supervisory Board members, the Supervisory Board may appoint an interim replacement member within three months as from the effective date of the vacancy.

However, if no more than two Supervisory Board members remain in office, the member or members in office, or, in his or their absence, the Executive Chairman, or in his absence, the Statutory Auditor or Auditors, shall immediately call an Ordinary General Meeting of Shareholders for the purpose of filling the vacancies to bring the number of Board members up to the required minimum.

18.6 - When the provisions of Article L 225-79-2 of the Code de Commerce are applicable to the Company, a Group Employee Representative member must be nominated. When the Supervisory Board consists of 13 or more members (not including the Employee Representatives), a second natural person, Employee Representative must be appointed. The number of Supervisory Board members taken into account, when determining the number of Employee Representatives to be appointed to the Supervisory Board, is assessed on the date of appointment of the Employee Representatives. Neither the Supervisory Board members elected by the employees under Article L 225-27 of the Code de Commerce, nor the employee shareholder Supervisory Board members appointed in accordance with Article L 225-23 of the Code de Commerce are therefore taken into account.

The term of office for employee representative Supervisory Board members is indicated in Article 18.2 of the present Articles of Association.

A reduction to 12 or less Supervisory Board members has no effect on the term of office for Employee Representative Supervisory Board members, that will come to an end upon its normal expiry.

Employee Representative Supervisory Board members are appointed by the Company's Group committee. Employee Representative Supervisory Board members must be in possession of an employment contract, for at least the past two years, with the Company or one of its direct or indirect subsidiaries having its registered office in France or abroad. Notwithstanding the rule contained in Article 18.1 of the present Articles of Association, Employee Representative Supervisory Board members are not required to be shareholders.

18.7 - All Supervisory Board members must comply with the Supervisory Board rules of procedure.

The Combined General Meeting of 3 June 2014 has amended Article 18 of the Articles of Association with the purpose of incorporating the terms of appointment for members of the Employee Representative Supervisory Board.

19 – DELIBERATIONS OF THE SUPERVISORY BOARD

The conditions for preparation and organisation of the Supervisory Board's work are described in the report from the Chairman of the Supervisory Board (page 18).

19.1 - The Supervisory Board elects a Chairman, who is a natural person, and two Vice-Chairmen, from among its members.

It appoints a secretary who may be but is not required to be a Supervisory Board member.

If the Chairman is absent, the older of the two Vice-Chairman acts as Chairman.

19.2 - The Supervisory Board meets when convened by its Chairman or by the Executive Management, whenever required for the Company's best interest but no less than twice per year, at the Company's registered office or at any other place specified in the notice of meeting.

Notices are served by any means providing legally valid proof in business matters, at least seven business days before the meeting. This period of time may be shortened by unanimous consent of the Chairman or a Vice-Chairman of the Supervisory Board, the Active Partners and the Executive Management.

Any member of the Supervisory Board may give a proxy to one of his colleagues to represent him at a Board meeting, by any means providing legally valid proof in business matters. Each member may hold only one proxy during a given meeting. These provisions are applicable to the Permanent Representative of a legal entity that is a member of the Supervisory Board.

The Supervisory Board is duly convened only if a quorum consisting of at least half of its members is present or represented.

Resolutions are adopted by a majority of the votes of members present or represented. However, the Supervisory Board must approve or reject any proposed new wording of certain clauses of the Articles of Association of Émile Hermès SARL by a three-quarters majority of members present or represented, in accordance with the stipulations of the Article entitled "Responsibilities and Powers of the Active Partners".

Supervisory Board members who participate in the meeting by video-conferencing or telecommunications means that enable them to be identified and effectively to participate in the meeting through the use of technology providing for continuous and simultaneous transmission

of discussions are deemed to be present for purposes of calculating the quorum and majority, except at Supervisory Board meetings convened for the review and verification of the Annual Report and consolidated and parent company financial statements. The Supervisory Board defines the conditions and procedures for using video-conferencing or other telecommunications means when applicable.

The Executive Management must be convened to Supervisory Board meetings and may attend such meetings, but it does not have the right to participate in the discussion and to vote.

19.3 - The deliberations of the Supervisory Board are recorded in minutes, which are entered in a special initialled register and signed by the Chairman and the secretary.

20 - AUTHORITY OF THE SUPERVISORY BOARD

20.1 - The Supervisory Board exercises ongoing control over the Company's management.

For this purpose, it has the same powers as the Statutory Auditors and receives the same documents as the Statutory Auditors, at the same time as the Statutory Auditors. In addition, the Executive Management must submit a detailed report to the Supervisory Board on the Company's operations at least once a year.

20.2 - The Supervisory Board submits to the Active Partners for their consideration its considered recommendation:

- ◆ on the nomination and dismissal of any Executive Chairman of the Company; and
- ◆ in case of the Executive Chairman's resignation, on reducing the notice period.

20.3 - L20.3 - Each year, the Supervisory Board determines the proposed appropriation of net income to be submitted to the General Meeting.

20.4 - The Supervisory Board approves or rejects any proposed new wording of certain clauses of the Articles of Association of Émile Hermès SARL in accordance with the stipulations of the Article entitled "Responsibilities and Powers of the Active Partners".

20.5 - The Active Partners must consult the Supervisory Board prior to taking any decisions concerning:

- ◆ strategic options;
- ◆ consolidated operating and investment budgets; and
- ◆ any proposal submitted to the General Meeting pertaining to the appropriation of share premiums, reserves or retained earnings.

20.6 - Each year, the Supervisory Board presents to the Annual Ordinary General Meeting of Shareholders a

report in which it comments on the Company's management and draws attention to any inconsistencies or inaccuracies identified in the financial statements for the year.

The Supervisory Board's report for the year ended 31 December 2015 is presented on page 271.

This report, together with the Company's balance sheet and a list of its assets and liabilities, is made available to the Shareholders and may be consulted at the Company's registered office as from the date of the notice of the General Meeting.

The Supervisory Board may convene a General Meeting of Shareholders whenever it deems this appropriate.

The functions exercised by the Supervisory Board do not entail any interference with the Executive Management, or any liability arising from the Management's actions or from the results of such actions.

21 - JOINT COUNCIL OF THE SUPERVISORY BOARD AND EXECUTIVE MANAGEMENT BOARD OF THE ACTIVE PARTNER

21.1 - The Executive Management of the Company or the Chairman of the Company's Supervisory Board shall convene a Joint Council meeting of the Supervisory Board and of the Active Partners; for purposes of this Council, Émile Hermès SARL is represented by its Executive Management Board.

Notices are served by any means providing legally valid proof in business matters, at least seven business days before the meeting. This period of time may be shortened by unanimous consent of the Chairman or a Vice-Chairman of the Supervisory Board and the Executive Chairman.

21.2 - The Joint Council meets at the place indicated in the notice of meeting. It is chaired by the Chairman of the Company's Supervisory Board, or, in his absence, by one of the Vice-Chairmen of the Company's Supervisory Board, or, in their absence, by the oldest supervisory Board member present. The Executive Chairman or, if the Executive Chairman is a legal entity, its Legal Representative or Representatives, are convened to meetings of the Joint Council.

21.3 - The Joint Council has knowledge of all matters that it addresses or that are submitted thereto by the party who convened the conference, but does not, in the decision-making process, have the right to act as a substitute for those bodies to which such powers are ascribed by law or by the Articles of Association of the Company and of the Active Partner that is a legal entity.

At their discretion, the Supervisory Board and Active Partners may make all decisions or issue all recommendations within their jurisdiction in a Joint Council meeting.

22 – COMPENSATION OF THE SUPERVISORY BOARD

Supervisory Board members may receive, as directors' fees, annual compensation, the amount of which is determined by the Ordinary General Meeting of Shareholders and shall remain unchanged until such time as a new resolution is adopted by the Meeting.

The Board apportions directors' fees among its members as it sees fit.

23 - STATUTORY AUDITORS

The Company's financial statements are audited by one or more Statutory Auditors, under the terms and conditions provided by law.

24 - GENERAL MEETINGS OF SHAREHOLDERS

24.1 - General meetings are convened under the conditions set by law.

They are held at the registered office or at any other place specified in the notice of meeting.

24.2 - The right to participate in General Meetings is subordinated to registered shares being entered in the Company's register or bearer shares being registered in a securities account opened with an authorised financial intermediary, no later than two business days before the date of the meeting before 12:00 midnight, Paris time. Shareholders owning bearer shares must obtain an admittance certificate from the authorised financial intermediary evidencing the registration of their shares, which is attached to the postal vote or proxy form. All shareholders may cast their votes remotely or by proxy, under the conditions set forth in the applicable regulations.

Furthermore, on the Executive Management's decision, shareholders may vote by any telecommunication or remote transmission means, in accordance with the regulations applicable at the time of the decision. This option shall be indicated in the notice of meeting published in the *Bulletin des Annonces Légales Obligatoires* (BALO). Votes cast by Shareholders using the electronic ballot form provided on the website created by the meeting coordinator for this purpose are counted in the same way as votes cast by Shareholders present or represented. The electronic ballot may be completed and signed directly on this site by any procedure approved by Executive Management and that complies with the

conditions defined by Article L 1316-4 of the Code Civil, in the first sentence of Paragraph 2 (that is, by using a reliable identification procedure that guarantees that the signature is linked to the form), which may consist, inter alia of a login name and a password. Any proxies given or votes cast via this electronic means before the General Meeting, and the acknowledgements of receipt sent in response, will be deemed to be irrevocable instructions that are enforceable in every way, it being specified that in the event that shares are sold before the second business day preceding the Meeting, at 12:00 midnight, Paris time, the Company will void or amend any proxy or voting instructions sent before that date accordingly. Persons invited by the Executive Management or by the Supervisory Board may also attend General Meetings. The Active Partners may attend General Meetings of Shareholders. Active Partners that are legal entities are represented by a Legal Representative or by any person, Shareholder or otherwise, designated thereby.

The Annual General Meeting of 7 June 2010 amended Article 24.2 of the Articles of Association to allow the Executive Management to set up an electronic balloting system applicable to all future General Meetings.

The General Meeting of 2 June 2015 has amended Article 24.2 of the Articles of Association to bring it into compliance with Article R 225-85 of the Code de Commerce resulting from the decree no. 2014-1466 of 8 December 2014, changing the method for determining the "record date" for participation in General Meetings.

24.3 - Meetings are chaired by the Chairman of the Supervisory Board or, in his absence, by one of the Vice-Managers of the Board, or in their absence, by the Executive Chairman.

24.4 - The Ordinary and Extraordinary General Meetings, duly convened in accordance with the conditions specified by law, carry out their responsibilities in accordance with the law.

24.5 - Except for resolutions pertaining to the nomination and revocation of Supervisory Board members, the nomination and revocation of the Statutory Auditors, the appropriation of net income for the year and the approval of related-party agreements that are subject to Shareholders' approval, no resolution adopted by the General Meeting shall be valid unless it is approved by the Active Partners no later than at the end of the General Meeting that voted on the relevant resolution.

The Company's Executive Management has all powers duly to record of such approval.

25 - ACCOUNTS

Each financial year consists of twelve months, commencing on 1 January and ending on 31 December.

26 - APPROPRIATION AND DISTRIBUTION OF PROFITS

The General Meeting approves the financial statements for the past year and duly notes the amount of distributable profits.

The Company pays 0.67% of the distributable profits to the Active Partners, at the time and place designated by the Executive Management, within nine months at most after the end of the financial year.

The Active Partners apportion this amount amongst themselves as they see fit.

The remaining distributable profits revert to the Shareholders. Their appropriation is decided by the Ordinary General Meeting, on the Supervisory Board's recommendation.

On the Supervisory Board's recommendation, the General Meeting may grant to each Shareholder an option to receive payment for all or part of the dividend or interim dividend in cash or in shares, under the conditions set by law.

On the Supervisory Board's recommendation, the General Meeting may decide to draw from the balance of

profits reverting to the Shareholders the sums it deems appropriate to be allocated to Shareholders' retained earnings or to be appropriated to one or more extraordinary, general or special reserve funds, which do not bear interest, and to which the Active Partners as such have no rights.

On the unanimous recommendation of the Active Partners, the reserve fund or funds may, subject to approval by the Ordinary General Meeting, be distributed to the Shareholders or allocated to the partial or total amortisation of the shares. Fully amortised shares shall be replaced by entitlement shares with the same rights as the former shares, with the exception of the right to reimbursement of capital.

The reserve fund or funds may also be incorporated into the share capital.

Dividends are payable at the times and places determined by the Executive Management within a maximum of nine months from the end of the financial year, unless this time period is extended by a court of law.

27 - DISSOLUTION OF THE COMPANY

At the end of the Company's lifetime or in the event of early dissolution, the General Meeting decides on the winding-up procedure and appoints one or several liquidators, whose powers are defined by the Meeting and who carry out their responsibilities in accordance with the applicable laws.

Any liquidation proceeds (boni de liquidation) shall be distributed amongst the Shareholders.

Persons Responsible

PERSONS RESPONSIBLE FOR INFORMATION CONTAINED IN THE SHELF-REGISTRATION DOCUMENT

Mr Axel Dumas, Executive Chairman.

Émile Hermès SARL, 23, rue Boissy-d'Anglas,
75008 Paris, Executive Chairman.

DECLARATION BY PERSONS RESPONSIBLE FOR THE SHELF-REGISTRATION DOCUMENT

To the best of our knowledge, having taken all reasonable measures to ensure that such is the case, we hereby certify that the information contained in this shelf-registration document is in accordance with the facts and contains no omission likely to affect its import.

To the best of our knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a fair view of the assets, liabilities and financial position and results of the Company and all the undertakings included in the consolidation, and that the Management Report - items of which

are listed on page 314 [Reconciliation with Management Report] of Volume 2 - presents a fair view of the development and performance of the Company's business operations, results and financial position and all the undertakings included in the consolidation, as well as a description of the main risks and uncertainties to which they are exposed.

We have received a letter from the Statutory Auditors certifying that they have audited the financial and accounting information provided in this document and that they have read the document in its entirety.

Paris, 14 April 2016
The Executive Management

Axel Dumas

Henri-Louis Bauer
Representative of Émile Hermès SARL

Statutory Auditors

MAIN STATUTORY AUDITORS

PricewaterhouseCoopers

Member, Compagnie Régionale des Commissaires aux Comptes de Versailles.

63, rue de Villiers

92200 Neuilly-sur-Seine

Represented by Mrs Christine Bouvry

First appointment: Ordinary General Meeting of 30 May 2011.

Term of current office: Ordinary General Meeting called to approve the financial statements for 2016.

Didier Kling & Associés

Member, Compagnie Régionale des Commissaires aux Comptes de Paris.

28, avenue Hoche

75008 Paris

Independent member of Crowe Horwath International

Represented by: Mr Didier Kling, as a Corporate Officer of the holder of the position mandate, and Mr Christophe Bonte, as a Technical Partner

First appointment: Ordinary General Meeting of 31 May 1999.

Term of current office: Ordinary General Meeting called to approve the financial statements for 2016.

ALTERNATE AUDITORS

Mr Étienne Boris

63, rue de Villiers

92200 Neuilly-sur-Seine

First appointment: Ordinary General Meeting of 30 May 2011.

Term of current office: Ordinary General Meeting called to approve the financial statements for 2016.

Mrs Dominique Mahias

28, avenue Hoche

75008 Paris

First appointment: Ordinary General Meeting of 5 June 2007.

Term of current office: Ordinary General Meeting called to approve the financial statements for 2016.

The Principal Statutory Auditors and alternate Auditors serve for a term of six years.

If a Statutory Auditor is appointed to fill a vacancy left by the resignation of a Statutory Auditor or other reason, he is appointed for the remainder of his predecessor's term.

Information incorporated by reference

Pursuant to Article 28 of EC Regulation 809-2004 of 29 April 2004, this shelf-registration document incorporates by reference the following information, to which the reader is invited to refer:

- in respect of the year ended 31 December 2013: consolidated financial statements, parent company financial statements and Statutory Auditors' reports thereon, presented in the Shelf-Registration Document filed with the AMF on 10 April 2014 under reference number D14-0323, on pages 165-220, 225-251, 272 and 273, respectively;
- in respect of the year ended 31 December 2014: consolidated financial statements, parent company

financial statements and Statutory Auditors' reports thereon, presented in the Shelf-Registration Document filed with the AMF on 16 April 2015 under reference number D15-0358, on pages 159-216, 221-247, 266 and 267, respectively.

All other information incorporated into this shelf-registration document in addition to the information described above has been replaced or updated by the information contained herein. Copies of this Shelf-Registration Document are available as described in Volume 1, page 107, under the section entitled "Shareholder's Guide".

Cross-reference table

The following table cross-references this document with the main headings required under Regulation EC 809/2004 enacting the terms of the European Parliament's "Prospectus" directive (2003/71/EC). Items that are not applicable to Hermès International are marked "N/A".

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(1) Under Article L 225-105 of the Code de Commerce regarding the social and environmental consequences of the Group's activities and its societal commitments in favour of sustainable development.

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CSR correspondence table (Article 225-105)

Pursuant to Article L 225-102-1 of the Code de Commerce, Hermès International presents the actions and directions taken by the Company to address the social and environmental consequences of its activities and fulfil its social commitments in favour of sustainable development in its annual report. The correspondence between the detailed information in this shelf-registration document with the information required by the regulations (mentioned in Article R. 225-105-1 of the Code de Commerce) is presented below. Key elements of the methodological explanations are given in the corresponding parts of Volumes 1 and 2.

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