

HERMÈS

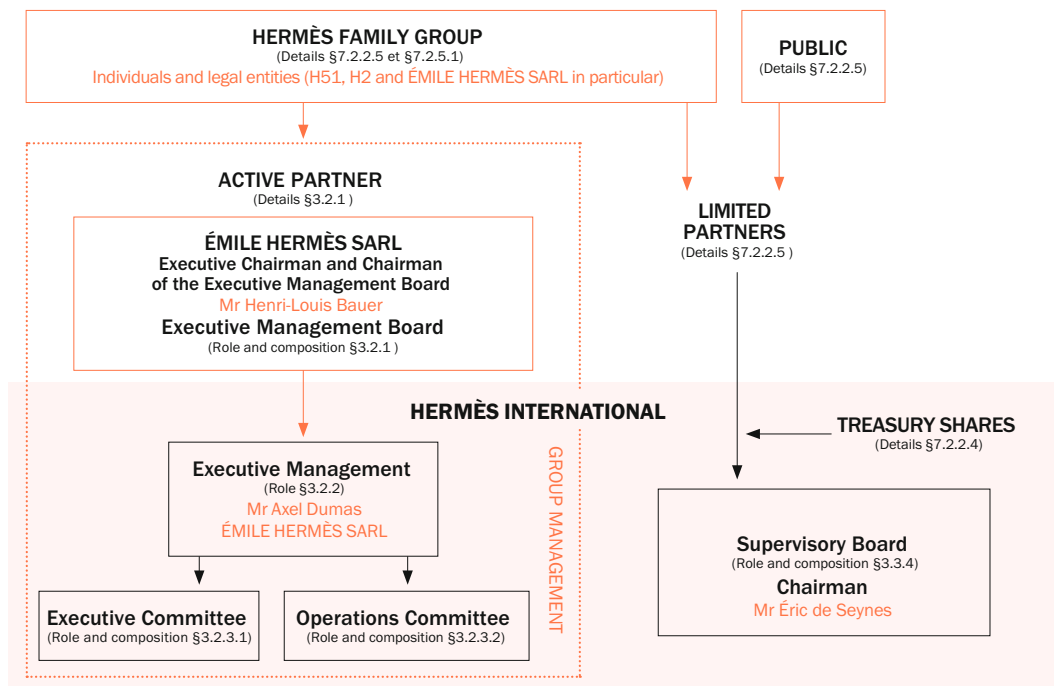
2020 UNIVERSAL REGISTRATION DOCUMENT

EXTRACTS FROM THE UNIVERSAL REGISTRATION DOCUMENT

The following page numbers are those of the 2020 Universal registration document

AMBITIOUS AND BALANCED GOVERNANCE

ORGANISATIONAL STRUCTURE OF HERMÈS INTERNATIONAL AS OF 31 DECEMBER 2020



3

TWO TYPES OF PARTNERS

Hermès International is a société en commandite par actions (partnership limited by shares, SCA), which is a unique legal form with two types of partners:

The Active Partner (Émile Hermès SARL) - § 3.2.1

In return for unlimited liability, the Active Partner is a stakeholder in the operation and organisation of the SCA.

Émile Hermès SARL has structuring powers and is responsible in particular for:

- ◆ determining for the Group: strategic options, consolidated operating and investment budgets and proposals to the General Meeting for the distribution of share premiums, reserves and retained earnings;
- ◆ approving the decisions of the General Meeting of Limited Partners (shareholders) (except those falling within their own powers);
- ◆ deciding on the appointment or dismissal of the Executive Chairmen;
- ◆ establishing the compensation policy for the Executive Chairmen;
- ◆ authorizing all significant transactions (loans, guarantees, investments, etc.) when their amount exceeds 10% of the Hermès Group's net consolidated financial position.

The Active Partner cannot participate in the appointment of members of the Supervisory Board. The shares held in the Company are therefore removed from the quorum of the resolutions of the General Meetings concerned.

The Limited Partners (shareholders) - chapter 7 "Information on the Company and its share capital", § 7.2.2

In return for liability limited to the amount of their contributions, their powers are limited.

Their specific powers consist solely of:

- ◆ approving the parent company and consolidated financial statements;
- ◆ appointing the Statutory Auditors;
- ◆ appointing and dismissing the members of the Supervisory Board.

The law explicitly prohibits them from any interference in the Company's external management, for any reason whatsoever, on pain of being liable under the same conditions as the Active Partner.

GOVERNANCE BY NATURE DISSOCIATED

The organisation of governance within an SCA follows the principle of the separation of powers. Executive powers are exercised by the Executive Management and control powers by the Supervisory Board. Hermès International's governance therefore has a structure that is by nature dissociated.

Executive Management - § 3.2.2

The Company is administered and managed by one or more Executive Chairmen who are natural or legal persons chosen from among the Active Partners or not.

As such, the Executive Management is responsible for:

- ◆ defining and implementing the Group's strategy in accordance with the strategic options adopted by the Active Partner;
- ◆ directing the Group's operations;
- ◆ establishing and implementing internal control and risk management procedures;
- ◆ approving the parent company and consolidated financial statements;
- ◆ convening General Meetings and setting their agendas;
- ◆ preparing the management report for the General Meeting.

The Executive Management is controlled by a Supervisory Board representing the Limited Partners.

The Afep-Medef Code qualifies the Executive Chairmen as "executive corporate officers".

The Executive Chairmen are assisted by the Executive Committee and the Operations Committee, which constitute the governing bodies.

Supervisory Board - § 3.3

The Supervisory Board is an offshoot of the General Meeting of Limited Partners. The appointment of members of the Board (except for the employees representatives) is solely that body's responsibility.

The role of the Supervisory Board includes the following aspects:

- ◆ an obligation to audit corporate transactions in a similar way to the Statutory Auditors: audit of the parent company and consolidated financial statements and respect for equality between shareholders;
- ◆ a role in controlling the Company's management.

As such, the Supervisory Board is responsible for:

- ◆ determining the allocation of net income to be put to the General Meeting each financial year;
- ◆ preparing the report on corporate governance;
- ◆ preparing a report to the General Meeting on the performance of its duties;
- ◆ authorizing or downgrading related-party agreements;
- ◆ authorizing the Executive Management to grant sureties, endorsements and guarantees;
- ◆ establishing the compensation policy for the members of the Supervisory Board;
- ◆ deliberating on the actual compensation of the Executive Chairmen;
- ◆ approving any proposed new wording of certain clauses of the Articles of Association of Émile Hermès SARL.

It must be consulted by the Active Partner regarding:

- ◆ strategic options;
- ◆ consolidated operating and investment budgets;
- ◆ proposals to the General Meeting pertaining to the appropriation of share premiums, reserves or retained earnings; and
- ◆ setting the compensation policy for the Executive Chairmen.

The Supervisory Board submits to the Active Partner its reasoned opinion:

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

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.

The law does not confer any other powers on the Supervisory Board. Consequently, it may neither appoint or dismiss the Executive Chairmen, nor set their compensation policy.

The Afep-Medef Code qualifies the Chairman and the members of the Supervisory Board as "non-executive corporate officers".