



Paris, 12 May 2021
11.00 am

REPORT ON THE COMBINED GENERAL MEETING OF 4 MAY 2021

Due to the exceptional situation related to the Covid-19 pandemic – in accordance with the regulations and governmental instructions – Hermès International's Combined General Meeting was held on Tuesday 4 May 2021 at 9:30 a.m. in closed session¹, without the physical presence of its shareholders, at the company's offices in Pantin.

Shareholders had the opportunity to follow this General Meeting in its entirety *via* a live video webcast on the company's website: <https://finance.hermes.com/en/general-meetings>. The webcast of the General Meeting is available at the same address, in an e-accessible version.

A dedicated e-mail address has also been set up in advance of the General Meeting to make it easier for the shareholders to send their written questions. The answers provided by the Executive Management to the written questions received are available on the above-mentioned website (<https://finance.hermes.com/en/general-meetings>).

The General Meeting was held in compliance with the prevailing health and safety conditions relating to the fight against the Covid-19 pandemic.

Given the exceptional situation generated by the pandemic, and in accordance with the relevant legal and regulatory provisions, the shareholders were encouraged to vote remotely or to give proxy to the Chairman and their votes were stopped the day before the meeting, *i.e.* on Monday, May 3, 2021, at 3 pm.

The Combined General Meeting was chaired by Mr Éric de SEYNES, Chairman of the Supervisory Board. The following persons sat next to him on stage:

- Axel DUMAS, Executive Chairman,
- Henri-Louis BAUER, Chairman of the Management Board of the company Émile Hermès SARL, Executive Chairman and Active Partner,
- Éric du HALGOUËT, Executive Vice-President Finance.

Julie GUERRAND, representing H51, and Renaud MOMMÉJA, representing H2, shareholders representing the largest number of votes and present in the room, acted as scrutineers.

Olivier AUBERTY, from the firm PRICEWATERHOUSECOOPERS AUDIT, represented the College of Statutory Auditors.

Nathalie BESOMBES, General Counsel corporate law and stock exchange regulations, acted as secretary of the meeting.

Stéphanie SCHAMBOURG, Bailiff, was present.

The quorums required by law in ordinary and extraordinary meetings were met, *i.e.* 87.04% for all resolutions.

¹ Management decision taken in accordance with the conditions set out in Ordinance n°2020-321 of 25 March 2020 extended and amended by Ordinance n°2020-1497 of 2 December 2020, Decree n°2020-418 of 10 April 2020 extended and amended by Decree n°2020-1614 of 18 December 2020 and Decree n°2021-255 of 9 March 2021.

Shareholders were asked to vote on:

- the approval of the parent company's and the consolidated financial statements for the fiscal year 2020,
- the appropriation of the earnings and the distribution, on 10 May 2021, of the remainder of ordinary dividend for the year (since an interim dividend of €1.50 per share was paid on 4 March 2021), that is €3.05 per share,
- the approval of related- party agreements,
- the authorisation granted to the Executive Management in order to implement a share purchase and cancellation programme,
- the approval of total compensation and benefits of all kinds paid during or awarded in respect of the financial year ended 31 December 2020 to the Company Officers (global and individual ex-post votes) ²,
- the approval of the compensation's policies for Executive Chairmen and Supervisory Board members (ex-ante votes),
- the re-election of the terms of Supervisory Board members Olympia GUERRAND and of Matthieu DUMAS, Blaise GUERRAND and Alexandre VIROS, for a period of three years,
- delegations of authority to the management to operate on the capital in various circumstances (financial delegations),
- the proposed amendments to the Company's Articles of Association, submitted to take into account the transformation of Emile Hermès SARL into a *société par actions simplifiée* (simplified joint-stock company).

The Chairman, before handing over to Henri-Louis BAUER, warmly thanked the shareholders who voted massively by remote means and who logged on to the webcast to follow the General Meeting live.

Henri-Louis BAUER, Chairman of the Management Board of Émile Hermès SARL, Executive Chairman and Active Partner, addressed his first words to all those affected by this violent and extremely trying crisis. He then expressed his gratitude and thanks to all the employees who have supported the House with their remarkable dynamism and agility.

He then recalled the robust results for 2020 and the factors that explain Hermès' resilience in these difficult times.

The first factor is human; these results are above all the fruit of *"men and women who master unique skills and who act with talent and determination. Together and individually, they create the wealth of our Group, day after day, month after month, in normal times as well as in times of crisis."*

The second factor in the success of Hermès mentioned by Henri-Louis BAUER is the company's vision. He explained that it is above all a question of fundamental values that date back to the origins of Maison Hermès and have been passed on over the decades. Among these values, the demand for quality is fundamental because it explains the attractiveness of our products, gives meaning to our employees and gives us a long-term perspective.

The third factor mentioned by Henri-Louis BAUER is the continuity *"of our strategy and our corporate vision through the ages, which is supported by the shareholder family."* He added that it is this continuity that ensures the link from one generation to the next, as well as solid and lasting governance.

Henri-Louis BAUER then spoke about the transformation of Émile Hermès SARL into a *Société par Actions Simplifiée* (SAS) (simplified joint-stock company). He said that the sole purpose of this transformation was to welcome more young family members, while the role and operation of Émile Hermès - Active partner of Hermès International - remained unchanged.

² The Executive managers wished to waive the increase in their remuneration (fixed and variable) paid in 2020 and therefore received the same amount of remuneration in 2020 as in 2019.



Lastly, Henri-Louis BAUER expressed his pride in the decisions taken by the Group at the start of the first phase of containment, namely

- maintaining the remuneration of the 16,000 employees worldwide,
- the group's significant donations to support the hospitals in Paris, and
- the bonuses distributed to those who have maintained the activity of the group's sites or contributed to the production of hydroalcoholic gel.

These decisions are simply a reflection of the group's strong values, which are shared by all. Henri-Louis BAUER thanked all the teams, on behalf of all the family members, for having so successfully carried the values of the House through such a trying year.

He ended his speech with these words: *"After the ordeals of this crisis, I see the desire for a better world, more united, more attentive to environmental issues, more just and I hope more joyful. This is what I see around us. It is a ray of hope that should give us confidence in the future."*

The film "Kelly cinématographique Western" was shown.

Axel DUMAS, Executive Chairman, in his turn thanked all the shareholders who had logged on to follow the General Meeting.

He then presented the general report for the year 2020, first of all thanking all the group's employees, *"who have shown great courage, solidarity, agility and creativity throughout the year 2020."* He had a special thought for those who have been and are still affected by disease. Axel DUMAS added that crises of such magnitude remind us of the need to remain humble and focused on what we can control.

Axel Dumas began by reviewing the actions undertaken by Hermès as socially responsible and committed player.

□ Responsibility, solidarity and commitment in response to the crisis:

- Responsibility towards its employees
 - Protection of employees' health by implementing strict safety measures
 - Maintenance of jobs and basic of its 16,600 employees worldwide
- Solidarity towards the community
 - Donation of €20 million to the AP-HP (*Assistance Publique – Hôpitaux de Paris*) and support provided locally by its subsidiaries worldwide to healthcare services
 - Donation of 45,000 litres of sanitising gel produced by Hermès Parfums on the Vaudreuil site
 - Donation of 145,000 masks to healthcare staff
 - More than 80 initiatives to local communities
- Commitment towards its ecosystem
 - Support for partners and suppliers
 - No use of governmental support

Axel DUMAS then spoke of the Hermès model, which made it possible to deal with the acceleration of three major trends: the positive dynamics of the Asian market, the digitalisation of practices and the challenges of social and environmental responsibility.

□ A solid, unique and agile artisanal model

- Quality requirement, creativity and innovation at the heart of the model
- A constant pursuit of the excellence of objects, designed to last, be handed down and be repaired



- An integrated (>60%) and local (80%) production in France, the mastery of unique know-how and long-standing relationships with our partners
- An exclusive omnichannel distribution, adaptability to face changing uses and unstable circumstances
- The geographic balance of a multi-local network welcoming very loyal local customers
- The solidity and financial independence of a family-owned group which maintains jobs and strategic investments

□ Creativity, innovation and excellence of objects at the heart of the model

- Successful launch of the 16th Hermès métier: **Beauty**
- Enrichment of the leather goods collection with the **Chaîne d'ancre** and **Birkin cargo** models, and the **sac à malice Space**
- Presentation of **women's and men's ready-to-wear collections** with a new digital format for the men's Spring-Summer 2021 fashion show, followed by the women's fashion show in October
- Launch of the **Lignes sensibles** high jewellery collection
- Launch of a new **Passifolia** tableware collection
- Launch of the *Apple Watch Series 6*
- New chapter in the silk universes: **the double-sided scarf**

The film "Beauty Launch" was shown.

□ An exclusive omnichannel network

- Reinforcement of the relationship with local customers and support to the digitalisation of uses ;
- Innovation of services at each stage of the purchasing experience ;
- Worldwide success in e-commerce ;
- Opening of new digital platforms in Asia and the Middle East ;
- Continued investments in the distribution network welcoming a very loyal local clientele ;
- Extension of the network and opening of new territories :
 - Moscou (Russia)
 - Osaka (Japan)
 - Madrid (Spain)
- Store extensions and renovations :
 - Sydney (Australia), Guangzhou and Dalian (China), Tokyo and Sendai Fujisaki (Japan), Taipei (Taiwan)
 - Denver and Las Vegas (USA), Montreal (Canada)
 - Stockholm (Sweden) et Lugano (Switzerland)

□ Evolution of the number of stores

- 306 stores at the end of 2020 (85 concessionnaires and 221 branches).

The film "Christmas animation at the 24 Faubourg Saint-Honoré store" was shown.

□ An agile and innovative communication

- Further balance between physical presence and digital technology
 - Men's ready-to-wear digital performance
 - Women's fashion show in Paris
- Initiatives and formats adapted to local sanitary context
 - Window displays and store events
 - Petit h stop-off in Moscow and Taiwan



- Extended *paid media*
 - o Campaign entitled ***petit h, c'est l'heure de la re-cr  ation !***
 - o Home universe campaign, ***Objets de vie int  rieurs***
 - o Jewellery campaign, ***Jo  illerie cavali  re***

The film "Men's Spring/Summer 21 fashion show (Cyril TESTE)" was shown.

Axel DUMAS then presented Herm  s' policy and actions in terms of responsible and sustainable development.

□ Women and men

- A responsible employer: jobs maintained and special bonuses granted
- Continued workforce growth
 - o 16,600 people at the end of 2020
 - o Of which 10,383 in France
- Education and transmission
 - o *  cole du cuir*, internal schools in textile and tanning
 - o Partnerships with regional vocational schools and launch of the *CFA Herm  s project, Centre de Formation des Apprentis*
 - o Fondation programme in collaboration with multiple schools and training centres

□ Diversity and women-men equality

- 54 % women in Executive Management and 50% women on Supervisory Board
- 92 / 100 in the gender pay equality index
- Doubling of the employment rate of disabled people in 4 years and, in terms of purchases, ambitious target of increasing its use of the protected sector and socially supported organisations in France by 20% per year
- 5th rank of the Financial Times Top 100 *Diversity Leaders* list and 1st place of the Capital magazine ranking of France's 500 *best employers*

□ Uninterrupted job creation

- 4,356 New employees in 5 years 2/3 of which are in France

The film "Training of craftsmen (Fr  d  ric LAFFONT)" was shown.

□ Workforce breakdown by sector

- 17 % in Support functions ;
- 35 % in Sales ;
- 48 % in Production.

□ Workforce breakdown by region

- 6 % in Americas ;
- 63 % in France ;
- 12 % in Europe (Excl. France) ;
- 5 % in Japon ;
- 14 % in Asia-Pacific (Excl. Japon).

□ Territorial anchoring

- 51 production sites organised around expertise hubs, located in 9 different regions in France and opening of new sites that contribute to revitalising regions
- Solidarity with our partners and suppliers, continued investments and vertical integration
- Transmission of *savoir-faire* and preservation of artisanal culture

- Reinforcement of the dialogue with our stakeholders concerning climate, biodiversity and local integration challenges
- 51 production facilities in France, including 17 leather workshops
- 13 production facilities located outside France in 6 countries: Italy, Portugal, the United Kingdom, Switzerland, the United States and Australia

□ The Planet

- Commitment of sustainable procurement reinforced with our suppliers
- Object durability and management of unsold stock
 - Over 120,000 repairs
 - Recycling in line with the principles of a circular economy and donations to non-profit organisations
- Reduction of CO₂ emissions :
 - In line with our goals by 2030 to reduce by 50% in absolute value our own emissions, and by 50% in relative value other indirect emissions
 - Carbon offsetting now beyond scopes 1&2, investment in the *Livelihoods* programme
- New commitments :
 - Biodiversity strategy with Act4Nature International in June 2020, *Global Biodiversity Score* with WWF and CDC Climat
 - *TCFD commitment*
 - 10% of the variable remuneration of the Executive Chairmen subject to CSR criteria

The film "Vigie Nature École" was shown.

Axel DUMAS then presented the 2020 activity:

- The revenue reached €6.4 billion, representing a decrease of 7% at current rates and 6% at constant rates, despite the health crisis, with very strong sales growth in the 4th quarter,
- The variations and breakdown of revenue by geographic region in 2020/2019, which shows that Asia excluding Japan has continued its very strong growth.
- The breakdown of sales by sector in 2020/2019 reflects sustained demand for Leather Goods and very strong growth in Other Hermès sectors.

The film "Passifolia" was shown.

Éric du HALGOUËT, Executive Vice-President Finance, presented the 2020 consolidated financial statements:

- Consolidated income statement, with a net income of €1,385 million, a decrease of 9.3% compared to 2019,
- Recurring operating profitability amounts to 31% of revenue in 2020,
- Details of operating investments which amounted to €448 million,
- Cash flow statement showing operating cash flows and adjusted free cash flow of €2 billion and €1 billion respectively,
- Simplified balance sheet (assets and liabilities) as of December 31, 2020,
- Shareholder's equity and restated net cash 2020/2019.

Éric du HALGOUËT said that in 2020, the Hermès Group consolidated a very solid financial structure with €7.4 billion in equity and restated net cash position of €4.9 billion

Axel DUMAS then presented the results for the 1st quarter of 2021:

- Strong sales growth in Q1 to €2,084 million (+44% at constant rates and 38% at current rates),
- Growth of 33% compared to 2019.



Axel DUMAS added that, at the end of March 2021, all the business lines had returned to growth, with remarkable progress in the Clothing and Accessories division, Watchmaking and the Other Hermès Sectors.

In conclusion, Axel DUMAS presented the outlook for 2021 and reminded the audience that 2021 is placed under the sign of the "Odyssey", an annual theme serving as a red thread for creation and communication actions. *"We must therefore continue our journey with confidence, facing the uncertainties of the world without losing our identity."*

□ Outlook :

- For 2021, the impacts of the COVID-19 pandemic are currently difficult to assess, as the scale, duration and geographic extent of the crisis evolve every day
- In the medium-term, despite the economic, geopolitical and monetary uncertainties around the world, the group confirms an ambitious goal for revenue growth at constant exchange rates
- Thanks to its unique business model, Hermès is pursuing its long-term development strategy based on creativity, maintaining control over know-how and ever best quality
- Strengthening of our investments in production capacity and regional anchoring: inauguration of Guyenne (Gironde) and Montereau (Seine-et-Marne) leather goods workshops
- Development and diversification of our distribution network, with stores opening and extension
- Launch of the new digital platform in Thailand
- Research and development of new exceptional materials to complete the house's offer
- *H24* new men's perfume and *H08* men's watch launches
- Welcoming of Steve Guerdat, our new equestrian partner

Axel DUMAS concluded with the following words: *"By anticipating the profound and lasting changes we are experiencing, we can remain confident today in a future that is still uncertain. I would like to thank each and every one of the Hermès employees who work so hard every day to help Maison Hermès grow."*

The film "Hermès fit" was shown.

The Chairman took the floor and thanked Axel DUMAS and Éric du HALGOUËT, for the quality of their presentations and the shared results, as well as all of the employees, craftsmen, salespeople and managers, who have all assumed their responsibilities during this very special year of pandemic.

Eric de SEYNES added that *"everyone has contributed to supporting the House's activities, maintaining the positive dynamic and achieving these solid results. The resilience of our group is extremely solid and is based on values that are strengthened again and again when more difficult times arise, as was the case in this year of 2020."*

Éric de SEYNES also wishes to thank, on behalf of the shareholders and the Supervisory Board, the entire Executive Committee and the Executive Management. He then expressed his support and encouragement to all the group's employees and managers, who have enabled Hermès International to stay on course despite an environment and circumstances that remain exceptional.

The Chairman also warmly thanked the shareholders for their loyal and solid support.

The Chairman then presented the main resolutions put to the vote by the meeting.

In particular, the proposed dividend distribution, which in the context of the Covid-19 epidemic and on the proposal of the Executive Management, is identical to that paid in 2020 and amounts to €4.55 per share, as decided by the Supervisory Board on 18 February 2021.



With respect to the actual compensation of Company officers paid during or awarded in respect of the financial year 2020 (*ex-post* votes), the Chairman highlighted that the Executive Chairmen decided to forego the increases in their gross annual fixed compensation paid in 2020 and therefore received in 2020 an amount of remuneration identical to that received in 2019. He also pointed out that all of the elements that were submitted to the vote are presented in the tables on pages 67 to 73 of the notice of meeting brochure, available on the company's website: <https://finance.hermes.com/en/general-meetings/>.

The Chairman recalled that a proposal was made for the re-election, for a period of three years, of the terms of office of four Supervisory Board members.

The Chairman then presented the financial delegations granted to the Executive Management, which give the latter the flexibility to act in the best interests of the Company, under the supervision of the Supervisory Board and the Management Board of Émile Hermès SARL, Active Partner. He also presented the new powers that it is proposed to delegate to the Executive Management for the purpose of deciding on one or more merger(s) by absorption, spin-off(s) or partial(s) contribution(s) of assets subject to the legal regime for spin-offs.

Lastly, the Chairman discussed the amendments to the Articles of Association of Hermès International to take into account the transformation of Émile Hermès SARL into a *société par actions simplifiée* (simplified joint-stock company).

The Chairman then referred to the Supervisory Board's report on corporate governance and the Supervisory Board's report to the Combined General Meeting of 4 May 2021 and gave the floor to the Statutory Auditors, who expressed an unqualified opinion on the company's consolidated and annual financial statements.

Before presenting the results of the votes on the resolutions, the Chairman informed the Meeting that the company has received written questions via the dedicated e-mail address. . These questions concerned in particular the company's actions in favour of the environment, concerning its commitments to reducing greenhouse gas emissions, preserving biodiversity and natural resources, as well as solidarity with its suppliers and the social impacts during the pandemic. Other questions were also asked on governance issues, equity ratios and gender equality policy. In accordance with the relevant legislation, the Executive Management's answers to these questions are published on Hermès International's website: <https://finance.hermes.com/en/general-meetings/>.

The Chairman presented the results of the votes, which had been closed the day before the General Meeting, *i.e.* on Monday 3 May 2021, at 3.00 pm. These results, as well as the correct conduct of all the General Meeting were controlled by Stéphanie SCHAMBOURG, Bailiff.

The detailed results of the votes indicated that **27 resolutions**, including 11 extraordinary resolutions, **were adopted with a very large majority**.

These results are available on the above-mentioned website: <https://finance.hermes.com/en/general-meetings/>.

Finally, the Chairman expressed the hope that we would soon be able to live more freely and, above all, that we would be able to meet physically in one place in one year's time for the next General Meeting of our company, Hermès International.

Since 1837, Hermès has remained faithful to its artisan model and its humanist values. The freedom to create, the constant search for beautiful materials, the transmission of *savoir-faire* of excellence, and the aesthetic of functionality all forge the singularity of Hermès, a house of objects, created to last. An independent, family-owned company, Hermès is dedicated to keeping the majority of its production in France through its 51 workshops and to developing its network of 306 stores in 45 countries. The group employs more than 16,600 people worldwide, including nearly 10,400 in France, among whom nearly 5,600 are craftsmen*.

Axel Dumas, a sixth-generation family member, has been Hermès CEO since 2013. Founded in 2008, the Fondation d'entreprise Hermès supports projects in the areas of artistic creation, training and the transmission of *savoir-faire*, biodiversity, and the preservation of the environment.

* As of 31st December 2020

