



2021

UNIVERSAL REGISTRATION DOCUMENT

INCLUDING
THE ANNUAL FINANCIAL REPORT

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Elements constituting the statement of non-financial performance are clearly identified in the contents with the **NFPS** pictogram.



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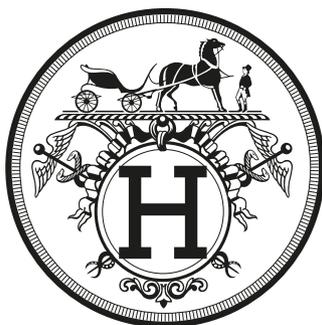


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2021
UNIVERSAL
REGISTRATION
DOCUMENT

Including the Annual Financial Report

MESSAGE FROM THE EXECUTIVE MANAGEMENT



A wonderful human odyssey

2021 was marked by strong growth and exceptional results. In the face of the pandemic, Hermès' artisanal model has once again demonstrated its resilience and relevance.

We owe this success to the House's 17,600 employees who, with their talents, know-how and human values, adapted to a new paradigm without ever compromising their high standards or integrity. We rewarded this universal commitment by granting an exceptional bonus of €3,000 to every employee worldwide and a monthly pay increase of €100 for employees in France.

In the new dynamics of a world where the physical and the digital coexist, Hermès has consolidated its multi-local approach and successfully nurtured and renewed its bonds with customers in each country. In increasingly polarised markets, its rich collections and abundant creativity have enabled the House to offer sustainable objects adapted to individual desires. Innovation, whether in the development of new materials, in support functions, or in the agility of our services, has played a key role. Maintaining investments in production capacity and training – such as through the creation of the École Hermès des Savoir-Faire – is a sign of the House's deep attachment to the regions and local communities in which it operates, and of the need and willingness to act in a socially and economically accountable way. The Group's commitments to managing its environmental impact and contributing to responsible growth have been welcomed by all stakeholders, as borne out by the high scores received from non-financial rating agencies.

It is therefore with pride and gratitude that we close 2021, a year that we announced as an odyssey – a journey that, despite the world's vicissitudes, reminds us of who we are.

Axel Dumas
EXECUTIVE CHAIRMAN

Émile Hermès SAS
EXECUTIVE CHAIRMAN
REPRESENTED BY HENRI-LOUIS BAUER

HIGHLIGHTS 2021

In 2021, the Group's consolidated revenue reached €8,982 million, up 42% at constant exchange rates and 41% at current exchange rates compared to 2020. Over two years, this increase was 33% at constant exchange rates, in the first as in the second half of the year. Recurring operating income was up 78% and amounted to €3,530 million (39% of sales). Net profit (Group share) reached €2,445 million, up 77% compared to 2020.

Axel Dumas, Executive Chairman of Hermès, said: *"I thank above all the passion and quality of our teams' work, because together we have made 2021 an exceptional year. Abundant creativity, unique know-how and the quality of materials have driven the growth of our sixteen métiers. Hermès is very dedicated to its role as a committed and responsible company and continues its commitments to job creation around the world and to regional regeneration in France, while reinforcing its ambitious environmental objectives."*

Sales by geographical area at the end of December

(at constant exchange rates, unless otherwise indicated)

Asia and America recorded the highest growths, compared to 2020 as well as to 2019, and Europe returned to growth compared to 2019. Sales in the Group's stores increased by 44% at constant exchange rates compared to 2020 and 41% over two years. Hermès continued to selectively develop its distribution network and online sales increased worldwide, with the rollout of new services and sustained growth in traffic. Wholesale activities (+24%) increased despite constraints faced by travel retail:

- ♦ Asia excluding Japan (+45% and +65% over two years) pursued its dynamic growth, driven particularly by the sustained performance in Greater China, Australia and Singapore, despite new restrictions in some of the region's countries. The Shanghai Plaza 66, Suzhou and Ningbo stores reopened after renovation and extension, after the Beijing China World store in spring, and new stores were inaugurated in Macao and Shenzhen. In Australia, the Brisbane store also reopened after being extended;

- ♦ Japan (+25% and +20% over two years) posted a sustained and regular increase in sales, thanks to the loyalty of local customers, while benefitting from the end of the health state of emergency in October. A new store opened in February on Omotesando Avenue and the Shinjuku Isetan store in Tokyo was renovated following extension work in November;
- ♦ America (+57% and +24% over two years) achieved a strong performance, despite the sanitary restrictions imposed in several US cities in the fourth quarter. Two new stores opened, in Troy near Detroit in June and in Aventura Mall near Miami in October;
- ♦ Europe excluding France (+37% and +10% over two years) recorded a strong second half, with a remarkable development of the local customer base, which partly offset the tourist traffic. Several stores were renovated and extended, Zurich in May, Milan in July, and Istanbul in October, and the Luxembourg store moved to a new address in November;
- ♦ France (+35% and -3% over two years) confirmed its recovery, with a fourth quarter marked by fewer tourists in the Paris stores. The stores in Lyon and rue de Sèvres in Paris reopened in February and March after being renovated and extended.

Sales by métier at the end of December

(at constant exchange rates, unless otherwise indicated)

At the end of December 2021, all the métiers confirmed their growth, with a noteworthy increase in Ready-to-wear and Accessories, Watches and Other Hermès Business Lines (Jewellery and Homeware).

In the Leather Goods & Saddlery métier (+29% and +23% over two years) sales were exceptional. After the strong acceleration in the first nine months, sales in the 4th quarter reflected as anticipated the capacity constraints. Demand both for new bags like *Della Cavalleria* and *24/24* and the Hermès classics is very sustained. The increase in production capacities continued, with the opening of the Louviers site (Eure) in 2022, the Sormonne site (Ardennes) in 2023 and a new one in Riom (Puy-de-Dôme) scheduled for 2024. Hermès continued to strengthen its local presence in France and to create jobs. In September, in line with our commitments to knowledge transfer and education, Hermès opened the École Hermès des Savoir-Faire (Hermès school of know-how), which is accredited by the French education department and will award a State-approved diploma in leatherworking expertise.

The Ready-to-wear and Accessories *métier* (+59% and +44% over two years) pursued its dynamic growth, thanks to the success of the Ready-to-wear, Fashion accessories and Shoes collections. The Men's and Women's Spring-Summer 2022 collection, presented respectively in July and October, met with great success.

The Silk and Textiles *métier* (+49% and +15% over two years) performed well. A new printing line was inaugurated as part of the development of the site near Lyon to meet demand.

Perfume and Beauty (+47% and +19% over two years) benefitted from the successful launches of the *H24* perfume for men and *Twilly Eau Ginger*, and the development of the Beauty line with the autumn rollout of the third chapter in Beauty, *Les Mains Hermès*.

The Watches *métier* (+73% and +77% over two years) confirmed its strong growth, which results from the exceptional watch-making expertise and the success of the new men's watch *H08* alongside other classics of the House.

Other Hermès sectors (+57% and +95% over two years) confirmed their momentum, both in Jewellery and Homeware.

Outstanding results and free cash flow progression in 2021

Recurring operating income amounted to €3,530 million, rising 78% from €1,981 million in 2020. Thanks to the collections remarkable sell-through and an exceptional leverage effect, the recurring operating margin reached an historical high of 39% of sales, up 8 points compared to 2020 and 5 points compared to 2019.

Consolidated net profit (Group share) amounted to €2,445 million (27% of sales), up 77% from €1,385 at the end of December 2020.

Operating investments amounted to €532 million. Thanks to the outstanding increase in results and the favourable impact of the change in working capital, the adjusted free cash flow reached a record-high €2,661 million, *i.e.* 2.7 times that of 2020.

After distribution of the ordinary dividend (€476 million) and inclusion of shares redeemed (€162 million for 142,131 shares, excluding the liquidity contract), the restated net cash position increased by €2,166 million to €7,070 million.

A responsible and sustainable model

The Hermès Group has continued to recruit and added nearly 1,000 people to its workforce this year. At the end of December 2021, the Group employed 17,595 people, including 10,969 in France. True to its commitment as a responsible employer, in 2022 Hermès will pay an exceptional €3,000 bonus to all the employees to reward them for their engagement and their contribution to the results in a challenging context.

In 2021, the outstanding improvement in non-financial ratings reflected the speeding-up of CSR commitments and the sustainable dimension of Hermès' craftsmanship model. MSCI published an "A" rating in its analysis of the firm's resilience to environmental, social and governance risks. The Group was included in the CAC40 ESG index, after Hermès was ranked by Vigeo-Eiris in the "Advanced" category. Sustainalytics ranked Hermès the second best player in the Textiles and Clothing sector. Hermès' commitment to fighting climate change was particularly recognised by the CDP rating for which Hermès scored "A-".

Hermès Group reasserted its commitment to fighting climate change by reviewing its reduction targets at year end, to align with a global warming pathway below 1.5°C. These targets were calculated scientifically and validated by the Science Based Target initiative (SBTi). Hermès thus committed to reducing emissions by 50.4% on scopes 1 and 2 in absolute value and by 58.1% in intensity (per €m of gross margin) on scope 3, over the 2018-2030 period.

1

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1.1 SIX GENERATIONS OF CRAFTSPEOPLE

The Hermès adventure began in 1837 when the harness-maker Thierry Hermès opened a workshop in rue Basse-du-Rempart in Paris. Gradually, generation after generation, the House followed a dual thread – on the one hand the painstaking work of the craftspeople in his workshop, and on the other the active lifestyles of its customers. Carried by an enduring spirit of freedom and creativity, Hermès remains highly sensitive and attentive to the changing nature and needs of society.

In 1880, Charles-Émile Hermès, the founder's son, moved the workshops to 24, rue du Faubourg Saint-Honoré, and set up an adjoining store. At this now-emblematic address, harnesses and saddles were made to measure. The business was already standing out for the excellence of its creations.

AN INNOVATIVE HOUSE PASSIONATE ABOUT ITS ERA

During the interwar period, lifestyles changed and the House broke new ground under the management of Thierry's grandson, Émile Hermès. He decisively influenced the family firm's destiny when, while travelling in Canada, he discovered the opening and closing system of an automobile hood. In 1922 he obtained exclusive rights to this American "universal fastener" – known today as the zip – which was used extensively in the House's luggage and other designs. Under the impetus of Émile Hermès, the House opened up to other *métiers*, while retaining a close connection with the equestrian world, drawing on its mastery of raw materials and its artisanal culture to create its first ready-to-wear collections. In 1937, the famous silk scarf was born with the *Jeu des omnibus et dames blanches* design, the first in a long series.

Robert Dumas – one of Émile Hermès' sons-in-law, who took the helm of the House in 1951 – was a regular visitor to the workshops and designed objects whose details (buckles, fasteners, saddle nails and anchor chains) exuded an elegance that in no way diminished their practicality. Hermès objects stand out for their noble materials, their mastery of *savoir-faire*, and their bold creativity, stimulated by the House's keen vision of the world. The Silk *métier* now invites artists to create unique designs.

A VISIONARY HOUSE

From 1978 onwards, Robert Dumas' son Jean-Louis gradually revolutionised the House, diversifying it and projecting it onto the world map. Hermès embraced new *métiers* founded on unique *savoir-faire*, with watchmaking from 1978, along with the integration of new Houses into the Group – the bootmaker John Lobb in 1975, Puiforcat silversmiths in 1993, and the Cristalleries Saint-Louis in 1995. Hermès has also created its own footwear, designed by Pierre Hardy, since 1990.

In 1987, for the House's 150th anniversary, Parisians were treated to a memorable firework display that launched the first theme, a tradition that has been perpetuated annually ever since to nourish all forms of creativity with a shared source of inspiration.

Jean-Louis Dumas also supported the development of Hermès around the world with the opening of numerous stores, which all ingeniously combined the identity of 24 Faubourg with local culture. Among these stores, several Maisons Hermès were inaugurated: on Madison Avenue, New York in 2000, in Ginza, Tokyo – in a building of glass bricks designed by Renzo Piano – in 2001, and in Dosan Park, Seoul, in 2006.

From 2006, Patrick Thomas decentralised the strategic organisation of the *métiers* and reorganised Hermès' presence across the world into geographical regions. He also ensured the transition to the sixth generation of the family.

HERMÈS TODAY

In 2005, Pierre-Alexis Dumas, son of Jean-Louis Dumas, was appointed Artistic Director. The House expanded its range of *savoir-faire*, complementing its jewellery product offer with a first *haute joaillerie* collection in 2010. Creativity, combining innovation and imagination, became ever more abundant within the different *métiers*. In 2008, Pierre-Alexis Dumas also created the Fondation d'Entreprise Hermès, which supports artistic creation, supports artisanal *savoir-faire*, and promotes the conservation of biodiversity.

Executive Chairman since 2013, Axel Dumas, nephew of Jean-Louis Dumas, strengthened the dynamic growth of the Group with the inauguration of the fifth Maison Hermès in Shanghai in 2014. He is accompanying the Group's digital roll-out, which led to the redesign of the *hermes.com* website in 2018. Axel Dumas has also taken Hermès into the new technological era, in keeping with the expectations of customers, who are becoming more and more connected. The *Apple Watch Hermès*, initiated in 2015, bears witness to a bold and innovative partnership with Apple. In addition, the Group is stepping up the omnichannel dynamic within its organisation.

In 2018, Hermès International entered the CAC 40 index followed, in 2021, by the Euro Stoxx 50 index. This demonstrates the Group's remarkable industrial trajectory and stock market performance of an independent, family-run House of artisans that distributes its objects through a dynamic network of 303 stores around the world. For over 150 years, Hermès has enriched its *métiers* without deviating from its strict quality standards. In this regard, the House attaches great importance to pursuing the development of its production in France, with its 19 production units.

Defying the trend for industrial standardisation and globalisation, Hermès stands out for its unique business model.

HERMÈS IN KEY DATES

1837

- ◆ The workshop of craftsman saddler- and harness-maker Thierry Hermès opens in the Grands Boulevards district in Paris.

1867

- ◆ Thierry Hermès receives an award at the Universal Exhibition in Paris for the excellence of his work.

1880

- ◆ Thierry Hermès' son, Charles-Émile Hermès, moves the workshops to 24, rue du Faubourg Saint-Honoré and opens a store selling bespoke harnesses and saddles.

1900

- ◆ Creation of the *Haut à courroies* bag.

1922

- ◆ Émile Hermès, son of Charles-Émile Hermès, brings the American “universal fastener”, later known as the zipper fastener, to France, with exclusive rights for its development.

1925

- ◆ Creation of a golf jacket, the first ready-to-wear garment.

1927

- ◆ Creation of the first piece of jewellery, the *Filet de selle* bracelet.

1937

- ◆ Creation of the first silk scarf, *Jeu des omnibus et dames blanches*.

1945

- ◆ The *Duc attelé, groom à l'attente* design by Alfred de Dreux from the Émile Hermès collection, representing a horse-drawn carriage, becomes the Hermès emblem.

1949

- ◆ Creation of the first tie.

1951

- ◆ Robert Dumas creates the *Chaîne d'ancre* bracelet.
- ◆ The creation of the *Eau d'Hermès* fragrance marks the founding of a new *métier*.

1956

- ◆ The bag created by Robert Dumas in 1930 is named the *Kelly* in tribute to Grace Kelly.

1967

- ◆ Presentation of the first women's ready-to-wear collection.

1973

- ◆ Launch in Germany of the publication *Die Welt von Hermès. Le Monde d'Hermès* is created two years later in France.

1978

- ◆ Jean-Louis Dumas, Robert Dumas's son, takes the reins of the House.
- ◆ Creation of the La Montre Hermès watchmaking subsidiary in Bienne, Switzerland.

1984

- ◆ Jean-Louis Dumas creates the *Birkin* bag, named after the singer and actress Jane Birkin.
- ◆ Creation of the first dinner service, *Les Pivoines*.

1987

- ◆ Hermès celebrates its 150th anniversary with a firework display on the Pont-Neuf bridge in Paris. Ever since, an annual theme has guided inspiration for all of the House's *métiers*.

1992

- ◆ Leather workshops established in Pantin.

1993

- ◆ Flotation of Hermès International on the stock exchange.

2000

- ◆ A Maison Hermès opens on Madison Avenue in New York.

2001

- ◆ A Maison Hermès opens in Ginza, Tokyo.
- ◆ Launch of the first e-commerce website in the United States.

2006

- ◆ Patrick Thomas becomes Executive Chairman of Hermès.
- ◆ A Maison Hermès opens in Dosan Park, Seoul.

2008

- ◆ Creation of the Fondation d'Entreprise Hermès under the impetus of the House's Artistic Director Pierre-Alexis Dumas, son of Jean-Louis Dumas.

2010

- ◆ Creation of petit h.
- ◆ Creation of the first *haute joaillerie* collection, designed by Pierre Hardy.
- ◆ The first *Saut Hermès* at the Grand Palais takes place in Paris.

2013

- ◆ Axel Dumas, nephew of Jean-Louis Dumas and sixth generation family member, is appointed Executive Chairman.

2014

- ◆ A Maison Hermès opens in Shanghai.

2015

- ◆ Apple and Hermès launch the *Apple Watch Hermès*.

2018

- ◆ Hermès International enters the CAC 40.
- ◆ Launch of the new *hermes.com* website in Europe and China.

2019

- ◆ A new market launches in Poland with the opening of a store in Warsaw.

2020

- ◆ Launch of the 16th *métier*: Beauty.

2021

- ◆ As at 31 December 2021, Hermès had 303 stores worldwide.
- ◆ The *hermes.com* website is the leading store, with online sales now operating in 29 countries.
- ◆ Inauguration of the leather goods workshops of Montereau (Seine-et-Marne) and Saint-Vincent-de-Paul (Gironde), the Group's 18th and 19th production units in France.
- ◆ Hermès International enters the Euro Stoxx 50.

1.2 GROUP GOVERNANCE

The Executive Management ensures the management of Hermès International. The role of Executive Chairman 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 Shareholders' General Meetings.

The Executive Chairmen's roles are distributed as follows: Axel Dumas is in charge of strategy and operational management, and Émile Hermès SAS, through its Executive Management Board, is responsible for vision and strategic priority areas.

The Executive Chairmen are supported in their management of the Group by the Executive Committee. This consists of Managing Directors, each of whom has well-defined areas of responsibility. The role of Group Management is to oversee the Group's strategic and operational management. Its composition reflects the Group's main areas of expertise.

The Operations Committee, which reports to the Executive Management, is made up of the Executive Committee and the Senior Executives of the main *métiers* and geographical areas of the Group.

Its duties are:

- ◆ to involve Senior Executives in the Group's major issues and strategic orientations;
- ◆ to promote communication, sharing and reasonable exchanges amongst its members in their area of responsibility;
- ◆ to enable the Executive Committee to take certain decisions.

Detailed information on the administrative and management bodies is provided in chapter 3 "Corporate governance", § 3.2 and § 3.3.



1

The members of the Executive Committee in the Hermès store on Avenue George-V, Paris. From left to right: Éric du Halgouët, Catherine Fulconis, Wilfried Guerrand, Axel Dumas, Olivier Fournier, Charlotte David, Guillaume de Seynes, Pierre-Alexis Dumas and Florian Craen



2

Agnès de Villers



3

Sharon MacBeath

Two new members joined the Executive Committee on 1 March 2022.



4

Éric de Seynes

Chairman of the Supervisory Board

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 they do, at the same time. Detailed information on the composition and work of the Supervisory Board is provided in chapter 3 «Corporate governance», § 3.2 and § 3.4.

1.3 STRATEGY

Hermès is an independent company backed by family shareholders. Its strategy is based on three pillars: creation, craftsmanship and an exclusive distribution network.

Since 1837, the Group has remained true to its values of freedom, demanding craftsmanship *savoir-faire*, quality, authenticity and responsible growth.

CREATION AT THE CORE OF HERMÈS' STRATEGY

Hermès creates and manufactures quality objects designed to last, to be passed on from one generation to the next, and to be repaired. This approach requires these issues to be taken into account at every stage, from design to sales.

Hermès' strategy is based on creative freedom. Each year, a theme inspires creators and Artistic Directors. Driven by a history spanning nearly 200 years, during which the House has continued to develop with audacity and ingenuity, Hermès paid homage to the theme of the Odyssey in 2021. In the face of challenges and successes, the Group has continued its journey, true to its identity and the Saddler's Spirit.

High standards in design and manufacturing encourage the creation of objects that aim to surprise and amaze customers. This creativity, revolving around traditional *savoir-faire*, is coupled with innovative processes to revisit timeless models and create exceptional pieces, without departing from Hermès' trademark humour and imaginative flair. The unbridled creativity flourishes in each *métier*, as reflected in the numerous scarf designs printed every year. It is then expressed through over 50,000 references, developed around a unique identity and a style blending exceptional quality, innovation, surprise, elegance and simplicity. In 2021, it was revealed in new territories with the successful launch of the new Beauty chapters, the H08 men's watch and the H24 perfume.

Hermès' mission is to create unique and original objects to elegantly satisfy the needs and desires of its customers.

Its goal is the pursuit of excellence, in each of its *métiers* and services, with craftsmanship at the heart of its model.

PERFORMANCE OF THE INTEGRATED CRAFTSMANSHIP MODEL

Hermès leverages its craftsmanship division, the second pillar of its strategy, with nearly 6,000 craftspeople in France. Backed by the House's rich history shaped by six generations of craftspeople, Hermès is resolutely turned to the future through its values, which address the concerns of our modern societies. Hermès moves with the times, but always respecting tradition, transmission and innovation.

The House works alongside those who master, preserve and transmit craftsmanship *savoir-faire* through their knowledge of materials and their exceptional techniques. Each new leather goods workshop is an architectural project in its own right, enabling around 300 jobs to be created and promoting a pleasant working environment on a human scale.

Hermès continued its investments to expand its production capacity in 2021, to satisfy its 16 *métiers*.

The House ensures that it continually nurtures improvements in the gestures and *savoir-faire* of its craftspeople. In 2021, true to its commitment to education, Hermès opened an apprentice training centre, the Centre de Formation d'Apprentis (CFA), which awards a State diploma in leather work. The craftsmanship model is at the heart of all the *métiers* of Maison Hermès, drawing on exceptional materials.

To ensure the durability of this craftsmanship model, the House takes particular care to secure its supplies of materials. Vertical integration, through partnerships and acquisitions, supports the development strategy, with regards to materials as well as techniques and *savoir-faire*. More than 58% of production is integrated and 78% is located in France.

The vertical integration and sustainable relationships with its partners ensure traceability of its supply chains and reinforce the House's responsible development strategy with regard to materials, techniques and *savoir-faire*.

THE DYNAMICS OF AN EXCLUSIVE OMNICHANNEL DISTRIBUTION NETWORK

Hermès' in-house distribution model, with its network of stores and e-commerce sites, proved its effectiveness during the health crisis. The House's tools were adapted to a transformed customer relationship in order to respond to rapid changes in demand and maintain a special relationship with customers.

The exclusive distribution network consists primarily of branches run by the Group around the Hermès brand. Each of the 303 stores across the world offers a personalised selection of objects, to exceed the specific expectations of its customers and offer a distinct purchasing experience in each and every store. Each store enables its customers to explore and discover the most beautiful products, and extends the House's lustre worldwide.

The importance of e-commerce has increased since the start of the Covid-19 crisis. For the past six years, Hermès has made the strategic choice of ramping up online sales, with the successful rollout of its proprietary platform worldwide, the attraction and retention of new customers, and the development of services. This strategy supports the House's customers and accelerates the digitisation of uses. This digital flagship is designed like any Hermès store with its spirit of fantasy, authenticity and diversity, its windows, its products, its services and its stories gathered in a single virtual place.

Customers are placed at the core of the omnichannel network, so as to best meet their expectations and offer them a unique experience. Around the world, Hermès stores are veritable "homes for Hermès objects", offering customers a unique experience, complementary to its website [hermes.com](https://www.hermes.com). This offer is backed by innovative services aimed at welcoming and serving customers in the best possible manner at all times. The House also hosts special occasions, revolving around events

in the world, and dynamic and animated set designs. Its unique communication ensures that it stands out, while nurturing the link with its customers.

Hermès, present in 45 countries, has an omnichannel network that is geographically balanced, with measured development and a constant search for prime locations.

AN ENTREPRENEURIAL SPIRIT AND INDEPENDENCE

The entrepreneurial spirit has been at the heart of Hermès since its creation. It is illustrated by its abundant creativity, a capacity for constant innovation, new *métiers*, new production workshops and store openings.

This strategy offers store managers freedom of purchase, to meet the specific needs of their customers. Two podiums are organised every year to present the fall-winter and spring-summer collections. These bring together all store and country managers, managers of the different *métiers*, as well as designers, to present all collections to the sales teams, who are thus responsible for compiling their own collections and making their store unique, with a special mix of products. The presentation of the collections adapted successfully to the health constraints, turning to digital presentations of the collections. This freedom means that in each country the Group's customers are presented with a diversified and unique mix of products resulting from this flurry of creativity, blending emblematic products and the House's new references, chosen, to best meet local expectations and dedicated to the elegance of its customers.

In order to continue this strategy, Hermès asserts its independence, underpinned by a strong family-based shareholding structure, committed to retaining most of its production in France and preserving its culture.

This independence, and the House's financial strict management, allow it to accelerate operational investments, both in production capacities and network and cross-functional projects, and to preserve its long-term strategy.

RESPONSIBLE GROWTH AND HUMANIST VALUES

The Group is stepping up its efforts in terms of social, societal and environmental performance. The “All artisans of sustainable development” strategic framework serves as a roadmap for all Management Committees and makes it possible to systematise and scale up actions and better measure their effects.

Hermès' highly integrated craftsmanship model promotes the creation of skilled jobs in France and social inclusion. Hermès is convinced that the diversity of talents is a source of wealth, creativity and innovation. These women and men who guarantee the quality of the objects, constitute a heritage for the House. To affirm its commitment to education, the House is developing its training schools for its major craftsmanship *métiers*.

The profit-sharing and incentive agreements, as well as the granting of free shares, enable all employees in France to share in the Group's success.

As a company that respects the nature that inspires it, Hermès ensures the preservation of its resources and its impact on natural environments and local ecosystems, with a low carbon-emission artisanal production model. The Group's environmental policy is based on major commitments related to the reduction of greenhouse gas emissions and their offset, the use of renewable energies, the reduction of industrial water consumption, biodiversity and defossilisation of industrial sites.

In 2021, the House notably strengthened its commitments against climate change with new targets for a climate trajectory below 1.5 °C, validated by the Science Based Targets initiative (SBTi). The House is continuing its concrete actions to minimise its impact on biodiversity, in particular by conducting an exhaustive inventory of its impacts using the GBS method, in partnership with the WWF and CDC Biodiversité, with the aim of initiating action plans on the significant impacts identified.

Hermès places responsibility and sustainability in all its actions and creations, such as real estate, which uses a “sustainable real estate” approach, or IT, with the “responsible digital” approach.

Through its engagement with local authorities and communities where its production sites are located, Hermès contributes to revitalising regions, and provides working conditions that offer proximity and stable employment. Thanks to the “Fondation d'entreprise Hermès”, the Company is expanding its philanthropic actions through artistic creation, education and transmission, solidarity and the preservation of biodiversity. The Group is an economic player that is committed to its ecosystem and its stakeholders. Hermès is committed to support its suppliers in meeting requirements in terms of traceability, certification, carbon trajectory, reduction in water consumption and the use of plastics. These supply chain briefs were published on the House's website.

Hermès, a family business, has been able to adapt to changes while favouring a long-term approach. The Group, on the strength of its craftsmanship *savoir-faire*, its exclusive distribution network and its creative heritage, will continue its sustainable and responsible development.

1.4 SIMPLIFIED ORGANIZATION CHART AND GROUP LOCATIONS

1.4.1 SUMMARY DESCRIPTION OF THE GROUP AS AT 31 DECEMBER 2021

HERMÈS INTERNATIONAL



The main consolidated companies as at 31 December 2021 (distribution subsidiaries and holding companies of the divisions) are listed in Note 16 of the consolidated financial statements.

1.4.2 PRODUCTION SITES

The Hermès Group operates 66 production sites, including 52 in France. The Group also operates production sites in Switzerland, the United States, Australia, Italy, Portugal and the United Kingdom.

Métiers	Company (production sites)
Leather	Hermès Sellier (<i>Paris Faubourg Saint-Honoré, Pantin-Pyramide, Pantin-CIA, Pierre-Bénite</i>)
	Les Maroquinerie des Alpes (<i>Aix-les-Bains, Belley, Fitialieu, Les Abrets</i>)
	Maroquinerie de Saint-Antoine (<i>Paris</i>)
	Maroquinerie des Ardennes (<i>Bogny-sur-Meuse, Charleville-Mézières</i>)
	Manufactures d'Auvergne (<i>Sayat, Riom</i>)
	Manufacture de Franche-Comté (<i>Seloncourt, Héricourt, Allenjoie</i>)
	Maroquinerie du Sud-Ouest (<i>Nontron, Saint-Junien, Montbron</i>)
	Maroquinerie de Normandie (<i>Val-de-Reuil, Louviers</i>)
	Maroquinerie de Guyenne (<i>Saint-Vincent-de-Paul</i>)
	Maroquinerie de Montereau (<i>Montereau</i>)
Tanneries and Precious Leathers	Tannerie de Montereau (<i>Montereau</i>)
	Tannerie de Vivoin (<i>Vivoin</i>)
	Tannerie d'Annonay (<i>Annonay</i>)
	Mégisserie Jullien (<i>Chabris</i>)
	Conceria di Cuneo (<i>Cuneo/Italy</i>)
	Tanneries du Puy (<i>Le Puy-en-Velay</i>)
	United States division
	Australia division
Perfume and Beauty	Comptoir Nouveau de la Parfumerie (CNP) (<i>Le Vaudreuil</i>)
Textiles	Métaphores (<i>Bourgoin-Jallieu</i>)
	Société d'Impression sur Étoffes du Grand-Lemps (SIEGL) (<i>Le Grand-Lemps</i>)
	Ateliers AS (<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 Bussières et de Challes (ATBC) (<i>Bucol, Le Crin</i>) (<i>Bussières, Challes</i>)
	Société Novatrice de Confection (SNC) (<i>Nontron, Bourgoin-Jallieu</i>)
	Ateliers d'Ennoblement d'Irigny (AEI) (<i>Irigny</i>)
Crystal Saint-Louis	Compagnie des Cristalleries de Saint-Louis (<i>Saint-Louis-lès-Bitche</i>)
Silversmith Puiforcat	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>)
	Les Ateliers Hermès Horloger (<i>Noirmont/Switzerland</i>)
Metal parts (J3L)	Lasco (<i>Champigny-sur-Marne</i>)
	Juléa (<i>Champigny-sur-Marne</i>)
	Scap (<i>Roye</i>)
	Goulard (<i>Châtillon-le-Duc</i>)
	Polissage Brun (<i>Bonnétage</i>)
	J3LP – Fabrico de produtos metálicos (<i>Fundão/Portugal</i>)
Bootmaker / Shoes	John Lobb (<i>Paris Mogador, Northampton/United Kingdom</i>)
	Atelier HCl (<i>Milan/Italy</i>)
Logistics	Hermès Sellier (<i>Bobigny, Saint-Priest</i>)



1.4.3 DISTRIBUTION NETWORK

Hermès objects are available worldwide through a network of 303 exclusive stores. Hermès watches, perfumes and tableware are also sold through networks of specialised stores. The branches are located in the following geographical areas: 73 in Europe (including 13 in France), 47 in the Americas (including 31 in the United States), 95 in Asia (including 29 in Japan), and 6 in Oceania.

Europe

Germany: 14

11 branches:

- ◆ Baden-Baden
- ◆ Berlin KaDeWe
- ◆ Berlin Kudamm
- ◆ Cologne
- ◆ Düsseldorf
- ◆ Frankfurt
- ◆ Hamburg
- ◆ Kampen
- ◆ Munich
- ◆ Nuremberg
- ◆ Stuttgart

3 concessionaires

Austria: 2

2 concessionaires

Belgium: 3

3 branches:

- ◆ Antwerp
- ◆ Brussels
- ◆ Knokke-le-Zoute

Denmark: 2

1 branch:

- ◆ Copenhagen

1 concessionaire

Spain: 4

4 branches:

- ◆ Barcelona Paseo de Gracia
- ◆ Madrid Canalejas
- ◆ Madrid Ortega y Gasset
- ◆ Marbella

France: 29

13 branches:

- ◆ Aix-en-Provence
- ◆ Biarritz
- ◆ Bordeaux
- ◆ Cannes
- ◆ Deauville
- ◆ Lille
- ◆ Lyon

- ◆ Marseille
- ◆ Paris Faubourg Saint-Honoré
- ◆ Paris George V
- ◆ Paris Sèvres
- ◆ Saint-Tropez
- ◆ Strasbourg

16 concessionaires

United Kingdom: 8

6 branches:

- ◆ London Bond Street
- ◆ London Harrods
- ◆ London Royal Exchange
- ◆ London Selfridges
- ◆ London Sloane Street
- ◆ Manchester

2 concessionaires

Greece: 1

1 branch:

- ◆ Athens

Ireland: 1

1 branch:

- ◆ Dublin

Italy: 14

11 branches:

- ◆ Bologna
- ◆ Capri
- ◆ Florence
- ◆ Milan
- ◆ Naples
- ◆ Padua
- ◆ Palermo
- ◆ Porto Cervo
- ◆ Rome
- ◆ Turin
- ◆ Venice

3 concessionaires

Luxembourg: 1

1 concessionaire

Norway: 1

1 branch:

- ◆ Oslo

Netherlands: 3

2 branches:

- ◆ Amsterdam De Bijenkorf
- ◆ Amsterdam P.C. Hoofstraat

1 concessionaire

Poland: 1

1 branch:

- ◆ Warsaw

Portugal: 1

1 branch:

- ◆ Lisbon

Principality of Monaco: 1

1 branch:

- ◆ Monte Carlo

Czech Republic: 1

1 branch:

- ◆ Prague

Russia: 3

3 branches:

- ◆ Moscow Gum
- ◆ Moscow Stoleshnikov
- ◆ Moscow Vremena Goda

Sweden: 1

1 branch:

- ◆ Stockholm

Switzerland: 10

8 branches:

- ◆ Basel
- ◆ Crans
- ◆ Geneva
- ◆ Gstaad
- ◆ Lausanne
- ◆ Lugano
- ◆ St Moritz
- ◆ Zurich

2 concessionaires

Turkey: 4

3 branches:

- ◆ Istanbul Emaar
- ◆ Istanbul Istinye Park
- ◆ Istanbul Nisantasi

1 concessionaire

Americas

Argentina: 1

1 branch:

- ◆ Buenos Aires

Brazil: 3

3 branches:

- ◆ Rio de Janeiro
- ◆ Sao Paulo Cidade Jardim
- ◆ Sao Paulo Iguatemi

Canada: 5

4 branches:

- ◆ Calgary
- ◆ Montreal
- ◆ Toronto
- ◆ Vancouver

1 concessionaire

Caribbean: 1

1 branch:

- ◆ Saint-Barthélemy

Asia

Mainland China: 28

25 branches:

- ◆ Beijing China World
- ◆ Beijing Peninsula
- ◆ Beijing SKP
- ◆ Changsha
- ◆ Chengdu
- ◆ Chongqing
- ◆ Dalian
- ◆ Guangzhou
- ◆ Hangzhou Hubin
- ◆ Hangzhou Tower
- ◆ Harbin
- ◆ Kunming

Chile: 1

1 concessionaire

United States: 38

31 branches:

- ◆ Atlanta
- ◆ American Dream
- ◆ Aventura
- ◆ Beverly Hills
- ◆ Boston
- ◆ Chicago
- ◆ Costa Mesa South Coast Plaza
- ◆ Dallas
- ◆ Denver
- ◆ Greenwich
- ◆ Hawaii Ala Moana
- ◆ Hawaii Waikiki
- ◆ Houston
- ◆ Las Vegas Bellagio
- ◆ Las Vegas Crystals
- ◆ Las Vegas Wynn
- ◆ Miami
- ◆ New York Madison
- ◆ New York Meatpacking
- ◆ New York Men on Madison
- ◆ New York Wall Street

- ◆ Orlando
- ◆ Palm Beach
- ◆ Palo Alto
- ◆ Philadelphia King of Prussia
- ◆ San Diego
- ◆ San Francisco
- ◆ Seattle
- ◆ Short Hills
- ◆ Troy
- ◆ Washington

7 concessionaires

Mexico: 7

7 branches:

- ◆ Cancún
- ◆ Guadalajara
- ◆ Mexico Artz
- ◆ Mexico Masaryk
- ◆ Mexico Moliere
- ◆ Mexico Santa Fe
- ◆ Monterrey

Panama: 1

1 concessionaire

South Korea: 18

10 branches:

- ◆ Busan
- ◆ Daegu
- ◆ Seoul Dosan Park
- ◆ Seoul Galleria
- ◆ Seoul Hyundai Apkujung
- ◆ Seoul Hyundai Coex
- ◆ Seoul Lotte World Tower
- ◆ Seoul Shilla
- ◆ Seoul Shinsegae Gangnam
- ◆ Seoul Shinsegae Main

8 concessionaires

- ◆ Nanjing
- ◆ Ningbo
- ◆ Qingdao
- ◆ Shanghai IFC
- ◆ Shanghai Maison
- ◆ Shanghai Plaza 66
- ◆ Shenyang
- ◆ Shenzhen Bay Mixc
- ◆ Shenzhen Mixc
- ◆ Suzhou
- ◆ Wuhan
- ◆ Xi'An
- ◆ Xiamen

3 concessionaires

Hong Kong: 7

7 branches:

- ◆ Hong Kong Elements
- ◆ Hong Kong Harbour City
- ◆ Hong Kong International Airport
- ◆ Hong Kong Landmark Prince's
- ◆ Hong Kong Lee Gardens
- ◆ Hong Kong Pacific Place
- ◆ Hong Kong Sogo

India: 2

2 branches:

- ◆ Mumbai
- ◆ New Delhi

Indonesia: 2

2 concessionaires

Japan: 36

29 branches:

- ◆ Chiba Sogo
- ◆ Fukuoka Hakata Hankyu
- ◆ Fukuoka Iwataya
- ◆ Hiroshima Sogo
- ◆ Kobe Daimaru
- ◆ Kyoto Takashimaya
- ◆ Nagoya JR Takashimaya
- ◆ Nagoya Matsuzakaya
- ◆ Nagoya Mitsukoshi
- ◆ Okayama Takashimaya
- ◆ Osaka Hilton
- ◆ Osaka Shinsaibashi Daimaru
- ◆ Osaka Takashimaya
- ◆ Osaka Umeda Hankyu

Middle East**Bahrain: 1**

1 concessionaire

United Arab Emirates: 5

5 concessionaires

Oceania**Australia: 6**

5 branches:

- ◆ Brisbane
- ◆ Gold Coast Pacific Fair

- ◆ Sapporo Daimaru
- ◆ Sendai Fujisaki
- ◆ Tokyo Ginza
- ◆ Tokyo Ikebukuro Seibu
- ◆ Tokyo Marunouchi
- ◆ Tokyo Nihombashi Mitsukoshi
- ◆ Tokyo Nihombashi Takashimaya
- ◆ Tokyo Omotesando
- ◆ Tokyo Shibuya Tokyu
- ◆ Tokyo Shinjuku Isetan
- ◆ Tokyo Shinjuku Takashimaya
- ◆ Tokyo Tamagawa Takashimaya
- ◆ Urawa Isetan
- ◆ Yokohama Sogo
- ◆ Yokohama Takashimaya

7 concessionaires

Kazakhstan: 1

1 concessionaire

Macao: 4

4 branches:

- ◆ Macao Four Seasons
- ◆ Macau Galaxy
- ◆ Macao Wynn
- ◆ Macao Wynn Palace

Malaysia: 3

2 branches:

- ◆ Kuala Lumpur Pavilion
- ◆ Kuala Lumpur The Gardens

1 concessionaire

Philippines: 1

1 concessionaire

Singapore: 6

6 branches:

- ◆ Singapore Changi Airport T1
- ◆ Singapore Changi Airport T2
- ◆ Singapore Changi Airport T3
- ◆ Singapore Liat Tower
- ◆ Singapore Marina Bay Sands
- ◆ Singapore Takashimaya

Taiwan: 9

6 branches:

- ◆ Kaohsiung
- ◆ Taichung
- ◆ Taiwan
- ◆ Taipei Bellavita
- ◆ Taipei Regent
- ◆ Taipei Sogo Fuxing

3 concessionaires

Thailand: 5

4 branches:

- ◆ Bangkok Central Embassy
- ◆ Bangkok Icon Siam
- ◆ Bangkok Siam Paragon
- ◆ Phuket Floresta

1 concessionaire

Vietnam: 2

2 concessionaires

Kuwait: 1

1 concessionaire

Lebanon: 1

1 concessionaire

Qatar: 2

2 concessionaires

Guam: 1

1 branch:

- ◆ Guam

1.4.4 REAL ESTATE

The surface areas set out below correspond to the gross floor space, measured on plans by an architect, for all of the Group's buildings in and around Paris.

In Paris, the Group now occupies office space of approximately 31,400 m² mainly near its historical registered office of 24, rue du Faubourg Saint-Honoré and 19-21, rue Boissy d'Anglas, which it owns. Staff work in office premises in rue de la Ville-l'Évêque, rue d'Anjou and rue de Penthièvre in Paris 8th arrondissement, leased from third parties under commercial leases. The building on rue de Penthièvre underwent major interior work to accommodate the Hermès Perfume and Beauty and digital teams in April 2021.

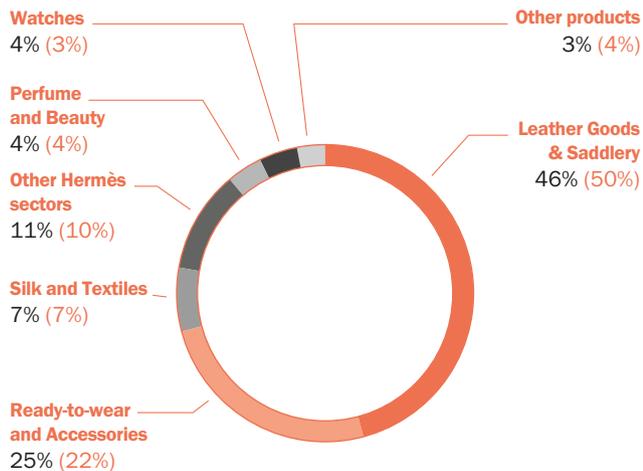
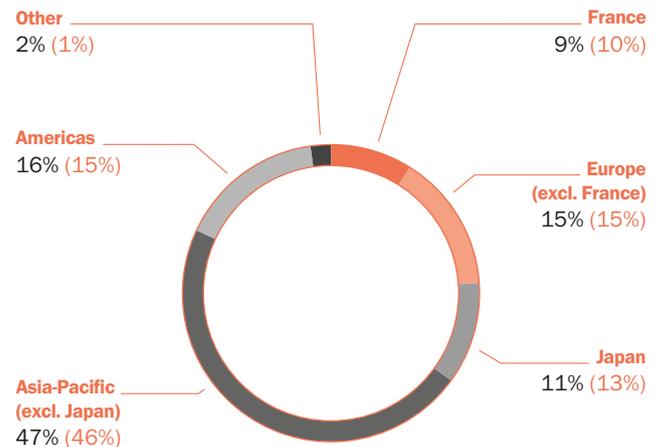
In Pantin, Hermès occupies 84,500 m² of manufacturing premises and office space, most of which is owned by the Group, including the Espace Jean-Louis Dumas, which opened in 2015, and the Cité des Métiers, which won the Prix de l'Équerre d'Argent 2014. The Group leases an office building located in Pré-Saint-Gervais to provide a surface of 6,200 m². In 2020, the Group also leased a building located near the Espace Jean-Louis Dumas, for an additional surface area of 4,800 m², which underwent major redevelopment work to accommodate the activities of petit h and Hermès Horizons from the end of 2021.

In Bobigny, the Group owns its logistics site, with a total surface area of approximately 32,100 m².

The Group is the owner of 61 of the 66 production sites that it operates (see § 1.4.2).

Hermès products are sold worldwide through 303 exclusive stores (see § 1.4.3). A total of 221 stores are operated as branches, most of which have commercial leases intended primarily to ensure the continuity of operations over time.

However, the Group also owns the buildings that house certain stores, including those in Paris, Ginza in Tokyo, Dosan Park in Seoul, Beverly Hills, Sydney and Geneva. In addition, the Group owns a commercial building and offices in London.

AFR **1.5 KEY FINANCIAL FIGURES****1.5.1 REVENUE BY MÉTIER FOR 2021 (2020)****1.5.2 REVENUE BY GEOGRAPHICAL AREA FOR 2021 (2020)****1.5.3 KEY CONSOLIDATED DATA**

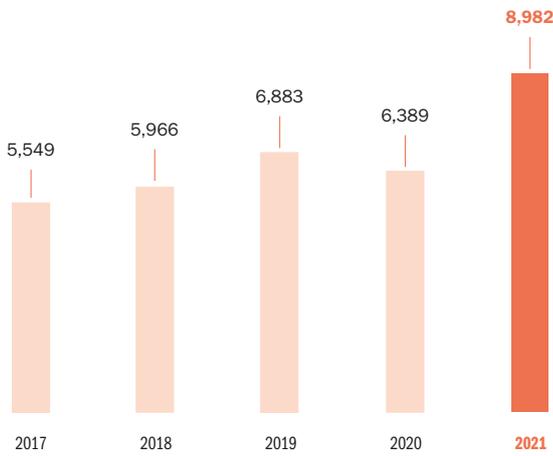
In millions of euros	2021	2020	2019	2018 Restated *	2017
Revenue	8,982	6,389	6,883	5,966	5,549
Growth at current exchange rates vs. n-1	41%	(7)%	15%	8%	7%
Growth at constant exchange rates vs. n-1 ¹	42%	(6)%	12%	10%	9%
Recurring operating income ²	3,530	1,981	2,339	2,075	1,922
in % of revenue	39%	31%	34%	35%	35%
Operating income	3,530	2,073	2,339	2,128	1,922
in% of revenue	39%	32%	34%	36%	35%
Net income attributable to owners of the parent	2,445	1,385	1,528	1,405	1,221
in % of revenue	27%	22%	22%	24%	22%
Operating cash flows	3,060	1,993	2,063	1,863	1,580
Operating investments	532	448	478	312	265
Adjusted free cash flow ³	2,661	995	1,406	1,447	1,340
Equity attributable to owners of the parent	9,400	7,380	6,568	5,470	5,039
Net cash position ⁴	6,695	4,717	4,372	3,465	2,912
Restated net cash position ⁵	7,070	4,904	4,562	3,615	3,050
Headcount (number of people)	17,595	16,600	15,417	14,284	13,483

* Including the impact of IFRS 16 on leases. In accordance with IAS 8, Hermès has applied the new standard on a full retrospective basis, and has restated the financial statements for the period ended 31 December 2018.

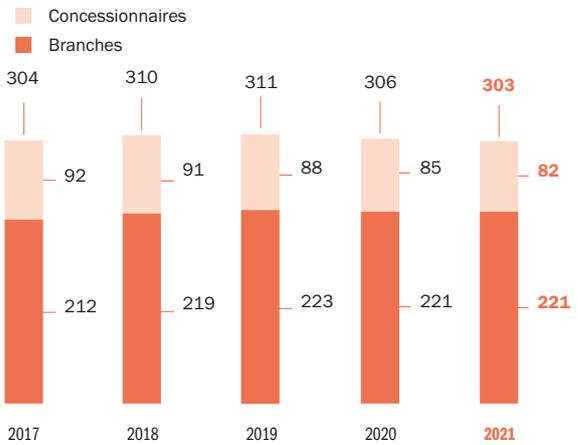
- (1) Growth at constant exchange rates is calculated by applying, for each currency, the average exchange rates of the previous period to the revenue for the period.
- (2) Recurring operating income is one of the main performance indicators monitored by Group management. It corresponds to operating income excluding non-recurring items having a significant impact that may affect understanding of the Group's economic performance.
- (3) Adjusted free cash flow is the sum of cash flows related to operating activities, less operating investments and the repayment of lease liabilities recognised in accordance with IFRS 16 (aggregates in the consolidated statement of cash flows).
- (4) Net cash position includes cash and cash equivalents presented under balance sheet assets, less bank overdrafts which appear under short-term borrowings and financial liabilities on the liabilities side. Net cash position does not include lease liabilities recognised in accordance with IFRS 16.
- (5) Restated net cash corresponds to net cash plus cash investments that do not meet the IFRS criteria for cash equivalents due in particular to their original maturity of more than three months, less borrowings and financial liabilities.

1.5.3.1 CHANGE IN CONSOLIDATED REVENUE

In millions of euros

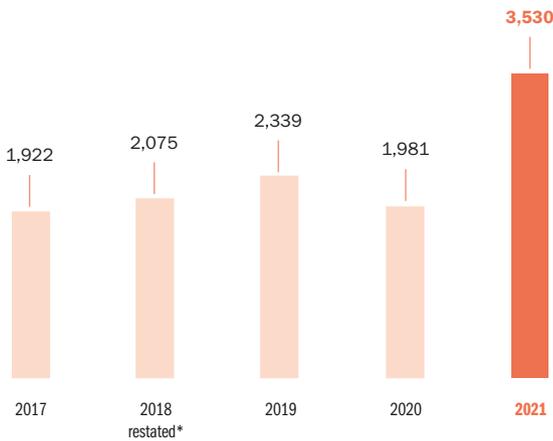


1.5.3.4 CHANGE IN THE NUMBER OF HERMÈS EXCLUSIVE STORES



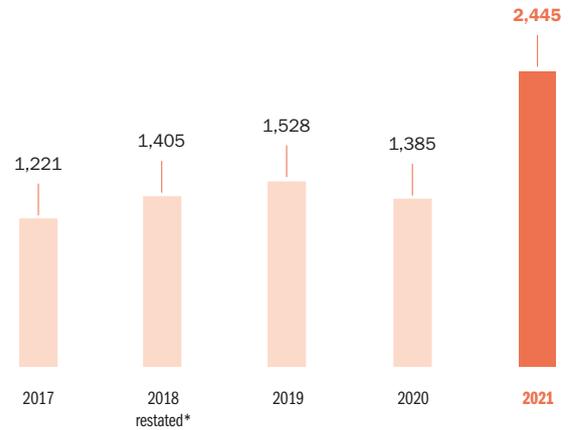
1.5.3.2 CHANGE IN RECURRING OPERATING INCOME

In millions of euros



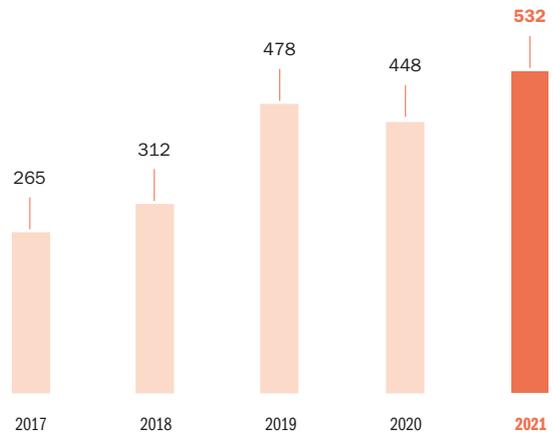
1.5.3.5 CHANGE IN NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT

In millions of euros



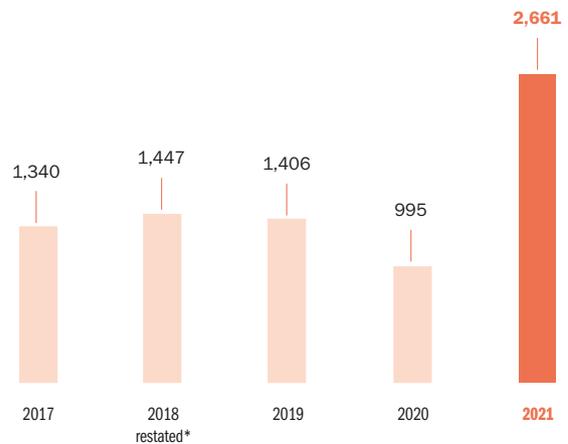
1.5.3.3 CHANGE IN OPERATING INVESTMENTS

In millions of euros



1.5.3.6 CHANGE IN ADJUSTED FREE CASH FLOW

In millions of euros



AFR 1.6 REVENUE AND ACTIVITY BY MÉTIER

	2021		2020		Change	
	Revenue in millions of euros	2021 mix in %	Revenue in millions of euros	2020 mix in %	at current exchange rates	at constant exchange rates
Leather Goods & Saddlery	4,091	46%	3,209	50%	27%	29%
Ready-to-wear and Accessories	2,219	25%	1,409	22%	58%	59%
Silk and Textiles	669	7%	452	7%	48%	49%
Other Hermès sectors	1,001	11%	643	10%	56%	57%
Perfume and Beauty	385	4%	263	4%	46%	47%
Watches	337	4%	196	3%	72%	73%
Other products	279	3%	218	4%	28%	29%
CONSOLIDATED REVENUE	8,982	100%	6,389	100%	41%	42%

1.6.1 LEATHER GOODS & SADDLERY

Leather Goods & Saddlery, Hermès' original *métier*, 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.

The Leather Goods & Saddlery *métier* represents 46% of consolidated sales. In 2021, it generated €4,091 million in revenue.

Hermès 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-leather workers, who apply traditional *savoir-faire* passed down from generation to generation. The care taken by the craftspeople each day patiently crafting and fashioning the raw leather gives these unique objects a distinctive additional measure of personality.

Today, they are made by over 4,300 saddler-leather craftspeople in 19 production units and workshops spread over Paris, Pantin and six regions across France. To meet sustained high demand, Hermès opened two new leather goods workshops in 2021, one in Gironde and the other in Seine-et-Marne. Two other leather goods workshops are under construction: one in the Eure, with opening scheduled for the end of 2022, and the other in the Ardennes for 2023. The construction of the new glove and leather goods building in Saint-Junien (Haute-Vienne), which will be completed in 2023, will double the number of craftspeople on this site. Hermès is also preparing to start work on its new production unit in Riom (Puy-de-Dôme), which is scheduled to open in 2024. These establishments are set up in close collaboration with the various local stakeholders and regional administrative and economic development bodies. In this way, Hermès reaffirms its commitment to regions with a strong manufacturing *savoir-faire*, and its will to provide high-quality jobs.

The House is also continuing to perfect the skills and *savoir-faire* of its craftspeople through a range of training and professional qualification programmes. These programmes are delivered within the École Hermès des Savoir-Faire and through a range of partnerships with training structures in the regions concerned.

1.6.1.1 WOMEN'S BAGS

A new style of clasps inspired by equestrian silversmithing has been introduced in the collections of women's bags. On the *Hermès Della Cavalleria* bag, the clasp is in the shape of a boldly assertive bridle bit, following the smooth curves of the leather perfectly, revealing an astonishing construction and highlighting the work in the contours. In the same vein, a bit straight from the discipline of dressage gives its structure to a new small bag with straight lines, called the *Mors de Bride*.

The *Hermès Perspective Cavalière* bag is a new leather shoulder bag with a nomadic touch, available in two sizes. Its clean lines and construction are reminiscent of the curves of a saddle, a lineage underlined by the saddler's rivet that serves as a closure. The collection of everyday bags welcomes the *H en Biais* tote bag, which reinterprets an emblematic design from the 1970s in an original jacquard canvas or in a raised embroidery tufted canvas.

The *Birkin* continues to reinvent itself and its uses. As an ode to its original function, the *Birkin Fray Fray 35* reinterprets the large tote bag in a light and cheerful canvas version, with its edges frayed by hand to create coloured fringes. As for the *Birkin 3 in 1*, it offers a play on deconstruction and reconstruction around its emblematic flap, allowing several uses as a tote bag to be carried with or without its clutch bag.

The reinterpretation of the great classics is expressed through exceptional versions, designed in an "Arts & Crafts" spirit. Like the *Kelly Padded* whose embossed leather work evokes the seats of vintage cars and illustrates the *savoir-faire* of the upholsterer. The *Kelly* and *Birkin 25 In and Out* bags inaugurate a new technique of detailed printing on leather, which reveals playful designs. The *Picnic* story, which celebrates the meeting of *savoir-faire* in basketry and leather goods, continues with the *Birkin 25 Picnic*. The *Birkin 35 Faubourg Tropical* calls upon the exceptional skills of Indian embroiderers to cover the bag entirely with lush vegetation, embroidered using the *point de Lunéville* technique and requiring 53 colours of thread. Two other odysseys continue, that of the *Birkin Faubourg*, proposed this year in an "in the snow" version, and that of the *Birkin Shadow*, an optical illusion made from embossed leather on the size 25. The "Studio 24" evening look transposes the

disco spirit of the 1970s to the *Constance* and *Mosaïque au 24* bags, whose clasps are faceted with a polished-mirror finish.

Lastly, combinations of textiles and leathers are in the spotlight and bring a light touch to certain models. This is the case of the *24-24* in its size 35 or the *Picotin Pocket*, which acquires an “adventurous” character with its exterior pockets. A new canvas called *Quadrille*, in a three-colour fabric made of 100% cotton, makes its appearance on the *Victoria* tote bag, the *Herbag Zip* and the *Kelly Sellier*.

1.6.1.2 MEN'S BAGS

The men's collections have multiplied the offering in response to contemporary uses, and revisit the identity codes of the great classics.

The emblematic *Sac à Dépêches* features a new 29 cm messenger format that can be worn in different ways, including as a clutch bag, thanks to its removable shoulder strap.

The *Hermès Open 24* bag is a new sports bag made entirely of leather, whose side handles make it easy to grab and draw an H in contrasting materials or colours. The line also includes two models of small leather goods, a wallet and a card holder, whose signature is found in the folds and juxtaposition of leathers.

Among the large formats ready for travel, the *Galop* tote bag, created in 1992, has been revived in a tweed wool tartan version, combined with leather.

A special place has been given to the emblematic *Haut à Courroies 40* bag. First, with a “western” design, transposing an embroidery inspired by the world of cowboys onto the leather. But also in a new *Cargo* version in canvas and leather inspired by military clothing, with multifunctional pockets on the front and back.

1.6.1.3 TRAVEL

The world of travel has shaped Hermès' history throughout its development. These roots in facilitating travel have spurred the creation of the new rolling luggage, the *RMS (Rolling Mobility Suitcase)*.

Bridging tradition and modernity, this luggage is inspired by both traditional leather suitcases, with its reinforced corners, and the urban and contemporary universe, with its skateboard wheels. Resolutely innovative, it has taken several years of research to create its particularly smooth wheeling experience and ease of use. It is available in a wide choice of materials and colours, including printed canvas, and offers the possibility of personally selecting the colours of the wheels and handle.

1.6.1.4 ACCESSORIES AND SMALL LEATHER GOODS

The collections of small leather goods continue to be renewed in order to respond to the multiplicity of uses, in a joyful and colourful spirit, without forgetting to ensure timelessness.

The *Béarn* and *Calvi* lines welcome new formats. The *Béarn Combiné* wallet offers all the functionality of a compact wallet in an even smaller format, still closed by a leather tab slipped into a metal H buckle. *Calvi Duo* retains its folding leather style and its original format, but adds a compartment with a press-stud closure to accommodate change, as well as the card compartment.

The *In-the-Loop Wink* line plays with emoticons to imagine fun small leather goods, mini wallets, key cases or phone cases, featuring a mouth and mischievous eyes created in contrasting leathers.

The *Backpocket* is a smart accessory for the *Birkin*. This removable zipped pocket slips over the back handle of the bag for immediate access to essentials. In tone on tone or a contrasting colour, it brings a different personality to the *Birkin*.

The rollout of charms continues. A new miniature, the *Kellydole* charm is a true concentration of *savoir-faire*: meticulous, precise assembly, refined details – eyebrows, mouth, feet and hands – and technical achievements in the realisation of functional metallic parts. The must-have *Rodeo* horse becomes winged and takes on a new look in its *Pégase* version. Finally, a tiny zebra with a crazy colourful mane, the *Geegee Savannah*, joins the collection.

1.6.1.5 MATERIALS

Beauty and sensuality are the key words of the collection of materials. Around the base of Heritage leathers (*Box*, *Barénia*, *Vache naturelle*, etc.), in the purest tradition of excellence, some 40 leathers illustrate this unique profusion of softness, sheen, relief and allure.

But 2021 is also a year marked by innovation.

Innovation in leather, giving pride of place to vegetable tanning, and creating an exceptional patina. The infusion of birch and oak used for the *Volynka* crocodile gives it a powerful smell of smoked tea and an irresistible allure of weathered mahogany, while the subtlety of chestnut gives the *Galop d'Hermès* leather a fragrance of waxed wood, a dense and full hand and a firm feel without being stiff.

Innovation in textiles with the new *Quadrille* fabric, inspired by *toile H*, with its regular and compact weave.

Remarkable innovation in new materials with *Sylvania*, a hybrid material made from Fine Mycelium™. The result of an exclusive collaboration between Hermès and MycoWorks, a California company that has created a premium material made from their patented process to enhance mycelium as it grows. *Sylvania* is neither leather nor textile. It is a fine and supple material, with a slightly plump hand and an incredibly soft touch. With its fine relief and amber hue, it has naturally found its place in Hermès' collection of exceptional materials.

1.6.1.6 EQUESTRIANISM

2021 was a landmark year for the Equestrian *métier*. In January, Steve Guerdat, a Swiss show jumper, joined the House as a partner rider and, by his own admission, fell in love with the Hermès saddle. Three-time winner of the World Cup final and double Olympic medallist, Steve Guerdat is a horse enthusiast respected by the entire equestrian world.

During the summer, the Hermès saddle shone at the highest sporting level, winning three medals at the Tokyo Olympic Games: two gold for the German dressage rider, Jessica Von Bredow-Werndl, and a bronze for the Belgian rider, Jérôme Guery in show jumping. These accolades were followed with great emotion by the saddler craftspeople at the Faubourg Saint-Honoré and Normandy workshops.

These sporting performances were accompanied by a very positive commercial dynamic in all countries. Saddle sales are growing thanks to a renewed offering, visibility in elite sport and the business model focused on saddle experts, who bring unique technical expertise and customer experience.

Lastly, the universe of the Dog, which has been reinvented by drawing inspiration from the House's archives and *savoir-faire*, has made a grand and joyous debut in stores around the world.

1.6.2 READY-TO-WEAR AND ACCESSORIES

The Ready-to-wear and Accessories *métier* is the Hermès Group's second largest sector, representing 25% of consolidated sales. In 2021, it generated €2,219 million in revenue.

1.6.2.1 WOMEN'S READY-TO-WEAR

In 2021, the summer collection offers a minimal and refined wardrobe, built around a slender silhouette whose fluidity and sensuality are underlined by graphic lines, supple constructions and light materials. The collection is structured along three lines: wardrobe essentials, articles inspired by the equestrian universe, and finally, the work of the summer coat and suit, where the classic materials of the suit, wool or Prince of Wales check, are revisited for enhanced freshness and lightness. Still in this spirit of purity, suits and free-flowing articles delicately embrace bare skin.

For winter, Nadège Vanhée-Cybulski, creator of women's ready-to-wear, expresses a message of optimism and a call to the great outdoors. The fall-winter collection, dedicated to a sensual woman seeking a balance between sophistication and comfort, is above all reassuring and elegant. The clothes are shapely, signed and fitted. The Tattersall, a checked fabric of equestrian origin, is omnipresent and magnified, printed on a water-repellent cotton twill or woven in a cashmere and silk knit. The *Medor* stud, one of the House's emblematic metallic items, dots various pieces, cotton blouses and pleated skirts, or is used as a button closure on cashmere coats.

1.6.2.2 MEN'S READY-TO-WEAR

In this year of great upheavals, it was necessary to reinvent the way of designing a collection while perpetuating the stylistic vision dear to Véronique Nichanian, Artistic Director of the men's universe.

The spring-summer collection blows a breeze of lightness, casualness and freedom. In a play on encounters between depth and fantasy, between innovation and heritage, the clean silhouettes create a relaxing timelessness. The colours form contrasting harmonies, while the stripes of the shirts are used on linings, double plackets and yokes.

The fall-winter collection is committed to reconnecting with the movement of the world. The clothes leave their traditional frame and become bridges between the inside and the outside. Hybrid and practical, they invite travel from the inside to the outside, and *vice versa*, in a constant quest for comfort and flexibility. As a source of energy, they offer a range of contrasting lines and colours.

With these two collections, Véronique Nichanian instils an optimistic spirit imbued with nonchalance.

1.6.2.3 FASHION ACCESSORIES

1.6.2.3.1 Fashion jewellery

Fashion jewellery gives pride of place to materials. The excellence of leather *savoir-faire* is fully demonstrated through the different realisations of the new *Entrelacs* line, whose arabesques are cut from a single piece of leather and highlighted with saddle stitching.

The *Clic All Over* enamel bracelet is adorned with new prints that feature toucans, cheetahs, equestrian motifs or an interstellar decor.

Wicker, a plant fibre already present in previous collections, comes back to dress the *Dog Collar* cuff and a pair of earrings in original colours, Naples yellow, ecru and nasturtium.

As for the lacquered wooden bracelets, they give a nod to felines by dressing up in spots, evoking the fur of these animals, lacquered by hand in successive layers for a particularly sleek finish.

1.6.2.3.2 Belts

The women's belts are daring, adding a touch of fantasy to classic models, in particular a buckle composed of juxtaposed metal bubbles, with sparkling curves.

Fantasy is also expressed in the colours, always very much present on the leather belts and which is also used on the *boucle H* with new enamel models, in plain colours for summer or printed with a feline pattern, echoing the jewellery accessories for winter.

In order to adapt to all uses, for the first time, the women's collections include an adjustable and reversible belt.

The men's belt adds to its repertoire for the summer with marine-inspired models whose new buckle, a masterpiece of silverware, perfectly imitates a rope. For winter, the buckle plays with colour, with three-colour lacquered metal or rainbow versions.

1.6.2.3.3 Hats

Various prints from the House have found their place in the hat collections, whether on a bucket hat or a cap for women, or on a men's cap with a motif borrowed from men's ready-to-wear.

In summer, straw lends itself to all kinds of play: woven for the first time with a tartan motif, openwork for a very light look, or even infinitely braided on a wide-brimmed maxi hat.

In winter, the collections showcase the *savoir-faire* of felt by combining it for the first time with leather on a cap, or by embellishing it with a lacquered metal jewel on a fedora, with a printed silk patch hidden on the inside.

1.6.2.3.4 Gloves

In summer, the line of hair accessories expands with leather-wrapped barrettes printed with graphic and coloured patterns. And the headband is adorned with leather and braided edges.

Ready for winter, a new men's mitten is available in a cashmere knit with a hand-sewn deer applied. A new feminine model plays with colours and a trompe l'œil to evoke driving gloves.

1.6.2.3.5 The Internet of Things

Hermès is continuing its collaboration with Apple and presents several new products this year.

A result of the excellence of Hermès leather *savoir-faire*, the *Apple AirTag Hermès* is a leather object that accommodates the *AirTag*, Apple's innovative accessory that makes it easy for iPhone users to find their everyday objects with the Apple "Find My" app. Four accessories were designed based on a horse token holder from the House's archives: key ring, bag accessory, luggage tag and address holder.

New bracelets and dials are appearing for the *Apple Watch Hermès Series 7*, with a larger screen for an optimised interface, while offering increased resistance and faster recharging. They revisit the House's emblematic signatures and are adorned with chain links and *Chaîne d'ancre* motifs. Their colour palette is enriched by new shades, between timelessness and radiance.

Continuing the dialogue between *savoir-faire* and modernity, Hermès has designed an iPhone case compatible with the MagSafe wireless charging system. *Barénia* calfskin, a full-grain leather with a silky feel, it is highlighted with a *Bolduc* hot stamped design, inspired by the classic Hermès orange box ribbon.

1.6.2.3.6 Shoes

In 2021, Pierre Hardy, Creative Director of women's and men's shoes, was inspired by the theme of the Odyssey to create bridges between Hermès' heritage and the contemporary world, between yesterday and tomorrow, between *savoir-faire* and innovation.

The summer collection of women's shoes affirms the richness of its lines by embellishing the leatherwork on flat sandals, laces rising up the calf or even espadrilles. A new heel representing the *Médor* stud adorns a resolutely colourful and cheerful line. A new type of shoe has emerged with clogs, which have quickly become a must-have.

For winter, boots made of a single piece of leather and decorated with remarkable saddle stitching, from the heel to the top, highlight the beauty of the leather. The heel is also magnified, with, in particular, a heel composed of spheres reminiscent of the Cristalleries Saint-Louis vases, resulting from meticulous manufacturing work. Pierre Hardy continues his interpretation of the annual theme by creating models for the busy, active woman, with crepe-type soles or elegant sneakers.

The summer collection for men combines comfort and elegance through soft materials such as calfskin or goatskin, mounted on leather or rubber soles to further accentuate their suppleness. The offer is illuminated by a rich palette of colours. Sporty and colourful models continue to combine comfort and elegance in everyday life.

In winter, men also dream of nomadism and travel, with thick-soled models that are as comfortable for walking in the city as for going on hikes. A new square buckle stands out as a timeless signature, while the sneaker family continues to be enriched with models with light and supple soles.

1.6.3 SILK AND TEXTILES

Silk and Textiles represent the fourth largest sector in the Group, accounting for 7% of consolidated sales. In 2021, this *métier* generated €669 million in revenue.

1.6.3.1 WOMEN'S SILK

In 2021, the scarves of the winners of the Grand Prix du Carré Hermès, an international drawing competition launched in 2019, were presented. *Duo cosmique*, winner of the first prize, pays tribute to Japanese culture and its traditional kimono patterns, by illustrating a philosophical concept from tantric Buddhism. The second prize, *Masan & Masan*, was inspired by ancestral basketwork *savoir-faire* to compose a dazzling face-to-face meeting between two *masan* figures, literally "braided horse" in Thai. This is the end of this competition, a great human adventure that has enabled the discovery of many talents, while strengthening Hermès' leading position in textile design.

The annual theme of the Odyssey inspired the House's faithful designers, who were very prolific. The *L'épopée d'Hermès* cashmere and silk shawl recounts the six generations who have succeeded each other to write the history of Hermès. In the mischievous form of a goose game, it evokes the personalities, encounters and innovations that have marked the House.

The *Cheval de Fête* scarf pays homage to the posters of the Polish school from the 50s to the 70s, whose strong simple lines are represented here by graphic and geometric ribbons and rosettes.

The *Grand Théâtre nouveau* drawing was born from a privileged visit to the Imagerie d'Epinal archives. Inspired by old engravings, it creates an astonishing theatre stage populated by wild animals. An assemblage of geometric patterns recalls the characteristic work of stamp designs.

Cashmere and silk accessories also feature prominently: the giant triangular scarf, launched during the fall-winter collection, is a new must-have alongside shawls. Three drawings with various writings were adapted to the triangle format for this first season: the majestic *Zebra Pegasus*, the emblematic *Ex-Libris* and the *Folklore* textile design.

Finally, the transformation of unused materials gives rise to new territories and creative gestures, in a spirit of upcycling. Thus, two scarves cut in half and reassembled become a new scarf, like a happy encounter. A long scarf is recreated from small sized scarves and plain silk swatches. Figurative patches, cut from printed silk, spice up other scarves, in an unprecedented mix of designs and colours.

1.6.3.2 MEN'S SILK

Winner of the Grand Prix du Carré Hermès for men's silk, the *Mr Farrier* scarf, printed on cotton and silk in a size 140, features a farrier robot created from the horseshoe motif, surrounded by traditional tools in a festive and energetic composition.

The *Cheval punk* cashmere and silk scarf hovers between heritage and edgy: its horse, superbly harnessed, is adorned with tattoos and a punk mane inspired by an old brush kept in the Émile Hermès collection.

A major novelty, the rectangle for men, in fringed cashmere and silk, stands out as a new classic alongside the square scarf. Instinctive like a muffler, it is easy and natural to wear. Distinctive like a scarf, it is printed with designs with a strong identity: for this first season, *Hermès, Drive me crazy* and *Hermès en tracé*.

Within the fall-winter collection, a new creative territory is offered with three hybrid and functional products, in wool and cashmere, intended to accompany new uses around urban mobility: a generous muffler, lined with a zipped pocket; a shirt front, also with a pocket, to put on under a suit jacket; and lastly, a second muffler that hides a water-repellent hood in technical canvas.

The tie collections have a wealth of new creative variations and new *savoir-faire*, alongside the emblematic printed or woven silk models. Thus the *Double 6* tie, composed of two panels of identical width printed with a sometimes classic, sometimes fancy pattern, can be worn with either side facing, according to the whim of the wearer.

The cashmere and leather tie showcases exceptional materials. Made using traditional glove-making techniques, it combines Scottish cashmere and extremely supple lambskin.

Finally, a nod to the emblematic designs of men's silk, a capsule of three heavy silk ties with classic patterns, reveals three designs on the lining featuring beasts designed in previous seasons: the *Grrrrr!* bear, the *Awooooo!* wolf and the *Aaaaargh!* dinosaur.

1.6.4 OTHER HERMÈS SECTORS

The other Hermès sectors include Jewellery and the Hermès Art of Living and Tableware. In 2021, they generated revenue of €1,001 million, representing a 57% rise at constant exchange rates and accounting for 11% of the Group's total revenue.

1.6.4.1 JEWELLERY

In 2021, the Jewellery *métier* continued its exploration of form and materials, breaking away from conventional codes.

A new communication campaign, *Hermès, joaillerie cavalière*, was launched, affirming the meeting of the *métier* and the saddlery spirit in objects as powerful as they are precious. This campaign evokes the different stories of the *métier*, from *haute joaillerie* to silver jewellery, expressing the common thread that guides its radicalism and its positioning as a jeweller of design.

The encounter with the saddlery spirit was also celebrated in the *Kellymorphose* exhibition. The event, initiated at the Faubourg Saint-Honoré store in Paris in June, highlights the multiple metamorphoses of the *Kelly* bag in jewels imagined by Pierre Hardy, Creative Director of Jewellery. A game of miniaturization and deconstruction down to the smallest detail, where the touret clasp, the straps or the padlock twist, overlap and freely follow the movement of the body.

The Faubourg store also received the sixth *haute joaillerie* collection, *Lignes sensibles*, at the beginning of the year, before it took off to be presented around the world.

1.6.4.2 HERMÈS ART OF LIVING AND TABLEWARE

Already experiencing strong growth in 2020, the Hermès homeware division had a record year in 2021 with growth in porcelain, textiles and furniture as well as in objects.

The attractiveness of these product families was confirmed by a significant increase in the customer base, due to the recruitment of new customers but also to their loyalty.

The year was punctuated by a presentation at the Milan Show that attracted considerable attention from the press, architects and interior designers as well as the general public.

The spectacular scenography, expressed, through five actual size houses, covered with lime and painted by hand by La Scala's decorators, the values upheld by the collections: exploration of craftsmanship *savoir-faire*, excellence in implementation, strength of colours and graphics.

Notable novelties include the *Sialk* enamelled copper table centrepieces, the *Sillage* armchair in cellulose fibre designed by Studio Mumbai, the new *Hippomobile* porcelain tableware or the remarkable *New Haven*, *Fall River* and *Williamstown* quilted white cashmere bedcovers.

1.6.5 PERFUME AND BEAUTY

Perfume and Beauty generated revenue of €385 million in 2021, i.e. 4% of consolidated sales.

1.6.5.1 PERFUME

In the first half of the year, business was sustained by the launch of two limited editions and a new fragrance.

The *Terre d'Hermès* bottle honoured this event by choosing the emblematic H of the House as its signature, while the *Charming Twilly* edition of *Twilly d'Hermès* tied a four-leaf clover to its silk tie, as if to smile at the chance for renewal.

The month of February was marked by innovation, with the launch of the new *H24* fragrance for men. Hermès perfumer, Christine Nagel, invites you to discover a hybrid exploration space, between nature and technology. A plant-based composition woven from clary sage, narcissus, rosewood and sclarene, with a lively, sensual and distinctive signature, protected by an aerodynamic bottle. *H24* benefits from eco-designed development, with raw materials mainly derived from biotechnologies, a recyclable case made of recycled fibres, and a refillable bottle. Supported by an ambitious launch, *H24* quickly won over the profession with its boldness and attracted a young audience, complementary to that of *Terre d'Hermès*.

In June, *Terre d'Hermès* added to its line with an unprecedented offer, *Terre d'Hermès alcohol-free spray*, an accomplice to a new scented gesture for the summer.

The second half started under the sun: the spirit of the *Twilly d'Hermès* feminine perfume emerged in its most striking form with *Twilly Eau Ginger*. An essence of *joie de vivre*, luminous and contagious, built around peony, ginger and cedar. The latest attribute to join the Hermès family of girls!

To support a still sensitive health context, the gentle no-rinse hand cleansing gel was introduced in the fall, scented with refreshing notes of Hermès *Colognes*.

At the end of the year, the *Fêtes en Hermès* box sets, perfume celebrations of the joys of winter, were decorated with a revived and recoloured *épopée d'Hermès* scarf. In addition, in the *Hermessence* collection, the *Agar Ébène* eau de toilette was decorated with a calligraphy poem, an ode to love adorned with gold arabesques in a rare limited edition, dedicated to the Middle East.

1.6.5.2 BEAUTY

A year after its birth, the Hermès Beauty *métier* has continued its rapid growth, supported by two limited editions of *Rouge Hermès* and the development of new lines.

Fashion accessories in their own right, the seasonal limited editions of *Rouge Hermès* have accompanied the vitality of fashion and brought their colours to the women's ready-to-wear fashion shows, successively expressing the chromatic variations of Bauhaus under the Californian sun in the first half of the year, then dazzling bursts of colour in the night in the second half.

In the spring, the *Rose Hermès* collection, second line of Hermès Beauty. This ritual dedicated to the sublimation of the complexion and the lips consists of the *Rose Hermès Silky Blush* inspired by the softness, lightness and sheen of silk, accompanied by *Roses à lèvres perfecteurs naturels*, whose melting "candle" texture evokes the feel of *Butler* calfskin. Naturally rechargeable objects, designed by Pierre Hardy.

In the second half of the year, the third line, *Les Mains Hermès*, illustrated, by its unexpected and particularly remarked upon ambition, the singularity of this Beauty *métier* in a house of craftspeople. This new ritual claims the two dimensions of skincare and colour with the same legitimacy. It offers the House a first foray into the world of skincare, with a *Complete hand care* and a *Nourishing oil* for nails and cuticles certified Cosmos Natural. As for the 24 colours of nail polish, inspired by the daring shine of enamel, they mirror the 24 permanent reds of the *Rouge Hermès* collection. A fortifying and protective *Enamel base coat*, a long-lasting shine *Top coat* and precious poplar wood nail files complete the ritual.

The Hermès Beauty *métier* continued to be supported by a comprehensive communication campaign, with particular weight given to its most emblematic gesture, the *Rouge* lipstick.

For the end-of-year celebrations, two exceptional gifts enlivened this new *métier*: the re-edition of the *Piano Box* in an extra-large format, revealing the complete collection of 24 lipsticks, and a *Poudre d'Orfèvre* cosmetic powder in a round case etched with the *Ex-Libris* and with a sparkling, particularly festive finish.

1.6.6 WATCHES

With consolidated revenue of €337 million in 2021, an increase of 73% at constant exchange rates, the Watches division accounts for 4% of the Group's sales.

Established in Biel in 1978, Hermès has become a genuine watchmaker in 43 years, employing more than 300 people in its manufacturing division in Switzerland. Hermès now manufactures almost all of its watches, movements and components in-house. Its creativity remains Parisian in nature and affirms its unique style, which is invigorated by the other métiers in the House. Its *savoir-faire* increasingly gives Hermès a singular voice in the watch industry.

In 2021, sales growth was particularly strong in Hermès stores, thanks to the dynamism of the Asian and American markets. Sales to external watch retailers remained stable, despite the low level of traffic at airport points of sale. Hermès continued to reduce the number of these retailers this year in order to make its distribution even more selective.

In April, during the second digital edition of the Watches and Wonders show in Geneva, held at the Bâtiment des Forces Motrices, Hermès wanted to have a physical presence despite the still tense health context. The métier teams were able to receive European journalists and Swiss customers. They also organized numerous live conferences to present the news to journalists in multiple countries and answer their questions.

Hermès once again powerfully expressed the originality of its voice within the restricted circle of *haute horlogerie* players, by affirming its territory of expression: a unique relationship with time, full of fantasy and emotion, a time with which we play without wanting to control it. This message was supported by the *Le Temps, un objet Hermès* print and digital advertising campaign.

The year 2021 was marked by several major product launches, which met with strong and immediate commercial success. In April, the *Salon de Genève* was an opportunity to present the new *Hermès H08* men's line, with its resolutely contemporary sporting spirit, anchored in the world of Véronique Nichanian. Comfortable, light, recognisable by its unique design combining technological materials, surface effect and atypical shapes, it is a companion object for every moment of the day. It is available in three case variations (titanium, two-tone DLC titanium, graphene and ceramic composite), combined with three strap materials (titanium, technical strap and rubber) in different colours.

New versions of two *Arceau* complications confirmed their success in 2021. The *Arceau L'heure de la Lune* watch offers a quirky take on the classic moon-phase complication, by reversing the usual relationship between the functions of the watch and the complication. As for the *Arceau Tourbillon Répétition minutes*, it shows the movement through the dial cut into the shape of a horse's head, a motif that can also be found on the back of the bridges and plates.

The feminine lines have also been expanded, in particular the *Faubourg* line, a true watchmaking jewel, which has seen spectacular growth. Its new expression *Faubourg Polka* had a very promising launch at the Watches and Wonders trade show. As for the *Nantucket* feminine line, it has been enhanced with a metal bracelet in steel or rose gold, offering a very feminine and elegant alternative to the traditional leather bracelet.

Sales also benefited from the strong results worldwide of the indispensable *Cape Cod* and *Heure H* lines, whose constant renewal attracts a growing number of enthusiasts: they have been able to discover precious, technically innovative and occasionally bejewelled expressions of these emblematic and imaginative lines.

Finally, the collection of exceptional pieces developed by Hermès confirmed its great success once again this year, with watches showcasing the House's artistic métiers and watchmaking and jewellery *savoir-faire* (i.e. *Faubourg*, *Klikti*, *Arceau*, *Médor*, etc.).

1.6.7 OTHER PRODUCTS AND BRANDS

In 2021, Other products generated revenue of €279 million, representing a 29% increase at constant exchange rates and accounting for 3% of the Group's total revenue.

1.6.7.1 CRISTALLERIES SAINT-LOUIS

In 2021, Saint-Louis gave centre stage to the exceptional pieces of its portfolio and continued to expand its lighting offer.

One of the highlights was the re-release of a legendary work, the vase-sculpture presented in 1937 at the Universal Exhibition in Paris, signed by Jean Sala, author of numerous Art Deco pieces and whose personality marked the production unit in the 1930s. A true technical achievement, this vase is now kept in the collections of the National Museum of Decorative Arts. Saint-Louis repeated the feat by reissuing it in 18 numbered copies. More than 10 craftspeople are needed to blow and hand carve this majestic sculpture made in four parts, entirely covered with a network of cuts whose graphic lines capture the light.

The lighting offer is another heritage area of the crystal works, since the first chandeliers appeared at Saint-Louis in the mid-nineteenth century, in response to special orders from the Royal Courts. Since then, the production unit continues to revisit its classics. Thus the *Royal* collection, which offers more than 50,000 customisation possibilities (sizes, decorations, colours), this year welcomed a new option: a large illuminated bowl to diffuse the light in all directions.

Customers were able to discover these new products, alongside the 2021 editions of vintage paperweights, during virtual presentations filmed in the heart of the production unit.

As soon as the health situation allowed it, the Saint-Louis store on Rue Royale reopened its doors, brightened up in a spirit of a cabaret to celebrate the promise of a return to conviviality and freedom. This atmosphere also travelled across borders, to the most emblematic points of sale.

The House's digital showcase is not left out: a new website was unveiled in September, more immersive and now compatible with mobile phone consultation to facilitate the presentation of tableware and decoration collections, lighting and crystal gifts.

1.6.7.2 PUIFORCAT

In 2021, Puiforcatt once again placed tableware at the heart of its creative line with the launch of *Monogrammes Puiforcatt*, a new collection of porcelain in half-sets that allows customers to personalise their tableware by playing with original monograms by Jean Puiforcatt. This graphic and colourful collection was first launched exclusively in Paris, before being presented to Chinese customers at a series of events organized during the fall in Chengdu, Shanghai and Shenzhen.

Within the workshop, activity remained strong, in particular thanks to the demand for solid silver cutlery, but also to the continuation of the work initiated on the continuous improvement of inventory management.

1.6.7.3 BOOTMAKER JOHN LOBB

The year 2021 was marked by the deployment of the new store concept in Paris, at 51 Rue François 1^{er}, and in Beverly Hills, with a brand new space located at 9530 Brighton Way in the Rodeo Drive district. These stores present the ready-to-wear and accessories collections in an elegant and bright atmosphere. The concept gives an important place to the values and services of the House with spaces dedicated to maintenance, tailor-made and personalisation. To celebrate these openings, the bespoke workshop in Paris offered two hand-made limited series.

John Lobb also strengthened its presence in China through three events. In Beijing, the store located in the China World mall was operated for its first full year as a branch. In February, a virtual store was created on the *JD.com* luxury e-commerce platform. Finally, in September, a corner opened in the Shin Kong Place department store in Beijing.

The other highlights of the year were related to *savoir-faire*: the integration of Norwegian cushion in the Northampton ready-to-shoe workshop gave birth to a new family of models, launched for the Fall-Winter collection. Furthermore, the bespoke workshop on Rue de Mogador in Paris has exclusively developed a brand new *Lobb* stitch.

1.6.7.4 TEXTILES

Holding Textile Hermès Groups together and coordinates under one structure all *savoir-faire* relating to textile production: from creation to sewing, encompassing weaving, engraving, printing, dyeing and finishing.

It serves the Group's different *métiers*, as well as external markets such as clothing and interior decoration, in particular with the brands Bucol, Métaphores, Verel de Belval and Le Crin.

The 2021 financial year was marked by a significant recovery in activity with all customers, after a year in 2020 particularly affected by the health crisis. To support this recovery while ensuring that *savoir-faire* is maintained and passed on, new apprenticeship classes were introduced during the year.

In addition, the Silk division's real estate project is continuing its progress at the Pierre-Bénite site (Rhône). This project, the cornerstone of the sector's modernisation, demonstrates its strong ambitions in a creative and contemporary spirit. As a first essential step, the logistics and industrial buildings were delivered, as planned, in 2020 and 2021. The completion of the office building is scheduled for 2022.

1.6.7.5 TANNERIES AND PRECIOUS LEATHERS

The Tanneries division handles the purchase, tanning, finishing and sale of precious leathers destined for the Hermès Group and for high-quality brands and creations, mainly in the fashion, leather goods and watch-making industries. Its activities cover calfskin and goatskin as well as exotic leathers. The division also includes integrated crocodile farming operations.

Its objective is to assert its position of excellence in the precious leather market by securing its supplies, optimising its production capacities, developing its *savoir-faire*, and respecting the environment and animal welfare. It constantly works and invests in this direction, focusing on innovation, creativity and the exemplary nature of its sectors.

Despite the health crisis, the mobilisation of teams and the continuation of barrier measures made it possible to serve the House's growing needs. As a result, activity recovered quickly and reached a volume close to that of 2019. Sales to external customers were more mixed, with a sustained recovery from major French customers, while the Italian market remained sluggish, and Asia returned to a level of activity comparable to that of 2019.

The division managed to maintain its supplies throughout the year, including in areas heavily affected by the pandemic, such as India, and despite the difficulties encountered in maritime transport.

Efforts to continuously improve the quality of supplies continued throughout the year in the three exotic leathers, calfskin and goatskin sectors. Procurement, particularly in porosus, is reaping the benefits of several years of investment and refinement of *savoir-faire*. In the calf sector, joint initiatives with Hermès partners to promote the quality of materials and animal welfare have been consolidated. Lastly, following the acquisition of the Mégisserie Jullien in 2020, the division took direct control of its goat leather purchasing at the beginning of the year.

The Tanneries division is committed to ensuring that it always acts responsibly, in line with Hermès' ethical and sustainable development values. Hence, it only sells exotic hides where the source is perfectly traced and audited, and refrains from dealing in certain species or sectors, if necessary. In 2021, the division continued to implement the unit traceability of calf hides. It has also developed a standard in the lizard sector with experts to ensure the compliance of its supplies. In addition, it supports external initiatives and scientific collaborations aimed at improving the standards of each sector that is subject to regular audits.

True to its strategy of excellence and operational control, the division continues to adjust its offering and develop new tanning processes. Thus, this year, the *Box* coloured bag, the calfskin lining and the enhanced lizard offer have had significant success. Similarly, a range of leathers tanned without metal, boasting new finishes, is attracting growing interest. Finally, keen to broaden its offering and be ever more innovative, the division worked on the industrialisation of *Sylvania*, an innovative material based on the use of fungal threads.

Optimising the use of materials is also at the heart of the division's objectives. As in 2019 and 2020, joint teamwork with the craftsmanship division and the Group's various *métiers* continued successfully. In the same vein, efforts to innovate and digitise the business are progressively improving knowledge of production parameters and facilitating the response to customer demand for finished products.

In 2021, the first phase of the renovation of the Tanneries du Puy was completed. The renovation of the wastewater treatment plant on this site and the second phase of the renovation of the buildings are under study and will be carried out in the coming years.

In the United States, the division relocated its raw hide inspection centre to Hammond, previously located in Lafayette. This provides better synergy with farms and more efficient logistical processing of flows between the United States and Europe.

Lastly, in Australia, construction of the new farm began in 2020 and will continue in 2022. This investment incorporates the lessons and *savoir-faire* of eight years of research and development of the best breeding standards, with in particular the design of new tanks and an optimised layout. This project also has a significant ambition in terms of sustainable development, for optimization of resources and involvement of local stakeholders.

1.6.7.6 HERMÈS HORIZONS

The creation and manufacture of exclusive bespoke objects have been central to the Hermès story since its very beginnings. Today, this service is performed by Hermès Horizons, which regularly explores new creative visions, exceptional materials and *savoir-faire*, to bring its customers' dreams to life.

Fantasy, technicality and wonderment are an everyday feature in the Pantin and Faubourg Saint-Honoré workshops, where exclusive stories in leather goods or the interior design of vintage cars or yachts are written, but also, on occasion, unexpected objects such as jukeboxes, bikes or paddle boards.

This burgeoning activity, which is available to customers in all Hermès stores, builds on the creative wealth of the House and the virtuosity of our craftspeople's hands.

1.6.7.7 PETIT H

Petit h offers a unique design approach based on materials and objects no longer used by other Hermès sectors. These elements, grouped together in the same workshop, are made available to guest designers and the House's craftspeople, who combine their talents and *savoir-faire* to offer them a new life. This is called reverse creation. This approach resonates through its original distribution method, based on a permanent space in a Paris store, a presence on the e-commerce site, and pop-up sales organised in Hermès stores throughout the world.

In 2021, petit h moved temporarily to the Faubourg Saint-Honoré store for a period of eight months. The *métier* is illustrated by joyful and unique themes such as the new multi-material and multi-functional dog families (tray holder, umbrella holder, newspaper holder, etc.), but also creations around pommels, or the world of the hardware store.

In September, a new page was turned with the installation of petit h in its new setting in the Hermès store on Rue de Sèvres. A unique place, with a mischievous and modular spirit, like a theatre stage with multiple sets, open to a large shop window, which transforms and surprises according to the creative proposals. The materials and *savoir-faire* of petit h are revealed around creations of earth or clay, crystal, leather, porcelain or silk.

1.6.7.8 METAL PARTS (J3L)

The J3L group specialises in the development, manufacture and sale of high-end metal parts. It supports all of the House's business lines, from the design phase to the production of finished parts.

The most commonly manufactured items are clasps, belt buckles, carabiners, padlocks, bracelets, earrings, press studs and eyelets. They are intended to be positioned on handbags, wallets, shoes, belts or bracelets.

The manufacture of metal parts requires different *savoir-faire*. The machining or stamping of the material first make it possible to obtain raw parts. Polishing then gives them an exceptionally smooth surface, without streaks or scratches. This surface can then be covered with a thin layer of precious metal: white, yellow or rose gold, silver or palladium depending on the designer's choice. Lastly, the complex parts and clasps are assembled and finished with a touch of brightening to ensure the items really shine. J3L also masters other *savoir-faire*, such as the lacquering of jewellery.

These techniques have made it possible to effectively develop several new complex clasps for the *Piloti*, *Manegio* and *Mors* bags in 2021, as well as to install new finishes such as anodised aluminium (black, green and pink) on the padlocks of the *Picotin* bag, for example.

Fully integrated within the Hermès Group since 2020, the J3L group, whose production quality has always been recognised as a benchmark, is also developing business with external customers.

1.6.8 GROUP PARTNERSHIPS

1.6.8.1 PERRIN & FILS

Holding Textile Hermès has a 39.5% stake in the share 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.

1.6.8.2 VAUCHER MANUFACTURE FLEURIER

La Montre Hermès holds a 25% share in the capital of Vaucher, the traditional watchmaking production unit. Located in the heart of traditional watchmaking territory, between Neuchâtel in Switzerland and the French border, the Vaucher production unit perpetuates superior *savoir-faire* and produces high-end and prestige watch movements.

1.6.8.3 BETTINA

Hermès holds a 40% share in the capital of Bettina, a long-time partner of the Group. The company specialises in the production of twillaine, a unique blend of knit and silk, and operates in the ready-to-wear sector, as well as in silk, textiles and the art of living.

1.6.8.4 MAISON PIERRE HARDY

Hermès holds a minority stake (33%) in the capital of Maison Pierre Hardy, a French shoe and fashion accessory design company directed by Mr Pierre Hardy, its founder and Artistic Director.

AFR 1.7 REVENUE AND ACTIVITY BY GEOGRAPHICAL AREA

	2021		2020		Change	
	Revenue in millions of euros	2021 mix in %	Revenue in millions of euros	2020 mix in %	at current exchange rates	at constant exchange rates
Europe	2,140	24%	1,573	25%	36%	36%
◆ France	838	9%	620	10%	35%	35%
◆ Europe (excl. France)	1,303	15%	953	15%	37%	37%
Asia-Pacific	5,227	58%	3,749	59%	39%	40%
◆ Japan	977	11%	834	13%	17%	25%
◆ Asia-Pacific (excl. Japan)	4,251	47%	2,915	46%	46%	45%
Americas	1,458	16%	959	15%	52%	57%
Other	156	2%	108	1%	44%	45%
CONSOLIDATED REVENUE	8,982	100%	6,389	100%	41%	42%

1.7.1 EUROPE

In France, the beginning of the year was marked by two store reopenings. In Lyon, the store located on Rue du Président Édouard-Henriot reopened its doors in February after being renovated and expanded. It now extends over more than 300 m² up to the corner

of Rue des Archers, and doubles the number of its openings onto the city with 12 arched windows. All of the House's craftsmanship is presented in a warm and colourful atmosphere, adorned with a unique "brocatelle" pattern evoking weaving *savoir-faire*. Hermès thus shows its attachment to the city of Lyon, the cradle of its textile and printed silk activities.

In March, it was the turn of the store on Rue de Sèvres in Paris to unveil its new interior space to the public. This listed building, opened in 2010 on the site of the old swimming pool of the Hôtel Lutetia, has been transformed. While certain identity elements such as the three ash huts and the monumental staircase have been preserved, the interior space revisits the codes of Art Deco architecture over more than 1,300 m² bathed in light, in a fresh and luminous colour palette that celebrates the memory of water. The Chaîne d'encre bookstore and the tea room have been combined on the mezzanine. Since September, a special space has been dedicated to the collections of the petit h *métier*, which has taken this over with joy. With a specific entrance and its own shop window, this modular setting, like a theatre stage, produces new, original stories four times a year invented by the creators of petit h.

Several significant events marked the year in mainland France. In January and February, the *haute joaillerie Lignes Sensibles* collection, unveiled to the press in September 2020, was exhibited at the Faubourg Saint-Honoré store. A film made by the artist Ange Leccia accompanied the exhibition, transposing into images the intimate and sensual universe of this collection designed by Pierre Hardy, like a caress on the skin.

The ready-to-wear collections were once again able to enjoy prestigious Parisian monuments, such as the Mobilier National, in a setting designed by Cyril Teste for the Fall-Winter 2021 and Spring-Summer 2022 men's collections, or Le Bourget airport for women's fashion for Spring-Summer 2022. The women's Fall-Winter 2021 collection was distinguished in March by a presentation in three filmed acts, conceived as a live show: as prologue, a performance imagined by the American choreographer Madeline Hollander at the Armory Show in New York, followed by the catwalk shot without an audience at the Republican Guard in Paris, then ending with a stage production by Chinese choreographer Gu Jiani, filmed in Shanghai. Broadcast on the networks, this innovative presentation really made the event stand out.

In early December, the École des beaux-arts de Paris hosted a week-long *Hermès Fit* initiative, an unusual and fun gym where visitors were invited to discover the collections of Hermès accessories by practicing various interactive and sporting activities added with a humorous note: yoga, weights and dumbbells, stretching, balancing acts, etc.

In Switzerland, the store on Paradeplatz in Zurich, in the cultural and financial heart of the city, reopened in early May. Behind the carefully restored historic façade, the interior space has been renovated and extended to cover an area of 500 m² spread over two floors. This bright and welcoming store is distinguished by its vast volumes, its monumental terrazzo staircase designed to measure and its tinted glass panels reminiscent of the stained glass windows designed by Marc Chagall for the Fraumünster church in Zurich.

In Italy, in Milan, the store in via Montenapoleone reopened in July after its transformation. With two additional floors, it has increased its surface area to 950 m², incorporating an interior courtyard covered by a glass roof. All of the House's *métiers* are presented, in a setting that creates a harmonious dialogue between Hermès' *savoir-faire* and the typical architecture of Milan, design capital.

In Turkey, in October, the store in Istinye Park, a shopping centre located in the Sariyer district of Istanbul, unveiled its renovated and expanded space. Echoing the Marmara Sea that borders the city, the façade made up of enamelled terracotta prisms evokes the sun shimmering on the water. Inside, where the surface area has almost doubled, visitors can discover all Hermès' universes in a bright and natural atmosphere, warmed by the colours of the Mediterranean.

Lastly, in Luxembourg, the store, established in 2005 in the heart of the capital, Rue Philippe II, reopened in November after a major transformation. The new architecture, bright and contemporary, permeates the Luxembourg identity with its limestone façade reminiscent of the city's fortifications, and its exclusive mosaic floor evoking the art of tapestry. This welcoming and intimate atmosphere, like a private house, offers a unique setting for all the House's collections.

Among the highlights of the year, Hermès participated in the digital edition of the *Copenhagen Fashion Summit 2021* in October. Immediately after, the travelling *Hermès in the Making* event visited the Danish Architecture Centre in Copenhagen. Through a guided tour and numerous fun activities, the Danish public was able to discover the House's various *métiers*, meet the craftspeople, familiarise themselves with their actions and *savoir-faire*, but also understand Hermès' sustainable and responsible commitment.

In December, the Teatro Franco Parenti in Milan was transformed for one night to become the *Hotel il Faubourg*, an imaginary hotel that offered guests a surreal interactive stroll, followed by a gastronomic dinner.

1.7.2 ASIA-PACIFIC

In China, 2021 was a busy year with no less than five inaugurations. In April, the store in the Beijing China World mall revealed its new face. Entirely transformed, it now extends over two levels and over 900 m², behind a spectacular 11 meter high etched glass façade. The interior space, vast and airy, presents the 16 *métiers* of the House in a setting marked by calm and lightness, where the local artistic heritage blends with the architectural codes of Faubourg Saint-Honoré.

In September, Hermès opened its 25th address in mainland China by creating a second store in Shenzhen, in the Shenzhen Bay MixC shopping centre. Located in the lively district of Nanshan, it reflects the dynamism and modernity of this city through a facade made of wavy metal strips and an interior that daringly combines traditional local craftsmanship, natural materials and contemporary minimalism.

In October, the store located in the prestigious Plaza 66 shopping centre in Shanghai was given a makeover. Its imposing stone façade has been pierced by a large bay window that bathes the first floor in natural light. With more than 650 m² spread over two levels, it welcomes visitors through two entrances, in a spacious interior whose fluid curves, colour palette and interplay of materials illustrate its strong architectural character.

In November, the store located in the Suzhou Matro shopping centre since 2010, reopened its doors after renovation. Considerably enlarged, with an additional floor, it unveils all the collections in an intimate and poetic atmosphere, inspired by the unique architecture of the historic old town of Suzhou.

In December, the store established in Ningbo since 2013 was moved and now offers an area designed with a pronounced geometry and shimmering pearly hues, inspired by the geographical location and verticality characteristic of this coastal city.

In Macau, a fourth store opened in the spring to deepen the ties between Hermès and this dynamic city that has a unique face, between tradition and modernity. Located in the prestigious Macau Galaxy, this new space with a strong identity reflects the cultural heritage of the city and its Portuguese influences, through its facade clad in hand-crafted glazed ceramic tiles and its atmospheric interior space in soft, warm tones.

At the beginning of the year, Japan saw a major event with the opening, in February, of a new store in Tokyo, the first Hermès store outside a shopping mall since the opening of Maison Hermès Ginza in 2001. Located on Omotesando Avenue, in a remarkable historic building whose façade has been preserved, this new store presents all the collections over nearly 500 m², in a refined atmosphere with typically Japanese colours and materials.

Also in Tokyo, the Isetan shopping centre store in the vibrant Shinjuku district reopened in November. The interior atmosphere, full of contrasts, reflects the balance of Japanese culture, between urban effervescence and the serenity of nature.

In Australia, the store which has been in the centre of Brisbane since 2010, reopened in May, renovated and expanded. Its elegant ecru façade, located at the corner of Edward Street and Elisabeth Street, has been pierced with two new windows. Its generously sized interior is decorated in cool tones reminiscent of the immense beaches and lush forests of Queensland.

This year also allowed many events and activities to travel from one country to another. Thus the *haute joaillerie Lignes Sensibles* collection continued its journey, which began at the end of 2020, stopping off in Hong Kong in March, Singapore in July and Tokyo in October.

Hermès Fit, the unusual and interactive gym that showcases the collections of accessories through playful exercises, successfully offered its happy events to customers of the Chengdu stores in China in May, then to those of Tokyo in October, and finally Taiwan and Shanghai in December.

The men's universe stood out in Shanghai in March with the exhibition *Hors-Champ*, which unveiled its Fall-Winter 2021 collection. A scenography composed of five successive rooms offered a spectacular plunge into the heart of the ready-to-wear and fashion accessories collections.

The *Hermès Heritage* exhibition cycle also continued its rollout with the presentation in Seoul, Korea, of its fourth instalment *Once upon a bag* in May. Hosted for two weeks by the D Museum, in the heart of the artistic

effervescence of the Seongsu-dong district, the event presents the most emblematic Hermès bags, tells the story of the House and highlights the authenticity and excellence of its leather goods *savoir-faire*.

In November, petit h flew to Australia. Landing at the Trust Building store in Sydney, it transformed it into a pop-up workshop made entirely from recycled cardboard to display its creations for three weeks. Five films shown as part of this production illustrated the approach and playful spirit of this unique *métier*.

1.7.3 AMERICAS

In the United States, Hermès opened its first store in Michigan in June, on the ground floor of the Sommerset Collection mall in Troy, on the edge of the city of Detroit. To celebrate this new location, the store pays homage to the sumptuous landscapes of the Great Lakes region by adopting a mineral and plant-themed architecture, designed mainly using local materials.

In September, the store established since 2007 in the Riverside mall in Bergen, New Jersey, moved to the brand new American Dream mall, next to the MetLife Stadium, near New York. On the way, the store that had until then been the smallest Hermès store in the United States saw its surface area triple to exceed 700 m², over two levels.

In early October, a fourth store was opened in Florida, confirming Hermès' attachment to this peninsula known as the Sunshine State. Located in the state's largest shopping mall, the Aventura Mall, between Miami and Fort Lauderdale, this new store is characterised by an undulating glass façade and soft colours that evoke the coastal atmosphere of Miami Beach.

Various events marked the year. In particular, the fun gym, *Hermès Fit*, made a stopover in New York in November. Also at the end of the year, women's ready-to-wear organised an evening in Los Angeles, California, dedicated to the presentation of its Spring-Summer 2022 collection. Baptised *Grand Soir*, the event was held in the former home of Frank Sinatra. Around the swimming pool, in the form of a dream-like tale, around 250 guests were able to discover the different creations of the collection during the fashion show staged by the artist Miranda July.

In addition, the Group is continuing work on the new Maison Hermès in New York, which will be located at 706 Madison Avenue. The current store will remain open until its inauguration, scheduled for September 2022.

1.7.4 DIGITAL STRATEGY

The e-commerce hermes.com platform is now available in 29 countries, following the opening of Thailand in June 2021. In 2022, it will also be rolled out in Brazil.

E-commerce once again grew in all regions of the world this year with very strong growth in traffic (+64%) and in sales compared to 2020. hermes.com has become the group's leading store in terms of both volume of products sold and revenue.

The number of new online shoppers was up by 60% in 2021 and the time spent online by these new customers has further increased.

Accelerating the roll-out of omnichannel services provides a better experience for visitors and customers. They can now obtain information online about the in-store offering in 24 of the 29 countries where the e-commerce platform is present (*i.e.* 190 stores), in order to prepare their visit to the store. The e-reservation service, which enables them to reserve the desired items in around 30 stores, continues to be rolled out. A new service for making appointments with an in-store sales associate is also being launched.

The desire to give more online visibility to most of the House's objects is at the heart of this omnichannel strategy. hermes.com is the House's largest showcase and presents all the *métiers*. This year, Hermès face and hand products have been added to the online offering. Hermès Beauty was also launched on the Chinese Tmall e-commerce site from January 2021.

The hermes.com platform continues to evolve technically. It is gradually moving to a cloud system for better performance and capacity. Emphasis was placed on operations in order to improve the customer experience, through services such as digitisation of invoices and auto-completion of delivery addresses, new payment methods such as Apple Pay, or lastly, partnerships with new carriers.

AFR 1.8 COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

1.8.1 INCOME STATEMENT

<i>In millions of euros</i>	2021	2020	2019
Revenue	8,982	6,389	6,883
Cost of sales	(2,580)	(2,013)	(2,125)
Gross margin	6,402	4,376	4,758
Sales and administrative expenses	(2,137)	(1,699)	(1,816)
Other income and expenses	(734)	(696)	(604)
Recurring operating income	3,530	1,981	2,339
Other non-recurring income and expenses	-	91	-
Operating income	3,530	2,073	2,339
Net financial income	(96)	(86)	(69)
Net income before tax	3,435	1,986	2,270
Income tax	(1,015)	(613)	(751)
Net income from associates	34	16	16
CONSOLIDATED NET INCOME	2,454	1,390	1,535
Non-controlling interests	(8)	(4)	(7)
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	2,446	1,386	1,528

In 2021, the Group's consolidated revenue amounted to €8,982 million, up 42% at constant exchange rates and 41% at current exchange rates compared to 2020. Over two years, this increase reached 33% at constant exchange rates.

The gross margin rate was 71%, up by 2.8 points compared to 2020. This improvement stems from a leverage effect on fixed production costs, a gradual improvement in productivity and an exceptional inventory disposal rate.

Sales and administrative expenses, which represented €2,137 million, compared with €1,699 million in 2020, included in particular €421 million in communication expenses compared with €279 million in 2020, a year in which many events were postponed or cancelled due to the health crisis.

Other income and expenses amounted to €734 million, compared with €696 million in 2020. They include depreciation and amortisation of €512 million (€468 million in 2020), half of which relates to property, plant and equipment and intangible assets and the other half to rights-of-use. The increase in depreciation and amortisation reflects continued investments in the distribution network, production facilities, digital technology and information systems. Other expenses also include €122 million related to free share plans.

Recurring operating income amounted to €3,530 million, up by 78% compared to 2020. After an exceptional first half with a profitability of 41%, the second half stood at 38% following the acceleration of recruitment and communication expenses, as well as the negative impact of exchange rates on the second half of the year.

Thanks to remarkable collection flow rates and an exceptional leverage effect, annual recurring operating profitability reached an all-time high of 39%, up 8 points compared to 2020 and 5 points compared to 2019.

After taking into account in 2020 a non-recurring profit of €91 million related to the deconsolidation of Shang Xia, the operating income for 2021 increased by 70%. Over two years, the increase was 51%.

Net financial income, which includes interests on lease liabilities, financial income from cash investments and the cost of foreign exchange

hedges, represented a net expense of €96 million, compared with €86 million in 2020.

The income tax rate was 29.5%, i.e. a decrease of 1.4 points compared to 2020, mainly due to the decrease in the tax rate in France.

After taking into account the net income from associates (income of €34 million) and non-controlling interests, the consolidated net income attributable to owners of the parent amounted to €2,445 million compared with €1,385 million in 2020, i.e. an increase of 77%.

1.8.2 CASH FLOWS AND INVESTMENTS

In millions of euros	2021	2020	2019
Operating cash flows	3,060	1,993	2,063
Change in working capital requirements	346	(350)	24
Change in net cash position related to operating activities	3,405	1,642	2,087
Operating investments	(532)	(448)	(478)
Repayment of lease liabilities	(212)	(199)	(203)
Adjusted free cash flow ¹	2,661	995	1,406
Investments in financial assets	(13)	(93)	(13)
Dividends paid	(490)	(490)	(487)
Treasury share buybacks net of disposals (excluding liquidity contract)	(162)	(122)	(53)
Other movements	170	51	93
CHANGE IN RESTATED NET CASH POSITION ¹	2,166	342	947
Restated net cash position at the end of the period	7,070	4,904	4,562
Restated net cash position at the beginning of the period	4,904	4,562	3,615

(1) Alternative performance indicators defined and reconciled in Note 2 to the consolidated financial statements.

Cash flows related to operating activities amounted to €3.4 billion thanks to the strong increase in operating cash flows and a significant decrease in working capital requirements.

The Group, which had maintained its strategic investments in 2020, accelerated its projects in 2021. Operating investments amounted to €532 million:

- ♦ €220 million was devoted to the renovation and expansion of its exclusive distribution network. This amount includes the construction of the future Madison 706 flagship in New York, the expansion of the Milan store in Italy, the opening of the Omotesando store in Japan and the relocation of the Beijing China World store or the expansion of Plaza 66 in Shanghai, China;
- ♦ €169 million was dedicated to production and *métiers*, mainly in Leather Goods but also in Tanneries, Textiles as well as Perfume and Beauty;
- ♦ €143 million was invested in information systems and digital but also in real estate projects to support the Group's growth.

After taking into account the above-mentioned operating investments and the repayments of fixed lease liabilities recognised in accordance with IFRS 16, which are considered by the Group as items affecting operating activities, adjusted free cash flow amounted to €2.7 billion, i.e. 2.7 times that of 2020 or 1.9 times that of 2019.

After payment of an ordinary dividend of the same amount as in 2020 (€4.55 per share) and share buybacks for €162 million, the Group's restated net cash position increased by €2.2 billion and crossed the threshold of €7 billion at the end of 2021.

1.8.3 FINANCIAL POSITION

The Hermès Group's consolidated balance sheet at the end of 2021 totalled €13.8 billion compared with €11.1 billion at the end of 2020. Cash accounted for nearly 50% of assets and the increase in inventories was limited. On the liabilities side, current debts reflect the strong recovery in activity in 2021 and equity, which amounted to €9.4 billion at 31 December 2021, represented nearly 70% of the balance sheet total.

The Group has strengthened a solid financial structure that allows it to approach the year 2022 with confidence.

AFR 1.9 SIGNIFICANT EVENTS SINCE THE END OF THE FINANCIAL YEAR

Due to the events in Europe, the Group has decided to temporarily close its stores in Russia and suspend all commercial activities from the evening of 4 March 2022. It should be noted that the Group has no activity in Ukraine and that its exposure to Russia is not material. In 2021, the Group's revenue in Russia represented less than 1% of consolidated revenue and the net value of the Group's assets located in Russia was less than 0.5% of consolidated net assets.

1.10 OUTLOOK

In an uncertain environment, Hermès has shown its solidity and performance, with exceptional results in 2021. Asia and America recorded the strongest growth, both compared to 2020 and 2019, and Europe returned to growth in the second half compared to 2019. The loyalty of its local customers resulted in strong momentum across all métiers.

Hermès, firmly rooted and inspired by its heritage, is supported by its craftsmanship, its creative freedom and innovation, its attachment to *savoir-faire* and entrepreneurial spirit. Firmly believing that there can be no creation of economic value and long-term development without creation of social and societal value and without environmental responsibility, Hermès is committed to leaving a positive footprint on the world.

Strengthened by the ongoing dialogue between creation and excellence in *savoir-faire*, the House will continue to blossom, affirming the uniqueness of its style. The year 2022 will be marked by the development of new collections based on the most beautiful materials and an abundant and innovative creativity that is constantly renewed. Among the new products, the Perfume and Beauty *métier* will launch *Plein Air*, its fourth sphere being applied to foundation, Hermès Maison will present the *Soleil d'Hermès* tableware, and Jewellery will reveal the seventh *haute joaillerie* collection. Watches will also propose a new watch complication, *Arceau*, the time traveller.

The integrated and exclusive distribution network will continue to strengthen its omnichannel offering. Hermès has been able to flexibly support the digitisation of uses, while continuing to nurture ties with its particularly loyal local customers, with reinvented formats. The qualitative development of the store network will continue in 2022, with projects to open, expand or renovate the Flagship stores at 706 Madison in New York (United States), Barcelona (Spain), Korea, Shanghai and Wuhan (China) and Doha (Qatar). Priority will be given to expansions and renovations, in some 20 stores around the world. The House will develop its digital strategy, via an increasingly broad range of online products and services, with the aim of increasing traffic and attracting new customers.

Faced with the House's particularly strong momentum, the development of production capacities will continue across all métiers, and in particular in Silk, with the expansion of the Pierre-Bénite textile production site near Lyon, in Jewellery or Home.

The high demand for Leather Goods & Saddlery will be supported by the ramp-up of new sites as part of regional expertise hubs. With more than 4,300 leather goods craftspeople in France today, the Group will continue its objective of opening an average of one new production unit per year, representing around 300 new employees. Following the inauguration of the Guyenne and Montereau production units in 2021, three other sites are under development in Louviers (Eure), Tournes and Cliron (Ardennes) and Riom (Puy-de-Dôme, where recruitment and training are ongoing. Two new projects for 2025 and 2026, located in L'Isle-d'Espagnac (Charente) and Loupes (Gironde), join the above three

sites and will become the House's 23rd and 24th leather goods workshops. The House's other *métiers* will continue to use their extensive *savoir-faire* to design and create exceptional objects.

True to its commitment as a responsible employer, Hermès will strengthen its teams in all areas in 2022, and the Group will step up its efforts in terms of social, societal and environmental performance.

Hermès will pursue its commitment to the development of its employees, their well-being, and the consideration of diversity in its activities. The enhancement and transmission of *savoir-faire* will remain at the heart of the priorities of the *métiers*, by capitalizing in particular on the internal apprentice training centre (CFA) dedicated to leather goods workers.

The control of supply chains, guaranteeing the quality of our materials, will be strengthened by the implementation of detailed "CSR briefs" on social, environmental and ethics issues. Through the use of life cycle analysis, eco-design, materials optimisation, the circular economy and recycling of unsold items, the Group will also continue its efforts in favour of a more careful use of resources and waste management.

More broadly, the Group will intensify its work to promote biodiversity, by capitalizing on the results of its impact analysis using the Global Biodiversity Score (GBS) method. Hermès will pursue its work in favour of animal well-being, with the roll-out of a formal charter with its partners in 2021.

With ambitious carbon targets the Group will continue to develop numerous operational projects, both within its sites (industrial equipment, real estate) and with its partners, in line with the recommendations of the TCFD. At the same time, Hermès will increase its contribution to the implementation of carbon offset systems consistent with a net zero carbon target in 2050, supported by Livelihoods' long-term projects.

Hermès will strengthen its role as a socially responsible company alongside its suppliers, which it will continue to support and with the communities in which it operates, whether through site openings, job creation, the development of vocational training centres for its craftsmanship *métiers*, and contributions to the social and cultural life of the regions. Relations with all stakeholders will be developed.

For 2022, it is still difficult to assess the impacts of the Covid-19 pandemic. The highly integrated craftsmanship model and balanced distribution network, as well as the creativity of the collections and the loyalty of customers allow the Group to approach the future with confidence.

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 *savoir-faire* and singular communication.

1.11 FONDATION D'ENTREPRISE

In 2021, the Fondation d'Entreprise Hermès wanted to make its mission in favour of the general interest part of a collective drive. A desire to act together, therefore, whether it involves creating works, passing on *savoir-faire*, protecting the environment or encouraging solidarity, the four pillars that structure the Fondation's action. Throughout a new year marked by the pandemic, the Fondation continued its commitments through its programs while remaining mobilized alongside its beneficiaries and project leaders faced with the uncertainties of the context.

The need to act together to combat climate change with its ever-increasing consequences is obvious. This is why the Fondation d'Entreprise Hermès launched Manuterra, an environmental education program for primary to high school students. Since the start of the school year in 2021, students have been invited to create, develop and transmit an edible garden over 12 two-hour sessions during school hours. Under the guidance of a professional gardener, they cultivate a plot using the permaculture technique while addressing multiple environmental themes. Six classes, *i.e.* 150 students, are involved in this pilot year set up in partnership with the Royal Saltworks of Arc-et-Senans, the Academy of Besançon and the Compagnons du Devoir et du Tour de France. In addition to Manuterra, the "Protect" pillar of the Fondation also added new support for the Massane nature reserve (Pyrénées-Orientales), a beech forest that has been growing unfettered for more than 150 years and has been classified as a Unesco World Heritage site since last summer. This choice reinforces the Fondation's action in favour of the preservation of our ecosystems.

The "Transmit" pillar was a second major focus of commitments. The Manufacto programme, for the creation of *savoir-faire*, continued to be rolled out in two new academies: since the start of the school year in 2021, 61 establishments, spread across 11 academies, have participated in this programme. Around 1,600 students from primary to high school are introduced to craftsmanship *savoir-faire* by making a beautiful contemporary object under the guidance of leatherworkers, carpenters, upholsterers or plasterers. Dedicated this year to "Glass", the Skills Academy was able to take place despite health constraints. Increasingly popular, the seven mornings, initially broadcast by video, finally gave way to public conferences to the satisfaction of all, speakers, academics and growing numbers of listeners. Lastly, the Artists in the City programme continued its actions to support the training of young artists.

In this delicate year, 42 scholarships were awarded to students in dance, theatre and, for the first time, circus. The other supports of this program were maintained, supplemented by a new partnership with the National Centre for Dance (CND) for the Elan programme, a school for equal opportunities in dance.

As in the previous year, the Fondation was committed to working alongside artists who have had to adapt to the consequences of the pandemic. As part of the "Create" pillar, the New Settings programme dedicated to the production and distribution of new stage works enabled the support of 16 new shows presented to the public on several occasions between autumn and spring, in the Paris region, as well as in Lyon. In the field of visual arts, the Fondation has scheduled 11 exhibitions in 2021 in its dedicated spaces in Brussels, Saint-Louis-lès-Bitche, Tokyo and Seoul, allowing a wide audience to discover high quality exhibitions of contemporary works. The Artists Residencies celebrated a decade of activities through a triptych of exhibitions entitled "Formes du transfert" simultaneously held in Tokyo, Seoul and Pantin, in parallel with the launch of a new two-year cycle. Finally, the Immersion program, a Franco-American photographic commission, announced the name of its sixth laureate, the American photographer Raymond Meeks, who will undertake his residency in France in 2022. This programme is supported by a new partner alongside the Fondation Henri Cartier-Bresson in Paris: the International Center of Photography (ICP) in New York, which will present the winners' exhibitions on American soil.

The H³ - Heart, Head, Hand programme, which structures the "Encourage" pillar saw the continuation and expansion of general interest projects led by employees, while numerous solidarity actions were carried out by the Fondation to address needs identified during this particular year. In 2021, the Fondation d'Entreprise Hermès remained active, assuming its responsibilities in its areas of intervention to provide appropriate support to those whose projects were shaken by the health crisis. Acting together, therefore, again and again since 2008, with fairness and pragmatism to help bring about a better world.

The full report on the activities of the Fondation d'Entreprise Hermès is available at: www.fondationentreprisehermes.org, in the section entitled "The Fondation".

2

CORPORATE SOCIAL RESPONSIBILITY

NFPS

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Through its sustainable development approaches, Hermès implements practices that reconcile economic and social progress with preservation of the planet's natural equilibrium, in a long-term vision. These societal and environmental challenges, linked to the 17 sustainable development goals defined by the United Nations for 2030, provide the framework for the House's action in this area.

Hermès, a family business, has been able to adapt to changes while favouring a long-term approach. The Group, on the strength of its craftsmanship *savoir-faire*, its exclusive distribution network and its creative heritage, will continue its sustainable growth.

The Group's craftsmanship manufacturing model is based mainly on the creativity and *savoir-faire* of men and women working in France. It draws on the House's four essential heritages: creation, *savoir-faire*, exceptional raw materials and the retail universe. It is based on the geographical and cultural proximity between designers and craftspeople. Supported by a network of regional manufacturing sites, Hermès enhances the regions with a desire to ensure the transmission of this exceptional *savoir-faire*. Finally, it operates with moderation and sobriety in the use of raw materials and with a desire for a low environmental footprint. The promotion of these four heritages has contributed to the sustainability of the Hermès craftsmanship model since 1837.

The Hermès Group's ambition in terms of sustainable development is to ensure virtuous economic and social development, not only for employees and shareholders, but more broadly for its stakeholders, by thinking about the future of the next generations. This objective will also be achieved by reducing its impacts, however moderate, on the planet. This goal is accompanied by a deep humanistic desire to give back to the world some of what the world gives to Hermès.

The scope of this Non-Financial Performance Statement (NFPS) covers all of the Hermès Group subsidiaries and sites, including all *métiers* and all regions, the scope of which is detailed in chapter 1 "Presentation of the Group and its results", § 1.4.

Methodological note

This NFPS is based on the qualitative and quantitative contributions of the *métiers*, subsidiaries and central departments, and the following Group corporate departments: human resources, industrial affairs, real estate, legal, finance and sustainable development. From the end of the first half-year, the various contributors came together to rank the subjects they wished to prioritise and prepare a schedule extending to the end of the year. Given the time frames, certain annual data is reported at end of October, in particular for the industrial affairs department. Each department uses tools to consolidate the information related to their activities. These main contributors rely on their respective networks in order to summaries and highlight the most significant progress and the work carried out on the major strategic sustainable development challenges. This operating mode enables a fairer reflection of operating reality, in an environment in which the activities of the House are very diversified.

Finally, verification work is carried out by an independent third party (*PricewaterhouseCoopers*), which is also one of the Company's Statutory Auditors, with audits carried out before publication. The issuance of a reasonable assurance report, which is a higher level of certification than the limited assurance provided for by law in France, covers nearly 50% of the workforce, and therefore more than the required 20% (§ 2.9 and § 2.10).

As stated in chapter 3 "Corporate governance", § 3.6.3.4, the assignment was approved as a "service other than certification of the financial statements" by the Audit and Risk Committee, and is compliant with the French rules on independence.

2.1 BUSINESS MODEL

The Hermès Group presents its value creation model using graphics (see the following pages) in order to put the distinctive features of its French craftsmanship manufacturing model into perspective. This approach is designed to help explain the activities of the House, its footprint and contribution to a more sustainable world, in their economic, social, societal and environmental dimensions.

The Hermès Group's model is unique in many ways:

- ◆ a family-run business rooted in a tradition of craftsmanship, the foundations of an eagerness to ensure transmission of skills and sustainability;
- ◆ fundamental heritages, sources of sustainability, that are continuously reinvented: creation, *savoir-faire*, materials and retail;
- ◆ objects designed to last: rigor and responsibility that are the life force of the House's 16 *métiers* (see § 1.6 in chapter 1 "Presentation of the Group and its results");
- ◆ a French House with an international reach: 78% of production is made in France;
- ◆ an integrated model, from manufacturing (58% of objects are made its in-house and exclusive workshops) to distribution throughout the world, tailored to local situations;
- ◆ controlled development and solid results;
- ◆ a contribution to a more sustainable world through its model, through a humanist vision of its activity, and a desire to give back to the world some of what the world gives it.

For readers who would like more details on all of the Group's actions in addition to what is presented in this Non-Financial Performance Statement, the Hermès Finance website can be accessed using this QR Code.



Covid-19 – A resilient and contributive model in a situation of crisis

2021 marked a second year of the Covid-19 pandemic, the extent and duration of which impacted geographical areas in different ways. Hermès has reaffirmed its value as a safe haven for all its employees, while reinforcing its societal commitment to stakeholders.

The Group remained very active, regularly reviewing the situation and adapting its systems to the measures required by the medical and public authorities.

The Group health monitoring unit, activated since 2020, provides the best possible support in the various periods of health crisis, depending on the country and legislation, by implementing all the necessary measures in terms of prevention and by supporting the various lockdowns, including as they start and end. The human resources function, which was heavily used during this period, proved to be solid and able to act as a true partner in the face of the crisis, close to the teams through use of the internal social networks, with positions regularly shared at global level between the Director of Human Resources and the Managing Directors of the *métiers* and countries.

For each aspect of its business, the House has taken steps to protect and preserve:

- ◆ employees: jobs and basic salaries maintained for employees worldwide, installation of protective devices at the entrance to sites and in all living spaces, establishment of a psychological counselling unit for eight months, payment of exceptional bonuses;
- ◆ partners: support and continuation of local relationships, dialogue and economic support (payment prior to due dates);
- ◆ customers: spectacular development of e-commerce and development of the customer relationship with the omnichannel approach renewing the in-store experience and promoting remote interactions with local and international customers;
- ◆ sustainable growth: continued investments despite the uncertainty, with new production sites in France and store renovations;
- ◆ society: donations of hydroalcoholic gel and financial sponsorship (donation to the Paris hospitals, AP-HP).

During these various periods, in 2021 as in 2020, the Group decided not to request any State aid relating to partial activity measures. This decision has been applied in all countries where the Group operates.

EXCEPTIONAL OBJECTS DESIGNED TO LAST



Creative freedom

The designers sketch, innovate and revisit the House's models with the greatest freedom. Around an annual theme, "the Odyssey" in 2021, the artistic department proposes and renews the collections and objects.

1

Development

Close cooperation between our creative minds and developers ensures that original ideas become a reality. This step is crucial in defining the manufacturing processes that reconcile optimisation, quality, innovation and aesthetics for a virtuous life cycle.

2

Exceptional materials

The use of materials is optimised from creation to production, with careful use of only the essential resources encouraged in order to avoid unnecessary waste and surplus materials and to take the end of life of objects into account. Hermès manufactures high-quality products, mainly from renewable natural resources, the most emblematic of which are leather, silk and cashmere.

3

Purchasing freedom

Present worldwide, Hermès is strongly committed to the principle of giving purchasing freedom to its retail subsidiaries and stores. Store managers choose the products to propose to their customers. The offer is varied and relevant, the ecological footprint controlled and waste reduced.

5

Handcrafted production

Craftspeople take the greatest care in manufacturing the products ordered by the stores. Emphasis is placed on in-house training, which guarantees the transmission of exceptional *savoir-faire* within the production units. The use of subcontracting is limited and is based on long-term partnerships.

4

6

Logistics

Mainly manufactured in France, the products are sent to one of the Group's two logistics platforms, where they are checked, packaged and stored before being distributed to the store network. The choice of a centralised logistics model makes it possible to optimise flows, find and implement transportation solutions in order to control the carbon impact and reduce the environmental footprint.

Responsible communication and transparency

CSR communication is a major focus, with the aim of making the strategy and actions in this area more transparent. It takes the form of actions to improve external understanding: dialogue with customers and the public, the press and influence, investors and financial analysts. In a pro-active approach, responses are provided to external assessors.

Long-lasting objects

Hermès objects are designed to withstand the rigors of time. They develop a patina, are looked after, repaired or renovated thanks to the *savoir-faire* of our craftspeople, and are passed on from one generation to the next. At the same time, the *métiers* are working on ways to reuse and improve the circularity of materials and finished objects with the aim of recycling, innovating and finding new uses.

8

9

7

Exclusive distribution

While its products are made in France, they are distributed worldwide. In addition to this physical network, e-commerce has been added since 2002. Hermès favours a qualitative development of its network combining the enhancement of its stores and special attention is paid to their social and ecological footprint.

10

End-of-life

Although the craftsmanship model is, by design, a factor that helps streamline and optimise the use of materials, work is being carried out to anticipate the end-of-life of objects. The *métiers* and subsidiaries innovate and work on concrete projects which aim to extend the life of products and master material waste, in particular through donations and circular channels (reuse, recycling, etc.). In France, from 1 January 2022, Hermès is subject to the AGEC law (on Preventing Waste and the Circular Economy) which aims to prohibit the destruction of unsold products in the textile, household linens, shoes and furniture *métiers*.

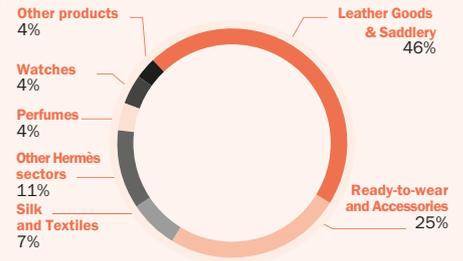
CONTRIBUTIVE, SOLID AND SUSTAINABLE GROWTH

ECONOMIC

Design and grow

- ◆ An average annual growth rate over 10 years of 12% for revenue
- ◆ An average annual growth rate over 10 years of 15% for net income
- ◆ €8,982 bn in revenue
- ◆ Growth of 41% at constant rates in 2021
- ◆ €3,530 m in recurring operating income
- ◆ €532 m in operating investments
- ◆ Stock market capitalisation of €162.15 billion as at 31 December 2021

BREAKDOWN OF REVENUE BY MÉTIER

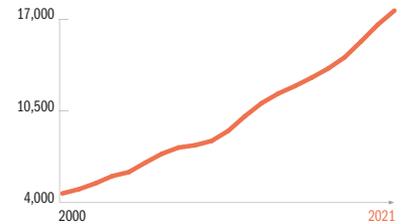


SOCIAL

Train and transmit

- ◆ 17,595 employees in 2021, of which 7,633 in production in France
- ◆ The workforce has increased by a factor of 2 in 10 years
- ◆ 114 internal trainers on production sites including 90 in the leather métier
- ◆ 60% women in management teams
- ◆ 9 years average seniority of employees

CHANGE IN WORKFORCE

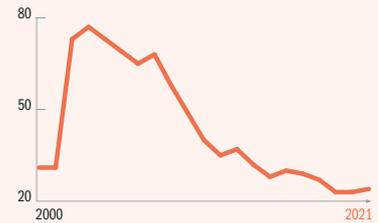


ENVIRONMENTAL

Respect and preserve

- ◆ Over the last 10 years, reduction in industrial energy intensity -48.2% and industrial water -35.4%
- ◆ 15.3% reduction in carbon emissions across all scopes in absolute value between 2018 and 2021
- ◆ Offset of emissions equivalent to the entire scopes 1 and 2 carbon emissions and 63.6% of upstream and downstream goods transportation emissions, i.e. more than 76% of total scopes 1 and 2 emissions and those from Transportation
- ◆ Contribution to the construction of sustainable supply chains
- ◆ 161,000 products repaired in 2021
- ◆ 86.9% renewable electricity supply

ENERGY INTENSITY IN MWH/ME

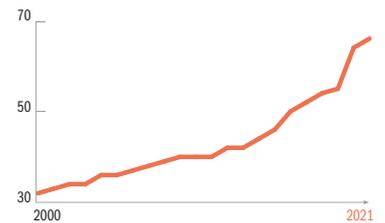


SOCIÉTAL

Develop and participate

- ◆ Presence in 11 of the 13 French regions with more than 80 sites (production units, stores, logistics sites, offices)
- ◆ Creation of regional divisions of excellence
- ◆ 20-year average relationship with the 50 main direct suppliers
- ◆ 66% of purchases made in France (Top 50 direct suppliers)
- ◆ 78% of objects produced in France

CHANGE IN NUMBER OF PRODUCTION SITES



GOVERNANCE

- ◆ CSR criteria in the variable compensation of the two Executive Chairmen
- ◆ A Sustainable Development Committee meets every two months with three members of the Executive Committee
- ◆ A CSR Committee within the Supervisory Board
- ◆ Internal and external ethics whistleblowing systems
- ◆ Contribution to 14 of the United Nations' 17 Sustainable Development Goals (SDGs)
- ◆ Global Compact Advanced Level



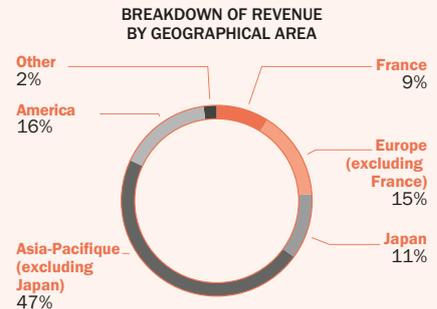
► ...CONTRIBUTING TO A MORE SUSTAINABLE WORLD

ECONOMIC

Sharing value

The Group strives to share value in a balanced way between employees, investments and reserves, public authorities and shareholders.

- ◆ 6 stores opened in 2021
- ◆ Inauguration of 2 leather goods workshops in 2021
- ◆ 29.5% consolidated tax rate
- ◆ Nearly 12,000 employee shareholders or holders of rights to free shares
- ◆ 4,761 new employees over the last five years



SOCIAL

Transmission and inclusion

Fostering a community of craftspeople who pass on to future generations often exclusive techniques and skills, and participate in the preservation of métiers and heritage.

- ◆ 76,145 training actions carried out worldwide, i.e. 9% more than in 2020
- ◆ 6,855 employees trained by the School of Leather since 10 years
- ◆ 284 professional certifications obtained in 2021
- ◆ Partnership with the French Job Centre and education in the craftsmanship professions
- ◆ Disability: employment rate 5.68% (2020)
- ◆ 67% of the Operations Committee are women
- ◆ 90/100 Gender equal pay index (France)



ENVIRONMENTAL

Manage impacts

Ethical purchasing of raw materials is part of responsible production. This has a positive effect on some sectors, with impacts extending to the protection of endangered species, the preservation of ecosystems and the living conditions of local communities.

- ◆ Reduction trajectory (2018 vs. 2030) in absolute value of 50.4% of scopes 1 and 2 emissions and 58.1% in intensity for scope 3 validated by the SBTi
- ◆ 95% of skins are by-products from food industry
- ◆ Act4Nature commitment: Global Biodiversity Score study
- ◆ Publication of standards on Animal Welfare and creation of a monitoring committee since 2019
- ◆ 100% recycled gold and silver processed in the workshops
- ◆ Livelihoods: more than 132 million trees planted
- ◆ Distribution of the Supply Chain Brief, planning the implementation of certification or labellisation for 32 supply chains



SOCIÉTAL

Sustainable jobs and giving back to the world

Hermès' strategy of investment brings long-term jobs; vitality of the regions.

- ◆ 563 new direct jobs in France in 2021
- ◆ 1 direct job created in a rural area indirectly leads to at least 1.5 other jobs
- ◆ 89% of direct suppliers have signed commitments to social, environmental and ethics policies
- ◆ €40 m allocated to the budget of Fondation d'Entreprise Hermès over five years (April 2018/April 2023)
- ◆ 10 Living Heritage Companies (EPV)
- ◆ 23 Meilleurs Ouvriers de France (MOF)
- ◆ €3.8 m in total purchases from socially supported organisations (EA, ESAT)
- ◆ More than 400 solidarity projects worldwide



GOVERNANCE

A sincere collaboration with our partners

- ◆ Partnerships with international NGOs including WWF France
- ◆ Contribution to the Livelihoods Fund (1.7 million beneficiaries)
- ◆ Member of the Fashion Pact since 2019
- ◆ Responses to various external assessments and improvement in non-financial ratings, see § 2.1.1 and § 2.7.2.2

WE SUPPORT



EXAMPLES OF AWARDS RECEIVED AND RANKINGS OBTAINED IN 2021

CLIMATE CHAMPION CHALLENGES	GRAND PRIX DE LA TRANSPARENCE CAC LARGE 60	MOST RESPONSIBLE "CLOTHING AND ACCESSORIES" COMPANY LE POINT
GRAND PRIX EMPLOI FRANCE HUMPACT	NO. 1 IN DIVERSITY LEADER RANKING FINANCIAL TIMES	7 th BEST EMPLOYER IN FRANCE GLASSDOOR
« A- »  Climate, water, forests	« A » 	#2 Textile & Apparel 
		« Advanced » 

2.1.2 AN AMBITIOUS AND STRUCTURING CSR STRATEGY

Hermès has remained true to its values since 1837 and continues to thrive as a house where craftspeople are at the fore. By selecting the finest materials, it produces exceptional, useful and aesthetic objects, designed to last (thanks to their quality and desirability) and to be passed on. Hermès now has a world-wide reputation, but the House has always been, and remains, an independent company supported by family shareholders, the sign of stability and longevity. Promoting French manufacturing, its project is based on the excellence of the craftsmanship *métiers*; human hands, *savoir-faire* and quality are the keys.

The attention paid to people has a natural place at the heart of the House's craftsmanship business model, both at its sites as well as its partners and suppliers. Hermès is attentive to working conditions, respecting a balance in terms of diversity and stringently applying the fundamental principles of the United Nations and OECD.

The attributes of craftsmanship have shaped the development of the House since its founding and, at the same time, its relationship with the world. Naturally rooted in respect and humility, these attributes, over time, have become company values.

The presence of these values permeates all employees, suppliers and partners. They form the platform for the House's actions in matters of sustainable development by appropriating the notions of individual and group responsibility, authenticity in the search for excellence, or acceptance of the long-term approach as a factor influencing

performance. Lived and embodied by the Senior Executives and all employees, today they are the lifeblood of its *raison d'être* and represent the founding pillars of the Corporate Social Responsibility (CSR) approach that Hermès shares with its stakeholders:

- ♦ responsibility: a handmade leather object, for example, is the work of a single person. Following the original principle "one person, one bag", a single person masters all of the steps necessary for an object's creation, and is accordingly responsible for its final quality. This sense of responsibility also covers the materials used, which must not only be the most beautiful but also of indisputable origin: they must be worthy of serving to create exceptional objects. This accountability also extends to the product's future life: each craftspeople has a view that transcends beyond the production process. This heightened awareness of responsibility nourishes the individual and group sustainable development practices;
- ♦ authenticity: the craftspeople are passionate about emphasising the "authenticity" of beautiful materials and eschew the use of imperfect materials, even when the end result may seem acceptable. This demanding attitude is reflected in the attention paid to all the aspects that comprise the handmade object and its craftsmanship. The inside is afforded just as much care and attention as the outside. Hermès craftspeople, and all employees of the House, are nonetheless aware of their limits and imperfections, and constantly question each stage, so as to perpetuate the values of excellence. Sustainable development is pursued in this spirit of sincerity, excellence and continuous improvement. It is built on accomplishments rather than abstract commitments, with the goal of long-term efficiency;

- ◆ acting with urgency while taking the time to do things well: our craftspeople do not like to put off until tomorrow what they can accomplish today. Hermès' craftspeople, and by extension the House, see time as an ally, that enables them to work well, to integrate the internal or external challenges of all stakeholders, in order to see things in a balanced perspective. In the making of an object by hand, it is impossible to skip a step to save time, everything flows in continuity, everything is necessary. These modes of operation shape and determine the way projects are conducted. They encourage the implementation of responsible policies and practices, using a participative approach, blending exacting requirements and efficiency to obtain a high-quality end result. While considering changing and accelerating contexts, projects take into account the necessary rhythm for sustainable change among employees, partners and natural ecosystems. Urgency to act and hasty execution should not be confused.

2.1.3 MATERIALITY ANALYSIS

As every year, Hermès updated the analysis of its priority CSR issues in 2021 to guide its actions and facilitate understanding of its strategy.

For the first time, this “materiality analysis” study was conducted using the concept of double materiality, which looks at the two dimensions of value creation put forward by the European Union: financial value creation, which essentially affects investors, and the creation of environmental and social value, which has a broader effect on all the Company's stakeholders.

In line with EFRAG¹ recommendations, with the help of its stakeholders, Hermès ranked 15 priority issues from two perspectives:

- ◆ the materiality of the subject for Hermès' business model, i.e. the importance of these issues for the Group's economic activity (so-called “outside-in” vision);
- ◆ the impact that Hermès and its value chain have on the issues at a global level, given their materiality (direct and indirect impacts given the Group's image) (so-called “inside-out” vision).

Hermès aligns itself in this way EFRAG's 2021 recommendations on the harmonisation of the non-financial disclosure proposed by the European Green Deal and supported by the French government.

This double materiality matrix also follows up on the work carried out for several years by the Sustainable Development Committee and the sustainable development department, together with the Executive Committee, and in collaboration with the audit and risk management department. It contributes to the risk analyses carried out at Group level.

Identification, assessment and ranking of issues

The 15 priority issues studied are the result of analyses updated internally every year since 2015 by an analysis of the main general CSR topics specific to the industry to which the Group belongs.

They were then ranked in the form of anonymous questionnaires allowing considerable freedom of expression, conducted with a panel of more than 100 respondents:

- ◆ generalist internal stakeholders (senior management);
- ◆ internal stakeholders with expertise in the subject, including the sustainable development Operations Committee, the EHS² network, in France;
- ◆ internal stakeholders outside France, i.e. Sustainable development correspondents in foreign subsidiaries (a quarter of the sample);
- ◆ a panel of external stakeholders identified for their knowledge of the sector, the House and its operation (a quarter of the sample).

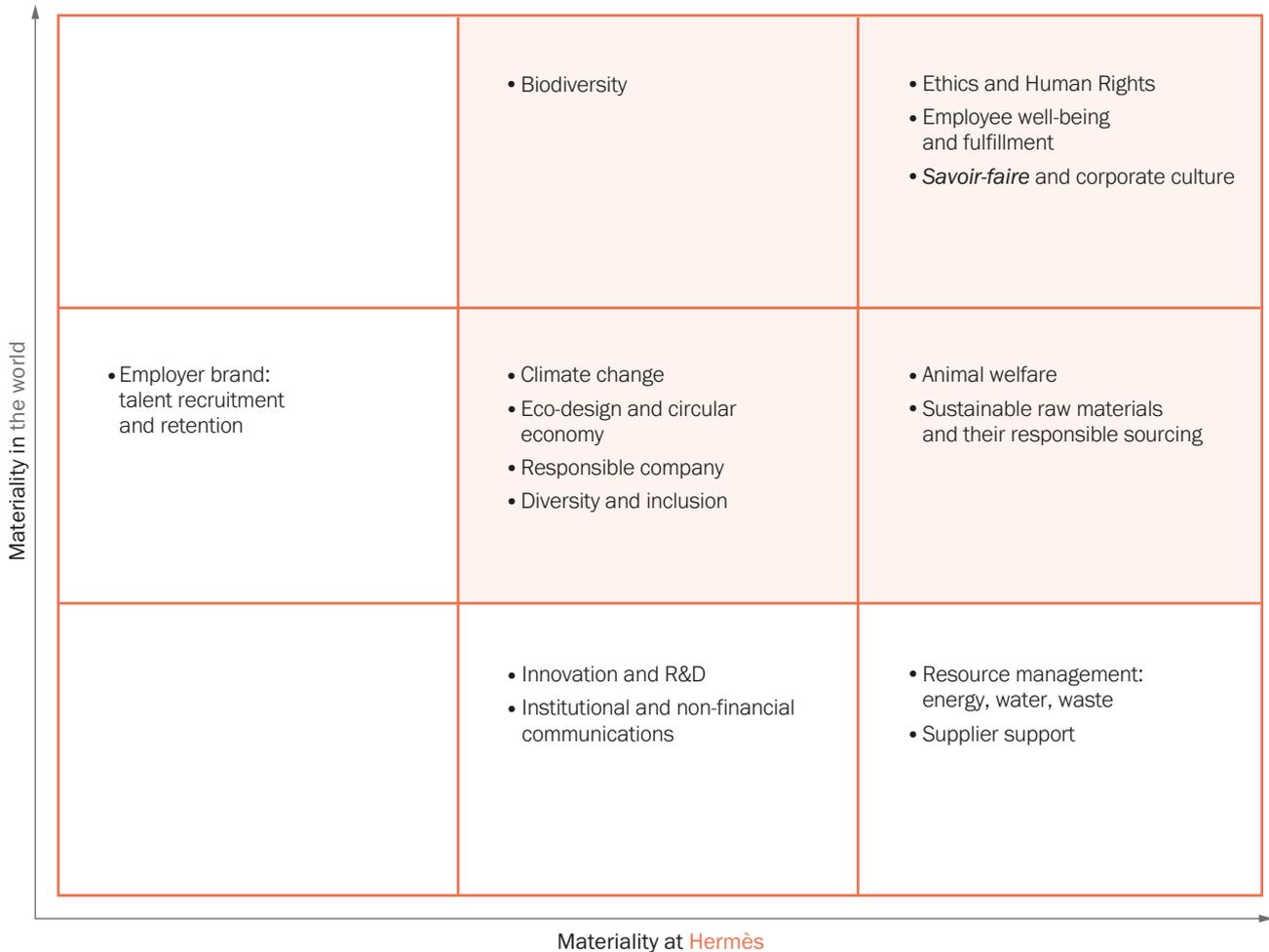
The Sustainable Development Committee reviewed and validated the results of the consolidation of these questionnaires.

1. European Financial Reporting Advisory Group

2. Environment, Health and Safety

Understanding that the notion of risk itself contains an opportunity factor, Hermès uses the term “issues” to qualify its CSR approach in this Non-Financial Performance Statement. These issues are summarised as

part of the CSR strategy, and described in more detail in the following sections of the document.



Comments on results

The materiality matrix highlights the Group’s ten CSR priorities (top right quadrant of the matrix). This positioning remains relative, with all subjects included in the analysis being by definition very important and the subject of internal action plans. These priorities are evenly distributed within the three pillars of the House’s strategy:

People

- ◆ Employee well-being and development
- ◆ Diversity and inclusion
- ◆ *Savoir-faire* and corporate culture

Planet

- ◆ Eco-design and circular economy
- ◆ Sustainable raw materials and responsible sourcing thereof
- ◆ Animal welfare
- ◆ Climate change
- ◆ Biodiversity

Communities

- ◆ Ethics and Human Rights
- ◆ Responsible company

The prioritisation criteria have changed since 2020, meaning that changes from one year to another are more difficult to analyse. Nevertheless, we can note changes in relative positioning that call for the following comments.

The issue of biodiversity has taken on greater importance, in terms of consideration of its impact on the Group's business model, undoubtedly thanks to the training courses and work undertaken on the subject resulting in better understanding, and it confirms its priority place as a global challenge, a perception strengthened by major initiatives worldwide (IUCN Congress in Marseille, COP 15).

The subject of climate change is still a little behind other subjects, reflecting the perception that the Group's business model has a low carbon footprint in absolute value for the planet and is less subject than others sectors to its medium-term consequences. This vision is supported by the formalisation of clear and ambitious carbon emission reduction targets, validated by the SBTi.

The Group's mobilisation around animal welfare is consistent with its importance, underlined in this analysis, by the formalisation of a charter this year, and the strengthening of actions in the various supply chains concerned. As a societal issue, its communication to our stakeholders is also an issue.

2.1.4 ANALYSIS OF NON-FINANCIAL RISKS

As indicated in chapter 4 "Risk and control", § 4.1, the Group carried out an overall analysis of its risks according to two axes, the magnitude of the multi-criteria impacts and the probability of occurrence. The materiality work carried out above made it possible to update this overall risk analysis, which distinguishes five major risk categories, three of which are more relevant in the non-financial field. The cross-reference table below illustrates the link between this risk analysis and the ten priority CSR issues identified by the materiality matrix. The non-financial issues taken into account also include the concepts of positive contributions and opportunities, which are more difficult to incorporate in the risk analysis.

GROUP RISKS		Priority CSR issues
4.1.1 Risks related to strategy and operations	4.1.1.1 Image and reputation	Responsible company
	4.1.1.5 Management of talent and <i>savoir-faire</i>	Employee well-being and development
		Diversity and inclusion
		<i>Savoir-faire</i> and corporate culture
4.1.2 Industrial risks	4.1.2.1 Management of supplies	Sustainable materials and responsible sourcing
4.1.4 Risks related to social, societal and environmental responsibility	4.1.4.1 Changes in major global climate and biodiversity issues	Climate change
		Biodiversity
	4.1.4.2 Availability and proper use of natural resources	Eco-design and circular economy
		Animal welfare
4.1.4.3 Respect for human rights, fundamental freedoms and ethics	Ethics and human rights	

2.1.5 CSR STRATEGY

Developed in 2015 and updated in 2020, the Hermès CSR strategy "Ambitions" is still consistent with the double materiality analysis of 2021. The underlying premise is: "We are all artisans of our sustainable development"; it constitutes the CSR reference framework applicable to all employees. It is based on appropriation and implementation of topics at a collective level, a key factor in its sustainability. The Sustainable Development Committee and the sustainable development department assist and supervise the Group's subsidiaries and *métiers* to ensure its proper application.

The Hermès Group's CSR strategy makes a tangible contribution to most of the 17 Sustainable Development Goals (SDGs) for 2030, as defined by the United Nations. Its action is also aligned with the responsible principles of the Global Compact, to which the Group adheres and under which its performance is recognised as "Advanced".

In practical terms, Hermès' CSR strategy is organised around six operational pillars, themselves subdivided into 49 topics that serve as benchmarks for the operational actions of the House's entities.

STRATEGIC FRAMEWORK



This strategy provides a comprehensive and specific framework for all of the Group's actions. These are presented and detailed in the Experts' handbook in an annex to this paragraph.

The materiality analysis makes it possible to define the priority actions in respect of this strategy, on which the Group focused in 2021. The table below summarises the management of the approach used for these priorities, broken down into challenges, objectives and results.

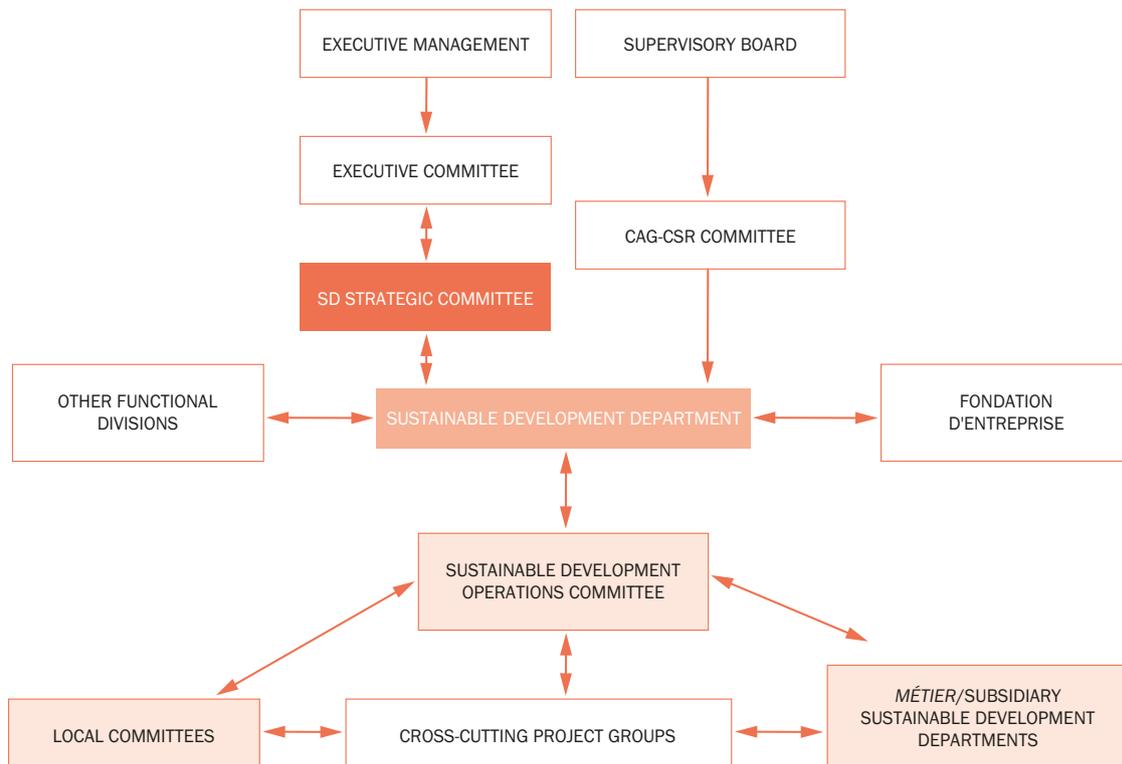
People: 2021 priorities	Major challenges and objectives	Main concrete measures and results for 2021
Employee well-being and development	Measure through regular comprehensive well-being surveys	73% of employees took part in a survey over the last three years
	Ensure health and safety at work	17% decrease in the severity rate of work accidents with lost time
	Set up supplementary compensation in addition to salary	€94 million distributed in 2021 for incentive schemes and profit-sharing in France
	Go beyond legal practices and implement actions	Implementation of a maternity policy with compensation maintained, covering 98% of female employees in the group
	Foster diversity	5.68% of employees in France are people with a disability (2020)
	Encourage gender parity, particularly for management positions	Signature of a second Disability Agreement in France 60% of managers are women 25% of the Executive Committee were women at 31/12/2021 (40% from 01/03/2022)
Savoir-faire and corporate culture	Roll out operational and managerial training	83 trainers covering the leather <i>métiers</i> for 22 leather goods workshops
	Cultivate internal <i>savoir-faire</i>	423,317 hours of training provided worldwide, i.e. 8% more than in 2020
	Spreading the corporate culture	6,855 leather craftspeople trained in 10 years Creation of an Apprentice Training Centre for leather goods (State diploma) 23 Meilleurs Ouvriers de France (Best Craftspeople in France)
		100% of employees receive training in the Hermès culture

The planet: 2021 priorities	Major challenges and objectives	Main concrete measures and results for 2021	
Eco-design and the circular economy	Optimizing the use of materials	95% of hides are by-products of the food industry	
	Systematise circularity approaches	100% of <i>métiers</i> have included the circular economy in their roadmap	
	Extend the life of goods	100% of unsold items in France donated or recycled in 2022	
		More than 1 million products incorporating a circular and eco-responsible approach developed in 2021	
		Nearly 21 tonnes of recycled textile materials	
		Development of petit h since 2010	
		161,000 repairs in 2021	
		Traceability and knowledge of supply chains	Detailed mapping of 74 raw materials supply chains
		Definition and sharing of social and environmental standards within supply chains	CSR brief communicated to suppliers and partners (social and environmental issues)
	Monitoring and improvement	Implementation of a process leading to certification and/or to labellisation for 32 supply chains by 2024	
Animal welfare	Definition of a charter	Formalisation in 2021 of a science-based Animal Welfare policy (outcome-based principle)	
	Implementation of best practices within the supply chains	100% of <i>métiers</i> follow the Group's Animal Welfare policy	
		92% of hides sourced in Europe, within a regulated ecosystem	
		Development of global best practices with the ostrich and crocodile sectors	
		100% of exotic hides comply with the requirements set by the Group's Animal Welfare policy	
Climate change	Defining an emissions reduction policy and targets	Update of reduction targets (2018-2030): -50.4% in absolute terms for scopes 1 & 2 and -58.1% in intensity for scope 3	
		Setting a notional internal carbon price (industrial and real estate investments, transport contracts)	
	Reduce emissions	Validation of the 1.5 °C-compatible trajectory by SBTi	
	Analysis of the impacts of climate on activities	Update of climate risk analyses on eight scenarios	
	Contribute to carbon offset efforts	Reduction of the Group's emissions in absolute value on scopes 1, 2 and 3 since 2018: -15.3%	
		New investment in Livelihoods and carbon credits received in 2021 for 100% of scopes 1 & 2 and 63.6% of the Transportation item (upstream and downstream)	
Biodiversity	Define a strategy	Implementation of the Act4Nature strategy in 2021	
	Make an impact inventory and identify priorities	Mapping of "GBS" impacts on 92% of the activity, intensity score lower than sector averages	
	Undertake concrete actions	Continuation of diagnostics: analysis of the goat leather sector launched at the end of 2021	
		Biodiversity actions in 14 of the 19 leather goods workshops located in France	

Communities: 2021 priorities	Major challenges and objectives	Main concrete measures and results for 2021
Ethics and Human Rights	Employee training	Mandatory e-learning in place since 2020. 100% of employees concerned trained
	Supplier commitment (signature of the C2 handbook)	89% of direct purchasing suppliers having signed the C2 handbook
	Verifications and audits	113 audits carried out at tier 1 and tier 2 suppliers as part of the duty of care
	Ethics alert line	Internal and external implementation since 2020. 53 alerts in 2021
Responsible company	Develop employment and promote local jobs	Nearly 1,000 jobs created, including more than 550 in France
	Balanced value sharing	78% of objects made in France
	Acting in favour of solidarity or the environment	530 suppliers in France listed as being social and solidarity enterprises (ESS)
		29.5% consolidated tax rate
		400 social and solidarity actions in more than 40 countries
Continuation of Fondation d'entreprise programmes (€40M over five years)		
Donation of €7M to AP-HP (following €20M in 2020)		

2.1.6 GOVERNANCE OF THE CSR APPROACH

The House's actions are steered by a Group sustainable development department and have been supervised by the Sustainable Development Committee since 2007. They involve various corporate bodies:



Supervisory Board: its CAG-CSR Committee has the role of overseeing sustainable development challenges. It meets with the sustainable development department twice a year.

Executive Management and Executive Committee: Hermès Group Management plays an active role in the implementation and rollout of the approach. The Executive Chairman, Axel Dumas, is involved in many subjects. Since 2019, the Supervisory Board (see chapter 3 “Corporate governance”, § 3.8.1.2.4) has approved the implementation of a variable compensation component for the Executive Chairman of Hermès based on three CSR criteria (environmental, human resources and societal). The Executive Committee is informed by three of its members of the work of the Sustainable Development Committee.

Sustainable development Strategic Committee: this committee validates the strategy, conducts governance and oversees CSR activities. Composed of 12 members including three members of the Executive Committee, it includes managers from the human resources, industrial affairs and distribution departments, two métiers (Leather and Textiles), and the communication department. Its minutes are communicated to the Executive Committee. **It met six times in 2021, the attendance rate of members was 92% and 100% for the three members of the Executive Committee.**

Group sustainable development department: reporting to a member of the Executive Committee, this proposes and implements the strategy and oversees the approach taken by all operating departments and Hermès Group subsidiaries, both in France and internationally. It monitors accomplishments, coordinates the operation of various committees (the Sustainable Development Committee and a Group Operations Committee), assists local committees and manages cross-functional projects and non-financial reporting.

Group Operations Committee: composed of 45 representatives from the different corporate functions. It analyses and validates projects' technical and functional aspects and facilitates information sharing between its members. It met seven times in 2021.

Local Sustainable Development Committees: run by the main métiers and subsidiaries, they initiate and track actions launched, and share them during regional meetings. For the eighth consecutive year, the heads of the Sustainable Development Committees in the Asia, Europe and Americas regions met, remotely, for two mornings of conferences. Environmental initiatives are driven more specifically by an “EHS network” in France, run by the industrial affairs department.

These bodies may be supplemented by management and *ad hoc* committees when new sustainable development projects are implemented by subsidiaries and entities. Cross-functional committees, led by Hermès' head office departments, manage issues that are of common interest and often of a medium-term nature. They focus in particular on issues relating to recycling, materials innovation, the circular economy, sustainable construction and logistics.

Métier/subsidiary sustainable development departments: they are responsible for leading the approach at their level and for signing up to a CSR roadmap each year. The Group's main *métiers* and subsidiaries, which account for more than 80% of the business, have a dedicated sustainable development manager.

READING GUIDE

In order to present the commitments, actions and results for the six pillars of Hermès' CSR strategy as clearly as possible, the subsequent chapters have been organised as follows:

- ◆ An introduction detailing the commitment made by Hermès and how this relates to the Group's values;
- ◆ A summary of the key events and achievements of 2021;
- ◆ A selection of indicators giving key figures on Hermès' progress on all of its commitments in 2021;
- ◆ A main handbook presenting in detail the policy implemented and actions carried out at all levels of the Group, as well as the achievements and results of 2021;
- ◆ An "experts' handbook" providing detailed information, including figures, on Hermès' actions and results in 2021.

EXPERTS' HANDBOOK

This section takes an in-depth look at Hermès' commitments and details the commitments made with regard to its CSR strategy

The Hermès CSR strategy is organised around three strategic areas broken down into six operational pillars, themselves subdivided into 49 topics that serve as benchmarks for the operational actions of the House's entities, as presented in the three boxes below:

PEOPLE

TEAMS

FULFILMENT AND WELLBEING

- ◆ Ensuring the wellbeing and fulfilment of employees: working environment and conditions, health and safety, quality of life at work, work-life balance, social protection, ethics and responsible management.
- ◆ Sharing the corporate project and its values, which are the pillars of teams' identity and long-term cohesion.
- ◆ Maintaining the quality of social dialogue.
- ◆ Implementing ambitious value-sharing schemes and compensation policies: salary, bonuses, profit-sharing and employee shareholding.

SOCIETAL ENGAGEMENTS

- ◆ Facilitating the integration and recognition of talent in all its diversity and promoting equal opportunities and inclusion: diversity, age, social origin, disability and anti-discrimination.
- ◆ Engaging employees in solidarity actions, including skills sponsorship.
- ◆ Promoting broad ethical standards and the application of human rights and anti-corruption regulation.

SAVOIR-FAIRE

ACQUISITION, ENRICHMENT AND TRANSMISSION

- ◆ Anticipating the House's future needs.
- ◆ Attracting and recruiting the best profiles for our different *metiers*.
- ◆ Integrating new employees and passing on our unique corporate culture to them.
- ◆ Developing training courses that guarantee operational excellence and versatility, and consolidating the technical and managerial expertise of our employees.
- ◆ Integrating the challenges of sustainable development into our know-how; for example with eco-design.
- ◆ Developing talent: enabling long and sustainable careers, through internal development, versatility, mobility or retraining.

PRESERVATION AND DURABILITY

- ◆ Promoting art and craftsmanship among the younger generation.
- ◆ Encouraging the transmission of operational know-how to our partners: schools, training and apprenticeship centres.
- ◆ Maintaining proactive actions in training for our historical *metiers* and promoting manufacturing know-how (VAE, MOF, EPV, etc.).

PLANET

RAW MATERIALS**RAW MATERIALS**

- ◆ Seeking the best quality for all the materials used, guaranteeing the durability of the objects we create.
- ◆ Optimising the use of our raw materials throughout their life cycle by integrating the principles of the circular economy: innovation, eco-design, reuse, upcycling, recycling (production scraps), repair, end of life including the management of unsold items.
- ◆ Finding alternatives to the use of certain materials, including plastics.

SUPPLY CHAINS

- ◆ Controlling the entire value chain with operational traceability and long-term partnerships with suppliers, NGOs, etc.
- ◆ Contributing to the development of the most demanding standards for responsible and sustainable management of supply chains: ecological footprint (biodiversity, water, energy, carbon), social (working conditions) and societal (communities).
- ◆ Introducing certifications schemes within our supply chains.
- ◆ Supporting agriculture that is more respectful of Nature.
- ◆ Imposing the highest standards in animal welfare and in the ethics of our relationship with living things.

ENVIRONMENT**RESOURCES AND WASTE MANAGEMENT**

- ◆ Going beyond regulatory obligations in terms of the environment by anticipating how they might evolve: innovating by using environmentally friendly solutions.
- ◆ Controlling the consumption of natural resources both internally and with suppliers: water, energy.
- ◆ Defossilising our energy consumption.
- ◆ Improving production processes by favouring the cleanest, most economical technologies and the most environmentally friendly substances (chemicals).
- ◆ Reducing our footprint and controlling waste and discharges, reducing their production as much as possible and recovering them whenever possible.

CLIMATE CHANGE

- ◆ Formalising a strategy and governance, defining targets and monitoring indicators.
- ◆ Studying climate risks and acting to reduce their impacts, analysing resilience scenarios and incorporating them into the strategy.
- ◆ Reducing greenhouse gas emissions in absolute terms (Scopes 1 & 2) and in proportion to activities (Scope 3), in line with the Paris Agreements by developing science-based target (SBT).
- ◆ Undertaking voluntary carbon offsetting actions with high environmental, social and societal value, in addition to reduction measures.

BIODIVERSITY

- ◆ Setting up trainings for employees.
- ◆ Working in partnership with stakeholders (including NGOs).
- ◆ Diagnosing our impacts on biodiversity across our entire value chain (flora and fauna) and defining our ambitions on a scientific basis (SBT).
- ◆ Implementing actions in our metiers, value chains and sites.
- ◆ Contributing to positive actions outside our sphere of responsibility (Fondation d'entreprise Hermès, Livelihoods).

COMMUNITIES

SUPPLIERS AND PARTNERS

SUPPORT AND CONTROL

- ◆ Supporting the development and evolution of supplier practices to preserve key know-how and secure supply.
- ◆ Co-creating sustainable development action plans with our suppliers and partners.
- ◆ Ensuring the application of all our social, environmental and ethical requirements (duty of care), using a collaborative approach and regular audits as necessary.

RESPONSIBLE PRACTICES

- ◆ Developing balanced partnerships, supporting our partners, and encouraging territorial anchoring and regional development around the basins and sites of implantation.
- ◆ Contributing to the improvement of operational practices through the adoption of certifications and labels by our suppliers and partners.
- ◆ Increasing partnerships with the supported sector, capitalizing on the Group Disability Agreement (France).

STAKEHOLDERS AND TRANSPARENCY

REGIONAL RESPONSIBILITY IN FRANCE

- ◆ Pursuing a policy of manufacturing development in France by co-developing projects with the regions in which it operates.
- ◆ Building harmonious relationships with local stakeholders in the fields of the economy, employment, training, ecology and culture: to inform, engage in dialogue and collaborate.

CORPORATE CITIZENSHIP

- ◆ Giving back to the world a part of what it brings us through generous operational, financial and sponsorship actions, undertaken by group entities including distribution subsidiaries, or by the Fondation d'entreprise Hermès.
- ◆ Contributing to the forward thinking efforts of civil society or academic research by participating in multi-stakeholder initiatives.
- ◆ Taking part to advocacy initiatives for different modes of production: craftsmanship, less intensive agriculture, local anchoring.

COMMUNICATION

- ◆ Making the company's sustainable development strategy, objectives and actions more transparent.
- ◆ Creating the conditions for external communication delivered by employees.
- ◆ Making responses to external questionnaires and analysts more reliable.
- ◆ Engaging in dialogue with the press and influence.

Inauguration of the Maroquinerie de Guyenne in September 2021, in the Gironde department



©Photographer: Christophe Mariot

2.2 PEOPLE: TEAMS

Hermès' sustainable development is based on the fulfilment and well-being of its teams, as part of a corporate project that has placed people at the heart of its values since 1837. More broadly, Hermès nurtures the richness of its human capital and contributes to major societal challenges through proactive initiatives in the areas of ethics, diversity, equality among its employees, consideration of disability and, more generally, respect for human rights.

2

Introduction

Hermès sets very high standards in terms of working conditions and these are essential to enable employees to thrive, to give meaning to their actions and to help them constantly evolve by renewing knowledge and practices throughout their career.

Beyond the fundamental issues of health and safety at work, this also involves putting in place the best management practices and working environments conducive to the well-being of each and every person on the sites, in the stores and offices, to "make beauty in beauty", as Mr Jean-Louis Dumas used to say.

Harmonious labour relations in France are based on the Group agreement on social dialogue and the exercise of union rights, renewed in 2021 and regularly conducted at both local and central levels. They are also rolled out in all other regions with a humanist mindset that often goes beyond legal obligations.

Hermès' economic successes are regularly shared in different forms and the contribution made by employees to the House's development, whatever their role, is acknowledged through various profit-sharing mechanisms in order to involve them in the corporate project over the long term.

Diversity and inclusion are also factors of the Group's success. Given the variety of *métiers*, the profiles of its employees and the various geographical locations, these subjects are embedded in Hermès' fundamentals. Nevertheless, they require daily efforts, which is why the Group's ambition regarding Diversity and Inclusion was redefined in 2021.

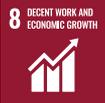
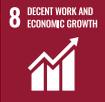
Information related to the management of the Covid-19 health crisis can be found in § 2.1 in the box "Covid-19, a resilient and contributive model in a situation of crisis".

In 2021, the Group made progress on important societal issues, with the aim of making a long-term difference through steady improvements with a significant impact. Among these, the selected elements below are particularly illustrative of 2021 for this section:

- ◆ Rollout of a global maternity policy with compensation maintained.
- ◆ Establishment of a paternity policy in France.
- ◆ Signature of the second Disability Agreement in France.
- ◆ Global "Diversity and Inclusion" study and employee commitment study in Europe.
- ◆ Compensation maintained worldwide for the second year despite the Covid-19 crisis, and without recourse to State aid.
- ◆ Exceptional bonus of €3,000 for eligible employees Group-wide.
- ◆ Rankings Grand Prix Emploi (Humpact France), Financial Times (1st on Diversity and Inclusion in Europe), Glassdoor (7th best employer in France).

PEOPLE

TEAMS

	OBJECTIVES	INDICATORS	2021 RESULTS
 ENSURING THE WELL-BEING AND DEVELOPMENT OF EMPLOYEES			
	Knowing and monitoring employee well-being through surveys	% of employees and frequency of surveys	73% of employees took part in a survey during the past three years
	Make work organisation more flexible	Implement teleworking for eligible employees	All eligible employees had access to teleworking
		% of the production workforce benefiting from flexible work schedules	80% of the production workforce benefit from flexible work schedules
	Ensure health and safety at work	Group lost-time work accident frequency rate	9.07 (stable compared to 2020)
		Group lost-time work accident severity rate	0.34 , down by 17% compared to 2020
	Protecting the Group's employees	% of employees who benefit from schemes in addition to statutory health, pension and welfare plans	More than 85% of employees worldwide benefit from schemes in addition to statutory health, pension and welfare plans
	Implement a parenthood policy	% of employees benefiting from a parenthood policy	100% of subsidiaries have rolled out the maternity care policy with salary maintained 98% of Group employees are covered by the Maternity policy 62% of employees are covered by the Paternity policy
 SHARING THE CORPORATE PROJECT AND ITS VALUES			
	Train employees in the House's values	% of new hires trained in the corporate culture	100% of new hires received training in corporate culture since 2018
		% of employees trained in Group ethics	100% of employees considered to be exposed to the risk of corruption according to the Group corruption risk mapping are trained in anti-corruption
 MAINTAINING THE QUALITY OF SOCIAL DIALOGUE			
	Conduct discussions with social partners or equivalent	Number of agreements and % of employees concerned	73 social dialogue agreements and amendments signed in France, i.e. 62% of the workforce
	Allow employees to express themselves freely via an ethics alert line	% of employees able to use the ethics alert line and number of cases handled	The H-Alert! system is accessible to all employees. 53 alerts were received in 2021, all alerts were followed up and some cases are still being examined
 ENGAGE EMPLOYEES IN SOLIDARITY ACTIONS, INCLUDING SKILLS-BASED SPONSORSHIP			
	Develop skills-based sponsorship at Group level	Number of "skills-based sponsorship" ambassadors	80 "skills-based sponsorship" ambassadors
		Progress of resources implemented	Nearly 400 global operations

	OBJECTIVES	INDICATORS	2021 RESULTS
 ESTABLISH VALUE-SHARING MECHANISMS			
	Implement a minimum compensation policy worldwide	% of employees whose compensation is above the living wage defined locally	Considering the entire compensation system implemented at Group level, Hermès ensures that it pays above the living wage in all countries where it operates.
	Set up supplementary compensation in addition to salary	Amount of incentive and profit-sharing in France	€ 94 million in respect of 2021
		Exceptional bonus paid during the year	Exceptional bonuses of €1,250 paid in 2021 for 2020 and €3,000 paid in February 2022 for 2021
	Promote employee shareholding	% employee shareholding	At 31 December 2021, employee shareholding represented 1.06% of the share capital, i.e. over €1.715 billion.
		Number of employee shareholders	Nearly 12,000 employee shareholders or holders of rights to free shares, i.e. 68% of the workforce
 FACILITATE THE INTEGRATION AND RECOGNITION OF TALENT IN THEIR DIVERSITY, AND PROMOTE EQUAL OPPORTUNITIES AND INCLUSION			
	Promote the participation of women in company management	Ratio of women present overall within the Group	67% women in the Group
		Ratio of women on the Executive Committee	25% women on the Executive Committee at 31/12/2021 (40% at 01/03/2022)
		Ratio of women on the Operations Committee	67% within the Operations Committee at 31/12/2021 (64% at 01/03/2022)
		Ratio of women managers	60% women managers
	Ensure equal opportunities	Pay equity index (France)	The weighted average global gender equal pay index is 90/100
	Fight against discrimination	Number of employees who completed a Diversity and Inclusion training course	780 employees completed a D&I training course
	Promote inclusion, particularly for people with disabilities	% of the workforce affected by a "Disability" action plan % of employees with disabilities in the workforce in France	100% of the workforce in France concerned 5.68% rate of directly employed people employees in France with a disability (2020 figures)
 PROMOTE THE MAIN ETHICS PRINCIPLES AND THE APPLICATION OF REGULATIONS ON HUMAN RIGHTS AND THE FIGHT AGAINST CORRUPTION			
	Ensure employees adhere to ethics and compliance principles	100% of employees informed and trained	100% of employees receive the codes of business conduct, ethics charter and anti-corruption code, and 100% of employees considered to be at risk of corruption are trained in anti-corruption

2.2.1 FULFILMENT AND WELL-BEING

The sustainability of the House rests on the women and men who contribute in a harmonious and positive manner to its functioning and development. For this reason, the Group is very demanding in terms of working conditions so that everyone can express their potential safely, in a pleasant environment, whether on production sites, in stores or offices. This also means supporting the transformation of working practices, whether digital or organisational, and seeking a permanent balance between the changing world and the goal of living well alongside one another.

POLICY

The Group's policy integrates health, safety and well-being challenges in its operational strategy as a priority, in particular for its manufacturing activities. Working time is managed by each entity in compliance with the regulations in force, according to the particularities of its activity, and with a view to ensuring a balance between private and professional life. Social dialogue is a priority and is organised in each country according to local laws and regulations. In addition, faithful to its family tradition, the House involves its employees in long-term growth through individual and collective compensation measures.

MEASURES IMPLEMENTED AND RESULTS

In order to contribute to the development and well-being of its teams, and more broadly, to major societal challenges, Hermès undertakes actions in terms of ethics, diversity, equality between its employees, consideration of disability and, more generally, human rights. The impact of these actions is measured regularly in order to assess their effectiveness and adjust them if necessary.

2.2.1.1 FULFILMENT AND WELL-BEING

2.2.1.1.1 Employee well-being

Since 2018, the human resources department of the Group has launched a health and well-being approach in France called SATIN.

This is based on taking stock of the situation every few years via an internal survey of employees, and the introduction of action plans. The questionnaire, designed by the INRS (National Institute for Research and Safety, charged with occupational health and safety) and the University of Lorraine, enables each employee to anonymously express their feelings on various topics relating to physical and mental health, stress, the work environment, activity and organisation.

This approach continued in 2021, despite an unfavourable context, with its rollout to three new sites. **Since its launch, nearly 8,000 employees at 41 sites have taken part, i.e. 73% of employees in France.** The average response rate of 83% is a sign of the commitment of employees and provides a strong representation of their views.

The topics selected locally are varied: time management, fatigue and physical health, warm-up/stretching, hazard management, musculoskeletal disorders (RSI), management of emotions, communication, etc. More than 65 participatory workshops with employees and employee representatives were set up at the sites on topics identified for progress, such as "Fair and unfair – Optimising relations at work", "Stress management and emotional load", "Development and commitment", "Workspace ergonomics and the working environment".

Following this diagnostic phase, the French sites set up a workplace health and well-being observatory on each site, which coordinates the action plan via working groups, in conjunction with the Management Committees and the site's Health, Safety and Working Conditions Commission. Recurring themes that can be part of Group initiatives are identified and dealt with collegially at the same time. This Observatory remains a reference point in the long-term prevention and identification of risk situations relating to health or well-being. Similar approaches to analysing well-being at work are carried out within our Retail subsidiaries.

In Europe, a vast engagement survey was launched at the end of May 2021 for all employees in 16 countries (survey sent to 1,075 people) with a participation rate of 88%. It recorded an increase in the engagement level from 74% to 76%. The strengths identified by the Retail Europe teams relate to pride in belonging and confidence in the future, the care and sincere concern for employees, recognition and feedback provided, and the House's CSR commitment. In Russia, for example, the engagement rate was 86% and 96% of employees would recommend Hermès as a good company. 93% say that Hermès takes care of its employees. In Italy, the participation rate was 89%, with 83% saying they were proud to work for Hermès and 85% welcoming its commitment to CSR.

In the United States, HOP conducted its second employee engagement survey in 2020, and continued the analysis in 2021 (2,700 comments representing more than 250 pages analysed by local HR departments). The survey enabled 755 employees to express their views, i.e. a very high commitment rate of 91% (up from 83% in 2018). The most positive response was the statement that employees are proud to work for Hermès (98.5%) followed closely by the fact that Hermès is a socially responsible company (96%).

The points of progress identified, on which local HR is working, generally concern the workload, with the desire for a better work-life balance and the development of career opportunities.

2.2.1.1.2 Working conditions and environment (EHS)

The diversity of the Group's *métiers*, from production to retail, not forgetting the support functions, involves managing different issues. The Group's vision of health, safety and working environment issues therefore requires adaptation to the specificities of its activities and to local differences.

A common strategic framework, adaptable to the activity

The EHS (Environment, Health and Safety) policy for the Hermès Group's industrial sites aims to implement systems that help preserve the health and ensure the safety of employees while protecting the environment. It is supervised and validated by the Executive Vice-President of the Manufacturing Division & Equity Investments, a member of the Executive Committee.

While craftsmanship expertise is essential to the production of beautiful products, the high level of expertise in health, safety and the environment contributes directly to the improvement of working conditions and the well-being of all. Thus, for Hermès, any work accidents, occupational disease or environmental accidents are unacceptable.

Each *métier*, through its managers, undertakes to work relentlessly, with commitment and determination, in order to achieve this level of control and to pass on the environmental and health and safety issues that are at the heart of the craftsmanship culture:

- ◆ eliminate and prevent the risk of injury, preserve long-term health;
- ◆ protect the environment by controlling risks and reducing identified impacts.

Any new Hermès industrial site, and any renovation, is designed and built with the health and safety of the craftspeople and partners working there in mind.

New or existing industrial practices, as well as processes and products, are constantly analysed to minimise their risks and effects on the environment, health and safety.

Lastly, each *métier* strives to train and raise awareness among all its employees to achieve these ambitions, taking into account the unique features of its activity.

To support this policy, the Hermès industrial department runs an EHS programme that changes every four years. The fifth cycle of this programme began in 2018 and consists of three components:

- ◆ an EHS regulatory watch organised at a frequency adapted to changes in the regulations of the countries in which the sites are located: in France, the watch is shared quarterly; for the rest of the world, it is published bi-annually or annually;
- ◆ the elimination of hazardous situations by ensuring the proper management of hazardous work and the control of environmental practices through the Group's guidelines, updated each year and which supplement those of the real estate development department;
- ◆ a safety culture, assessed each year at all industrial sites in accordance with internal standards.

The industrial department audits the achievements of the industrial sites with the support of an external firm and regularly reports on the progress made in meeting Hermès' commitments. In 2021, 15 audits were carried out.

To complete this programme, the industrial department has been running an EHS network since 2003, made up of EHS managers from the House's various *métiers*. With around 20 members, this network meets several times a year to set targets, share results and learn about best practices in each of the *métiers*.

Actions implemented within the *métiers*: some examples

Each department regularly feeds into an action plan for the management and continuous improvement of working conditions, particularly in terms of ergonomics.

Leather

The Leather Goods division has the objective of making its production units safe places, supporting tradition, excellence in *savoir-faire* and innovation. The resources enabling employees to work safely, perform their duties over the long term, and protect their health are a priority within each site. The division's senior management meets each quarter to discuss health and safety issues at work. An external body conducts regular audits on the degree to which the production units have adopted a strong health and safety culture in accordance with Hermès' own guidelines. An EHS manager is appointed in each production unit. The central coordination ensures the consistency of the progress plans, provides them with material support, and monitors changes in regulations and technological developments. It develops and distributes shared training, reporting and regulatory compliance tools.

Among the Leather Goods division's priorities, the fight against RSI (repetitive strain injury) is the subject of several types of actions:

- ◆ the introduction of electric height-adjustable workbenches;
- ◆ work carried out in collaboration with biomechanics and *physiotherapists* to measure the biomechanical impact of each movement performed by craftspeople on a daily basis. This innovative protocol, using cutting-edge technologies, has made it possible to create a hierarchy of training actions and thus reduce physical stress in strict compliance with *savoir-faire*;
- ◆ the setting up of "ergo relays", who are either craftspeople or employees from support functions, and some of whose missions are dedicated to the prevention of musculoskeletal disorders in their workshops. This community provides concrete support to each craftsperson in order to progress in terms of ergonomics and good postures within each leather goods workshop. At the same time, the ergo-motor skills module "Un Corps Pour La Vie" continued to be rolled out, with the aim of better preparing the body and supporting the demands inherent in the specific activities of saddlers and leather goods craftspeople (warm-up, posture, etc.). To date, 3,000 craftspeople have been trained;
- ◆ the perfecting of a shoulder realignment tool, aimed at preventing musculoskeletal disorders of the upper limb, a process supervised by local *physiotherapists*.

Logistics

Logistics ships more than five million products to 306 stores each year. For more than five years now, the Hermès Commercial site in Bobigny has been constantly transforming to improve in the face of a constantly increasing workflow. Various projects have been carried out to mechanise certain tasks and significantly reduce the risks of RSI (repetitive strain injury) in certain operations. Thus, the time between receipt and shipping of a product has been reduced from 15 to 10 days, while maintaining the level of quality control and improving working conditions. These projects have also enabled operators to develop new skills, flourish and feel collectively responsible for the smooth running of the site.

Working environment

The House is very attentive, for its production units and its offices, to providing quality workplaces. This aspect is also one of the pillars of the “sustainable construction” framework put in place by the Group (see § 2.5.1.2). In 2021, for example, the following achievements can be highlighted.

A new living space has opened its doors on *rue de Penthièvre* in Paris to welcome Hermès Perfume and Beauty and the digital sales and service department in an exceptional building with views over the whole of Paris, bathed in light, offering a large garden and equipped with 10 terraces (i.e. 2,000 m² of outdoor spaces out of a total of 8,000 m²). The aim is not only to design welcoming living spaces, but also to make them stand out by highlighting the *métiers* and *savoir-faire*.

The Maroquinerie de Guyenne benefits from new premises in an HQE building, with energy consumption optimisation and photovoltaic panels providing electricity for the building. Height-adjustable workbenches have been installed within HMS and HTH, partly by retrofitting when possible.

A certain number of actions are also carried out to improve visual and acoustic comfort (soundproofing of machines, noise mapping, light measurement campaigns) at the Maroquinerie de Guyenne.

Air quality, lighting and acoustics

Since 2019, the Hermès Group has implemented a process aimed at gradually ensuring that all occupied buildings have air quality in which concentrations of the main pollutants are below the levels recommended by the WHO.

In 2021, air quality measurements were launched on certain production sites in France, as well as in tertiary buildings and stores.

In China, the Hermès stores in Shanghai IFC, Xiamen, Qingdao and Harbin are the first stores to have been equipped with pollutant measurement systems and air filtration equipment, resulting in a reduction in the number of particles of around 90% between outdoor and indoor air.

At our industrial sites, various improvements in terms of working conditions and environment were made in 2021, in addition to the Group’s ambitions, such as:

- ♦ the installation of a ventilation solution for the hot-part workshop at Crystal Saint-Louis to renew the air in this workshop while recovering the excess heat from the furnaces. This solution made it possible to significantly improve the working conditions in this workshop;
- ♦ a measurement campaign was carried out to ensure the absence of fine particles; on the ATBC (a subsidiary of HTH) silk and cashmere weaving site.

2.2.1.1.3 Work accidents

For a number of years, Hermès has been developing a policy to prevent work accidents, occupational illnesses and repetitive strain injury, as well as an active policy to maintain people in employment and prevent people being unable to work, based on a number of awareness-raising campaigns (nutrition, physical activity, etc.).

	Group	France	International only
Lost time work accident severity rate	0.34	0.52*	0.09
Lost time work accident frequency rate	9.07	11.92*	5.11

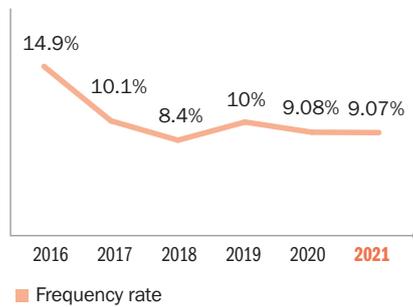
* These higher figures should be put into perspective with the production workforce being mainly located in France (78% of manufacturing sites are located in France), a country in which regulatory requirements control the various cases of accidents and their reporting more strictly and exhaustively than elsewhere.

In 2021, the frequency rate of lost-time work accidents for the Group as a whole stood at 9.07, with a severity rate of 0.34 (respectively 9.08 and 0.41 in 2020). This calculation is based on the total number of actual hours worked. It is difficult to interpret because of the variety of *métiers* in the Group, however the trend is clearly positive (**falling by more than one-third in five years**). No work accidents resulted in fatalities in 2021.

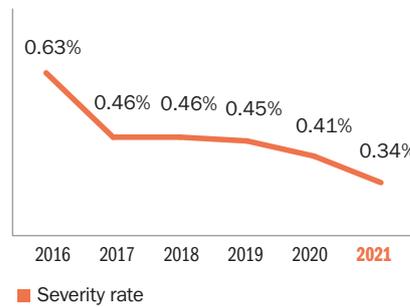
In France, the frequency rate was 11.92 with a severity rate of 0.52 (respectively 12.3 and 0.67 in 2020). The industrial workforce represented 70% of the workforce in France, and consequently affects these rates. The rates for the main *métiers* concerned (leather and crystal) are below the rates for their industries.

Looking at figures for International alone, the frequency rate was 5.11 and the severity rate was 0.09 (respectively 4.72 and 0.06 in 2020).

Change in the frequency rate of work accidents across the entire Group



Change in the severity rate of work accidents across the entire Group



Each accident or significant incident is the subject of an investigation with a detailed analysis of the causes, the conclusions of which are systematically shared with other industrial sites that may present the same risks. Thus, a sharing of experiences and best practices is in place, allowing health and safety at work departments to exchange their opinions and think about common solutions to the risks identified.

2.2.1.1.4 Organisation of working hours and schedules

Given the diversity of its activities, the Group gives its subsidiaries a **great deal of freedom in the organisation of working time and flexible working hours**, in order to be able to adapt them as closely as possible to the realities of their *métier*. In this context, Hermès pays particular attention to compliance with the regulations applicable in the countries concerned in terms of working hours, maximum working hours and minimum breaks, depending on the activities. The Group encourages each entity to put in place all measures likely to contribute to the well-being of employees at work, such as flexible working hours for French entities.

The Group human resources department and the Director of Labour Relations, issue general contextual instructions, such as during the health crisis, negotiate agreements and carry out arbitration on any complaints, and intervene in the event of non-compliance with the general rules established by the House.

Given that 84% of employees are either craftspeople or work in stores, teleworking is less significant than in other industries. Other than in exceptional circumstances, it is considered on a case-by-case basis depending on the situation, particularly in France. However, the health crisis greatly increased the use of teleworking during periods of lockdown or tension related to the health situation, for workstations where it is possible. In order to facilitate the temporary use of this work organisation, various measures have been implemented such as the provision of laptops, headsets or the payment of a fixed monthly sum intended to offset the additional costs related to teleworking, etc. In some countries, teleworking has been more sustained, such as in the United Kingdom, where the Smart Working Day allows remote working on certain days.

Globally, 95% of employees work full-time. Some 813 employees worked part-time in 2021. Various working time flexibility schemes have been established, notably in the leather goods workshops (42% of employees in France).

Through its philosophy and its activity with a strong craftsmanship component, the House values the presence of the teams and attaches particular importance to working together, which necessarily involves a presence on sites.

In China, schedules for sales associates include eight hours' work a day and two days off. Annual leave has been increased from 10 days to 12.

Work-life balance

With regard to work-life balance, the Group communicates internally to share best practices and encourages subsidiaries to adapt them and apply them locally. Managers are expected to be role models. Each craftsman is responsible for distributing his or her hours over the week and thus benefits from significant flexibility to combine his or her working hours and personal life. Particular attention is paid to monitoring leave and to counting hours of work or recovery. Arrangements are made at the start of the school year, for example, or in the event of childcare constraints. The specific cultural characteristics of each country are also taken into account, for example to reconcile the culture of strong commitment in Japan and the regulations on taking leave; or in the United States, the monitoring of compensatory rest periods and even the planning of leave well in advance. Employees are systematically encouraged to use their annual leave.

For all sites in France, the form used in the annual appraisal that each manager conducts with each of his or her employees has been adapted to include a discussion on work/life balance.

Some additional initiatives have been rolled out, such as the possibility for pregnant women to telework for one day/week when their job allows this, access to reserved parking spaces, and parenthood interviews. Hermès Femme encourages each manager to demonstrate flexibility in managing their teams to combine comfort and efficiency in the work of their employees. A survey on childcare within Hermès Perfume and Beauty was conducted.

Internationally, the subject of parenthood has resulted in the implementation of a new platform for employees in Italy that covers aspects relating to family and education (enrolment in schools, purchase of school books, specialised courses). Within HOP (United States), a resource group of employed parents supports working parents and the return of new parents after maternity, paternity or adoption leave. In the United Kingdom and Ireland, hours can be concentrated to enable only four days a week to be worked. At Hermès Japan, the reduced-time working regime applies to mothers of children between the ages of four

and six (beyond the legal obligation that applies up to the age of three). The normal work schedule is 7.5 hours per day and this mechanism allows mothers to work 5.5 hours, 6 hours or 6.5 hours.

Focus on logistics

The operations of the logistics department were reviewed as a whole, both in terms of people and productivity. In addition to the reorganisation of tasks, the introduction of work tools and training, a new working time agreement has provided more flexibility for the last two years.

Since 2019, employees have benefited from variable arrival, lunch and departure times. They have a minimum number of hours worked per week, with the option to work more hours, and the flexibility to adjust their daily work hours according to peaks and troughs of activity, but also to suit their personal obligations or preferences. This change, which is rarely so extensive within a logistics site, is a sign of trust in employees and has required significant managerial adjustment. It has been very well received by the teams, who experience less stress in the morning and can adapt their schedules to their personal constraints and changes in volumes. Clear communication on figures and activity enables managers to anticipate peaks and to give everyone responsibility.

In addition, the Switch multi-skills programme, which began three years ago, trains volunteer employees in a wide range of logistics *savoir-faire*. The “Switchers”, numbering 40 at the end of 2021, work on similar jobs, as well as on very different assignments, for example by alternating quality control, preparation, shipping and e-commerce. This virtuous principle reinforces the flexibility of the *métier*: by developing their skills, these operators can also better meet the various needs in the event of a peak in activity.

2.2.1.1.5 Harassment

Hermès does not tolerate any conduct that manifests itself in particular through behaviour, words, acts, gestures or writings that may infringe on a person's personality, dignity or physical or psychological integrity, thereby jeopardising their personal wellbeing or employment, or adversely affecting the social climate. In France, harassment is a form of behaviour incriminated by the Labour Code. If intentional, it may constitute an offence, which exposes the perpetrator to criminal conviction. Many countries have similar regulations on this subject.

The Group's policy is that any employee who feels harassed, or witnesses a situation of that nature must disclose it as soon as possible to his or her superiors and/or a Human Resources manager and/or report it through the “H-Alert!” whistleblowing system, which guarantees the confidentiality of exchanges. Group rules provide for appropriate investigations (such as the establishment of a joint commission of inquiry) depending on the situation so that each case can be examined and dealt with. Hermès attaches great importance to everyone's professional development and compliance with the rules of ethics. It takes action against all abusive behaviour at any level of the hierarchy.

The prevention of and fight against harassment, whether psychological or sexual, is one of the House's priorities. To achieve this, pairs of Company and SEC Officers were appointed within the French entities to deal with harassment and sexist behaviour. The legal role of the officers was extended to the prevention and fight against psychological harassment. In late 2020 and early 2021, each pair of officers (Company and SEC) took part in a training course together, introduced by the Group labour relations department and led by an external firm. The objective of this training was to enable the officers to understand the notions of psychological harassment, sexual harassment and sexist acts and to know how to classify a situation using the legal framework. This training also makes it possible to identify at-risk behaviours, to encourage the implementation of preventative measures and to react in the event of an alert by knowing how to show empathy and distance. This training was also an opportunity to remind people of the existence of the “H-Alert!” whistleblowing system. In order to promote social dialogue, the Company and SEC Officers have drafted a roadmap for working together as pairs within their company.

In early 2022, all Directors of Human Resources and HR managers in France will be trained in the fight against harassment (sexual and moral) and sexist behaviour, using the same firm that trained the officers. Following this training, the Directors of Human Resources will raise awareness among the members of their entity's Management Committee and then the entire managerial body and employees, through the provision of an awareness-raising kit to be rolled out in 2022.

In addition to the Group's work to combat harassment, local initiatives have been taken by certain entities, such as within Hermès Cuir Précieux, with the creation of a “Well-being at work” commission made up of Human Resources, members of the SEC and CSSCT, as well as the EHS manager. The Hermès Horloger division has set up an external “trusted person” system as a network of people to report any problems relating to harassment, discomfort or isolation within or outside the Company. This system is in addition to feedback of employees carried out by managers or human resources.

Furthermore, psychosocial risk (PSR) prevention training has been proposed to managers since 2017. It is led annually by the Group Director of Labour Relations. This training makes it possible to make managers aware of the existence of these PSRs (stress, harassment, violence at work, burnout, etc.); it also allows them to learn to detect situations that may lead to these PSRs and to identify warning signals, even weak ones. The objective is to know how to detect a difficult situation as soon as possible and provide a rapid and appropriate response. This training is also an opportunity to raise manager awareness on workplace health and well-being measures, a series of collective prevention measures designed to improve physical and psychological health and well-being at work. Roll-out of this theme began in France, and they will be extended internationally.

2.2.1.1.6 Absenteeism

In France, the absenteeism rate was 4.17% (9.58% in 2020 and 4.1% in 2019). It was mainly impacted by the health crisis, with, in addition to cases of Covid, contact cases, childcare needs and protection of vulnerable people. These factors increase the absenteeism rate accordingly. **The Group's absenteeism rate stood at 3.26% in 2021** (6.45% in 2020 and 2.9% in 2019). It restates the cumulative number of hours of absence for the following reasons over a period less than or equal to 90 consecutive days: illness or occupational illness; absence as a result of a workplace or commuting accidents; and unjustified or unauthorised absences. Given the exceptional situations surrounding the Covid-19 crisis, these figures should be interpreted with caution.

Changes in absenteeism are systematically monitored and analysed by entity in order to identify causes and propose action plans. The latter supplement the initiatives focusing on an improvement of working conditions, development of versatility or manager training regarding the management of absenteeism. Measures adopted include communication, awareness-raising and prevention actions (vaccinations, presence of a doctor on the sites, etc.), but also control, in order to increase the accountability of employees and managers. Moreover, based on the demographics of certain sites, specific actions have been implemented in order to support parenthood under the best possible conditions.

2.2.1.2 SHARING THE CORPORATE PROJECT AND ITS VALUES

A pillar of Hermès' coherence and uniqueness, this desire to share values, which strengthens the sense of belonging and enhances understanding of the business model, is driven by three main challenges: creating the right conditions for adherence to the corporate project and encouraging commitment, enriching the employee experience, bringing the values and family spirit to life. This challenge guarantees the long-term effectiveness and cohesion of the teams and the sustainability of the business model.

Since 2018, all new employees have taken part in Hermès corporate culture training.

2.2.1.2.1 Facilitating employee support for the corporate project and giving meaning

In the particular context of the ongoing health crisis, internal communication continued to play a central role in supporting the recovery and illustrate the strength of the business model through digital tools and events.

Created in 2019, HermèsSphère, the Group's digital workplace, broadcasts almost daily news on its timeline. Alerted by an email newsletter, employees are involved in real time in the life of the Group and its subsidiaries. **On average, around 450 articles are published per year.**

In 2021, HermèsSphère continued to welcome new subsidiaries to its ecosystem. After the American subsidiary Hermès Of Paris, Hermès Japan has been given a space dedicated to its local news and Hermès Greater China can now translate the Group's news into the language of its employees.

In France and abroad, internal communication systems have been expanded to maintain proximity with teams, share news, present development projects and encourage dialogue.

Senior Executives and managers took active steps, either remotely or in person, to share challenges and strategy and ensure that links with their team were maintained.

In September 2021, for example, 200 employees from the support functions in France met in Copenhagen along with members of the Executive Committee. Brought together around a common purpose and focused on the new challenges of their stakeholders, they looked ahead ten years to reflect on the added value of their respective functions.

In November 2021, Hermès Information Systems organised the second edition of its Innovation Day: a day of innovation and inspiration created in 2020 that brought together 170 employees around key future digital innovations.

Twenty-one meetings led the human resources community to focus on priority areas of development in 2021. In June 2021, 55 Senior Executives and Directors of Human Resources met virtually as strategic partners to discuss human resources priorities and proactively engage in the sharing of experiences.

2.2.1.2.2 Fostering the collective dynamic and family spirit

Whenever possible and in compliance with health protocols, Hermès has seized on opportunities to return to working alongside one another harmoniously.

In September 2021, Hermès Maroquinerie-Sellerie celebrated its first establishment in the Bordeaux region by inaugurating the Maroquinerie de Guyenne. Following speeches by Axel Dumas and regional representatives, the traditional ribbon cutting launched the festivities bringing together the 200 craftspeople of the site.

In November 2021, the inauguration of a first renovated space in the Tanneries du Puy brought together around 200 employees of the site and internal guests of Hermès Cuir Précieux.

Varying the formats to adapt to the health constraints in force, the entities continued approaches aimed at preserving relationships: the Hermès Maroquinerie-Sellerie Central Services Day involved fun team activities, the Hermès Of Paris "Behind the Orange Curtain" virtual sessions brought together a total of 525 employees to learn more about the House and its development, Hermès Femme continued its Friday Free Time, with nine meetings taking place during 2021, bringing together between 45 and 100 people around presentations on internal and external topics.

However, as in 2020, health restrictions prevented the "Tandem" programme, created in 2008, and the "Tilbury" programme, launched in 2018, from running.

Tandem

Tandem is a programme that brings together a craftsperson and a sales associate, and invites one to put him or herself in the shoes of the other. In practice, a craftsperson is welcomed by a sales associate in a store, and a few weeks later, the craftsperson welcomes the sales associate in his or her workshop (or vice versa). In turn, they each discover the other's *métier*. This programme is carried out in a spirit of generous sharing, curiosity, reciprocity and commitment. Nearly 550 employees have taken part in this initiative since its creation.

Tilbury

In the same vein as *Tandem*, *Tilbury* is a programme that exchanges experiences and shares practices between a store manager and a production Site Manager, launched in 2018. For five days, they each put themselves in the shoes of the other by participating in the daily life of their host (meetings, discussions with teams) and experiencing the business on the ground, with the store manager spending time with craftspeople in the workshop, and the Site Manager spending time with sales associates and customers in the store.

2.2.1.3 MAINTAINING THE QUALITY OF SOCIAL DIALOGUE

It is Hermès' policy to constantly ensure that it implements and guarantees both high quality social dialogue and freedom of expression for all its employees. This involves both collective bargaining and daily participation by employee representatives in various projects. It is essential to the functioning of the Hermès Group's various companies.

In France (62% of employees), **social dialogue is organised on a company-by-company basis, through representative bodies and agreements signed each year.** In other countries, dialogue takes various forms, depending on local customs and regulations. The Hermès Group's ethics charter confirms Hermès' commitment to the conventions of the International Labour Organization (ILO), especially with regard to freedom of association. **In all the countries concerned, the policy is to ensure that the principles of freedom of association and collective bargaining are implemented, in compliance with local regulations.** Hermès does not interfere with, and encourages, the free exercise of fundamental rights for workers.

For example, following a change in collective agreement and given a change in the workforce, a Committee for Prevention and Protection at Work was set up in Belgium in early 2021. In the same way, and at the request of employees this time, an employee representative body was set up in Germany in the Munich store. In general, in the international distribution activities, the quality of social dialogue depends on respect for freedom of expression and anonymous satisfaction surveys that are regularly conducted by the Directors of Human Resources of the area (or country, depending on the size of local markets). The survey carried out at in 16 European countries in 2018 made it possible to ask employees about their level of resources, pay equity, the link with performance and the balance between professional and personal life. These are all subjects that contribute to quality social dialogue.

In France, a Social Dialogue Monitoring Committee (France) was set up pursuant to the agreement on social dialogue and the exercise of union rights within Hermès Group companies and signed in 2008 by all the representative trade unions.

In order to strengthen social dialogue, this agreement was renegotiated in 2021 and a new Group agreement on the renewal of social dialogue was signed on 25 November. It includes a number of measures designed to encourage and promote social dialogue through better knowledge and greater interaction of its players, as well as through better definition of the mandate and professional activity and the development of skills.

This agreement provides, for a second annual meeting of the Social Dialogue Monitoring Committee, the strengthening of the role of the Group coordinators, organisation of an inter-union discussion day with all the representative trade unions within the Group, and the participation of employee representatives in a training session on labour law, also open to managers.

In the various French companies, social dialogue involves the permanent operation of these employee representative bodies and a robust and active collective bargaining process. Collective agreements have been concluded in all companies that have union representatives or with the Social and Economic Committees authorised to negotiate certain agreements. **In 2021, 73 agreements and amendments were signed in France** on subjects as varied as salary increases, incentive and profit-sharing schemes, working hours and equality between women and men.

Some initiatives illustrate what is being implemented locally:

- ♦ in France for example, the establishment of two cross-functional sector bodies at HTH, bringing together the elected representatives of the eight entities to deal with the sector's incentive scheme and the healthcare costs scheme;
- ♦ in Italy: HR Days to answer all questions or individual concerns of employees;
- ♦ in the United Kingdom: the Employee Council and various committees (SD, sponsorship, Carré On, etc.) have been set up;
- ♦ in Russia: with the presence of employee representatives at managers' meetings enabling suggestions to be shared;
- ♦ in Korea, where we do not have any statutory employee representation structures: a joint management-union conference takes place every quarter;
- ♦ and finally in Taiwan: quarterly meetings bringing together employee representatives and the employer are opportunities to share opinions and suggestions.

2.2.1.4 IMPLEMENTING VALUE-SHARING MECHANISMS THROUGH AMBITIOUS COMPENSATION POLICIES

Hermès pays constant attention to the compensation conditions and development of all its employees, in order to offer them comprehensive compensation packages and recognise their contribution to the House's development.

This ambitious policy includes a wide range of individual and collective measures in terms of salary components and benefits:

- ◆ in the short term, fixed salaries, individual and collective bonuses, paid holidays, and various profit-sharing schemes;
- ◆ in the medium and long term – employee shareholding plans awarded to all employees worldwide;
- ◆ post-employment benefits through end-of-career bonuses and supplemental pension plans that are set up for the vast majority of employees and in accordance with local legislation and market practices.
- ◆ lastly, social protection schemes enrich the employer offering with additional health and personal protection guarantees.

The Group's policy, in France and internationally, is that all of its employees should receive overall compensation that competitively meets best market practices, complies strictly with applicable standards and regulations, and is higher than the minimum legal or locally-defined salaries. This attitude is illustrated, for example, by the granting, on several occasions in recent years, of rights to Hermès International free shares to all its employees worldwide (see § 2.2.1.4.2 below). For the fourth year in a row, Hermès is paying all employees worldwide an exceptional additional bonus in respect of 2021 of €3,000 in recognition of their commitment and contribution to the Group's performance.

In terms of social protection, the Group also implements a comprehensive and ambitious policy to ensure that employees are protected against the major risks of everyday life. Benefits cover the risks of mortality (accidental and all other reasons) and long-term illness, but also medical and maternity care, and retirement. Thus, the House's desire is to offer all its employees, in all countries where the Group operates, an overall compensation that provides a protective framework in the short, medium and long term, not only for employees but also for their families.

The compensation paid to Corporate Officers is shown in chapter 3 "Corporate governance" of this document.

2.2.1.4.1 Compensation

The compensation of Hermès' employees complies fully with the ILO conventions and the laws of all the countries in which the House operates. Regulations on working hours and minimum wages, the systematic issuance of a payslip on a regular basis, explaining all legal deductions, the prohibition of the payment of recruitment fees paid by employees regardless of their location in the world, and more generally the fight against forced labour, are principles applied naturally and strictly by Hermès entities, the vast majority of whose employees work in OECD countries.

The annual change in compensation in all subsidiaries is made in accordance with the budget guidelines sent by the Group, which take into account both inflation and trends in local compensation markets. Particular vigilance with regard to compliance with the principle of gender equality and possible discrepancies with markets (internal and external) is systematically recommended for the performance of salary reviews. Specific budgets are granted if adjustments are necessary. The monitoring of equal pay indicators and the measures to remedy the situation if necessary are overwhelmingly included in the agreements signed by the House's subsidiaries.

Hermès is committed to rewarding employee performance at both the collective and individual levels, and the development of variable compensation at both levels in recent years reflects this commitment, whose objectives and assessment criteria are clearly shared with employees in the interests of transparency and motivation.

In addition to the changes in fixed salaries from which all employees benefited, additional and exceptional measures were also decided by the House throughout the year:

- ◆ **for the second year in a row, in the context of the Covid-19 health crisis, basic salaries were maintained for all employees during periods of lockdown and store closures, without resorting to state aid in all countries where the Group is present;**
- ◆ in a spirit of recognition and generosity, an exceptional bonus of €1,250 was paid in 2021 to all employees¹ for their commitment and contribution to the good results of 2020;
- ◆ the resilience, commitment and strength of the contribution of each employee to the success of the collective project in 2021 were also recognised by the allocation of an exceptional bonus of €3,000 that the Group will pay to each employee (on permanent and fixed-term contracts)¹ in February 2022.

<i>In millions of euros</i>	2019	2020	2021
Total payroll	777	842 ²	881

The Group's payroll (excluding profit-sharing and incentive schemes) was €881 million in 2021, compared with €842 million in 2020, plus €281 million in social security charges. Payroll costs (excluding exchange rate

and scope impacts) reflect increases in both workforce and salaries in all geographical areas.

1. Subject to eligibility conditions.
2. Adjusted data for 2020, for continuity of calculation methodology

2.2.1.4.2 Employee shareholding plans

Faithful to its family tradition and wanting to involve all employees worldwide in the Group's medium- and long-term growth, Hermès has set itself apart in recent years by the implementation of employee shareholding plans, and notably free share plans in 2007, 2010, 2012, 2016 and 2019.

The desire to recognise the commitment of employees, who are key to the success and outreach of the House, led Executive Management to decide to set up a fifth free share allocation plan on 1 July 2019. Under this collective plan, each eligible employee worldwide (i.e. more than 13,000 employees in all of the House's entities in the various countries in 2019) thus received rights to free shares, i.e. a total of 500,544 shares. At 31 December 2021, employee shareholding represented 1.06% of the share capital, i.e. over €1.7 billion.

All of these employee shareholding plans serve three purposes:

- ◆ to show the confidence of the House in the long-term commitment of its employees and unite them around the Hermès Group strategy;
- ◆ to acknowledge the contribution made by all employees, whatever their role, to the development of the House, by providing a single compensation component to share the benefits of our growth, enabling employees to identify more closely with the long-term Hermès growth decisions;
- ◆ to consolidate the strong links between employees and the House.

In order to promote, on the one hand, the loyalty of employees over the medium and long-term, and on the other, collective performance, these plans are accompanied by vesting periods of at least four years, conditions of presence and, lastly, performance conditions (for a portion of the grants).

The Group's ambition is to continue to involve all its employees in its corporate project in a single way by strengthening employee shareholding. The vast majority of employees who become shareholders through these employee shareholding plans keep their shares well beyond the mandatory vesting and holding periods (in France, where applicable). At the end of 2021, 68% of employees held rights that were vesting and accordingly, continue to be involved in the Hermès Group's governance and operations over the long-term, in a spirit of mutual trust with the House.

2.2.1.4.3 Incentive and profit-sharing schemes (France)

Since 2012, a special profit-sharing agreement signed with all of the representative unions has enabled all employees of the companies in France to share in the profits of the Hermès Group in a harmonised manner.

Incentive scheme agreements are in place at all Group companies in France. These agreements, concluded for a period of one to three years, aim to involve employees in the development of locally-determined indicators that are relevant with regard to the activity and environment of each of these entities, notably quality, safety (for example, work accident rate at Hermès Sellier), productivity and sustainable development objectives (for example, water consumption in the Textile division).

Employees of international entities (38% of all Group employees in 2021) also benefit from a range of regular additional compensation initiatives in line with performance and local customs.

In France, €94 million in incentives and profit-sharing and €4 million in employee support activities were distributed, compared with €114 million and €4 million respectively in 2020 (the changes are linked to the difficult economic context in 2020 due to the Covid crisis). These amounts have a significant positive impact on the overall compensation (short, medium and long-term) of the House's employees and reflect its desire to share the fruits of growth with everyone.

<i>In millions of euros</i>	Incentive schemes	Profit-sharing	Total (France)
2019	34	53	87
2020	40	74	114
2021	32	62	94

2.2.1.4.4 Other social benefits and social protection schemes

In addition to the fixed and variable compensation paid to employees, the Hermès Group provides health insurance and welfare benefits not only in France but also in other countries where it operates. In terms of social protection, the House's policy is to encourage the implementation of voluntary coverage that supplements the required legal schemes, based on local market practices. For the vast majority of employees around the world, these schemes are mainly funded by the subsidiaries.

Since 2019, the global maternity policy has been rolled out in all subsidiaries worldwide, including basic compensation fully maintained for a minimum of 16 weeks of leave and full coverage of maternity healthcare costs. The rollout of this policy continued in all subsidiaries in 2021 and its effective implementation is monitored as part of Group procedures.

The House remains very attentive to offering its employees favourable working conditions and work-life balance when they welcome a new child. In France, agreements or action plans relating to professional equality were renewed in order to reaffirm the guarantee of a balanced salary positioning between men and women, as well as respect for equal treatment in the allocation of salary increases, including during maternity leave. These agreements define progress targets for paternity leave, for example, in order to promote the role of fathers in the exercise of family responsibility, and to enable women to carry out a professional activity corresponding to their wishes. Paternity leave is also available to employees of foreign entities, the duration and conditions of which are adapted to local practices in accordance with local culture.

In order to support this ambition through even more concrete Group initiatives, the House decided **to introduce, in effect as of 1 January 2022 and for all its entities in France (i.e. 62% of the Group workforce), the full maintenance of salaries for fathers absent when taking paternity leave of 28 days.** This full maintenance covers the entire legal duration of the leave and benefits everyone without any seniority condition.

With a desire to provide positive support for parents and in the same spirit as the protection applicable to pregnant women, new fathers benefit from protection against dismissal during the four weeks following the birth of their child and, to support the use of voluntary part-time contracts and ensure parents making this choice are not penalised, pension contributions are paid by the employer on a full-time basis .

Furthermore, several years ago, Hermès set up a **supplementary defined-contribution pension plan under a collective agreement for all employees in France.** This plan, for which most of the contributions are paid by the Group, allows them to build up individual savings for retirement. In 2021, this plan represented total contributions of €7.4 million, of which over 90% were financed by the employer.

For all entities, the Group's total commitment in terms of pensions and similar was €331 million in 2021.

Outside France, in line with local practices, the Group participates in whole or in part in the financing of these defined-contribution supplemental pension plans provided for by law or by agreements. The management of these systems is entrusted to specialist external partners (insurer, bank or other). Thus, in the same mindset, and in contrast to customary market practices, Hermès took the innovative decision to set up a supplementary pension plan for all of the House's employees in China as of the second quarter of 2022.

Thanks to these proactive social protection policies, nearly 75% of employees worldwide benefit from schemes in addition to statutory health, pension and welfare plans.

Inclusion and work-life balance are priority objectives whose concrete achievement is ensured by professional equality agreements and action plans in place for several years and within numerous entities. Their principle is to set precise and relevant indicators and to ensure their annual assessment and monitoring with the aim of continuous improvement, even when prior diagnostics have not revealed any major imbalance between the situations of women and men. Thus, several companies in France (across all business divisions) have signed agreements with social partners that include measures aimed at:

- ◆ ensuring equity in terms of compensation before and after maternity, paternity, adoption or education leave;
- ◆ adjusting on a full-time basis, the payment by the employer of pension contributions on a full-time basis for employees who have chosen to work part time, and allowing parents to benefit from a leave of absence in the event of the serious illness of a child (up to 10 hours per week, to be adjusted in agreement with their manager);
- ◆ offering employees the opportunity to donate their days off (up to five days per year and on an anonymous basis) for the benefit of their colleagues whose children are seriously ill.

In a desire to give free rein to this commitment and the development of its employees, the House also allows international solidarity leave, business creation leave or, more traditionally, sabbatical leave.

2.2.2 DIVERSITY AND INCLUSION

Through our *métiers*, our creations, our *savoir-faire*, our distribution network and our customers, diversity is deeply embedded in our House. Our uniqueness is based on our ongoing commitment to recruit and integrate employees from all backgrounds, whose visible and invisible differences enrich us individually and collectively.

1. These measures apply in the vast majority of entities in France, according to the provisions of the collective agreements in force.

Our humanist values help to create an inclusive working environment in which everyone finds their place through the meaning of their contribution and thrives while respecting others. This strong sense of belonging and collective working together is an invitation to join our House to share a unique collective adventure.

POLICY

The responsible employer policy implemented in the Group consists of establishing conditions that provide equal opportunity in terms of recruitment and employment, under its various components, and fighting all forms of discrimination. It covers aspects related to diversity and difference.

Attaining these two interlinked and complementary objectives involves a range of initiatives to promote responsible integration and responsible management. Drawing on the conviction that diverse talents are a source of wealth, creativity and innovation, Hermès strives to facilitate the integration of employees in all their diversity by developing practical actions in favour in particular of people with disabilities or the long-term unemployed, senior workers, and people from visible minorities or disadvantaged neighbourhoods and areas.

MEASURES IMPLEMENTED AND RESULTS

A **global diversity and inclusion diagnostic launched in 2021** to review inclusion practices has enabled the Group to ensure that no-one in the Group is treated less favourably than another person due to a non-relevant factor such as their origin, gender, gender identity, marital status, health, sexual orientation, religious beliefs or under any other pretext.

With the help of this exhaustive questionnaire, completed by more than 100 Managing Directors and Directors of Human Resources from all countries, and 30 qualitative interviews conducted with all Managing Directors and Directors of Human Resources around the world, the Group's ambition in terms of diversity and inclusion was clarified and our commitments better structured. A Group approach has been formalised, based on the implementation of actions common to all countries and the construction of local action plans that meet the more specific challenges of each country.

In terms of joint actions, all countries where Hermès operates are required to commit to an action programme based on three areas:

- ◆ strict compliance with the principle of non-discrimination;
- ◆ strengthening of gender diversity and equality;
- ◆ better consideration of disability on a daily basis.

In order to initiate this approach in early 2022 and give visibility to the action plans defined locally, each *métier* and/or each country must appoint a Diversity & Inclusion (D&I) Officer, set objectives, a timetable for actions and monitoring indicators. The Group labour relations department will provide input to this network of D&I Officers several times a year.

This momentum is supplemented in France by the entry into force **in 2021 of the second Group Disability Agreement**, the continued communication of the gender equality at work index and the rollout of a maternity policy for all employees, with a minimum of 16 weeks' leave and the payment of salaries, supplemented by the extension of paid paternity leave in France to 28 days, as mentioned above.

2.2.2.1 FACILITATE THE INTEGRATION AND RECOGNITION OF TALENTS IN THEIR DIVERSITY, AND PROMOTE EQUAL OPPORTUNITIES AND INCLUSION

Respect for differences is formalised and presented to employees in the ethics charter implemented since 2009 and updated in 2019. This foundation document guarantees objectivity, **equal opportunities and the promotion of diversity without discrimination** in recruitment, career development and day-to-day management.

You are reminded that, under French law, this means avoiding any situation in which, on the basis of origin, gender, family situation, pregnancy, physical appearance, particular vulnerability resulting from a person's economic situation, apparent or known, name, place of residence or bank domiciliation, state of health, loss of autonomy, disability, genetic characteristics, morals, sexual orientation, gender identity, age, political opinions, trade union or mutualist activities, exercise of a local elective mandate, ability to express themselves in a language other than French, membership or non-membership, real or supposed, of a particular ethnic group, nation, race or religion, a person is treated less favourably than another is, has been or will be treated in a comparable situation. These elements are adapted in the subsidiaries in accordance with local culture and applicable laws.

As mentioned at the start of this chapter, Hermès was ranked in first place in the Financial Times' European Diversity Leaders 2022 rankings (<https://www.ft.com/content/33d5efd6-0f1b-4d0d-b5eb-34aab642ad7e>). This ranking, based on a survey of 100,000 employees in 16 European countries, highlights their perception and experience of their company's practices in terms of diversity and inclusion. Five criteria were assessed: gender, ethnicity, disability, age and respect for sexual orientation. Hermès stood out in particular thanks to the sense of belonging, as well as the perceived diversity of its different origins, testifying to the confidence of its employees in the House's values.

2.2.2.1.1 Responsible management, inclusion

To develop responsible management, the **"Alterego" training programme on inclusion** highlights the wealth of diversity for the Company and thus reinforces fair management in access to employment and career management. This programme, which began in 2017, continued with five sessions in 2021, bringing to **800 the number of executive and local managers who took part in this programme in France**. The aim is to share the Hermès culture as a responsible employer and an actor and to pass on the ambition of inclusion, particularly with regard to disability, religion, gender equality and intergenerational management.

United States

In 2021, HOP clarified its diversity mission and included the wording “an equal opportunity employer” on job sites and on all job postings for recruitment initiatives. HOP’s policy is to recruit, select and hire candidates on the basis of individual merit and ability in relation to the positions to be filled and the potential for promotion or transfer that may develop. Candidates are recruited, selected and hired with the absence of any discrimination, in accordance with applicable law. In addition, personnel procedures and practices relating to training, promotion, transfer, compensation, demotion, dismissal or termination of employment must be conducted taking into account professional performance, experience and qualifications, as well as without any discrimination, in accordance with applicable law. HOP also provides reasonable adjustments to accommodate people with disabilities, in accordance with applicable laws.

Within HOP, eight employee resource groups were created (five regional action committees for racial equality, one parents group, one LGBTQIA+ group and one women’s group). A total of 214 employees participate in one or more groups.

Japan

Diversity and inclusion were considered one of the priority projects. Seminars on “unconscious bias” were organised for employees and management. Gender parity in the management team has been identified as one of the most important issues in terms of diversity.

Within Hermès GB, diversity and inclusion are practiced on a daily basis with the subsidiary comprising 38 nationalities, illustrating the richness of the teams.

2.2.2.1.2 Social diversity

In terms of recruitment, at all levels, Hermès’ policy is not to give disproportionate weight to education, but conversely, to open up the spectrum by paying particular attention to the candidate’s experience, as well as their human qualities and personality, in order to give people of any social or geographical origin, whatever their background, the opportunity to join the Group.

In order to promote equal opportunities in career guidance, HMS has developed a partnership with the local secondary school in Pantin for work experience for 15-year old students. Another way to demonstrate its local integration.

2.2.2.1.3 Gender equality

The Group’s policy is to promote gender equality. Gender equality is particularly taken into account within our House, with the Operations Committee comprising 67% women, while 60% of managers are women.

Special attention is paid to equality, particularly in the awarding of equal pay for equal work and ensuring equal opportunities at all levels of employment. The gender equal pay index implemented in France is 90/100. Hermès GB, which conducts a specific annual gender review, also published a score measuring the gender compensation gap, with a result of between 96.5% and 98% depending on the criteria.

Training is provided to management and the subject is specifically addressed in the framework of human resources department meetings. Women in management and responsibility positions in production sites benefit from programmes designed to encourage women in leadership in the form of personalised coaching.

2.2.2.1.4 Disability

The Group has always been concerned with the integration and retention of people with disabilities, operating a proactive policy. Following the signing of the first Group Disability Agreement in 2017, numerous initiatives and commitments, relayed in particular by the Disability Officers, enabled the Group to make considerable progress, bringing **the direct employment rate at 5.68% at the end of 2020. The number of people with disabilities has doubled in four years, exceeding 560 employees recognised by the end of 2020.**

In %	2019	2020	2021
Direct employment rate of people with disabilities	4.89	5.68	To be published in June 2022 ¹

The commitment and the remarkable results of the Disability policy conducted in France were welcomed by the visit of the delegated Minister in charge of Integration to our premises in Pantin in November 2021 on the occasion of the European Week for the employment of people with disabilities (SEEPH), during which the House initiated more than 90 Duodays throughout France.

These results are based on numerous partnerships with specialised institutes (for example the INJS - National Institute for Young Deaf People), associations (Cabat, AspiJob, APF, etc.) or schools (Sciences Po

Paris’ Accessible programme) and demonstrate the care that the House pays to employees facing a disability and which make inclusion a reality.

The **second Group Disability Agreement signed on 22 July 2020** with all union coordinators entered into force for 2021-2022-2023. It pursues the Group’s ambitions in terms of inclusion, while adapting commitments to new legislative and regulatory directives, and responding to the following challenges:

- ◆ promoting the employment and integration of people with disabilities;

¹ In view of the Disability reform in France, the data for 2021 will be published at the end of the first half of 2022.

- ◆ structuring a genuine job retention policy;
- ◆ strengthening indirect employment through collaboration with the sheltered and adapted sector and self-employed disabled workers;
- ◆ strengthening the fight against decision-making biases caused by stereotypes or prejudices in terms of disability and changing views within the Company through information and communication;
- ◆ anticipating the scheduled end of the approved collective agreements as a means of managing the Group Disability Agreement, in order to continue initiatives in 2021-2022-2023 and allow all those affected by this situation to continue their activity under the best possible conditions.

In 2021, Hermès reaffirmed its efforts and its commitment to disability issues by allocating a matching contribution in excess of €0.15 million per year to enable the Hermès Group Disability Agreement team to continue its work over the three years of the agreement with the same budget.

This Group Agreement is implemented by a network of 14 Disability Officers, present in each *métier* (Textile, Leather, Crystal, Perfume, Home, Women, Hermès Group Services, Hermès International, Hermès Commercial, Hermès Distribution France) to help all sites make progress in integrating and retaining those who are temporarily or permanently disabled in employment.

The network of Disability Officers meets on a regular basis to share best practices, visit sheltered work establishments (ESATs) and promote skills development. In 2021, more than 35 French employees took their first steps to recognise their disability. In this way, they demonstrate the trust they have in Hermès and will benefit from dedicated support in their position and their job retention. Under the partnership with the SciencesPo Accessible programme, seven managers mentored Sciences Po students with disabilities for several months.

More than 50% of the Disability Agreement budget was devoted to adapting workspaces or financing individual equipment.

Despite the particular health situation, the Group's Disability Agreement team took part in six job forums dedicated to disability in 2021, mainly in virtual mode. Since the first agreement, 95 recruitment and human resources players were trained in this type of recruitment to help them feel more comfortable in recruiting people with disabilities.

The OMEGA agreement signed with the French Army Wounded Aid Unit (CABAT) to promote the reclassification of wounded soldiers, made it possible to present them with various opportunities and to recruit one of them. Other positions are being studied. By supporting these soldiers, the Group contributes to the national defence effort. On 2 March 2021, by signing this OMEGA charter with the *Gouverneur Militaire de la place de Paris* at Les Invalides, Hermès committed to promoting the reintegration of French military personnel injured in combat, mainly suffering from post-traumatic stress disorder. By helping them build a

retraining project by transposing their skills acquired on the ground, they can thus rebuild themselves in civilian life. As such, one of the wounded soldiers recruited stated that his hiring had enabled him to move forward and turn the page. He stressed how much he appreciated the welcome, the attention paid to him and the working environment, having found similarities with his military experience such as rigor, team spirit and fellowship. He confirmed that he felt at ease in the leather goods workshop and regained a taste for civilian life.

The Fitolieu site, a production site and training school for leather goods in the Alps, is pursuing a particularly active policy of inclusion with an adapted recruitment process and constantly updated teaching methods to adapt to different types of disability.

On the occasion of World Disability Day in early December, the **Handi'Cap 2021 forum**, an annual highlight organised exceptionally in virtual form, **brought together nearly 200 committed internal stakeholders**, essential levers for the effective implementation of the Disability policy. This forum was an opportunity to celebrate the launch of the new network of ambassadors, made up of more than 110 disability ambassadors, who volunteered at the sites to support and increase the ambition of inclusion.

The Group participated strongly in the **Duodays 2021 operation** by welcoming 90 duos in the various production units, as well as in stores such as Lille. This involves changing attitudes by welcoming people with disabilities who are looking for work or who come from ESAT-type support structures and over the course of a day showing them the work of employees so that they may take a look behind the scenes of the production or support function *métiers*. Coming from various support structures such as Cap Emploi, ESATs or student associations, everyone was able to discover a *métier* or an environment to help define an academic orientation, a training path or a professional project following retraining, all in a warm and caring environment.

Internationally, a number of countries are carrying out specific actions for people with disabilities:

- ◆ in Canada, a rigorous accessibility policy is in place and sales associates are trained in accessibility;
- ◆ in Taiwan, Hermès supports drawing classes for students with autism disorders to enable them to express their talents;
- ◆ in Russia, relationships have been developed with disability integration associations, for inclusive workshops in Saint Petersburg with adults with disabilities. The second partner organises environmental projects with volunteers, with inclusive projects involving some of the employees in their projects;
- ◆ in China, on the occasion of Family Day, catering services are provided by a structure in which more than 70% of workers have disabilities.

2.2.2.2 ENGAGE EMPLOYEES IN SOLIDARITY ACTIONS INCLUDING SKILLS-BASED SPONSORSHIP

2.2.2.2.1 Ambition

In order to embody its commitment as a socially responsible employer and to “Give back to the world what it gives us”, Hermès encourages its employees to be involved in the social and solidarity economy, with the aim of strengthening its local integration in the areas where it operates, according to the public interest needs expressed locally.

To achieve this, skills-based sponsorship with partner associations in the field of sustainable development, the Fondation d’Entreprise Hermès and the Group Disability Agreement team, as well as with local structures in the context of long-term partnerships, is regularly proposed to employees, in addition to the Fondation d’Entreprise Hermès H3 programme.

This approach enables the Group to nurture its values by supporting projects related to its identity, to strengthen pride in belonging, but also to leave employees free to choose the cause in which they wish to get involved. It also addresses an increasingly expressed desire to contribute to the common good. The projects supported must naturally be aligned with the values and priorities defined by Hermès, which relate to education, solidarity, support for craftsmanship, environmental protection and cultural development. They are generally long-term. Employees involved in these projects, in areas of activity that are often little known, show real personal satisfaction, motivation and increased skills. Operations carried out by several people also reinforce cohesion within the teams and unite the group.

An active network of more than 80 skills sponsorship ambassadors facilitates the rollout of this approach as closely as possible to the teams in France. Thanks to this volunteer programme, which has been formalised in a Group methodology since 2017, **employees in France can benefit from five paid working days to support the development of charitable associations.** In Switzerland and Spain, each employee is allocated one paid day per year to carry out charitable actions.

2.2.2.2.2 Organisation

Since 2020, under the leadership of the Fondation d’entreprise Hermès and the Hermès International solidarity and social action department, all sponsorship policies have been structured and formalised, including skills-based sponsorship.

Each sponsorship operation is subject to a transparent selection process, which includes the necessary prior checks to ensure that the operation complies with local laws and regulations. A sponsorship selection document is drawn up for each project. The associations supported are verified in terms of governance, ethics and human rights, transparency, etc.

Sponsorship operations in which an Hermès Group employee has, directly or indirectly, a personal and/or financial interest must comply with the available conflict of interest prevention procedure and be reported to the Hermès International legal compliance department for validation. Sponsorship initiatives are the subject of signed letters of commitment. For long-term commitments and partnerships, or those presenting a certain complexity, the terms of the agreement must be contractualised in order to clearly identify the commitments of each of the parties. Sponsorship operations are subject to regular control and monitoring of the successful completion of the operation.

In this context, each division has set up a sponsorship monitoring system, including a Sponsorship Committee in charge of selecting and approving the entity’s sponsorship activities. This committee is made up of the division’s or *métier*’s Management Committee. All decisions taken by this committee are recorded in a formal report kept for a period of five years.

Within the framework of a dedicated budget allocated annually by the subsidiary, each division defines its priorities according to its activity and location, as well as the eligibility criteria (reputation, soundness of the project, history of the beneficiary, strategy of the entity, prevention of potential conflicts of interest, etc.) and control of sponsorship projects supported.

Most of the actions are subject to a confidentiality clause that prohibits their disclosure in this document.

2.2.2.3 PROMOTING THE MAIN ETHICS PRINCIPLES AND THE APPLICATION OF REGULATIONS ON HUMAN RIGHTS AND THE FIGHT AGAINST CORRUPTION

Major international ethics principles	Internal framework	Examples of implementation
<p>The Universal Declaration of Human Rights</p> <p>The Charter of fundamental rights of the European Union</p> <p>The Charter of fundamental principles and rights of the International Labour Organization</p> <p>The OECD Guidelines for Multinational Enterprises</p> <p>The Global Compact under the aegis of the United Nations</p>	<p>Ethics charter</p> <p><i>Aims to promote respect and ensure proper application of major international ethics principles.</i></p>	<p>Ethics Committee</p> <p><i>The committee collects and processes alerts, as well as providing advice and recommendations on the Group's ethics culture.</i></p> <p>H-Alert! system</p> <p><i>Employees are encouraged to report grave and serious incidents through several information channels.</i></p> <p>Supplier brief</p> <p><i>Suppliers integrate the Group's human rights expectations.</i></p> <p>Métier/subsidiary EHS policies</p> <p><i>Policies include good working conditions for employees.</i></p>
	<p>Code of business conduct</p> <p><i>Aims to raise awareness of certain risks and give employees appropriate behavioural reflexes.</i></p>	
	<p>Anti-corruption code</p> <p><i>Aims to promote an ethics culture in which breaches of probity have no place.</i></p>	
	<p>Handbooks C1 and C2 for supplier commitment</p> <p><i>Seeks the adhesion of all suppliers on matters of confidentiality, fair trading (C1) and social, environmental and ethics policy (C2).</i></p>	<p>UK modern slavery act</p> <p>California transparency supply chain act</p> <p>Modern slavery act Australia</p>

The Group's policy is to adhere to the main universally recognised ethical principles, particularly those concerning human rights and the fight against corruption, and to ensure that they are implemented in its operations. This policy is formalised by several more charters and codes that fall within the framework of fundamental principles such as the Universal Declaration of Human Rights, the rules of the ILO, the OECD and the Global Compact governing sustainable development:

- ♦ the Group ethics charter aims to promote compliance and to ensure the proper application of laws, regulations and key principles. It also deals with Hermès' relations with employees, suppliers, customers, shareholders and society, as well as the high standards of Hermès objects;
- ♦ it is an instrument of progress and dialogue: any employee of the Group who encounters difficulties in understanding or applying it must inform his or her manager;
- ♦ the Hermès Group's ethics charter, the code of business conduct, the anti-corruption code of conduct, available at <https://finance.hermes.com/fr/ethique-droits-humains-et-diversite>, and the whistleblowing system form the framework for employees to follow.

In addition, an Ethics Committee has been set up to receive and process alerts, and to provide advice and recommendations on the Group's ethics culture.

The ambitions of the Ethics Committee and the principles of the ethics charter are described in § 2.8.

EXPERTS' HANDBOOK

This section provides an in-depth look at Hermès' actions and results in terms of the "Teams" pillar.

CONTRIBUTION TO THE UN'S SUSTAINABLE DEVELOPMENT GOALS (SDGS)

People are at the heart of the Group's sustainable development project and the Group initiatives that contribute to the UN's sustainable development goals (SDGs).



No. 3: Good health and well-being

- ◆ 3.4 "By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being"
- ◆ 3.8 "Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all"
- ◆ 3.b "Support the research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines, in accordance with the Doha Declaration on the TRIPS Agreement and Public Health, which affirms the right of developing countries to use to the full the provisions in the Agreement on Trade-Related Aspects of Intellectual Property Rights regarding flexibilities to protect public health, and, in particular, provide access to medicines for all"



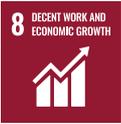
No. 4: Quality Education

- ◆ 4.5 "By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations"



No. 5: Gender equality

- ◆ 5.1 "End all forms of discrimination against all women and girls everywhere"
- ◆ 5.5 "Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life"
- ◆ 5.a "Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws"
- ◆ 5.c "Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels"



No. 8: Decent work and economic growth

- ◆ 8.1 “Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries”
- ◆ 8.2 “Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors”
- ◆ 8.5 “By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value”
- ◆ 8.6 “By 2020, substantially reduce the proportion of youth not in employment, education or training”
- ◆ 8.7 “Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms”
- ◆ 8.8 “Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment”



No. 10: Reduced inequalities

- ◆ 10.3 “Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard”
- ◆ 10.4 “Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality”



No. 16: Peace, justice and strong institutions

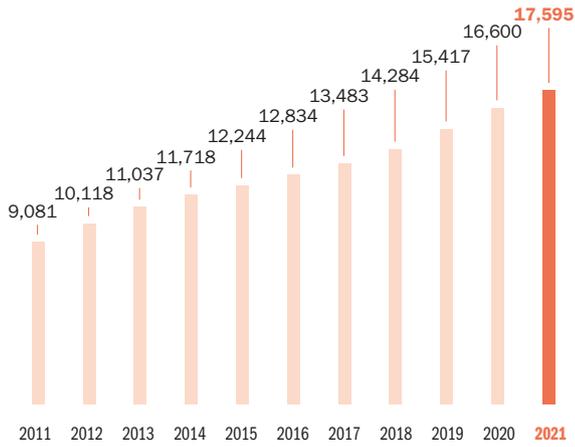
- ◆ 16.5 “Substantially reduce corruption and bribery in all their forms”



No. 17: Partnerships for the goals

- ◆ 17.17 “Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships”

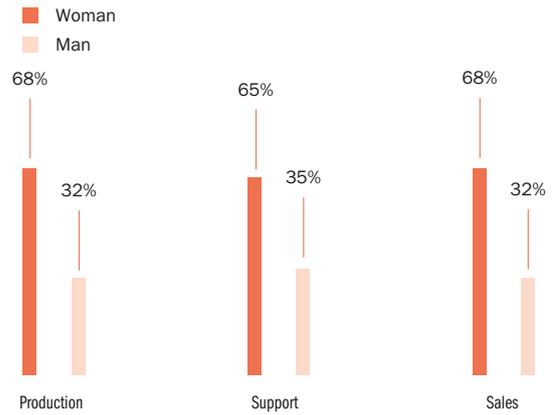
CHANGE IN THE GROUP'S GLOBAL WORKFORCE



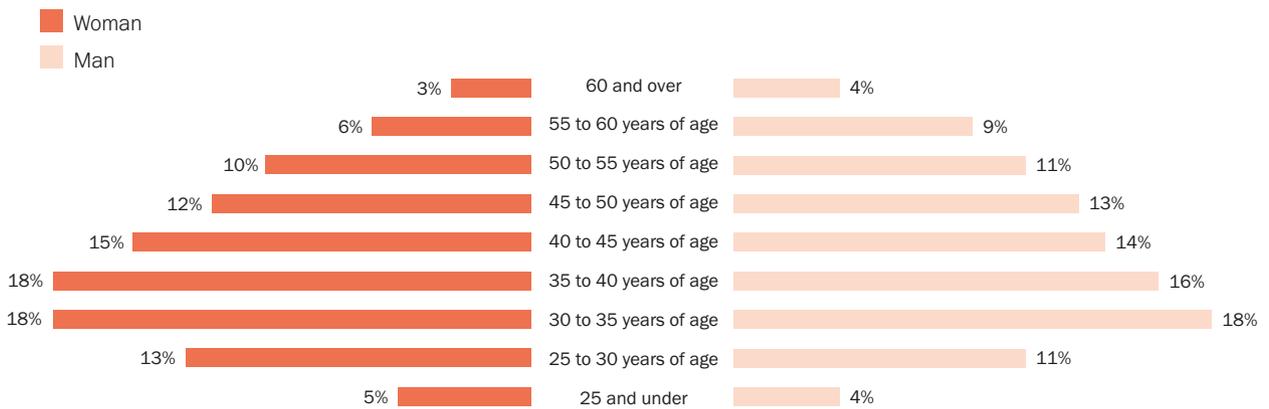
GENDER BREAKDOWN BY CATEGORY (MANAGERS/NON-MANAGERS)



GENDER BREAKDOWN BY SECTOR



AGE PYRAMID BY GENDER



Application of enamel by a craftsperson, in Venice



©Photographer: Maxime Verret

2.3 PEOPLE: SAVOIR-FAIRE

Hermès' sustainable development involves acquiring, enriching and passing on the *savoir-faire* of its employees, which is one of its key assets. More broadly, Hermès contributes to preserving and perpetuating multiple types of craftsmanship *savoir-faire*, particularly in the manufacturing sector, which is conducive to a more responsible and sustainable economic development.

2

Introduction

The advantage and appeal of the Hermès model is its ability to expand its wealth of internal talents to complement the needs of the different types of jobs with very diversified activities within the House. Its ability to recruit, and then train its employees using an internal method of transmission of *savoir-faire*, guarantees the sustainability of its business model. To continue to develop its model, its culture and its unique *savoir-faire*, the House continually invests in training initiatives that enable employees to acquire new skills.

This commitment to employee training is reflected in all *métiers* and in a multimodal approach with the creation of digital pathways. For production and distribution activities, training programmes are tailor-made and rolled out locally or by the Group in Paris. This can be seen, in particular, in the acquisition of *savoir-faire* in an employee's first job as a leather worker, in the engineering incubator within the École du Cuir and the École du Textile, and the qualifications gained through certification or diplomas.

In 2021, where possible, training was adapted and provided remotely, particularly for distribution, to ensure continuity in employee support. A new shared training assessment tool was gradually implemented during 2021 to enable the main training courses to be assessed. The objective is to monitor the effectiveness of training programmes and to follow-up with employees on the results.

Hermès also contributes to the preservation and sustainability of craftsmanship *savoir-faire* outside its direct sphere of action through its relationships with professional training centres throughout France (whose expertise is used by other economic players) as well as by promoting the value of its *métiers* externally and among younger generations. By bringing the wealth and excellence of craftsmanship to the attention of these populations, and by expressing future needs, particularly in the manufacturing sector, Hermès is helping to create rewarding careers and professional prospects.

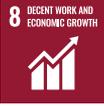
Information related to the management of the Covid-19 health crisis is detailed in the focus box in paragraph 2.1.

In 2021, the Group made progress on the main issues relating to transmission, with the aim of making a long-term difference through steady improvements with a significant impact. Among these, the selected elements below are particularly illustrative of 2021 for this section:

- ◆ Creation of an integrated leather goods apprentice training centre (École Hermès des Savoir-Faire).
- ◆ Creation of an École des Artisans de la Vente training centre (France).
- ◆ More than 420,000 hours of training.
- ◆ Provision of e-learning training on sustainable development.
- ◆ Formalisation under the Hermès framework of the sustainable development strategy of 49 Group entities.
- ◆ Partnership with Paris School of Economics (PSE) and ENSAM.

PEOPLE

SAVOIR-FAIRE

OBJECTIVES	INDICATORS	2021 RESULTS
 ANTICIPATE THE HOUSE'S FUTURE NEEDS		
 4 QUALITY EDUCATION Implementation of workforce planning management	Number of HR committees and meetings about talent planning management	More than 40 HR committees and meetings held in 2021
	% of employees affected by the rollout of the plan	Launch of the “strategic workforce planning” project, which will be rolled out in 2022
 ATTRACT AND RECRUIT THE BEST PROFILES FOR OUR VARIOUS MÉTIERS		
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS Develop tools and use relevant channels to recruit talent	Number of job offers published on the career website and number of applications submitted	An average of 605 online job offers each month on the career website in 2021 and 1,452 applications submitted on the site.
	Number of annual social media posts	2.5 publications per week on average on LinkedIn, i.e. an increase of 31% in 2021 compared to 2020
	Number of actions in partnership or in conjunction with educational establishments (conferences, forums, exhibitions, etc.)	20 educational establishments with which Hermès worked in 2021
	Rollout of “Employer Brand” campaigns	Rollout of the “Hermès Employer” campaign with five different visuals available on different media: posters, press and social networks
Ensure the recruitment of suitable profiles for all our métiers worldwide	Number of new employees worldwide	4,761 new employees in the last five years More than two new hires per day in 2021
	Number of new employees in the production sector	467 additional jobs created in the production sector
	Number of new employees in the sales sector	430 additional jobs created in the sales sector
 ON-BOARDING NEW EMPLOYEES AND PASSING ON A UNIQUE CORPORATE CULTURE TO THEM		
 8 DECENT WORK AND ECONOMIC GROWTH Train employees in the House's values	% of new hires trained in the corporate culture	100% of new hires followed an induction programme
	Number of employees reached by induction actions	More than 1,000 employees benefited from induction actions in 2021
 PROMOTE ART AND CRAFTSMANSHIP MÉTIERS AMONG YOUNG GENERATIONS		
 10 REDUCED INEQUALITIES Continue to recruit young people under the age of 30	Number of employees under the age of 30	17% employees under the age of 30
	Promote our métiers through partnerships with educational establishments	30 presentations carried out in different educational establishments, reaching more than 1,500 students in France

OBJECTIVES	INDICATORS	2021 RESULTS
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DEVELOP TRAINING THAT GUARANTEES OPERATIONAL EXCELLENCE AND VERSATILITY AND CONSOLIDATE THE SAVOIR-FAIRE OF OUR EMPLOYEES, BOTH TECHNICAL AND MANAGERIAL



Ensure access to employee training	Number of training actions carried out	76,145 training actions carried out worldwide, i.e. 9% more than in 2020
	Number of training hours delivered worldwide	423,317 hours of training delivered worldwide, i.e. 8% more than in 2020
Develop tailor-made training programmes for employees	Number of craftspeople trained in internal training centres	6,855 craftspeople trained in ten years at the École du Cuir and 575 craftspeople trained in five years at the École du Textile
	Number of training courses leading to certification	284 professional certifications obtained
	Number of internal trainers to pass on <i>savoir-faire</i>	114 internal trainers on production sites including 90 in the leather <i>métier</i>



INTEGRATING SUSTAINABLE DEVELOPMENT ISSUES INTO SAVOIR-FAIRE



Develop training on sustainable development topics for all <i>métiers</i>	Training courses in the Group catalogue on SD issues	“The fundamentals of SD” e-learning accessible to all. A CSR section in all Group general training courses
	Number of employees having followed SD training	2,962 employees followed “The fundamentals of sustainable development” course, including 241 craftspeople
Create and lead a network of ambassadors to generate a trickle down effect to ensure cascading to the local level	Number of employees responsible for SD within the Group	28 employees responsible for SD within the Group
	Number of SD ambassadors around the world	351 SD ambassadors around the world
Ensure that employees are properly informed about the Group’s sustainable development strategy and actions	Number of HermèsSphère publications dedicated to sustainable development and on the Yammer collaborative tool (internal social network)	One publication on SD topics per week on average in HermèsSphère (Group intranet) and 63 publications on Yammer in 2021



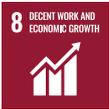
DEVELOP TALENT: LONG AND SUSTAINABLE CAREERS



Set up long-term career development programmes within the Group	Average number of years of seniority in the Group	9 years average seniority of employees (worldwide)
	Total number of internal transfers	More than 1,000 internal transfers Group-wide



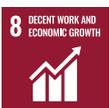
PROMOTE THE TRANSMISSION OF OPERATIONAL SAVOIR-FAIRE TO OUR PARTNERS: EDUCATIONAL ESTABLISHMENTS AND CFA



Develop partnerships with training organisations to certify the training received and the <i>savoir-faire</i> acquired	Number of partnerships with educational establishments for training and internal CFA	12 partnerships with Écoles de Maroquinerie in France and 1 internal Apprentice Training Centre
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CONTINUE VOLUNTARY ACTIONS RELATING TO TRAINING FOR OUR HISTORICAL MÉTIERS AND DEVELOP THE MANUFACTURING SAVOIR-FAIRE



Continue voluntary actions relating to training for our historical <i>métiers</i> and develop the manufacturing <i>savoir-faire</i>	Promote craftsmanship businesses	10 <i>Entreprises du Patrimoine Vivant</i> (Living Heritage Company – EPV)
	Demonstrate the excellence of our <i>savoir-faire</i>	23 <i>Meilleurs Ouvriers de France</i> (Best craftspeople in France – MOF)

2.3.1 GENERAL INFORMATION ABOUT EMPLOYEES

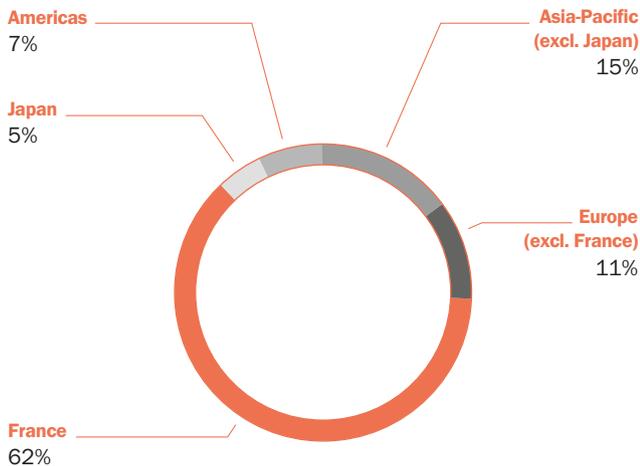
The Hermès Group is continuing to recruit and has increased its workforce by 995 people.

At the end of 2021, the Group employed 17,595 people, including 10,969 in France. The production sector saw the most growth in its workforce with 467 new "jobs", followed by the Retail sector, with 430 new jobs. Over the past five years, the workforce has increased by 4,761 people.

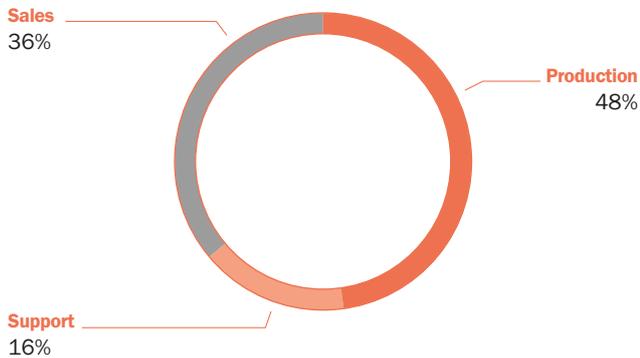
Hermès' policy is to ensure job security by recruiting almost 94% of its employees on permanent contracts. Concerning employee turnover, the total number of dismissals represented 1.38% of the Group's average global headcount.

The last 10 years have not required the Hermès Group to undertake 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.

BREAKDOWN OF EMPLOYEES BY GEOGRAPHICAL AREA



BREAKDOWN OF EMPLOYEES BY SECTOR



1. Including Monaco.

Craftspeople represent a workforce of 6,188 people in France and 6,238 worldwide. 17% of employees are under the age of 30.

2.3.2 ACQUISITION, ENRICHMENT AND TRANSMISSION

In a context of medium-term business growth and to develop its integrated craftsmanship model, Hermès must strengthen its teams in all professions: craftspeople, sales associates, producers, experts in transverse functions. To this end, Hermès pays particular attention to its relations with schools and its recruitment initiatives in its employment areas.

POLICY

Recruitment is managed by each *métier* and subsidiary to ensure the perfect match with the local context. The policy for recruitment and relations with partners is defined by the Group. In France, the Group also manages relationships with educational establishments, as well as communication of the employer brand, and pools recruitment. In this way, the Hermès Group hopes to make applicants more aware of the *métiers* and the uniqueness of the House, attract candidates who believe in the business model and its values, and will then be able to select the best profiles, capable of feeling at home within teams for a long time.

2.3.2.1 IMPLEMENT SYSTEMS TO RECRUIT THE BEST PROFILES FOR THE VARIOUS MÉTIERS

The Hermès employer promise reflects the reality of Hermès as a responsible high-quality employer

2.3.2.1.1 Employer brand

Since 2020, Hermès has been rolling out the visual identity of its employer brand "Tous artisans" created in 2019. The challenge is to attract talented people who want to join the House, motivated above all by a collective project, a requirement for quality and a long-term vision. Once the technical skills have been secured, the recruitment criteria are based on personality elements to ensure that candidates are compatible with Hermès culture and values, to ensure smooth integration and success within Hermès Group.

The new Hermès employer brand identity reflects the House's values and embodies its employer promise:

- ◆ create freely;
- ◆ reinvent our *métiers*;
- ◆ construct tailor-made pathways;
- ◆ share a collective adventure;
- ◆ become involved in a responsible company.

Hermès continued to roll out its communication, using a concept that incorporates the visual principle created in 2019, consisting of rhythm and colours, and in a warm and authentic tone.

To make the employee experience even more explicit and provide a concrete illustration of its unique corporate culture, in 2021 Hermès gave the floor to six employees from different *métiers*, in entities located in France, China and the United States, so that they could share their realities and their experiences in the House through video testimonials.

An exclusive photo report illustrating each pillar of the employer promise has also given a twist to this new employer brand identity, alongside four videos, to which others will be added in 2022.

Promoting the employer brand

Essential to support recruitment challenges, a communication strategy dedicated to the employer brand was launched at the end of 2021. Its objectives are to make the Company culture and the diversity of the House's activities and *savoir-faire* visible and understandable in order to reveal its uniqueness and support its attractiveness.

First communicated internally via the *HermèsSphère* intranet, the employer brand communication campaign was rolled out in France at the end of November 2021 in the national and regional press, on billboards and on LinkedIn.

The Hermès LinkedIn account, launched in 2014, brought together a community of **over 900,000 subscribers** in December 2021, an increase of around 30% compared to 2020. The account presents in particular news of the employer brand through dedicated video and photo content.

In China, the Hermès account on Wechat has **1.78 million subscribers** and on Weibo, the number of subscribers to the Hermès account is more than 750,000.

2.3.2.1.2 Significant recruitment challenges

Internal mobility is the primary source of recruitment for Hermès, which is committed to developing the skills of its employees to enable them to complete a long-term career within the House. The internal job sharing platform Myway in Hermès is the showcase of all these opportunities, offered to employees as a priority.

Job offers are then published on the external career website <https://talents.hermes.com>, which features the employer brand and is the second largest source of recruitment, as well as on the Hermès LinkedIn page, which remains a powerful attraction and recruitment lever.

In 2021, a total of 7,260 job offers (compared to 4,267 in 2020) were published on the careers website <https://talents.hermes.com>. The new communication tools relating to the employer brand were all used to improve or create corporate pages on essential recruitment sites such as *Glassdoor*, *Jobteaser* and *Indeed*, or on digital platforms such as *Seekube*. Job adverts are posted there, as well as on *fashionjob*, *regionjob*, *apec*, etc. in France, and *WeChat* outside France. In addition, for the recruitment of interns and work-study students, Hermès uses the sites of higher education institutions and specialised sites such as *JobTeaser* and *Welcome to the Jungle*.

Certain specific recruitment operations or those targeting large numbers (security guards, logistics employees, etc.) also rely on the use of *Facebook*.

For all of the House's *métiers*, the recruitment of new talent is a constant challenge, particularly at Hermès Maroquinerie-Sellerie, which has to recruit around 100 craftspeople into each of its divisions every year. The *métier* is therefore striving to broaden its employment pools, to make itself better known to a wider audience, to create a pool of candidates for training in the two craftsmanship *métiers* of saddler and leather goods and cutter/preparer, and finally to carefully select the candidates able to demonstrate the soft skills and motivation required. The hiring of saddler and leather goods craftspeople and logistics operators is carried out in partnership with Pôle Emploi for the communication of job offers, the provision of collective information and the performance of skills tests.

In addition, within this division, recruitment is carried out in partnership with the local branches of the National Employment Agency, with the implementation of a system that makes it possible to recruit the best talents, from all origins, training and experience, using an analysis of their manual skills. The success of this known as MRS (simulation-based recruitment method) approach, conducted to support psycho-technical tests, manual aptitude tests, and interviews, developed with the National Employment Agency, is demonstrated by the fact that the vast majority of the craftspeople selected using this system successfully complete their initial cycle of 18 months of training.

The Tanneries division (Hermès Cuir précieux) is faced with the challenge of attracting people to the tanning professions, due to the low mobility of candidates and preconceived ideas about gender diversity in the industry's *métiers*. To address this, a recruitment day for the Young Tanners Programme (HCP graduate programme) took place in October, with a visit to the Montereau Tannery followed by individual (interviews, managerial role plays, colour tests, materials tests, etc.) and collective (team challenge) workshops with preselected candidates.

The other *métiers* must support strong growth in volume, maintaining the high standards and quality of the profiles recruited despite the pressure of the need for new skills. The recruitment of very solid profiles and potential future talents, is a challenge, affecting the integration of experts in the Beauty *métier* (make-up and skincare) to support the launch of this new *métier*, and the search for Responsible Purchasing, Quality, Product Manager, Supply Chain, IT & Project Management profiles, in a competitive labour market.

The Retail market is experiencing a context of heightened competition, with a booming luxury goods industry and tense markets in all countries, creating a veritable "talent war" and real difficulties in recruiting local candidates, particularly in Canada and Great Britain. Some markets such as Russia or Latin America also require the recruitment of English-speaking candidates. These tensions are also reflected in the support functions in finance and Retail merchandising (product offering).

Furthermore, the lack of mobility due to the health crisis has added to the structural changes affecting these *métiers*: the need for security and a long term vision, the search for a hybrid work place, profound changes in expectations, staff more willing to change, etc.

The Retail *métiers*, present in all regions of the world, are seeking to recruit talented people compatible with the high standards of the House and the specific nature of the local culture. This involves finding, often quickly and sometimes from outside the luxury goods industry, among a less knowledgeable public, candidates with expertise in hospitality, sales and consulting in an omnichannel environment.

Lastly, the complexity of the managerial role and the human values required by the Group increase the need to make extensive efforts to identify potential managers.

The use of an assessment to clarify and objectify external recruitment or internal mobility decisions is growing and will increase in the coming years. Various events are also organized to attract, win over and detect new talent, particularly in France (in Lyon, Aix-en-Provence/Marseille and Paris as targeted cities) and internationally, with, for example, an Open Day in Shanghai, participation in a career day in Germany bringing together more than 1,000 students and an employment forum at the University of Bocconi (Italy).

For the support functions, the main challenge is to highlight and promote the attractiveness of Hermès for the recruitment of engineering, finance and IT profiles, as well as digital technicians/developers in a competitive environment. Work flexibility was introduced specifically in these teams because it is a key lever for enhancing attraction.

Hermès is also faced with other recruitment challenges such as, for example, locations in French regions considered less attractive by managers, a scarcity of profiles of experts with specific skills such as bespoke shoes, the textile *métiers* of engraving and printing, or even shortages of multilingual profiles.

Numerous initiatives have been undertaken, such as the organization of collective information meetings with local branches of the National Employment Agency (Pôle Emploi) in all regions where Hermès has production units; a partnership with the CABAT (French Army Wounded Aid Unit) to recruit former military personnel with disabilities and participation in local communication operations: the Carat-Angoulême recruitment forum, job-dating on the Nontron site, signature of the *Fabrique des compétences* (Skills factory) charter with the Normandy region, etc.

2.3.2.2 ENSURE THE SUSTAINABILITY AND DEVELOPMENT OF SAVOIR-FAIRE

Hermès bases its growth model on a culture of continuous improvement. This is how the House ensures the sustainability and enrichment of its often-exclusive *savoir-faire*, and the acquisition and transmission to all employees regardless of their function (craftspeople, sales associates, support personnel, etc.). This involves accompanying the development of employees throughout their career, supporting the excellence and effectiveness of their *savoir-faire* and preserving their employability. This commitment is reflected in appropriate training in all *métiers*, in all functions, both at Group level and locally (regional divisions, subsidiaries). **In 2021, 76,145 training actions were thus carried out worldwide, i.e. an increase of 9% from 2020.**

In 2021, the Hermès Group devoted more than 423,317 hours to training, including over 299,562 in France (excluding apprenticeships and professionalisation contracts). Nearly 76,145 training sessions took place (this figure corresponds to the total number of training sessions followed; any one employee may have followed several training sessions during the year), i.e. an average of 5.6 hours per training activity. Training costs in France (invoicing in 2021 of external and intragroup training) amounted to €7,282 thousand. This figure does not reflect the entire training effort, since it does not include *métier* training dispensed directly in the workspace.

On-boarding new employees and passing on a unique corporate culture to them

So that those who join Hermès can take part in its corporate project under the best possible conditions, the House devotes care, attention and time to their integration. This involves passing on the fundamentals of the House's culture, as well as the keys to understanding its organisation to guide them and direct them in their first decisive steps in their contribution and sense of belonging to Hermès. In most subsidiaries, the assignment of a mentor and the implementation of induction programmes are planned.

An ambitious and scaled-up development and training offer

In 2021, Hermès continued to scale up and internationalise the Group's development and training offering, *Hermès Campus*, to best support subsidiaries and complement their local offering. This approach is structured around four areas: in-house culture, management, expertise and personal development.

An internal audit confirmed the quality of the organisation of the training and the diversity of the proposed offer. Communication with managers and employees to promote the value of training remains a significant challenge, and efforts will be stepped up in 2022.

At the same time, and with a view to the long-term, in 2021 the training community redefined its mission in terms of this ambition: *"To ensure the sustainability of the House's values and unique culture and to respond to the strategic challenges of today and tomorrow, to support the development and professional fulfilment of employees and the Group, we offer adapted, multimodal, scalable and accessible pathways, we help to make employees a player in their own development, and take care to advise and guide each person according to their needs. Co-constructing with employees, managers, HR, Management Committees and partners, using expertise and reliable and efficient tools, adopting a clear communication policy, demonstrating creativity, boldness and anticipation, taking pleasure in working together"*.

At Hermès, *savoir-faire* is inseparable from *savoir-être*. The House therefore also offers programmes mainly dedicated to developing behaviours in situations involving public speaking, conducting meetings or project management, with priority placed on the quality of the relationship between individuals and collective harmony.

EXAMPLES OF "CAMPUS HERMÈS" GROUP TRAINING

Domain	Sub-domain	Training example
Culture	Onboarding	◆ "Mosaïque"
	Knowledge of the House	◆ Happy Culture
	General culture	◆ "Culturiosité"
Management	Specialisation	◆ Managing by communicating
	Fundamentals	◆ Foundations of management at Hermès
Expertise	Art of selling	◆ Customer data collection
	Office skills	◆ Essentials of office skills
	Legal compliance	◆ Data protection
	Product knowledge	◆ Hermès H08 (Watches)
	Sustainable development	◆ Fundamentals of sustainable development
	Métier expertise	◆ Textiles from A to Z
	Occupational Safety & Health	◆ Rescuer first aiders at work (SST)
Personal development	Communication	◆ Communicating with ease
	Effectiveness at work	◆ Writing, summaries and reports
	Self-development	◆ Time workshop

Digitisation for skills development

In 2021, digital tools arrived to amplify the provision and support of a unique and multimodal learning experience throughout employees' time at Hermès:

- ◆ the *myCampus* digital training portal is now available to all Group employees. It includes new training and development tools: a catalogue of the internal training offer, the addition of new e-learning modules, conferences, serious games, and access to the general culture platform *Culturiosité* in partnership with Artips;
- ◆ the digital Retail training portal *Hermès Métiers* training, available in five languages (French, English, Chinese, Korean and Japanese), containing the essentials of each of the 16 *métiers* and intended for all sales associates, was enhanced with the integration of training materials for the seasonal collections and the development of gamification of learning;
- ◆ a new virtual reality offering allows each employee to immerse themselves in four of the House's emblematic locations, including the Faubourg Saint-Honoré store.

Internal trainers, a key network of learning opportunities

In order to support and develop training providers, Campus Hermès leads the community of *métier* and market trainers in charge of product training for sales associates. Two remote *Train The Trainer* sessions were devoted to the seasonal collections to enable the 25 *métiers* trainers to pass on their knowledge and expertise to the market trainers who, in turn, will train the store teams.

In addition, a new *Passeurs* programme for all training providers was created in 2021. It is part of a desire to professionalise the community with training, workshops and conferences, particularly on digital learning and a brand new training course for "culture storytellers", who share Hermès' culture within the House.

Lastly, the *InterHactions* programme continued in 2021. This is designed to maintain and develop links within the French-speaking community through a monthly newsletter sent to more than 1,500 French-speaking employees, along with invitations to themed conferences.



2.3.2.2.1 The House culture, the foundation for learning

A wide range of training courses (Group and local) is dedicated to the integration of employees. The aim of these programmes is to facilitate the assimilation of the corporate culture while giving them the keys to understanding that are essential for their professional integration. In total, these induction programmes reached more than 1,000 employees Group-wide.

Employees who have been with the Company for longer can benefit from more in-depth training, giving them deeper knowledge of Hermès' history.

Lastly, a section dedicated to understanding the Group's overall strategy and adapted to the different profiles of employees is also provided to members of the Management Committees.

Among these courses:

- ◆ “**Mosaïque**”, the two-day induction programme for all new employees in France on permanent employment contracts, has been scaled up. 518 employees were able to effectively assimilate the Company culture through visits, testimonials and presentations giving a broad and well-illustrated vision of Hermès. This year, one session was organised remotely;
- ◆ the “**Happy Culture**” programme, aimed at employees with more than three years of service, enabled 96 employees to deepen their understanding of Hermès culture, to better understand the new dimensions of the House and to discover behind the scenes. The programme was also rolled out this year in China;
- ◆ the “**IFH**” programme, dedicated to members of the Management Committees of the sites or subsidiaries, invited 34 employees to share the vision and strategy of the Group and the *métiers*;
- ◆ “**H Immersion**”, the induction programme for new employees of the Retail subsidiaries, was delivered in a local format lasting one to four days to all new employees in sales, i.e. 430 participants. Given the health situation, the sessions were conducted either in person or remotely;
- ◆ **for the distribution subsidiaries**, Hermès Group Campus designed, developed and rolled out several training programmes for sales employees. The *Sales & Service Ambassadors* programme, which aims to train people in customer service that matches the quality of the objects, is being rolled out around the world, but with a local twist. The *Sales & Service Leader* programme, launched in 2017 to give store managers the means to be true entrepreneurial owners of their local project, continued its rollout in the various regions. The *Retail Developer* programme, also introduced in 2017 and linked to the *Sales & Service Leader* programme, was also maintained. In 2021, the Hermès Culture Client training was launched for all retail employees. This training, which will take place in each region in 2022, aims to reinforce the uniqueness of the in-store customer experience;
- ◆ in many subsidiaries, the **local induction programme** was run: *Tous en Selle!* in central services and for managers of divisions and production sites (workshop managers, management control, site management, EHS managers, etc.) within Hermès Maroquinerie-Sellerie for 61 employees, *Au fil d’HTH* for the Textile sector, with 43 employees, *Premiers regards* at Hermès Femme for 24 employees, *Bienvenue à la maison* for 54 Hermès Maison employees, or the continued implementation at Hermès Parfum et Beauté for 64 employees of the *Premiers Pas* programme for all new employees with permanent employment contracts and *Découvrons Hermès Parfum et Beauté* for the 88 people on fixed-term employment contracts, work/study students and interns. In 2021, the Hermès Group Services subsidiary created its integration module, *Au cœur du service*, for 88 employees.

2.3.2.2.2 Management at the heart of the Group’s ambition

Since 2020, the House has proposed a new individualised and ambitious development path to all managers, in order to strengthen their skills and thus contribute to the smooth and efficient functioning of the teams over time.

All managers are required to attend training courses enabling them to acquire the fundamentals essential to the practice of management that is caring, firm and encourages growth for the Company, individuals and the teams. These management foundations can be subsequently reinforced by specialised training in collaborative working, recruitment, or diversity management.

In 2021, Hermès developed this individual development plan for all French-speaking managers. It has also begun to roll this out internationally.

The aim of the *H Keys* programme is to welcome all new managers for three days to give them the keys to understanding the House, help them adopt a managerial stance in line with its values and create links between managers in various entities. Some 51 managers followed this programme.

The *Hermès Manager* programme provides a common foundation on the fundamentals of management techniques. This programme is now being run remotely for international subsidiaries. A total of 131 managers have followed it.

Locally, new management training courses have been introduced for local challenges. Hermès Maroquinerie-Sellerie offered 464 managers the *Artisan Manager – Manager d’Artisan* course, a set of modules aimed at deepening various aspects such as budget construction and management, personnel administration and applicable labour rules. Hermès Europe created the *Emotional intelligence* training for 21 store managers to develop their own emotional awareness and learn to adjust it according to the situation and the employee. Travel Retail Asia supports its new managers with the *First step to leaders* training. In the United States, Hermès Of Paris developed the *Situational leadership* training for 30 managers.

2.3.2.2.3 The high expectations of savoir-faire

The House’s policy is to consolidate and develop individual expertise, increase each employee’s versatility, ensure that *savoir-faire* is shared within teams and that this is passed on from generation to generation, retain talents and create appropriate development pathways.

With this in mind, training courses have been developed enabling employees to train or specialise in legal, IT or workplace safety issues.

In addition to these cross-functional training courses, Hermès is developing in-house training schools for its major craftsmanship métiers – Leather, Textile and Tanneries – enabling this savoir-faire to be perpetuated and handed on. This can be seen, in particular, in the acquisition of *savoir-faire* in an employee's first job as a leather goods and saddlery worker, in an engineering incubator within the École des Tanneurs and the École du Textile, and the recognition of the qualifications gained through on-the-job training¹, experience validation² or diplomas (CAP³, etc.). **Within Hermès Maroquinerie-Sellerie**, 93 trainers from the table, cutting and stitching sectors took part in meetings to share experience, and receive regular training in areas such as communication, personal development and training, to increase their professionalisation.

In 2021, the Hermès Maroquinerie-Sellerie craftsmanship division created **the École Hermès des Savoir-Faire through its apprenticeship training centre (CFA)** dedicated to leather goods métiers. The growth of the activity makes it possible to recruit and train more than 600 craftspeople per year and the prospects for the future are even stronger. This new system will enable Hermès to be more autonomous in its training in the leather goods métier. For the past 10 years, the École du Cuir has been responsible for the transmission of *savoir-faire* with a community of more than **90 in-house trainers**, along with partner schools and further education establishments. Thanks to these many years of experience, Hermès felt it had the skills to develop its own training organisation. This creation of the École Hermès des Savoir-Faire is supported by the launch of its dedicated website, a real shop window onto our métiers and our training offer. Connected to the Hermès career website, it should stimulate vocations and help to promote the House's employer brand far and wide.

In total, 12 École du Cuir programmes in 2021 made it possible to train 740 employees (a total of nearly 6,855 since 2011) and helped to obtain 277 diplomas or certifications: 185 CAP vocational qualifications in leather work, 79 *Sellier-Maroquinier d'Art* (saddler and leather worker) diplomas, 11 CQP Cutting diplomas and 2 *Brevets Métier d'Art* (Arts métier diplomas).

The Cristalleries Saint-Louis continued internal training actions on hot-part *métier savoir-faire* for 36 craftspeople, and prepared the 2022 launch of a study designed to structure an organisation dedicated to internal training for finishing workshops.

In 2021, all **Retail** subsidiaries continued to develop product training and distance selling techniques using new tools to create interactive and participatory learning experiences. The Retail France subsidiary created the **École des Artisans de la vente**, which offers a progressive multimodal development programme for sales associates and managers, starting from their integration, with a progressive pathway. This programme will be rolled out in 2022. The Retail subsidiaries also developed new programmes to enhance the customer experience: *Customer Experience training* in Thailand for 58 sales associates,

Remote sales selling in Taiwan for 136 sales associates, *Luxury Attitude* in Korea for nine managers, and *Customer service* for 12 sales associates at HAOP. At the same time, remote and face-to-face product training sessions were held on the new collections (67 sessions at HOP for 2,828 employees trained).

Lastly, in 2021 new expertise programmes were rolled out:

- ◆ for the appropriation of internal IT tools, with the M3 management programme followed by 377 employees, in-person or remote training via e-learning on the new *MyClickH* HRIS, accessible to all employees, and the *Digital citizenship* programme on new digital tools for HTH, *Ordin@cteur* to facilitate the increase in digital skills of craftspeople, or *Digital workshops* for Hermès Parfum et Beauté;
- ◆ to develop a course on good purchasing practices at Hermès with the *Purchasing fundamentals* training and the *Adopt EHS reflexes during supplier visits* programme;
- ◆ a development programme for the human resources community, including modules on expertise (recruitment, training, labour law), inspirational conferences, a partnership with the LAbRH and co-development workshops.

CFA

In 2021, Hermès created its École Hermès des Savoir-Faire and its associated CFA (apprentice training centre). Its purpose is to advance the craftsmanship métiers and promote apprenticeships through work/study programmes in métiers of excellence. It uses teaching teams comprising internal trainers and national education trainers in each of our training schools based on our nine regional centres.

In July 2021, Hermès obtained all approvals from the public authorities to train its future saddler-leather goods workers in-house, assess their skills and issue the state vocational qualification (CAP) in leather goods in collaboration with the French Ministry of Education. This national accreditation is recognition of the House's historical, technical and educational expertise in the transmission of its *savoir-faire* of excellence. Becoming a training organisation also confirms Hermès' role as a social player and responsible employer committed to the education of able-bodied people or people with disabilities, with initial experience in a manual *métier* or in professional retraining.

The École Hermès des Savoir-Faire is open to all those who wish to become craftspeople and make good use of their manual talents. It trains work/study students, who have the opportunity to learn a *métier* of excellence. Once they have obtained their state diploma, they will be able to join, amongst other jobs, one of the Group's leather goods workshops.

1. CQP: vocational qualification certificate. [attention, note barrée dans fichier client]
2. VAE: validation of acquired experience. [attention, note barrée dans fichier client]
3. CAP: vocational aptitude certificate. [attention, note barrée dans fichier client]

2.3.2.3 INTEGRATING SUSTAINABLE DEVELOPMENT ISSUES INTO SAVOIR-FAIRE

Integrating sustainable development into the *savoir-faire* of all *métiers* and all employees is a strategic challenge.

The sustainable development strategy implemented by the sustainable development department at Group level is based on raising awareness, empowering and increasing the skills of employees, who are the agents of change.

Given the great diversity of the *métiers*, the sustainable development department operates on a decentralised basis and relies on a network of more than 500 employee relays worldwide. This network includes sustainable development managers in several entities, the EHS network officers (28 people), ambassadors in stores and production sites (a total of more than 350 people).

In addition, the *métiers* and subsidiaries lead Sustainable Development Committees specific to their scope and continue to strengthen in all sectors.

In 2021, the sustainable development strategy update was the opportunity for discussions with around 50 entities of the House, distribution, production and support, in order to ascertain their roadmaps and commitments for the next three years. This work gives concrete expression to the understanding and practical application of the challenges at local level, while remaining consistent with the Group strategy.

In addition, the introduction of the *MyCampus* tool has enabled the launch of a training module dedicated to the fundamentals of sustainable development, which is regularly expanded with the addition of further modules, such as one on biodiversity. This first general model was made available in five languages. The Group's ambition is to train all employees. As at 31 December 2021, 2,962 employees had been trained. Face-to-face pilots for craftspeople and sales associates will be rolled out on a larger scale from the beginning of 2022 in order to gradually integrate functions that do not have direct individual access to a computer. In addition, the sustainable development training programme was supplemented by three additional modules: biodiversity, climate change and animal well-being.

2.3.2.4 INCLUDE CAREER PATHS IN A LONG-TERM VISION

Employee loyalty is a value that contributes to the stability and sustainability of Hermès' model. The House therefore provides employees with the necessary conditions for the development of their professional projects and promotes long careers.

The average length of service, which includes a wide range, is nine years. Given the strong growth in recent years, **44% of the Group's total workforce has worked for the Company for less than five years.** However, more than one-third of the workforce has been with the House for more than 10 years (i.e. around 6,000 people), illustrating the loyalty and opportunities for career development within the House (as a reminder, 10 years ago the workforce comprised 9,081 people). **In France, 25% of employees have more than 15 years of service.**

2.3.2.4.1 Retain long-term employees

Hermès activates a number of motivation levers that help to anchor attachment and develop a strong sense of belonging: training throughout the career, internal communication, particularly with the *HermèsSphère* digital platform, and dedicated and targeted content focused on the Company's fundamentals, its *savoir-faire*, its *métiers*, markets, organisation, not to mention seniority bonuses, as well as the quality of the workspaces, the systems dedicated to well-being and the convivial meetings that create strong links between the employees. The empathetic management style, which is conducive to close proximity, and the numerous actions aimed at encouraging discussions with employees and stimulating a collective mindset, also serve to foster loyalty and recognition. In terms of work organisation, versatility and multi-skills are preferred. The creation of participative cross-functional groups promoting innovation, as well as initiatives in terms of temporary secondments and internal mobility, complete the systems.

HR development

In order to bring out the Senior Executives and managers of tomorrow, the Group intends to facilitate the construction of rich internal professional and personal careers path for the men and women who make up the current teams. Whether in the fields of management or expertise (IT, digital, supply chain, purchasing, finance, HR, audit, legal, etc.), Hermès intends to pursue its long-term project, built over time by promoting employee loyalty. In a context marked by increasingly entrenched aspirations to live life in harmony with one's values, the collective culture is growing in importance and the speed of skill changes must be taken into account. In addition, Hermès has to face the development of its activities, the corresponding increase in its workforce, and the changing geographies, with Asia and in particular China becoming increasingly important. These various factors have led the Group to give an increasingly "transformational" role to its human resources management.

Evaluate employees to help them in their development

Each employee has an annual performance appraisal. The Managing Directors of the subsidiaries and their Directors of Human Resources oversee the annual performance reviews, which are based on annual interviews that provide an opportunity to take stock of the past year and build the objectives for the coming year, in terms of training. The Human Resources teams collect all of the roadmaps and use them to put the training plan in place. In France, this update on employee skills and professional development takes place in the form of a professional interview, which by law must take place every two years. Hermès has chosen to conduct this every year and to discuss the subjects reviewed during the professional interview at the annual interview. The human resources department oversees the implementation of these two interviews, which provide an opportunity to assess performance, analyse skills, set objectives for the following year and discuss medium-term prospects with the employee (professional assessment, career plan, skills development plan, training).

In subsidiaries abroad, annual interviews are opportunities for discussion, formalised by a document detailing: the achievement of targets, performance, the managerial relationship, work-life balance, ethics and compliance, training requirements and the targets set for the upcoming year. Some subsidiaries (United States, Japan, etc.) adapt Group formats in keeping with cultural requirements or due to legal constraints. The support given to employees throughout their career is informed by these annual interviews. Once a year, the subsidiaries also organise a Careers Committee, in which the Management Committees share individual situations and stimulate in-house mobility, which is the first lever for employee development. Annual “Talent Reviews” are also a way of learning more about employees and following their trajectories closely. This enables individual Executive development to be followed closely.

Talent identification, a key challenge for long-term continuity

An annual talent review process is steered by the Group human resources department and aims to identify leadership talents – called upon for senior managerial positions – and expert talents, who are valuable in preserving and developing the *savoir-faire* that makes up the richness and specificity of the *métiers*. This involves recognising and valuing experts, securing critical skills for the Group and developing expert talent.

A greater number of assessment procedures were put in place to allow leadership talents to get to know each other better and the organisation to make good use of their qualities in appropriate roles.

Various internal programmes are in place to develop managers identified as being able to take on Senior Executive positions within the Group in the short or longer term:

- ♦ the *Entre-temps* programme is aimed at the Managing Directors of subsidiaries and aims to give them time to step back four times a year and look at topics such as freedom, courage and trust, values dear to the Hermès leadership model. This formula, which favours co-development, allows them to fine-tune their strategic vision, enrich themselves with other perspectives and break the loneliness of the leader, to find solutions to problems encountered on a daily basis and to think in a more forward-looking manner;
- ♦ a series of *Hafterworks*, in the form of remote conferences aimed at deciphering the changes underway through the contribution of an expert, is offered to all Senior Executives (Managing Directors and members of Management Committees) on a bimonthly basis;
- ♦ in 2021, the *Leading with art* programme benefited 20 senior talents. Through two sessions of several days, it aims to make them leaders who know each other well and are ready to have a positive impact on those around them and on the world. Thus, a community of strong and supportive leaders is gradually being created;
- ♦ in 2021, the *Cavaliers* programme enabled 12 young talents to spend seven months exploring a strategic challenge assigned by the Executive Committee. This enables them to put their teamwork skills into practice and deepen their understanding of the Hermès model through a subject on which they make concrete proposals.

In addition to this offering of internal programmes, talents also take part in external programmes. Thus, in 2021, several programmes originally developed by Danone were attended: the programmes Eve, Octave and Noé dedicated to leadership, and in particular leadership by women, ongoing change and sustainable innovation benefited more than 70 managers who wanted to open themselves up to the world and other universes and have a personal development experience that could increase their impact in everyday actions.

The *Colbert Labo* programme gave seven young talents the opportunity to work together on a collective project with employees of companies that are members of the Comité Colbert. A chance to broaden their horizons to the luxury goods industry as a whole, on the theme “*Digital, how far for the luxury?*”. Lastly, with the *One young world* programme, for the first time, three young talents were able to be part of the experience conducted in Munich with more than 2,000 young people from all continents, invited to look at societal issues such as the new economy, the Covid-19 pandemic, the environment, education, the issue of rights and freedoms. Overall, more than 150 employees benefited from specific talent development programmes.

This attention paid to talent is exercised in the subsidiaries, notably through the establishment of a Talent Management Committee, the definition and monitoring of individual development plans for talents, career interviews and individual coaching, contributions to cross-functional projects or temporary assignments to expose talents to various situations and challenges and thus enrich their experience and expertise. Human resources managers are trained in the assessment tool in order to internalise the approach, and constant attention is paid to internal mobility, the first lever of talent development, in particular through the distribution of internal newsletters in addition to the *My way in Hermès* platform. Lastly, *Vis ma vie* (“Live my life”) sessions and mentoring initiatives facilitate internet mobility and accelerate the process of taking up job openings.

Strategic Workforce Planning projects were initiated in several subsidiaries (Hermès Perfume and Beauty, Hermès Maison, Hermès China, etc.) in order to apply a strategic approach to anticipating future business developments and talent needs in the face of rapid growth. This involves clarifying the future organisation in order to better prepare talents for their new roles, anticipate recruitment and support the necessary changes in terms of organisation, recruitment and management to meet the transformation challenges provided by growth. This approach will become more widespread around the Group in the coming years.

2.3.2.4.2 Offering varied career paths

In addition to the Career Committee led by the Group human resources department, several initiatives are common to all subsidiaries to promote and prepare for internal mobility, with the distribution of offers via internal channels, the establishment of job fairs within the sectors and temporary secondments to other sites in the industrial sector, the *métiers* or the Retail subsidiaries. The active coordination of human resources teams within Internal Mobility Committees facilitates, among other things, the rollout of the *Vis ma vie* programmes, in which participants put themselves in the shoes of another employee for a period of between one week and six months, and networking operations to showcase the sites through divisional projects and exchanges between stores. Individual interviews for people on the move in order to narrow their project and determine an appropriate action plan, the rollout of various assessment tools and the review of compensation levels aimed at retaining talent internally are also available to teams to reinforce the versatility and multi-skills of employees.

Offering development and recognition opportunities to enable participation in the Hermès adventure

Numerous actions aim to enhance the value of employees, identify opportunities and offer them constructive development and diversified career paths and above all, individualised support. These initiatives are supported by internal communication to share the vision, give meaning, motivate and embark on the corporate project and relay the vision of the Executive Committee. The financial dimension is an integral part of recognition, with, for example, the increase in the long-service bonus in entities in France. The review of compensation on the basis of external benchmark surveys to ensure a level that is always higher than the market. The positive and engaging work environment, constantly improved with the introduction of adapted and ergonomic equipment and moments of celebration, also contribute to employee loyalty.

2.3.3 PRESERVATION OF CRAFTSMANSHIP HERITAGE

Hermès contributes to the maintenance and development of craftsmanship and manufacturing *savoir-faire*, in a context where this *savoir-faire*, and not only that of craftspeople, is in danger of disappearing.

Within a sector of excellence such as that of Hermès, these technical *métiers* represent fundamental assets and heritage. The singularity of all this *savoir-faire* is expressed not only through the quality of the objects made but also through our ability to craft them in a way that respects both the craftspeople and the environment. There is therefore a major challenge in attracting and retaining talent, consolidating, developing and perpetuating individual expertise, improving versatility and strengthening transmission from generation to generation.

POLICY

Hermès is developing in-house training schools for its major craftsmanship *métiers* – Leather, Textile and Tanneries – enabling this *savoir-faire* to be perpetuated and handed on. The human resources department conducts a systematic training policy for new hires, with a dedicated training programme, mainly carried out internally and supplemented by external training. Keen to provide the world with a better understanding of these *métiers*, the House works upstream to promote art *métiers* and crafts to younger generations, through local initiatives such as open houses and exchanges with educational establishments, or through the Fondation d'Entreprise Hermès and in particular the *Manufacto* programme. Allowing secondary school pupils to discover and become involved in a manual *métier* is essential; these *métiers* are often misunderstood and yet offer excellent prospects.

2.3.3.1 PROMOTING AND VALUING THE TRANSFER OF SAVOIR-FAIRE EXTERNALLY

A responsible company through strong relationships with educational establishments

Hermès pursues an active policy of close relations with leading educational establishments in the fields of art, design, craftsmanship, engineering and commerce, both to make students aware of its values and to share its project. These relationships are coordinated with the subsidiaries that support these activities, and taking into account the rapid development of certain *métiers*. In the current context of the health and economic crisis, Hermès believes that it is more necessary than ever to prepare for the future by supporting students seeking work/study programmes and internships. The House also wants to take an active part in education in different forms and in various fields: welcoming students to its premises through presentations and discussions, and going to meet them throughout France during forums to offer internship and work/study opportunities, providing real-life case studies, etc.

For the most part, these actions took place in new talk and video-conference formats. **Hermès was able to reach an audience of more than 1,500 students in 2021, during 30 different presentations in France.**

Educational establishments with which Hermès was particularly involved in 2021:

Schools of art and design, fashion and textiles	Engineering schools	Business and management schools and universities
<ul style="list-style-type: none"> ◆ École Camondo (Decorative Arts) ◆ ENSAAMA Olivier de Serres ◆ IFM Institut Français de la Mode ◆ HEAD 	<ul style="list-style-type: none"> ◆ École CentraleSupélec de Paris ◆ Polytech ◆ ENSAM ◆ INSA Lyon ◆ ITECH Lyon ◆ Polytech Angers 	<ul style="list-style-type: none"> ◆ Sciences Po Paris ◆ ESSEC ◆ GEM Grenoble School of Management ◆ IESEG ◆ EM Lyon ◆ HEC Paris ◆ Tunon ◆ CELSA ◆ IAE Sorbonne, University of Lugano (Switzerland) in partnership with the Sorbonne, Paris Dauphine University, IAE Gustave Eiffel ◆ ESSCAA

Hermès, a player committed to education

Coming from a line of craftspeople, Hermès pays particular attention to the transfer of its exceptional *savoir-faire*, but also to its continuous improvement. It is therefore increasingly involved upstream in the sustainability of its *métiers* and the excellence of craftsmanship skills. It acts to promote education, through training in unique *savoir-faire*.

Hermès, a responsible employer, is committed to transmission and education and works to maintain close relations with the world of students. The challenges include:

- ◆ supporting the activities of schools and giving a societal dimension to these relationships, as a socially responsible company;
- ◆ conveying the humanist and craftsmanship approach of the Hermès corporate culture;
- ◆ conducting discussions with students in a changing era;
- ◆ diversifying the Company's presence and targeting new schools to seek out talent throughout the country;
- ◆ to be visible in creation, craftsmanship, engineering and management schools in France in order to showcase the reality of a quality employer, share Hermès' long-term and humanist project and create high-quality links with students;
- ◆ bringing the reality of Hermès to life through concrete experiences: entrusting practical cases, study missions, offering internship and work/study opportunities;
- ◆ maintain privileged relationships with young people to capture the changes of our era.

Actions in this sphere are structured at three levels:

- ◆ **transformational initiatives for the community** through support for equal opportunities.

In 2021, Hermès became a founding member of the Des territoires aux Grandes écoles (DTGE) Foundation, notably providing financial support. Created by former students of the French *grandes écoles*, this non-profit organisation seeks to make the competitive entrance

examinations of these schools accessible to diverse profiles. Noting that the lack of information, self-censure, geographical distance and economic difficulties are powerful obstacles to the diversification of recruitment, this organisation works with 32 departmental intermediaries to cover the whole of mainland France.

In the same vein, grants for students with disabilities are awarded as part of the disability agreement with SKEMA and the IFM Foundation. Hermès also participates in the "one young person, one solution" programme, which aims to train and facilitate the move into professional life of all young people in all regions. Finally, several partnerships have been formed with Sciences Po Paris to participate in school forums and for the mentoring of students with disabilities;

- ◆ **initiatives to participate in public debate.**

Since November 2020, Hermès has sponsored the European Chair in "Sustainable Development and Climate Transition" at Sciences Po Paris, which focuses on complementary and inseparable areas of sustainable development: climate transition, economic development and social inclusion, through an approach that brings together a variety of players and expertise and is based on collective intelligence.

Together with the Paris School of Economics (PSE), Hermès funds the "Ouvrir la Science Économique" research chair, whose aim is to establish strong connections with other human and social sciences (history, sociology, demography, social psychology, political sciences, philosophy). The PSE Chair's interdisciplinary approach is in perfect harmony with the House's determination to contribute to the collective interest, the creation of social value, and the enhancement and protection of natural environments, by supporting the scientific expertise that makes it possible to advance academic research;

- ◆ **initiatives to participate in school life** and talent acquisition.

In 2021, personalities from the House were able to interact with students, in particular within the framework of the forums organised by the partner schools Sciences Po Paris and ENSAM.

In addition to its financial contribution, Hermès contributes through its skills in *métiers* to ENSAM's industrial management expertise by collaborating in the development of the expertise educational module under the responsibility of ENSAM, proposing the priority study subjects for the first semester, providing presentations in certain face-to-face teaching modules and finally, by participating in the assessment of study projects during students' defences of their work.

Under its partnership with Sciences Po Paris, Hermès entrusted a group of first-year students on the International Management & Sustainability Masters with a topic on the challenges of Retail in the luxury goods industry (Capstone project). The House will support students in their thinking, in order to help them meet the strategic and international challenges of the topic by giving them the opportunity to immerse themselves in Hermès' culture and become aware of the House's sustainable ambition.

Sciences Po Sustainable Development Chair

In November 2020, the School of Public Affairs and the School of International Affairs (PSIA) of Sciences Po launched the European Sustainable Development and Climate Transition Chair. This aims to shed new light on how to advance sustainable development along the three axes of climate transition, local economic development and social inclusion. Hermès participates in this chair alongside other sponsors such as HSBC and the EIB (European Investment Bank).

In 2021, the chair organised a number of events, such as a round table with Columbia University in April ("Political Economy of Implementing Socially Inclusive Zero Carbon Goal"), a conference at Sciences Po in November on the interrelationships between biodiversity and development ("Achieving trade-offs to conserve biodiversity and advance development equity"). In addition, four research papers were prepared during the year for final publication in the first half of 2022: on territorial inclusion ("Challenges of territorial inclusion in France" by Madeleine Peron); on the action of governments ("Role of local governments in climate action in France" by Nicolas Bauquet), and on climate-based solutions ("Institutional challenges in nature-based climate solutions" and "Digital Atlas of nature-based climate solution efforts" by Dr Someshwar & Alejandra Guraieb).

This partnership complements other joint initiatives with Sciences Po in the field of education. This choice resonates perfectly with the House's craftsmanship model, which is based on regional involvement and a strong social commitment, and the desire to extend the discussion beyond the House's direct sphere of influence.

At the same time, students in the first year of CentraleSupélec shared their visions of practical cases given by alumni working at Hermès, while students and graduates of IFM were able to discuss their professional experiences during the Meet & Match Forum. Hermès takes part in internship recruitment events organised by schools, notably at CELSA, EM Lyon, Sorbonne University, INSA, etc. As part of the CSR Challenge offered by the IESEG School of Management, Hermès invited students to consider the challenges related to the House's sustainable development pillars.

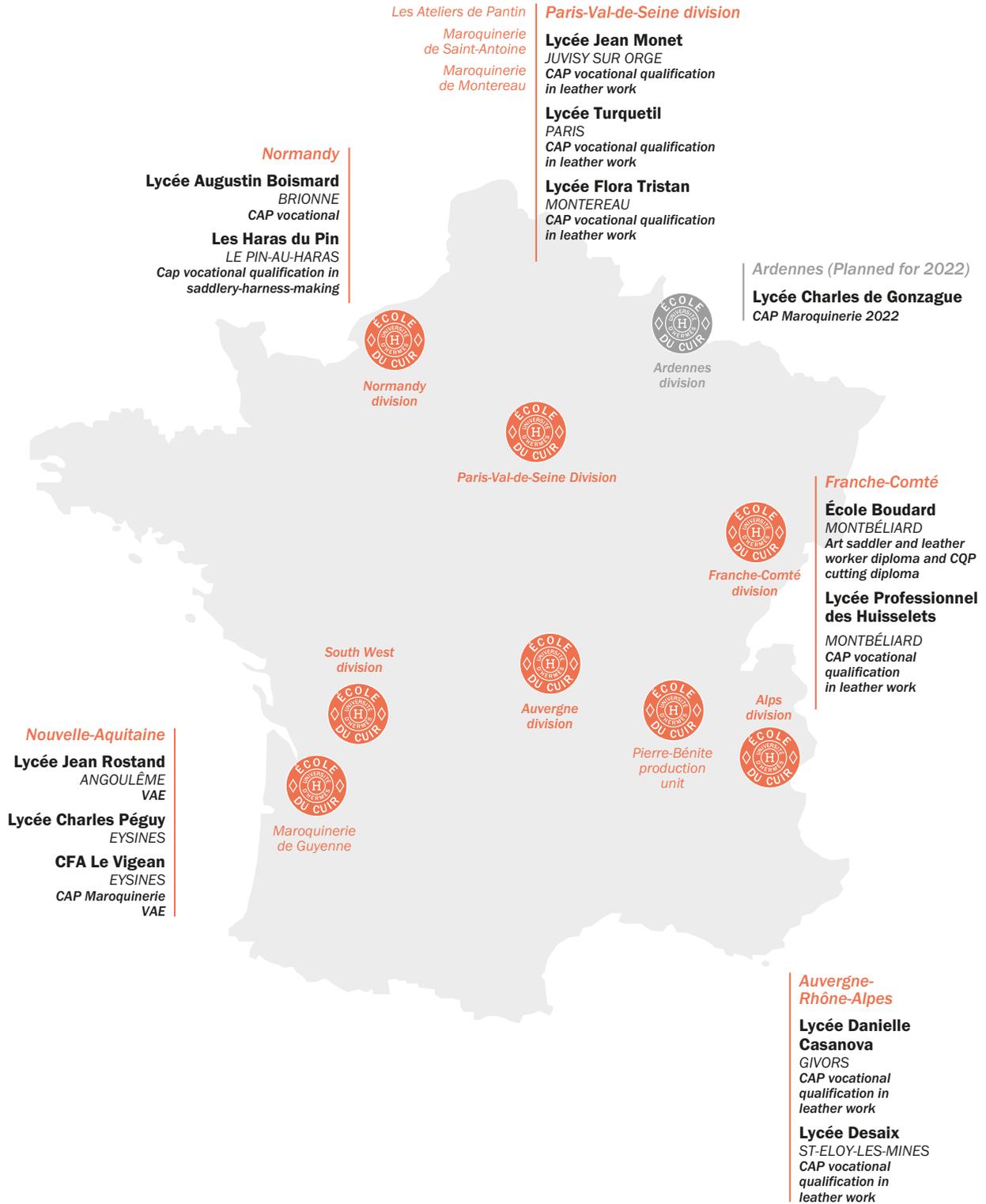
Lastly, Hermès is supporting the construction project for the Crafts and Design *Métiers* Campus. This initiative is part of the Investment in the Future Plan (Innovation Territories) and intends to take initiatives around a network of training institutions and business partners with the aim of creating, on an economic sector scale, a cluster to promote synergies relating to employment and training. This inter-ministerial project involves Education, Employment and the General Secretariat for Investment. It is supported by the Comité Colbert and the ENSAM Olivier de Serres, the leading institution of the Campus. In particular, Hermès will contribute to the creation of a materials library, training in its *métiers* (colour, *savoir-faire*, etc.), inter-company e-learning modules, or advancement and promotion initiatives such as the European Day of art *métiers*, with a demonstrations of certain *savoir-faire*.

Privileged partnerships with craftsmanship schools

Craftsmanship employs more than 6,200 people at Hermès. It is the foundation of the House's vocation as a creator of high-quality sustainable objects. To continue recruiting in all *métiers* and to support the growth momentum of the leather goods segment, Hermès has forged long-term local partnerships with high schools and further education establishments, which are committed to understanding its specificities, culture and development.

Hermès Maroquinerie-Sellerie was thus able to start a CAP vocational qualification in leather work with the Lycée professionnel Flora Tristan vocational school in Montereau. The Hermès Maroquinerie-Sellerie division, which is expanding at a particularly dynamic pace, continued its partnerships with the École Boudard (Franche-Comté), the Thiviers training centre (Nouvelle-Aquitaine), the Lycée professionnel Jean Rostand vocational school in Angoulême (Nouvelle-Aquitaine), Les Compagnons du devoir, the Lycée Jean Monet in Juvisy-sur-Orge (Paris Val de Seine), the GRETA de l'Eure and the Lycée Boismard in Brionne (Normandy), the Lycée Charles Dupuy in Eysines (Nouvelle-Aquitaine) and the Maison familiale rurale in Isère. The partnership with the Lycée professionnel des Huisselets (vocational school in Franche-Comté) was strengthened with the integration of trainees from the first year of professional baccalaureate in leather goods. Steps have been taken to strengthen the partnership with Le Haras du Pins (Normandy). Pupils from La Fabrique's professional baccalaureate have been recruited by the Paris Val-de-Seine division.

12 PARTNERSHIPS WITH ÉCOLES DU CUIR IN FRANCE



2.3.3.2 MAINTAINING HERMÈS' LEADING POSITION IN TRAINING FOR ITS TRADITIONAL MÉTIERS AND PROMOTING ITS MANUFACTURING SAVOIR-FAIRE

Prix de l'Adresse Award

In the second half of 2021, the **Parcours de l'Adresse** were able to resume, allowing 82 employees from all our production sites in France, Switzerland and Italy, to set off for five days, in groups of 10 people, to discover the *métiers* of leather, crystal, silk, perfume, porcelain and ready-to-wear.

The **Prix de l'Adresse**, an internal competition that enables little or no longer used *savoir-faire* to be proudly revived, is a true invitation for volunteer craftspeople to go the extra mile. In teams, supervised by technical advisors and Human Resources employees, participants have several months to manufacture an exceptional item from the Hermès Conservatoire des collections or to create an original item. In 2021, the fifth edition of the *Prix de l'Adresse* was launched. This edition is already a great success, with **184 craftspeople taking part in the adventure, i.e. 40 teams**. The most loyal participants are once again represented in the event, with around 30 teams from Hermès Maroquinerie-Sellerie, Cristalleries Saint-Louis, Men's Ready-to-wear, Hermès Horloger and John Lobb.

For the first time, Hermès Shoes Italy and J3L have joined the competition, and the Home division has created a cross-functional team combining the in-house *savoir-faire* of craftspeople from Beyrand, CATE and Puiforcat, united by a common project. The fifth *Prix de l'Adresse* will end in March 2022, when the Hermès Masterpiece Awards will be presented to the winning teams.

To celebrate the tremendous work of the teams that have already competed in previous *Prix de l'Adresse*, the traveling exhibition **La Caravane du Prix de l'Adresse**, featuring the winning pieces of the first four editions, continued its journey in 2021 to the leather goods workshops in the Alps, the south-west and Paris Val-de-Seine. It then headed to the Cristalleries Saint-Louis, and the two Hermès Horloger sites, followed by HCl in Italy. This journey of almost two years finally ended at Hermès Commercial in Bobigny.

This initiative is a concrete and high-visibility way to involve our employees internally in the preservation and development of craftsmanship *savoir-faire*.

Meilleurs Ouvriers de France (MOF)

This prestigious title is awarded only in France by category of craftsmanship *métiers*, as part of a competition between professionals. It takes place every three years. The goal is to reward excellence and *savoir-faire*, which are the required criteria for the awarding of the title.

The House is proud to count some of the *Meilleurs Ouvriers de France* among its craftspeople. They guarantee the excellence of the *savoir-faire* in addition to arousing the interest of younger generations. Hermès supports those who wish to obtain this prestigious title by financing their registration to the competition, providing them with the materials necessary for the creation of their final piece and by granting them extensive access to the various production sites.

The House has 23 MOF, distributed as follows: three at the bootmaker John Lobb, 10 at HTH (drawing-engraving, sabre velvet, weaving, printing and finishing), seven at Cristalleries Saint-Louis (crystal cutters, glassmaker by hand and using a blowtorch, as well as four Best craftspeople of France, glassmaker by hand and cutter), and three saddler-leather workers at HMS.

Entreprise du Patrimoine Vivant (EPV)

The Hermès Group is proud to have had **ten companies recognised by the Entreprise du Patrimoine Vivant (living heritage company – EPV) label in 2021**, namely Hermès Sellier, Holding Textile Hermès (Bucol), Établissements Marcel Gandit, Ateliers A.S, Siegl, Ateliers de Tissage de Bussières et de Challes, Beyrand, Cristalleries Saint-Louis, Puiforcat and, John Lobb (<http://www.patrimoine-vivant.com/>).

These distinctions bear witness to Hermès' commitment to the safeguarding, preserving and promoting heritage *savoir-faire*.

EXPERTS' HANDBOOK

This section provides an in-depth look at Hermès' actions and results in terms of the "savoir-faire" pillar.

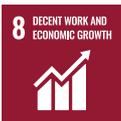
CONTRIBUTION TO THE UN'S SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The Hermès Group's accomplishments in relation to savoir-faire contribute to the UN's sustainable development goals (SDGs).



No. 4: Quality Education

- ◆ 4.3 "By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university"
- ◆ 4.4 "By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship"
- ◆ 4.7 "By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development"



No. 8: Decent work and economic growth

- ◆ 8.b "By 2020, develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the International Labour Organization"
- ◆ 8.3 "Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services"
- ◆ 8.6 "By 2020, substantially reduce the proportion of youth not in employment, education or training"
- ◆ 8.9 "By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products"



No. 10: Reduced inequalities

- ◆ 10.3 "Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard"



No. 11: Sustainable Cities and Communities

- ◆ 11.4 "Strengthen efforts to protect and safeguard the world's cultural and natural heritage"



No. 12: Responsible consumption and production

- ◆ 12.b "Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products"
- ◆ 12.8 "By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature"



No. 16: Peace, justice and strong institutions

- ◆ 16.7 "Ensure responsive, inclusive, participatory and representative decision-making at all levels"

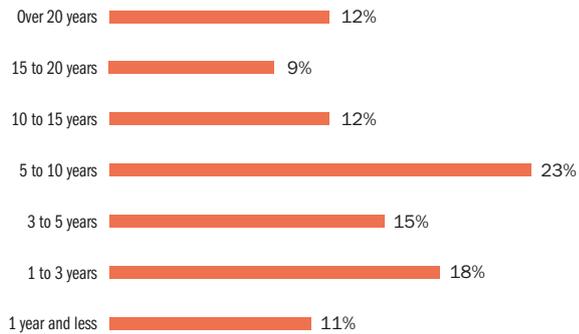
2.3.4 GENERAL INFORMATION ON THE WORKFORCE

WORKFORCE BY REGION AND GEOGRAPHICAL AREA

	Production			Retail			Support			Total		
	31/12/2021	%	31/12/2020	31/12/2021	%	31/12/2020	31/12/2021	%	31/12/2020	31/12/2021	%	31/12/2020
France	7,633	90%	7,162	1,376	22%	1,356	1,960	70%	1,865	10,969	62%	10,383
Asia-Pacific (excl. Japan)	74	1%	83	2,287	36%	1,977	314	11%	315	2,675	15%	2,375
Europe (excl. France)	711	8%	699	995	16%	978	254	9%	261	1,960	11%	1,938
Americas	68	1%	76	868	14%	802	213	8%	199	1,149	7%	1,077
Japan	0	0%	0	766	12%	748	76	3%	79	842	5%	827
TOTAL	8,486	100%	8,020	6,292	100%	5,861	2,817	100%	2,719	17,595	100%	16,600

2.3.4.1 INCLUDING PROFESSIONAL CAREER PATHS AS PART OF A LONG-TERM VISION

SENIORITY PYRAMID



2.3.4.2 PROMOTING AND VALUING THE TRANSMISSION OF SAVOIR-FAIRE

CERTIFICATIONS OBTAINED FROM THE ÉCOLE DU CUIR

	Training	2020	2021
École du Cuir	CAP ¹ vocational qualifications in leather work	208	185
	<i>Sellier-Maroquinier d'Art</i> (saddler and leather worker) diploma	31	79
	CQP ² Cutting diploma	19	11
	<i>Brevets Métier d'Art</i> (Arts <i>métier</i> diploma)	2	2
Total certifications		260	277
Total trainers		83	93

(1) CAP: vocational aptitude certificate

(2) CQP: vocational qualification certificate

Reading a hide at the Maroquinerie de la Tardoire, in Charente



©Photographer: Chris Payne

2.4 THE PLANET: RAW MATERIALS

Sustainable development at Hermès is based on exceptional raw materials, from renewable natural sources, which enable it to create long-lasting objects. The materials are obtained with a determination to control their footprint and used with respect by optimising their usage.

More broadly, Hermès is committed to sustainably developing its supply chains, by going beyond compliance with environmental, ethical and social regulations, and contributing to the future availability of these resources.

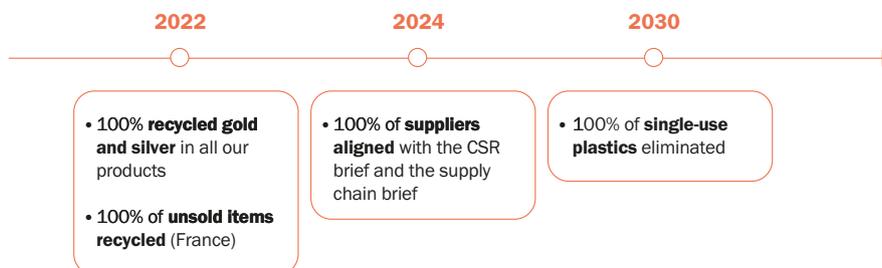
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Introduction

Hermès' flagship materials – leather, silk, cashmere and wood – are all natural, renewable and obtained in such a way as to minimise their footprint. The model and values of craftsmanship guiding the House have always promoted the careful and respectful use of these rare and precious materials. Craftspeople take great care not to waste resources, to use only what they need and to optimise the use of materials (such as the use of so-called associated cutting techniques in leather goods workshops). In all *métiers*, channels are also identified to recover and recycle manufacturing offcuts, in addition to the emblematic activities of petit h.

The materials are selected and supplied in each of our *métiers* within the framework of a rigorous process set out in the “**supply chain brief**” and detailed in technical specifications, complying with regulations, respecting biodiversity and best practices, in the constant quest for the highest quality and ethical integrity. These supply chain briefs are intended for all suppliers and manufacturers involved in supplying Hermès *métiers*. They are also accessible on the Group's corporate website. Naturally, the Hermès Group does not use materials or species that are threatened with extinction or are sold illegally. For decades, the House's approach has been to learn more about its supply chains, to share its requirements with its suppliers (often long-standing partners) and to develop them to achieve the highest quality and thus prepare for future growth. Over time, the search for new materials, the rediscovery of *savoir-faire*, the emergence of new standards and regulations, the development of new products and the growth in volumes, were all opportunities to enhance dialogue and improve practices.

MAIN COMMITMENTS OF THE PLANET PILLAR: RAW MATERIALS



In 2021, the Group made progress the main issues relating to materials, with the aim of making a long-term difference through steady improvements with a significant impact. Among these, the selected elements below are particularly illustrative of 2021 for this section:

- ◆ Formalisation of 50 new supply chain briefs and establishment of the Supply Chain Committee;
- ◆ Implementation of the LCA approach in the métiers;
- ◆ Victoria bags in “Fine Mycelium” using biotechnology (fungal threads);
- ◆ Operational action plan “zero destruction” of unsold goods in France (Agec law);
- ◆ Publication of an Animal Welfare Policy;
- ◆ RJC “Chain of Custody” certification (RJC COC);
- ◆ Classification A- at CDP Forest.

PLANET

MATERIALS

	OBJECTIVES	INDICATORS	2021 RESULTS
	 SEEK THE BEST QUALITY FOR ALL MATERIALS USED, GUARANTEEING THE DURABILITY OF THE OBJECTS		
	Strengthen vertical integration to ensure mastery of <i>savoir faire</i> and the quality of materials and develop long-term relationships with producers	Length of relationship with suppliers	20 years on average (top 50 direct purchases) Silk : more than 25 years (Brazilian supplier)
	Have the highest quality materials and those best adapted to the functionalities and uses of the products	Proportion of farms audited and/or certified	100% of the hides come from certified integrated farms and 99% of the raw hides purchased by HCP come from audited and/or certified farms
		Number of different leathers used by the House	35 different leathers used by the House
		Number of raw materials identified	86 raw materials identified
	 OPTIMISE THE USE OF OUR RAW MATERIALS OVER THE ENTIRE LIFE CYCLE BY INTEGRATING THE PRINCIPLES OF THE CIRCULAR ECONOMY		
	Identify eco-design levers and courses of action for all products	% of <i>métiers</i> having implemented an LCA approach on their emblematic products	63% of the <i>métiers</i> carried out at least one LCA on their emblematic products
	Establish a circular economy roadmap in all <i>métiers</i>	Proportion of <i>métiers</i> that have formalised a Circular Economy roadmap	100% of <i>métiers</i> have included a section dedicated to the circular economy in their roadmap
	Engage in a process of recycling co-products from other industries	Proportion of leathers from hides recycled from agri-food channels	95% of hides used by Hermès come from agri-food channels
	Favour the use of recycled materials when relevant	100% recycled gold and silver for Jewellery	100% recycled gold and silver used in the workshops
	Develop upcycling, recycling and donation processes to improve and manage product end-of-life	Quantity of recycled materials	21 tonnes of textile materials recycled in 2021
		Length of partnership with the leading charitable association for donations in kind	Since 2016 , Hermès has partnered with charitable associations to provide donations in kind
		Implementation of processes to achieve the target of 0 destruction of unsold items from 2022 in France	System in place and operational in France at the end of 2021 and rollout planned abroad
	Incorporate a circular and eco-responsible approach into creation	Number of products put on sale that incorporate a circular and eco-responsible approach	More than 1 million products incorporating a circular and eco-responsible approach developed in 2021
Carry out product repairs	Number of products repaired	161,000 products repaired in 2021 (123,000 in 2020)	
	FIND ALTERNATIVES TO THE USE OF CERTAIN MATERIALS, INCLUDING PLASTICS		
	Improve the impact of all packaging, from production to customers to transportation	100% of packaging (customers and intermediaries) made from renewable, recyclable and/or recycled materials	100% of orange boxes and bags are made from renewable, recyclable and/or recycled materials
	Eliminate single-use plastics	0% single-use virgin plastic by 2025	-92% in consumption of single-use plastic for packaging using the new wrapping technology for shipping from logistics platforms. Launch of a working group dedicated to plastics as part of the Fashion Pact.
	Consolidating the use of natural materials	Naturalness indicator (perfumes and cosmetics)	64% of the raw materials used by Hermès Perfume and Beauty are classified as natural or of natural origin (ISO 16128)

	OBJECTIVES	INDICATORS	2021 RESULTS
CONTROL THE ENTIRE VALUE CHAIN WITH OPERATIONAL TRACEABILITY AND PARTNERSHIPS			
	Analyse all purchasing categories and supply chains	% of purchasing categories where risks have been mapped and number of supply chains subject to in-depth analysis	93% of purchasing categories where risks have been mapped and 74 supply chains analysed, representing 90% of the Group's supply chains
	Guarantee full traceability of materials	100% traceability of raw materials to the country of origin	74 supply chains with traceability from to the country of origin
		% of calf hides traced to the livestock farm	In 2021, 30% of the calf hides tanned in the two calf hide tanneries of the HCP division were marked to ensure their traceability
		% of exotic hides traced to the farm	100% of crocodylian and 100% of ostrich hides are traced back to the livestock farm
	Use leathers from geographical areas with low social and environmental risks	% of materials sourced in Europe for leather	92% of hides sourced in Europe
CONTRIBUTE TO THE DEVELOPMENT OF THE MOST DEMANDING STANDARDS ON ENVIRONMENTAL, SOCIAL AND ETHICAL MANAGEMENT OF SUPPLY CHAINS, NOTABLY IN TERMS OF ANIMAL WELFARE			
	Contribute to the creation of certifications and standards with exacting requirements	Contribution to industry or sector working groups	Participation in ICFA (International Crocodylian Farmers Association) since its creation in 2016, SARCA (South East Asian Reptile Conservation Alliance) since 2016, SAOBC (South African Ostrich Business) since 2016 Commitment within the Leather Working Group (LWG, leather goods)
	Implement an animal welfare policy by promoting the highest criteria	% of Group métiers with an Animal Welfare roadmap Number of animal sectors covered by the Animal Welfare policy	100% of métiers comply with the Group's Animal Welfare policy 19 supply chains covered representing 100% of purchases in animal sectors
IMPLEMENT CERTIFICATIONS WITHIN OUR SUPPLY CHAINS			
	Obtain and maintain supply chain certifications	Number of certifications targeted (target for 2024)	Distribution of the Supply Chain Brief planning the implementation of certification or the award of label status for 32 sectors
		Number of supply chains certified and renewed	1st luxury house to receive RJC COP Certification in 2019, renewed in 2021 55% of tanners working for HMS are LWG certified
SUPPORTING AGRICULTURE THAT IS MORE RESPECTFUL OF NATURE			
	Contribute to research and field initiatives	Supported projects	Livelihoods: more than 20 agricultural projects supported and more than 57,000 hectares planted or preserved Cambridge studies on biodiversity in the raw materials supply chains: Silk study in 2020 and Goat Leather study launched in 2021
	Increase the share of supplies certified according to criteria guaranteeing sustainable agriculture	Implementation of certification schemes by sector	Work conducted by HTH on GOTS certification

2.4.1 ECODESIGN AND CIRCULAR ECONOMY

Each *métier* and each production unit is committed not only to applying the principles of eco-design to use materials wisely, but also to reduce waste and promote recycling to move towards a circular economy.

POLICY

The Group's policy is to go even further in terms of the eco-design of its products, by using "non-renewable resources as little as possible, preferring the use of renewable resources, and which are used while respecting their renewal rate, as well as being combined with waste recovery processes that promote reuse, repair and recycling."¹ This preventive and innovative approach makes it possible to minimise the environmental footprint of products over their entire life cycle, without compromising their quality of use.

The House's ambition is to offer sustainable, eco-designed products that respect nature, and which retain their technical characteristics over time. The House's creative excellence, and **the often timeless nature of the collections also allow Hermès objects to remain desirable over the long term, thus extending their period of use.**

MEASURES IMPLEMENTED AND RESULTS

The quality of the raw materials used is the first guarantee of the durability of Hermès objects. For this reason their selection is subject to a rigorous process. By their very nature, Hermès' fundamentals include eco-design principles in its product designs and have done so since long before the term became popular.

"A luxury product is one that can be repaired", said Robert Dumas: making sustainable objects is the best way to adhere to the principles of sustainable development. Hermès objects are designed to last because their technical design and manufacturing methods favour robustness, in the tradition of saddler craftspeople. The famous "saddle stitch", still used in leather goods workshops, was born out of the need for seams to resist the pressure from the harness. This design also allows objects to be repaired. From saddles to silk to watches, all owners of Hermès objects can request their repair. With 161,000 repairs carried out in 2021, this commitment is a working reality, worldwide.

Furthermore, the materials **used come from natural**, renewable sources, taken while respecting their potential for regeneration, such as in the case of hides from farmed animals, or for the main textile materials (silk, cashmere and wool). The House's historical preference for natural fibres avoids the use of non-renewable resources based on petroleum chemistry. **The métiers have always focused on minimising production waste.** The Group is committed to a trajectory leading to the recycling or reuse of all its unsold products in France by 2022.

In addition, the Group has launched a number of actions to strengthen its circular economy approach, with the creation in 2020 of a Circularity Committee to enable the exchange of best practices and technical solutions between the *métiers*, and develop new upcycling opportunities more quickly through pooling, such as for silk and cashmere. Its work and initial results inspire the House's creative thinking, thus helping to strengthen product eco-design initiatives. **With a view to continuous improvement and eco-design, the métiers now conduct life cycle analyses on their most emblematic products. Some 63% of the métiers did this in 2021 and this figure is expected to increase over the coming years.**

2.4.1.1 MATERIALS RESPONSIBLE MANAGEMENT

The Group uses only the highest quality materials, optimises their use through its production methods and develops the reuse, or recycling, of all production offcuts. Purchases are adjusted as closely as possible to needs in order to limit waste. The integrated artisanal approach is an advantage in this respect, ensuring close proximity between buyers and craftspeople. Each *métier* works to constantly improve the use of these rare and precious materials, consuming only what is necessary.

2.4.1.1.1 Leather

Leather tanning

Leather is an animal product, specially tanned and made imputrescible, either in a tannery for lamb, sheep and goatskin or in traditional tanneries for hides from cattle or reptiles. Hides used in leather goods are by-products of livestock farming for food. People sometimes refer to hides as the "5th quarter", which suggests we can consider **tanning to be the oldest recycling industry in the world.** Hermès uses only "full-grain" leather, the top part of the hide, without altering it in order to improve its appearance. The leathers used by Hermès are thus rare and of exceptional quality. The hides come from our own tanneries or from long-standing partners.

Management of crocodile breeding on the *alligator mississippiensis* and *crocodylus porosus* farms, close and constant relations with suppliers of exotic raw hides, and the control of all processing operations (river, tanning, dyeing and finishing) enable the division to control as accurately as possible its purchases and use of materials in manufacturing processes. Several projects are being rolled out in farms and tanneries to improve quality control and optimise the use of raw materials. For example, digital systems for taking images of hides at the start of the tannery process are already in use or are being rolled out. They allow the identification of defects, facilitate sorting and thus maximise the use of hides while reducing waste.

1. ADEME definition.

Leather work

The frugal use of leathers has always been a key concern of the production units: thus, cutter craftspeople are trained, from the moment they join the House, in how to cut leathers as sparingly as possible. Coordination among production units is managed on a daily basis to optimise the use of hides and offcuts: the analysis of the rate of use of hides is a management indicator used in the workshops.

This coordination was strengthened in 2021 thanks to the launch of the waste inventory digitisation project. The purpose of this project is to promote visibility and opportunities for exchanges and therefore to preserve materials on each site. Seven pilot sites have already started up in 2021 and full rollout will take place in 2022.

In addition, a **guide to best cutting practices** exists on each site. This guide, which is based on self-assessment, is gradually updated with new practices that have been successfully tested by cutter craftspeople and shared with all sites. Each site is regularly assessed by the central team (Hermès Leather Goods & Saddlery production department) and 38% were assessed in 2021.

In order to develop the culture of materials optimisation, new production managers and cutting workshop managers are now systematically trained in the calculation of materials consumption and the analysis tool introduced in 2020 to enable them to ensure optimal management of this consumption, and to acquire notions of best practices more quickly.

2.4.1.1.2 Silk and cashmere

The level of integration of the Textile division through all processing operations (weaving, printing, finishing and manufacture) ensures that the raw materials supplied are used as frugally as possible. All production units carry out monitoring and actions to minimise scraps and waste, which form part of the quality approach.

At the weaving stage, a working group made it possible, following analysis and technical tests, to identify and launch new ways to **reduce cashmere waste** by resizing the widths of the material to improve the ratio of printed surface to the area of the material and segregating flows by material to recycle the non-reduced fraction. Partial lengths have been optimised to reduce material waste.

At the printing stage, the widths of silk are selected according to their specifications in order to adapt the material to the printing techniques and products being made. This approach makes it possible to increase the rate of use of the widths and avoid rejection of non-compliant widths.

For the Silk *métier*, the management of “lean” planning has made it possible to dramatically reduce production waste since 2018. Some silk accessories are made from very wide pieces, which reduces the amount of cutting waste and limits energy and water requirements throughout the process. In the same way, the lengthening of printing tables at Ateliers AS enabled substantial savings in dye and textiles, thereby reducing offcuts.

A working group of representatives from each Holding Textile Hermès (HTH) division unit launched in 2019 to optimise cashmere use, continued its work in 2021.

In its Circular Economy approach, HTH has intensified its reuse or upcycling actions aimed at optimising the rate of use of raw materials. The development of new ways of using obsolete materials and components made it possible in 2021 to reintegrate 48% of obsolete silk textile components, i.e. 39,000 metres, for internal and external projects in the development, for example, of ready-to-wear items from designers committed to upcycling.

Together with various service providers and partners in France and abroad, solutions for the reuse and recycling of silk and cashmere waste and offcuts from production are being jointly developed.

The production of recycled silk thread for the manufacture of new products, such as protective covers for products or felt for leather goods from manufacturing offcuts, are examples of projects under development for the recycling of materials. All the operations implemented aim to come as close as possible to achieving the specifications of a new material and thus create a true materials loop in order to reduce the use of natural resources as well as chemical inputs.

Several tonnes of materials were also used in tests to create acoustic panels or clothing. These initiatives are designed to lead to industrial processes aimed at recycling most of the textile production scraps.

Since 2020, analyses and technical tests have ensured the validation and implementation of ways to reduce wastage of materials, including reduction by directing small lengths of cashmere that are unsuitable for use in production to a dedicated workshop. A total of 21 tonnes of textile materials were recycled in 2021.

2.4.1.1.3 Other materials

A working group initiated in 2020 brings together around 30 internal stakeholders, with representatives from all *métiers*, logistics, purchasing, sustainable development and industrial affairs. With the help of experts, it is working on possibilities for substitution and **circularity of plastic** (bioplastics, recycled plastics, recyclable plastics, etc.). Representatives of the House participate in the discussions of the Fashion Pact, which has also initiated a wide-ranging project on the subject.

A new material has been developed by the US start-up MycoWorks using the **Fine Mycelium** biotech production process, which is based on the use of fungal threads. Biodegradable and strong, the sheets of this material are then treated and finished by Hermès tanners in France to further refine their resistance and durability. They were then used by our craftspeople to create the *Victoria* bag unveiled in March 2021.

Cotton

Among the wide diversity of natural materials used within Hermès, cotton occupies a smaller place. This textile fibre is found in all Fashion *métiers*, as well as the herringbone covers in Packaging. Anchored in a global market of which Hermès represents less than one hundred thousandth, the Group is no less demanding in this sector, both in terms of the quality sought for the fibres and in the prevention of the environmental and social risks borne by this sector.

These risks were the subject of an in-depth analysis, (mapping of current uses and supply areas, risk analysis by country and stage of the supply chain, from cultivation to fibre processing and dyeing, and analysis of partners). A trajectory for 2024 was drawn up, with two complementary components, as set out in § 2.4.2.3.4.

Metals and stones

The “zero waste” principle is intrinsic to the manufacture of precious metal jewellery. Historically, it is the cost of these metals that has led industry players to develop strategies for saving materials, maximising their use and recovery of all offcuts, down to the smallest dust particles. Today, this expertise in collection and reprocessing contributes significantly to limiting the impact of the sector.

J3L, the Group’s metal parts manufacturer, contributes for example to the recycling circuit of its lead-free brass waste through one of its two suppliers for approximately 15 to 20% of its own consumption.

Perfumed compounds and cosmetic materials

Hermès Perfume and Beauty uses natural materials or materials of natural origin whenever possible (olfactory quality, accessibility to the material and sustainability of the source). To promote this approach, a **naturalness indicator** based on the ISO 16128 standard was rolled out in 2021. In perfumery, 60% of the raw materials used by Hermès are qualified as “natural” according to this standard and 8% are qualified as of “natural origin” under this standard. In cosmetics, 46% of cosmetics raw materials are “natural” and 13% are of “natural origin”. Overall, out of more than 300 raw materials, **64% of the portfolio is natural and/or of natural origin.**

2.4.1.2 LIFE CYCLE ANALYSIS

Ambition

Hermès teams have always worked on the design of aesthetic, high-quality objects that have very long lives. The Life Cycle Analysis (LCA) method supports this responsible design approach through standardised and quantified calculations, and provides a complementary scientific perspective. For the leather goods workshop, for example, the calculation includes farming, tanning, extraction of metals used, product manufacture, and all transportation until their arrival in stores and packaging elements (orange boxes, herringbone covers, ribbons, and shopping bags), etc. For livestock, the data are taken from the Agribalyse® database and PEF (environmental score) assumptions. For tanning, the actual emission factors of the Group’s tanneries were used. The process began in 2020 with a small number of emblematic high-volume products, with the help of an external firm.

In 2021, Hermès’ *métiers* launched more than 50 LCAs, on a very diverse range of emblematic products, in order to obtain their first environmental “identity card”.

This project has three complementary perspectives:

- ◆ train teams in the challenges and scientific rationale of LCA, as part of a move towards eco-design;
- ◆ understand the key impacts of the products, prioritised according to their sales or strategic impacts;
- ◆ anticipate future regulatory changes in terms of environmental rating of consumer products.

Scope and governance

The project was carried out in collaboration with the leather goods, Women’s and Men’s Ready-to-Wear, Footwear, Fashion Accessories, IoT (Internet of Things), Silk and Textiles *métiers* and Hermès Maison. Each *métier* presented between one and 10 references of emblematic products, such as the *Birkin* bag, the women’s cashmere coat, porcelain tableware or a piece of furniture.

Six indicators were selected:

- ◆ CO₂ equivalent;
- ◆ water consumption;
- ◆ pollution of aquatic environments;
- ◆ air pollution;
- ◆ impact on soil;
- ◆ waste production.

The various stages of these LCA were carried out by several dozen employees over a period of six months, grouping the studies by major categories of objects: textiles, multi-material products, complex products, etc. Each of the three LCA campaigns lasted between six and eight weeks, from data collection to results.

Results and lessons learned

The main conclusion of this LCA campaign is that the durability of Hermès objects gives more favourable results than the average market benchmarks.

They are often made up of a certain amount of raw materials of natural origin (animal, vegetable or mineral), the production of which can have environmental impacts that differ widely. These noble materials of the highest possible quality require careful sourcing in order to maintain their level of quality and excellence. They also contribute to the long lifespan of products, which underpins the environmental impacts.

A second finding concerns product transportation: although most Hermès objects are still delivered to stores using air transportation, for reasons of safety and time, it appears that, for the vast majority of products studied, this freight only represents a small part of the carbon impact (less than 5%). Significant work is underway, including pilot projects, to transfer transportation practices to responsible freight.

However, due to the very high number of hours of craftsmanship required to produce Hermès objects, commuting between home and work by employees can sometimes account for a significant proportion of a product's carbon footprint. This is one of the important lessons from this campaign; each of the production sites (production units, tanneries, workshops, etc.) will consequently work in conjunction with local authorities and each region to propose solutions.

Given the craftsmanship manufacturing model, the footprint of these sites remains limited. Nevertheless, work on LCA has strengthened priorities in terms of energy efficiency, reducing water consumption and increasing the use of renewable energies. Improvement levers have been identified for each product studied, ranging from the integration of materials of responsible origin, either certified or recycled, with a lower environmental impact, to the substitution or reduction of materials, including the transition to renewable energies in manufacturing.

Outlook

This LCA campaign gave rise to illustrated feedback passed to the management of each of the *métiers* that took part, which put action plans in place on the subject. Additional life cycle analyses for other key products or other *métiers* have been initiated. The methodology was also exported upstream of the product development phase in one of the *métiers*, the Home universe. These practices and demands of the collections are helping to anchor LCA in the development cycles.

The *métiers* are involved in national and European experiments on environmental labelling, for which LCA is the scientific basis. They are also working on the development of additional indicators, in particular within the FHCM (Fédération de la Mode et de la Haute Couture), both as part of the work of ADEME in France but also of the PEF (Product environmental footprint) at European level, on social and economic grounds in order to have the most holistic possible vision of the impacts of objects.

2.4.1.3 CIRCULARITY

Thanks to its craftsmanship dimension, the Group has always followed the principles of the circular economy, in particular with its expertise in repairs and after-sales. Today, the aim is to continue along this path as much as possible by leading recycling and upcycling projects, as well as by working on packaging.

2.4.1.3.1 After-sales: repair to extend the life of objects

With more than 1,000 service lines, Hermès unusually offers its customers a tailor-made after-sales service, with no time limit, across all its *métiers* and throughout the world. The House makes a point of ensuring the maintenance and restoration of its objects, made by craftspeople, in order to prolong their life as much as possible. This activity illustrates the durability of the objects and the House's desire to help extend their lifespan. **A strategic focus of the House, it involves more than 50 people, who contributed to handling 161,000 requests in 2021.**

The main aims of this expert service are: management of maintenance requests sent by stores, management of interventions in workshops and supplier relations, support for the *métiers* on quality and reparability issues, store support for customers.

In 2021, **more 56,000 products** were handled centrally. These interventions are also opportunities, thanks to customised support for in-store teams, to strengthen the customer experience with more unique services (adding a sparkle to jewellery and jewellery accessories and returning them in their original condition), services offered (resizing and polishing of rings, repairing of Clic H bracelets, supply of links and cords, etc.).

In order to offer a local service to customers and reduce the carbon footprint associated with product returns, the after-sales department also develops and coordinates local repairs around the world. It carries out the selection, testing, auditing and approval of a number of workshops, notably in the watchmaking/jewellery sector in various countries such as Japan, Russia, China and Hong Kong, as well as the monitoring and support of subsidiaries.

Thus, in 2021, **more than 105,000 repairs were carried out locally**, of which 24% on leather goods, by **33 craftspeople expatriated** to subsidiaries. Before departing, these craftspeople undergo a dedicated seven-month training course in order to enhance their *savoir-faire* and expertise specific to the maintenance and restoration of objects.

2.4.1.3.2 Innovation for a circular economy

The circular approach, inherent in the House, starts with the design of the object, by minimising its impact on the environment through optimised use of resources: reuse of spare materials, integrating recycled materials and refillable parts, etc.

Without waiting for the publication of the French AGEC law (Anti-Waste and the Circular Economy), the *métiers* have accelerated their initiatives through numerous working groups, which have designed solutions that create a second life for objects and recycle objects, and which are now in widespread use.

The actions are coordinated by a **Circularity Committee created in 2020**, which bring together all of the House's experts around cross-functional circular projects. In 2021, this Committee will continue its mission by facilitating the provision of unused materials for each *métier*, for the benefit of the Group's other *métiers*.

Pilot projects have been launched for all product categories (8,000 units) and *métiers* subject to the AGEC 2022 deadline. At Hermès Femme, for example, in 2021 more than 50,000 pieces incorporated a circular approach.

An exhibition entitled *Creation & Circularity* succeeded in raising the awareness of 1,100 employees during European Sustainable Development Week in October 2021.

OIKOS LAB: an eco-design and circular initiative

In order to preserve natural resources and reduce carbon emissions related to construction, renovation or refurbishing activities, the Group real estate department has initiated an approach for reusing materials not used by the various *métiers* (leather, silk, porcelain, textiles, decor, etc.) in the design of Hermès' living spaces (leather goods workshops, stores and offices). This circularity approach has been systematised with our long-standing partner in interior design for all store projects.

Against this background, a laboratory, the Oïkos Lab, was created, aiming to stimulate the design and singularity of living spaces while reducing the environmental footprint.

The materials are thus recovered either for reuse within interior fittings (screens, wall cladding and furniture) or in the creation of objects (desk mats, POS), or through transformation to create new construction materials (tiles, insulation, cork, medium, etc.). The Oïkos Lab participates actively in the House's circular economy, having recovered 10% of dormant and downgraded leather inventories and through the recycling of all porcelain production waste from one *métier* in 2021.

2.4.1.3.3 Petit h and internal reuse of materials

Petit h is above all, a unique creative approach: inventing objects, using materials that Hermès has not used in the production of the House's collections, intertwining the excellence of the House's *savoir-faire* and the creativity of the artists and designers. The *métier* starts from available materials rather than from a preconceived idea. These reverse creations make it possible to develop a new typology of objects that are quirky, funny and useful. All of the Group's *métiers* are involved, and with creative freedom. Ends of collections, accessories, obsolete items (such as a whole collection of pommels from the 1960's), leather scraps, fabrics, silk, etc., all these materials which, put to a new use, ennobled and sometimes relieved of a tiny initial defect, are reborn thanks to unique *savoir-faire* and talented artists. It is in this respect for materials and *savoir-faire*, this spirit of common sense, that petit h naturally participates in the preservation of exceptional materials. Some creations, around 200 pieces per year, are manufactured as unique pieces, at the whim of existing materials. Several hundred other items are also produced in limited and controlled production runs. This creative and unique approach is based on original and inventive distribution beyond

the traditional paths, with pop-up sales abroad that are real "happenings" once or twice a year and a permanent spot in Paris, at the Sèvres store, which was renovated and extended this year.

Petit h is also a laboratory that encourages the *métiers* to identify original upcycling solutions, which are then marketed in larger production runs.

2.4.1.3.4 Management of unsold stock

The Hermès business model, based on the stores' freedom to purchase and the desirability of the House's products, means unsold stock volumes are naturally very low. Orders are made directly and freely by each manager, who is responsible for choosing the right assortment for his or her local customers. In addition, to optimise sales at regional level, the subsidiaries arrange inter-store transfers. Exceptional sales to the public are organised by the distribution subsidiaries to allow the sale of products that have not been sold in stores. Regular sales to staff are an additional channel used to avoid waste. In addition, for several years now, donations of de-branded products have been made to different partner associations.

Hermès has set itself the objective by 2022 of not destroying new products intended for sale, particularly for clothing (under the AGEC law) **in France**. Existing partnerships with specialised associations (some of which date from 2016) have been strengthened, in order to reconcile their actual needs with the reality on the ground and the House's constraints. In addition, the Circularity Committee has set up partnerships with educational establishments, specialised players and industries, in a collaborative approach and in a context where the reprocessing channels are themselves being created and rolled out.

2.4.1.3.5 Packaging

Packaging is used at different levels throughout the life cycle of a product: during its manufacturing phase (packaging of materials, inter-site packaging) and during its sale in stores.

The emblematic orange boxes and bags, made respectively of 100% and 40% recycled materials, are fully recyclable because they are made of paper or cardboard, printed with natural inks. The boxes often have a long lifespan, as customers tend to keep them beyond the time of purchase.

Single-use plastic packaging

In stores, 100% of orange bags are FSC-certified. The comprehensive inventory of plastics throughout the production chain continued and will be completed in 2022.

Hermès continued its work aimed at reducing its packaging plastics, with notably the objective of **stopping the use of single-use plastics by 2025**.

Single-use plastic packaging used by Hermès is either the result of external purchases (packaging for articles or materials received), or used in internal processes such as Minigrip (polybag-type packaging), to transport articles between the various sites and to the stores.

Working groups are in place in the House's various métiers, including logistics and retail activities. Representatives of the House contribute to the Fashion Pact's work on the subject, in order to accelerate the development of alternative solutions.

Hermès Commercial, which manages central logistics, undertook a major project to **eliminate the plastic heat-shrink wrapping** of orange boxes and, at the same time, improve the working conditions of the teams. The project has already been successful on small formats. Thanks to a new mechanisation system, this film has been replaced by a paper strip personalised on the inside with a message highlighting its recyclability. This represents a saving of more than two tonnes of plastic per year. The objective for 2022 is to continue this implementation for larger formats, in the warehouse and at logistics partners.

In 2021, the HTH division launched two studies to optimise the environmental impact of packaging. The first concerns the shuttles used to transport finished products between the HTH depot and the Bobigny central depot. The study identified products with a lower impact, particularly in terms of materials and the carbon footprint. The other study, which aims to replace part of the plastic packaging of finished products is being finalised and should lead to the use of recycled or bio-sourced materials for all or part of the packaging in January 2023.

Pending an alternative material that meets all the environmental challenges, many new virgin plastic articles are gradually being replaced. For example, the structure of jewellery boxes is now made of recycled plastic or PEFC wood.

Cosmetics packaging

For more than 10 years, Hermès Perfume and Beauty has launched refillable perfumes: *Voyage d'Hermès*, *Jour d'Hermès*, *Galop d'Hermès* and this year, *H24*.

For the launch of the Beauty line, the *métier* used the same approach: offering products whose purpose is to last over time. Thus, by changing only the part containing the formula, the **refillable lipstick** reduces the environmental impact by 47% compared to the purchase of two lipsticks.

Similarly, the Blush powder compacts are designed to be kept and contain a removable cup. The purchase of a refill limits the environmental impact by 39% compared to the purchase of two compacts.

Hermès Perfume and Beauty has worked particularly hard on reducing plastic wedges. A first step was the replacement of the plastic sleeves of promotional campaigns by cardboard sleeves, with cut-outs. As a result, the use of 22 tonnes of PET was avoided. Some 80% of the virgin plastic spacers were replaced by recycled plastic, allowing the reincorporation of 39 tonnes of recycled materials. Regenerated plastic (PMMA) is also used for POS instead of new PMMA. Hermès Perfume and Beauty is part of a global and collaborative approach together with the profession by participating in the Spice initiative (Sustainable Packaging Initiative for Cosmetics), whose objective is to align the perfume-cosmetics sector with the definitions and principles of eco-design, including in terms of environmental claims.

2.4.2 SUPPLY CHAINS

The sustainability of Hermès' activities depends on the availability of the high-quality raw materials used. Hermès is committed to sustainably developing supply chains, by going beyond compliance with environmental, ethical and social regulations, and contributing to the future availability of these resources.

POLICY

The Group's strategy is to better understand its supply chains, strengthen them with high expectations to ensure their quality, ethics, environmental and societal sensitivity, and develop them to anticipate future growth.

This approach is based firstly on compliance with the regulations concerning the various materials. This notably means legislative provisions: ensuring compliance with the Washington Convention (CITES), an agreement between States for the worldwide protection of species of flora and fauna threatened with extinction. This can have an impact on the materials used in the leather goods workshops, certain tanneries, or certain ingredients in perfumes. We must also comply with health regulations (hides from cattle and sheep that were raised for meat) and regulations on animal welfare.

The policies used to implement this strategy are, on the one hand, the establishment of **supply chain briefs** to control the entire value chain and co-construct sustainable development action plans and, on the other hand, an **animal welfare policy** formalised in 2021 and available on the Group's website.

2.4.2.1 MANAGEMENT OF SUPPLY CHAINS

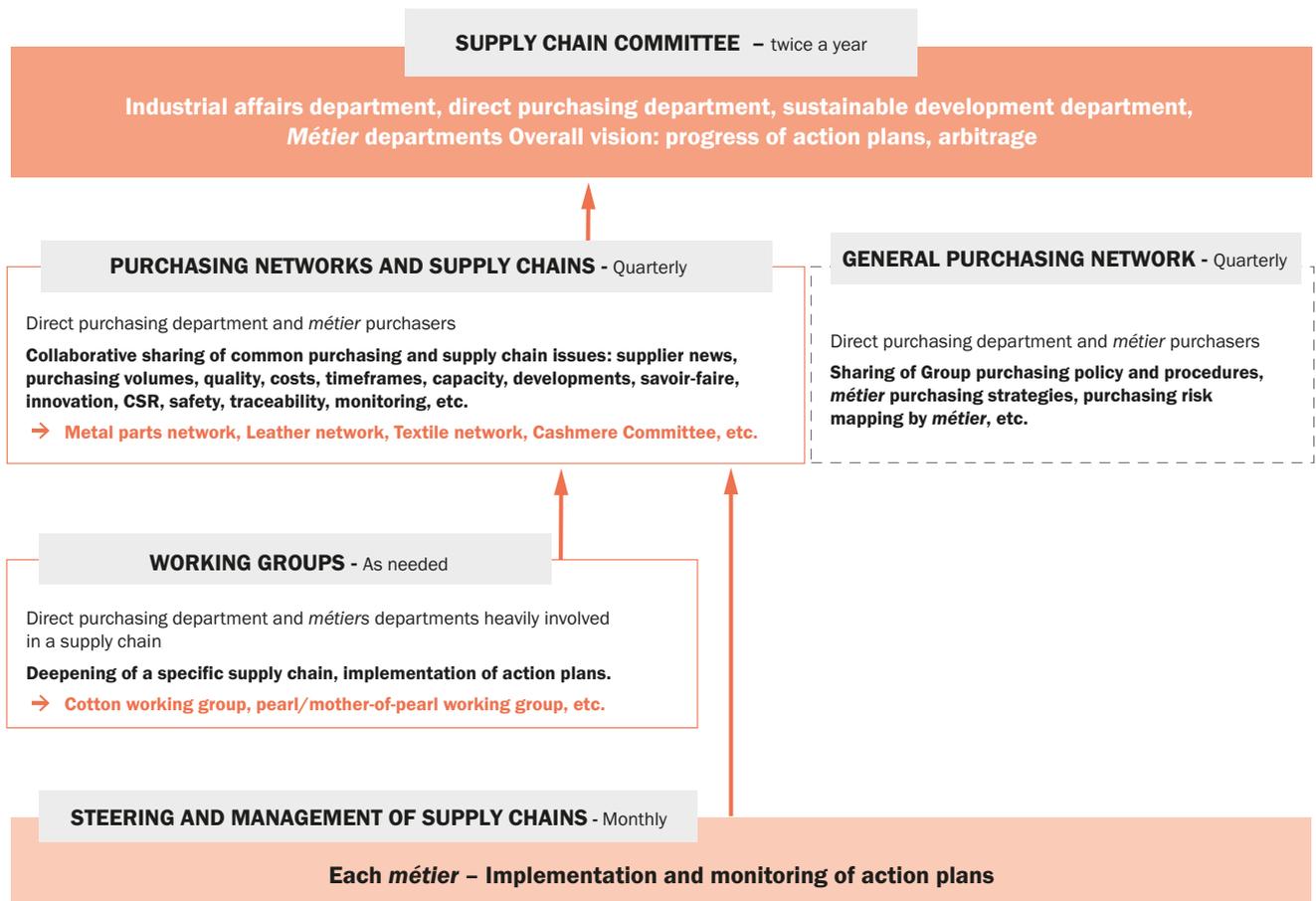
Hermès has long initiated a management approach for its raw materials sectors. Since 2019, the direct purchasing department has accelerated the process with the following ambitions:

- ◆ commit to a genuine process of in-depth knowledge and management of all the House's raw materials supply chains;
- ◆ meet risk management commitments, particularly with regard to human rights and fundamental freedoms, health and safety of people and the environment, but also capture opportunities to create value for the House, local authorities and the environment;
- ◆ develop more virtuous supply chains in which CSR issues are a priority, guaranteeing that 100% of raw materials used in the manufacture of products come from sustainable and responsible channels.

Thus, with the support of an independent expert firm, since the end of 2019, Hermès has set up a systematic approach to analysing its supply chains, to map each supply chain, take stock of traceability, assess inherent and specific risks, avail of opportunities and define insurance and certification procedures, and accordingly implement ambitious action plans managed by the *métiers*. Over the past two years, **74 raw material supply chains have been analysed in detail**, starting with the main ones used by Hermès (calfskin, cowhide, cotton, cashmere, etc.) not forgetting those used in smaller quantities (straw, wicker, mother-of-pearl, etc.) for the sake of completeness.

In addition, in 2021, supply chain governance was put in place with, in particular, **the creation of a Supply Chain Committee**, which, twice a year, brings together the direct purchasing department, industrial affairs department and sustainable development department, together with the Executive Management of all *métiers*. This body makes it possible to obtain an overview of the management of the supply chains and the progress of the action plans and, if necessary, arbitrate on certain points. To support this Supply Chain Committee, purchasing networks and supply chains specific to certain sectors have been set up, managed by the direct purchasing department, to share with the buyers of the *métiers* concerned the challenges common to these sectors, in particular in terms of CSR and traceability.

HERMÈS SUPPLY CHAIN GOVERNANCE



2.4.2.1.1 Supply chain brief and tools

Since 2019, buyers have had a “supply chain toolbox” to use in structuring their supply chain analyses, provide a methodology and ensure a cross-functional Group approach. It makes it possible to:

- ◆ map the sector, listing each link in the supply chain and the stakeholders;
- ◆ identify the risks related to this sector, by assessing the risks with respect to human rights and fundamental freedoms, the health and

safety of people, and the environment (carbon, water, deforestation, biodiversity), as well as the risk of corruption;

- ◆ capture value creation opportunities for the House, local authorities and/or the environment;
- ◆ define action plans to sustainably improve the sector and make it more ethical and responsible.

Of the more than 80 supply chains now identified, 74 had been analysed in detail by the end of 2021. The objective is to complete all the detailed analyses in 2022.

These analyses of supply chains gave rise to a supply chain brief co-constructed by the *métiers*, the sustainable development department and the direct purchasing department, with the support of a firm of independent experts. The first version, including around 10 supply chains, was published at the end of 2020. In December 2021, version 5 was released; it now includes 50 supply chains.

The supply chain brief is intended for all suppliers involved in the supply of raw materials used in the manufacture of the House's products. It allows Hermès to share with them its ethics and sustainable requirements and those relating to the protection of people, animals and the environment.

It provides a reminder of the principles of Hermès' responsible purchasing policy:

- ◆ transparency: knowledge of its supply chains through its network of manufacturers and partners, is at the heart of Hermès' concerns. It aims to guarantee the highest level of quality, the best traceability and the careful use of raw materials. Hermès wants to have a transparent vision of each link in the supply chains of its *métiers*, in collaboration with the players in each sector;
- ◆ high standards: Hermès rigorously selects materials, in compliance with regulations and best practices, according to the following fundamentals:
 - promote exceptional sectors, built locally as close as possible to the raw materials: breeders, farms, cooperatives, etc. Hermès listens to the players involved in the field, to develop partnerships, improve operating conditions and generate long-term improvement projects,
 - respect human rights and fundamental freedoms: in addition to compliance with benchmark conventions, the House's vigilance plan includes respect for human rights, fundamental freedoms and employment conditions for both its suppliers and their own suppliers and subcontractors,

- ensure animal welfare: anchored in a multi-stakeholder collaboration and continuous improvement approach, Hermès' policy ensures compliance with the fundamental principles of animal welfare (five fundamental freedoms of the World Organisation for Animal Health – OIE). Hermès favours observation of animals to demonstrate results and improve animal welfare in pragmatic ways and based on science,
- respect and protect biodiversity: materials from species threatened with extinction or whose trade is illegal are strictly prohibited. Risks related to natural materials of animal origin are already controlled through internal audits and/or audits by independent third parties and are the subject of targeted action plans,
- protect the environment: managing the environmental impact of its entire value chain is a core preoccupation for Hermès. Respecting natural resources, promoting regenerative agriculture and forestry, controlling energy resources, favouring the cleanest technologies in its production processes and limiting waste are all pillars of Hermès' environmental policy,
- in addition to these fundamentals, Hermès is committed to taking advantage of the best available standards and working to improve them, while always integrating respect for people, animals and the environment;
- ◆ goodwill: through their informative purpose, these guidelines are part of the Hermès *métiers*' desire to provide long-term support to their partners and co-construct responsible sectors. This also means promoting the virtuous initiatives already undertaken.

This supply chain brief then presents, for each sector, the short-term objectives and the trajectory for 2024, the points requiring particular attention and those that are prohibitive. In particular, it includes certification objectives for most of the sectors according to the best existing standards.

MAIN SUPPLY CHAIN CERTIFICATION COMMITMENTS

	Types of certification and/or specific procedures	Supply chain covered by the Animal Welfare Policy
ANIMAL SUPPLY CHAINS		
Wool and fur	RWS/RAS/RMS certifications	Yes
Feather/Down	RDS certification/PFC certification	Yes
Leather	LWG certification	Yes
Precious leather	IFCA certification for crocodile farms SAOBCS certification for ostrich farms LPPS certification for lizard farms	Yes Yes Yes
PLANT SUPPLY CHAINS		
Cotton	GOTS certification	NA
Linen	Master of Linen certification	NA
Cellulosic fibres	Sources of FSC fibres	NA
Wood	FSC or PEFC certification	NA
MINERAL SECTORS		
Stones	RJC and/or IRMA certification	NA
Gold/Silver	RJC certification and use of recycled materials	NA

2.4.2.1.2 Analysis of the main supply chains

The objectives and recommendations concerning Hermès' supply chains are presented in the supply chain briefs. For example, the work carried out in 2020 and 2021 covered the following sectors in particular: cashmere, cotton, linen, viscose, sheep and merino, feathers and goose and duck down. The results for cashmere are presented as an example in the Experts' Handbook in this section.

Focus on water in supply chains

Water is an issue at supply chain level and has been the subject of a specific analysis with the main suppliers, through the use of the Water Risk Filter in partnership with WWF.

The main supply chains, for exotic hides (crocodile and alligator), calf hide, cashmere and wood, are also reviewed by the WWF, including environmental aspects.

2.4.2.2 ANIMAL WELFARE

2.4.2.2.1 Hermès animal welfare policy

The Group has set up a **very strict policy in terms of animal welfare for all the animal supply chains concerned**, both within its direct sphere of responsibility and for its external partners. Formalised in 2021, this policy, and all the concrete objectives it sets, have been shared with Hermès' suppliers and partners. It is published on the Hermès website. This policy is part of a process of continuous improvement of practices.

<https://finance.hermes.com/en/animal-welfare>

It is based on the following principles:

- ◆ a commitment to fundamental principles of animal welfare ("the five freedoms" defined by the FAWC), based on the most recent information supported by the best scientists and universities in the world. In order to ensure proper animal welfare, Hermès' approach

focuses on the observation of animals and their behaviour. This therefore means an obligation of results ("outcome based") to be compared with more traditional approaches, which are limited to a material analysis of resources, i.e. only an obligation of means;

- ◆ adoption of the "One Welfare" concept. This holistic approach recognises the links between animal welfare, human well-being and the environment, and promotes interdisciplinary collaboration;
- ◆ a multi-stakeholder collaboration to ensure that the results obtained on animal welfare correspond to the expectations and analyses of a wide range of stakeholders, including many international and national associations (NGOs) involved in the Group's issues;
- ◆ a formal governance framework: in 2019 the House created an Animal Welfare Committee. An independent welfare expert is a member of this Committee which meets at least every six months to update the policy and standards, measure progresses and ensure that resources are in place;
- ◆ implementation of strict standards detailing best practices, specific to each supply chain, representing local community expectations and covering a broad range of areas such as farming and slaughtering practices, transportation, traceability, employee working conditions, the environmental performance of farms and their safety, the promotion of biodiversity, conservation of species and assistance to communities and populations;
- ◆ a monitoring system adapted to each sector allowing progression of best practices by conducting regular internal, or external, controls and audits in the supply chains.

An animal welfare roadmap has been drawn up for each species concerned by the sale of products, in all of the Group's métiers.

1. FAWC: Farm Animal Welfare Council

2.4.2.2.2 Implementation

Ostrich

In partnership with the South African Ostrich Business Chamber (SAOBC), Hermès contributed to positive changes in the Ostrich sector (animals mainly raised for their meat and feathers, and used in the production of leather goods), through:

- ♦ the creation of a standard with all stakeholders (breeders, processors, scientists, government regulators, non-governmental organisations specialising in animal protection, and customers);
- ♦ financing and participation in the training of farmers and processors;
- ♦ a certification process conducted by an independent body since early 2020.

Since the end of 2021, all Hermès ostrich hides have been sourced from certified sites.

Crocodilians

Hermès also continued to support the International Crocodilian Farmers Association (ICFA) initiative to draw up and introduce an international certification framework for crocodilian welfare and the use of sustainable farming practices at farms (see below).

At the end of 2021, 90% of Hermès' supply of crocodile hides came from certified sites. By adding third-party audits according to an internal standard, **98.6% of the crocodile hides purchased by Hermès come from audited and/or certified farms (ICFA).**

2.4.2.3 RESPONSIBLE SUPPLY CHAINS

2.4.2.3.1 Leather

Leather reflects the animal's life. It bears traces of injuries, health issues, like parasites. Beautiful hides come from animals that have been well-treated and cared for. Hence, the Hermès Group's demand for high quality hides helps to improve the industry by encouraging livestock farming methods that respect the animals.

All leathers used for manufacturing are directly purchased from tanneries, with no intermediaries. The vast majority of the needs are covered by the French, Italian, German and Spanish tanneries, all of which must adhere to European standards, which are some of the highest in the world for the industry.

Hermès uses more than 35 different types of leather to make its goods, most of which come from calves raised in France (including our flagship "Box" leather, made using an English tanning technique), but also natural cowhide in our saddlery leather products line and "exotic" leathers such as crocodile, lizard and ostrich.

The leathers used are 95% (by weight) food by-products and 92% sourced in Europe, in compliance with strict and demanding regulations.

80% of subcontractors carrying out operations on leather have been audited or have been subject to EHS¹ NBP inspections over the last five years.

Since October 2020, Hermès has been a member of the LWG's (Leather Working Group) Animal Welfare Group. LWG is a multi-stakeholder group that promotes sustainable environmental practices in the leather industry. It has developed rigorous audit standards and protocols comparable to industry best practices. These protocols have been reviewed by several NGOs, including Greenpeace, NWF, WWF (United States), sustainability organisations and academic institutions. LWG verifies compliance through independent audits conducted by approved third parties. Its approach is holistic, both on environmental aspects, the search for best practices and by defining guidelines for continuous improvement.

Since February 2020, all Hermès Leather Goods & Saddlery tannery suppliers have been encouraged to undergo assessment using the LWG audit protocol, with the objective of reaching 100% by 2024. At the end of 2021, 55% of the sites were already certified.

The Tanneries division has also defined an LWG audit programme for its sites. The Conceria di Cuneo tannery (Italy) was audited in 2020.

Calfskin

The House is part of a working group, Interbev (the French inter-professional organisation for meat and livestock), that brings together several luxury French brands as well as all players in the sector. The aim is to define and implement a responsible calfskin sector, by installing full traceability of hides, defining strict standards in terms of animal welfare and ensuring the application of these standards through audits and certifications carried out by independent third parties.

In addition, Hermès is involved in the association FECNA (*Filière d'Excellence des Cuirs de Nouvelle-Aquitaine*), which brings together several luxury French brands, the region, abattoirs, tanners and independent breeders of "suckling calves". The approach adopted is based on the fact that the quality of the livestock directly impacts the improvement in the quality of the hides.

In practical terms, raising awareness among farmers of best practices and training for farmers is currently being rolled out. The next step will be to implement health treatments (against ringworm and lice). Lastly, the project also includes an approach that will ensure "end-to-end" traceability.

In the firm belief that the traceability of the hides is vital to improving breeding practices and the quality of the hides themselves, the House continued with the laser marking of the raw hides received by the Tanneries d'Annonay and Tanneries du Puy. Developed in partnership with the *Centre technique du cuir* (CTC - Leather Technical Centre), it ensures the traceability of hides from the farm to the finished leather. In 2021, 30% of the calfskins tanned in the division's two tanneries were marked. Rolling this equipment out to our suppliers' raw hide sorting lines will be a key challenge over the coming years, as will be the performance of the automatic hide reading devices in the tanneries.

The target for 2022 has been set at 50% within the division. In addition, the project has now been extended to external tanneries and the aim is to achieve 30% unit traceability for all supplies by 2020.

Exotic hides

Virtually all of the exotic hides the House uses come from farms in the United States, Africa and Australia. All Hermès partner farms must comply scrupulously with the rules drawn up under the aegis of the UN for the Washington Convention, which defines protection for endangered species. Hermès requires that its partners meet the highest standards for the ethical treatment of alligators and crocodile, in accordance with recommendations by expert veterinarians and local authorities such as the Fish and Wildlife Service in the United States, a federal nature protection agency, or the departments of environment and natural resources in Australia (Northern Territory and Queensland) and Zimbabwe. In addition to strict compliance with the Washington Convention, in 2016 Hermès initiated a study with WWF France to assess respect for animal welfare and measure the environmental footprint of alligator hides in the United States. The progress plan drawn up at the end of this study continued to be actioned in 2021.

All the crocodile farming sites the House deals with, including of course those operated by the House, have signed a best animal husbandry practices charter. The charter was introduced in 2009 (an innovation for the profession at the time) and was updated in 2016. These best practices encompass in particular CITES regulations, animal welfare, the farms' environmental management, employee labour conditions, safety at work and safety of infrastructures. All have undergone one or more internal audits in the last three years.

Since 2018, the Tanneries division has outsourced these audits of the breeding farms and the meat processing and hide inspection sites to secure its relations through independent reviews. These audits, carried out by local Bureau Veritas auditors trained in the specificities of crocodile farming, are part of a broader process of "Bureau Veritas Group Recognition" of sites. The audit protocol associated with this best farming practices charter was also reviewed by this organisation, using its expertise in the assessment of farming conditions in other animal sectors. **In 2021, 97.4% (+1.5% compared to 2020) of raw crocodile hides purchased by the Tanneries division came from farms that had undergone an initial external audit,** or a follow-up audit. The two farms that could not be audited in 2021, due to travel constraints imposed by the Covid-19 pandemic, will be audited in 2022. The progress plans drawn up with the farms are monitored annually with the local specialist auditors and the division's purchasing teams.

In addition to these efforts, which have been ongoing for nearly 15 years, the Hermès Group contributes to the improvement of professional standards. Since 2016, Hermès has participated in the **ICFA** (International Crocodilian Farmers Association) alongside the main

players in the industry (farmers, tanners, manufacturers and brands). This association aims to develop and improve sustainable crocodile breeding practices in farms by combining the experience of its members and a scientific community specialised in crocodiles, which has gathered together all practices and existing scientific studies. In 2018, the ICFA accordingly defined a standard aligned with international best practices in the field. A panel of scientists, veterinarians, farmers, brands and specialists in the area of regulations or in ISO compliance participated in the approval of this standard. This was then reviewed and amended by the CSG (Crocodile Specialist Group), a NGO member of the IUCN's Species Survival Commission and working under the aegis of the UN. The Group is continuing to work with the ICFA to support scientific research and the ongoing improvement of crocodile farming systems.

The practices thus defined are backed by scientific studies. The founding principle is to evaluate animal welfare throughout the breeding process in a manner that is both objective and measurable. A certification process for the livestock of its founding members was introduced in 2019, with the help of the independent certifying body BSI. All farms that join the ICFA adopt its standard and are audited. As such, all farms in the division have already been audited and certified by ICFA. In addition to animal welfare, as defined by the FAWC (Farm Animal Welfare Council) and the Five Freedoms for animals, these audits cover environmental and societal aspects of livestock farming.

In addition, special attention is paid to biosecurity rules on farms, in order to protect livestock from the introduction of infectious agents. This includes compliance with strict requirements when transferring animals on farms or between farms, the implementation of disinfection instructions and pest control or animal vaccination programmes. These different protocols were established in collaboration with veterinarians specialising in the species concerned.

In collaboration with experts in animal welfare (also a member of the World Organisation for Animal Health) and in standardisation, a standard was created for the "lizard" sector (*varanus salvator* in Malaysia). The purpose of this standard is to ensure compliance with current regulations and best practices throughout the supply chain. It covers the following topics: management of animal welfare (from capture to slaughter, including transport), compliance with permits and authorisations, environmental management, employee social conditions, and safe working conditions and infrastructure as well as CITES regulations and unit traceability of hides.

Due to travel constraints imposed by the Covid-19 epidemic, the year 2021 was used to select an independent audit body to certify this supply chain. This work, carried out jointly by the Leather Goods and Tanneries divisions and Hermès' partner, will continue in 2022 with the roll-out of certification in the supply chain.

Focus on porosus

The Australian farms in the Farms division are a strategic link in the *crocodylus porosus* hide supply chain. After several years of significant investment in animal breeding facilities and the improvement of *savoir-faire*, the quality of supplies has continued to improve.

These farms are all ICFA certified by the independent control body BSI and are also audited annually by Bureau Veritas, in the same way as the meat processing sites, as part of a “Bureau Veritas Group Recognition” process. These different audits cover various topics such as best practices in farming, transportation and slaughter, compliance with Cites requirements, personal safety, compliance with social criteria, environmental management and site safety.

In addition, research projects are conducted in the division in partnership with scientists to study the behaviour of animals on farms.

2.4.2.3.2 Silk

Silk is an essential resource for Hermès, and its production reflects the House’s values of sustainability and ethics. This material is renewable and biodegradable. Its production uses less water, chemicals and energy than the production of most other fibres, including cotton and synthetics.

For decades, Hermès has sourced silk through a local partnership with smallholders in the state of Paraná, in the Brazilian Atlantic Forest region, a hotspot for global biodiversity. This partner aims to work in harmony with nature through a production system based on low-intensity, regenerative and circular agriculture. The ecosystem thus maintained generates income for small local farms and more than 2,300 families. There is a dedicated annual budget to develop knowledge, qualitative techniques, and the sustainability of the activities and supply chains of these farms. According to a recent study by *Intersoie* (Union of Silk Producers), the carbon footprint of Brazilian silk is 30% lower than that of Chinese silk.

In 2020, Hermès began working with the Institute for Sustainability Leadership (CISL) at Cambridge University, a leader in the field of biodiversity, to undertake a study to confirm the environmental value of this local partner’s approach and to identify actions that could further enhance the benefits of this system. This study states:

“We believe that Hermès silk production in Brazil can be celebrated for its positive environmental benefits.”

The growth of the worms involves a diet based exclusively on mulberry leaves. Mulberry plantations sequester carbon, prevent erosion and contribute to soil regeneration. Mulberry cultivation uses far fewer agrochemicals than those in the surrounding agricultural land where they grow soybeans and sugar cane. Hermès’ partner supports research into the rational use of pesticides and is positively engaged in a local dialogue to reduce their use in other more intensely managed neighbouring crops, as they are harmful to silkworms. The reduction of agrochemicals in the environment is potentially beneficial to the silk industry, but also to local biodiversity, in particular pollinators and soil fauna.

Much of the waste from mulberry growing and silkworm farming is recycled locally. Each part of the cocoon as well as the other co-products of the industry have multiple uses, from fish food to fabric. Such

circularity reduces the demand for raw materials, which leaves more uncultivated spaces conducive to biodiversity.

The Hermès silk supply contributes to the development of materials with a low environmental impact. More broadly, it is part of its global strategy for biodiversity, formalised with Act4Nature International.

2.4.2.3.3 Cashmere

Cashmere comes from the *Capra Hircus Laniger* goat, known as the Cashmere goat, which lives in High Asia. Particularly well adapted to harsh climates, at the beginning of winter, the Cashmere goat develops an extremely fine and dense down beneath its permanent coat of hair, which allows it to effectively insulate itself from the cold. When temperatures rise again, this down is shed naturally during the spring moulting season. It is this extremely fine and soft down harvested by breeders that is commonly called cashmere.

For weaving, Hermès selects the most beautiful fibres. At the same time fine, long and extremely white, and boasting unrivalled softness, they come from the very best farms. The House’s historic yarn manufacturer has built strong, long-standing relationships of trust with raw material suppliers, thereby ensuring supplies of an exceptional quality. Most of Hermès’ supplies come from Inner Mongolia, in the People’s Republic of China, where farming practices are strictly controlled by the authorities in order to preserve the resources.

The Holding Textile Hermès division has direct control over all the processing operations such as weaving, printing, finishing and manufacturing. This integrated process ensures the use of exactly the right amount of raw materials, the streamlining of containers and packaging, facilitating the transport of products, and optimisation of transport.

A programme aiming for the sustainable development of the sector has been ongoing for several years with the support of NGOs present in the breeding areas in question. In 2019, an audit of practices was conducted notably with the support of WWF France. The conclusions, positive on the local practices implemented, led to an action plan and improvements, for example on the traceability of livestock farming practices, and optimisation of water use on hide processing sites. The monitoring of these actions continued in 2021.

The objective is ultimately also to monitor and support breeders' agro-pastoral practices aimed at preserving the resource and the biotope.

Hermès, together with the CCMI (Cashmere and Camel Hair Manufacturers Institute), supports the development and implementation of a code of practice for the accreditation of animal welfare and the environmental sustainability of cashmere production in China led by the ICCAW (International Cooperation Committee of Animal Welfare).

From 2021 onwards, 25% of Holding Textile Hermès' supplies met this new standard. This proportion will continue to increase in the coming years, until it gradually reaches 100% as breeders are trained and adhere to this new standard.

2.4.2.3.4 Other materials

Cotton

Hermès uses a very small volume of cotton in its collections. As for all materials, the cotton supply policy is guided by the search for the best quality and the guarantee of traceability. The cotton supply chain, based on long-standing partnerships, favours low-risk sources: more than 60% of the cotton fibres used in Hermès products come from Europe or the United States.

Hermès has implemented a control approach to ensure respect for human rights throughout the supply chain, from production to dyeing and spinning.

In 2020, the commitment within the Fashion Pact resulted in work with the main suppliers in order to switch all cotton supplies to organic cotton or GOTS (Global Organic Textile Standard) for packaging. These improvements will take place gradually from 2021 to 2024 on the herringbone covers and wrapping ribbons, which will significantly reduce the corresponding water consumption. This certification also includes a mandatory criterion for the ethical treatment of workers.

In 2021, the HTH Textile division also committed to a voluntary GOTS certification process for its sites. Thus, the ATBC Bussières weaving site and the HTH central entity obtained GOTS 6.0 certification for certain product lines in the second quarter of 2021. The SIEGL printing and AEI finishing sites also aim to gain this certification in early 2022. These initiatives have already led to concrete progress: in 2021, 10% of the cotton used by the HTH division was GOTS certified.

Wood

The woods used for Hermès objects are mostly certified (FSC certification for oak, SVLK for mahogany). Some partners, in addition to sourcing certified timber, have ensured their entire value chain is FSC-certified, guaranteeing Hermès supplies that are 100% certified.

The House collects information on how best to manage this natural resource. For the purposes of supply chain traceability, countries of origin, species used, forest type (plantation or natural forest) and supplier certificates are monitored and recorded. The risk assessment checks for corruption in the country and the species appearing on the UICN (International Union for Conservation of Nature) and CITES red lists. To demonstrate its commitment, Hermès took part in the **CDP Forest disclosures in 2019, 2020 and 2021, obtaining an A- rating in 2021**. The objective is to ensure FSC certification of all timber supplies (excluding fruit and Indonesian timber, subject to other certifications) by 2025.

Metals and stones

The precious materials used by the Watches division, Hermès Bijouterie and the Leather Goods division are mainly gold, palladium and diamonds. Hermès has implemented very strict procurement practices that make it one of the leaders in the sector.

The Hermès Group has had Responsible Jewellery Council (RJC) certification since 2013. The RJC is an international benchmark body for the profession. The audit for the renewal of this certification (Code of Practices – COP) took place in 2019 and was validated in 2020. Initially covering only gold, platinum and diamonds, the new certification rules now include silver and certain precious stones (rubies, emeralds and sapphires). **Hermès has become the first luxury house to be certified across the whole of this scope and according to the strengthened criteria of the new COP standard.**

The management of supply chains takes OECD recommendations into account. To this end, the House promises its partners that it will promote responsibility principles. This does not mean simply taking action with first tier suppliers but also going further along the chain, as far as mining, for stones, and recycling or refining for metals. Significant transparency and audit work is already bearing fruit, especially in gold and diamonds. 79% of the workshops with which Hermès works are certified members of the RJC, while 16% have already been audited and are awaiting the formalisation of their status. 100% of diamond dealers are certified.

Most of the jewellery is made from gold and silver, using pellets or primed materials such as plates or wires. This gold and silver comes from the European metal recycling sector, from the jewellery sector itself or from other industries such as electronics. **Hermès does not therefore use gold from mines in its jewellery.** The analysis of the origin of the metal of the components (chains, clasps) and gold salts used for the electroplating, initiated in 2020, confirmed that they came from similar recycling channels.

Refiners in the gold supply chain are certified by the RJC to the "Chain of Custody" or COC standard, which ensures monitoring of the sector and distinguishes between the different categories of recycling. Industrial waste and old gold are classified in one category, with investment gold refined before 2012 in another. In efforts to extend and formalise this chain of trust, more and more manufacturing workshops are also using this certification.

The House's diamond sector abides by the Kimberley Process and its corollary, the World Diamond Council (WDC) System of Warranties. The Kimberley Process, which came into force in 2003 and has been adopted by 81 countries including France, has prevented the arrival on the legal market of "conflict diamond", the sale of which funded guerrillas in unstable countries. The World Diamond Council's system of warranties incorporates broader issues, including working conditions and the fight against corruption.

All diamonds used by the House are natural and selected in accordance with the Hermès Group criteria. At the time of purchase in stores of an object containing diamonds, a certificate attesting to this commitment is given to the customer. Compliance with the aforementioned principles concerns the diamond trade, from mining to the cutting of the 57 facets, but also the trading of polished stones, as well as the setting of watches, their quality control, delivery and sale in store.

The gems or "coloured stones" market is the most complex, with a huge diversity of materials, origins and players. Since 2019, the RJC certification, extended to rubies, emeralds and sapphires, can be promoted in the coloured stones sector. Monitoring of these sectors continues despite delays due to health restrictions limiting travel. This constraint was partially offset by more stringent requirements and greater formalisation in the collection of information on origins. Hermès Bijouterie has created its own risk analysis grid to guarantee that social and environmental responsibility is as important a purchasing criterion as quality, even when this can sometimes lead to certain stones being rejected for lack of information.

Hermès Horloger, which uses 100% recycled gold for its watch cases, has also set itself the objective of improving its knowledge of high-risk sectors by 2022, initially working on the supply of hard stones and mother-of-pearl.

With regard to hard stones, a geographic mapping of the various suppliers of ornamental stones used in the manufacture of the dials was carried out. Today, all top-tier suppliers are European, and the division continues to analyse the supply chains to ensure full transparency throughout the supply chain.

At the request of Hermès Horloger and other watchmaking houses, the historical supplier of natural mother-of-pearl has simplified its supply chain and set up a new supply channel directly with the reseller fishing ports. This approach ensures better control of the supply chain and makes it possible to work with the supplier to respect ethical working conditions.

Finally, the market for ornamental stones and marbles is also a complex sector, with the presence of intermediary players and wide geographical diversity linked to the various mineral materials desired. In 2021 Hermès Maison and Puiforcat carried out an in-depth audit and study of the supply chains, identifying and tracing the stones in the collections, supplemented by points of attention. The analysis of the 13 stones present in the Hermès Maison collections makes it possible to guarantee Hermès' level of social and environmental commitment. In its new developments, Hermès Maison favours the use of stones extracted, machined and worked in Europe.



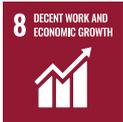
100%
**recycled gold and
silver processed
in the workshops**

EXPERTS' HANDBOOK

This section takes a closer look at Hermès' actions and results on the “Materials” pillar.

CONTRIBUTION TO THE UN'S SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Raw materials constitute one of the main challenges of the sustainable development strategy, and measures taken by the Hermès Group contribute to the UN's sustainable development goals (SDGs).



No. 8: Decent work and economic growth

- ◆ 8.3 “Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services”
- ◆ 8.4 “Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead”



No. 12: Responsible Consumption and Production

- ◆ 12.2 “By 2030, achieve the sustainable management and efficient use of natural resources”
- ◆ 12.5 “By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse”



No. 15: Life on Land

- ◆ 15.1 “By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements”
- ◆ 15.7 “Take urgent action to end poaching and trafficking of protected species of flora and fauna and address both demand and supply of illegal wildlife products”
- ◆ 15.c “Enhance global support for efforts to combat poaching and trafficking of protected species, including by increasing the capacity of local communities to pursue sustainable livelihood opportunities”

SUPPLY CHAIN ANALYSIS

The supply chain brief, the result of the analysis of the supply chains, is available on the Hermès website.

https://assets-finance.hermes.com/s3fs-public/node/pdf_file/2021-12/1640609564/hermes_brieffillieres_decembre2021.pdf

An example of such an analysis is presented below for cashmere.

Industry	Description of risk	Standards adopted by Hermès	2021 action plan	2024 trajectory
Cashmere	Living conditions of farmers, animal welfare, overgrazing in China, rural exodus in Mongolia, impact of climate change on fibre quality, water pollution during fibre processing.	SFA / ICCAW standard (under test).	Continue to identify all stakeholders down to farming level, with information on the source (country and region).	<p>Engage supply chains in a sustainable development approach by relying on local partnerships, in connection with government projects, initiatives by sustainable development associations or NGOs, and international sustainable investment fund programmes. These sustainable development initiatives aim to define:</p> <ul style="list-style-type: none"> ◆ sustainable supply chain management accreditation, auditable by an external third party; ◆ a traceability system at every stage; ◆ a best practice code and associated sustainability criteria concerning: goat farming, pasture management, fibre collection and processing. <p>Identify breaches of human rights, fundamental freedoms and health and safety conditions at work and ban suppliers in the event of serious infringements of human rights and fundamental freedoms.</p> <p>Identify the risks related to animal welfare and ban suppliers that do not comply with the OIE animal welfare principles and Hermès' animal welfare policy.</p> <p>Ban suppliers that authorise genetic cloning or physiological modification of the animal (use of endocrine disruptors).</p> <p>Identify farming practices with adverse effects on the environment, particularly related to poor soil management.</p>

Compagnie des arts de la table et de l'émail, in Nouvelle-Aquitaine



©Photographe: François Coquerel

2.5 THE PLANET: ENVIRONMENT

The Group's sustainable development involves knowing, controlling and reducing its environmental impacts, as part of a responsible approach to its operations. More broadly, Hermès contributes, through its commitments and actions, to the fight against climate change and the preservation of biodiversity for a responsible and sustainable development.

Introduction

Respect for nature, the source of its exceptional raw materials and the living environment surrounding its sites, is one of the Group's strong and unwavering values. In 2002, the Group drafted an environmental policy, revised in 2020, aimed at limiting the impact of its activity across all areas. Pragmatic but ambitious solutions to preserve the environment in the long-term are systematically sought, trying to go further than regulatory requirements wherever possible. The priority is to control the impacts across the entire value chain, from upstream agricultural production to distribution, and from purchases to internal operations.

Water and energy consumption in 2020 were obviously impacted by the context of the pandemic, which means that the comparison of data between 2020 and 2021 is not necessarily indicative of the progress made. Rather, it is a question of considering an overall progress trajectory over a longer period of time.

This mindset in favour of the environment requires the involvement of everyone, from investment decisions to everyday eco-actions, together with a robust environmental, health and safety (EHS) culture on all sites. It is structured around policies, procedures, tools and major commitments:

The main commitments of the Planet pillar: Environment



In 2021, the Group made progress on the main environmental issues, with the aim of making a long-term difference through steady improvements with a significant impact. Among these, the selected elements below are particularly illustrative of 2021 for this section:

- ◆ Update of 2030 carbon reduction targets and validation of trajectories by the SBTi. A- ranking by CDP Climat;
- ◆ Confirmation of decrease in carbon emissions in absolute value (all scopes): -15.3% since 2018;
- ◆ Setting a notional internal carbon price at €40;
- ◆ New investment in Livelihoods (Carbon Offset) and offset in 2021 for 100% of scopes 1 & 2 and 63% of transportation;
- ◆ Final report on "GBS" biodiversity footprint analysis, internal biodiversity e-learning;
- ◆ ZDHC (Chemicals) initiative for the Tanneries division;
- ◆ "Responsible and Sustainable Real Estate" standard.

PLANET

ENVIRONMENT

	OBJECTIVES	INDICATORS	2021 RESULTS
	CONTROL THE CONSUMPTION OF NATURAL RESOURCES INTERNALLY AND WITH SUPPLIERS: WATER, ENERGY		
	Reduce the intensity of industrial water consumption by 5% per year	Change in industrial water consumption	-35.4% in water consumption intensity over 10 years and -23% compared to 2020
	Reduce the intensity of energy consumption	Change in energy consumption by type and by geographical area	-48.2% industrial energy intensity over 10 years and 18% decrease in stores' electricity consumption since 2018
	DEFOSSILISE OUR ENERGY CONSUMPTION		
	Implement renewable energy programmes	Achieve 100% renewable electricity by 2025 and 100% renewable energy by 2030	100% renewable electricity in France and 86.9% worldwide 46.7% renewable energy worldwide
	In-house renewable energy production	Total self-generated renewable energy at production sites	Self-generated renewable energy equivalent to the consumption of 3 leather goods workshops
	ENHANCE PRODUCTION PROCESSES BY CHOOSING THE CLEANEST, MOST ENERGY EFFICIENT TECHNOLOGIES AND THE MOST ENVIRONMENTALLY-FRIENDLY MATERIALS AVAILABLE		
	Use energy-saving equipment	Implement energy sub-metering solutions at sites and stores	67 sites equipped with sub-metering and energy management solutions
	REDUCE THE FOOTPRINT AND CONTROL WASTE AND EMISSIONS, REDUCING THEIR PRODUCTION AS MUCH AS POSSIBLE AND RECOVERING THEM WHENEVER POSSIBLE		
	Use water treatment equipment to control waste	Number of tanneries having installed specific purification equipment	100% of the HCP division's tanneries have their own water treatment plants
	Develop the recycling of production, transportation and sales waste	% of waste that is recycled	44% of industrial waste recycled
	REDUCE GREENHOUSE GAS EMISSIONS IN ABSOLUTE VALUE (SCOPES 1 & 2) AND IN PROPORTION TO ACTIVITIES (SCOPE 3), IN LINE WITH THE PARIS AGREEMENT		
	Reduce greenhouse gas emissions in absolute value (scopes 1 and 2)	% decrease in emissions in absolute value for scopes 1 and 2	-14.5% reduction in scope 1 and 2 GHG emissions since 2018 (absolute value)
	Reduce intensity of greenhouse gas emissions (scope 3)	% reduction in emissions intensity for scope 3	-44.8% scope 3 carbon intensity since 2018
	STUDY CLIMATE RISKS, ACT TO REDUCE THEIR IMPACTS, ANALYSE ADAPTATION SCENARIOS AND INTEGRATE THEM INTO THE STRATEGY		
	Anticipate the risks related to climate change	Studies of physical risks and climate transition and of the evolution of systems	<i>Ad hoc</i> study on physical risks and adaptation to climate change for Hermès (2020 and 2021). Participation in the IRIS project launched at the end of 2021. (2060 risks)

	OBJECTIVES	INDICATORS	RÉSULTATS 2021
	FORMALISE A CLIMATE CHANGE STRATEGY AND GOVERNANCE, DEFINE OBJECTIVES AND MONITOR INDICATORS		
		Validation of our carbon trajectory by the SBTi: reduction of 50.4% in scopes 1 and 2 in 2021 (absolute value) and 58.1% in scope 3 (intensity) between 2018 and 2030	Science-based Target initiative validation of scopes 1, 2 and 3 emission reduction targets
	Align with global initiatives to reduce greenhouse gases	Compliance with the carbon trajectory validated by the SBTi	-15.3% absolute reduction in emissions across all scopes since 2018
		Define an internal carbon price	Notional price set at €40 per tCO ₂ eq (industrial and real estate investments, transportation)
	UNDERTAKE HIGH VALUE-ADDED VOLUNTARY CARBON OFFSET ACTIONS		
	Offset emissions corresponding to significant emission items	% of offset for scopes 1 and 2 and transportation	100% scopes 1 and 2 GHG offset and 63.6% for transportation GHG thanks to the Livelihoods programme
	IMPLEMENT BIODIVERSITY TRAINING ACTIONS FOR ALL EMPLOYEES		
	Develop training to raise employee awareness	Number of employees trained	100+ people trained in 2020 via Biodiversity conference
	WORK IN PARTNERSHIP WITH STAKEHOLDERS WHO ARE EXPERTS IN BIODIVERSITY		
	Establish partnerships with leading expert organisations on the subject of biodiversity	Quality and duration of partnerships	- WWF France since 2016 - CDC Biodiversité since 2020 - CISL (University of Cambridge Institute for Sustainability Leadership) since 2020
	ASSESS OUR IMPACTS ON BIODIVERSITY ACROSS OUR ENTIRE VALUE CHAIN (FAUNA AND FLORA) AND DEFINE OUR AMBITIONS ON A SCIENTIFIC BASIS (SBT)		
	Measure our biodiversity impacts at production site level	Number of production sites on which a Biodiversity assessment has been carried out	14 production sites on which a Biodiversity assessment was carried out
	Measuring our biodiversity impacts across the entire value chain	Assessment and monitoring of the impact on biodiversity by 2025 (Act4Nature)	92% of activities assessed according to a GBS (Global Biodiversity Score) study in 2021
	Conduct dedicated Biodiversity studies in certain supply chains	Number of supply chains studied	Silk sector in 2020 and launch in 2021 of the goat leather supply chain by the CISL
	IMPLEMENT BIODIVERSITY ACTIONS IN OUR MÉTIERS, SUPPLY CHAINS AND SITES ACCORDING TO THE IMPACTS		
	Involve our value chain in actions to promote biodiversity	Distribution of a CSR brief to our suppliers with a biodiversity component	Online publication and dissemination of the CSR brief in 2021
	Act at our production sites	Objectives during the construction or renovation of production sites	0 phytosanitary treatments on the green spaces of the 14 production sites studied
	CONTRIBUTE TO POSITIVE ACTIONS, INCLUDING OUTSIDE OUR SPHERE OF RESPONSIBILITY (FONDATION, LIVELIHOODS)		
	Forge partnerships around biodiversity	Number and duration of programmes supported in connection with biodiversity	Through the Foundation: Africa-TWIX (WWF) since 2016, Vigie-Nature École (National Museum of Natural History) since 2019, Étude sur les Caimans (CNRS) since 2019
	Continue to develop our participation in the Livelihoods project	Number of projects supported through Livelihoods	17 extensive projects with concrete social and environmental results
		Number of hectares restored and number of trees planted	More than 57,000 hectares restored and more than 132 million trees planted by Livelihoods

2.5.1 ENVIRONMENTAL ACTIONS FRAMEWORK

2.5.1.1 ENVIRONMENTAL POLICY

Hermès' environmental policy is based on several principles:

- ◆ comply with workplace Environmental Health and Safety (EHS) regulations and to prepare for changes in these regulations whenever possible. The industrial affairs department coordinates a network of EHS Officers at the manufacturing sites;
- ◆ respect natural resources and favour the cleanest, most economical technologies and the most environmentally-friendly substances:
 - manage water responsibly and sustainably. Reduce volumes abstracted, recycle and improve the quality of discharges in relation to ecosystems. Engage alongside stakeholders in the watersheds to preserve this shared resource,
 - manage energy resources by reducing energy consumption and favouring the use of renewable energies,
 - respect and safeguard biodiversity, implement scientifically-based objectives in the direct and extended sphere of responsibility. Voluntarily engage beyond the sphere of influence. Train, collaborate, evaluate and act;
- ◆ minimise waste production and recycle it as much as possible;
- ◆ resolutely commit to a low-carbon world, implement scientifically-based objectives and actions compatible with a trajectory limiting global warming to 1.5 °C by 2050, across the entire value chain and beyond Hermès' sphere of influence;
- ◆ increase the resilience of the Hermès model in the face of environmental changes. Study their effects, inform and collaborate with our partners and suppliers to adapt the entire value chain.

2.5.1.2 ENVIRONMENTAL GOVERNANCE

Environmental topics are supervised by a member of the Executive Committee in charge of the Manufacturing division & Equity Investments, who is supported by a Deputy Managing Director, in charge of the House's industrial affairs department, and by the Group real estate department. These subjects are clearly at the core of the Group Sustainable Development Committee's discussions. An annual analysis is conducted by the main *métiers* of the House when the strategic plans are being prepared to identify issues in terms of environmental protection. These various challenges go hand-in-hand with practical objectives shared with the Executive Committee. From a regulatory perspective, the Hermès Group's policy is to establish action plans that are adapted to the various *métiers*, in order to understand and comply with regulations (primarily adapted to a very rigorous European legal contest) but also to monitor progress made. Each *métier* is responsible for monitoring and implementing the applicable regulations. The industrial affairs and Group real estate department are responsible for alerts, oversight and control in this area.

Industrial affairs department

The industrial affairs department, together with the *métiers* and all players in the production entities, is pursuing an environmental policy formally approved by the Executive Committee and, with the support of the commercial and group real estate departments, coordinates the House's energy programmes (construction, transport).

Responsible real estate

Prior to 2016, the Group real estate development department tested various certifications such as HQE, LEED and BREAM for its construction projects. None of these certifications covered all Hermès typologies: production sites, logistics centres, stores, offices, which made an overall assessment of the environmental performance impossible.

Since then, in response to this issue, it has drawn up its own guidelines by associating the highest environmental standards with the House's values. This new construction standard only concerns construction or development projects.

This standard is significantly more demanding than the market standards (LEED, BREEAM, HQE), and covers 30% more criteria. In the coming years, it must give rise to certification work to confirm its robustness.

Responsible real estate standard

In 2021, Sustainable Construction becomes Responsible Real Estate to meet environmental commitments and deliver high-performance and sustainable buildings to the Group. This is reflected in the application of the criteria of the standard across the entire real estate value chain: from the choice of site to operation, including the design and works phases.

Today, Responsible Real Estate has a management tool through a web platform that measures the environmental performance of projects by taking into account the five new objectives:

- ◆ carbon footprint;
- ◆ air quality;
- ◆ biodiversity;
- ◆ local sourcing;
- ◆ environmental health.

This web platform was launched in the second half of 2021 to manage and measure all the Group's real estate projects.



2.5.1.3 METHODOLOGY: TOOLS, ANALYSIS AND MONITORING

Since 2012, in order to monitor environmental data from its industrial sites, 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 performance indicators 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 affairs department, as well as for audits carried out by the Statutory Auditors. Since 2018, all industrial environmental indicators are reported for a period running from November through October. For methodological reasons, some of the activity data used in the scope 3 carbon emissions calculation cover a calendar year.

Moreover, consumption figures for certain leased sites, for which no data are available, are not taken into account as they are not significant.

For internal sites, oversight of environmental actions occurs in different ways. The industrial affairs department and its EHS Officers exert a first level of control within the context of a “water, energy, carbon, waste” plan that is updated each year. In the context of this effort, the audit and risk management department conducts audits on the critical topics included in the Group’s risk map (§ 4.1 in chapter 4 “Risk factors and management”). Lastly, external controls are performed on the Hermès Group’s suppliers to ensure coverage of all entities. The industrial affairs department consolidates the results of these audits as part of an ongoing process of improvement.

For external suppliers (§ 2.6.1), the Purchasing Committee reviews the results presented by the industrial affairs department several times a year. It monitors the number of audits conducted per year as well as the quality of the results. The industrial affairs department (IAD), under the control of the audit and risk management department (A&RMD), craft action plans with the relevant *métiers* and monitors their progress.

The scope of environmental reporting of stores has been extended and in 2021 enabled the collection of consumption data for 10 out of the 33 concessionaires and an estimate (consumption in kWh and tCO₂ eq) for assets for which we did not have data, in three categories: branches, concessions, travel retail. The consumption of all our stores is taken into account in this reporting.

The methodology adopted consisted in applying to the surface areas of these stores an average consumption per square metre, calculated by country on the basis of the consumption reported and the associated surface areas, and then converting this into CO₂ according to the country’s energy mix. Electricity consumption concerns an actual 73% and an estimated 27% of Hermès branches worldwide as well as the branches of John Lobb, and those of Cristalleries Saint-Louis and Puiforcat.

In France, data for 100% of stores are included in the reporting. The same applies to all French branches of John Lobb, Cristalleries Saint-Louis and Puiforcat.

In Europe (excluding France), almost 100% of stores are covered. In Asia, 89% of stores in Greater China (Mainland China, Hong Kong and Macau) and 71% of stores in Thailand, Malaysia and Australia are covered. In Japan, the four main stores are also included. In the Americas, 63% of stores are covered.

2.5.1.4 COMPLIANCE, ENVIRONMENTAL PROVISIONS AND FINANCIAL GUARANTEES

In 2021, the DREAL approved the fire water retention compliance works at the Cristalleries Saint-Louis (formal notice received in 2020). In 2021, no other industrial site was subject to a formal notice. The Group did not receive any environmental fines.

The amount of provisions for environmental liabilities is made up of provisions for the cost of asbestos removal work on the roofs of an industrial building and remediation work on a manufacturing site for a total of €8 million.

In accordance with Article R. 516-1 of the French Environmental Code, the Annonay and Le Puy tanneries, the only tanneries within the scope of the system, have provided financial guarantees.

2.5.2 RESOURCE MANAGEMENT

The control of water and energy consumption, inseparable from ecological and economic responsibility with respect to the major global challenges facing us today, is a goal shared by all the House’s divisions. Thanks to its craftsmanship model, Hermès is distinguished by a low energy and water footprint as well as generating only small amounts of waste in absolute terms. Its footprint is even lower in relative terms (the Group has one of the lowest carbon intensities of CAC 40 companies). The *métiers* are working to limit their respective consumptions through actions described in more detail below and thus contribute to the energy transition.

2.5.2.1 CONTROL CONSUMPTION OF NATURAL RESOURCES: WATER, ENERGY

2.5.2.1.1 Water

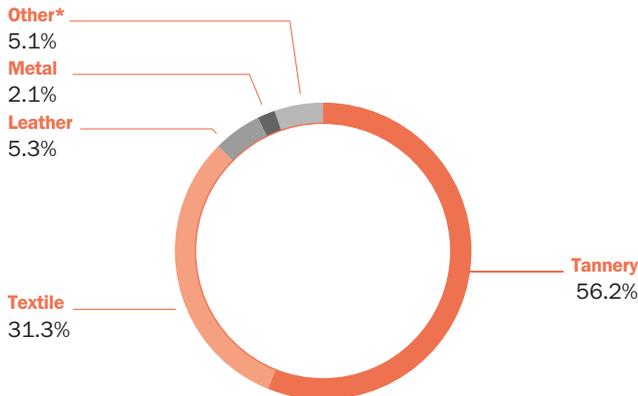
Objectives:

- ◆ continue the decoupling of industrial water consumption from business growth;
- ◆ reduce water consumption by 5% per year in intensity (m³ per million euros of revenue, constant scope) over the period from 2018 to 2023;
- ◆ implement a multi-stakeholder approach and co-construct with external stakeholders (regional departments, municipalities or professional associations approaches to optimise management of water and discharges).

Industrial water

Water for industrial use is mainly (87.5%) used for industrial consumption in the two *métiers*, tanneries and textile units: **627,491 m³/year** at global level.

BREAKDOWN OF INDUSTRIAL WATER CONSUMPTION BY MÉTIER IN 2021 (EXCLUDING FARMS)



* Crystal, Logistics, Perfume, Watch division, Beyrand, Bootmaker, Porcelain, Silversmith

Over the past 10 years, the Hermès Group has maintained its aim of decoupling, with industrial water consumption changing by a factor of 1.7 while activity grew 2.6-fold.

Over 10 years, water consumption intensity has fallen by 35.4%.

In 2021, overall water consumption for industrial use increased (+8.1% compared to 2020, a year impacted by site closures during the first lockdown in France. In comparison with 2019, consumption continued its decline (-6.1%), despite including in the results the consumption of the J3L group over a full year. This is the result of continued reduction efforts on all the Group's industrial sites.

In 2021, Hermès obtained an A- score on the CDP Water Security questionnaire (A/A- Leadership: implementation of current best practices).

As mentioned in §2.5.4.1, a water risk assessment was conducted alongside WWF in 2019 using the **Water Risk Filter and Aqueduct** tools, the latter being developed by the WRI (World Resources Institute). The findings are gradually being incorporated into the sites' action plans.



-28%

Intensity of industrial water consumption, compared to 2019

INDUSTRIAL WATER

INDUSTRIAL WATER CONSUMPTION	2019	2020	2021
in megalitres	668	580	627

INTENSITY

WATER CONSUMPTION - GROUP	2019	2020	2021
Intensity m ³ /Revenue €M	97	91	70

Water consumption control is based on monthly monitoring of consumption, preventive maintenance programmes for facilities, regular verification and calibration of meters, installation of new individual meters, and programmes to raise employee awareness. Significant discrepancies unrelated to production differences are analysed and verified in order to locate and repair any possible leaks.

The *métiers* work on a daily basis to minimise water consumption, find innovative solutions to increase the proportion of recycling (rainwater recovery, wastewater treatment, innovative efficient water and energy systems, implementation of valves that adjust the water flow, etc.).

Tanneries / 2.7% increase in consumption in 2021 (decrease of 13.5% compared to 2019)

Hermès operates six tanneries, including five in France (Annonay, Le Puy-en-Velay, Vivoin, Montereau and Jullien Tannery in Chabris) and one in Italy. The RTL site in the United States has not been tanning since the end of 2020 and is now dedicated exclusively to the inspection of raw *alligator mississippiensis* hides from American farms.

Water consumption and effluent treatment are major challenges for the Hermès Group's tanneries. Historically located close to rivers, they use this water for the purposes of tanning, dyeing and finishing hides. A total of 63% of the water for the division's six tanneries comes from watercourses or boreholes. The rest comes from municipal sources.

The water consumption ratios of the tanneries remain consistent with the levels observed over the last three years.

Textile / +19.3% increase in consumption in 2021 (decrease of 1% compared to 2019)

Water is a fundamental and precious element for the fabric printing and finishing stages. 95% of water requirements are covered by borehole water, significantly limiting the use of drinking water for industrial processes. The Textile division is implementing an ambitious water cycle policy: for example, the AEI site (16% of the division's consumption) has included the ratio of quantity of water used per kilogram of fabric produced in the calculation of the incentive scheme, in order to motivate each employee to achieve the objectives,

Efforts are now focused on recycling wastewater. They have resulted in projects for the modernisation of wastewater treatment facilities (STEP) on three sites representing more than 90% of water discharges. These high-performance STEP projects include recycling of water in production processes, with efficiency targets, reaching up to 70% recycling of water in production process by 2023 (i.e. potentially 50,000 m³ of borehole water saved).

Leather / 26.3% increase in consumption in 2021 (increase of 14.8% compared to 2019)

Leather goods workshops have a low "water" environmental impact since no volume of water is used for the process. The consumption of our leather goods workshops can therefore be assimilated to that of a tertiary activity with most of the water use being for washrooms.

However, the water impact is taken into account in the design of new production units with the implementation, from the start of operation, of best practices. In addition, the latest leather goods workshops benefit from a rainwater recovery and treatment system to supply washrooms.

Water consumption, in absolute value, increased by 6,883 m³ in 2021 compared to that of 2020. There are three reasons for this:

- ◆ consumption of new sites commissioned in 2021, representing half of the difference;
- ◆ the resumption of activity of company restaurants that had been shut down in 2020 at the height of the Covid-19 health crisis;
- ◆ a water leak at a leather goods workshop that was not detected immediately. Meters and an automatic alert system with consumption management have since been put in place at all leather goods workshops.

J3L

2021 is the first full reporting year for J3L. No comparisons are therefore available. The water at the Portugal site comes from rainwater recovery and municipal water. The use of wastewater treatment plants by evapo-concentration at the surface treatment sites allows, thanks to recycling, a major saving on the water used in the processes.

Agricultural water

Farms/7% increase in consumption in 2021, (6.6% increase compared to 2019)

The Farms divisions are respectively composed of one alligator farm (*alligator mississippiensis*) and a hide inspection centre in the United States, four crocodile farms (*crocodylus porosus*) and two hide processing and hide inspection facilities in Australia. These figures include the new farm, under construction in Australia, which will reach full production capacity in 2024. Water abstraction by farms for the year 2021 amounted to 4,810 ML, slightly higher than in 2020 (+7%) due to the construction of the new Australian farm. Water consumption control relies on the monthly monitoring of the farms' consumption and the water quality of the tanks and effluents (in accordance with applicable standards).

The water used in the sites of the Australian division comes mainly from boreholes (68%), while the use of municipal sources is limited (12%). The remainder (20%) comes from a sugar cane production plant located near one of the farms, thanks to an innovative industrial circularity operation, in which the hot production water is exchanged for the farm's effluents to irrigate the fields. The American farm exclusively uses well water from hot springs, which also allows it to significantly limit its energy requirements.

2.5.2.1.2 Energy: electricity, gas

Objectives:

- ◆ put in place actions compatible with the global warming trajectory of 1.5 degrees and, in particular, continue the decoupling between industrial energy consumption and business growth;
- ◆ implement a policy of 100% renewable electricity within its own operations by 2025 and renewable energies by 2030;
- ◆ no longer use gas or any other fossil fuels as an energy source for all new industrial investments, unless this is proven technically impossible. Dubbed "defossilisation of industrial sites", this programme reaffirms Hermès' desire to actively participate in the energy transition necessary to limit global warming;
- ◆ equip all stores with 100%-LED lighting by 2023, unless this is technically impossible.

Energy consumption (electricity, gas) was **214,808 MWh/year** at Group level, excluding farms. This is distributed as follows, in a context in which the Group manufactures 58% of its objects in Hermès exclusive in-house workshops.

GROUP BREAKDOWN	Industry	Stores	Services	Total
2021 in %	75.5%	17.9%	6.6%	100%

GROUP ENERGY INTENSITY	2019	2020	2021
Intensity in MWh/Revenue €M	30	31	24

The **Group electricity consumption**, excluding farms, represents 53.7% of the total, i.e. **115,402 MWh/year**.

The energy consumption (electricity, gas) of farms, consolidated separately, is 5,120 MWh/year of energy, including 4,113 MWh/year of electricity.

BREAKDOWN OF INDUSTRIAL ENERGY CONSUMPTION (GAS, ELECTRICITY) BY MÉTIER IN 2021 (EXCLUDING FARMS)



* Logistics, Beyrand, Perfume, Porcelain, Watch division, Metal, Bootmaker, Silversmith

Over the last decade, the Hermès Group has maintained its ambition of decoupling consumption from growth with a 1.34-fold increase in industrial energy consumption compared with a 2.6-fold rise in activity volumes. This result testifies to the improved management of consumption.

Industrial energy consumption intensity fell 48.2% over the same period. In 2021, overall energy consumption increased (+9.6%) compared to 2020, a year impacted by site closures during the first lockdown in France. In comparison with 2019, consumption only increased very slightly (+2.5%), thanks to the solutions implemented by the industrial sites.

In order to monitor and manage energy consumption more closely, sub-metering solutions are being rolled out across all Group sites. To date, for example, 32 production sites and 16 stores are equipped with such systems.

The voluntary energy audit campaign initiated in 2019 on the French sites, enriches the action plans for reducing energy consumption with a view to reducing greenhouse gas emissions.



-21.4%
**intensity
of industrial
energy consumption,
compared to 2019**

INDUSTRIAL ENERGY

INDUSTRIAL ENERGY CONSUMPTION	2019	2020	2021
In GWh	158	148	162

INDUSTRIAL ENERGY INTENSITY	2019	2020	2021
Intensity in MWh/Revenue €M	23.0	23.2	18.1

Crystal manufacturing / 4.1% increase in consumption in 2021 (increase of 2.5% compared to 2019)

The processes using the most energy at the production unit are melting the material and working with it while hot. During each investment project, research is carried out to ascertain the best available technology in terms of energy efficiency and production volumes, which is then implemented. The last two furnaces renovated (pot furnace and gas melting furnace) as well as the reorganisation of the hot-part workshop are good examples of this. The study carried out on the renovation of the gas melting furnace, planned for 2022, forecasts a 30% reduction in the gas consumption of this tool, thereby reducing GHG emissions by the same amount. The replacement of two openings in 2022 and the recovery of waste heat are part of this approach to optimise the site's energy efficiency.

In 2021, a study was carried out to replace the boiler room in this building.

Tanneries / 4% increase in consumption in 2021 (decrease of 8.9% compared to 2019)

The tanneries continued their work to improve energy efficiency, both on existing facilities and during renovations and the construction of new premises. Particular attention is paid to the following points: supervision of equipment by centralised technical management (GTC), replacement of production equipment with alternative equipment that has improved energy performance, thermal insulation, insulation of pipes or replacement of lighting with LED bulbs.

All the division's tanneries underwent an energy audit as part of the programme initiated by the Group in 2019. The tannery located in Italy and the Jullien tannery were audited in 2021.

The energy consumption ratios of the tanneries remain consistent with the levels observed over the last three years. As a reminder, 2020 was marked by a decline in activity caused by the temporary closure of sites, as a result of the Covid-19 pandemic.

Textile / 16.2% increase in consumption in 2021 (increase of 1.9% compared to 2019)

Energy consumption (gas and electricity) can be attributed mainly to equipment that produces high-temperature steam, as well as heating and lighting (workshops and offices). Each site continued the actions already started in previous years to optimise consumption and move towards more energy efficient equipment.

Efforts to manage consumption during production stoppages (weekends and public holidays) and investment in renewable technologies (geothermal energy) during the industrial phase of the Passerelles project have helped to mitigate the consequences of the commissioning of new facilities and the new printing line.

In 2021, Ateliers AS carried out its project to optimise the use of steam boilers, as well as the instrumentation of the boiler room in order to continuously monitor the energy performance index.

In October 2021, the ATBC horsehair weaving site in Challes replaced its fuel oil boiler with a biomass boiler (wood pellets). This change will reduce GHG emissions from heating by 96%.

J3L

Electricity is the most widely used energy within J3L. As part of the programme initiated by Hermès, at the end of 2020, J3L launched a voluntary energy audit campaign at its sites to identify the main levers for reducing energy consumption and opportunities for replacing fossil fuels with other sources of energy that emit less greenhouse gas. In this context, the replacement of a fuel oil boiler is being studied, with the second one already using compressed wood pellets.

More than half of the electricity consumed is used for surface treatment sites, which use the process of wet deposition of precious metals, electroplating, which involves applying a precise current for a given time depending on the desired surface area and thickness of deposit. The equipment maintenance strategy and the ability to produce “right the first time” are levers for optimising electricity consumption.

Stores / 4% increase in consumption in 2021

The branch stores consumed 38,451 MWh of electricity in 2021 (of which 31,463 MWh reported by subsidiaries), i.e. an increase of 4% compared to 2020. These figures are correlated to a large extent by a balance between sales surface areas, mainly in Asia and the United States, and store closures and openings.

In 2021, the consumption of Concession and Travel Retail stores was estimated at 3,860 MWh.

The downward trend in the ratio of energy consumed by unit of sales surface (KWh/m²), especially in France and Asia, is attributable chiefly to the increase in LED lighting, together with improved management of energy consumption, which both continued.

Offices and ancillary premises consumed 14,209 MWh in 2021, of which 10,818 MWh at the Paris and Pantin sites.

For the stores, the improvement levers are the optimisation of lighting and air conditioning. At the end of 2021, **84% of Hermès Group stores were equipped with LED lighting**, with an average reduction in energy consumption of around 20%. By 2023, all stores will be fully equipped with LED lighting. In addition, window and store lighting schedules are in use across the entire Hermès distribution network in order to reduce energy consumption.

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 projects and store renovations throughout 2021.

Particular attention is paid to the insulation of store facades from the outside.

In 2021, other initiatives (installation of individual electricity consumption meters and motion detector systems in fitting rooms, washrooms and back offices) were continued in all new store projects.

2.5.2.2 INNOVATE AND IMPROVE PRODUCTION PROCESSES BY CHOOSING THE CLEANEST, MOST ENERGY EFFICIENT TECHNOLOGIES AND THE MOST ENVIRONMENTALLY-FRIENDLY MATERIALS AVAILABLE

2.5.2.2.1 Contributing to the energy transition

Since 1 November 2015, Hermès has decided to participate actively in the energy transition process. **All French sites (production, services, and stores) are now 100% supplied with green electricity** (hydro, solar or wind) produced in France. Distribution subsidiaries are gradually following this momentum. **In 2021, 86.9% of the Group's global electricity supply came from renewable sources (82.4% in 2020), i.e. 100,336 MWh/year.** The Group has committed to lead its companies towards actions that are compatible with the less than 1.5 degrees global warming trajectory, through a “fair-transition” to achieve net zero CO₂ emissions in 2050, through its SBTi commitment.

2.5.2.2.2 Renewable energies

Working together with the Group real estate development department, in particular, the House has a policy of using renewable energies, through the installation of geothermal heating or cooling, photovoltaic panels, the supply of green electricity for sites in France, connection to district heating and cooling networks and the use of wood-fired boilers on some sites.

Hermès wants to use energy from renewable sources (photovoltaic panels, wood-fired boilers, geothermal energy, biomass, etc.) wherever possible, and has committed to **implementing a policy of 100% renewable electricity in its own operations by 2025**. No new industrial investment running on fossil fuels is authorised, except where this is not technically possible.

In addition, the Group is developing pilot initiatives, designed to be expanded as and when new investment projects, available technologies and regulations in force permit.

As part of its renewable energy policy, Hermès sites (production, farms, logistics) produce electricity directly through the installation of photovoltaic panels. **In 2021, renewable electricity production was 1,894 MWh, which represents the equivalent of the annual electricity consumption of three leather goods workshops.**

For example, the two renewable energies used in the Leather Goods division are:

- ◆ wood: to heat the Manufactures de Belley, des Abrets and Nontron;
- ◆ solar: several leather goods workshops (Allan, Manufacture de Haute Maroquinerie, Guyenne, Montereau) are equipped with photovoltaic systems that can cover up to 40% of the sites' energy needs.

In 2020, a photovoltaic solar system was installed on the roof of the new Maroquinerie de Guyenne in St-Vincent-de-Paul (Bordeaux), generating 169 kWhpe/m²/year of electricity. An integrated Microgrid system (balancing between photovoltaic panels, storage batteries and consumption sources), allows the management of electrical energy. This system covers 40% of the site's energy needs and the site consumes 80% of the electricity it produces. Charging sockets for electric vehicles have been installed in car parks. The required level has been almost reached for a BEPOS E3 level of the E+C- label. This new building was classified Gold in the Hermès sustainable construction standard with an Excellent performance level for its energy consumption efficiency.

Hermès is building the first positive energy leather goods workshop in Louviers (Normandy). This project rehabilitates a brownfield site near the city centre and serves as a proof of concept for the Hermès Group's future leather goods workshops. The objective of the project is to eliminate the electricity consumption of the leather goods workshop and reduce associated CO₂ emissions. This 20th leather goods workshop will not use fossil energy for its operation and will generate at least as much energy as it consumes. The Maroquinerie de Louviers is thus aiming for this positive energy target and also wishes to obtain the E4C2 label

(energy performance and greenhouse gas reduction). This 6,400 m² bioclimatic construction is designed to make the most of its location and environment. It consists of three rows of north-facing sheds that provide natural and stable light, reducing energy requirements. The analysis of natural flows (wind, rain and sun) enabled the architect to considerably reduce heating and cooling requirements. A compact building whose load-bearing walls are made of brick (the 511,000 bricks of the building were manufactured by a local company) and whose frame is timber, it optimises thermal inertia and uses sensor-driven geothermal energy.

For the Hermès Leather Goods & Saddlery craftsmanship division, the renewable energy generated by the production units accounted for 4.5% of energy consumption in 2021. In the Farms division, the installation of photovoltaic panels on all sites provided a quarter of the electricity consumed by the Australia division in 2021.

Within the textile division, a wood-fired boiler was installed on the ATBC site in Challes at the end of the year, and there are solar panels on its ITH site (16 MWh).

The Cuneo site (Tannery division, Italy) has installed photovoltaic panels and a gas cogeneration system, making it possible to cover a significant portion of the site's consumption.

In the United States, the Dayton logistics centre in New Jersey has been equipped with photovoltaic panels on the roof since 2017, in order to produce the electrical energy required by the site. This centre received LEED Gold certification in 2018.

Total renewable energy consumption was 100,336 MWh/year, i.e. 46.7% of the Group's energy.

2.5.2.2.3 Innovations in energy efficiency

In the conception phase of new leather goods workshops, a special attention is paid to environmental impacts and more specifically, to energy consumption. New production units are built with future energy efficiency in mind. This proactive work focuses on four priority areas:

- ◆ energy consumption: this parameter constitutes one of the main challenges of the new leather goods workshop technical programmes. As soon as a project is launched, various solutions are envisaged and thermal simulations are carried out by specialists from design firms commissioned for the project. The most suitable solution is selected from the results. For example, the building of the Allan production unit, commissioned at the end of 2017, was carried out in accordance with the stringent requirements of the High environmental quality label, and exceeds the objectives of the 2012 French Thermal Regulation standard by 30%;
- ◆ energy management tools: as soon as a new leather goods workshop is put into operation, meters are positioned and dedicated software is set up to control energy consumption and the identification of possible drifts as accurately as possible;

- ♦ implementation of renewable energy production solutions: the new Maroquinerie de Guyenne benefits from a photovoltaic plant installed on the roof and an integrated Microgrid system;
- ♦ lowering machinery consumption: the energy impact of machinery was introduced as one of the decision-making criteria in the context of the machinery investment strategy for the Leather *métier*. As such, new equipment introduced in both new and existing leather goods workshops is more energy efficient. This approach is carried out in partnership with suppliers.

All of the Group's other *métiers* benefit from feedback from this work carried out for leather goods workshops.

Responsible digital

In 2021, Hermès, through its Hermès information systems department, undertook a "Responsible Digital" approach enabling the entire Group's digital ecosystem to contribute to the sustainable development strategy on the three pillars:

- ♦ environmental: reduction of direct and indirect footprint;
- ♦ human: improving working conditions and securing data management (privacy);
- ♦ societal: stakeholder involvement and generous actions.

These actions are managed according to two categories, those with an environmental impact and those directly related to individuals.

The main environmental actions concern the life cycle of materials (responsible purchasing, extension of life, reuse, recycling with the help of an adapted company) and frugality (eco-design of applications, sobriety of infrastructures), not forgetting IT4Green, i.e. the contribution of information technologies to reduce the Group's consumption (energy metering).

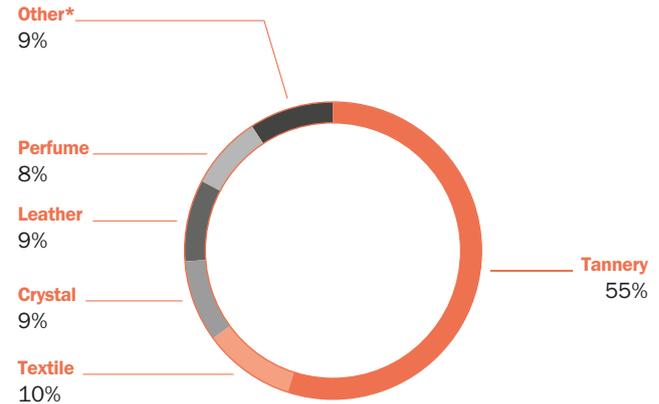
In addition to ethics and personal data protection, societal projects focus on the accessibility of applications so that everyone can use them.

The group is also involved within the FHCM (Fédération de la Haute Couture et de la Mode) in work to examine and analyse the ecological footprint of the Paris fashion shows, of which the digital component is important.

2.5.3 REDUCE THE FOOTPRINT AND CONTROL WASTE AND DISCHARGES

A major aspect of environmental protection and societal responsibility, waste and discharge management means that each of the House's various *métiers* does all it can to reduce the production of waste and discharges and to recycle or recover them.

BREAKDOWN OF WASTE VOLUME BY MÉTIER IN 2021



* Logistics, Metal, Porcelain, Beyrand, Watch division, Bootmaker, Silversmith

CHANGE IN VOLUME OF WASTE (EXCLUDING FARMS) OVER THE LAST THREE YEARS

WASTE	2019	2020	2021
OIW ¹ (t)	7,082	6,012	10,043
HIW ² (t)	6,361	5,189	2,787
TOTAL (T)	13,443	11,201	12,830

(1) Ordinary Industrial Waste
(2) Hazardous Industrial Waste

In 2021, in order to align with European legislation on waste classification, sludge from the treatment of effluents from the Tanneries division is reported in the OIW category; they were previously reported in the HIW category).

14.5% increase in Group waste (excluding farms), down 4.6% compared to 2019.



44%
of industrial waste is recycled

(excluding energy recovery and farms)

2.5.3.1 WASTE MANAGEMENT

The wide range of *métiers* prevents an overall waste management policy, other than the general principle of avoiding its production and working to improve its reuse and recovery. Waste management is therefore entrusted specifically to each manufacturing division by means of a dual policy of waste reduction and recycling wherever possible. The main contributors are the tanneries, textile, crystal manufacturing, leather, perfumes and real estate divisions.

Tanneries / +3.4% increase in waste production in 2021, (down 21.9% compared to 2019)

The raw material used in the tanneries is the entire hide, referred to as “raw” hide, a putrescible organic product. Tanning involves processing the hide into a durable product, a finished leather, using successive operations that eliminate matter and generate effluent. The reduction of tannery waste naturally starts with the improvement of the quality of the raw hides. Tanning generates unavoidable waste, associated with trimming the edges of the hides (“trimming”) or preparing the internal surface of the hide (“fleshing”). Processing hides in successive baths also generates effluents, which are processed at site treatment plants and result in the production of sludge. The management of this sludge is of course highly regulated in all the geographical areas where the Group operates (European Union) and complies with the regulations in force. The tanneries are constantly seeking new reuse channels for this waste and are active participants in the think tanks that are brought together at Hermès to discuss leather waste, and in the work done by the Centre Technique du Cuir (CTC), the French expertise centre on leather.

In 2021, overall waste production in the division increased by 3.4% compared to 2020, a year that was marked by a decline in activity caused by the temporary closure of sites, as a result of the Covid-19 pandemic. OIW represents more than 90% of waste generated by tanneries, with sludge from on-site effluent treatment alone accounting for more than half of this OIW.

In general, the production of hazardous and non-hazardous industrial waste in exotic leather, calfskin and goat hide tanneries is relatively constant from one year to the next, even if the continuous improvement of effluent treatment systems can lead to an increase in waste production, particularly through the extraction of sludge. 100% of the waste produced is evacuated to approved channels, and the at-source sorting of waste streams is in place at the French and Italian sites.

On-site waste storage is optimised to prevent any pollution risk (sheltered storage areas, retention basins, etc.) and regular awareness-raising initiatives focusing on sorting and the layout of work areas are carried out among employees.

Leather / +37.3% increase in waste in 2021 (increase of 32.5% compared to 2019)

The proportion of recycled and energy-recovered waste out of the total tonnage generated by the Leather Goods division was 86% in 2021.

The division’s Leather Goods activity generates little HIW. The share of these in the total annual tonnage in 2021 was low, representing only 5%.

Leather scraps, parts not used in the “cutting” activity of production units, are sold to specialised channels, sorted and reused. These by-products from activity are not included as “waste” in this report.

The division also takes part, in the context of the recovery of production waste, in working groups on the reuse, recycling and recovery of its waste within Hermès, as well as in the work carried out by the Centre technique du cuir (CTC – Leather Technical Centre) on this subject.

Leather goods workshops present limited sources of wastewater discharge thanks to primarily manual production processes that do not require water. The only wastewater discharge concerns water used for washrooms, which does not require on-site treatment and in most cases is directed to public wastewater collection networks.

Textile/ +7.3% increase in waste in 2021 (decrease of 4.7% compared to 2019)

The complex evolution of the waste market and the saturation of local outlets (landfills and incinerators in the region where it is located) require careful management. Through monthly meetings involving the sites as well as the service provider, the sector ensures that recycling and recovery solutions are systematically favoured, and that each new stream is validated.

In 2021, just 3% of the sector’s waste was processed by elimination. All dye waste, which accounted for 47% of the sector’s total waste (all streams included), was used to manufacture alternative fuel. The summary of non-hazardous waste was also positive: 44% was sorted and recycled by the service provider and 54% recovered as energy.

Following an in-depth feasibility study, the SIEGL site succeeded in modifying the printing process for the double-sided scarf to eliminate the adhesive plastic film previously attached to each of the scarf rolls before printing. In July 2021, the first articles were successfully produced without using this plastic film. In October, nearly 20% of double-sided scarves were printed in this way. In January 2022, this process will cover all printing, which will avoid the scrapping of 100,000 metres of adhesive film.

Real estate

Since 2019, scrupulous management of demolition or dismantling waste from a site due to be renovated and construction site waste management have been systematically implemented for all construction projects in France and worldwide.

2.5.3.2 EFFECTIVE SOLUTIONS FOR WASTE MANAGEMENT

Hermès is committed to going beyond current regulations to reduce the use of hazardous substances. Accordingly, the House’s internal requirements, for its own operations and for supplier specifications, sometimes impose stricter limits.

Tanneries

The quality of effluent discharges is central to sites’ environmental concerns. Each tannery is equipped with an effluent treatment station and verifies that its industrial emissions comply with the applicable standards. Regulatory inspection reports are submitted to the local authorities on a regular basis. As a reminder, the tanneries are solely located in France (5) and Italy (1), and their stringent regulations are subject to frequent controls.

Currently, following in-house treatment, almost all tannery effluents (92%) are discharged into the municipal network and treated further by municipalities.

The division's tanneries continually work on improving the performance of effluent treatment. Numerous optimisation projects for tannery waste management facilities are carried out annually. The amount of this work represented an investment of €1.25 million in 2021.

The Montereau site, after having carried out several pilot tests on its effluents in recent years, has set up an evapo-concentration unit in a new building that also houses the current treatment plant. The operational commissioning of this equipment required adjustments during 2021 and will make it possible to consider recycling part of the waste treated in the production processes in addition to rainwater. The additional treatment set up at the end of 2019 at the Vivoin site, consisting of a biological effluent treatment unit coupled with ultrafiltration and activated carbon filtration, achieves performance levels well above the thresholds imposed on sites.

Following extensive work on the treatment plants of the Le Puy and Annonay Tanneries carried out over the last three years in order to increase the reliability of their operation, two detailed studies were carried out in 2021 on these two sites. The purpose of these studies was to define guidelines for improving their treatment performance and ultimately to consider recycling effluents. These studies will continue in 2022. The Le Puy Tanneries treatment plant will at the same time undergo major modernisation work from 2022 (until late 2023), thus constituting the first step before the installation of additional equipment for the recycling of effluents.

Similar studies will be carried out in the division's other tanneries, in particular the exotic tanneries, in accordance with the strategy of reducing water abstraction by the Group and the Tanneries division.

Air emissions at the Tanneries and Precious Leathers division tanneries result primarily from the operation of the boilers, the dry degreasing activity and the finishing booths. Verifications of such equipment, as identified in the prefectural orders or site permits, are performed in accordance with the applicable regulations. Finally, in accordance with regulations, the French sites prepared a solvent management plan.

Textile

The AEI, Ateliers AS and SIEGL sites, which account for 98.2% of water discharges, are subject to daily self-monitoring of effluents. All deviations are analysed and a corrective action plan is launched. To ensure the reliability of these fundamental monitoring data, audit and calibration plans are regularly implemented.

At the SIEGL site, the pilot study launched in 2017 resulted in the creation of an additional facility for the activated charcoal treatment of effluents following the membrane microfiltration process. This facility has helped to improve depollution results and has been used as a test to model the future purification plant. This new facility became operational at the end of 2021.

Ateliers AS have continued their efforts to reduce pollution at source. As a result, stripping products, a source of hydrocarbons, have been recovered more thoroughly. This was accomplished by first setting up pits for the recovery of stripping products from the frames in the printing workshop washing booths, then by the recovery of the products used to wash the Atelier PEPS printing tables (prototypes, small series samples). A project to pre-treat aqueous effluents before sending them to a wastewater treatment plant is currently being studied. In this context, a pilot plant was installed in 2020 to treat 25% of the overall flow; the results were convincing and the pre-treated water is below the specifications of the discharge agreement. This pilot phase, supported by the Rhône Méditerranée water agency, is expected to result in a final installation by 2022.

Crystal manufacturing

Called "Les Jardins de Saint-Louis", the water treatment plant of the Production unit, installed in 2015, is composed of plant and mineral filters, harmoniously integrated into a wetland area. Requiring no energy or chemical inputs, this system ensures optimal water purification and its performance is superior to that of a traditional physico-chemical installation.

Industrial wastewater, pre-separated in the respective workshops and collected at a single point, is purified by this phyto-treatment facility. "Filter gardens" ensure natural remediation of the site's wastewater, combining environmental efficiency, landscape quality and a contribution to biodiversity. An awareness programme for users of water resources is ongoing with the aim in particular of sustaining performance at treatment facilities. To further improve the quality of water discharges, extensive research and optimisation at source have significantly reduced and stabilised the flows emitted and enabled compliance with the new prefectural decree that came into force in the summer of 2021, in which thresholds were significantly lowered.

Regular campaigns to measure water discharges confirm the good performance of purification plants (in particular the compliance of the new neutralisation workshop), with discharges well below regulatory thresholds.

Moreover, measurements of air emissions were carried out in the third and fourth quarters of 2021. The results obtained confirm the proper functioning of the facilities in this area.

Farms

Much of the waste from livestock farming is reused through irrigation projects. Thus, since September 2018, in collaboration with the Hermès Perfume and Beauty division, 10 hectares of sandalwood planted on the property of one of the Australian farms reuse part of the waste (16.5% of the effluent volume of the farm in 2021). This system was recently supplemented by an irrigation system for grass plots on the farm to produce fodder for local livestock farmers. This project, on a smaller scale than the previous one, made it possible to reuse 3% of the farm's effluents. In addition, since July 2019, part of the effluent (7%) from the farm in Queensland has been reused to irrigate sugar cane plantations on neighbouring farms in an industrial ecology scheme.

Leather

Leather goods workshops present limited sources of wastewater discharge thanks to primarily manual production processes that do not require water. The only wastewater discharge concerns water used for washrooms, which does not require on-site treatment and in most cases is directed to public wastewater collection networks.

2.5.3.3 CHEMICALS MANAGEMENT**2.5.3.3.1 Compliance of controlled substances****General principles**

- ◆ Hermès assumes all its responsibilities as a company that places goods on markets, to ensure the regulatory compliance of all products sold, in all countries where it operates. Two main activities make it possible to respect this commitment, monitoring and validation of products:
 - regulatory monitoring is carried out through a large number of actions with stakeholders and is coordinated by the industrial affairs department;
 - coordination of the Colbert Committee's "Regulations" working group;
 - participation in the "Regulations" working group of Francéclat (Porcelain and Silversmith), the BJOP (Jewellery, Silversmith);
 - regulatory update at least once a year with the CTC (Leather), IFTH (Textiles), FPPP (Porcelain), BJOP (Jewellery, Silversmith), the Fédération du Verre et du Cristal, the Fédération Horlogère;
 - taking into account the monitoring prepared by a specialised service provider (Bureau Veritas) on certain products;
- ◆ update twice a year (during the podiums), with all the House's subsidiaries, on the regulatory changes relating to products in each country. All possible incidents are dealt with in these meetings.
 - product validation from a regulatory point of view, which is carried out at two levels:
 - the annual update of product specifications (CDC), which takes into account all the results of regulatory monitoring. These CDCs include compliance with the most stringent product regulations in the world (all countries to which Hermès exports products). It is generally the European regulations that are the most demanding, although this is not always the case,
 - all products are tested (internally and/or externally), in qualified laboratories, on the technical criteria and in accordance with the standards described in the product specifications.

List of controlled substances

There is a single Restricted Substance List Hermès Group (RSL), which includes all substances that are or could be used in products. For each substance, the most stringent regulations in the world are systematically adopted. The aim is to produce products that comply with regulations, regardless of the country in which they are sold.

The RSL is shared within the Colbert Committee working group. This list of substances is not distributed as such. Such distribution would not be of great interest, since this list contains only public information, being a collation of national or federal regulations. For each substance, the name of the substance, its CAS number, the most stringent limit in the world and the laboratory control standard for the substance appear.

Use of controlled substances

The Group's list of substances, the permitted limits as well as the control standards, are common to the production units and apply to the suppliers. More specifically, product specifications (including this substance regulation) are shared with suppliers. The approval of products manufactured by suppliers follows exactly the same pattern as products manufactured by the Group. A good example is that of the tanneries: the Leather *métier* purchases hides from the Group's tanneries, but also some of its needs from external tanneries, with identical specifications regardless of the source.

Hermès has put in place preventive processes to restrict or prohibit certain substances, in particular by discussing and signing product specifications with suppliers, which contains all the regulations and technical requirements, as well as the corresponding control methods.

Control of materials and products

For its raw materials, Hermès adapts the frequency and type of controls according to the volumes concerned. For very limited volumes, control may be at the unit level, but it is carried out on a statistical basis for larger volumes. Depending on the nature of the materials, which can be technically very different (leathers, textiles, perfume essences, etc.), the volumes and the history of the quality results, a sampling and testing frequency is chosen by the quality department to ensure a maximum confidence level in the quality of incoming materials. In the event of a negative result, the goods are blocked and sampling and controls increased.

With regard to products (whether manufactured in-house or by suppliers), the Group procedure is exactly the same: the aim is to verify, with a maximum level of confidence, that the entity placing the goods on the market has fulfilled its responsibilities. Some of the House's products are subject to checks on every unit for certain characteristics that are considered critical. Others are checked on a regular basis and some are checked on a random basis. The great diversity of products (leather goods, textiles, porcelain, crystal, silverware, jewellery, watches, ready-to-wear, perfumes, etc.) means that an appropriate control scheme and the proper frequency must be defined for each product.

Hermès uses the services of both in-house and external laboratories for these checks. This decision is made according to the workload of the in-house laboratories as well as the nature of the measurements to be carried out.

In summary, the Group's generic procedure (SOP) is that no raw material or product is supplied without a specification being defined and accepted by the supplier, and without the raw material or the finished product having been tested according to these specifications.

Supply chain compliance

All raw materials purchased, like any products purchased, are subject, on the one hand, to specifications that are discussed and formally approved by the supplier and include all the regulations corresponding to the materials and/or products, and on the other hand, to technical validation including laboratory measurements. All deliveries (raw materials or products) are subject to appropriate quality control. Certain supplies (materials or products) are accompanied by an inspection certificate, the tests having been carried out by the supplier, when this provision is stipulated in the specifications. Tier 1 suppliers undertake to develop the same approach (formal specifications, control procedures, etc.) with their own suppliers (tier 2).

In the event of non-compliance with the specifications for raw materials or products, the goods are blocked and, generally, a second verification check is launched. Hermès does not use non-compliant goods in its production. They are therefore returned for new manufacture or repair when technically possible.

2.5.3.3.2 Risk management related to the use of chemical products

General principles

The Hermès craftsmanship model means that 58% of its objects are produced in-house, in exclusive workshops, 78% of which are located in France. The remaining 42% come from suppliers, the vast majority of which are located in France and Europe. Thus, of the top 50 direct suppliers (materials or products), 60% are located in France and 34% elsewhere in Europe.

For all sites located in France and Europe, labour legislation requires a chemical risk analysis and the implementation of measures to protect workers. In owned units, as well as those of suppliers, regular audits are carried out to verify that the analyses are properly carried out, and the means of protection are in place and used.

For all sites in France and Europe, the national regulator imposes a limit on the chemical substances released into the air, effluents and soil. In the House's own units, as well as those of suppliers, regular audits verify that each entity is fully aware of the regulations to which it is subject, that

the necessary means to comply with them are in place, and that regular checks make it possible to ensure that these methods are working.

For the small number of suppliers further afield, for the majority of materials suppliers, regular audits are used to verify regulatory compliance, in terms of health and safety, as well as the environment. In the event that local legislation does not exist or is insufficient, Hermès helps its suppliers to adopt and comply with European standards.

Implementation

The chemical risk management approach is based on legislation which, in France and in Europe, is generally hazard-based.

The regular and in-depth audits carried out by Hermès in all entities, as well as the appropriate frequency of product checks, ensure that any use of chemical substances banned by Reach-type regulations, for example in a French or European tannery, is immediately revealed.

The main chemical risk management tool is the product specification. An accurate and exhaustive reflection of the most demanding regulations worldwide, it lists all the requirements in terms of substances, the limits set, and the corresponding laboratory control methods. The procedure begins with the sharing of this document with the supplier (in-house or external), then follows a formal agreement from the supplier, and it is completed by an approval check of the first products delivered. During the "series life", checks are carried out at an appropriate frequency.

The choice of chemical reduction and/or elimination projects is mainly based on an analysis of future regulatory changes. It is in this spirit that the Group conducts a very strict regulatory watch, both in France and abroad.

When a probable change in regulations is identified for a substance or a family of substances, an estimated decision schedule is drawn up in order to set out the work to be carried out and the timetable.

Hermès Cuir précieux joined the ZDHC (Zero Discharge of Hazardous Chemicals) initiative in August 2021. The ZDHC Roadmap to Zero Programme aims to implement best practices in terms of the use of hazardous substances and the quality of wastewater discharges in tanneries. The implementation of the ZDHC protocol in the division's tanneries began in 2021 and will continue in 2022.

Hermès has set up a third-party certification target for each of its purchasing sectors (around 60), which also includes aspects related to the use of chemical products (see 2.4.2).

2.5.4 CLIMATE CHANGE

Hermès has stepped up its actions to combat climate change since 2020. **The Executive Committee** thus updated and validated the Group's strategy with ambitious objectives founded in science, through **the Science-Based Targets initiative (SBTi) in order to achieve zero net emissions by 2050:**

Objectives:

- ◆ a reduction in absolute value of **50.4% for scopes 1 and 2 emissions over the period 2018 to 2030;**
- ◆ a reduction in relative value of **58.1% for scope 3 emissions over the period 2018 to 2030;** this objective means involving the supply chain in the process, as well as suppliers and partners;
- ◆ **a 50% reduction in the carbon footprint per m² of real estate space built or renovated by 2030;**
- ◆ implement a policy of 100% renewable electricity within its own operations by 2025 **and 100% renewable energies by 2030;**
- ◆ defossilisation of industrial sites.

The validation of the scopes 1, 2 and 3 emission reduction targets by the Science-based targets initiative at the end of 2021 is recognition of Hermès' commitment to the fight against climate change.

In addition, Hermès demonstrates its commitment, the strengthening of its transparency and the consistency of its policy with that of the sector by presenting its actions in accordance with the framework recommended by the **TCFD (Taskforce on Climate-related Financial Disclosures)** and by completing the **Climate CDP** questionnaires; as well as by participating in the market initiatives: **Fashion Pact and UNFCCC (United Nations Fashion Industry Charter for Climate Action).**

These commitments enable the Group to follow a path of reducing its direct and indirect emissions, thereby helping to limit global warming to 1.5°C by 2050.

This policy is being introduced as a priority on the most significant issues, and in a context where the Group is one of the lowest carbon emitters of the CAC 40, thanks to its craftsmanship model and its manufacturing in France.

Hermès is gradually taking practical measures to substitute fossil fuels used, and reduce its energy consumption and carbon footprint across all scopes. The control of greenhouse gas (GHG) emissions is achieved through direct reduction actions throughout the value chain, as well as outside Hermès' sphere of influence through financing of projects with positive impacts, including for the fight against global warming.

POLICY

The Group's policy is to make a resolute commitment to a low-carbon world with quantified targets set out in a timetable. It is broken down into several areas such as measuring the impacts of its activities on all Scopes 1, 2 and 3, taking priority actions to reduce emissions in the various categories where the Group can act, and then implementing offsetting initiatives.

It also incorporates a forward-looking vision through an analysis of risks related to climate change that bear on its operations and business model (physical and transition risks).

As indicated above, the strategy approved by the Executive Committee steers the Group's actions. The greenhouse gas policy is overseen by the Sustainable Development Committee, on which two members of the Executive Committee sit, as well as the Deputy Managing Director in charge of Industrial Affairs and the Managing Directors directly in charge of the Group's major emitters (*métiers*, real estate and logistics).

MEASURES IMPLEMENTED AND RESULTS

As illustrated above (§ 2.5.2), the House has taken various measures to reduce the use of energy in its various activities, and to use renewable energies as much as possible, as in the "defossilisation of industrial sites" programme.

However, these actions, which necessitate technical and organisational changes, do not have an immediate effect on changes in energy consumption: the objective is to take the time to implement effective, in-depth solutions that are sustainable over time. All *métiers* are working on plans to reduce their consumption and change their energy mix, with these analyses serving as a basis for the construction of SBTi trajectories.

As part of the operational implementation of the defossilisation strategy, the Group has decided to set up an **internal carbon price** mechanism to strengthen decisions favourable to the energy transition. This price was calculated on the basis of internal simulations and compared to a CDP sector benchmark. It will be used in notional form for the calculations of industrial investments (scopes 1 and 2), real estate investments (scopes 1, 2 and 3), as well as for new transportation contracts (scope 3). In 2021, this price was set at €40 per tonne of CO₂ equivalent. It may change depending on economic conditions.

Climate risk mapping has been set up and is updated every year in line with developments in science in the field. Its results are used to guide the House's action and feed its policy of adaptation to the consequences of climate change.

A detailed study of the sensitivity to risks related to climate change (physical and transition risks) of several of the Group's value chains was launched in 2020 in order to inform the resilience plans of the activities affected by these risks.

As part of the CDP reporting (<https://www.cdp.net/>), Hermès was assessed with a score of A- for this third financial year on the data for 2020 (CDP Climate Change 2021 questionnaire: Leadership A-: best practices on climate issues). The details of its actions and commitments are disclosed to the public.

2.5.4.1 STUDYING THE RISKS AND TAKING ACTION TO REDUCE THEIR IMPACT

Hermès is striving to reduce the impact of its activities on the climate, and the House is examining potential adaptations to its value chain (internal, external) in order to reduce its exposure to the effects of climate change.

Depending on the regions and *métiers* concerned, the effects of climate change will have different impacts on Hermès' activity, through:

- ♦ the physical consequences of climate change (extreme climate events, increase in temperatures, increased or decreased rainfall, etc.);
- ♦ the impacts of measures taken for the transition towards a low-carbon world, in particular the fastest measures (transition risks: carbon tax, regulatory changes, client behaviour, etc.).

The impacts will depend on the extent and severity of these changes, in the same way as the various factors such as location, sensitivity of the upstream supply chain, the quality and capacity of local infrastructures and, more generally, the behaviour of the other players in the Hermès Group's ecosystem.

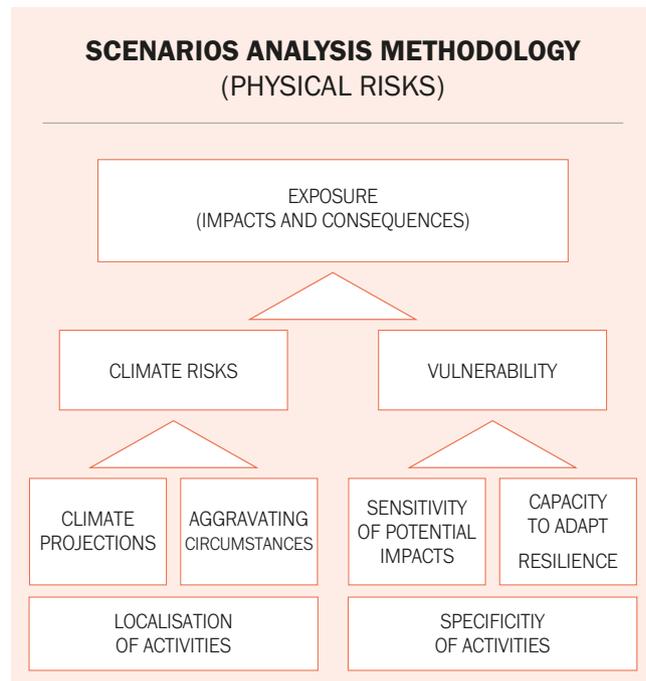
Hermès has based its approach to adapting to climate change on the identification of risks and the assessment of their relevance in order to define action plans within each *métier*, with the assistance of a consulting firm and the use of authoritative tools.

This project, coordinated by the industrial affairs department, from 2020 involves around 20 high-level executives from the Company, in order to have both a precise vision of the issues at stake, and facilitate the subsequent implementation of measures that could result from these analyses.

The exposure to transition risk is studied both by the audit and risk management department in its vertical analysis of the House's main activities (production *métiers*, retail subsidiaries), by the industrial affairs and sustainable development departments and by the Sustainable Development Committee, with a more cross-cutting vision that covers the main challenges (water, climate, etc.).

In its responses to the CDP Climate Change questionnaire, Hermès details several examples of identified risks and opportunities related to climate change. The analyses are conducted along three time horizons (within three years, within five years, and within 25 years).

This analysis of the physical risks related to climate change was carried out on two emblematic value chains of the House: leather and textiles. Eight scenarios were selected to test the resilience of these value chains. These scenarios were developed taking macroeconomic studies into account as well as industry analyses:



- ♦ six direct impact scenarios were developed for the supply of raw materials for the sectors studied: exotic leathers, cowhide, cashmere and silk. They combine various predictable impacts on the supply of raw materials and on the production of products: droughts, rising temperatures, heat waves, rain and hurricanes. They make it possible to identify existing capacities for adaptation and those that Hermès could strengthen, region by region: South America (silk); Louisiana, Australia, Africa (precious leathers); Mongolia (cashmere); Europe (manufacturing sites);
- ♦ two systemic scenarios of direct and indirect impacts on Hermès' global business were examined, modelling a succession of extreme events in France or modelling a global health and food crisis to test the resilience of the upstream and downstream logistics chains, production and product distribution. They are built on the basis of systemic failures of support functions and/or external service providers outside Hermès' business lines. They combine original hazards that are difficult to predict but have a major and systemic impact on entire regions, such as the "black swan". These scenarios make it possible to identify potential weaknesses in Hermès' value chain and enable stakeholders to be included in the consideration of the impacts of climate change. For example: implementation of operational business continuity plans, monitoring of certain signals to be put in place to anticipate these hazards and deal with them when planning ahead is not possible.

In each of these pessimistic scenarios, the risks likely to materialise are taken from the study of global IPCC projection data (for a period of 10 to 15 years) or regional data, for example from the European Environment Agency (20 to 30 year horizon). Each scenario describes the potential impacts of major importance for Hermès, the triggering risks and their evolution in the short, medium or long term depending on the geographical area studied. Materiality grids, classifying impacts according to their likelihood and potential impacts, make it possible to rank the issues identified. The conclusions of these risk studies are then taken into account and integrated into the *métiers*' action plans.

In 2021, Hermès continued to roll out risk assessment, integrating it into the management of the sectors in order to extend the approach to all of its value chains.

The identification of the physical risks linked to global warming was carried out for water with WWF France using tools such as the WRI Aqueduct, Water Risk Filter. These analyses concern water stress, the risk of drought, water quality, the risk of floods and the health of the ecosystem, for each of the geographical sites where the House has an industrial activity. The results were discussed with Group Management and the main challenges will gradually be integrated into the action plans of sites in order to adapt the contributions of all participants as best as possible to the "Water" risk in their respective water catchment areas.

Other physical risks are being assessed, in particular to estimate the resilience of each supply chain with respect to the various climate scenarios, with the assistance of a consultancy and tools such as Mycris,

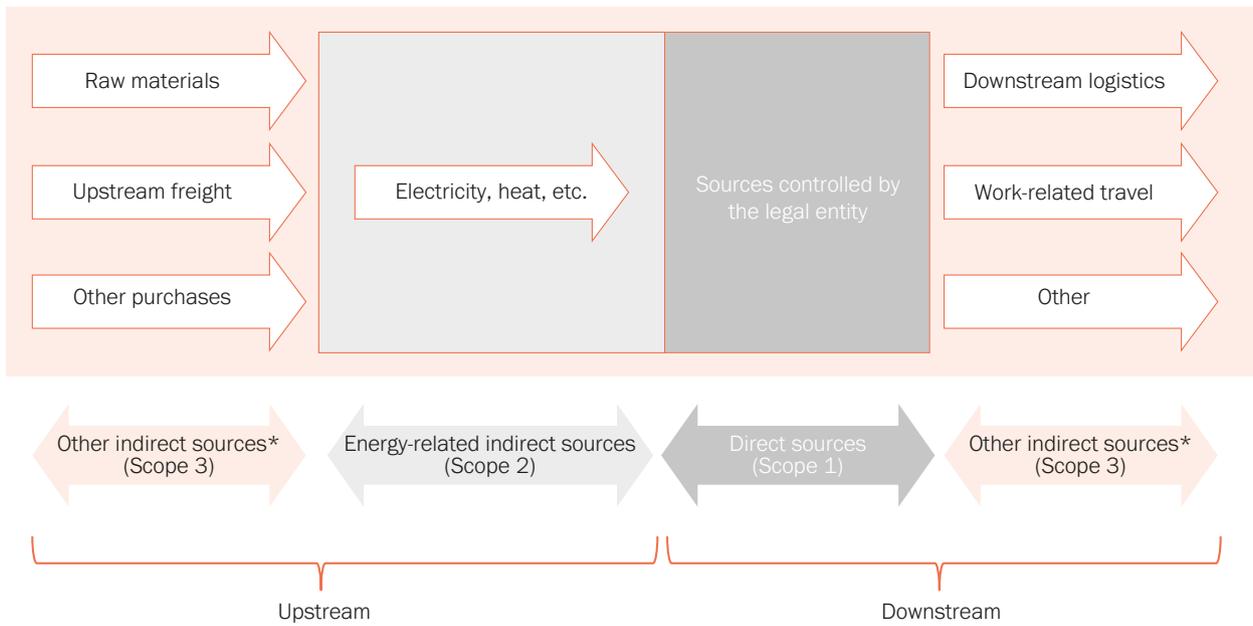
Sea level rise by Alex Tingle, and the projection maps from the IPCC report "Global warming of 1.5°C".

A partnership has been created with WWF to carry out in-depth audits on exotic hides, cashmere and the timber supply chain. Each audit also enabled us to better understand the risks and to create a specific action plan. Hermès is ready to help its suppliers if they need to adapt to physical risks (technical, material and financial support, as needed).

2.5.4.2 REDUCING ABSOLUTE GREENHOUSE GAS EMISSIONS

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 firm, using the Bilan Carbone® method and the GHG Protocol.** In compliance with the requirements of the applicable regulations (Article 75 of law 2010-788 of 12 July 2010), since December 2015 Hermès has published its Bilan Carbone® (Carbon Assessment) in accordance with the method and scope indicated by the legislation in France (direct emissions generated by fixed and mobile sources, and indirect emissions associated with the consumption of electricity, heat or steam).

Hermès details its Scopes 1, 2 and 3 greenhouse gas emissions in this report and on its Hermès Finance website for the scope required by law (Article L. 229-25 of the French Environmental Code).



* Sources of emissions unaffected by regulatory requirements
Source: French Ministry of the Environment

2.5.4.2.1 Summary of greenhouse gas emissions

The Group expanded and structured its climate action in 2021, with the following choices, approved by the Executive Committee.

Carbon reporting is fully aligned with the data detailed in the CDP (Carbon Disclosure Project), for which quantitative and qualitative information is public. This allows the reader of this URD to find more information, and avoids presenting partial data that is harmful to the analysis.

Hermès has decided to report on all scope 3 categories, even if this requires working on the basis of estimates for certain items (certain stores, for example), considering that the quest for completeness contributes to the transparency of the analysis. For certain categories of the GHG Protocol, calculations or estimates led to non-material amounts (threshold below 0.5% of the total). They do not give rise to any specific monitoring and are listed below as “not significant”.

The results will be analysed according to the long-term objectives (target for 2030), compared to the baseline situation adopted by the Group for 2018 (first year of contribution to the CDP, published in 2019). This choice makes it possible to check that the course is maintained, beyond the irregular short-term developments, which are inevitable given the

changes to be implemented, which are not all linear and may require time.

Concerning scopes 1 and 2 (which represent 7.1% of the total), Hermès uses the so-called market-based approach, which consists of calculating the carbon footprint directly related to its energy purchases in each country considered, rather than using the average mix of countries.

The Group has decided to continue its actions in terms of carbon offsetting, beyond its targets of 100% coverage of scopes 1 and 2, through long-term investments in the Livelihoods fund.

In the following tables, the data is presented according to these principles. The figures for scopes 1 and 2 have been restated according to the market-based approach, to allow a fair comparison (see footnote).

As part of the work carried out with the SBTi teams to validate the Group's trajectory up to 2030, and during the review of the Group's emissions summary by these experts, certain emission items were distributed differently between scopes 1, 2 and 3. These reclassifications were therefore made for the entire published period, from 2018 to 2021. This improvement in the quality of the analysis has a negligible impact on the data published to date (less than 4% for all 2020 emissions).

SUMMARY OF GREENHOUSE GAS EMISSIONS

In kt CO eq	2018	2019	2020	2021	Change/2020	Change/2018	Target 2030
Scope 1	22.1	20.9	19.9	21.3	-	-	-
Scope 2 market-based	21.7	20.5	18.7	16.1	-	-	-
Total scopes 1 and 2	43.7	41.4	38.5	37.4	-3%	-14.5%	-50,4%
Scope 3	578.7	483.6	462.5	490.1	+6%	-15.3%	-
TOTAL GROUP	622.4	524.9	501.0	527.4	+5.3%	-15.3%	-

INTENSITY

In t CO eq per €M Gross Margin	2018	2019	2020	2021	Change/2020	Change/2018	Target 2030
Scopes 1 and 2	10.5	8.7	8.8	5.8	-	-	-
Scope 3	138.6	101.8	105.7	76.5	-27.6%	-44.8%	-58.1%
TOTAL GROUP	149.1	110.6	114.5	82.4	-28%	-44.8%	-

In 2021, the Hermès Group's GHG emissions were around 527 k tonnes CO eq, up 5.3% from the previous year. **With a drop of -15.3% in absolute value compared to 2018, emissions are in line with the Group's targets for 2030.**

The GHG emissions break down as follows:

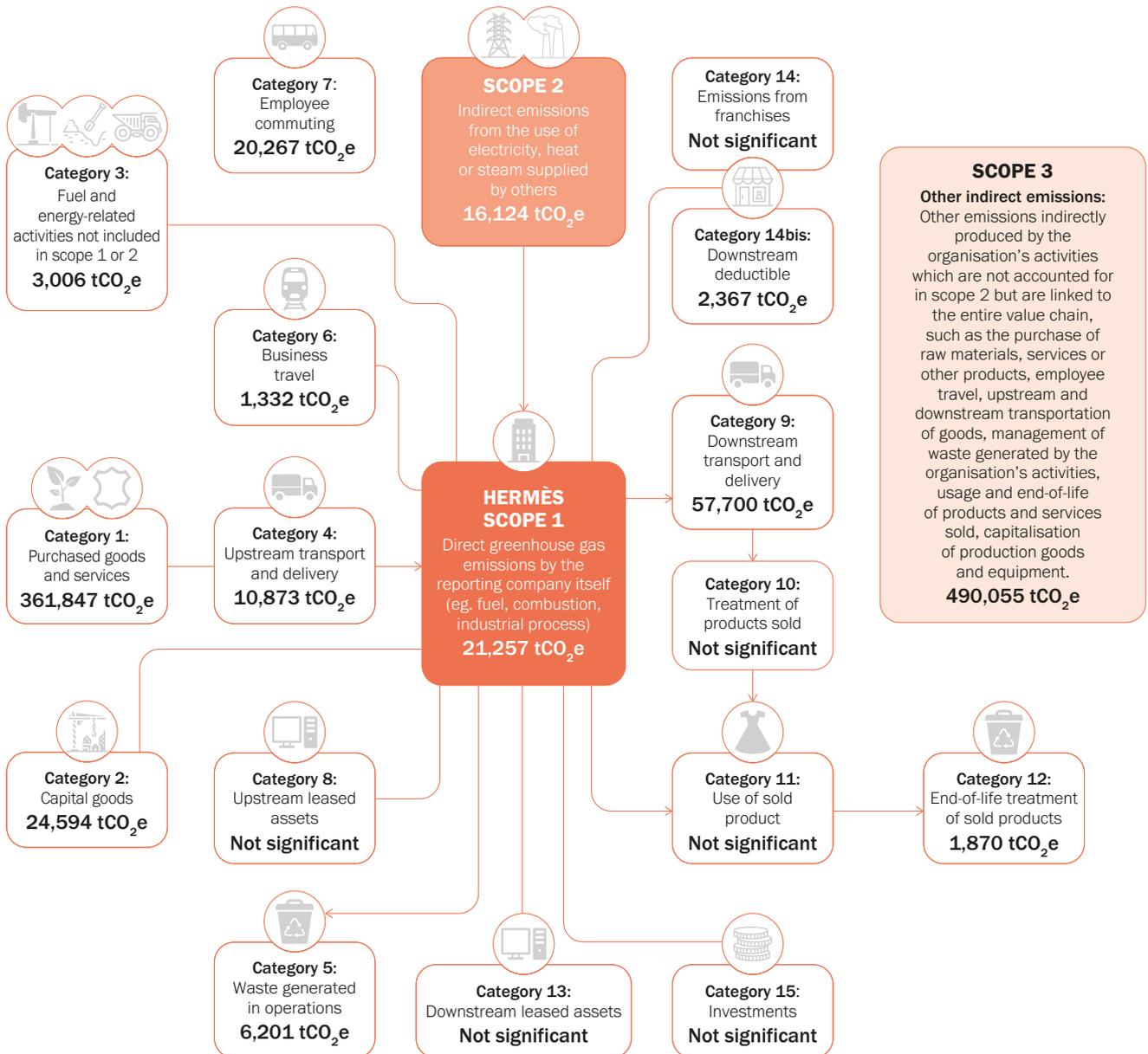
- ♦ 37.4 k tonnes of CO eq for scopes 1 and 2, i.e. direct and indirect emissions related to energy consumed by production sites, offices, logistics centres and stores. In understanding this figure, it should be recalled that the Company has a **business model in which most**

objects are made in Hermès' in-house workshops, so it is representative of a very large part of production (which is rarely the case in the Fashion & Apparel industry, where production is generally subcontracted and therefore falls within scope 3). This figure is in line with Hermès' objectives validated by the SBTi. With a reduction of -14.5% in three years, the Group is making progress towards its 2030 target, and is continuing the necessary transformation effort for its industrial facilities, which will take several years to achieve. In 2021, scopes 1 and 2 of the GHG assessment were the subject of improvement work on the scope with the SBTi, as mentioned above.

1. Location-based scopes 1 and 2: 49.7 (2018), 48.5 (2019), 49.3 (2020), 56.2 (2021) in KT CO EQ.

- ◆ 490.1 k tonnes of CO₂e for scope 3, which essentially takes into account the carbon footprint of raw materials (62% of scope 3) as well as all purchases, fixed assets, waste, subcontracting, packaging, transport of products and employee travel. Upstream and downstream transport (categories 4 and 9) represent 14% of the total scope 3. In 2021, scope 3 of the GHG assessment underwent work on improving the scope with the SBTi, input data and an update of emission factors using internationally recognised baselines and increasingly accurate calculations. The changes in scope 3 reflect the strong upturn in activity. **With a reduction of -44.8% in three years, the Group is in line with its reduction targets for 2030.**

These figures confirm the merits of a low-environmental-footprint French craftsmanship model: with a carbon intensity of 82.4 (all scopes), Hermès is ranked as one of the least carbon-intensive companies of the CAC 40, based on a full scope 3. The decoupling between business growth and the Group's footprint is -44.8% in three years.



Analysis of the main carbon footprint items

The diversity of the Hermès Group's activities means that the areas responsible for the highest scopes 1 and 2 emissions vary widely from one activity to another. Each *métier* has drawn up a plan addressing its own challenges. The energy consumption figures provide a picture of the main contributing *métiers*. Special attention is paid to the energy consumption of stores, which account for 18% of total consumption (and 31% of market-based scopes 1 and 2). Consumption reduction measures are presented above.



-14.5%*
**carbon intensity
at production
sites, logistics**

**centres and stores
(scopes 1 et 2)**

*Base 2018, scope 2 market-based

The Greenhouse Gas Protocol (GHG Protocol) proposes determining the greenhouse gas emissions of scope 3 from 15 categories. Using the significant categories of the Hermès Group's activity as described in §2.1 "Business model", the calculation of the scope 3 emissions is carried out each year with the help of a specialised consultant. It takes into account the most recent emission factors and technical definitions that are best adapted to the Hermès Group's specific needs. This approach is refined as progress is made in this area.

For Hermès, the main categories are as follows:

- ◆ raw materials used: all leathers, silks, cashmeres, other textiles, metals and precious stones, perfume ingredients (category [1]);
- ◆ wrapping and packaging products (category [1]);
- ◆ purchasing and subcontracting (category [1]);
- ◆ transport of goods and products upstream of production units, inter-site transport and downstream transport of products to the stores (categories [4] and [9]);
- ◆ employee travel: commuting to and from work for craftspeople, domestic and international business travel (categories [6] and [7]);
- ◆ upstream energy consumed (category [3]);
- ◆ fixed assets (category [2]);
- ◆ waste generated in operations (category [5]).

Within scope 3, in addition to materials, transportation represents a significant share of emissions, this being the trade-off for French production and global distribution.

As explained below, this transport is analysed in detail and subject to operational actions to lessen the impact.

The scope 3 changes observed stem from the reduction of emissions in some categories, the improved measurement of other categories (estimates replaced by more precise calculations) and the update of the emissions factors.

2.5.4.2.2 Focus on the métiers**Real estate**

Since 2020, Hermès International and the Group real estate department have committed to reducing the carbon footprint/m² of built or redeveloped surface areas by 50% by 2030.

In order to measure and control the carbon footprint of buildings with regard to the objectives to be achieved, the Group real estate department systematically conducts a Life Cycle Assessment (LCA) of the construction materials chosen for each real estate project.

Thus, improvement of Bilan Carbone® (Carbon Assessment) of new stores and new buildings involves special attention being paid to the choice of building materials, reduction in their weight, efforts to source supplies locally, and modes of transportation with low carbon emissions.

The Hermès Group's sustainable construction standard addresses carbon challenges and targets stemming from the Group's commitments related to new construction, renovation and dismantling projects.

The first assessments made in 2019 enabled, on the one hand, assessment of the environmental impact of the constructions and, on the other hand, adjustment of the standard layout and construction benchmark to guide the CO₂ emission reduction ambitions on future projects through the Hermès sustainable construction standard.

In 2020, bio-sourced materials were selected for the construction of the new Guyenne leather goods workshop in St Vincent de Paul (Bordeaux); with the installation of a wooden structure. The LCA of the materials used gives a result of 428 kg CO₂/m². Furthermore, the mixed-use structure of the new Montereau leather goods building consists mainly of wooden posts and metal beams. The LCA of the materials used gives a result of 698 kg CO₂/m². For comparison, industry best practice is to aim for a footprint of less than 1,000 kg of CO₂/m².

Transportation

The commercial department is working on projects to improve the Hermès Group's logistics footprint. The main projects concern local transport services, giving priority to the use of carbon-neutral modes of transport, longer-distance transport, where air transport is being replaced by sea, road or rail whenever possible, and choosing alternative fuels with lower emissions; and the optimisation of volumes transported.

For local transport, i.e. deliveries from local warehouses to city centres, electric or hybrid vehicles are used whenever possible. For example, the Parisian sites are delivered from the two French logistics centres using electric vehicles (from the Bobigny site), or hybrid vehicles (from the Saran site).

For more distant transport (Asia, America, Oceania), maritime transport is preferred when the nature, volume and quantity of the items to be shipped permit it. To date, this mainly concerns publications (for example, the biannual review *Le Monde d'Hermès*), items related to communication events, store fittings, sales associate uniforms, packaging and store consumables. Tests are also conducted for sea transportation (to Asia and the United States), rail transportation (to China) or a rail/sea combination (to Japan) for other categories of items, in particular furniture, as well as more seasonal items such as shoes and ready-to-wear.

Tenders for freight transport systematically include a criterion linked to the improvement of the carbon footprint: the use of NGV and bio-NGV for road transportation, SAF (sustainable aviation fuel) for air transportation and SMF (sustainable maritime fuel) for maritime transportation, are gradually requested from the selected service providers.

Actions have also been taken to transport raw hides from farms to the division's tanneries. The Supply Chain teams have worked in this way since 2020 to increase the share of maritime transportation between Australia and France. In 2021, this share increased significantly, with a third of *Porosus* hides shipped by boat, which corresponds to a 30% decrease in transport-related CO₂ emissions compared to 2020 (for an equivalent number of hides transported).

The optimisation of volumes transported will drive the improvement in our logistics footprint. In 2019, 2020 and 2021, we modernised our order preparation tools: automated pre-packing, optimisation of order preparation circuits and automated adaptation of the height of transport crate contents before closing, all contribute to reduce the volumes transported, for an equivalent number of items.

Lastly, at employee level, Hermès continued to promote low-impact mobility. On the one hand, through a proactive policy of replacing internal combustion vehicles with electric vehicles or plug-in hybrids (34% of the current fleet in France), both for company vehicles and service vehicles. On the other hand, through the proposal of a long-term rental solution for electric bicycles with a small contribution from Hermès Sellier and Hermès International employees; the Group pays 70% of the rental.

2.5.4.3 UNDERTAKE VOLUNTARY CARBON OFFSET ACTIONS

2.5.4.3.1 Carbon neutrality approach

As specified by ADEME (French Environment and Energy Management Agency), carbon neutrality aims to offset, on a global scale, any greenhouse gas emissions resulting from human activity by sequestering equivalent quantities of CO₂, i.e. keeping them out of the atmosphere over the long-term. This means sequestering carbon to stabilise its concentration in the atmosphere and limit the effects of climate change on the planet. This objective of neutrality has a scientific reality only at a global level, and involves the coordination of the States by the Paris Agreement. However it also requires the mobilisation of all stakeholders, from citizens to companies.

To achieve carbon neutrality, two levers are necessary: drastically reduce GHG emissions as quickly as possible, and, at the same time, invest in biological or technological sinks to sequester residual CO₂ emissions.

For ADEME, this commitment by stakeholders to carbon neutrality must include the following three stages, which are applied by Hermès:

- 1. the implementation of a climate strategy consistent with the Paris Agreement**, i.e. enabling the reduction of emissions, and combined with a commitment to sufficient and verified resources. Hermès calculates its carbon emissions and ensures their audit by an independent third party, has formalised its reduction strategy since 2019, and had its SBTi trajectory validated in 2021;
- 2. participation, through its activity, in decarbonising its suppliers upstream and its customers downstream, through the adoption of low-carbon consumption methods.** Since 2021, in particular through CSR Briefs for its suppliers, Hermès has been committed to reducing emissions in its supply chain. Craftsmanship production in a logic of quality and sustainability, and not volume or rapid renewal, is a powerful vector of low-carbon consumption;
- 3. contribution to the financing of third party reduction, avoidance and sequestration projects to accelerate the ecological transition** and contribute to the increase of carbon sinks, according to the principle of carbon offset. This is the purpose of the Group's investment in the Livelihoods project since 2012.

Hermès wishes to contribute in a pro-active way to this collective neutrality by 2050, by putting its offset efforts into perspective in relation to the level of its emissions. However, the Group does not claim individually to be carbon neutral.

ADEME thus supports the principle of voluntary carbon offset if the company complies with five rules to which Hermès subscribes:

- ◆ Rule no. 1: Undertake and publish an assessment of GHG emissions, reductions and offsets, in particular through this URD, but also with the public reporting of the CDP (assessment A- for the climate change part).
- ◆ Rule no. 2: Choose certified offset projects: all projects carried by Livelihoods are audited and certified by Verra (formerly VCS) or Gold Standard.
- ◆ Rule no. 3: Favour projects with a "sustainable development" approach, i.e. long-term projects with positive impacts on populations and biodiversity, which are the hallmarks of the projects carried out by Livelihoods.
- ◆ Rule no. 4: Define the right combination of projects supported both nationally and internationally; while the first projects led by Livelihoods were international, inspired by the Clean Development Mechanisms, in 2021 Livelihoods launched its first project in Brittany (France) on a pilot basis and Hermès is also studying the possibility of other similar projects in France.

- ◆ Rule no. 5: Communicate responsibly. Hermès does not claim in any way to be carbon neutral, acknowledging that the Group’s activities have a carbon impact, even though it is one of the most moderate in the CAC 40. However, its actions are committed to the long-term, with the aim of achieving a “net zero” trajectory by 2050, compatible with the 1.5° scenarios of the Paris Agreement.

Offset strategy:

The Group’s ambition to achieve a “net zero” target by 2050 is based on two complementary approaches:

- ◆ a reduction in emissions, which requires organisational and technological changes both internally and with suppliers;
- ◆ offsetting, which is based in particular on natural capture mechanisms (e.g. planting) and the implementation of large-scale projects, which take time to be set up sustainably.

This carbon offset strategy is therefore gradual for two main reasons:

- ◆ on the one hand, so that the priority remains the allocation of human and financial resources to reducing emissions;
- ◆ on the other hand, to build offset projects with local communities, in compliance with our quality and ethics requirements, which takes time.

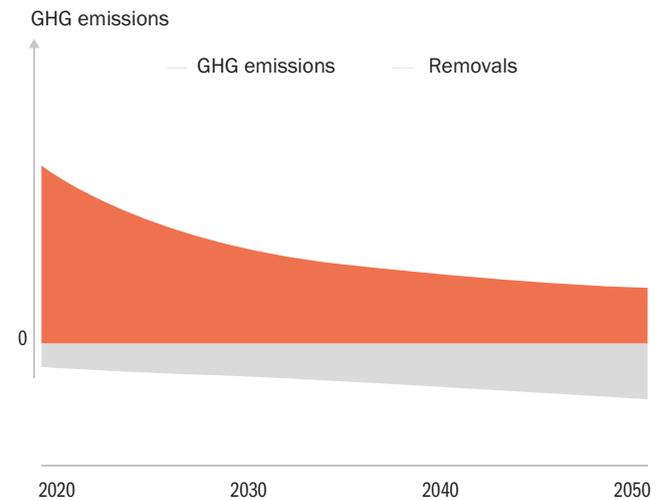
Hermès’ strategy is to follow a trajectory that will enable it to i) neutralise a growing part of its residual carbon emissions by 2030, calculated on the basis of emission reduction projections (as taken into account in the SBTi analyses), and ii) achieve expected volumes of voluntary carbon offsets (forecasts of carbon credits deliveries from the Livelihoods business plans). Hermès is continuing its analyses to achieve its 2050 goal of net zero.

In 2021, Hermès increased the reliability of its emissions forecasts and, by confirming its commitment to the third Livelihoods fund, has secured this 2030 trajectory with projects that have maturities of 20 years, and deliveries of these credits, which will accelerate in the coming years.

CARBON CREDITS RECEIVED AND CANCELLED

	2018	2019	2020	2021
Carbon credits received <i>in k tonnes CO₂ eq</i>	36	44	46	81

HERMÈS’ VOLUNTARY CARBON OFFSET TRAJECTORY



2.5.4.3.2 Livelihoods Carbon Fund

In June 2012, Hermès joined the Livelihoods carbon funds (LCF), a coalition of companies financing carbon offset projects with high social and environmental value. Livelihoods initiatives are described below as well as in the section covering relations with stakeholders (see § 2.7.2.1.4), notably explaining that more than 132 million trees have already been planted, benefitting more than 1.7 million people.

The operation of this system is based on **seven structuring principles**, the foundations of the Livelihoods charter, which contribute to its value:

- ◆ **reduction first:** the carbon credits generated by Livelihoods projects serve to complement internal reduction efforts, and are one of the parameters for achieving carbon neutrality by 2050;
- ◆ **principle of additionality:** the projects supported by Livelihoods would not have existed without its investments, which require in-depth studies in complex social and economic contexts. These are not off-the-shelf or standardised projects, as is sometimes the case for certain renewable energy carbon projects. The aim is to help disadvantaged and sometimes marginalised communities to break out of poverty, as formalised in the Livelihoods charter;
- ◆ **carbon credits certified to the highest standards,** Gold Standard and Verra (formerly VCS), which validate the carbon effectively removed (and not carbon reduction estimates or future projections). Each project also results in a follow-up and calculations of impacts according to the United Nations' SDGs;
- ◆ **an entrepreneurial risk to finance projects in the beginning:** Livelihoods does not buy credits “on the market” from projects that have already been started, accepting to pay a margin to an intermediary. It helps disadvantaged communities by investing for them right from the beginning, by taking a risk of between €2 million and €6 million on each project, with no absolute guarantee of any return. The communities concerned do not have the means to carry out their projects without this risk-taking. Project financing occurs during the first years, with the results seen, for example, when the trees grow. This can sometimes be five years after the main investments have been made;
- ◆ **a coalition of companies** driven by the same spirit: all investors in Livelihoods pool their commitment and therefore receive credits from a portfolio of projects that have been developed and discussed together;
- ◆ **a long-term approach:** companies and project sponsors, as well as communities, are committed to projects lasting between 10 years (energy projects) and 20 years (farming projects). During this period, the fund will help communities, monitor projects and receive credits after a few years. Commitments of this length are rare for company coalitions;
- ◆ **local communities that benefit directly from projects:** thanks to the NGOs that coordinate projects at local level, communities benefit directly from the advances provided by the projects: increases in soil fertility, regenerative farming, efficient agro-ecological practices, restoration of ecosystems, generation of farming, forestry and fishing income and the improvement of living conditions. This is actually one of the key success factors of the projects: the communities mobilise themselves because they find that there is a direct advantage to the project.

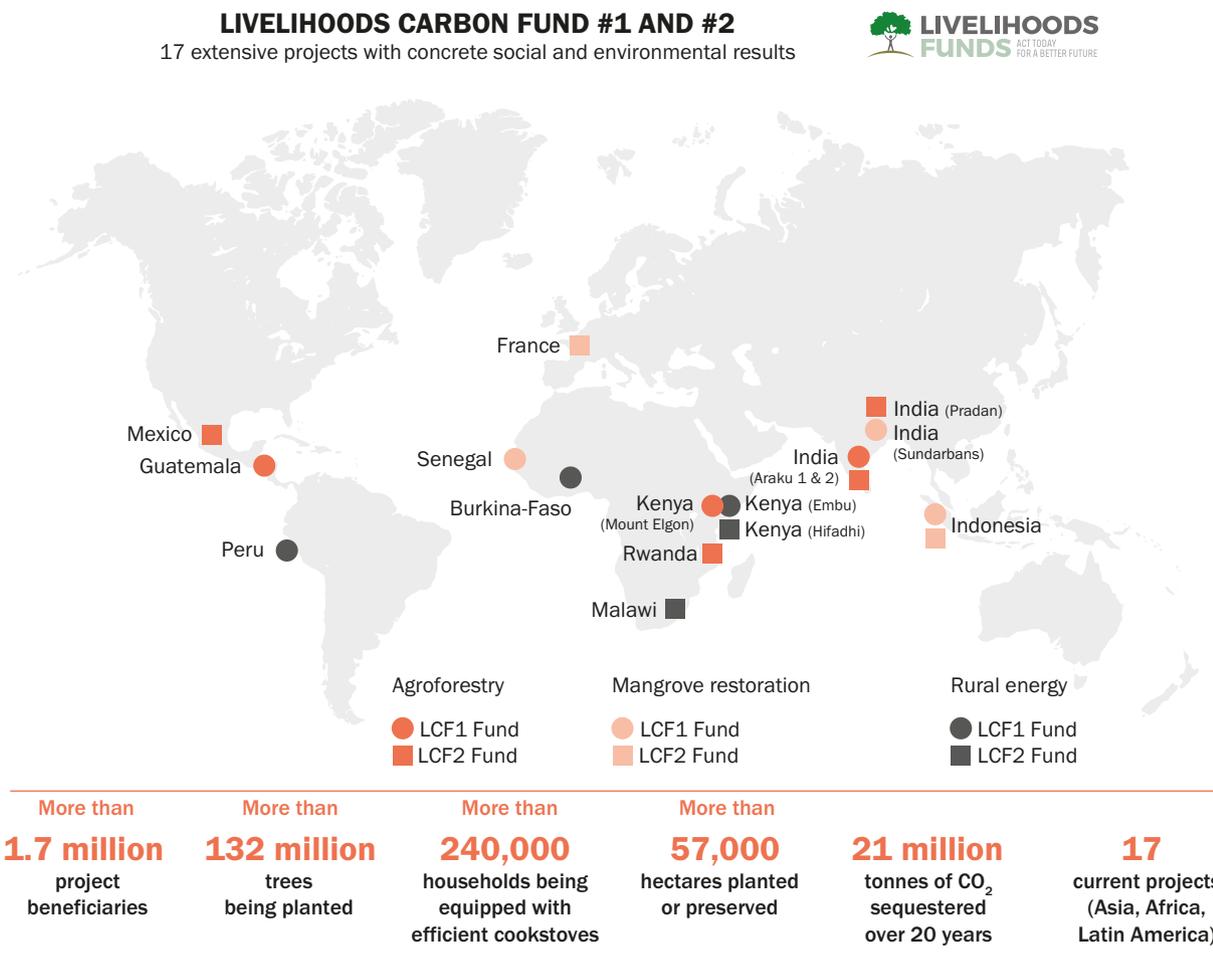
The Livelihoods fund is organised by a system of successive compartments. The first LCF1 compartment (Livelihoods carbon fund 1, €45 million), was opened in 2011, and until 2020 was the only one to issue carbon credits. Hermès has also been a shareholder since 2017 in a second sub-fund, LCF2 (€65 million), whose first deliveries took place this year. Numerous projects have already been launched by this fund, in India, Indonesia, Kenya, Rwanda and Malawi, on agroforestry, mangrove and energy projects.

Capitalising on a decade of experience with private investors, at the end of 2019 Livelihoods announced the launch of a third Carbon Fund to help companies, financial investors and cities accelerate climate action and

generate large-scale social impact. This third Livelihoods Carbon Fund (LCF3), which was closed in June 2021, aims to invest €150 million to improve the lives of 2.5 million beneficiaries in developing countries. More than €250 million have been collected to fight against climate change through the three Livelihoods funds.

Hermès has thus confirmed its commitment to the climate, communities and biodiversity through an investment in this third LCF3 compartment. With each of these funds having a lifespan of 20 years, the Group is demonstrating its long-term philosophy, and its ability to assume long maturities (2030) and continue its commitment to reducing the impact of climate change.

Livelihoods projects produce positive impacts that go beyond the sequestration or reduction of carbon emissions, as illustrated by the following diagram:



The carbon deliveries expand as the trees grow (the projects span a period of 20 years). They were made in 2021 after verification by specialised auditors (according to the Gold Standard and Verra-VCS standards), and Hermès cancelled all the credits granted to it.

The Covid-19 crisis unsurprisingly created difficulties and delays in projects, whether in their implementation or verification. Nevertheless, the funds were able to distribute credits for amounts greater than the budget forecast.

In total, Hermès received and cancelled **81,000 carbon credits** for 2021, and contributed the same amount to reducing climate change impacts.

This amount is equivalent to the **entire scopes 1 and 2 carbon emissions, plus 63.6% of emissions related to upstream and downstream transportation of merchandise**, i.e. more than 76% of the total represented by scope 1, scope 2 and Transportation items.

§ 2.7.2.1.4 “Communities: stakeholders and local integration” provides further information on the Livelihoods societal aspects.

2.5.5 BIODIVERSITY

Maintaining an environmental setting conducive to the development of activities requires respect for and the protection of biodiversity. According to the recent WWF “Living Planet” report, there has been a very worrying decline in the populations of birds, mammals, amphibians and reptiles on the planet’s surface since 1970.

Hermès is working to protect biodiversity in its direct sphere of responsibility, in its extended sphere of influence, and through voluntary commitments reaching beyond its economic sphere of influence.

“Nature has been inspiring us since 1837. Protecting biodiversity is a wonderful opportunity. We must pass on this wealth to future generations. It’s a challenge we must win today.” Axel Dumas, Executive Chairman of Hermès.

POLICY

To meet the current challenges regarding the global loss of biodiversity, Hermès has made a concrete commitment with a strategy formalised in 2018 and updated in 2020 around four structuring elements: train, collaborate, evaluate and act. Hermès is continuing its biodiversity commitments with a five-year plan covering its activities in France (80% of production) and internationally. The subject is supervised by the Sustainable Development Committee (three members of the Executive Committee) and is managed by a dedicated committee.

The purpose of the four pillars chosen is to guide the Group and its business lines in measuring the biodiversity footprint of value chains, to co-construct corrective and positive actions, or to support the organisation’s skills development. They include specific commitments that describe clear objectives and dedicated time horizons.

Hermès took advantage of the update of this biodiversity strategy to renew its individual commitment to Act4Nature International. The strategy and the related objectives have therefore been validated by a committee of stakeholders inherent to the governance of this multi-stakeholder alliance (companies, public authorities, scientists and environmental associations).

The House’s new commitments are a continuation of the previous ones and are defined as follows:

- ◆ **Train:** this involves increasing internal biodiversity awareness-raising initiatives and providing training on biodiversity issues and strategy.

Objectives: train CEOs, experts and Sustainable Development Committees in 2021, extend to Management Committees, site and sector employees in 2023, and then to all employees by 2025.

- ◆ **Collaborate:** the Group wishes to deepen the already existing partnership with WWF France for responsible sourcing, as well as with other specialist NGOs. This approach is decisive in the development of responsible breeding practices, especially for exotic leathers where more specific partnerships, such as the support of the ICFA, the SAOBC and the RSPCA¹ (UK) are useful to deepen new scientific research and support responsible breeding. More generally, it also wishes to extend its collaboration with stakeholders who are experts in these subjects.

Objectives: continue work with these recognised organisations by 2023.

- ◆ **Assess:** Hermès wants to build a robust impact analysis matrix based on value chain mapping. The result will be the measurement of the Group’s biodiversity footprint according to the five pressures of the IPBES .

Objectives: measure the biodiversity footprint, particularly of the main supply chains (leather, silk, cashmere, wood, cotton) by 2025 with WWF France and CDC Biodiversité using the GBS. Integration of the issues identified in the reporting tools by 2025.

- ◆ **Act:** action plans proportional to the level of impact on all sites and raw materials sectors must be implemented and support the development of Science Based Targets. At the same time, the Group is committed to continuing its positive actions beyond its area of direct responsibility.

Objectives: certify 100% of the ostrich sector by 2022. Establish action plans for 100% of “lowest impact” sites by 2023, those with “high impact” and its main supply chains by 2025. In addition, reinvest in the Livelihoods fund and on biodiversity projects via the Corporate Foundation (four dedicated projects by 2023).

1. Royal Society for the Prevention of Cruelty to Animals.

2. Intergovernmental science policy Platform on Biodiversity and Ecosystem Services.

MEASURES IMPLEMENTED AND RESULTS

The actions are developed according to the four strategic axes stated above.

2.5.5.1 IMPLEMENT TRAINING INITIATIVES FOR EMPLOYEES

The e-learning module dedicated to biodiversity was rolled out in 2021. This training, accessible to everyone, was developed in a co-operative mode with employees of the House from different backgrounds.

As a reminder, in 2020, members of the Group's sustainable development Operational Committee attended training courses organised by Conservation International (CI) on biodiversity as part of the Fashion Pact. Specific training sessions were organised for a working group composed of internal experts as part of the project to map biodiversity issues using the GBS methodology with the WWF and CDC Biodiversité. An awareness-raising seminar attended by around 100 managers and co-hosted by WWF France, recalled the scientific findings from the latest IPBES report, presented the five major pressures that human activities exert on nature and communicated the positioning of the House and its objectives.

2.5.5.2 WORKING IN PARTNERSHIP WITH STAKEHOLDERS

Hermès wants to surround itself with the best skills to make progress in the field of biodiversity.

The partnership agreement with WWF France, signed in May 2016, was renewed in 2020. The aim is to work together to preserve ecosystems by analysing interactions with the Group's supply chains. This partnership is expressed in the following areas:

- ♦ assessment of the main environmental challenges of the supply chains (diagnosis, action plans);
- ♦ specific work on water risk issues thanks to the WWF's freshwater footprint assessment tool: the Water Risk Filter;
- ♦ innovative work on the global measurement of its biodiversity footprint, in collaboration with CDC Biodiversité.

Hermès continued its collaboration with the Cambridge Institute for Sustainable Leaders, after the study on the Brazilian silkworm sector, by starting the analysis of the impact on biodiversity of a new raw materials sector.

The Group also continued its highly operational work with NGOs involved in the protection of biodiversity: in South Africa, with SAOBC, on the subject of ostriches but also local ecosystems (water); with the ICFA for crocodylians, and with the British NGO RSPCA on animal welfare issues. In 2019, the Hermès Group initiated a process to better familiarise itself with its water footprint across all its sites and those of its suppliers (75 sites). As part of this study, potential impacts on biodiversity are taken into account and analysed.

At the same time, the Fondation d'Entreprise Hermès has also renewed its partnership with WWF France for the preservation of natural heritage and ecosystems, by supporting the reduction of crime related to wildlife, the fourth largest transnational criminal activity in the world, and future protection projects.

2.5.5.3 DIAGNOSING IMPACTS ACROSS THE ENTIRE VALUE CHAIN

In 2021, Hermès measured its footprint using the Global Biodiversity Score tool developed by CDC Biodiversité (a subsidiary of Caisse des Dépôts), implemented with the support of WWF France and based on field, financial and theoretical data from 2019.



The GBS is a tool for assessing the biodiversity footprint of companies. The results are expressed in MSA.km, where MSA is the average abundance of species (Mean Species Abundance), a metric characterising the integrity of ecosystems.

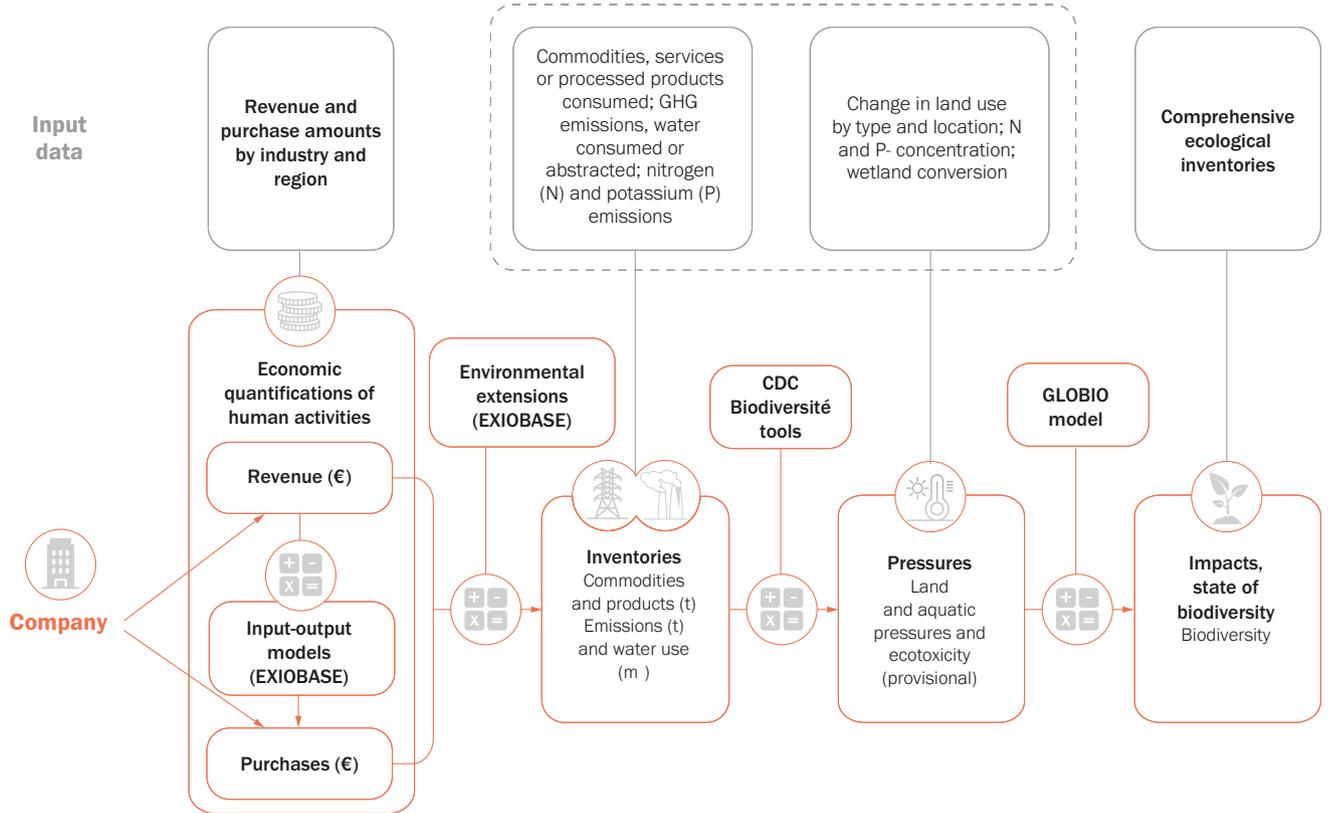
DIFFERENCES BETWEEN METRICS, UNITS, TOOLS AND INDICATORS (CDC BIODIVERSITÉ, 2020)

METRIC / UNIT	 kg - unit measuring the mass of a person	 MSA.m ² - system by which ecological integrity can be measured
TOOL	 balance - tool for weighing a person	 GBS - tool to assess the biodiversity footprint
INDICATOR	 weight - indicator of the mass of a person	 Biodiversity footprint - indicator that can be used by a company

The analysis is conducted by analysing the impact of the various components of economic activity on these ecosystems according to the following pressures: land use, fragmentation, encroachment, atmospheric nitrogen deposition, climate change, hydrological disturbance, wetland conversion, nutrient emissions and land use

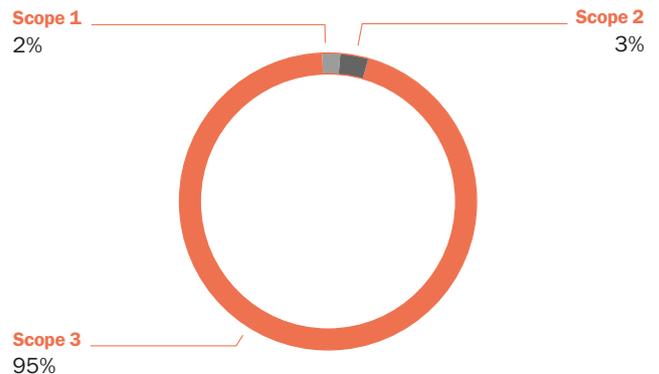
change in the watershed. These pressures are derived from the work of IPBES. The calculation is based on the use of the GLOBIO database, and makes it possible to calculate static and dynamic impacts, on scopes 1 (direct operations) and 2 (energy purchases excluding fuels), as well as 3 upstream (other purchases).

DATA COLLECTION AND ANALYSIS PROCESS (CDC BIODIVERSITÉ, 2020)



In total, 92% of Hermès' revenue is covered by this analysis, i.e. all Hermès métiers, with a limited number of exceptions, such as jewellery, for which the GBS methodology is not yet adapted (data and impact factors inadequate, in particular on Hermès' use of recycled gold and not gold from mining, at the date of the assessment, versions 1.1 and 1.2.1-beta used). The scope of the study includes scopes 1, 2 and 3 upstream (i.e. excluding the use phase). This scope is called the "Vertically Integrated Scope" by CDC Biodiversité.

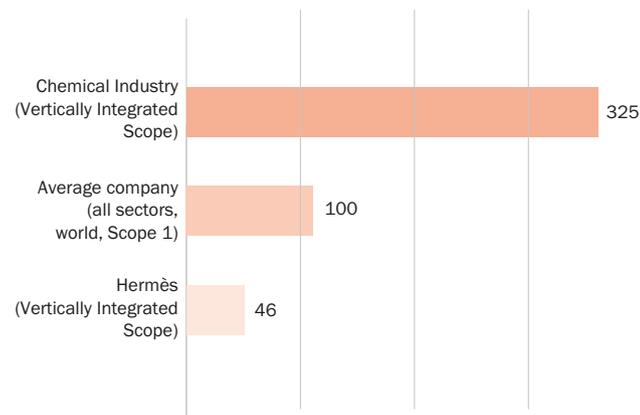
BREAKDOWN OF HERMÈS' TERRESTRIAL DYNAMIC IMPACT BY SCOPE



Hermès has chosen to steer the Group's actions and investments by focusing on the Terrestrial Dynamic impact, which reflects the annual deterioration. The majority of the footprint is related to the upstream part of the value chain. The main pressures on land biodiversity are linked to land use (crops, livestock) and greenhouse gas emissions (Scope 3 upstream), demonstrating a strong relationship between climate and biodiversity.

Although calculations of the impact on biodiversity are still not widespread, initial comparisons suggest that Hermès' activity has a less intensive impact on biodiversity than that identified in available inter-sector data.

INDEX OF THE TERRESTRIAL DYNAMIC IMPACT INTENSITY IN MSA.M /€ (AVERAGE COMPANY AT BASE 100)



Sector data provided by CDC Biodiversité

Focus on the Leather Goods & Saddlery métier

Particular attention was paid to the Leather Goods & Saddlery métier, which represents 45.5% of Group revenue, while contributing more than 50% of the dynamic land footprint.

TERRESTRIAL DYNAMIC IMPACT BY ACTIVITY (VERTICALLY-INTEGRATED SCOPE, MSA.KM)



The analysis of the contributions to pressures on biodiversity is based on a detailed analysis of the supply chain (mainly in France and Europe for leather goods). These pressures are at 95% within the upstream supply chain (scope 3). The work identified two priority levers for action within our sectors:

- ◆ animal feed;
- ◆ livestock farming (excluding food).

At the end of 2021, several projects were initiated with other industry players and experts on these levers in order to better understand their impacts within the value chain, in order to understand how to reduce their footprint on biodiversity.

Land use change

To fight against deforestation, Hermès takes into account its risks related to its upstream value chain. Within this, three main topics were identified: land use for animal feed, use of wood species for Hermès Maison objects and use of cardboard in packaging.

1- The GBS analysis of the Terrestrial Dynamic footprint of Hermès leather showed that cattle feed represents a significant area of work. As a result, a multidisciplinary working group was formed to work on reducing this footprint. In view of the complexity of the subject, both theoretical academic support and a pragmatic approach with certain partners are planned for 2022.

2- By ensuring demand for certified wood (FSC certification for oak, SVLK for mahogany), Hermès ensures that wood from forests is sourced with greater consideration for biodiversity, while maintaining the quality of water and preventing soil erosion. The House conducts a biannual assessment with its suppliers, taking into account the vulnerability of species (classification of species on the IUCN Red Lists: International Union for the Conservation of

Nature). This approach aims to reduce the risk of deforestation (use of valuable species) and thus the preservation of natural environments.

3- The cardboard and paper used for the orange bags and boxes given to customers are 100% FSC-certified.

Moreover, 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. For the establishment of new leather goods workshop sites, Hermès now favours the conversion of brownfield sites or wastelands whenever possible. For example, the Montereau leather goods workshop is located on the former site of an energy sector company, and that of Guyenne on a road construction aggregate site. The future site of an energy sector company of Riom, Louviers, and Saint Junien are also redevelopments of brownfield sites and this approach considerably limits the artificialisation of land surfaces while continuing to allow the activity to expand.

2.5.5.4 IMPLEMENT ACTIONS IN THE MÉTIERS, SECTORS AND SITES

Together with the partners supplying it with natural materials, the Hermès Group is continuing constructive efforts incorporating biodiversity protection. The Group is collaborating with international NGOs in this area, as appropriate, in order to better assess the various biodiversity components that concern it and to assess the impact on its supply chain.

Through their location in rural areas, the production sites are involved in various biodiversity initiatives.

Leather goods workshops and other production sites

In order to integrate the protection of biodiversity into the consideration of the establishment of future leather goods workshops, a guide listing best practices was drawn up in 2020. The following principles have been adopted: at the plot level, actions result in the implementation of ecological management of green spaces. At the landscape level, the aim is to promote ecological connectivity of sites with their surrounding environment. The sustainable construction standard used for each new site project has therefore been enhanced and will now enable architects and landscapers to best integrate this dimension into their projects.

In 2021, 14 leather goods workshops were assessed against 16 indicators based on the five erosion factors defined by IPBES: they are intended to measure the pressure on biodiversity, i.e. the impact of activities on the sites, the resulting state of the environment and the responses or corrective actions taken. These indicators assess the implementation of the best practices guide of the Leather Goods division with, for example, no use of phytosanitary products in these 14 leather goods workshops.

The pilot actions carried out by the leather *métier* are intended to be extended to all production sites in France, making it possible to achieve the 2025 objective of 100% of sites involved in biodiversity actions.

At CATE, a green space of approximately 5,000 m² is left fallow and is maintained only once a year to promote the development of biodiversity.

ATBC's textile site in Bussièrès has built a 225 m² "flower - alfalfa meadow" area to provide food for insects and wild rabbits.

Farms (crocodillians)

The vast majority of the animals bred on the farms come from eggs collected in the natural environment, according to quotas set each year by the local authorities. Several players ensure the smooth running of the farming industry in Australia and the United States, in particular local governments and their conservation departments, landowners, hunters and egg collectors and incubators from which the breeding farms buy the eggs or hatchlings.

As such, the income earned by landowners from the collection of eggs contributes to the upkeep of these wetlands, and therefore to the maintenance of biodiversity in these natural areas. In addition, Cites tags, the use of which is made mandatory by the Washington Convention, and egg collection permits generate benefits for local authorities (such as the US Fish and Wildlife Service or the Department of the Environment and Natural Resources of the Northern Territory in Australia). These resources are then devoted to the operation of the services involved in the management of species conservation programmes, the monitoring of animal populations in the natural environment, the control of compliance with regulatory requirements and research programmes on crocodillians.

In addition, specific actions are decided at local level. This is particularly the case in Louisiana, where farmers must reintroduce into the natural environment at least 5% of alligators - in good health and having reached a minimum size - raised on their farm. This reintroduction is carried out in areas defined by local authorities and under their control. The alligator industry, considerably reorganised in line with the Washington Convention, has contributed to protecting the species and its unprecedented development in the areas in question and, as a result, to protecting and maintaining the marshlands where these animals live and reproduce. According to the US Fish & Wildlife department, an area of 1.2 million hectares of wetlands is thus better maintained. The objective is to continue to support farmers in their development, and thus perpetuate these effects.

The production sites, by their activity and their location, therefore play a key role in the preservation of species, the protection of biodiversity and the local economy. The effectiveness of their actions comes from strong local integration thanks in particular to relationships with the various authorities in charge of nature protection, egg collectors and landowners

2.5.5.5 CONTRIBUTE TO POSITIVE ACTIONS OUTSIDE HERMÈS' SPHERE OF RESPONSIBILITY

As a responsible company, Hermès voluntarily undertakes biodiversity-related efforts reaching beyond its business activities.

Fondation d'entreprise

The Fondation d'entreprise Hermès contributes to various biodiversity-related projects and is continuing its efforts in this area. It supports a wide-scale project in Africa, for example, in partnership with the WWF France: Traffic/AfricaTwix. This project aims to improve the fight against the poaching, trafficking and illegal trade of protected species in Africa, through the establishment of IT tools fostering dialogue between the different authorities of the countries in question. The Fondation d'entreprise Hermès will continue to support this project. The Fondation d'entreprise Hermès has increased its commitment in this area since 2019, supporting the Natural History Museum's *Vigie Nature École*¹ programme, which aims to allow schoolchildren to take part in monitoring biodiversity, as well as supporting the NGO L'Atelier paysan, which with its agro-ecological approach lays the foundations for agricultural development that is more respectful of biodiversity.

1. <https://www.fondationdentreprisehermes.org/en/project/vigie-nature-ecole>

Act4Nature International

Act4Nature is an initiative launched by EpE (the French association *Entreprises pour l'environnement*) and several partners. It aims to mobilise companies to protect, promote and restore biodiversity through shared commitments set by scientific institutions and associations, and through individual commitments specific to each partner.

The shared commitment (10 commitments in total) aims to integrate biodiversity considerations into all activities, from governance and strategy to the most practical operations, to legitimise those considerations among the Company's employees and stakeholders in order to elicit and encourage spontaneous and widespread actions.

The individual commitment is defined by each company and specific to its activities. This commitment must be adapted regularly, as Act4Nature strives to follow a continuous progress approach.

In 2018, Hermès joined Act4Nature project alongside 64 members of the French economy, thereby confirming its commitment to supporting and factoring biodiversity into its overall development strategy, and also contributing to the biodiversity targets set by the international community.

In 2020, Act4Nature became "Act4Nature International", which retains the characteristics of the voluntary commitment of the first initiative but strengthens the terms of commitment required for companies and joins the global "Business for Nature" initiative. Hermès' commitments are presented in the "Strategy" paragraph of this section.

Also in 2020, Hermès took the opportunity to update its more ambitious biodiversity commitments and renew its individual commitment made in 2018. These objectives were validated by all stakeholders inherent in the governance of this multi-stakeholder alliance (companies, public authorities, scientists and environmental associations).

Fashion Pact

Under the Fashion Pact, Hermès joined a coalition, one of whose goals is to support the development of the Science Based Targets for biodiversity and to help protect and restore ecosystems and protect species. By participating in this coalition, the Group is committed to an objective that goes beyond its operations and contributes to the alignment of a sector with global objectives.

EXPERTS' HANDBOOK

This section takes a closer look and provides key figures, in particular on Hermès' actions and results on the "Environment" pillar.

CONTRIBUTION TO THE UN'S SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Hermès' environmental commitments contribute to the UN's sustainable development goals (SDGs).



No. 6: Clean water and sanitation

- ◆ 6.4 "By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity"



No. 7: Affordable and clean energy

- ◆ 7.2 "By 2030, increase substantially the share of renewable energy in the global energy mix"
- ◆ 7.3 "By 2030, double the global rate of improvement in energy efficiency"



No. 9: Industries, innovation and infrastructure

- ◆ 9.4 "By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities"
- ◆ 9.5 "Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending"



No. 12: Responsible consumption and production

- ◆ 12.2 "By 2030, achieve the sustainable management and efficient use of natural resources"
- ◆ 12.4 "By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment"
- ◆ 12.5 "By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse"



No. 13: Climate action

- ◆ 13.1 "Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries"
- ◆ 13.2 "Integrate climate change measures into national policies, strategies and planning"
- ◆ 13.3 "Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning"



No. 14: Life below water

- ◆ 14.1 "By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution"



No. 15: Life on land

- ◆ 15.a “Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems”
- ◆ 15.1 “By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements”
- ◆ 15.2 “By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally”
- ◆ 15.9 “By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts”



No. 17: Partnerships for the goals

- ◆ 17.17 “Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships”

2.5.2.2.1 WATER

BREAKDOWN OF INDUSTRIAL WATER CONSUMPTION BY ACTIVITY

In megalitres	2019	2020	2021
Tanneries	407	343	352
Textile	198	165	196
Leather	29	26	33
Metal	-	9	13
Crystal manufacturing	11	9	8.9
Logistics	6.6	7.0	4.2
Perfume and Beauty	5.1	6.7	6.2
Watch division	3.2	4.9	4.9
Beyrand	2.6	2.3	2.1
Bootmaker	3.0	5.0	3.3
Porcelain	2.3	2.3	2.3
Jewellery	-	0.24	0.18
TOTAL	668	580	627
Farms	4,514	4,514	4,810

CHANGE IN INDUSTRIAL WATER CONSUMPTION (EXCLUDING FARMS)

Year	In m ³	Intensity (m /€M)
2012	376,938	108
2013	510,314	136
2014	493,252	120
2015	502,632	104
2016	768,163	148
2017	713,533	129
2018	719,725	121
2019	668,469	97
2020	580,253	91
2021	627,491	70

Note: The reporting scope includes the Tanneries du Puy, acquired in November 2015. From 2018, the reference period is the 12-month period from 1 November of the previous year to 31 October of the current year. The scope of reporting includes the Mégisserie Jullien (acquired in May 2020) whose data measured over the period May 2020 to October 2020 are included in these figures.

2.5.2.2.2 ENERGY

BREAKDOWN OF THE GROUP'S ENERGY CONSUMPTION BY DIVISION (EXCLUDING FARMS)

GROUP BREAKDOWN (IN MEGAWATT-HOURS)	Industry	Stores	Services	Total	Intensity (MWh/€M revenue)
2018	161,531	31,305	15,846	208,682	35
2019	158,117	31,592	13,952	203,640	30
2020	147,955	36,969	14,253	199,177	31
2021	162,147	38,451	14,209	214,808	24
2021 in %	75,5 %	17,9 %	6,6 %	100%	

BREAKDOWN OF INDUSTRIAL ENERGY CONSUMPTION BY ACTIVITY

In GWh (gas, electricity)	2019	2020	2021
Tanneries	41	40	38
Textile	35	31	36
Leather	22	23	24
Metal	-	-	4.3
Crystal manufacturing	41	40	42
Logistics	5.4	4.8	4.4
Perfume and Beauty	3.5	3.1	3.7

Consumption 2021	Gas (MWh)	Electricity (MWh)
Tanneries	26,155	11,404
Textile	23,350	12,629
Leather	7,884	16,496
Metal	162	4,163
Crystal manufacturing	34,882	7,343
Logistics	1,879	2,549
Perfume and Beauty	1,631	2,020

In GWh (gas, electricity)	2019	2020	2021
Watch division	1.4	1.4	1.5
Beyrand	3.9	3.7	4.1
Bootmaker	0.98	0.95	1.1
Porcelain	2.0	1.7	2.4
Jewellery	0.69	0.64	0.56
TOTAL	158	148	162
Farms	4.5	4.1	5.1

Consumption 2021	Gas (MWh)	Electricity (MWh)
Watch division	0	1,539
Beyrand	2,181	1,894
Bootmaker	141	925
Porcelain	699	1,659
Jewellery	442	119
TOTAL	99,406	62,741
Farms	1,007	4,113

Note: The reporting scope includes the Tanneries du Puy, acquired in November 2015. From 2018, the reference period is the 12-month period from 1 November of the previous year to 31 October of the current year. Lastly, the scope of reporting includes the Mégisserie Jullien (acquired in May 2020), whose data measured over the period from May 2020 to October 2020 are included in these figures.

CHANGE IN INDUSTRIAL ENERGY CONSUMPTION (EXCLUDING FARMS)

YEAR	Gas (MWh)	Electricity (MWh)	Total (MWh)	Intensity (MWh/€M)
2012	79,429	41,893	121,322	35
2013	90,052	47,818	137,870	37
2014	83,397	50,398	133,795	32
2015	81,625	51,678	133,303	28
2016	99,449	54,645	154,094	30
2017	105,894	54,768	160,662	29
2018	105,042	56,489	161,531	27
2019	101,744	56,373	158,117	23
2020	91,106	56,849	147,955	23
2021	99,406	62,741	162,147	18

BREAKDOWN OF ELECTRICITY CONSUMPTION BY STORES BY GEOGRAPHICAL AREA IN 2020/2021 (MWh)

Geographical area	Nov 2019 - Oct 2020 (MWh)	Nov 2020 - Oct 2021 (MWh)
France	2,721	3,536
Europe (excl. France)	7,321	7,513
Americas	9,698	10,682
Japan	5,164	4,471
Asia-Pacific (excl. Japan)	12,066	12,249
Total	36,969	38,451

2.5.3.1 REDUCING THE FOOTPRINT AND CONTROLLING WASTE AND DISCHARGES

TONNES/2021	OIW¹	HIW²	Total
Tanneries	6,690	305	6,995
Textile	557	707	1,265
Crystal	168	988	1,157
Leather	1,134	59	1,193
Perfume and Beauty	662	356	1,018
Logistics	420	0	420
Metal	177	289	466
Porcelain	91	10	101
Beyrand	46	30	76
Watches	53	41	94
Footwear	45	1	46
TOTAL (EXCLUDING FARMS)	10,043	2,787	12,830
Farms	993	73	1,066

(1) Ordinary Industrial Waste

(2) Hazardous Industrial Waste

INDUSTRIAL WASTE INTENSITIES (EXCLUDING FARMS) OVER THE LAST THREE YEARS

	2019	2020	2021
OIW intensity (t/€M)	1.03	0.94	1.12
Change		-9%	+19%
HIW intensity (t/€M)	0.92	0.81	0.31
Change		-12%	-62%

2.5.4 CLIMATE CHANGE

SUMMARY OF GREENHOUSE GAS EMISSIONS - DETAIL OF SCOPE 3

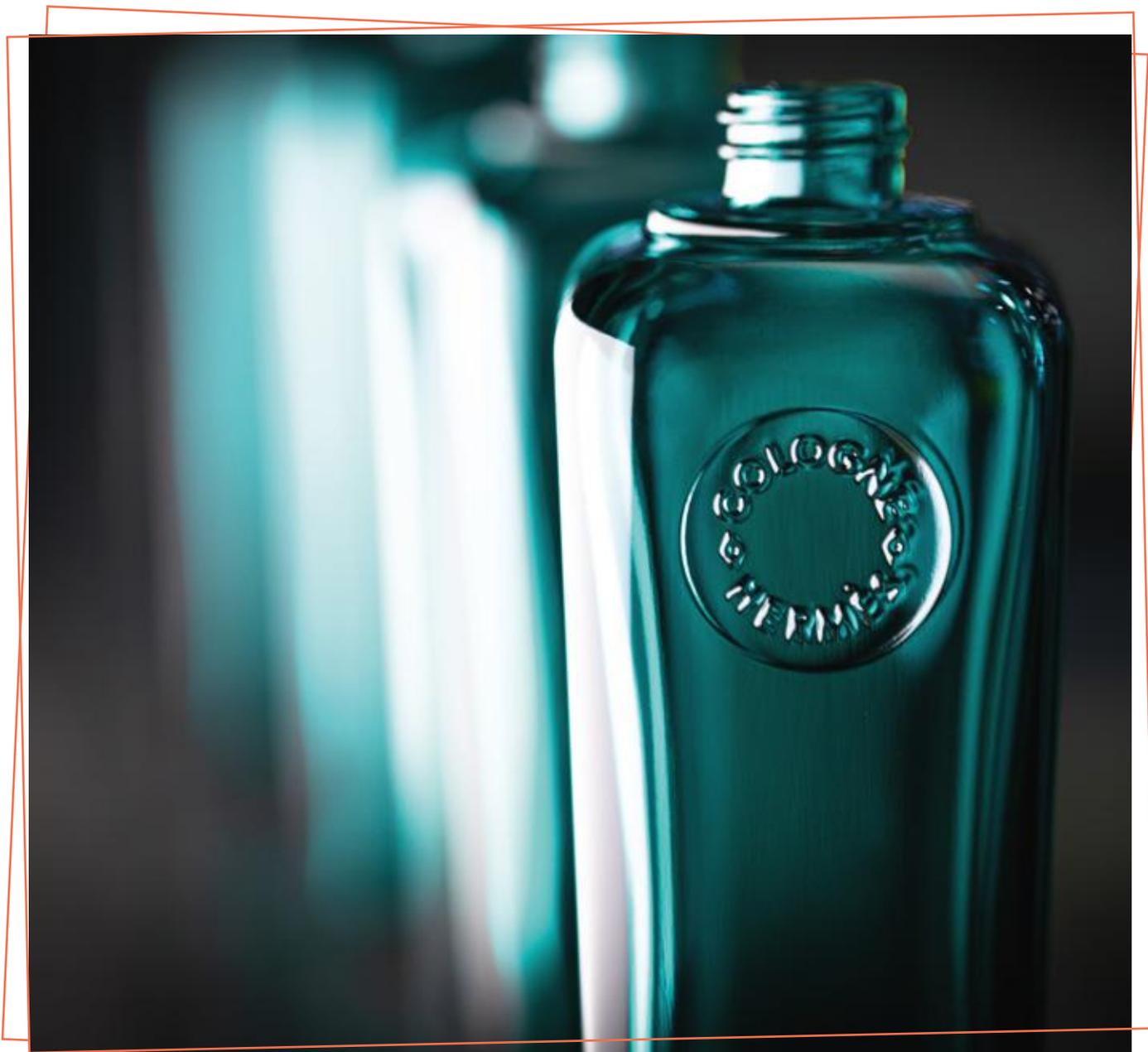
SCOPE 3 – In k tonnes CO₂ eq		2018	2019	2020	2021
Upstream	1. Products and services purchased	402.9	365.6	336.2	361.8
	2. Capital goods	26.7	10.7	31.5	24.6
	3. Fuel- and energy-related activities not included in scope 1 or scope 2	3.0	2.9	2.8	3.0
	4. Upstream transportation and distribution	20.7	14.2	17.7	10.9
	5. Waste generated by the sites	8.8	9.3	5.8	6.2
	6. Business travel	27	15.9	3.2	1.3
	7. Employee commuting	19.7	13.1	14.6	20.3
	8. Upstream leased assets	Not significant	Not significant	Not significant	Not significant
Downstream	9. Downstream transportation and distribution	70	51.7	48.5	57.7
	10. Processing of products sold	Not significant	Not significant	Not significant	Not significant
	11. Use of products sold	Not significant	Not significant	Not significant	Not significant
	12. End-of-life treatment of sold products	Not significant	Not significant	Not significant	1.9
	13. Downstream leased assets	Not significant	Not significant	Not significant	Not significant
	14. Franchises	-	-	2.1	2.4
	15. Investments	Not significant	Not significant	Not significant	Not significant
TOTAL SCOPE 3		578.7	483.3	462.5	490.1

NB: calculations or estimates that led to non-material amounts (threshold <0.5% of the total) are included as “not significant”.

CONTRIBUTION TO CARBON NEUTRALITY

<i>In k tonnes CO₂ eq</i>	2018	2019	2020	2021
VOLUNTARY CONTRIBUTION				
Carbon credits received	36	44	46	81
CARBON FOOTPRINT COMPARISON				
% credits vs the Group's CO ₂ emissions	5.8%	8.4%	9.2%	14.4%
% credits vs scopes 1 & 2 (market-based)	82%	106%	119%	217%
% credits vs upstream & downstream freight transportation footprint	40%	67%	70%	118%
% credits vs scopes 1 & 2 (market-based) + freight transportation	27%	41%	44%	76%

Bottles of eau de Cologne “Eau d’orange verte”, manufactured by the company Pochet



©Photographer: Pascal Biomez

2.6 COMMUNITIES: SUPPLIERS & PARTNERS

Hermès' sustainable development is linked to the ability of its partners and suppliers to develop sustainably with regard to social, environmental and ethics issues, in particular human rights, fundamental freedoms, employment conditions, respect for nature and its biodiversity.

More broadly, Hermès contributes to the deployment of responsible sustainable development practices through its influence, and by exercising a duty of care towards its partners as well as by promoting the socially supported sector.

2

Introduction

In line with its strategy of preserving unique *savoir-faire* and securing supplies, most of Hermès' production is integrated: 58% of our objects are made in Hermès exclusive and in-house workshops. Our ability to grow is however also linked to the retention and development of our suppliers and subcontractors, whose exceptional *savoir-faire* and future success will contribute to that of the Hermès Group whose exceptional *savoir-faire* and future success will contribute to that of the Hermès Group and therefore, their social and environmental practices must be irreplaceable.

These subcontractors and suppliers of the House are, for the most part, historical partners. As such, for direct purchasing (production purchases), the average length of trading relationships with the Hermès Group's 50 largest suppliers in 2021 was 20 years. They operate mainly in the Leather Goods division (tanneries and manufacturers) but also in other *métiers* (jewellery and shoes, notably). This stability is also true for small suppliers, some of which have been working with the House for more than 50 years.

The Hermès Group has also been working with socially supported organisations in France for many years for its direct and indirect purchases, and this practice is growing steadily every year.

In terms of organisation, indirect purchases are supervised by a Group department, which pools certain items (such as packaging) and coordinates a network of dedicated buyers in the *métiers*, subsidiaries and central services. It also coordinates Group action plans on major topics, such as the elimination of single-use plastics (§ 2.4.1.1.1).

Direct purchasing is also supervised by a dedicated Group department which coordinates a network of buyers within the *métiers* and coordinates the process of analysing supply chains (§ 2.4), managing supplier risks and the supplier audit programme. Moreover, it defines the Group's purchasing policy as well as the CSR objectives for suppliers and partners (human rights and labour-related, biodiversity, energy and carbon, water, plastics).

Particular attention is paid to human rights issues, which are, for instance, the main topic of a dedicated section in the supplier handbook signed by suppliers.

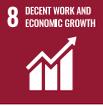
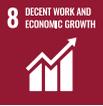
Hermès pursues a corporate strategy in which ethics and proper business conduct are the pillars and guardians of responsible and sustainable performance. An Ethics Committee has been set up to receive and process alerts, as well as to provide advice and recommendations on the Group's ethics culture (§ 2.8).

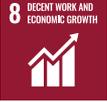
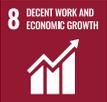
In 2021, the Group made progress on the major procurement issues, with the aim of making a long-term difference through steady improvements with a significant impact. Among these, the selected elements below are particularly illustrative of 2021 for this section:

- ◆ CSR and Supply Chain Briefs sent to suppliers;
- ◆ Opening of the ethics whistleblowing line for suppliers;
- ◆ Commitment of 12 subsidiaries and suppliers to the Medef French Business Climate Pledge;
- ◆ Five-fold increase in purchases from socially supported organisations in France since 2017 (€3.8M).

COMMUNITIES

SUPPLIERS AND PARTNERS

	OBJECTIVES	INDICATORS	2021 RESULTS
	SUPPORT THE DEVELOPMENT AND EVOLUTION OF SUPPLIER PRACTICES TO PRESERVE KEY SAVOIR-FAIRE AND SECURE SUPPLIES		
		Average length of relationships with the top 50 direct suppliers	20 years of trading for relationships with the top 50 direct suppliers
	Create lasting relationships with our suppliers to promote sustainable action plans	Supplier payment terms in France	An average of 24 days for supplier payments in France in 2021, compared to a general average of 43 days in France (according to the Banque de France), and improvement (27 days in 2020 and 29 days in 2019)
		Amount paid in advance of the contractual term	€3.6 million ahead of the contractual deadline, thanks to the implementation of an automated service or delivery validation system, in order to support the cash flow of our partners
	CO-CONSTRUCT SUSTAINABLE DEVELOPMENT ACTION PLANS WITH OUR SUPPLIERS AND PARTNERS		
	Work with our suppliers to achieve the highest existing standards	% of suppliers that are part of certified supply chains	100% of Jewellery workshops RJC certified 100% of the paper and cardboard used for orange boxes and bags is FSC-certified Commitment of partner tanneries to the LWG (Leather Working Group)
	ENSURE THE APPLICATION OF OUR SOCIAL, ENVIRONMENTAL AND ETHICAL REQUIREMENTS (DUTY OF CARE)		
	Guarantee suppliers' adherence to the Group's CSR commitments	% of purchasing suppliers that have signed handbooks 1 and 2	89% of direct purchasing suppliers have signed handbooks 1 and 2
	Monitor the CSR performance of suppliers	Number of suppliers (French and international) assessed by EcoVadis and average score of suppliers by EcoVadis	322 suppliers (French and international) assessed by EcoVadis, with an average score of 55.4 , compared to 42.8 for all assessments carried out by EcoVadis, i.e. an outperformance of 29%
	Control the application of the Group's requirements by all suppliers	Number of audits performed on direct suppliers	66 audits performed on direct tier 1 suppliers and 47 performed on direct tier 2 suppliers
	Allow suppliers to report actions that do not comply with the Group's codes	Activation of an alert system	Launch of the alert system H-Alert! for all suppliers

	OBJECTIVE	KPI	2021 RESULTS
	 DEVELOP BALANCED PARTNERSHIPS, SUPPORT OUR PARTNERS, AND PROMOTE LOCAL INTEGRATION AND OTHER REGIONAL DEVELOPMENT OF BASINS AND SITES WHERE WE ARE LOCATED		
	Contribute to regional development through our purchasing policies	% of our suppliers that contribute to the development of priority areas (rural areas, districts, the long-term unemployed)	20% of our French suppliers contribute to development in priority regions, in particular 560 suppliers located in Rural Revitalisation Zones and 1,480 suppliers located in priority urban areas
	 INCREASING PARTNERSHIPS WITH SOCIALLY SUPPORTED ORGANISATIONS		
	Encourage the use of suppliers that use socially supported organisations and employ socially supported organisations directly	Amount of purchases made from socially supported organisations	€3.8 million in purchases from adapted companies (EAs) and sheltered work establishments (ESATs)
		Number of suppliers referenced that are Social and Solidarity Enterprises (ESS)	530 referenced suppliers are Social and Solidarity Enterprises (ESS)

2.6.1 SUPPORT AND CONTROL

Hermès is committed to providing long-term support for all its partners and maintaining balanced relationships characterised by goodwill and high standards; it therefore ensures that all its partners share and respect its social, environmental and ethics ambitions. In particular, the Group monitors issues related to human rights and fundamental freedoms, employment conditions (hygiene, health, safety, working hours, wages, etc.), the environment and biodiversity, as well as animal welfare. This monitoring applies to its tier one suppliers, but also to their own suppliers (tier two) and subcontractors, with the aim of always better understanding all the supply chains and align their CSR objectives with Hermès.

POLICY

At Group level, the direct and indirect purchasing departments coordinate and monitor policies, tools and outcomes. The Group purchasing policy, issued in May 2013 and updated in January 2021, is based on four elements:

- ◆ security: ensuring long-term relationships with suppliers, in particular, with the preservation of key *savoir-faire*, securing of supplies and services, and the establishment of balanced and sustainable relationships with partners;
- ◆ quality and innovation: seeking the best quality and enriching Hermès' creation with concrete proposals, resulting from the innovation of partners;
- ◆ CSR: ensure a social, societal, environmental and ethical commitment across all supply chains, by sharing the House's objectives in these areas with partners and supporting them in their implementation;
- ◆ cost control: contribute to the House's economic performance both by controlling costs, considered as a whole, and by providing value to the customer.

In January 2021, this policy was updated to strengthen its CSR component, by adding a CSR brief and a supply chain brief:

- ◆ The CSR brief specifies the House's objectives and its expectations vis-à-vis suppliers on five themes: human and social rights, biodiversity, energy and carbon, water and plastics;
- ◆ The supply chain brief presents, for each raw material, both the short-term objectives and the trajectory for 2024, the points requiring particular attention, and those that are prohibitive. In particular, this brief includes certification objectives for most materials according to the best existing standards (cf. 2.4.2.1 "Management of supply chains").

Operationally, each *métier* is responsible for managing its suppliers and more generally, its supply chains. This approach guarantees proximity, understanding of issues and pragmatism of its mechanisms, while complying with the House's rules.

These three documents, the Group purchasing policy, the CSR brief and the supply chain brief, were presented to all of the House's purchasers

during a purchasing network meeting in April 2021. Purchasing managers then gradually rolled out these documents to their suppliers throughout the year. Supplier meetings have been organised by the *métiers* with their main suppliers to present these CSR and supply chain briefs in person and advise them on the implementation of these objectives. Suppliers so wishing were offered more in-depth training in 2022, in particular in the areas of energy and carbon, water and biodiversity, in order to continue to support them in the best possible way using a collaborative approach.

Focus on the real estate department

Since 2017, the real estate purchasing policy has been gradually rolled out at subsidiaries. For any new construction, the supplier's undertaking to adhere to local rules and acceptance of the charters on fair trading and good labour and environmental practices are a prerequisite to engagement with the Hermès Group.

The contractor's societal responsibility drives it to reach beyond legal obligations and to implement all approaches that would benefit society. An internal methodology for analysing and managing supplier risks in real estate has been defined. Hermès hope that its partners can also be actors in this ambition. Its suppliers are invited to ascertain their "CSR" profile.

Based on the importance of the risks identified, specialised third-party firms are requested to conduct an on-site audit. They are responsible for determining action plans that will be shared with the suppliers for actions to be monitored internally by the Hermès Group.

2.6.1.1 SOCIAL, ENVIRONMENTAL AND ETHICS REQUIREMENTS

The supplier risk management system, which had already existed in the Hermès Group for many years, has been strengthened since 2018 as part of the rollout of a reasonable duty of vigilance plan with respect to suppliers and subcontractors as required by French law.

This monitoring is undertaken in the specific context of Hermès, which carries out more than 58% of its production internally: this not only reduces its exposure to risk, but it often gives it a better understanding of operational issues (being itself an actor on the subject). Thus, through its purchasers by *métier*, the Group is in most cases close (geographically, on account of an ongoing relationship and technically) to its suppliers.

In addition to quality issues, special attention is given to human rights and fundamental freedoms, the health and safety of people, and more generally their working conditions, as well as the protection of the environment and biodiversity. Ethics, specifically the prevention of corruption and influence-peddling, are also closely monitored.

All of this work is carried out systematically across the entire scope of the Group, using a "risk-based" approach that aims to prioritise the issues using successive filters, to focus efforts on the most significant issues.

In accordance with the recommendations of law No. 2017-399 of 27 March 2017 on the duty of care of parent companies and ordering companies, this vigilance plan is specifically structured around:

- ◆ risk mappings aimed at identifying and assessing the risks generated by the activities of suppliers and subcontractors, and more generally by all of the supply chains;
- ◆ procedures to regularly assess the situation of suppliers and subcontractors with which we have an established trading relationship, but also to assess the situation of tier 2 suppliers and subcontractors, in order to gain an ever-stronger understanding of the supply chains;
- ◆ appropriate action to mitigate risks identified and prevent serious breaches of human rights, fundamental freedoms and health, safety and environmental regulations;
- ◆ a whistleblowing mechanism and alert monitoring;
- ◆ a system for monitoring the measures implemented and assessing their effectiveness.

A methodology for monitoring supplier risks was formalised in 2018 and is applied by the direct purchasing and indirect purchasing departments at all the House's *métiers*.

The diagram below summarises this methodology and the corresponding tools:



COVID-19: SUPPORT FOR SUPPLIERS DURING THE CRISIS

In 2021, **the purchasing teams in all *métiers* have strengthened their presence with their suppliers** through very regular contacts, at least weekly, to check collectively the health challenges for their teams, their financial health and their level of activity. In this context, several actions were implemented to support their cash flow:

- ◆ payment of orders made, even in the absence of physical receipt;
- ◆ acceleration of payment terms (even if the standard internally is already to pay suppliers as soon as possible and not when due);
- ◆ maintain order volumes in line with pre-existing plans;

- ◆ orders sometimes made ahead of need to support the level of activity.

As indicated above, these practices have led to concrete results (payment terms improved to 24 days in France vs. an average of 43 days, €3.6 million in cash advanced compared to the payment term).

Masks and hydroalcoholic gel were naturally provided to some suppliers to enable them to reopen more quickly and safely, especially at the beginning of the period when a certain shortage existed, making use of the House's ability to make bulk purchases.

The *métier* purchasers must sort their suppliers by purchase category, then, for each of these categories, map the global risks and then analyse the risks by supplier. For suppliers identified as “at-risk” (notably corruption, politically exposed persons, negative press, breach of human rights, risk to the health and safety of persons, environmental risk) and those identified as strategic or sensitive (volume of business, special *savoir-faire*, *intuitu personae*, succession, financial health), the purchasers must complete a “supplier information questionnaire” to enable them to investigate the risks further. If the risk is confirmed, an external audit is requested.

2.6.1.2 RISK MAPPING

The Hermès Group has produced a risk mapping (see chapter 4 “Risks and control”, § 4.1), into which the mappings produced by each of the main *métiers*, Retail subsidiaries and support activities are fed. Each of these mappings takes risks related to suppliers and subcontractors into account.

In addition, to guarantee the thorough assessment of all suppliers and, more generally, all supply chains, the purchasers in each *métier* formalise a **risk mapping for each of their purchasing categories, assessing in particular the risks with respect to human rights and fundamental freedoms, the health and safety of people, social aspects, the environment and sustainable development, ethics and corruption risks**. Since 2019, these risk analyses by purchasing category (manufacturing methods, metal parts, fabrics, etc.) have been supplemented by analyses of the supply chains by raw material (cotton, linen, gold, silver, etc.) (see § 2.4.2.1 “Management of supply chains”).

Since 2018, the emphasis has been on direct production purchases, for which control of the supply chain is a strategic challenge. With its 16 *métiers*, the Group has around 100 direct purchasing categories and more than 80 raw materials supply chains. **At the end of 2021, risk mapping and a risk analysis by supplier had been conducted for 93% of purchasing categories and a comprehensive analysis had been completed for 74 raw materials supply chains.**

Among the risks identified, ensuring the sustainability of craftsmanship *savoir-faire* and maintaining our capacity in France are major challenges for several divisions, as is improving the traceability of raw materials throughout the supply chain. The impact of climate change, water and energy consumption and biodiversity are important issues, systematically taken into account (see § 2.5). Issues relating to the health and safety of people are also identified, but deemed to be less critical, this point being already controlled thanks to the long-standing monitoring with all suppliers, notably through audits, with a particularly high level of exigence. Lastly, as the majority of suppliers are located in France, the risk of violation of human rights and fundamental freedoms as well as the risk of corruption are generally assessed as very low; however, they are particularly closely monitored for the small number of supplies from further afield.

2.6.1.3 REGULAR ASSESSMENT PROCEDURES

For each purchasing category previously covered in a risk mapping, the *métier* purchasers carry out a second-level risk analysis by supplier. This aims to assess the performance (deliveries, quality, etc.) and financial independence of each supplier, but also the risks related to human rights and fundamental freedoms, the health and safety of people, and more generally, employment conditions, as well as environmental risks. Corruption risks are also assessed according to the country in which the supplier is based and its activity.

If a risk is suspected, the purchaser arranges an audit to confirm or rule out this risk, supported by a “supplier information questionnaire” setting out the various topics included in the previously completed supplier risk analysis framework.

This “supplier information questionnaire” is more generally used by the direct purchasers as the basis of visits to a tier 1 or higher supplier with the aim of constantly improving their knowledge of the supply chains. Purchasers also use this questionnaire during pre-accreditation visits before starting to work with a new supplier. These pre-accreditation visits are compulsory within the scope of direct purchasing.

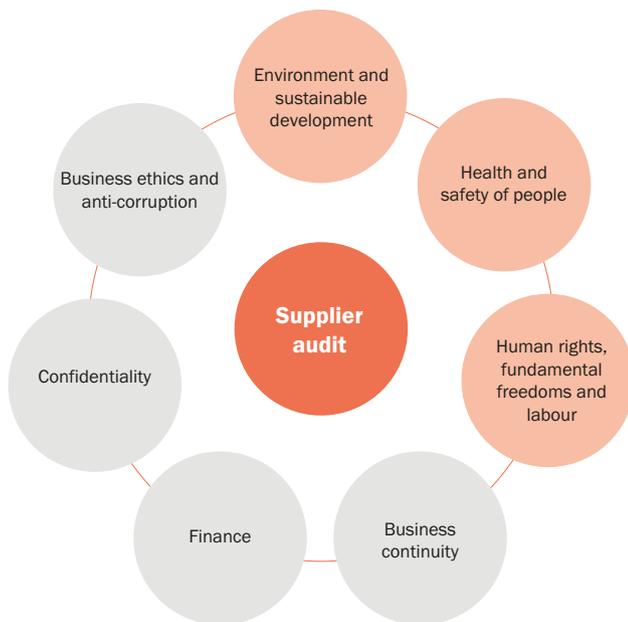
Audits

If the supplier information questionnaire confirms a significant level of risk, the purchaser alerts the direct purchasing department and their line manager, a member of the *métier*’s Management Committee, and an action plan is drawn up to prevent or mitigate the risks. If the risk is related to the environment, the health and safety of people, social issues or human rights and fundamental freedoms, an external body recognised for its expertise, is asked to conduct an audit. The results of these audits and action plans are taken into account during any continuation of relationships.

Audits are also requested for strategic or sensitive suppliers (volume of business, specific *savoir-faire*, *intuitu personae*, located in a country far from France, etc.). **Specifically, in terms of direct purchases, the Hermès Group’s 50 largest suppliers must be audited at least once and all suppliers outside Europe must be audited regularly, approximately every three years.**

These audits last at least two days each and are carried out in the presence of a Hermès representative. They make it possible to verify *in situ* the reality of suppliers’ social, environmental and ethics commitments, the proper implementation of regulations that concern them, and the reality of the working conditions and well-being of employees.

In keeping with the supplier information questionnaire, these audits cover the following seven issues:



Of these seven topics, the three priorities, which meet our obligations under the duty of care law are those identified in orange in the diagram above.

In 2021, the health situation related to Covid-19 once again impacted the supplier audit programme. Despite this, 105 audits were completed, i.e. 80% of planned audits (compared to 71 audits in 2020, i.e. 55% of the target). This represents an increase of 48%. The vast majority of these audits were conducted in Italy (51%) and in France (28%). They were distributed among 66 tier 1 suppliers, on 87 sites, and 41 tier 2 suppliers, 93% of which were located in Italy. In total, 145 days of audits were carried out on site.

These audits led to the identification of 1,364 findings, of which 0.2% were considered critical, 18.5% major and 52.5% significant. The remaining 28.8% concern simple points for improvement, with proposals for best practices to encourage suppliers to constantly progress in a spirit of continuous improvement.

Breakdown of supplier audit findings by family

Hermès places the safety of people at the heart of its concerns, which is why the level of health and safety audits is particularly high. It is therefore no surprise that 57% of the findings are related to this theme, i.e. 776 findings, of which 23% considered major (no critical findings).

Only three critical findings were identified in 2021. They concerned a single supplier and were linked to a proven environmental soil pollution issue. The supplier took immediate steps and implemented the necessary actions to correct the situation and comply once more.

The most frequent major observations in terms of personal health and safety relate to:

- ◆ fire risk: non-compliance of electrical installations, inaccessibility of emergency equipment and exits, ATEX (explosive atmospheres) study not carried out;
- ◆ chemical risk: inventory not conducted, lack of search for substitutes for CMR products (carcinogenic, mutagenic and reprotoxic), lack of measurement of exposure to substances with OELs (occupational exposure limits);
- ◆ risks related to workstations: incomplete or outdated generic single document, no prevention plan or lack of lockout-tagout procedure;
- ◆ compliance with mandatory periodic inspections: lifting equipment and accessories, pressurised equipment, boilers, etc.

In terms of the environment, the main recurring findings relate to non-compliance with the obligations related to ICPE regulations, the administrative management of waste, and the absence of an asbestos technical file.

In terms of labour, the most frequently occurring observations concern the exceeding of the overtime quota, the absence of an SEC or the lack of training for this committee and the absence of formalised professional interviews.

In terms of ethics and anti-corruption, although some suppliers have not yet formalised their own ethics and anti-corruption charter, they have all signed and implement Hermès' social, environmental and ethics policy as a basis (Handbook 2) which notably contains clauses relating to the fight against corruption.

These audits are a fundamental part of the risk assessment system for suppliers and subcontractors. They also contribute to the quality of the relationship, a key factor in the success of sustainable support towards best practices. This is why purchasers are involved in the auditing of their suppliers, supporting the process upstream, participating in audits alongside the external firm, and monitoring the progress made in the action plans in a more formal manner. An employee from the direct purchasing department is also involved in most of the audits. It also helps develop the purchasers' CSR expertise, which they can then apply to the identification of risks when visiting their suppliers.

Supplier Audit Committee (direct purchases)

Since early 2019, a Supplier Audit Committee is tasked with analysing the various audit reports and defining the actions to be implemented as a priority with each of the audited suppliers. This Supplier Audit Committee brings together the direct purchasing department, the Director of Industrial Affairs, the Director of Audit and Risk Management and the purchasers concerned within the *métiers*. The Supplier Audit Committee meets twice a month to review the findings of new audits and dedicate time to follow up on past audits. The purchaser of the *métier* in question is responsible for distributing the conclusions of the Supplier Audit Committee to each supplier and monitoring action plans. Audit follow-up visits are planned three months, six months and/or one year after the audit, depending on the type and severity of the findings. If necessary, a member of the Group direct purchasing department can accompany the purchaser on these visits. Lastly, once all the findings have been cleared by the supplier, a closing visit is carried out by the purchaser concerned and a member of the Group direct purchasing department to confirm the

successful completion of all corrective actions and ensure their sustainability over time.

EcoVadis

In line with its responsible purchasing strategy, the indirect purchasing division selected EcoVadis at the end of 2018, which offers a collaborative platform for assessing the environmental performance and social responsibility (CSR) of its suppliers (environmental, social and human rights, ethics and responsible purchasing). Each company is assessed on these fundamental issues according to their size, location and sector of activity. Evidence-based assessments are reported in assessment sheets enabling the implementation of corrective action plans.

Since the programme was launched, 322 French and international suppliers have accepted Hermès' invitation to join the programme. **The average score of these indirect suppliers is 29% higher than the EcoVadis average** (55.4 compared to 42.8). In 2021, the objective of inviting the top 150 indirect purchasing suppliers in France to self-assess or share their score was achieved. With the aim of ensuring progress, a number of suppliers whose scores did not yet meet Hermès' demanding standards were also reassessed. The target is to invite 50 additional suppliers during 2022, in order to cover the 200 main indirect suppliers in France.

2.6.1.4 RISK MANAGEMENT AND MITIGATION OR PREVENTION OF SERIOUS VIOLATIONS

The Group's policy is also based on a desire to train purchasers in an increasingly complex *métier* and formalise concrete commitments by suppliers.

Network management and training

The two purchasing divisions, direct and indirect, are responsible for coordinating the network of purchasers and organising joint training actions.

Each direct purchasing network, led by its Group department, regularly brings together purchasers from the *métiers* every three months to review the Group's policy and procedures, regulations, legal rules and tools for monitoring suppliers and subcontractors. These meetings are also an opportunity to share the purchasing risk mapping of the various *métiers*. This helps purchasers to exercise their duty of care vis-à-vis their suppliers and subcontractors, and more generally vis-à-vis all supply chains. In particular, in 2021, the enhancement of the CSR component of the Group's purchasing policy was presented to the entire community of purchasers, i.e. 120 direct purchasers, during these meetings.

In addition, networks specific to certain supply chains have existed since 2019 and meet on average three times a year, and more frequently if necessary. These are the leather, textile, metal parts, cashmere and precious metals purchasing networks. These meetings provide the opportunity to discuss the risks identified within the chains and steer the action plans to prevent or mitigate these risks.

Since the end of 2018, the development of a training course for purchasers has been ongoing, with the aim of strengthening and structuring the training already existing within the Group. These dedicated sessions are either more general, with detailed CSR components, or more technical on EHS (Environment, Health and Safety), legal compliance and human rights topics.

The *Fundamentals of purchasing at Hermès* training course was finalised in early 2021 and is currently being rolled out. It lasts three days, including a full day dedicated to CSR, responsible purchasing and supply chain management.

An *Environment, health and safety* training course has also been running since 2020. It addresses purchasers, as a priority, but also everyone who is required to travel to the House's suppliers and subcontractors. This one-day classroom training aims to acquire sufficient expertise to identify any EHS shortcomings on the part of a supplier or a subcontractor and support it in the corrective actions to be implemented, in an approach of partnership and continuous improvement. At the end of 2021, despite the constraints related to the health situation, 161 people had already been trained, with the aim being to reach an additional 150 people in 2022.

In addition, a *Legal and compliance* training course is being finalised with the legal department, as well as a training course on *Human rights, fundamental freedoms and labour*. These two programmes will be rolled out in 2022. A Carbon Assessment training course will also be introduced in 2022.

Supplier commitments

From a legal standpoint, Hermès systematically requests a formal commitment from its suppliers to comply with their social, regulatory and environmental obligations through two undertaking handbooks signed by both parties. These handbooks, which define the contractual relationships, are regularly updated, with:

- ♦ handbook 1: defining undertakings with respect to non-disclosure and fair trading;
- ♦ handbook 2: defining undertakings with respect to social, environmental and ethics policies.

These two handbooks are public and available online (<https://finance.hermes.com/en/ethics-human-rights-and-diversities/>).

They were updated in 2020 to include an email address facilitating the reporting by suppliers of any breaches they witness in terms of ethics.

The vast signature campaign launched in 2018 continued in 2021 to present and encourage all the Group's suppliers to subscribe to this new version.

Handbook 2 includes items relating to international standards and agreements, rules of labour-related, environmental and ethical conduct, as well as personal data.

By signing Handbook 2, suppliers and subcontractors formally undertake to carry out their own duty of care with respect to their suppliers and subcontractors. Moreover, they are responsible for declaring all their subcontractors to Hermès and may not subcontract any production of Hermès products to a new subcontractor without Hermès' prior written agreement. This agreement is tied to a pre-accreditation visit based on the "supplier information questionnaire".

Purchasers must take care to regularly remind their suppliers and subcontractors of the undertakings they have made by signing Handbooks 1 and 2. Furthermore, any new supplier is required to sign Handbooks 1 and 2 before any partnership can be undertaken, and in particular prior to participating in any call for tenders or listing.

The percentage of active suppliers in the direct purchasing scope who signed undertaking Handbooks 1 and 2 increased again to reach 89% at the end of 2021 (compared with 85% in 2020 and 76% in 2019).

In addition, the CSR briefs, created in 2020, and the supply chain briefs, developed in January 2021, specify the House's objectives and its expectations vis-à-vis suppliers on these topics. To strengthen supplier engagement, a "CSR self-assessment questionnaire" has been developed, comprising more than 100 questions relating to CSR. It allows purchasers to retrieve all the information they need from their suppliers in terms of CSR (social policy, commitments to the environment and biodiversity, ethics charter, waste management, commitments to reduce the water footprint, carbon footprint and greenhouse gas emissions, etc.). It will be widely rolled out to suppliers in the 1st half of 2022.

2.6.1.5 ALERT MECHANISM AND SYSTEM FOR MONITORING MAJOR ISSUES

The close relationships between Hermès and its suppliers are key to identifying suspicious conduct. On-site visits by purchasers and frequent assessments are important aspects that make it possible to detect any breaches and to alert the Group.

Each *métier* is responsible for monitoring the challenges identified and the proper implementation of corrective actions with suppliers. Similarly, the legal framework of relations with suppliers and subcontractors is regularly updated in light of actual experience. In particular, the conclusions of the audits, which bring together the auditors, the *métiers*, the purchasers and the industrial department, offer deep insights solidly rooted in the real circumstances of suppliers and subcontractors.

In accordance with the code of business conduct, **any employee who identifies suspicious behaviour in the supply chain is invited to report it internally thanks to the H-Alert! mechanism.** Furthermore, in the event of a breach or situation contrary to the ethics, social and

environmental principles, **the Hermès Group has provided its suppliers and subcontractors with a whistleblowing mechanism in the form of a generic email address.** These reports are analysed by the legal compliance department and the Group purchasing department. § 2.8.4.1. describes in more detail the implementation of this alert system.

2.6.1.6 HUMAN RIGHTS IN THE SUPPLY CHAIN

The Hermès craftsmanship model, in which 58% of objects are made in Hermès' exclusive in-house workshops, and 78% in France, relies on a network of suppliers based mainly in Europe, where labour practices are stricter than in other environments. Hermès' exposure to supplier risk is therefore reduced, all the more so as 66% of the top 50 direct suppliers are in France and 28% in Europe. Just 5% of purchases are made in more distant countries, mainly raw materials (e.g. exotic leathers), and control and monitoring there are extremely strong.

The Group's policy, for its own operations as well as for those carried out by its suppliers and subcontractors, is to enforce compliance with major international Human Rights principles.

- ◆ Hermès' internal and external ethics approach is based on the universal framework established by major international principles. **The ethics charter, signed by the Executive Chairman, established in 2009, is communicated to all employees. It is available on the intranet and can be accessed by the public at <https://finance.hermes.com/en/>.** It specifies that these principles apply to both Group companies and suppliers. In particular, explicit reference is made to the Universal Declaration of Human Rights, the charter of fundamental rights of the European Union, the charter of fundamental principles and rights of the International Labour Organization, which covers freedom of association, the fight against forced labour, child labour and the fight against discrimination, and the OECD Guidelines. It is also a member of the United Nations Global Compact (in which Hermès is "Advanced" level), which invites companies to adopt, support and implement in their sphere of influence a set of 10 core values (relating to issues involving human rights, labour standards, environment, the fight against corruption), and the UN Guiding Principles on Business and Human Rights, which commit companies to respect human rights and address the negative impacts of their activities;
- ◆ This approach is regularly shared with the teams and was strengthened in 2018 by the direct and indirect purchasing departments (internal training, Paris buyer seminar and by the work of the legal compliance department). It is shared with suppliers during operational exchanges with purchasers, and was formalised in the signing of Handbook 2 (see chapter 1 "Presentation of the Group and its results"), which is also available to the public online at <https://finance.hermes.com/en/>.

Monitoring of practices is primarily the responsibility of the *métiers* and their purchasers, who are in direct contact with suppliers. The topics that are monitored closely include working conditions (hours, health and safety, compensation, right to organise and representation, disciplinary practices), risks of discrimination, forced labour, child labour, and, more broadly, acceptable living conditions (considering the local environment). Industry (for the packaging sector, for example) and geographical discussions are held to help identify the issues more precisely. When a subject is identified, it is discussed with the partner to help it understand why the topic is important to Hermès, examine possible improvement solutions and put in place an action plan as part of a long-term relationship. If this process cannot be put in place, the subject is discussed by the Management Committee of the appropriate *métier*, the industrial affairs department and the Sustainable Development Committee. Depending on the outcome, the relationship is suspended.

Respect for Human Rights and fundamental freedoms is part of the vigilance plan put in place by the Group as part of its duty of care. This is repeated and detailed in § 2.8.4.

French Business Climate Pledge

In July 2021, as part of the “French Business Climate Pledge” initiative led by Medef, and in addition to the renewal of its 2019 membership, Hermès led to the participation of 12 Group companies, subsidiaries or partners to join this initiative. By encouraging participation in its ecosystem, Hermès is contributing to the successful transition to a low-carbon economy, by promoting awareness of these issues and sharing best practices and operational solutions.

2.6.2 RESPONSIBLE PRACTICES WITH SOCIALLY SUPPORTED ORGANISATIONS

Conscious of its social responsibility, Hermès traditionally uses socially supported organisations in France for its direct and indirect purchases, and this practice is growing strongly every year.

POLICY

The Group has long pursued a policy in favour of people with a disability, through partnerships with companies in the socially supported and sheltered organisation sector (EA², ESAT³) in France. This ambitious responsible purchasing policy is based on allowing EA and ESAT workers to exercise a professional activity in a meaningful environment. The legislation changes of the Disability Reform, which set a ceiling for the tax reductions generated by purchases from socially supported organisations, will not threaten this policy, which has been reaffirmed to all players and influencers.

The **ambitious target to increase** the use of the socially supported and sheltered organisation sector in France **by 20% per year** was widely exceeded in 2021, with purchases made growing from €0.7 million at the end of 2017 **to €3.8 million at the end of 2021, i.e. a fivefold increase in five years**. Driven by a proactive policy, these purchases are mainly made at the initiative of Hermès Maroquinerie-Sellerie and Hermès Group Services.

The Group regularly uses the *Hors les Murs* initiative, in which EA and/or ESAT workers come and carry out work in the workshops. In many *métiers* (Hermès International, Hermès Group Services, Hermès Maroquinerie-Sellerie, Hermès Parfum et Beauté, etc.), these workers made available on a daily basis by EAs and ESATs contribute to various activities (cutting, preparation of orders or meeting rooms, logistics, security, concierge, mail dispatching, etc.). These collaborations provide long-term employment opportunities.

MEASURES IMPLEMENTED AND RESULTS

Hermès Maroquinerie-Sellerie's commitment in favour of disability is at the heart of an ambitious prevention policy for all employees. Hermès Maroquinerie-Sellerie wishes to continue and strengthen the partnership whenever possible, with the aim that each internal regional division develops a partnership with one or more EA-ESATs in its region. Each partnership is first and foremost a human journey, providing an opportunity to integrate people with disabilities into the teams, drawing on the experience and skills of these structures.

The first step is to have the EA/ESAT partners work locally on the skills they already offer: green spaces, company restaurants, renovation of workbenches, small equipment, etc. Once this potential is tapped, a ramp-up of skills is envisaged in the techniques necessary for the manufacture of objects. The ultimate goal is to enable certain EA/ESAT partners to become contract manufacturers to whom the sites could entrust the manufacture of certain small finished products.

It is in this context that Hermès Maroquinerie-Sellerie organised the second *Handispensable* day in 2021, bringing together all of its EA/ESAT partners and their internal contacts, to jointly build progress plans and spread to other divisions the results of this commitment which exceeded €1.95 million in 2021.

The Le Puy, Montereau and Vivoin **tanneries** have enlisted the help of ESAT employees to maintain their green spaces and clean the sites. The Annonay tannery also works with an ESAT on an occasional basis for commercial brochure packaging and leather sampling assignments. In 2021, the **Compagnie des Cuirs Précieux** extended its partnership with the ESAT that provides catering services and meal trays for seminars and meetings at its headquarters. Lastly, all tanneries are keen to continue these partnerships over the long term, and the ESATs are called upon as a priority in all calls for tenders.

1. Medef: Mouvement des Entreprises de France (French business association)

2. EA - Adapted company

3. ESAT - Sheltered work establishment

Hermès Bijouterie developed a partnership with an EA in the Paris region for the assembly, quality control, packaging and shipping of horn jewellery accessories. At the last Handi'Cap Forum, the partners testified to the quality of this collaboration, which opens up other opportunities for after-sales service, repackaging for other *métiers*, the preparation of boxes, and even upcycling operations (dismantling unsold items).

Hermès Parfum et Beauté continues its collaboration with an ESAT partner for the recognition of prior learning (RAE).

Petit h strengthened the partnership launched in 2018 with the Domaine Emmanuel ESAT. At the time, the agreement focused on two areas of *savoir-faire*, machine sewing and hand embroidery, to craft small objects and clothes for independent designers. Petit h asked them again to carry out precision work on silk Christmas baubles, followed by other delicate sewing assignments (after-sales service repairs), as well as packaging of charms and, more recently, the production of hand-embroidered silk handkerchief cases or the making of button strips.

Hermès Sellier General Services include in each call for tenders an inclusive clause on purchases from socially supported organisations and the sheltered sector, and regularly set up tripartite co-contracting contracts. These involved more than €870 thousand in purchases in 2021.

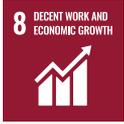
In Hermès Commercial, the Bobigny Logistics division has collaborated for several years with two EAs/ESATs, which provide five workers for logistics and quality control positions. A team of three people was also deployed within the exceptional sales department to prepare products for donations to charities. The partnership with the APF and Ateliers d'Aubervilliers continued with the provision of logistics operators in the workplace and, since 2020, the management of internal mail has been entrusted to a dedicated APF unit on site. Some of these collaborations result in hires.

Hermès Distribution France regularly calls on ESATs for catering and printing activities during various internal events (Sustainable Development Week, SEEPH, training sessions, team seminars, etc.). An ESAT supports the recruitment team in managing responses to paper job applications. Each year, the subsidiary calls on visually impaired massage practitioners, via a social utility company, to give massages to employees in stores. Finally, the Bordeaux store has been cooperating for more than a year with an ESAT, employing one or two employees several days a week to help with logistics activities.

EXPERTS' HANDBOOK

CONTRIBUTION TO THE UN'S SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The relations that Hermès maintains with its suppliers and partners contribute to the UN's sustainable development goals (SDGs).



No. 8: Decent work and economic growth

- ◆ 8.5 “Achieve full employment”
- ◆ 8.3 “Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services”
- ◆ 8.4 “Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead”
- ◆ 8.5 “By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value”
- ◆ 8.8 “Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment”



No. 10: Reduced inequalities

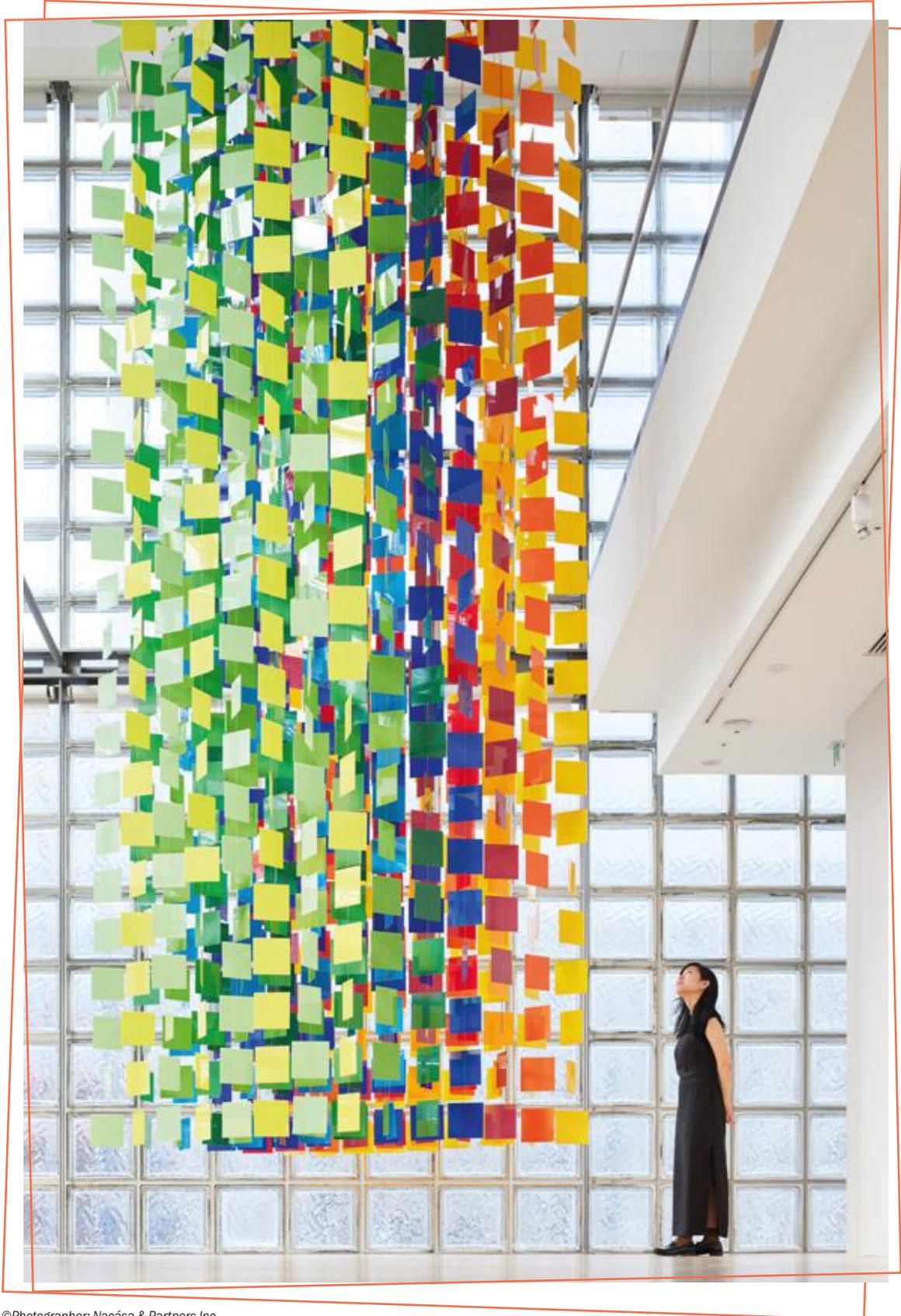
- ◆ 10.2 “By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status”



No. 12: Responsible consumption and production

- ◆ 12.8 “By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature”

“Les couleurs en Jeu” exhibition by Julio le Parc at the Forum in Tokyo, under the aegis of the Fondation



©Photographer: Nacása & Partners Inc.

2.7 COMMUNITIES: STAKEHOLDERS AND TRANSPARENCY

Hermès' sustainable development is rooted in harmonious long-term relationships with its stakeholders. Hermès develops its corporate citizenship wherever it operates, contributing to the economic, social and cultural vitality of the regions.

Hermès communicates its sustainable development ambitions and achievements with its stakeholders. More broadly, the House contributes to the public dialogue by sharing the specificities of its responsible and sustainable model.

2

Introduction

Aware of its responsibility in terms of contribution to regional development, Hermès locates its production activities in France. **With more than 400 reasonably-sized sites (production units, stores, logistics sites, offices) worldwide, and more than 80 in France, Hermès contributes to regional sustainable development by providing employment (4,761 new employees over the past five years) and promotes the creation of sustainable value (local recruitment, training of employees, etc.).**

In line with the strategy adopted in 2020, in 2021 the Group did not request any assistance from the State for mechanisms related to the Covid-19 crisis in any of the countries where it operates.

Diverse initiatives enable Hermès to express its uniqueness, as well as extend its outreach into numerous regions, and create constructive ties with local economic players. These harmonious relationships with our stakeholders contribute to its local integration and contribution for a positive impact, strengthen employee pride in belonging to the Company.

Moreover, the House's subsidiaries and sites organise local charitable operations. They encourage employees to become more involved in the various issues, each in their own way. Giving time, giving of one's self, opening oneself up to others, giving back to the world part of what they have received. Throughout the world, numerous local interest projects are alive and active thanks to Hermès.

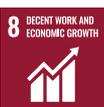
The founding values of Hermès are also expressed through the Fondation d'entreprise Hermès, created in 2008, which sets up the necessary conditions for the creation of works of art, transmission of *savoir-faire*, protection of the environment and encouragement of solidarity actions. (<https://www.fondationentreprisehermes.org/en>).

In 2021, the Group made progress on the main issues relating to local integration and relations with stakeholders, with the aim of making a long-term difference through steady improvements with a significant impact. Among these, the selected elements below are particularly illustrative of 2021 for this section:

- ◆ Nearly 400 solidarity and social actions around the world
- ◆ 29.5% consolidated tax rate at Group level
- ◆ Donation of €7 million to AP-HP (the Parisian public hospital system) in France in 2021, following €20 million in 2020
- ◆ Improvement in the scores of non-financial assessments, Grand Prix de la Transparence (CAC Large 60), Most Responsible Company (Le Point, Clothing and Accessories sector)
- ◆ Initial analysis using the European Taxonomy regulation, in line with its TCFD and SASB publications
- ◆ Reasonable assurance report on a selection of CSR information published in this document.

COMMUNITIES

STAKEHOLDERS AND TRANSPARENCY

	OBJECTIVES	INDICATORS	2021 RESULTS
	PURSUE A MANUFACTURING DEVELOPMENT POLICY IN FRANCE BY JOINTLY DEVELOPING PROJECTS WITH THE REGIONS WHERE IT OPERATES		
	Maintain a high level of commitment in terms of production in France		78% of objects made in France
		Number of production sites in France and number of new sites established in France	52 production sites
	Continue to develop new production sites in France	Number of regions in which the Group has established sites	In 11 of the 13 French regions (including 9 for production sites)
		Number of new employees in France	3,065 new employees in France over five years
	DEVELOP HARMONIOUS RELATIONSHIPS WITH LOCAL STAKEHOLDERS		
	Implement stakeholder relations action plans in each host region	Number of local events with local authorities, local institutions, associations, etc.	Collaboration with "Sup de Sub" Participation in Réseau Entreprendre 93 Signature of a company-region charter with Est Ensemble
	GIVE BACK TO THE WORLD PART OF WHAT IT GIVES US (OPERATIONAL, FINANCIAL, SPONSORSHIP) – GROUP OR FONDATION		
	Ensure value is shared	Group tax rate	29.5% consolidated Group tax rate
		Group tax expense in millions of euros	€1 015 million in tax expense in 2021
	Establish the necessary conditions for the creation of works of art, transmission of <i>savoir-faire</i> , protection of the environment and encouragement of solidarity actions	Fondation budget by mandate	€40 million budget for the Fondation d'entreprise (over five years 2018-2023)
		External evaluation	1st in the Carenews Corporate Foundation ranking (endowment vs revenues, 2018 study)
	Strong commitments from the entire Group to local sponsorship initiatives	At least one sponsorship or social and solidarity action per year and per country	See table § 2.7.2.1.2
		Number of solidarity projects set up	More than 400 solidarity projects around the world
	Develop global philanthropic actions	Projects led by the Group	€7 million Group donation to AP-HP (the Parisian public hospital system)
		Livelihoods project	1.7 million people impacted by Livelihoods projects worldwide
	CONTRIBUTE TO DISCUSSIONS BY CIVIL SOCIETY OR ACADEMIC RESEARCH EFFORTS BY PARTICIPATING IN MULTI-STAKEHOLDER INITIATIVES		
	Establish partnerships with educational establishments	Number of partnerships with educational establishments, chairs, etc.	20 partner educational establishments Partnership with the Sciences Po Paris Sustainable Development Chair

	OBJECTIVES	INDICATORS	2021 RESULTS
	 PARTICIPATE IN ADVOCACY ACTIONS FOR DIFFERENT PRODUCTION METHODS (CRAFTSMANSHIP, LESS INTENSIVE AGRICULTURE, LOCAL INTEGRATION)		
	Contribute to initiatives and coalitions	Contribution to an action in each of our value chains	Fashion Pact Act4Nature International UNFCCC ICFA
	 DEVELOP A CONSTRUCTIVE AND TRANSPARENT DIALOGUE WITH ALL OF THE COMPANY'S STAKEHOLDERS		
	Be transparent about our non-financial performance	Number of non-financial assessments	9 main non-financial assessments
	Achieve the highest rating category in each assessment	Improve non-financial ratings	CDP climate from B to A- , MSCI from BBB to A , VE from 43 to 61 "Advanced"
	Be transparent about the strategic actions taken by the Company and the results obtained	Number of CSR documents shared on Hermès' sites	13 documents published in addition to the annual report on the Hermès Finance website

2.7.1 REGIONAL RESPONSIBILITY IN FRANCE

As part of its regional responsibility, Hermès undertakes initiatives in France in particular to support the regions in which it is located, enhancing their value, regenerating them, transforming and revealing them.

POLICY

Hermès chooses to locate its manufacturing sites mainly in France. This is the case for its Leather Goods & Saddlery division's activity, where the industrial development approach is that of spin-offs: organic development that creates human-scale production sites (approximately 250 people), that start with a core group of experienced craftspeople, who train newcomers.

Hermès' ambition is to contribute to the development of the regions by creating direct and indirect jobs, as well as by local initiatives in social, economic, educational and cultural fields, among others..

2.7.1.1 PURSUE A MANUFACTURING DEVELOPMENT POLICY IN FRANCE

The Hermès Group operates in 11 of the 13 regions of metropolitan France, with more than 80 sites (production units, stores, logistics sites, offices) representing 10,969 Group employees. The craftsmanship model that it employs in France brings with it a regional corporate responsibility. The House establishes itself for the long-term and has increased the number of employees in France by 3,065 in five years.

Since the launch of the first site in 1837, the locations for production units have been chosen to support hubs of regional expertise. Hermès has 52 production sites in 9 of France's 13 regions. The Textile division has 5 sites in the Lyon region (839 jobs), concentrating the House's *savoir-faire* in this domain. The complementary lines of *savoir-faire* – such as weaving, engraving, printing, dyeing, finishing and sewing – are grouped together under the holding company Holding Textile Hermès. The “Passerelle” extension project, launched in 2019, is the concrete demonstration of the House's desire to contribute to the sustainability of local *savoir-faire*. This large project at Pierre-Bénite (near Lyon) aims to support two new printing lines and eventually create 120 additional jobs. The project is expected to be finalised in 2022.

The Cate porcelain production site (178 jobs) is based in the Limousin region, the cradle of porcelain production, with Beyrand, a colour printer since 1926, which joined the Hermès Group in 2013.

In the Périgord region, the Nontron site is a good example of the Group's desire to develop its local footprint. Hermès, thanks to its decision to set up a porcelain production site, was able to hire 200 people impacted by the closing of a manufacturing site in 1990. Today, with three companies, Hermès has more than doubled its workforce and employs 497 people at Nontron.

Cristallerie Saint-Louis, founded in 1586, is located in the heart of the Lorraine forest, the source of all the raw materials necessary for crystal manufacture. It holds more than 10,000 moulds that can be reactivated at any time to fashion the production unit's crystal objects. At 31 December 2021, the Cristallerie Saint-Louis employed 2,457 people and is a remarkable area of activity in the Pays de Bitche region, including thanks to the presence of the *Musée du Cristal* “La Grande Place”, located in the heart of the production unit.

The Leather Goods sites continue to expand according to customer demand. As at December 2021, the House had 19 leather goods workshops. The leather goods workshops of Guyenne (Gironde) and Montereau (Seine-et-Marne) are completed and were inaugurated in 2021. In addition, a number of site projects are underway: the leather goods workshops of Louviers (Eure) and de la Sormonne (Tournes/Cliron) will be completed in 2023 and Riom (Auvergne) in 2024.

The choice of new sites responds to a desire for local integration on three levels: respect for local expertise, sustainability of *savoir-faire*, and desire to create local jobs bringing life to the regions.

These sites are built according to several different types of opportunity: the labour pool, the takeover of existing sites or a change of activity, or the establishment of new sites. Sites are deliberately chosen near establishments offering leatherwork training programmes, in particular. The geographical location of the sites covers the whole of France, organised by regional divisions, particularly in the leather sector (see production site location map in § 1.4.2 of chapter 1 “Presentation of the Group and its results”).

The history of the local architecture and the emblematic materials of the region are also integrated in the thinking and design of new production units. The choice of construction projects for the three future leather goods workshops reflects these intentions in particular, with the Louviers leather goods workshop, for example, being the first French manufacturing site to aim to obtain E4C2 certification, which guarantees excellence in taking climate issues into account in construction.

The projects of the three leather goods workshops in progress (Louviers, Tournes/Cliron and Riom) are designed to comply with the highest levels of the Hermès sustainable construction standard (§ 2.5.4.2.2) and to comply with HQE+ (high environmental quality) standards, and are taking place in close collaboration with all stakeholders. Local companies are given preference in competitive bidding when they meet the specifications.

In addition, the creation of sites organised by division (maximum three sites) promotes project synergies, recruitment of experts, skills improvement, and also presents opportunities for internal mobility ensuring the sustainability of the model.

2.7.1.2 DEVELOPING HARMONIOUS RELATIONSHIPS WITH REGIONAL STAKEHOLDERS

In order to contribute to the development of the host regions, site construction projects are prepared in cooperation with the local association of municipalities. They address the impacts related in particular to employment, training, mobility (mobility plans, impacts on transport), biodiversity and, more generally, the integration of the House in the challenges of the area concerned.

Special attention will be paid to the potential of the local employment pool, in particular transport infrastructures, possibilities for local housing and schooling for families. The quality of the partnership with town halls is decisive, driven by the desire for a real local life for the families who settle there.

The Group works to promote these relationships, based on trust, transparency and joint actions. In 2019, for example, a “Mayors' Day” event in Paris brought together 17 elected representatives from the local authorities where our French sites are located for discussions with the Group’s Executive Committee and members of the management committees.

The development of craftsmanship *métiers* and job creation

The sites all maintain close relations with local Job Centres (Pôle Emploi) and schools. The goal is to help train the new generations of craftspeople, as well as showcase our offers and *métiers*, allow hands-on practice, and explain the Group’s *métiers* to the young generations. Regardless of the site’s activity (leather, silk, or other *métier*) or its geographical location, this approach consists of:

- ♦ workshop visits by high school students to discover the craftsmanship *métiers*;
- ♦ talks in secondary schools to present the *métiers* prior to the pupils’ choice of a career path;
- ♦ organising information forums with the Job Centre;
- ♦ the creation of appropriate local training programmes.

The establishments, which are often in rural areas, provide a major local boost to the communities concerned: stimulation of local consumption, supporting real estate, impact on community needs (maintenance of classes in schools, public transport support, etc.) and tax resources for municipalities.

Our regional development also promotes the development of educational establishments and local training programmes, from which a number may join the Hermès Group.

In addition to actions linked to its own activities, it is also a socially responsible company in the places in which Hermès conducts its business, building harmonious and constructive relations with stakeholders. The production sites interact with the municipalities, the local association of municipalities, and local agencies such as Action Logement. Hermès cooperates with partner associations for employment, as well as with junior and high schools which will provide the House with fresh young talent, thereby contributing to its expansion.

The following examples illustrate the operations conducted in 2021:

Leather

In every project, a temporary workshop is set up for a period of 18 to 24 months prior to the opening of the site, in existing buildings that have been renovated in accordance with the Hermès Group’s standards. These temporary workshops are attached to a reference site, and in-house trainers ensure the transmission of *savoir-faire*.

Recruitment is carried out locally; the first intakes, each consisting of around 30 craftspeople, are recruited on the basis of manual skills via the MRS (**simulation recruitment method developed with the National Employment Agency (Pôle Emploi) on the basis of manual aptitude (dexterity tests in particular) and without a CV**, regardless of their previous career path. Every six months, a new group is brought on board and trained by in-house trainers. The craftspeople are then provided with continuous training from tutors. In this way, upon opening, about 100 people are already operational and ready to launch the leather goods activity. In the long term, the average workforce will be 250 craftspeople. This number of employees will allow the craftsmanship dimension to be preserved, and quality relations between employees and management.

In line with this regional approach, Hermès has decided to set up a new division in Auvergne. The establishment of the future site, in the former tobacco factory in Riom, is being prepared in close collaboration with the urban community of Riom Limagne and Volcans. In addition, in order to successfully integrate into the life of the region, we have developed close links with the Riom town hall, the sub-prefecture, the ABF, DRAC, DREAL and the police department. Hermès aims to become an economic player in the region, by contributing to its development, creating jobs and its commitment to soft mobility and carbon reduction.

The temporary workshop was opened in Riom in November 2020 and now accommodates 160 people.

Lastly, the Leather Goods sites are working with local players to promote the craftsmanship *métiers* and favour a return to employment:

- ♦ The Hermès Leather Goods & Saddlery division continues to support the “*Manufacto*” programme piloted by the Fondation d’entreprise Hermès, which aims to introduce children and teenagers to the universe of craftsmanship by showing them how to manufacture an object in several stages.

From the start of the 2021-2022 school year, this support has resulted in presentations by 11 craftspeople in several middle and high school classrooms in the Paris region, Lyon, Normandy and Franche-Comté, Nouvelle-Aquitaine and the Ardennes, and visits by classes to these same manufacturing sites.

Since the start of the programme in 2016, nearly 5,600 students, or 225 classes, have met craftspeople during 12 production sessions. Today, eleven academies are participating in this programme to discover the worlds of carpentry, saddlery and upholstery, leather goods and plastering;

- ♦ in Pantin, a team has started a collaboration with “Sup de Sub”, winner of the French Ministry of Labour’s skills investment plan (PIC – 100% inclusion), in collaboration with the Fondation d’entreprise Hermès. This structure aims to help young people between the ages of 16 and 26 who have no or limited resources, networks or knowledge to support their capabilities and take the path of life they would like. **In 2021, 17 employees dedicated a day to Skills Sponsorship for this project, representing 149 hours.**

In Seine-Saint-Denis, **Hermès joined the Réseau Entreprendre 93 association from its creation in 2003.** The House participates, along with the other members, in the selection, financial support and coaching for start-up projects whose common point is their strong job creation potential. In 17 years, 2,000 jobs were created by 200 new companies under the system. Some 10 employees of the House are involved in an advisory role with start-ups fostered by Réseau Entreprendre 93. Between Pantin and Bobigny, the sites located in Seine-Saint-Denis represent a total surface area of 100,000 m² and house 2,600 employees, 700 of whom live in the department. This proportion is expected to increase thanks to link-ups with candidates by the employment agency in Pantin. Hermès is one of the largest employers in Seine-Saint-Denis, and is involved in promoting talent from this region.

At Pantin, the House also provided its assistance to the local authority to create the **Revel house**, a centre for promoting the métiers of art and design, and a “métiers workshop” at the employment centre. In 2017, Axel Dumas, Executive Chairman of Hermès, strengthened this partnership by signing an **“Enterprise-region” charter with Est Ensemble.** This association of nine municipalities includes Pantin and Bobigny, where Hermès is also located. One of the objectives is to strengthen the Company’s participation in local economic development and employment.

Textile

Holding Textile Hermès maintains close relations with the silk apprentice training centre (CFA Textile) and FrenchTex, France’s leading regional professional textile organisation. As such, it also sits on the Board of Directors of Cepitra, the *Chambre d’Apprentissage des Métiers Textile* and AR2I (OPCO). The Chief Executive Officer of HTH is Chairman of Intersoie, an inter-professional organisation in the sector in France. The division participates in the “Alliances et Territoires” community, which meets quarterly to examine current topics and issues relating to local recruitment, training, skills development or CSR.

2.7.2 SOCIALLY RESPONSIBLE COMPANY

Hermès seeks to fit harmoniously into the local economic fabric. The House is determined to be a socially responsible company actively involved in the life of local communities with which it builds and develops strong ties. The craftsmanship model that it employs in France brings with it a regional corporate responsibility, and even beyond, because its employees contribute to the development of their communities through simple actions: giving time, giving of one’s self, opening oneself up to others, receiving, and so on. Hermès has a multitude of mechanisms around the world.

POLICY

The Hermès Group’s policy is to ensure that each production and distribution unit maintains a dialogue and undertakes concrete actions with local authorities and stakeholders, with the goal of healthy integration in the local community, as a good, trustworthy, civic-minded neighbour, poignant examples of which are set out below.

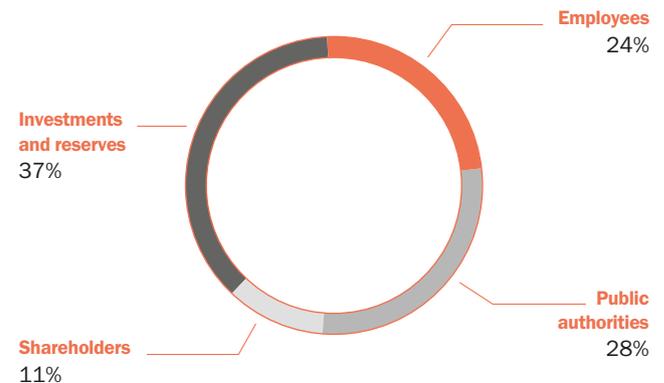
The distribution subsidiaries, for example, have an annual target in this area.

2.7.2.1 GIVING BACK TO THE WORLD A PART OF WHAT IT GIVES, THROUGH ACTIONS

2.7.2.1.1 Corporate responsibility – sharing value

Hermès participates in value creation in France through the direct employment of 10,969 people, and increased its workforce by 587 people in 2021. Although 78% of the objects are produced in France, 91% of the Group’s sales are made outside France, thus making a positive contribution to the French trade balance.

In addition, the Group is attentive to the harmonious sharing of added value in order, on the one hand, to secure its future development and, on the other hand, to contribute to social and societal equilibrium. Thus, **on average over three years,** the Group’s added value was distributed as follows:



The Hermès Group's income tax expense amounted to €1,015 million, i.e. a tax rate of 29.5% (see note 10 to chapter 5 "Consolidated financial statements").

Concerning taxes, the Hermès Group follows the recommendations of the CSR GRI 207 reporting standard:

- ◆ Hermès' tax strategy is based on the following principles:
 - compliance by all Group companies with the regulations in force in the States where these companies are located, compliance with the deadlines provided for by the regulations applicable in each State, for the filing of the required declarations and the payment of the taxes due;
 - income is taxable in the place where the income is generated;
 - absence of creation of legal structure or transactions to meet a primarily tax-related objective;
 - the fight against tax evasion with the absence of use of tax evasion schemes or structures without substance.

This tax strategy is implemented by Group Financial General Management, based on internal (the tax department) and external expertise in France and abroad. This strategy is reviewed and approved by the Executive Committee at least once per year:

- ◆ the location of the Hermès Group's activities is based exclusively on operational choices, and tax considerations do not modify that approach. That is how the location of production in France, which is a key element of the Hermès Group's strategy for sustainable development, impacts the amounts of taxes paid in the country as well as the Group's effective tax rate;
- ◆ the Hermès Group's tax positions are tracked and audited by the consolidation and tax department, which reports directly to a member of the Executive Committee, one of whose objectives is to anticipate, identify, and manage, with the finance department, the tax challenges;

- ◆ every year, the Group files, as part of its tax obligations, a statement of transfer prices and a country-by-country statement, the Cross-Border Currency Reporting (CBCR) with the French tax administration. The CBCR is created in accordance with the recommendations of the OECD (as interpreted in French tax law). It is subject to an exchange of information between the tax administrations of the countries in which the Group is established. In the countries in which the exchange of information is not operational, the Group has a CBCR programme with the local tax administration.

2.7.2.1.2 Tangible and generous commitments: financial donations, contributions in-kind and volunteering actions

Group entities get involved

Hermès reaffirmed its active commitment, in 2021, to increase its generous initiatives in all the regions where it operates. Manufacturing sites and distribution subsidiaries get involved regularly, and are keen to continue the partnerships established. While Group Management is at the root of many initiatives and commitments, the international distribution subsidiaries remain a source of ideas and contribute significantly to the development of local initiatives and partnerships. They encourage involvement and nurture a sense of belonging among employees, who come together around a project and with common objectives. These commitments, made locally, are carried out in addition to the philanthropic initiatives carried out by the Fondation d'entreprise Hermès.

Nearly 400 operations in 2021 brought together employees around the world (240 actions excluding Covid-19 in 2020). They contributed, during their working hours as well as in their own time, to environmental, cultural or solidarity actions with local communities. In addition to employee mobilisation, the subsidiaries provided financial support for numerous projects. In 2021, the Group set up the monitoring and validation of these projects with a dedicated committee, responsible for validating the quality of the operations carried out, the volume of which is as follows:

BREAKDOWN OF ACTIONS CARRIED OUT BY GEOGRAPHICAL AREA	2019	2020	2021
France	40	58	90
Europe	70	65	109
Asia and Asia-Pacific	70	72	110
Americas	100	45	69
TOTAL	280	240	378

In France

In 2021, 90 solidarity actions were identified in France. Since 2017, toys have, for example, been collected at the 13 French sites. In 2021, 500 kg were collected for the partner association promoting solidarity and contributing to a more circular economy.

International

The editions of Carrés Solidaires continue, and in particular, allow solidarity initiatives throughout the world to be supported and encouraged. Thus, in 2021, the subsidiaries in France, Greece, Hong Kong, Germany, England and Luxembourg took part in the operation. A total of 2,000 carrés, created specifically for these initiatives, were sold to benefit nine associations.

The subsidiaries are also part of global dynamics. The World Clean Up Day movement was followed by China, Italy, France and Germany and enabled the collection of more than 100 kilos of waste thanks to the mobilisation of more than 200 employees.

The **Europe** zone encouraged its subsidiaries to be involved and recorded a total of 109 local actions.

- ◆ For example, Italy supported the Cecilia Gilardi Foundation, which aims to protect craftsmanship trades that are in danger of disappearing by training and encouraging young talents and giving them financial assistance through scholarships for university studies.

Employees in **Asia** and **Asia-Pacific** carried out 110 actions, mainly through concrete initiatives to preserve local *savoir-faire*, art, heritage and the environment.

- ◆ The Japanese subsidiary is committed to the Coral Okinawa association, which organises coral planting campaigns on the reefs of the island of Okinawa, as well as activities open to everyone to promote knowledge of this ecosystem.
- ◆ Korea reaffirmed its support for the Seoul Museum of Art (SeMA) contemporary art exhibition by supporting the monographic exhibition of Korean artist Lee Bul.

The **Americas** region committed to a total of 69 actions, particularly in favour of education.

- ◆ For example, the United States subsidiary supported the GO Project association, which works for equal opportunities and seeks to promote the schooling of children from families experiencing financial difficulties in New York.
- ◆ In Mexico, the subsidiary is committed to Teach for All and its project to support 20 education professionals working with disadvantaged children.

2.7.2.1.3 Fondation d'entreprise Hermès (see chapter 1 "Presentation of the Group and its results", § 1.11)

In 2021, the Fondation d'entreprise Hermès wanted to confirm its mission in promoting the public interest as part of a collective drive. Expressed in a desire to act together, whether it involves the creation of works of art, transmission of *savoir-faire*, protection of the environment and encouragement of solidarity actions, four pillars structure the Fondation's action. Throughout a new year marked by the pandemic, the Fondation continued its commitments through its programmes while remaining mobilised alongside its beneficiaries and project leaders faced with the uncertainties of the context. To combat climate change and damage to biodiversity with increasingly severe consequences, the Fondation d'entreprise Hermès launched Manuterra, an environmental education programme for primary to high school students.

Since the start of the school year in 2021, pupils have been invited to create, plant and pass on a vegetable garden cultivated during 12 two-hour sessions in school time. Under the guidance of a professional

gardener, they cultivate a plot using the permaculture technique while addressing multiple environmental themes. Six classes, i.e. 150 students, are involved in this pilot year, set up in partnership with the *Saline royale d'Arc-et-Senans*, the Besançon education board and the *Compagnons du Devoir et du Tour de France*. In addition to Manuterra, the Fondation also added new support for the Massane nature reserve (Pyrénées-Orientales), a beech forest that has been growing unfettered for more than 150 years and has been classified as a Unesco World Heritage site since last summer. This choice reinforces the Fondation's action in favour of the preservation of our ecosystems.

The budget of the third mandate of the Fondation d'entreprise Hermès (April 2018 – April 2023) is €40 million over five years. This budget (as a proportion of revenue) is the highest of French business foundations (source: Carenews study dated 18 February 2018).



€40M

**million budget
for the Fondation
d'entreprise
(2018-2023)**

2.7.2.1.4 Livelihoods Carbon Fund

Since 2012, Hermès has been a partner of the Livelihoods Carbon Fund (LCF), which aims to improve the living conditions of disadvantaged communities in a sustainable manner by developing large-scale projects with real impact against climate change.

LCF aims to be a start-up investor (with an entrepreneurial approach and investment risk) in three types of projects (ecosystems, agroforestry and energy) in Africa, Asia and Latin America. The fund has 10 partners in its LCF1 & LCF2 compartments: Danone, Crédit Agricole, CDC, Schneider Electric, La Poste, Hermès International, Voyageurs du Monde, SAP, Firmenich and Michelin. The initial duration of the funds is 24 years, and the duration of a project varies between 10 and 20 years. LCF1, launched in 2011, is fully invested; the LCF2 compartment, launched in 2017, which is larger than LCF1, is reaching the end of its investment process, including with the extension of projects in the LCF1 compartment. In June 2021, by joining LCF3, Hermès International renewed its commitment to local economic development, the protection of biodiversity and the fight against climate change.

KEY INDICATORS OF THE LCF1 FUND

Results for the first Livelihoods Carbon Fund (nine projects):



Macro objectives	Social results	Environmental results	Economic results
	Number of beneficiaries ⁽¹⁾ : 1.5 million people positively impacted to date	Number of trees planted ⁽²⁾ : 127 million to date	Investment capacity of the fund €45 million
Categories of impact	Number of households supported > 250,000	Amount of carbon sequestered or avoided	Duration of commitment 20 years
	Number of more efficient stoves distributed to families (mainly women) > 163,000	• 9 MtCO₂ eq. forecast • 2.4 MtCO₂ eq. verified to date	
	> 163,000	Hectares planted or preserved 36,000 hectares	

2

Definitions (1) Number of people involved who are positively affected by the project's activities.
(2) Trees, seeds, propagules (mangroves and agro-forestry trees) planted as part of the project's activities.

KEY INDICATORS OF THE LCF2 FUND

Results for the 2nd Livelihoods Carbon Fund (eight projects to date):



Macro objectives	Social results	Environmental results	Economic results
	Number of beneficiaries ⁽¹⁾ : 260,000 people positively impacted to date	Number of trees planted ⁽²⁾ : 5.43 million to date	Investment capacity of the fund: €65 million
Categories of impact	Number of households impacted 43,600	Amount of carbon sequestered or avoided (target) 12 MtCO₂ eq.	Duration of commitment 20 years
	Number of more efficient stoves distributed to families 78,500	Hectares planted or preserved • 15,200 hectares • 6,000 hectares under restoration and preservation of biodiversity	
	Number of women supported ⁽³⁾ 83,000		
	Self-help groups set up 110		

Definitions (1) Number of people involved who are positively affected by the project's activities.
(2) Trees, seeds, propagules (mangroves and agro-forestry trees) planted as part of the project's activities.
(3) Number of women participating in training on how to create improved stoves and/or agroforestry and natural ecosystem restoration activities.

The third Carbon Livelihoods Fund (LCF3) aims to invest €150 million to improve the lives of 2.5 million beneficiaries in developing countries. Following on from LCF1 (2011, €45 million) and LCF2 (2017, €65 million), this new impact fund will invest in community projects for the restoration of natural ecosystems, agroforestry and regenerative agriculture. More than €250 million have been collected to help

disadvantaged communities, the fight against climate change and the protection of biodiversity. Fifteen companies and financial investors have joined LCF3 in a common investment vehicle to make the transition a success: Bel group, Chanel, Danone, DEG, Eurofins, the Global Environment Fund, Hermès, L'Occitane group, Mars, Mauritius

Commercial Bank, McCain Foods, Orange, SAP, Schneider Electric and Voyageurs du Monde.

Fully operational, the fund is now seeking field partners in various regions of the world to accelerate nature-based solutions.

The projects generate profits for local communities and ecosystems, as well as for the partners in the fund, which earn carbon credits with a significant environmental and social impact in proportion to their investment over the project development period. These projects, one of the characteristics of which is the aim to expand their scope to a very large scale, and for periods from 10 to 20 years, are the following, in particular:

- ◆ Restoration and preservation of natural ecosystems, for example mangrove forests. Nearly 10,500 hectares were replanted in Casamance (“Océanium” project); 4,500 hectares in the Ganges delta (“News” project); 10,000 hectares in Indonesia (“Yagasu” project). These projects secure populations (protection against cyclones or the invasion of salt water) and provide food sources through ecosystem regeneration;
- ◆ Agroforestry and soil remediation through sustainable agricultural practices. With the support of the Naandi Foundation, Adivasi tribal communities in the Araku valley in India have, for example, planted six million trees (fruit trees, as well as for firewood, construction, etc.), including three million coffee bushes, in accordance with agroforestry models, the aim of tripling these plantings in the coming years with the LCF2 project. In Guatemala, 1,750 hectares of trees and food crops have been planted in the Cerro San Gil mountain area (“Fundaecco” project), allowing rural families to increase their food security and incomes, while protecting biodiversity. In Kenya (project VI “Agroforestry”), on the slopes of Mount Elgon near Lake Victoria, the livelihoods of 40,000 small farms will improve through the intensification of agriculture respectful of natural resources (Sustainable Agricultural Landscape Management – SALM) and the development of dairy production. The project also contributes to the protection of water resources and generates positive social impacts for women’s jobs.
- ◆ Access to rural energy to reduce deforestation. In Kenya, the “Hifadhi” project will ultimately have equipped 120,000 households with improved wood-burning cooking stoves that significantly reduce wood consumption compared to the previous cooking equipment, thereby reducing pressure on forests, firewood collection time for families, and exposure to the toxic fumes generated by old stoves. In Burkina Faso, with the support of the Tiipaalga NGO, 30,000 improved stoves were installed by inhabitants in their villages, in an effort to secure their use over time in part of the Sahel region. With the financial support of the French development agency (AFD), an agroforestry component has been added to this project. In Peru, the ITYF project (taken from the name of the Instituto Trabaja y Familia NGO) is installing 30,000 improved wood-burning cooking stoves and hygiene kits to families in extreme poverty in the Peruvian Andes. At the same time, the project brings training and awareness on health (reduction of toxic fumes, importance of boiling water, basic hygiene gestures, etc.), and will also have a significant impact against deforestation.

In 2021, the above projects impacted the lives of more than 1.7 million people since their creation, and helped replant more than 132 million trees, i.e. an area equivalent to five times the size of Paris. They also equipped more than 240,000 families with improved cooking stoves, which reduce deforestation and preserve women’s health, with a target of 20 million tonnes of CO₂ captured or avoided over the period (projects last between 10 to 20 years). They therefore help to offset Hermès’ carbon emissions on a voluntary basis (§ 2.5.4.3.2).

2021 was marked by the launch of new projects financed by the 2nd Carbon Livelihoods Fund (LCF2), which currently includes a portfolio of eight projects:

- ◆ for the first time in Europe, LCF2 launched a project called *Sols de Bretagne* in the Brittany region of France. In partnership with the Brittany Region, the Regional Chamber of Agriculture and the local association *Sols d’Armorique*, this project will support some 100 farmers in the transition to regenerative agriculture, as well as capture 140,000 tonnes of CO₂ in 10 years. (Find out more about the *Sols de Bretagne* project: <https://livelihoods.eu/portfolio/brittany-france-regenerative-agriculture/>);
- ◆ in Mexico, in the mountainous region of Oaxaca, Livelihoods and its partners launched a shaded agroforestry coffee project to restore the fragile mountainous ecosystem of Oaxaca, while helping more than 3,000 smallholders to improve their incomes. This 20-year project will be implemented by the local cooperative CEPCO, which has more than 30 years of experience with coffee producers in the region. The Livelihoods-CEPCO initiative will restore and preserve a total of 6,000 hectares, as well as generate more than one million tonnes of CO₂ over its lifetime. (Find out more about the Livelihoods agroforestry project in Oaxaca, Mexico: <https://livelihoods.eu/fr/restoring-the-earth-livelihoods-writes-a-new-chapter-with-coffee-farmers-in-mexico/>).

2.7.2.2 COMMUNICATION AND TRANSPARENCY VIS-À-VIS STAKEHOLDERS

Hermès, a company with a discreet culture, strives nonetheless to make its sustainable development strategy, objectives and actions more transparent, in a rapidly changing context, and in particular to meet the expectations of stakeholders and demonstrate the virtue of its particular business model, its ambitions and efforts in this area.

Thus, in a proactive approach, the teams are working to create the conditions for external communication that is as transparent as possible. This includes the responses given to questionnaires and external analysts, as well as the dialogue established and initiated with the press, and influence.

A page dedicated to CSR on the financial website (<https://finance.hermes.com/en/a-value-creating-and-sustainable-french-model/>) notably presents the site’s main actions.

Launched in 2020, this digital space incorporates in its communication the best practices established by:

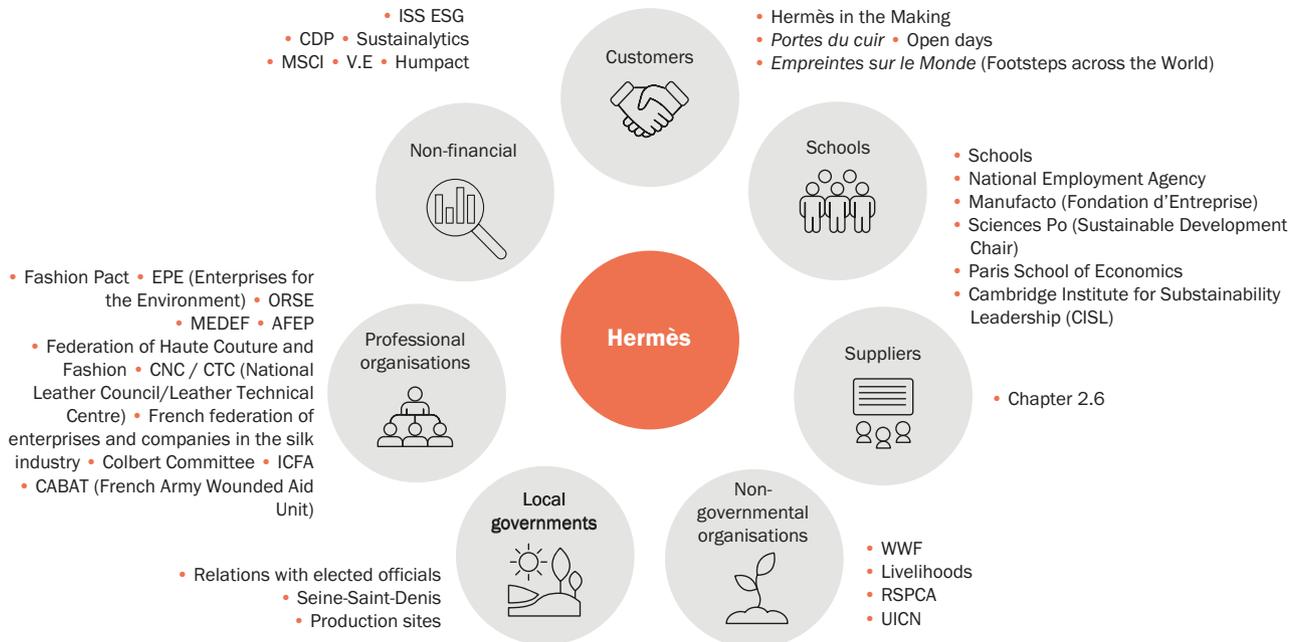
- CDP (Carbon Disclosure Project) for carbon, water and forest issues in chapter 2.5 "The Planet: Environment", § 2.5.2;

- SASB (Sustainability Accounting Standards Board): cross-reference table in § 2.7.2.2.1 below;

- TCFD (Task Force on Climate-related Financial Disclosures) in § 2.7.2.2.2.

The Hermès Group's interactions with its stakeholders illustrated in this chapter break down as follows :

CDP / SUSTAINALYTICS / MSCI / VE / HUMPACT



The relevance of Hermès' business model has been recognised on several occasions by independent bodies, such as ESG rating and ranking agencies². dedicated, through their 2021 ratings. These

assessments were carefully chosen by Hermès for their credibility, rigour and representativeness of the priority challenges of the sector, including, but not limited to, the following analysts:

SUBJECT	Assessor	2019 score	2020 score	2021 score
Climate change	CDP	B	B	A-
Water	CDP	B	A-	A-
Forests	CDP	B	B	A-
ESG risks	ISS ESG	C	C	C+ "Prime"
ESG risks	Sustainalytics ^a	72/100	-	10.2 "Top 1%"
ESG risks	MSCI	BBB	BBB	A
ESG risks	VE	-	43	61 "Advanced"
ESG risks	FTSE Russel	-	-	2.9
Human resources	Humpact	-	Grand Prix	Grand Prix (5 stars)
General	Positive Economy Institute ^b	C+	C+	B
General	UN Global Compact	Advanced	Advanced	Advanced

(a) Change in methodology in 2020.

(b) The 2019 and 2020 scores were recalculated using the new 2021 methodology.

CDP is an international organisation that has been recording the environmental performances, particularly climate actions, of more than 8,400 companies since 2002. The average scores of the "apparel design" segment in Europe are C for Climate & Forest, and B- for Water.

1. List not exhaustive.

2. Environment, Social and Governance

ISS ESG (formerly Oekom) is a specialist ESG (environment, social and governance) rating agency. The scores it attributes range from D- to A+. This year Hermès reached the "Prime" level with a C+ rating.

Sustainalytics, which analyses companies using more than 80 ESG criteria, based on their publications as well as those of their stakeholders and the media, has published a new analysis. Hermès is identified as the **second best player in the Textiles and Apparel sector out of 174 companies**, and belongs to the top 1% of the global Sustainalytics ranking (148th out of 13,657 companies). With an overall ESG risk rating of 10.2, Hermès' exposure is "Low".

The **MSCI ESG** rating index, which assesses more than 8,500 companies worldwide, measures the resilience of companies to risks (ESG).

Hermès is now rated A and made significant progress in all three categories.

Hermès was included in the **CAC 40 ESG** index, which includes 40 companies on the basis of their environmental, social and governance performance and is based on the rating of VE (**Vigeo-Eiris**). With an overall score of 61/100, Hermès is now in the "Advanced" category.

For the second consecutive year, the House received the Grand Prix de l'Emploi France awarded by **Humpact**, a non-financial rating agency that specialises in employment. It designates the most employment-friendly company in France in 2021, all categories combined.

The **Positive Economy Institute** gives Hermès a B rating in its survey of the positivity of CAC 40 companies. In particular, Hermès ranks second among CAC 40 companies with the greatest improvement compared to the previous year, as well as second in terms of environmental footprint.

The "Advanced" level is the highest level of recognition that can be awarded by the United Nations Global Compact to a Communication on Progress (COP). Hermès publishes its COP on the Global Compact website each year.

These assessments are also supported in 2021 by various awards and studies conducted by the press or external organisations (§ 2.1.1), including the *Grand Prix de la Transparence* (CAC large 60), first prize in the Diversity Leader ranking of the Financial Times, and the 1st ranking

by Le Point magazine in the Clothing sector for the most responsible company.

2.7.2.2.1 SASB correspondence analysis

The Sustainability Accounting Standards Board (SASB) is an independent, not-for-profit standard-setting body that develops and maintains reporting standards for financially material sustainable development information. The SASB has established standards specific to 77 activity sectors including with the "Apparel, Accessories and Footwear (consumer goods)" sector.

In addition to the information presented in this report, Hermès presents a summary of its actions according to the sector reading grid.

This publication is also an opportunity to highlight the House's progress. Hermès' business model is quite unusual compared to the sector taken into account by the SASB. SASB identifies nine key topics for the sector, five of which concern supply chain (CG-AA-430); very few concern human resources and societal aspects. Hermès operates according to a highly integrated business model (58% of products are produced in-house), with partnership relationships with its suppliers (the average length of relationships with the top 50 direct suppliers is 20 years), and production in France (for example, for 100% of leather goods, which represents half of the Group's sales) and 78% in total. Although important, the topics highlighted by the SASB relating to the supply chain are not the only ones. Human and societal challenges are also key to the House's sustainability. In terms of risk, the categories identified by SASB are not always the most significant for Hermès. As explained in § 2.1, the Group has identified and prioritised 10 key topics that structure its reporting and provide material non-financial economic information that is useful, comparable (even if sometimes specific) and evidence-based. In addition, as presented in this document, the Group uses the CDP reporting framework for its carbon, water and forest issues, and complies with the TCFD recommendations.

Correspondence grid based on SASB

	Paragraphs from chapter 2 of the universal registration document
Management of Chemicals in Products (CG-AA-250) <i>Hermès assumes all its responsibilities as a company that places goods on markets, to ensure the regulatory compliance of all products sold, in all countries where it operates.</i> <i>The list of controlled substances monitored by the Group is the list of controlled substances worldwide. The Group has set a target of compliance with the most stringent regulations, which are generally European regulations..</i>	§ 2.5.3.3
Environmental impacts in the supply chain (CG-AA-430a) <i>Hermès ensures that it controls the environmental footprint of its supply chain as described in the items below.</i>	§ 2.6.1
Effluent management (GC-AA-430a.1) <i>The Group verifies through regular audits that its suppliers (tier 1) comply with local regulations regarding the regulatory compliance of their effluents.</i>	§ 2.2.1, § 2.5.3, § 2.6
Environmental assessments (GC-AA-430a.2) <i>The Group's entities and those of its suppliers are regularly subject to audits carried out by Hermès' teams and external consultants, in addition to those carried out by the authorities (in particular for sites subject to authorisations).</i>	§ 2.4.2, § 2.6

Paragraphs from chapter 2 of the universal registration document

Labour conditions in the supply chain (CG-AA-430b) <i>The Group's supplier relations policy is based on four pillars: safety, quality & innovation, cost control and CSR. Hermès systematically requests a formal commitment from its suppliers to comply with their social, regulatory and environmental obligations through two undertaking handbooks signed by both parties.</i>	§ 2.6.1, § 2.6.2, § 2.8.1 and 2.8.4
Raw materials sourcing (CG-AA-440) <i>The Group exercises close control over these raw materials, particularly in terms of quality and the conditions for obtaining these materials and their environmental and social impact. As soon as a risk of social or environmental non-compliance is detected, the Group carries out investigations that may lead to supplies being halted.</i>	§ 2.4
The objectives and recommendations concerning Hermès' supply chains are presented in the supply chain brief and 65 supply chains had been analysed in detail by the end of 2021.	§ 2.4.2.1.1

2.7.2.2.2 TCFD correspondence analysis

Hermès presents its actions according to the framework recommended by the TCFD. The TCFD (Task Force on Climate-related Financial Disclosures) is a working group created in December 2015 during COP 21. This working group has published recommendations, **Correspondence grid based on TCFD**

updated in 2021, on how to report and publish the risks and opportunities related to climate change, with the aim of increasing transparency between companies and investors in order to reduce investment risks, and reconcile the short-term financial decisions with the long-term consequences of climate change.

	Sections in the universal registration document
Governance <i>The Group's Executive Chairman, Axel Dumas, was involved in many climate-related issues in 2021, including the decisions to revise Hermès' climate commitment upwards with the SBTi validation for a trajectory of 1.5° C.</i>	§ 2.1 and 2.5
◆ Oversight by the Board of Directors of climate-related risks and opportunities	§ 2.1.6 and 2.5.4
◆ Management role in assessing and managing climate-related risks and opportunities	§ 2.1.6, § 2.5.1 and § 2.5.4
Climate strategy	§ 1.10 and § 2.5
◆ Risks and opportunities related to the climate that the Group has identified in the short, medium and long term <i>The exposure to transition risk is studied both by the audit and risk management department in its vertical analysis of the House's main activities, by the industrial affairs and sustainable development departments and by the Sustainable Development Committee, with a more cross-cutting vision.</i>	§ 2.5.4.1
◆ Impact of climate-related risks and opportunities on the Group's activities, strategy and financial planning <i>Climate system disruptions and related operational, regulatory and political transition issues, such as carbon pricing, are already identified as physical and transition risks with impacts on the Group's supply chain, various operations (manufacturing, logistics, distribution), as well as on the behaviour of its customers.</i>	§ 1.10
◆ Resilience of the organisation's strategy, taking into account different climate-related scenarios, including a 2° C or lower scenario. <i>In 2019, the Group initiated the analysis of the IPCC (Intergovernmental Panel on Climate Change) scenarios RCP 2.6 (equivalent to a 2° C scenario), RCP 4.5 and RCP 8.5. These analyses are conducted over three time scales (two-year budget vision, within five years and a long-term vision of 25 years).</i>	§ 2.5.4.1
Management of climate risk <i>The Group's risk management process is based on the preparation of risk mapping as well as the use of additional tools to define the level of priority to be associated with the risks identified and the actions to be implemented to mitigate them. These risk maps are regularly updated and the action plans are monitored directly by the Group's various entities under the supervision of the audit and risk management department. They are consolidated annually into a Group-wide risk map, including climate-related risks such as the scarcity of certain raw materials.</i>	§ 2.5 and § 4.3
◆ Group processes to identify and assess climate-related risks	§ 2.5.4.1 and § 4.3
◆ Group processes for managing climate-related risks	§ 4.3
◆ Integration of processes for identifying, assessing and managing climate-related risks into the organisation's overall risk management	§ 4.3

	Sections in the universal registration document
Metrics and targets	§ 2.5
<i>The SBTi validated Hermès' carbon emission reduction targets, confirming the consistency of its policy with the Paris Agreements' 1.5 °C trajectory.</i>	
◆ Indicators used by the Group to assess climate-related risks and opportunities, in accordance with its strategy and risk management process	§ 2.5.1 and § 2.5.4
◆ Communicate scopes 1, 2 and, if appropriate, 3 greenhouse gas (GHG) emissions, as well as related risks	§ 2.5.4.2.1
◆ Objectives used by the Group to manage climate-related risks and opportunities and performance against these objectives	§ 2.5.4.2 and § 2.5.4.3

2.7.2.2.3 Application of the European Taxonomy to the Hermès Group's activities

The European Taxonomy for sustainable activities, or "Taxonomy", establishes a list of economic activities considered environmentally sustainable, on the basis of ambitious and transparent technical criteria. The introduction of this standard designed to distinguish economic activities contributing to the European objective of carbon neutrality – the Green Deal – underlines the scale of the economic and industrial transformations to be achieved as well as the ambition of the European authorities in terms of sustainable and transparent finance. On the strength of its environmental, social and societal commitments, Hermès supports the European Commission in its work to analyse activities and define technical review criteria intended to guide the investments of public and private players towards projects contributing to the transition to a sustainable and low-carbon economy.

The first environmental objectives of the Taxonomy relating to the mitigation of and adaptation to climate change have prioritised the activity sectors that have a major contribution to greenhouse gas emissions at the European Union level. The Hermès Group's activities, built on a craftsmanship, value-creating and sustainable business model, have not been considered by the Taxonomy as making a substantial contribution to these objectives. On the other hand, the Group is ramping up its climate commitments, among others described in § 2.5. The Group is also closely monitoring the publication of delegated acts for the other four environmental objectives, which should better reflect the contribution of its activities to a more sustainable world.

2.7.2.2.3.1 Qualification levels retained by Hermès

In accordance with European regulation 2020/852 of 18 June 2020 on the establishment of a framework to promote sustainable investments within the European Union (EU)¹, the Hermès Group is required to publish, for financial year 2021, the portion of its revenue, eligible investments and operating expenses resulting from products and/or services associated with economic activities considered sustainable within the meaning of the classification and criteria defined in the Taxonomy for the first two climate objectives of mitigation and adaptation.

This first assessment of the eligibility of the Hermès Group's activities for climate change mitigation of and adaptation was conducted on the basis of the Delegated Regulation of 4 June 2021 and its annexes² supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council using the technical review criteria to determine the conditions under which an economic activity can be considered as contributing substantially to climate change mitigation or adaptation. The financial information detailed in the section below corresponds to the definitions specified in Article 8 of the regulations and has been subject to joint analysis and control by the consolidation department, the CSR department, investment department, real estate development department and the *métier* teams.

To arrive at this assessment, a detailed analysis of the Group's activities was carried out in parallel to a review of the existing processes and reporting systems, allowing the financial aggregates required by the Taxonomy to be excluded. The methodological elements on which the Group conducted its analysis – assumptions, estimates and limitations – are described in this report.

At the end of this assessment, no eligible revenue was identified for this first year for the climate change mitigation and adaptation objectives, as the activities defined for these objectives do not cover the Group's activities. Due to the lack of eligible revenue, capital expenditure and operating expenses related to activities contributing to revenue could not be classified as eligible.

Nevertheless, since Hermès is taking actions to mitigate its carbon emissions and making investments to decarbonise its activities, particularly in the construction and renovation of owned and leased buildings, the Group has deepened its analysis by focusing on CapEx related to this type of investment. This in-depth analysis is presented below.

Lastly, the analysis of OpEx led to the amount analysed being considered not material with regard to the Group's materiality thresholds, the amount of OpEx within the meaning of the Taxonomy representing **less than 5%** of total Group OpEx. This observation, combined with the fact that the Group's activities are not eligible to date, leads the Group to use the exemption provided for not calculating the Taxonomy OpEx KPI in more detail.

1. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0852&from=EN>

2. [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=PI_COM:C\(2021\)2800](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=PI_COM:C(2021)2800)

2.7.2.2.3.2 Presentation of Taxonomy indicators: eligible CapEx

The analysis of the eligibility for CapEx was conducted by analysing the various operational investments of the Group by category. In particular, investments related to the construction of new buildings, the renovation of existing buildings as well as ad-hoc work related to the energy efficiency of buildings were analysed in detail by the real estate development department with the help of an external firm on methodology.

Figures related to the analysis of **the 2021 CapEx within the meaning of the Taxonomy** are presented below:

<i>In millions of euros</i>	Amounts for 2021
Operating investments (IAS 16 and IAS 38)	532
◆ Eligible investments after analysis	218
Eligibility ratio of operational investments	41%
Right-of-use assets (IFRS 16)	267
◆ Right-of-use assets eligible at 100%	267
Overall total CapEX Taxonomy	799
Taxonomy CapEx eligibility ratio	61%

These CapEx related to real estate investments do not fully reflect the efforts made by the Group within the Sustainable Construction Framework of the real estate development department. These guidelines were created according to the strictest requirements in terms of CO₂ emissions, air quality, local supplies, and respect for biodiversity, in addition to using criteria related to the environmental quality and comfort in use of buildings (§ 2.5).

In addition, as required under the Taxonomy, the change in right-of-use assets relating to leases recognised in accordance with IFRS 16 was included with an eligibility ratio of 100%.

The CapEx indicator obtained is 61%, with a strong contribution from right-of-use assets. The Group's operational investment eligibility ratio is 41%.

The Group will revise its methodology and its eligibility analysis as the Taxonomy is implemented and according to changes to the activities listed and the technical review criteria.

EXPERTS' HANDBOOK

CONTRIBUTION TO THE UN'S SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The actions taken in relation to stakeholders and in terms of local integration contribute to the UN's sustainable development goals (SDGs).



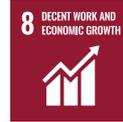
No. 1: No poverty

- ◆ 1.a “Ensure significant mobilisation of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions”
- ◆ 1.b “Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions”



No. 4: Quality education

- ◆ 4.4 “By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship”



No. 8: Decent work and economic growth

- ◆ 8.1 “Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries”
- ◆ 8.3 “Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services”



No. 9: Industries, innovation and infrastructure

- ◆ 9.5 “Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending”



No. 11: Sustainable Cities and Communities

- ◆ 11.a “Support positive economic, social and environmental links between urban, per-urban and rural areas by strengthening national and regional development planning”
- ◆ 11.b “By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels”
- ◆ 11.3 “By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries”
- ◆ 11.4 “Strengthen efforts to protect and safeguard the world’s cultural and natural heritage”



No. 12: Responsible consumption and production

- ◆ 12.6 “Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle”



No. 15: Life on land

- ◆ 15.1 “By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements”
- ◆ 15.2 “By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally”
- ◆ 15.5 “Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species”



No. 17: Partnerships for the goals

- ◆ 17.1 “Strengthen domestic resource mobilisation, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection”
- ◆ 17.17 “Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships”

2.8 ETHICS – COMPLIANCE

Introduction

“Hermès is a mosaic of women and men who work hard every day for its development throughout the world. Beyond their uniqueness, the people who bring the Group to life have a common desire to share certain unifying and founding values of the spirit that has characterised Hermès since 1837.

Even though these values are experienced and transmitted above all through personal adherence, the Group's ethics

culture reaffirms our common desire to respect certain fundamental principles that facilitate relations both internally and with customers, suppliers and, more generally, with the environment in which Hermès operates.”

Henri-Louis Bauer – Chairman of the Executive Management Board of Émile Hermès SAS; Axel Dumas – Executive Chairman

In 2021, the Group made progress on the main issues relating to ethics and compliance, with the aim of making a long-term difference through steady improvements with a significant impact. Among these, the selected element below is particularly illustrative of 2021 for this section:

- ◆ Rollout of e-learning course on ethics (9,000 people).

2.8.1 PROMOTING ETHICS

The Hermès Group's ethics policy aligns with the universal framework set down by the major principles, standards and international agreements. The Group has a two-fold requirement: zero tolerance for breaches of probity on the one hand, and a determined commitment to a culture of ethics, on the other.

POLICY

The Group's policy is to maintain, wherever it operates, healthy and lasting relationships with its employees, customers, suppliers, partners and communities. This approach is organised with a specific governance, demonstrated at the highest level of the organisation, a policy, efforts to promote and raise awareness of ethics and integrity issues, and using tools that formalise its commitments.

The promotion of ethical values is supported through actions to raise awareness and provide training in the Group's policies for the Group's employees. The Group has also put in place prevention and detection systems to prevent any infringement of its principles.

2.8.1.1 FRAMEWORK AND TOOLS

2.8.1.1.1 Promotion and compliance of fundamental conventions on human rights and fundamental freedoms

Hermès is committed to promoting respect for human rights and fundamental freedoms. The Group is committed to respect the major principles, standards and international agreements:

- ◆ the Universal Declaration of Human Rights;
- ◆ the charter of fundamental rights of the European Union;
- ◆ the International Labour Organization's declaration on fundamental rights, whose principles are grouped under the following themes: freedom of association, forced labour, child labour, discrimination;
- ◆ the OECD Guidelines for Multinational Enterprises;
- ◆ the OECD convention on combating bribery of foreign public officials;
- ◆ the Global Compact under the aegis of the United Nations.

The Hermès Group and its employees strive to comply with the laws and regulations applicable in all countries where they operate.

These principles have been clearly set forth in the Group's ethics charter since 2009 and in its code of business conduct since 2012, given to all employees and available on the Group intranet, as well as on the website: <https://finance.hermes.com/en/ethics-human-rights-and-diversities/>.

2.8.1.1.2 Ethics charter

“The ethics charter serves to enrich the corporate project around the genuineness of the Group’s purpose and ethics. It guarantees respect for the debt of gratitude that we owe to our employees and partners.

This charter does not replace the laws and regulations applicable in the countries where the Group operates, but rather aims to promote compliance with them and ensure their proper application. It is of course in line with fundamental principles such as the Universal Declaration of Human Rights, and the rules of the ILO, the OECD and the Global Compact governing sustainable development.

It is an instrument of progress and dialogue: any employee of the Group who encounters difficulties in understanding or applying it must inform his or her manager.”

Henri-Louis Bauer – Chairman of the Executive Management Board of Émile Hermès SAS; Axel Dumas – Executive Chairman

The House’s ethics have been enshrined, since 2009, in a 40-page ethics charter, available in 13 languages and updated in 2016, distributed to all employees worldwide. It is also available on the *HermèsSphère* intranet, under “Our ethics”. It aims to enrich the corporate purpose and to reaffirm the Group’s determination to uphold certain **fundamental principles** in relations with its stakeholders and society. Signed by the Executive Management, it is sent to all new employees as soon as they enter the House and is available on the website: <https://finance.hermes.com/en/ethics-human-rights-and-diversities/>.

The ethics charter aims to promote compliance and to ensure the proper application of laws, regulations and key principles. It is designed to be an instrument of progress and dialogue, and encourages employees to seek guidance from their line managers in cases where the principles seem difficult to apply or are open to misunderstanding. It is structured around the following points:

- ◆ relations between Hermès and its employees;
- ◆ relations between Hermès and its suppliers;
- ◆ relations between Hermès and its customers;
- ◆ relations between Hermès and its shareholders;
- ◆ uncompromising principles of Hermès objects;
- ◆ relations between Hermès and society;
- ◆ in terms of the environment, the House ensures that it respects the environment and works harmoniously with it. It complies with regulatory requirements and aims to anticipate their development whenever possible. It seeks to enhance its production processes by choosing the cleanest possible technologies and the most environmentally friendly products, respecting natural resources and minimising the use of energy resources. It keeps waste to a minimum,

recycling it whenever possible. Hermès designs its manufacturing sites so as to blend into the landscape, to prevent accidental pollution and to limit noise and other nuisances;

- ◆ regarding its stakeholders, Hermès aims to ensure dialogue and consultation with all stakeholders in order to contribute to the economic and social development of the regions and employment areas where its manufacturing and commercial sites are located. Hermès invests in each of the Company’s manufacturing and commercial sites, using local resources as much as possible, so as to contribute to local economic life as well as conduct itself as a socially responsible company, in a spirit of responsibility throughout the region.

2.8.1.1.3 Code of business conduct

“To help make sure that everyone is on the same page, we have formalised this “code of business conduct”. Its role is to raise awareness of certain risks and to instil Group employees with behavioural reflexes in response to frequently raised issues.

The sheets below, each of which must be responsible for the proper application of the code, are instruments of progress and dialogue.”

Axel Dumas – Executive Chairman

A 32-page code of business conduct, available in 13 languages and updated in 2018, is distributed to all employees worldwide along with a verbal explanation. It lays down the House’s guiding principles on business ethics. The code is signed by the Executive Management, and is given to all employees as soon as they join the House. The Group’s code of business conduct is available on the website: <https://finance.hermes.com/en/ethics-human-rights-and-diversities/>. It was updated in 2018 and redistributed with an explanation of its contents to all Group employees.

The purpose of the code of business conduct is to raise employees’ awareness about ethics risks and to instil behavioural and alert reflexes. It consists of factsheets, dealing with key issues.

The code sets out whistleblowing protocols as part of a Group system called *H-Alert!*. Employees confronted with situations that raise ethics issues, or who believe, in good faith, that a serious and obvious violation of a code, charter, procedure, law or regulation, of which they are personally aware, has been committed, are encouraged to report the irregularities or breaches, as soon as possible, using the following reporting channels:

- ◆ via the line management or via the Human Resources or the Ethics Committee; or
- ◆ via an online solution specially designed for this purpose and which protects the person reporting, operated by an external provider chosen by the Hermès Group, and for which the link is available on the Group’s intranet site (“Our ethics” section).

These reports are treated confidentially and in line with the applicable legal framework, protecting the whistle-blower.

The opportunity to revise the ethics charter and code of business conduct is reviewed each year by the Compliance and Vigilance Committee described in section 2.8.1.2.3. Any amendment to these documents must be validated by the relevant member of the Executive Committee.

2.8.1.2 GOVERNANCE

2.8.1.2.1 Ethics Committee

The Executive Committee oversees all ethics issues. It is supported by an Ethics Committee which was set up in 2018. It comprises the Executive Vice-President of Corporate Development and Social Affairs, who is a member of the Executive Committee and chairs the meetings, the Group General Counsel, the Director of Human Resources and the General Counsel Compliance.

The committee oversees ethics actions with three main duties:

- (i) advise on the Group's ethics culture and make recommendations;
- (ii) receive alerts (through various reporting channels);
- (iii) direct and monitor the treatment of these alerts.

The Ethics Committee met formally twice in 2021 and its members interact with each other as often as necessary.

2.8.1.2.2 Legal compliance department

The main task of the legal compliance department is to design, develop, implement and lead compliance programmes and ethics policies worldwide. It identifies, evaluates and controls the compliance risks to which the Hermès Group is exposed, verifies compliance with the various laws and regulations, and ensures the coordination, implementation and updating of compliance programmes, in close cooperation with the Group's various departments. The Compliance Chief Officer reports to the Group General Counsel, who reports to the Executive Vice-President of Corporate Development and Social Affairs, member of the Executive Committee, who in turn reports to the Group's Executive Chairman.

The independence of the Compliance Chief Officer is ensured by direct reporting, on a regular basis, to the Executive Vice-President of Corporate Development and Social Affairs. Meetings are accordingly held on a regular basis.

The Compliance Chief Officer chairs and oversees the Compliance and Vigilance Committee. He is also a member of the Ethics Committee, chaired by the Executive Vice-President of Corporate Development and Social Affairs.

The Compliance Chief Officer reports to the Audit and Risk Committee of the Hermès International Supervisory Board.

The legal compliance department relies on the in-house counsels in the Hermès International legal department, based in Paris, on subsidiaries' legal departments (in Lyon, New York, Shanghai, Singapore, Seoul and Tokyo) and on the Group's network of internal control officers, to deploy compliance programmes and ethics policies within the Group.

These employees take part in the implementation and management of compliance programmes, including the corruption prevention and combatting plan, as well as the deployment of ethics policies in all of the Group's *métiers* and entities. They verify in particular that operational and *métiers* staff apply the policies and procedures put in place.

2.8.1.2.3 Compliance and Vigilance Committee

The Compliance and Vigilance Committee is composed of the following people:

- ◆ Compliance Chief Officer;
- ◆ Group General Counsel;
- ◆ Director of Audit and Risk management;
- ◆ Director of Sustainable Development;
- ◆ Director of Consolidation, Taxation and Management Control;
- ◆ Group Director of Labour Relations;
- ◆ Group Direct Purchasing Manager;
- ◆ Group Indirect Purchasing Director;
- ◆ Group Director of Retail Activities.

The Compliance and Vigilance Committee meets regularly (four times in 2021).

Its duties specifically include:

- ◆ the definition of compliance guidelines;
- ◆ advice and recommendations on prevention and monitoring actions in terms of duty of care and the fight against corruption for all Group entities;
- ◆ the management of the deployment of awareness-raising and training campaigns for employees most at risk.

For example, in 2021, the Compliance and Vigilance Committee monitored the creation and rollout of an anti-corruption e-learning module, the strengthening of the first, second and third-level control systems, as well as accounting controls dedicated to the fight against corruption.

Generally speaking, the actions of the Compliance and Vigilance Committee contribute to:

- ◆ the provision of expertise;
- ◆ the dissemination of a culture of compliance by relaying the programmes to the entities' governing bodies and employees;
- ◆ ensuring programme coordination and consistency;
- ◆ developing the Group's policies in this area.

2.8.1.2.4 Network of compliance ambassadors within the Group

Legal teams located in France (Paris and Lyon) and abroad, particularly in the United States, China, Japan, Singapore and South Korea, are part of network of compliance ambassadors. They act with the Group legal compliance department and with the Group Data Protection Officer in order to develop, facilitate, coordinate and monitor compliance programmes and ethics policies within the Group. Legal teams have access to a compliance review framework developed in collaboration with the legal compliance department.

Internal control officers and auditors also play a role in the implementation and monitoring of the application of compliance programmes (see § 4.3 “risk management, internal control and internal audit”). Internal Group controllers have access to a compliance review framework and second-level control plan developed in collaboration with the legal compliance department and the audit and risk management department.

2.8.1.3 PREVENTION AND DETECTION MEASURES

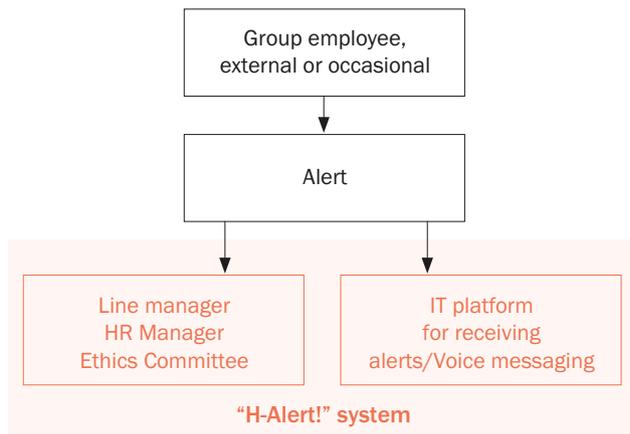
2.8.1.3.1 Professional whistleblowing line

In order to ensure compliance with laws and regulations and to step up the fight against breaches of ethics and integrity, in 2019 the Group introduced its global whistleblowing system, *H-Alert!*, intended to enable its employees worldwide, as well as its external and occasional employees, to report breaches and violations of which they are personally aware. It is supplemented by an e-mail whistleblowing system for its suppliers and commercial partners.

The *H-Alert!* system is used to report serious cases that could constitute a breach of a legal standard as defined in Article 6 of law No. 2016-1691 of 9 December 2016, known as the Sapin II law, or a breach of the Group’s codes, procedures and ethics standards, as well as to signal the existence of risks or serious infringements of human rights and fundamental freedoms, health and safety of people, or the environment, resulting from the Group’s activities and/or those of its subcontractors or suppliers.

The information notice regarding the whistleblowing system reminds employees that they are protected from any type of retaliation if the alert is made in accordance with the legislation in force. Employees are encouraged to report the aforementioned irregularities or breaches, as soon as possible, using the following reporting channels:

- ◆ to their direct or indirect line manager or above, to Human Resources, or to the Ethics Committee;
- ◆ using an intranet platform, a secure, independent technical system, or by voice messaging, systems available 24/7 and operated by an external service provider. These alerts are forwarded to the Ethics Committee.



Within 15 days following receipt of the alert through any means, the whistle-blower will receive a written and dated acknowledgement of receipt. The acknowledgement of receipt specifies a reasonable and foreseeable expected deadline (about one month) for examining the alert. The alert processing time varies depending on the complexity of the alert, in strict compliance with legal and regulatory provisions.

This technical system is available in 18 languages. It was validated by the Group’s governing bodies and communicated to all Group entities and structures. An information notice has been forwarded and explained to all Group employees.

In 2021, 53 alerts were received through the *H-Alert!* system. All alerts were followed up and some cases are still being examined.

The Group has introduced effective measures guaranteeing the confidentiality of information and processing of reports at all times. The whistleblowing system also allows Group employees to report an incident anonymously. Where appropriate, following an investigation, disciplinary sanctions may be decided upon and implemented against employees who violate the Group’s ethics rules.

Furthermore, the Hermès Group has provided its suppliers and subcontractors, concessionaires, distributors and sales intermediaries with an external whistleblowing mechanism in the form of a generic email address, in the event of a breach or situation contrary to the ethics, social and environmental principles. These alerts are analysed by the legal department and the operating departments concerned.

The Company undertakes not to impede access to legal or other available mechanisms, including mediation processes, for any persons reporting negative impacts, especially on human rights, and undertakes to protect the whistle-blower.

2.8.1.3.2 Sanctions system set up

The sanctions system in place for compliance programmes corresponds to the system of sanctions described in the internal rules of procedure, any breach of ethics and integrity being contrary to the Group's intrinsic values and internal rules laid down in this area.

In accordance with existing law, internal rules of procedure, for example, devote a chapter to disciplinary law and the right of defence.

On an international level, depending on the local applicable law, either the internal rules of procedure set out rules on disciplinary matters, or an employee handbook contains rules on disciplinary law; both include anti-corruption measures.

2.8.1.3.3 Audit of the application of ethics values

Internal control evaluations, and internal and external audits on the application of Group procedures are carried out regularly at the Group's companies and *métiers*, as well as at its significant suppliers and partners. Among other areas, these audits cover compliance with ethics procedures, the fight against corruption, combatting money laundering, the protection of personal data, respect for the environment, respect for human rights and fundamental freedoms, hygiene, health and employee safety. The methodology of these controls and audits is described in section 4.3 "risk management, internal control and internal audit".

2.8.1.3.4 Training programmes on ethics issues

Several Group internal departments offer employee training, particularly, the legal department, the human resources department, the purchasing department, the industrial affairs department and the audit and risk management department.

Training provided by the legal department

Specific face-to-face or distance training modules on the Group's ethics and anti-corruption policy, the contents of which are adapted to the teams, subsidiaries and *métiers* in question, are delivered by the legal compliance department to those employees who are most exposed to the risks of corruption, as identified and prioritised in the Group risk mapping. They aim to provide employees with the knowledge and tools needed to prevent and detect at-risk situations and to determine the behaviour to adopt in such cases.

During financial year 2021, the training programme continued despite the context of the health crisis, and face-to-face or remote training was provided in many Group entities: 17 training sessions were held and 405 employees were trained.

The roll-out of these training sessions is closely monitored by the legal compliance department, in collaboration with Internal Control and Human Resources.

In addition, an online Group training programme (e-learning) dedicated to ethics and the fight against corruption has been rolled out to all employees worldwide, as well as to external and occasional employees. It uses practical scenarios to give them the keys to preventing risks of corruption and breaches of ethics. This e-learning system includes a

comprehension and simulation exercise, for which a minimum score must be achieved, to ensure that employees have fully understood the risks of corruption and how to manage them. This e-learning is mandatory for all people considered to be exposed to the risk of corruption in accordance with the Group's corruption risk mapping. In 2021, more than 9,000 people followed this programme.

Other training aimed at preventing the risks of corruption and breaches of ethics

An *Ethics, integrity and anti-corruption* module, introduced by the human resources department, is designed for all in-store sales staff in Group entities. In 2021, 628 people attended this training. The aim of this module is to present the risks of corruption to sales staff. They learn about different forms of corruption and how to effectively combat these risks in their daily tasks. Lastly, they learn about the tools and procedures that sales staff can use in case of doubt. Attendance at these training sessions is monitored. This module is regularly delivered in all subsidiaries worldwide. Since the creation of the module in 2017, 7,570 people have been trained. The objective is to train all distribution subsidiary employees, whether their contract is fixed-term, permanent, temporary or as an intern, etc. and whatever their role (members of the Management Committees, support, sales staff, stockists, cashiers, managers, etc.).

The content of this training module was updated in 2021.

The purchasing department provides training for purchasers and, makes them aware, in particular, of the risks of corruption in their daily tasks. At its own level, it ensures the implementation of these ethical ambitions thanks to the CSR brief, distributed to the House's suppliers and partners. This document may be consulted at: <https://finance.hermès.com/en/sustainable-procurement>.

The audit and risk management department trains its internal control officers and participates in the Group training sessions in order to promote an awareness of risk management and internal control best practices amongst the management. Activities focusing on ethics and compliance issues continued this year with the organisation of three seminars by the audit and risk management department for internal control officers in all Group entities throughout the world.

2.8.2 THE FIGHT AGAINST CORRUPTION

"Combatting corruption is a clear priority for the Hermès Group.

The culture of probity, integrity and transparency is intrinsic to the values of Maison Hermès. Since its creation, the House has endeavoured to promote it to its employees, business partners and stakeholders".

Axel Dumas – Executive Chairman and Olivier Fournier – Executive Vice-President of Corporate Development and Social Affairs

POLICY

Corruption is in contradiction with the values of the Hermès Group. The Group has a two-fold requirement: zero tolerance for breaches of probity on the one hand, and a determined commitment to a culture of ethics, on the other.

The Group's policies in terms of ethics and the fight against corruption are clearly set out in the code of business conduct, available on the Group intranet as well on the website <https://finance.hermes.com/en/ethics-human-rights-and-diversities/>.

The Hermès Group continues to improve its corruption prevention plan, in accordance with the requirements of French law No. 2016-1691 of 9 December 2016 on transparency, the fight against corruption and the modernisation of economic life.

Furthermore, the Group conducts global legal monitoring of legislative changes on the fight against corruption and complies with current legislative and regulatory requirements both in France and in countries abroad in which it operates, such as the Foreign Corrupt Practices Act in the United States, the United Kingdom Bribery Act and Legislative Decree 231 in Italy. This monitoring is carried out in-house and by external firms.

2.8.2.1 COMMITMENT OF THE GOVERNING BODY

The governing body's commitment can be seen at the Group's highest level. Alongside other members of the Executive Committee, Axel Dumas, Executive Chairman, drives compliance with ethics rules, applying a firm policy of zero tolerance of any act of corruption.

Corruption risk mapping, initiated by the governing body and driven by the legal compliance department, was validated by all the members of the Executive Committee, thus clearly demonstrating the importance put on analysing and identifying Group-specific risks.

The fight against corruption in all its forms permeates all the Group's policies and procedures.

2.8.2.2 GOVERNANCE

2.8.2.2.1 Legal compliance department

The governance of the legal compliance department is detailed in section 2.8.1.2.2 above.

2.8.2.2.2 Compliance and Vigilance Committee

The governance of the Compliance and Vigilance Committee is detailed in section 2.8.1.2.3 above.

2.8.2.2.3 Ethics Committee

The governance of the Ethics Committee is explained in §2.8.1.2.1 above.

2.8.2.2.4 Network of compliance liaison officers within the Group

The governance of the network of compliance liaison officers within the Group is detailed in section 2.8.1.2.4 above.

2.8.2.3 ACTIONS IMPLEMENTED AND RESULT

2.8.2.3.1 Risk mapping

"The update in 2020 of the Group's anti-corruption risk mapping, as well as all the recommendations resulting from the action plans aimed at controlling these risks, demonstrate the Group's unwavering commitment to combating all forms of corruption and influence-peddling.

This exercise is part of the Group's approach to continually improve its anti-corruption and influence-peddling plan to make it increasingly robust and effective."

Axel Dumas – Executive Chairman and Olivier Fournier – Executive Vice-President of Corporate Development and Social Affairs

A Group corruption risk mapping was produced jointly by the legal compliance department and the audit and risk management department and was approved by the Group's Executive Committee.

A first Group corruption risk mapping exercise was prepared in 2018 and updated in 2020. This update has been communicated to all Group entities and departments, and action plans have been put in place.

The risk mapping, carried out according to a rigorous methodology, covers all the Group's activities in all the geographical areas in which it operates.

Each risk scenario identified corresponds to a potentially risky behaviour or situation in terms of corruption or influence-peddling and specifies the geographical areas and *métiers* that are most affected so as to determine the priority measures to be taken as part of the corruption prevention plan. For each risk scenario, a focus is put on the activities and geographical areas concerned and the third parties involved.

The participation of many stakeholders across the Group has also ensured a good representation of the Group's activities and processes at different levels of responsibility (management and operational) as well as full coverage of the geographical areas in which the Group operates.

Following the update of the mapping in 2020, action plans corresponding to each risk scenario were put in place in order to respond in a proportionate and effective manner to the challenges facing the Group.

2.8.2.3.2 Anti-corruption code of conduct

An anti-corruption code of conduct, drafted in 2018 from the results of the Group's corruption risk mapping, is available in 18 languages. This code of conduct was validated by the Group's governing bodies and communicated to all Group entities and structures. It has also been provided to each Group employee.

This anti-corruption code of conduct has a global reach and applies to all Group employees.

"This anti-corruption code of conduct (the "Code of Conduct") is in line with the commitments taken by the Hermès Group in the area of ethics and integrity. It sets forth the personal commitment of the Hermès Group's Senior Executives and forms an integral part of the values and principles that unite all Hermès Group employees."

Axel Dumas – Executive Chairman

The anti-corruption code of conduct is available on the website: <https://finance.hermes.com/en/ethics-human-rights-and-diversities/>.

This code describes rules on gifts and invitations, relations with third parties and public officials, the ban on facilitation payments, management of conflicts of interest, patronage and sponsorship, representation of interests, etc.

The opportunity to update the anti-corruption code of conduct is reassessed each year by the Compliance and Vigilance Committee.

2.8.2.3.3 Whistleblowing system

The *H-Alert!* internal Group whistleblowing system is described in paragraph 2.8.1.3.1 above. It is supplemented by an external e-mail whistleblowing system managed by the Group legal department.

2.8.2.3.4 Procedures for assessing the situation of customers, tier 1 suppliers and intermediaries

The Group's business model primarily consists of purchasing raw materials from suppliers and manufacturing most of its products in-house, which are then mainly sold through stores, the majority of which are owned by the Company (branches), to customers who visit said stores. Upstream, i.e. relationships with goods suppliers and service providers, accounts for most of the Group's relationships with third parties.

To a lesser extent, the Group also has downstream relationships, with concessionaires, distributors and business intermediaries in some *métiers*.

The Group develops long-term relationships with its partners, thereby protecting its sources of supply and business relationships. The average length of relationships with suppliers in the industrial sector is 20 years and a large majority of these partnerships are European.

The commitments made by the Group and its partners focus on the following points:

- 1) good labour practices: prohibition of child labour, prohibition of forced labour, compliance with health and safety rules, respect for freedom of association, non-discrimination, respect of working time, appropriate compensation, prohibition of illegal work;
- 2) best environmental practices: compliance with environmental regulations, management of natural resources and consumption, effluent and waste, respect for biodiversity;
- 3) good ethical conduct: the fight against corruption and money laundering and recommendations on best practices in relation to subcontracting.

On an operational level, each *métier* or entity is responsible for managing its relations with third parties, monitoring the challenges identified and the implementation of corrective actions with third parties. Experience has shown that adopting a *métier* or entity approach guarantees third party proximity, awareness of the challenges ahead and realistic systems that comply with the Group's rules. Nevertheless, to ensure that the Group's anti-corruption system is well implemented in the *métiers*, entities and subsidiaries, coordination of procedures, tools, training and controls is carried out at Group level by the legal compliance department.

To ensure their partners' integrity and compliance with anti-corruption regulations, the *métiers* and entities have the following tools at their disposal:

- ◆ risk mapping;
- ◆ procedures for entering into business relationships with third parties;
- ◆ procedures for selecting suppliers and subcontractors, business intermediaries, agents, distributors and concessionaires;
- ◆ an IT tool for assessing the integrity and reputation of third parties, set up with the help of an external service provider and accessible to all Group entities;
- ◆ analysis grids and questionnaires to assess third party risk levels;
- ◆ a list of "sensitive countries";
- ◆ a procedure to prevent money laundering and corruption;
- ◆ a suppliers' charter, a business ethics charter for the selling of products and compliance clauses to ensure third parties' commitment to complying with social, environmental and ethics policies, including anti-corruption regulations;
- ◆ external evaluations on third-party compliance and integrity risks;
- ◆ rights of access and right to request documentation;
- ◆ the right to conduct internal and external on-site audits and, if necessary, to implement corrective measures.

The *métiers* and entities manage their relationships with third parties and update their assessments and engagement policies on a regular basis. The distribution in 2021 of the CSR briefs is a step forward in the formalisation and dissemination of our high standards. The Group ensures that *métiers* and entities comply with these third party assessment policies by means of internal control and internal audits conducted by the audit and risk management department, as well as through controls carried out by the legal department.

2.8.2.3.5 Accounting control procedures

Internal control and risk management procedures relating to the preparation and processing of accounting and financial information, as described in section 4.3, form an integral part of the Group's anti-corruption system and, in particular, are aimed at preventing and detecting any act of corruption. Controls on accounts deemed "more sensitive" in terms of the fight against corruption are regularly strengthened. An accounting control procedure dedicated to the prevention and detection of corruption and influence-peddling was put in place in 2020 and controls were carried out in 2021.

Furthermore, annual self-assessment campaigns (see § 4.3.4.1) are an important tool when it comes to the process of applying accounting control procedures across all the Group's entities.

The audit and risk management department monitors the proper application of these procedures during its internal audits.

2.8.2.3.6 Training system for executives and employees most at risk

The training system is described in section 2.8.1.3.4 above.

2.8.2.3.7 Disciplinary regime for sanctioning violations of the anti-corruption code of conduct

The sanctions system is described in section 2.8.1.3.2 above.

2.8.2.3.8 Internal control and evaluation system

In order to verify the proper application of its anti-corruption system, the Hermès Group has deployed a control plan based on three levels:

- ◆ the first level of control is implemented directly by operational staff. It involves applying, on a daily basis, the principles and steps relating to ethics and integrity as described in Group procedures and, in particular, those relating to the fight against corruption and influence-peddling;
- ◆ the second level of control involves internal control officers in each entity/*métier*, working in close collaboration with the legal department, in particular, on the proper application of procedures relating to the fight against corruption. To this end, the legal compliance department and the audit and risk management department have drawn up a dedicated anti-corruption work programme for all of the Group's internal control officers;

- ◆ the third level of control is operated by the audit and risk management department when it audits the *métiers* and entities. This control assesses the implementation of the anti-corruption and influence-peddling policy of the *métier* or entity in question. The audit and risk management department also conducts audits of the various Group anti-corruption programmes.

2.8.3 PERSONAL DATA PROTECTION

Respect for privacy is more than a legal obligation, it is a Hermès value and an essential commitment to maintaining a relationship of trust with our employees, customers and partners.

POLICY

Since 2015, the Hermès Group has adopted a set of rules to protect the personal data of its customers in the form of Binding Corporate Rules (BCR). These BCRs, approved by the European Data Protection Authorities, apply to all Group entities with a distribution activity. These BCRs, still in full force, foreshadowed the Group's more general data protection system. Since then, the Hermès Group has implemented a more extensive data protection system covering all the personal data it collects (customers, employees, third parties, etc.) and all of its subsidiaries and *métiers*, regardless of their location. This Group system complies with the European Data Protection Regulation (GDPR) which is one of the highest levels of data protection in the world and also takes into account local regulatory requirements. This system also includes the code of business conduct, which contains a "Personal Data" sheet (see § 2.8.1.1.3).

2.8.3.1 DATA PROTECTION OFFICER

The Group Data Protection Officer is responsible for informing and advising the Company on its legal and regulatory obligations with regard to personal data, and steering and monitoring data processing and ensuring its compliance with these obligations. The Group Data Protection Officer is the point of contact for data subjects and for data protection authorities.

This position reports to the Compliance Chief Officer, who reports to the Group General Counsel, reporting to the Executive Vice-President of Corporate Development and Social Affairs, member of the Executive Committee, who in turn reports to the Group's Executive Chairman.

2.8.3.2 “PERSONAL DATA PROTECTION” GOVERNANCE

The Data Protection Officer relies on a network of people throughout the Group – mainly consisting of the Head of Information Systems Security (CISO), members of the legal department, and internal control officers. This network enables him or her to be regularly informed of issues related to the processing of personal data, to ensure that they are dealt with consistently by the subsidiaries and to be alerted to local legal and regulatory changes where applicable.

Data protection guidelines have been rolled out to the network of internal control officers since 2020 to support them in their second-level control duties. These guidelines provide in particular a reminder of the elements of governance, the control themes and the tools available for this purpose. A matrix of precise and concrete annual controls to be carried out by internal control officers has been added to the rollout of the guidelines.

In 2021, a Regional Data Protection Officer was appointed for China, enabling the Group to strengthen its support and expertise in a constantly changing local legislative context (in particular the new law on the protection of personal data that entered into force on 1 November 2021). The Regional Data Protection Officer acts in coordination with the Group Data Protection Officer and the local legal department in order to maintain consistency in the management of personal data across the entire Hermès Group.

2.8.3.3 MAIN ACTIONS IMPLEMENTED

The awareness-raising and training programme was enhanced with new employee training sessions. In particular, the French human resources teams continued to be trained, across all *métiers*, as part of the rollout of a new human resources management information system. This awareness raising and training programme is complemented by the international release of an online training module (e-learning) for all Group employees and translated into 11 languages. To date, nearly 9,000 people in the most sensitive functions and *métiers* have taken this module.

The principles of protection of privacy by design and by default are ensured by the use of tools for managing privacy impact assessments (PIA) and managing the register of processing activities. These tools are part of the procedure for integrating security and privacy into projects (ISP), which involves the Group's CISO and Data Protection Officer teams. In 2021, 269 projects were processed through the ISP procedure.

The management of the rights exercised by the people concerned has been made more efficient, in particular thanks to the use of a tool following the dissemination of a new procedure for managing customer rights that allows for prompt handling and harmonisation of requests

regardless of their geographical origin and the contact channel used. In 2021 (figures from November 2020 to November 2021), 457 requests were processed, of which 10% were requests for modifications, 15% requests for information, 10% requests for access and 60% requests for deletion of data.

The security of personal data is an essential component of the protection of privacy. In this context, the issues were highlighted through awareness-raising operations (“cybersecurity month”) and addressed as part of regular work with the CISO teams. The data breach procedure has been included in the broader cyber crisis management process (see § 4.1.1.3 “Information systems and cyberattacks”).

Lastly, checks are carried out in cooperation with the teams of the audit and risk management department and the internal controllers of Group entities to assess compliance with the Group's rules and applicable regulations.

2.8.4 DUTY OF CARE

Hermès is committed to respect for human rights and fundamental freedoms, the health and safety of employees and the protection of the environment. It ensures control through a policy and concerted actions.

POLICY

In accordance with French law No. 2017-399 of 27 March 2017 relating to the duty of care of parent companies and contractors, the Hermès Group has drawn up a reasonable vigilance plan to identify risks and prevent serious violations of human rights and fundamental freedoms, and the health and safety of people and the environment, resulting from its activities as well as the activities of its subcontractors and suppliers.

GOVERNANCE

The legal compliance department contributes to the identification of risks in terms of the duty of care (human rights, fundamental freedoms, health and safety and environmental protection) and to the development of measures to prevent breaches, in particular within its supply chains.

To do this, it works with the Group's main support departments and relies on the Compliance and Vigilance Committee (see § 2.8.1.2.3).

2.8.4.1 ACTIONS IMPLEMENTED AND RESULT

Each year, the legal compliance department reviews the actions taken within the Group as part of the vigilance plan. This is set out in the table below and refers to Group policies, measures implemented in 2021, as well as key performance indicators.

CROSS-REFERENCE TABLE

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

	Group activities	Suppliers and subcontractors
Risk mapping	<ul style="list-style-type: none"> ◆ Non-financial risk analysis (2.1.4) 	<ul style="list-style-type: none"> ◆ Analysis by supply chain (2.4.2) ◆ Risk mapping (2.6.1.2) <p>Indicators: 108 purchasing categories identified 93% of risk mappings by purchase category completed At end-2021, 74 raw material supply chains analysed</p>
Regular assessment procedures	<ul style="list-style-type: none"> ◆ Industrial affairs department network: internal diagnostics, audits conducted by external specialists and operational improvement plans (2.2.1.1.1) ◆ Internal control and risk management systems established by the Company (4.3) 	<ul style="list-style-type: none"> ◆ Audit and Direct Purchasing Committee – managing audit results and action plans (2.6.1.1.3) ◆ Coordination of Group policies for direct and indirect purchasing (2.6.1) ◆ Tools for analysing supplier and subcontractor risks provided to and applied by purchasers (2.6.1.3) ◆ Audits conducted by specialist service providers in certain channels (alligator, cashmere, wood) WWF (2.4.2) ◆ Supplier audits by a third-party organisation (2.6.1.3.2) <p>Indicators: 66 audits of tier one suppliers and 47 audits of tier two suppliers in 2021 (direct purchases) 322 suppliers on EcoVadis</p>
Mitigation and prevention measures	<ul style="list-style-type: none"> ◆ Dissemination of Group values: code of business conduct (2.8.1.1) and three specific SD training modules included in the My Campus internal integration training programmes ◆ Training on ethics issues (2.8.1.3.4) ◆ Training and development of employee expertise (2.3.2.3) ◆ Responsible management and Social diversity (2.2.2.1) <i>Alterego</i> training programme ◆ Health and well-being at work initiative (2.2.1.1) (73% participation rate over the last three years) ◆ Maintaining the quality of social dialogue (2.2.1.3) ◆ Second Disability Agreement (2.2.2.1.4) 	<ul style="list-style-type: none"> ◆ Training for direct and indirect purchasers (2.6.1.3) ◆ Social, environmental and ethics policy (Handbook 2) (2.6.1.3) ◆ CSR brief communicated to suppliers and partners (social and environmental issues) (2.6.1.4) ◆ Launch of a certification or label award process for 32 supply chains (2.4.2.1) ◆ Monitoring audits (2.6.1.3) <p>Indicators: Signature rate for Handbook 2: 89%</p>
Alert mechanisms	<ul style="list-style-type: none"> ◆ Professional whistleblowing system (2.8.1.3.1) 	<ul style="list-style-type: none"> ◆ Professional whistleblowing email alert address for suppliers and subcontractors (2.6.1.5)
Measuring and monitoring system	<ul style="list-style-type: none"> ◆ Audit and risk management department (4.3.2) ◆ Audit of the application of ethical values (2.8.1.3.3) <p>Indicators:</p> <ul style="list-style-type: none"> ◆ Employer award received by Hermès (2.1.1) ◆ Number of hours devoted to training: over 423,317 hours (2.3.2) ◆ Gender pay equality index: 90/100 (2.2.2.1.3) 	<ul style="list-style-type: none"> ◆ System of monitoring by audit and risk management department (2.6.1.3)

HEALTH & SAFETY

	Group activities	Suppliers and subcontractors
Risk mapping	<ul style="list-style-type: none"> ◆ CSR risk analysis (2.1.3 and 2.1.4) 	<ul style="list-style-type: none"> ◆ Analysis by supply chain (2.4.2) ◆ Risk mapping by purchase category (2.6.1.2) <p>Indicators: 108 purchasing categories identified 93% of risk mappings by purchase category completed</p>
Regular assessment procedures	<ul style="list-style-type: none"> ◆ EHS audits conducted by an external specialist (2.2.1.1) ◆ Information system rolled out on sites for Group health and safety reporting (2.2.1.1) ◆ Internal safety audits (2.2.1.1) ◆ Internal control and risk management systems established by the Company (4.3) 	<ul style="list-style-type: none"> ◆ Audit and Direct Purchasing Committee – managing audit results and action plans (2.6.1.3) ◆ Coordination of Group policies for direct and indirect purchasing (2.6.1) ◆ Tools for analysing supplier and subcontractor risks provided to and applied by purchasers (2.6.1) ◆ Audits conducted by specialist service providers in certain channels (alligator, cashmere, wood) WWF (2.4.2) ◆ Supplier audits by a third-party organisation (2.6.1) <p>Indicators: 66 audits of tier one suppliers and 47 audits of tier two suppliers in 2021 322 suppliers on EcoVadis</p>
Mitigation and prevention measures	<ul style="list-style-type: none"> ◆ Dissemination of Group values: code of business conduct (2.8.1.1) and three specific SD training modules included in the My Campus internal integration training programmes ◆ Training on ethics issues (2.8.1.3.4) ◆ EHS regulatory monitoring conducted by an external specialist and distributed to each industrial <i>métier</i> (2.2.1.1.2) ◆ Coordination of the Environmental, Health and Safety network by the industrial affairs department, training and sharing best practices (2.2.1.1.2) ◆ Health and well-being at work initiative (2.2.1.1.1) (73% participation rate over the last three years) 	<ul style="list-style-type: none"> ◆ Training for direct and indirect purchasers (2.6.1) ◆ Social, environmental and ethics policy (Handbook 2) (2.6.1.4) ◆ CSR brief communicated to suppliers and partners (social and environmental issues) (2.6.1.4) ◆ Launch of a certification or label award process for 32 supply chains (2.4.2.1) ◆ Monitoring audits (2.6.1) <p>Indicators: Signature rate for Handbook 2: 89%</p>
Alert mechanisms	<ul style="list-style-type: none"> ◆ Professional whistleblowing system (2.8.1.3.1) ◆ Email alerts when reporting work accidents in the dedicated information system (2.2.1.1.3) 	<ul style="list-style-type: none"> ◆ Professional whistleblowing email alert address for suppliers and subcontractors (2.6.1.5)
Measuring and monitoring system	<ul style="list-style-type: none"> ◆ Audit and risk management department (4.3.2) ◆ Audit of the application of ethical values (2.8.1.3.3) ◆ External firm specialising in conducting EHS compliance audits in our various units (2.2.1.1.2) <p>Indicators: Work accident rate: 9.07 with a severity rate of 0.34 (2.2.1.1.3) Turn-over: 1.38% (2.3.1)</p>	<ul style="list-style-type: none"> ◆ System of monitoring by audit and risk management department (2.6.1.3)

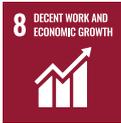
ENVIRONMENT

	Group activities	Suppliers and subcontractors
Risk mapping	<ul style="list-style-type: none"> ◆ CSR risk analysis (2.1.3 and 2.1.4) ◆ Climate risk mapping (2.5.4) 	<ul style="list-style-type: none"> ◆ Analysis by supply chain (2.4.2) ◆ Risk mapping by purchase category (2.6.1.2) ◆ Study of the physical risks related to climate change (2.5.4) <p>Indicators: 108 purchasing categories identified 93% of risk mappings by purchase category completed Climate change: two value chains studied, using six direct supply chains impact scenarios and two systemic scenarios with direct and indirect impacts on Hermès' global activity (2.5.4).</p>
Regular assessment procedures	<ul style="list-style-type: none"> ◆ EHS audits conducted by an external specialist (2.2.1.1.2) ◆ Water risk assessment with WWF (2.5.4.1) ◆ Tools for updating the overall assessment of greenhouse gas emissions from Group production and distribution sites (2.5.4.2) ◆ Audits of the supply chains for exotic skins by external parties (WWF, veterinarians, associations, etc.) (2.4.2) ◆ Internal control and risk management systems established by the Company (4.3) 	<ul style="list-style-type: none"> ◆ Audit and Direct Purchasing Committee – managing audit results and action plans (2.6.1) ◆ Coordination of Group policies for direct and indirect purchasing (2.6.1) ◆ Tools for analysing supplier and subcontractor risks provided to and applied by purchasers (2.6.1) ◆ Audits conducted by specialist service providers in certain channels (alligator, cashmere, wood) WWF (2.4.2) ◆ Supplier audits by a third-party organisation (2.6.1.3) <p>Indicators: 66 audits of tier one suppliers and 47 audits of tier two suppliers in 2021 322 suppliers on EcoVadis</p>
Mitigation and prevention measures	<ul style="list-style-type: none"> ◆ Group environmental policy (2.5.1.1) ◆ Membership of the Fashion Pact (2.5) ◆ EHS regulatory monitoring conducted by an external specialist and distributed to each industrial <i>métier</i> (2.2.1.1.2) ◆ Coordination of the Environmental, Health and Safety network by the industrial affairs department, training and sharing best practices (2.2.1.1.2) ◆ Sustainable development ambassadors: over 350 employees worldwide (2.3.2.3) ◆ Limiting the consumption of natural resources (2.5.2) <p><i>Improving production processes (2.5)</i></p> <ul style="list-style-type: none"> ◆ Combating climate change (2.5.4) ◆ Limiting the carbon impact in scopes 1, 2 & 3 and carbon offset (2.5.4) ◆ Waste management (2.5.3) ◆ Respect and protect biodiversity (2.5.5) <p><i>High-quality supplies, and work on animal welfare (2.4.2), Global biodiversity score (2.5.5.3)</i></p> <ul style="list-style-type: none"> ◆ Circular economy (2.4.1) ◆ Three specific SD training modules included in the My Campus internal integration training programmes 	<ul style="list-style-type: none"> ◆ Training for direct and indirect purchasers (2.6.1) ◆ Social, environmental and ethics policy (Handbook 2) (2.6.1.3) ◆ CSR brief communicated to suppliers and partners (social and environmental issues) (2.6.1.4) ◆ Launch of a certification or label award process for 32 supply chains (2.4.2.1) ◆ Monitoring audits (2.6.1.3) <p>Indicators: Signature rate for Handbook 2: 89%</p>
Alert mechanisms	<ul style="list-style-type: none"> ◆ Professional whistleblowing system (2.8.1.3.1) 	<ul style="list-style-type: none"> ◆ Professional whistleblowing email alert address for suppliers and subcontractors (2.6.1.5)

	Group activities	Suppliers and subcontractors
Measuring and monitoring system	<ul style="list-style-type: none"> ◆ Audit and risk management department (4.3.2) ◆ Audit of the application of ethical values (2.8.1.3.3) ◆ External firm specialising in conducting EHS compliance audits in our various units (2.2.1.1.2) <p>Indicators: CDP Climate Change score: A- (2.5.2) Water consumption at industrial sites (2.5.2) Energy consumption at industrial sites (2.5.2)</p>	<ul style="list-style-type: none"> ◆ System of monitoring by audit and risk management department (2.6.1.3)

EXPERTS' HANDBOOK

CONTRIBUTION TO THE UN'S SUSTAINABLE DEVELOPMENT GOALS (SDGS)



No. 8: Decent work and economic growth

- ◆ 8.7 *“Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms”*
- ◆ 8.8 *“Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment”*



No. 16: Peace, justice and strong institutions

- ◆ 16.b *“Promote and enforce non-discriminatory laws and policies”*
- ◆ 16.5 *“Substantially reduce corruption and bribery in all their forms”*
- ◆ 16.5 *“Reduce corruption and bribery”*
- ◆ 16.10 *“Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements”*

2.9 REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT INCLUDED IN THE MANAGEMENT REPORT

For the year ended 31 December 2021

This is a free translation into English of the Statutory Auditor's 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 standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditor of Hermès International (hereinafter the "entity"), appointed as an independent third party and certified by COFRAC (Cofrac Inspection Accreditation no. 3-1060, whose scope is available at www.cofrac.fr), we hereby report to you on the consolidated non-financial information statement for the year ended 31 December 2021 (hereinafter the "Statement"), included in the Group management report pursuant to the legal and regulatory provisions of articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code (*Code de commerce*).

THE ENTITY'S RESPONSIBILITY

Pursuant to legal and regulatory requirements, Executive Management is responsible for preparing the Statement, which must include a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented in light of those risks and the outcome of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and available on request from the entity's head office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of article L.822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

RESPONSIBILITY OF THE STATUTORY AUDITOR, APPOINTED AS AN INDEPENDENT THIRD PARTY

On the basis of our work, our responsibility is to provide a reasoned opinion expressing a limited assurance conclusion on:

- ♦ the consistency of the Statement with the provisions of article R.225-105 of the French Commercial Code;
- ♦ the fairness of the information provided in accordance with article R.225-105 I, 3 and II of the French Commercial Code, i.e., the outcome of the policies, including key performance indicators, and the measures implemented in light of the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:

- ♦ the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax legislation;
- ♦ the consistency of products and services with the applicable regulations.

NATURE AND SCOPE OF OUR WORK

The work described below was performed in accordance with the provisions of articles A.225-1 et seq. of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional standards applicable in France to such engagements, as well as with ISAE 3000 – *Assurance engagements other than audits or reviews of historical financial information*.

Our procedures allowed us to assess the consistency of the Statement with regulatory provisions and the fairness of the Information:

- ◆ we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities, and the impact of those risks on compliance with human rights and anti-corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- ◆ we assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- ◆ we verified that the Statement includes each category of social and environmental information set out in article L.225-102-1 III, as well as the information provided for in paragraph 2 of article L.22-10-36 regarding compliance with human rights and anti-corruption and tax evasion legislation;
- ◆ we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including, where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;
- ◆ we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R.225-105 II;
- ◆ we assessed the process used to identify and confirm the principal risks;
- ◆ we asked what internal control and risk management procedures the entity has put in place;
- ◆ we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- ◆ we verified that the Statement covers the scope of consolidation, i.e., all the companies included in the scope of consolidation in accordance with article L.233-16 within the limitations set out in the Statement;
- ◆ we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- ◆ for the key performance indicators and other quantitative results that we considered to be the most important (see the list provided in the appendix), we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
 - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities¹ and covers between 20% and 69% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- ◆ we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important (see the list provided in the appendix);
- ◆ we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

1. Selected sample: For the Group Real Estate Department: Cannes (France), Paris George V (France), Palermo (Italy), Rome (Italy), Vancouver (Canada), Toronto (Canada), East Coast Corporate Office (United States), New York Madison 691 (United States), NY Madison 635 (United States), NY Wall Street (United States), Hawaii Ala Moana (United States), Miami (United States), Hangzhou (China), Chengdu (China), Hong Kong Plaza (Hong Kong), Shanghai Maison (China), Seoul Dosan Park (South Korea), Ginza Maison H (Japan). For the Industrial Affairs Department: Ateliers HCl (Italy), Compagnie des Cristalleries de Saint-Louis (France), Pyramide (France), J3LP (Portugal), SIEGL (France), Gordon Choisy Montereau (France), Tanneries d'Annonay (France), Tanneries du Puy (France), Janamba Croc Farm (Australia), Pinnacle Alligator Farm (United States). For the Human Resources Department: Pôle Maison (France), Hermès Homme (France), Hermès Femme (France), Hermès IDO (France), Hermès Bijouterie (France), Hermès International (France), Hermès Commercial (France), Manufactures de Franche-Comté (France), Compagnie des Cuirs précieux (France), Tanneries d'Annonay (France), Tanneries de Montereau (France), Tanneries de Vivoin (France), Maroquinerie du Sud-Ouest (France), Maroquinerie des Alpes (France), Hermès Maroquinerie Sellerie (France), Hermès Parfums (France), Hermès APAC HK & Macao (Hong Kong and Macao), Hermès China & China Trading (China), Hermès APAC Taiwan (Taiwan), Hermès Japon (Japan).

MEANS AND RESOURCES

Our work was carried out by a team of eight people between November 2021 and March 2022 and took a total of ten weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted some 15 interviews with the people responsible for preparing the Statement, representing the Industrial Affairs Department, the Group Real Estate Department, the Human Resources Department and the Sustainable Development Department.

CONCLUSION

Based on our work, nothing has come to our attention that causes us to believe that the consolidated non-financial information statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly and in accordance with the Guidelines.

Neuilly-sur-Seine, 3 March 2022

One of the Statutory Auditors
PricewaterhouseCoopers Audit

Olivier Auberty
Partner

Sylvain Lambert
Partner in charge of the Sustainable Development Department

APPENDIX: LIST OF INFORMATION THAT WE CONSIDERED TO BE THE MOST IMPORTANT

Key performance indicators and other quantitative results:

Main risks or opportunities identified	Sections of the management report presenting the associated policies, measures and outcomes reviewed as part of our work
Teams	Chapter 2.2 <i>Including outcomes and KPIs:</i> <ul style="list-style-type: none"> ◆ Total workforce and breakdown ^{*1}. ◆ Number of dismissals* ◆ Work accidents, Frequency rate, Severity rate* ◆ Number of deaths following a work accident* ◆ Number of occupational illnesses* ◆ Absenteeism rate in France* ◆ Number of disability officers ◆ Number of social dialogue agreements signed in France in 2021
Savoir-faire	Chapter 2.3 <i>Including outcomes and KPIs:</i> <ul style="list-style-type: none"> ◆ Number of training hours* ◆ Percentage of items produced in-house and in exclusive workshops ◆ Number of Living Heritage Companies ◆ Number of partnerships with leatherworker training schools in France
Materials	Chapter 2.4 <i>Including outcomes and KPIs:</i> <ul style="list-style-type: none"> ◆ Change in the overall tonnage of industrial waste* ◆ Percentage of Eoko-Text certified cotton pouches ◆ Percentage of recycled gold and silver processed in workshops (excluding semi-finished products and suppliers)
Environment	Chapter 2.5 <i>Including outcomes and KPIs:</i> <ul style="list-style-type: none"> ◆ Total water consumption of industrial sites and farms* ◆ Gas consumption of industrial sites and farms* ◆ Electricity consumption of industrial sites and farms and stores and offices* ◆ Fuel consumption of industrial sites and farms* ◆ Renewable energy consumption of industrial sites and farms* ◆ Total energy consumption of industrial sites and farms* ◆ Weight of ordinary industrial waste (OIW) of industrial sites and farms* ◆ Weight of hazardous industrial waste (HIW) of industrial sites and farms* ◆ Scope 1 and scope 2 carbon emissions of industrial sites and farms* ◆ Scope 3 carbon emissions* ◆ Percentage of industrial waste recycled ◆ Percentage of the Group's activities covered by the GBS study ◆ Percentage of green electricity at Group level
Stakeholders and transparency	Chapter 2.7 <i>Including outcomes and KPIs:</i> <ul style="list-style-type: none"> ◆ Percentage of purchasing categories that have been risk-mapped and risk-analysed by supplier ◆ Number of supplier audits conducted ◆ Number of raw material chains that have undergone supplier risk analysis ◆ Amount of purchases from supported and protected sectors in France

1. At the request of Hermès International, we performed more extensive procedures on the outcomes and key performance indicators presented in the table with the "*" symbol, enabling us to express a reasonable assurance conclusion regarding said selected information. Our reasonable assurance report is available on request from the Company's headquarters.

Qualitative information (measures and outcomes):

- ◆ Climate Champion Award – Challenges;
- ◆ Most responsible “Clothing and accessories” company – Le Point Statistica;
- ◆ 7th best employer in France – Glassdoor;
- ◆ Validation of the carbon trajectory by the SBTi;
- ◆ Supplier CSR Brief;
- ◆ Animal Welfare Policy;
- ◆ Maternity Policy;
- ◆ Diversity and Inclusion Barometer;
- ◆ Deployment plan for the Campus Hermès training offer;
- ◆ “Storytellers of Culture” training;
- ◆ Hermès apprenticeship training centre dedicated to the leather goods industry;
- ◆ Number of “Best Artisans in France” (*Meilleurs Ouvriers de France* – MOF) within Hermès;
- ◆ Naturalness indicator for fragrance ingredients;
- ◆ CDP water security score;
- ◆ Membership of the ZDHC initiative;
- ◆ Science-based targets;
- ◆ Sector Brief;
- ◆ HMS Handispensable Day;
- ◆ Collaboration with Sup de Sub;
- ◆ Launch of new projects financed by the 2nd Carbon Livelihoods Fund;
- ◆ H-Alert! system;
- ◆ Procedure for auditing accounts deemed to be the “most sensitive”;
- ◆ ISP information systems security procedure.

2.10 REASONABLE ASSURANCE REPORT BY ONE OF THE STATUTORY AUDITORS ON A SELECTION OF ENVIRONMENTAL AND SOCIAL INFORMATION PUBLISHED IN THE MANAGEMENT REPORT OF HERMÈS INTERNATIONAL

For the year ended 31 December 2021

2

This is a free translation into English of the Statutory Auditor's 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 standards applicable in France.

To the Shareholders,

Further to your request and in our capacity as Statutory Auditor of Hermès International, we have performed the review described below for the purpose of expressing reasonable assurance on a selection of social and environmental indicators published in the 2021 management report.

The environmental and social information selected by Hermès International is as follows:

- ◆ Total workforce and breakdown
- ◆ Number of dismissals
- ◆ Number of training hours
- ◆ Absenteeism rate in France
- ◆ Work accidents, Frequency rate, Severity Rate
- ◆ Number of occupational illnesses
- ◆ Total water consumption of industrial sites and farms
- ◆ Gas consumption of industrial sites and farms
- ◆ Electricity consumption of industrial sites and farms
- ◆ Fuel consumption of industrial sites and farms
- ◆ Renewable energy consumption of industrial sites and farms
- ◆ Total energy consumption of industrial sites and farms
- ◆ Change in the overall tonnage of industrial waste
- ◆ Weight of ordinary industrial waste (OIW) of industrial sites and farms
- ◆ Weight of hazardous industrial weight (HIW) of industrial sites and farms
- ◆ Scope 1 and scope 2 carbon emissions of industrial sites and farms
- ◆ Scope 3 carbon emissions

The information was prepared under the responsibility of the Industrial Affairs Department, the Human Resources Department and the Sustainable Development Department in accordance with the Company's procedures, which are available on request from the Company's head office.

Our role is to form a reasonable assurance conclusion on the selected information, based on our work. The following conclusions relate to the selected information and not to all CSR information contained in the management report.

NATURE AND SCOPE OF OUR WORK

We performed our work in accordance with the professional standards applicable in France to such engagements, as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

We performed the procedures described below in order to obtain reasonable assurance that the selected information was prepared, in all material respects, in accordance with the Company's procedures:

- ◆ we reviewed, at Group level, the appropriateness of the reporting procedures used by the Company as regards relevance, completeness, reliability, objectivity and clarity;
- ◆ we verified the implementation of data collection, compilation, processing and control processes to ensure the completeness and consistency of the information and obtained an understanding of the internal control and risk management procedures used to prepare the information;
- ◆ we performed analytical procedures and verified, on a sample basis, that the data had been correctly calculated and consolidated. This work involved, in particular, interviews with the persons from the Industrial Affairs and Human Resources Departments responsible for compiling and applying the procedures and consolidating the data;
- ◆ we selected a sample of entities, as follows:
 - for the Industrial Affairs Department: Ateliers HCl (Italy), Compagnie des Cristalleries de Saint-Louis (France), Pyramide (France), J3LP (Portugal), SIEGL (France), Gordon Choisy Montereau (France), Tanneries d'Annonay (France), Tanneries du Puy (France), Janamba Croc Farm (Australia), Pinnacle Alligator Farm (United States),
 - for the Human Resources Department: Pôle Maison (France), Hermès Homme (France), Hermès Femme (France), Hermès IDO (France), Hermès Bijouterie (France), Hermès International (France), Hermès Commercial (France), Manufactures de Franche-Comté (France), Compagnie des Cuirs précieux (France), Tanneries d'Annonay (France), Tanneries de Montereau (France), Tanneries de Vivoin (France), Maroquinerie du Sud-Ouest (France), Maroquinerie des Alpes (France), Hermès Maroquinerie Sellerie (France), Hermès Parfums (France), Hermès APAC HK & Macao (Hong Kong and Macao), Hermès China & China Trading (China), Hermès APAC Taiwan (Taiwan), Hermès Japon (Japan);
- ◆ with regard to the selected entities:
 - we checked that the procedures had been properly understood and correctly implemented on the basis of interviews with the persons responsible for preparing the data,
 - we performed tests of details, using sampling techniques, to verify the calculations and reconcile the data with the supporting documents.

These entities represent between 54% and 69% of the selected environmental and social information reported by the Company.

We were assisted in our work by our experts in corporate social responsibility.

CONCLUSION

Based on our work, we believe that the above-listed environmental and social information selected by the Company and reported in the 2021 management report, was prepared, in all material respects, in accordance with the guidelines used by the Company and applicable in 2021.

Neuilly-sur-Seine, 3 March 2022

One of the Statutory Auditors
PricewaterhouseCoopers Audit

Olivier Auberty
Partner

Sylvain Lambert
Partner in charge of the Sustainable Development Department

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CORPORATE GOUVERNANCE

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SUPERVISORY BOARD CORPORATE GOVERNANCE REPORT

This chapter 3 “Corporate governance” incorporates § 3.1 to 3.9, the Supervisory Board corporate governance report prepared pursuant to Article L.22-10-78 of the French Commercial Code (Code de commerce) and in accordance with the recommendations of the French Financial Markets Authority (AMF).

A cross-reference table for the corporate governance report is presented in chapter 9 “Additional information”, § 9.5.3.

It was jointly prepared by the Chairman of the Supervisory Board, the CAG-CSR Committee, the Board secretary and with assistance from the functional departments concerned. It was approved by the Supervisory Board at its meeting of 17 February 2022.

3.1 THE COMPANY’S CORPORATE GOVERNANCE CODE

3.1.1 CORPORATE GOVERNANCE PRINCIPLES APPLIED

The Supervisory Board officially adopted 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. This framework includes the Afep-Medef Corporate Governance Code for listed companies, updated in January 2020, available on the Afep website (www.afep.com) or the Medef website (www.medef.com), and the application guide of the High Committee on Corporate Governance (HCGE), revised in March 2020, which explains the recommendations of this code.

The recommendations issued by the Financial Markets Authority (AMF) are also taken into account in its annual report on corporate governance and senior executive compensation of listed companies.

With each revision of the Afep-Medef Code, the CAG-CSR Committee performs an exhaustive comparative analysis of the Company’s application of the Afep-Medef Code’s recommendations, and reports to the Supervisory Board.

These periodic reviews, as well as monitoring of market practices and analyses, make it possible to adapt the systems in force each year with the aim of constant improvement.

3.1.2 PROVISIONS OF THE AFEP-MEDEF CORPORATE GOVERNANCE CODE NOT APPLIED AND THOSE NEWLY COMPLIED WITH

The table below lists the provisions of the Afep-Medef Code not applied by the Company at the date of publication of this universal registration document. In line with the recommendations of the AMF, the provisions not applied on account of the Company’s legal form are singled out from

those not applied for other reasons, with the corresponding explanations. We have also listed the changes made since the most recent update of the Afep-Medef Code in January 2020 to ensure compliance therewith.

Provisions of the Afep-Medef Code not applied due to the Company's legal form**Explanations****Board meetings and committee meetings (Article 11.3)**

It is recommended that at least one meeting not attended by the Executive Corporate Officers be organised each year.

Hermès International's Supervisory Board holds powers that are strictly defined by the Company's Articles of Association and does not have the power to appoint the Executive Chairmen or determine their compensation policy. These decisions are the responsibility of the Active partner, Émile Hermès SAS, under the aegis of its Executive Management Board. Furthermore, and this is an essential point of the Company's governance, the duties of the Supervisory Board do not entail any involvement in the Executive Management, nor any liability for management actions and the results thereof. This provision of the Afep-Medef Code is therefore not applicable to Hermès International, given its legal form and the role assigned to the Supervisory Board (described in § 3.5.1).

Succession plan for Executive Corporate Officers (Article 17.2.2)

The Appointments Committee (or an *ad hoc* committee) should design a plan for replacement of Executive Corporate Officers. This is one of the Committee's most important tasks even though it can, if necessary, be entrusted by the Board to an *ad hoc* committee. The Chairman may take part or be involved in the Committee's work during the conduct of this task.

The Company's CAG-CSR Committee (described in § 3.6.2) is not in charge of establishing the succession plan for the Executive Chairmen, a task that does not fall within the remit of the Supervisory Board in a *société en commandite par actions* (partnership limited by shares).

In accordance with its rules of procedure, since 2016 the CAG-CSR Committee has been tasked with ensuring the existence of a succession plan for the Executive Chairmen, which is reviewed annually (see § 3.3.5.1). Since 2018, the CAG-CSR Committee has also ensured the existence of a succession plan for the Chairman of the Supervisory Board (see § 3.4.4) and this mission is included in its rules of procedure (see <https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/>).

Composition of the Compensation Committee (Article 18.1)

It is recommended that one of its members be an employee director.

The Company's CAG-CSR Committee (described in § 3.6.2) is not tasked with establishing the compensation policy for the Executive Chairmen, a task that falls within the remit of the Active partner and not the Supervisory Board. The Supervisory Board therefore decided that it was not relevant for an employee representative to be a member. The role of the Supervisory Board in the decision-making process applicable to the compensation policy for the Executive Chairmen is described in § 3.8.1.2.

Proportion of independent members on the Audit and Risk Committee (Article 16.1)

Independent directors should account for at least two thirds of Audit and Risk Committee members and the Committee should not include any Executive Corporate Officers.

The Supervisory Board determined that slightly less than two-thirds of the Audit and Risk Committee members are independent (60%, i.e. three out of five members). This situation enables the Audit and Risk Committee to carry out its duties in an appropriate manner. The Audit and Risk Committee rules of procedure stipulate that at least one-half of the seats on the Audit and Risk Committee should be held by members who qualified as independent at the time of their appointment and throughout their term of office.

The HCGE considers:

- ◆ in its 2014 report "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";
- ◆ in its 2017 report "that it would prefer to see the proportions not completely achieved rather than having the independence criteria interpreted too freely (for example by excluding the criterion requiring 12 years of service on the Board), and that it considers that 60% independent members on the Audit Committee or 50% on the other two committees does not constitute a serious deviation".

There are no immediate plans to increase the proportion of independent members of the Audit and Risk Committee to two-thirds, however the Board will review the matter at each annual evaluation.

Severance payment (Article 25.5.1)

The performance requirements set out by Boards for these benefits must be evaluated over at least two financial years. They must be demanding and may not allow for the indemnification of a director unless his or her departure is forced, regardless of the form of this departure.

The Company undertook to pay Mr Axel Dumas a severance payment under the conditions described in § 3.8.1.2.4.

Given the importance of the Active partner's role in a *société en commandite par actions* (partnership limited by shares) – including the power to appoint and dismiss any Executive Chairman – and, in the case of a legal entity, its legal representative, it was decided that any termination of Mr Axel Dumas' duties as Executive Chairman resulting from the replacement of the Chairman of Émile Hermès SAS should be deemed a forced departure.

The Supervisory Board accordingly considered that the deferred compensation undertaking made for the benefit of Mr Axel Dumas complied with the requirements of the Afep-Medef Corporate Governance Code.

In its November 2018 report on corporate governance and Senior Executive compensation, the AMF recommends that the Board carry out a regular review of the components of compensation that may be due at the time of or subsequent to the departure of a Senior Executive and that it questions the possibility and desirability of compliance with new Code provisions.

No compliance was made necessary by the new provisions of the Afep-Medef Code updated in January 2020.

Provisions of the Afep-Medef Code excluded for other reasons**Explanations**

None

Changes made since the most recent update of the Afep-Medef Code in January 2020 to ensure compliance therewith

Explanations

Gender balance policy in Governing bodies (Article 7)

This gender balance policy and the resulting objectives, as well as the results achieved during the financial year, are described in § 3.3.4.1 and § 3.3.4.2. The Executive Management appointed two new female members to the Executive Committee on 1 March 2022, bringing the proportion of female members to 40% and the proportion of women on Governing bodies to 54.2% (excluding the Executive Chairman).

Equity ratios (Article 26.2)

These ratios and the methodology used for their calculation are presented in § 3.8.2.3. The scope used in the denominator is that provided for in Article L. 22-10-9, 6° and 7° of the French Commercial Code (*Code de commerce*), i.e. employees of the listed company Hermès International. In addition to the legal requirement, this choice is likely to facilitate understanding of changes in ratios and the consistency of the calculation basis over time, which will be less affected by changes in the scope of consolidation (acquisitions/disposals) within the Group.

Corporate governance award

Since 2009, the *Grand Prix de la transparence* has rewarded the quality of regulated information of French SBF 120 companies. The objective of these awards is to enable issuers to measure their performance each year in terms of transparency and to identify market best practices. Each year, standards rise.

They are based on the criteria of accessibility, accuracy, comparability and availability of the information presented in the four key sources of information of each company (universal registration document, website, notice of Shareholders' General Meeting – for which an award was already received last year – and ethics charter). An independent scientific committee ensures the neutrality and fairness of the ranking. It is composed of 10 members of organisations and associations representing users of information, including Paris Europlace, Euronext, AMF, IFA, SFAF, AFG and F2ic.

Hermès International was the **Winner of the “CAC Large 60” (CAC 40 and CAC Next 20) at the Grand Prix de la transparence in 2021**. This award recognises the work of all the House's teams who contribute to the production of regulated information.

This award applauded in particular:

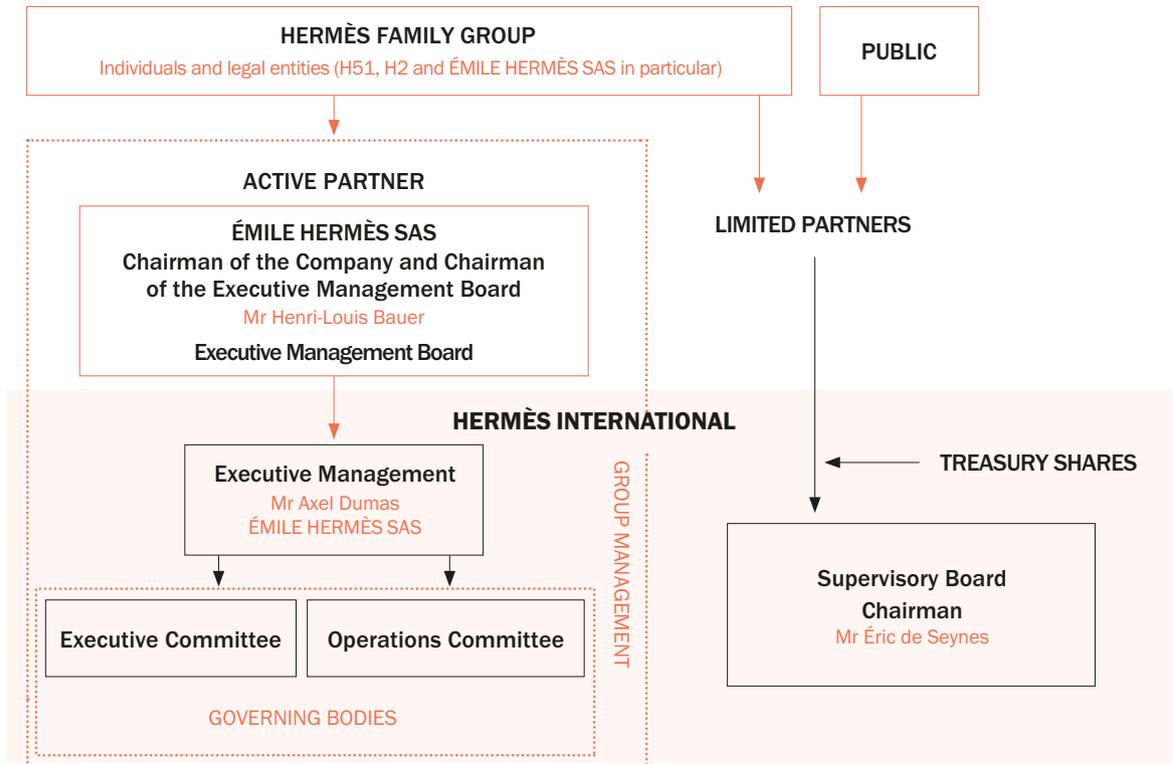
- ◆ the recent redesign of the website <https://finance.hermes.com/en>;
- ◆ the reorganisation of the CSR, governance and risk factor sections of the universal registration document, which were subject to a major semantic, informational and infographic review;
- ◆ the digital accessibility of the four information sources on which the transparency awards are based;
- ◆ the publication of the 2020 universal registration document in XHTML format.

Hermès has also made the Top 20 for the 2021 Transparency Awards and has been nominated for the “Website” and “All categories” awards.

Faithful to the values of craftspeople and the validity of the craftsmanship model, the Hermès Group strives to achieve quality in all areas and to pursue its quest for continual improvement.

3.2 AMBITIOUS AND BALANCED GOVERNANCE

3.2.1 ORGANISATIONAL STRUCTURE OF HERMÈS INTERNATIONAL AS AT 31 DECEMBER 2021



3.2.2 TWO TYPES OF PARTNERS

Hermès International was converted into a *société en commandite par actions* (partnership limited by shares – SCA) 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. This singular legal form, whose capital is divided into shares, brings together two types of partners:

The Active Partner (Émile Hermès SAS) – § 3.3.1

The Active partner Émile Hermès SAS is involved in the operation and organisation of the Company. It has structuring powers.

Powers:

- ◆ determining for the Group: (i) strategic options, (ii) consolidated operating and investment budgets, and (iii) 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 (except those falling within their own powers);
- ◆ appointing or dismissing the Executive Chairmen;
- ◆ establishing the compensation policy for the Executive Chairmen;
- ◆ authorising all significant transactions (loans, guarantees, investments, etc.) when their amount exceeds 10% of the Hermès Group's net consolidated financial position;
- ◆ formulating recommendations to the Executive Management on all issues of general interest to the Group;
- ◆ proposing the appointment or dismissal of members of the Supervisory Board.

Émile Hermès SAS has been the sole Active partner of Hermès International since 1 April 2006.

The Executive Management Board of Émile Hermès SAS exercises the powers attached to being an Active partner of the Company.

The Active partner cannot participate in the vote on the appointment of members of the Supervisory Board at a General Meeting. The shares held in the Company are therefore removed from the quorum of the resolutions of the General Meetings concerned.

The Active partner is jointly and severally liable for the Company's debts.

In accordance with Article 26 of the Articles of Association, each year, the Company pays the Active partner an amount equal to 0.67% of the distributable profits.

The Limited Partners (shareholders) – chapter 7 “Information on the Company and its share capital”, § 7.2.2

The Limited Partners or shareholders, who provide capital, enjoy limited prerogatives.

Powers:

- ◆ voting the parent company financial statements and the consolidated financial statements approved by Executive Management;
- ◆ determining the allocation of net income (including the distribution of dividends);
- ◆ approving related-party agreements;
- ◆ appointing the Statutory Auditors;
- ◆ appointing and dismissing the members of the Supervisory Board.

Any other decision of the shareholders is only valid if approved on the same terms by the Active partner.

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

The liability of the shareholders is limited to the amount of their contribution.

Shareholders receive a share of the profits in the form of dividends.

The main Limited Partners are listed in § 7.2.2.5.

3.2.3 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 – § 3.3.2

The Company is currently administered and managed by two Executive Chairmen, one of whom is the Active partner.

The role of Executive Chairman is to manage the Group.

Powers:

- ◆ 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;
- ◆ exercising the broadest of powers to act on behalf of the Company in all circumstances with regard to third parties, subject to the limits of the corporate purpose and powers granted to the Supervisory Board and to Shareholders' General Meetings.

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 Management is assisted by the Executive Committee (see § 3.3.3.1) and the Operations Committee (see § 3.3.3.2), which constitute the Governing bodies.

The Joint Council – § 3.5.2.2

The Joint Council, composed of the members of the Executive Management Board of Émile Hermès SAS (see § 3.3.1.5), the Active Partner (see § 3.2.2 and § 3.3.1) and the members of the Hermès International Supervisory Board (see § 3.4) is a consultation body that has no decision-making powers of its own.

It is aware of all issues that are submitted to it or that it takes up, without being able to replace the bodies to which the decision-making powers are assigned.

Nevertheless, the Active Partner, through the Executive Management Board, and the Supervisory Board may, as the Joint Council if they so wish, take any decisions or issue any opinions within their competence.

Supervisory Board – § 3.4

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

Powers:

- ◆ controlling the management of the Company (power comparable to that of the Statutory Auditors); audit of the parent company and consolidated financial statements and respect for equality between shareholders;
- ◆ determining the allocation of net income to be put to the General Meeting each financial year;
- ◆ convening the Shareholders' General Meeting whenever it deems it appropriate;
- ◆ preparing the corporate governance report;
- ◆ preparing a report to the General Meeting on the performance of its duties;
- ◆ authorising or downgrading related-party agreements;
- ◆ authorising 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 SAS;
- ◆ it must be consulted by the Active partner regarding: (i) strategic options; (ii) consolidated operating and investment budgets; (iii) proposals to the General Meeting pertaining to the appropriation of share premiums, reserves or retained earnings; and (iv) setting the compensation policy for the Executive Chairmen;
- ◆ issuing, for the attention of the Active partner, a reasoned opinion on: (i) any appointment or dismissal of any Executive Chairman of the Company; and (ii) the reduction in the notice period in the event of resignation of the Executive Chairman.

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".

The Board is supported by the work of two permanent committees:

- ◆ Audit and Risk Committee;
- ◆ Compensation, Appointments, Governance and CSR Committee or "CAG-CSR Committee".

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

3.3 ADMINISTRATIVE AND MANAGEMENT BODIES

3.3.1 THE ACTIVE PARTNER AND ITS EXECUTIVE MANAGEMENT BOARD

Composition at 31/12/2021

ACTIVE PARTNER

Émile Hermès SAS

Represented by its Executive Management Board:



Mr Henri-Louis Bauer

Chairman of Émile Hermès SAS, Chairman and member of the Executive Management Board

Mr Frédéric Dumas

Vice-Chairman and member of the Executive Management Board

Ms Pascale Mussard

Vice-Chairwoman and member of the Executive Management Board

Other members of the Executive Management Board:

- ◆ Ms Sandrine Brekke
- ◆ Ms Capucine Bruet
- ◆ Ms Alice Charbin
- ◆ Mr Édouard Guerrand
- ◆ Mr Laurent E. Momméja
- ◆ Mr Jean-Baptiste Puech
- ◆ Mr Guillaume de Seynes

3.3.1.1. TRANSFORMATION INTO SAS IN 2021

The company Émile Hermès SAS, incorporated as a SARL (*société à responsabilité limitée*, or limited liability company), was transformed in 2021 into a SAS (*société par actions simplifiée*, or simplified joint-stock company). This transformation was unanimously approved by the partners on 17 February 2021. The aim is to allow a number of partners that may exceed 100, the limit provided for in Article L. 223-3 of the French Commercial Code (*Code de commerce*) for SARLs.

The economy and the essential characteristics of Émile Hermès SARL, such as its operations, the organisation of its governance and the powers of its various corporate bodies, remain unchanged.

Given the status of Émile Hermès SARL as Active partner, and in accordance with the Articles of Association of Hermès International (Articles 14.3 and 20.4), the Supervisory Board of Hermès International has approved the new Articles of Association of Émile Hermès SARL intended to transform it into a SAS at its meeting of 18 February 2021.

The Hermès International General Meeting of 4 May 2021 amended Articles 1, 6.2, 14.3, 17, 19.2, 20.4 and 21.1 of the Company's Articles of Association, in order to ensure strict consistency between the Articles of Association of Hermès International and those of Émile Hermès SAS.

The adjustments carried out only concerned modifications made strictly necessary by the change in the legal form of Émile Hermès SAS.

The transformation therefore became effective on 4 May 2021.

3.3.1.2. PRESENTATION

Émile Hermès SAS is a *société par actions simplifiée à capital variable* (simplified joint stock company with variable capital) incorporated under French law on 2 November 1989, whose partners are the direct descendants of Mr Émile-Maurice Hermès (see chapter 1 "Presentation of the Group and its results", § 1.1) and his wife. It is registered with the Trade and Companies Register under number 352 258 115 RCS Paris. Its registered office is located at 23, rue Boissy-d'Anglas, 75008 Paris, France.

Its sole purpose is:

- ◆ to serve as Active partner and, if applicable, as Executive Chairman of Hermès International,
- ◆ potentially, to hold direct or indirect equity interests 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.

The role and powers of the Active partner are described in § 3.2.2.

The control exercised by Émile Hermès SAS over Hermès International is described in chapter 7 "Information on the Company and its share capital", § 7.2.2.3.

3.3.1.3 PARTNERS

Only the following may be partners in Émile Hermès SAS:

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

All partners of Émile Hermès SAS must have, for each share they hold, on deposit with the social funds:

- ◆ either a number of Hermès International shares, undivided and free from any encumbrance or other commitment to third parties, equal to 2,250; or
- ◆ the beneficial or legal ownership of a number of Hermès International shares, free from any encumbrance or commitment to third parties, equal to 4,500.

Any transaction that would result in a change of owner, even for the benefit of a spouse, ascendant or descendant of a partner, of wholly-owned shares, shares in bare ownership or usufruct, immediately, in the future or on option, is subject to the approval of the group of partners of Émile Hermès SAS. Nevertheless, transfers between partners may be freely made. The subscription of shares, other than by persons who are already partners, is also subject to this approval.

3.3.1.4 CHAIRMAN

The Chairman of Émile Hermès SAS is Mr Henri-Louis Bauer, a direct descendant of Mr Émile-Maurice Hermès.

He was manager of Émile Hermès SARL from 1 July 2012. He was appointed Chairman of Émile Hermès SAS under its new legal form effective from 4 May 2021.

3.3.2 EXECUTIVE MANAGEMENT

The Executive Chairmen are appointed by the Active partner, after consultation with the Supervisory Board. In accordance with the Articles of Association, the Executive Management comprises one or two Executive Chairmen, who are natural persons, Active partners or from outside the Company, each having the same powers. The term of office of the Executive Chairmen is open-ended.

3.3.1.5 EXECUTIVE MANAGEMENT BOARD

Émile Hermès SAS has an Executive Management Board with 10 members, including the Chairman, who is an *ex-officio* member and chairs the Board.

The Executive Management Board appoints two Vice-Chairmen from among its members.

The members of the Executive Management Board are all natural persons chosen from among the shareholders of Émile Hermès SAS.

The Executive Management Board of Émile Hermès SAS exercises the powers attached to being an Active partner of the Company.

The new Articles of Association of Émile Hermès SAS have established, in place of the SARL Executive Management Board, a SAS Executive Management Board whose powers are identical to those granted by the previous Articles of Association to the SARL Executive Management Board.

All members of the SARL Executive Management Board have been appointed to the SAS Executive Management Board for the remainder of their term of office.

The role and powers of Executive Management are described in § 3.2.3. The roles of the Executive Chairmen are distributed as follows: Mr Axel Dumas is in charge of strategy and operational management, and Émile Hermès SAS, through its Executive Management Board, is responsible for vision and strategic priority areas.

Composition at 31/12/2021



Mr Axel Dumas
Executive Chairman

Appointed by decision of the Active partner dated 4 June 2013 (effective 5 June 2013)



Émile Hermès SAS
Executive Chairman (represented by Mr Henri-Louis Bauer)

Appointed by decision of the Active partner dated 14 February 2006 (effective 1 April 2006)

- ◆ **Changes among the Executive Management in 2021:** None.
- ◆ **Changes among the Executive Management since 31 December 2021:** None.

3.3.2.1 NUMBER OF SHARES TO BE HELD BY THE EXECUTIVE CHAIRMEN

At its meeting of 21 March 2017, the Supervisory Board decided that the Executive Chairmen should each be required to hold a minimum of 1,000

Hermès International shares pursuant to Article 23 of the Afep-Medef Code revised in January 2020.

The two Executive Chairmen fulfil this obligation at 31 December 2021.

Information concerning restrictions relating to the sale of shares by the Executive Chairmen is provided in § 3.10.2.3.

3.3.2.2 PROFILE, EXPERIENCE AND EXPERTISE OF THE EXECUTIVE CHAIRMEN

<p>Age 51 years ¹ (3 July 1970)</p> <p>Nationality French</p> <p>Address c/o Hermès International 24, rue du Faubourg Saint-Honoré 75008 Paris</p> <p>Shares held at 31 December 2021 11,768 in full ownership and registered</p> <p>Date of first appointment 5 June 2013</p> <p>Term of current office Open-ended</p>	 <p>AXEL DUMAS Executive Co-Chairman <i>Direct descendant of Mr Émile-Maurice Hermès</i></p> <hr/> <p>Summary of main areas of expertise and experience</p> <p>Mr Axel Dumas is a graduate of the Institut d'Études Politiques de Paris and 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.</p> <p>Mr Axel Dumas joined the Hermès Group in 2003. He served as Director of Sales in France and headed up the Jewellery division from 2006 to 2008, followed by the Leather Goods & Saddlery division from 2008 to 2011. He was appointed Managing Director of Operations and member of the Executive Committee on 2 May 2011.</p> <p>He was appointed Executive Chairman by the Active partner on 4 June 2013 (effective 5 June 2013).</p>
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<p>Offices and positions held during 2021</p>	<p>In Hermès Group companies</p>	<p>French companies ▲</p> <ul style="list-style-type: none"> ◆ Hermès International ● Executive Co-Chairman ◆ Comptoir Nouveau de la Parfumerie * Permanent representative of Hermès International, Director ◆ Hermès Sellier Chairman 	<p>Foreign companies ▲</p> <ul style="list-style-type: none"> ◆ Faubourg Middle East (United Arab Emirates) Director ◆ Hermès Asia-Pacific (Hong Kong) Director (term ended on 15/05/2021) ◆ Hermès China (China) Chairman and Director (term ended on 09/04/2021) ◆ Hermès China Trading (China) Chairman and Director (term ended on 09/04/2021) ◆ Hermès Japon (Japan) Director (term ended on 30/03/2021) ◆ Hermès Korea (South Korea) Chairman (term ended on 05/08/2021) and Director (term ended on 26/03/2021) ◆ Hermès Of Paris (United States) Chairman and Director ◆ La Montre Hermès (Switzerland) Director (term ended on 30/06/2021)
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<p>Offices and positions held during 2021</p>	<p>Outside Hermès Group companies</p>	<p>French companies</p> <ul style="list-style-type: none"> ◆ Axam 2 Manager ◆ H51 Director ◆ Maia Manager ◆ Mathel Manager 	<p>Foreign companies</p> <p>None</p>
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(1) The ages indicated are determined in number of full years at 31 December 2021.

▲ Hermès Group entity. ● Listed company. * Office taken into account when calculating plurality of offices.

Other offices and positions held during the previous four financial years and ending before 1 January 2021

- ◆ **L'Oréal** ● ▲ *
Director and member of the Audit and Risk Committee (term ended on 18/04/2019)
- ◆ **Ateliers A.S.** ▲ *
Permanent representative of Hermès International, Director (term ended on 18/10/2018)
- ◆ **CHP3** ▲
Chairman (term ended on 12/10/2018)
- ◆ **Compagnie Hermès de Participations** ▲
Permanent representative of Hermès International, Chairman (term ended on 12/10/2018)
- ◆ **Hermès Sellier** ▲
Executive Corporate Officer of the divisions:
 - ◆ **Hermès Bijouterie**
(term ended on 01/04/2019)
 - ◆ **Hermès Commercial**
(term ended on 01/04/2019)
 - ◆ **Hermès Femme**
(term ended on 01/04/2019)
 - ◆ **Hermès Homme**
(term ended on 01/04/2019)
 - ◆ **Hermès Maison**
(term ended on 01/04/2019)
 - ◆ **Hermès Maroquinerie-Sellerie**
(term ended on 01/04/2019)
 - ◆ **Hermès Services Groupe**
(term ended on 01/04/2019)
 - ◆ **Hermès Soie et Textiles**
(term ended on 01/04/2019)
 - ◆ **Hermès Vente aux voyageurs – Travel Retail**
(term ended on 01/04/2019)
 - ◆ **Hermès Distribution France** ▲
(term ended on 30/06/2018)
- ◆ **Boissy Mexico** ▲ (Mexico)
Director
(term ended on 14/11/2018)
- ◆ **Hermès Canada** ▲ (Canada)
Chairman and Director
(term ended on 12/10/2018)
- ◆ **Hermès de Paris (Mexico)** ▲ (Mexico)
Director (term ended on 14/11/2018)
- ◆ **Hermès do Brasil** ▲ (Brazil)
Member of the Advisory Board
(term ended on 25/09/2017)
- ◆ **Hermès Grèce** ▲ (Greece)
Director
(term ended on 30/11/2018)
- ◆ **Hermès Ibérica** ▲ (Spain)
Director
(term ended on 14/11/2018)
- ◆ **Hermès India Retail and Distributors** ▲ (India)
Director
(term ended on 07/09/2018)
- ◆ **Hermès Monte-Carlo** ▲ (Principality of Monaco)
Permanent Representative of Hermès International, Deputy Chairman, Permanent Representative of Hermès International, Director
(term ended on 12/10/2018)
- ◆ **Hermès Retail (Malaysia)** ▲ (Malaysia)
Chairman and Director
(term ended on 12/10/2018)
- ◆ **Herlee** ▲ (Hong Kong)
Chairman and Director
(term ended on 30/06/2017)
- ◆ **Herlee** ▲ (Australia)
Chairman and Director
(term ended on 30/06/2017)

▲ Hermès Group entity. ● Listed company. * Office taken into account when calculating plurality of offices.

<p>Address c/o Hermès International 24, rue du Faubourg Saint-Honoré 75008 Paris</p> <p>Shares held at 31 December 2021 33,236 in full ownership and registered</p> <p>Date of first appointment From 27 December 1990 to 31 December 1994 and again since 1 April 2006</p> <p>Term of current office Open-ended</p>		<p>ÉMILE HERMÈS SAS Executive Co-Chairman Represented by its Chairman, Henri-Louis Bauer</p> <hr/> <p>Summary of main areas of expertise and experience</p> <p>Émile Hermès SAS is a <i>société par actions simplifiée à capital variable</i> (simplified joint stock company with variable capital), incorporated under French law, whose partners are the direct descendants of Mr Émile-Maurice Hermès and his wife.</p> <p>It is represented by its Chairman, Mr Henri-Louis Bauer.</p> <p>Émile Hermès SAS's main purpose is to be the Active partner of Hermès International. Its operation is presented in § 3.3.1.</p> <p>Émile Hermès SAS has been the Active partner of Hermès International since 27 December 1990. Émile Hermès SAS was appointed as Executive Chairman on that date and held that office until 31 December 1994. Since 1 April 2006, it has again been Executive Chairman of Hermès International for an open-ended term.</p> <p>It does not now hold nor has in the past held any offices in any other company.</p>
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Main activities outside the Company	None	
	Émile Hermès SAS	Henri-Louis Bauer Direct descendant of Mr Émile-Maurice Hermès
In Hermès Group companies	<p>French companies ▲ ◆ Hermès International ● Active partner and Executive Co-Chairman</p> <p>Foreign companies ▲ None</p>	<p>French companies ▲ None</p> <p>Foreign companies ▲ None</p>
Offices and positions held during 2021	Outside Hermès Group companies	
	<p>French companies None</p> <p>Foreign companies None</p>	<p>French companies ◆ Émile Hermès SAS Chairman of the Company and Chairman of the Executive Management Board</p> <p>◆ Aucleris 2 Manager</p> <p>◆ H2 Director</p> <p>◆ H51 Director</p> <p>◆ Sabarots Manager</p> <p>◆ Samain B2 Manager</p> <p>◆ SIFAH Director and partner</p> <p>Foreign companies None</p>
Other offices and positions held during the previous four financial years and ended before 1 January 2021	<p>French companies None</p> <p>Foreign companies None</p>	<p>French companies None</p> <p>Foreign companies None</p>

▲ Hermès Group entity. ● Listed company. * Office taken into account when calculating plurality of offices.

3.3.3 GOVERNING BODIES

The definition of the Governing bodies retained for a number of years includes the committees established by the Executive Management several years ago to regularly assist it in exercising its general duties, namely:

- ♦ the Executive Committee;
- ♦ the Operations Committee.

This scope complies with the definition of Article L. 23-12-1 of the French Commercial Code (*Code de commerce*) in its wording resulting from law No. 2021-1774 of 24 December 2021 aimed at accelerating economic and professional equality (known as the Rixain law).

The policy of non-discrimination and gender balance within the Governing bodies is described in § 3.3.4.

3.3.3.1 EXECUTIVE COMMITTEE

3.3.3.1.1 Role and composition

Role

The Executive Chairmen are supported in their management of the Group by the Executive Committee. This consists of Executive Vice-Presidents, each of whom has well-defined areas of responsibility.

The role of the Executive Committee is to oversee the Group's strategic and operational management.

The Executive Committee meets every two weeks.

Its composition reflects the Group's main areas of expertise.

Composition at 01/03/2022²

11
MEMBERS

40%
WOMEN MEMBERS
(EXCLUDING
EXECUTIVE CHAIRMAN)

8 years
AVERAGE LENGTH
OF SERVICE ON THE
EXECUTIVE COMMITTEE

19 years
AVERAGE LENGTH
OF SERVICE IN THE GROUP

54 years
AVERAGE AGE¹



1

The members of the Executive Committee in the Hermès store on Avenue George-V, Paris. From left to right: Éric du Halgouët, Catherine Fulconis, Wilfried Guerrand, Axel Dumas, Olivier Fournier, Charlotte David, Guillaume de Seynes, Pierre-Alexis Dumas and Florian Craen



2

Agnès de Villers



3

Sharon MacBeath

Two new members
joined the Executive Committee
on 1 March 2022.

Mr Axel Dumas

Executive Chairman

- ◆ **Mr Florian Craen**
Executive Vice-President Sales & Distribution
- ◆ **Ms Charlotte David**
Executive Vice-President Communication
- ◆ **Mr Pierre-Alexis Dumas**
Artistic Executive Vice-President
- ◆ **Mr Olivier Fournier**
Executive Vice-President Corporate Development and Social Affairs
- ◆ **Ms Catherine Fulconis**
Executive Vice-President Leather Goods & Saddlery (which also includes the Hermès Horizons and Equestrian métiers) and petit h
- ◆ **Mr Wilfried Guerrand**
Managing Director Métiers, Information Systems and Data
- ◆ **Mr Éric du Halgouët**
Executive Vice-President Finance
- ◆ **Mr Guillaume de Seynes**
Executive Vice-President Manufacturing Division & Equity Investments
- ◆ **Ms Agnès de Villers** (since 1 March 2022)
Chairwoman and Executive-Vice President of Hermès Perfume and Beauty
- ◆ Ms Sharon MacBeath (since 1 March 2022)
Group Director of Human Resources

Changes in the Executive Committee in 2021

None

Changes in the Executive Committee since 31 December 2021

On 1 March 2022, two new members joined the Executive Committee:

- ◆ Ms Agnès de Villers, Chairwoman and Executive Vice-President of Hermès Perfume and Beauty
- ◆ Ms Sharon MacBeath, Group Director of Human Resources

(1) Average calculated on the basis of the age of the members of the Executive Committee, determined on a full-year basis at 31 December 2021.

(2) The appointments made on 1 March 2022 changed the composition of the Executive Committee. As of 31 December 2021 it was composed as follows:

- ◆ 9 members;
- ◆ 25% women (excluding the Executive Chairman).

3.3.3.1.2 Profile, experience and expertise of the members of the Executive Committee

Name	Age	Date of birth	Nationality	Date of appointment to the Executive Committee	Education	Positions held in the Hermès Group (date of appointment)	Other positions
◆ Axel Dumas	51 years ¹	03/07/1970	French	02/05/2011	See § 3.3.2.2		
◆ Florian Craen	51 years ¹	31/10/1970	French	01/09/2013	École Supérieure du Commerce Extérieur de Paris (1992) Harvard Business School (AMP 184)	Executive Vice-President Sales & Distribution of Hermès International (since 1 September 2013) Managing Director of Hermès North Asia (2009) Managing Director of Hermès Great Britain (2006) International Director of Hermès Travel Retail (2001) European Director of Hermès Travel Retail (1997)	
◆ Charlotte David	46 years ¹	28/03/1975	French	12/10/2015	Essec (1997)	Executive Vice-President Communication (since 12/10/2015)	
◆ Pierre-Alexis Dumas	55 years ¹	04/06/1966	French	01/10/2005	Graduate in visual arts from Brown University (1991)	Artistic Executive Vice-President (since 01/10/2005)	Chairman of the Fondation d'Entreprise Hermès (from 2008 to 2016) Chairman of Les Arts Décoratifs (from 2016 to 2021)

(1) The ages indicated are determined in number of full years at 31 December 2021.

Name Age Date of birth Nationality	Date of appointment to the Executive Committee	Education	Positions held in the Hermès Group (date of appointment)	Other positions
<p>♦ Olivier Fournier 60 years ¹ 10/07/1961 French</p>	01/06/2015	EM Lyon (1983) Graduate degree in accounting and finance	<p>Executive Vice-President Corporate Development and Social Affairs of Hermès International (2015)</p> <p>Executive Vice-President Hermès Sellier craftsmanship division (2008)</p> <p>Managing Director of Holding Textile Hermès (2001)</p> <p>Managing Director of Bucol (1998)</p> <p>Managing Director of Sport Soie (1994)</p> <p>Director of Internal Audit and Taxation of Hermès International (1991)</p>	Chairman of the Fondation d'Entreprise Hermès (since 08/02/2016)
<p>♦ Catherine Fulconis 60 years ¹ 01/09/1961 French</p>	01/04/2019	École des hautes études commerciales (HEC) (1983)	<p>Executive Vice-President Leather Goods-Saddlery (which also includes the Hermès Horizons and Equestrian <i>métiers</i> and petit h (since 01/04/2019)</p> <p>Executive Vice-President Hermès Leather Goods-Saddlery and Chairwoman of the Board of Directors of Hermès Parfums (2015)</p> <p>Chairwoman and Managing Director of Hermès Parfums (2010)</p> <p>Managing Director and Chairwoman of the Management Board of Hermès Parfums (2006)</p>	Director and Chairwoman of Rallye's Compensation and Appointments Committee (since 13/05/2014)
<p>♦ Wilfried Guerrand 50 years 01/02/1971 French</p>	01/07/2014	Neoma Business School (1993, Rouen) MBA from London School of Economics, NYU Stern and HEC (2011, TRIUM)	<p>Managing Director <i>Métiers</i> (Hermès Femme, Hermès Homme, Hermès Bijouterie, Hermès Soie et Textiles and Hermès Maison), Information Systems and Data (since 01/04/2019)</p> <p>Executive Vice-President Digital Projects and E-commerce of Hermès International (2014)</p> <p>Managing Director of Hermès Femme (2012)</p> <p>Managing Director Europe of Hermès International (2009)</p> <p>Group Director of Sales of Hermès International (2007)</p> <p>Managing Director Hermès France for Hermès Sellier (2004)</p> <p>Director of Industrial Development of Hermès International (2002)</p> <p>Advisor to the Chairman of Hermès Sellier (1999)</p> <p>Financial Controller for Hermès Sellier (1995)</p>	
<p>♦ Éric du Halgouët 58 years ¹ 14/03/1963 French</p>	01/06/2015	Neoma Business School (1986, Rouen) Graduate degree in accounting and finance	<p>Executive Vice-President Finance of Hermès International (2015)</p> <p>Chief Financial Officer (2007)</p> <p>Director of Consolidation and Financial Control (2006)</p>	

(1) The ages indicated are determined in number of full years at 31 December 2021.

Name Age Date of birth Nationality	Date of appointment to the Executive Committee	Education	Positions held in the Hermès Group (date of appointment)	Other positions
♦ Guillaume de Seynes 64 years ¹ 14/10/1957 French	01/01/2005	Graduate in law and political science in Paris (1978) and an Essec graduate (1982)	Executive Vice-President Manufacturing Division & Equity Investments of Hermès International (since 02/05/2011) Chairman of John Lobb (2007) Deputy Managing Director of Hermès International (2006) Managing Director <i>métiers</i> of Hermès Sellier (2004) Managing Director of La Montre Hermès (1999) Director of Sales and Marketing of La Montre Hermès (1997)	Chairman of the Comité Colbert (since 10/06/2016 and until June 2022) Chairman of the European Cultural and Creative Industries Alliance (2016-2017) Chairman of the Chambre syndicale du prêt-à-porter des couturiers et des créateurs de mode (2008-2012) Chairman of the Strategic Committee, Fashion and Luxury sector (since 2018)
♦ Agnès de Villers 52 years ¹ 24 December 1969 French	01/03/2022	Institut d'études politiques de Paris Economics and Finance (graduated in 1993) University of Paris X Master's in Economic History (1991) Hypokhâgne/Khâgne Modern Letters (1988- 1989)	Executive Vice President of Hermès Perfume and Beauty (since 01/05/2015) and Chairwoman of the Board of Directors (since 06/06/2019)	Director of CEW (since 2015)
♦ Sharon MacBeath 52 years ¹ 30 March 1969 British	01/03/2022	University of Glasgow Master's Psychology & Management (1990) Panthéon-Sorbonne University Paris I HR Master's (1994) INSEAD (2004)	Group Director of Human Resources (since 17/06/2019) Member of the Supervisory Board (from 2016 to 2019) Member of the Audit and Risk Committee (from 2016 to 2019) Member of the CAG-CSR Committee (from 2017 to 2019) since 6 June 2017	Coface – Independent Director and member of the Appointments & Compensation Committee (since 01/07/2014)

(1) The ages indicated are determined in number of full years at 31 December 2021.

3.3.3.2 OPERATIONS COMMITTEE

Role	Composition at 01/03/2022 ²		
The Operations Committee, which reports to the Executive Management, is made up of the Executive Committee and the Senior Executives of the main <i>métiers</i> and geographical areas of the Group.	25	64%	14%
Its duties are:	MEMBERS	WOMEN MEMBERS	WITH A FOREIGN NATIONALITY
♦ to involve Senior Executives in the Group's major issues and strategic orientations;			(EXCLUDING THE EXECUTIVE CHAIRMAN AND THE EXECUTIVE COMMITTEE)
♦ to promote communication, sharing and reasonable exchanges amongst its members in their area of responsibility;			
♦ to enable the Executive Committee to take certain decisions.			
The Operations Committee meets two or three times a year.			

Mr Axel Dumas

Executive Chairman

Executive Committee members

(see § 3.3.3.1)

Other members**Senior Executives of the métiers**◆ **Mr Laurent Dordet**

Watches

◆ **Ms Cielo Dunbavand**

Women's Ready-to-wear

◆ **Ms Antoinette Louis**

Silk and Textiles

◆ **Ms Véronique Nichanian**

Men's Ready-to-wear

◆ **Ms Anne-Sarah Panhard**

Home

◆ **Ms Élodie Potdevin**

Fashion accessories and IoT

◆ **Ms Ambre Pulcini**

Jewellery and Footwear

◆ **Ms Agnès de Villers ¹**

Perfume and Beauty

Senior Executives of the Geographical areas◆ **Mr Masao Ariga ²**

Japan

◆ **Mr Robert Chavez ²**

United States and Latin America

◆ **Ms Héléne Dubrulle**

France

◆ **Mr Éric Festy**

South Asia

◆ **Mr Luc Hennard**

China

◆ **Ms Hinde Pagani**

Digital Sales and Service

◆ **Ms Juliette Streichenberger**

Europe (until 01/07/2021)

◆ **Ms Ségolène Verdillon**

Travel Retail

Changes in the Operations Committee in 2021

- ◆ Mr Florian Craen has taken over the responsibility of the general management of the Europe zone, replacing Ms Juliette Streichenberger (01/07/2021)

Changes in the Operations Committee since 31 December 2021

On 1 March 2022 two new members of the Executive Committee joined the Operations Committee (see § 3.3.3.1.1).

- ◆ Ms Agnès de Villers, Chairwoman and Executive Vice-President of Hermès Perfume and Beauty
- ◆ Ms Sharon MacBeath, Group Director of Human Resources

(1) *The appointments made to the Executive Committee on 1 March 2022 changed the composition of the Operations Committee. As of 31 December 2021, it was composed as follows:*

- ◆ 24 members;
- ◆ 67% women and 13% foreign nationals (excluding the Executive Chairman and the Executive Committee).

(2) *Members with a foreign nationality*

3.3.4 NON-DISCRIMINATION AND DIVERSITY POLICY**3.3.4.1 GENDER BALANCE POLICY IN GOVERNING BODIES**

In accordance with the provisions of 2 of Article L. 22-10-10 of the French Commercial Code (*Code de commerce*), we describe below how the Company seeks balanced representation of men and women on the committees established, where relevant, by the Executive Management, in order to regularly assist it in exercising its general duties, and the results in terms of gender balance in the 10% of key management positions.

Since 2018, the Supervisory Board has been tasked with ensuring that the Executive Chairmen implement a non-discrimination and diversity policy in the Governing bodies.

This policy was presented to the Supervisory Board in late 2018.

Pursuant to Article 7 of the Afep-Medef Code, updated in January 2020, Boards are recommended to set gender balance objectives within Governing bodies.

The HCGE implementation guide published in March 2020 stipulates that in *sociétés en commandite par actions* (Partnerships limited by shares):

- ◆ it is the responsibility of the Executive Management to set gender balance objectives and the time frame for attaining them, as well as to determine how these objectives and the action plan are implemented;
- ◆ the Supervisory Board ensures compliance with and monitoring of this recommendation. It is informed annually by the Executive Management of the results obtained so that they can be included in the corporate governance report.

The Executive Management has set Company gender balance objectives since 2020 as follows:

Overall gender balance target for Governing bodies: the proportion of members of each gender should be at least equal to 40%. The scope of the Governing bodies selected includes the committees established by the Executive Management several years ago to regularly assist it in exercising its general duties, namely:

- ◆ the Executive Committee (role and composition described in § 3.3.3.1);
- ◆ the Operations Committee (role and composition described in § 3.3.3.2).

Time horizon: the proportion set having already been reached on 31 December 2019, the Executive Management has set the target of maintaining the current balance (over both the medium and long term).

Action plan: for several years now, the Company has been encouraging female representation among Senior Executives, which should help achieve this goal.

At the start of 2022, the Supervisory Board noted that the overall gender balance of the Governing bodies remained in line with the objectives set.

The diversity policy applied to the members of the Supervisory Board is described in § 3.4.3.

3.3.4.2 GENDER BALANCE OF GOVERNING BODIES

The table below illustrates gender balance on the governance bodies, on the Supervisory Board and in the Senior Executives category:

AS AT 31 DECEMBER	2021	2020
Governing bodies (Executive Committee and Operations Committee, excluding the Executive Chairman) ¹		
Proportion of women	52.2%	12/23 54.2%
Proportion of men	47.8%	11/23 45.8%
Overall female representation		
Supervisory Board (excluding the employee representatives on the Supervisory Board)	50.0%	50.0%
CAG-CSR Committee	66.7%	66.7%
Audit and Risk Committee	40.0%	40.0%
Senior Executives	47.0% ²	44.0% ²

(1) The appointments made to the Executive Committee on 1 March 2022 changed the composition of the Governing bodies (excluding the Executive Chairman) as follows:

- ◆ 24 members;
- ◆ 54.2% women;
- ◆ 45.8% men.

(2) Within the meaning of Article L. 3111-2 of the French Labour Code. This category comprises the 105 positions with the highest levels of responsibility according to the classification used by the Group in 2020 and 2021.

3.3.4.3 PROFESSIONAL GENDER EQUALITY INDEX

The Hermès Group is committed to the principles of recognition and respect, irrespective of one's origin, gender, family situation or position. Employees are reminded of this respect for differences in the ethics charter (available at <https://finance.hermes.com/en/ethics-human-rights-and-diversity/>) ensuring objectivity and equal opportunities and promoting diversity and inclusion in recruitment, career development and day-to-day management.

As the results published below illustrate, the Hermès Group is constantly committed to promoting gender equality. Particular attention is paid to equality, particularly in the awarding of equal pay for equal work and ensuring equal opportunities in access to employment and internal promotions. At all levels of the organisation, equality of opportunity,

diversity and inclusion in terms of employment, training, supervision and compensation are backed by the House's commitment, with the objective of taking concrete and sustainable actions.

The Group is mainly composed of women (67%), represented at all levels of the hierarchy, for example on the Operations Committee (67%).

Since 2019, Hermès has harmonised its international maternity leave practices by defining a minimum maternity leave period of 16 weeks, maintaining 100% basic pay and making 100% coverage of maternity expenses available in all locations.

In addition, in order to offer an increasingly inclusive framework for parenthood and to support the professional careers of women, from 1 January 2022 the Group is offering paternity or adoption leave for employees in France (i.e. 62% of the House's workforce) by maintaining the compensation of the persons concerned at 100%.

In France, agreements or action plans relating to professional equality are regularly renewed in order to reaffirm the guarantee of a balanced salary positioning between men and women, as well as respect for equal treatment in the allocation of salary increases. These agreements define progress targets in order to promote the role of fathers in the exercise of family responsibility, and to enable women to carry out a professional activity corresponding to their wishes. Women in managerial roles and positions of responsibility at production sites also benefit from personalised coaching support.

In accordance with Article L. 1142-8 of the French Labour Code (Code du travail), on March 2022 Hermès International published the professional gender equality index for 2021, which was 99/100.

This index measures the gender pay gap within a single company. It takes into account all components of a compensation package and must be calculated each year, thereby serving to identify any points of progress. This index includes the following five indicators (the results obtained for each indicator are given in brackets):

- ◆ gender pay gap (39/40);
- ◆ difference in the breakdown of individual pay increases (20/20);
- ◆ breakdown of promotions (15/15);
- ◆ number of employees receiving a pay increase upon their return from maternity leave (15/15);
- ◆ number of employees of the under-represented gender among the 10 highest-paid employees (10/10).

The overall weighted average index of the Group for financial year 2021 was 90/100.

3.3.5 SUCCESSION PLAN FOR SENIOR EXECUTIVES

It should be noted that the existence of two Executive Chairmen, one of which is a legal entity, guards against the Executive Management falling vacant unexpectedly.

The succession plan for the Chairman of the Supervisory Board is presented in § 3.4.4.

3.3.5.1 SUCCESSION PLAN FOR EXECUTIVE MANAGEMENT

A succession plan was established in 2016 for the Executive Management. This succession plan, which has been set down in writing since 2019, covers:

- ◆ temporary interim succession (temporary absence of an Executive Chairman, e.g. due to illness or accident);
- ◆ unplanned succession (permanent impairment, death or resignation of an Executive Chairman in the short or medium term).

The results of the other Group companies are available at <https://finance.hermes.com/en/ethics-human-rights-and-diversities/>.

3.3.4.4 DIVERSITY POLICY AND RESULTS IN TERMS OF GENDER BALANCE IN THE TOP 10% OF POSITIONS WITH THE HIGHEST RESPONSIBILITY

Whether appointments to governing bodies, recruitment or the appointment of any employee, the Hermès Group is particularly committed to compliance with the principle of non-discrimination.

Whenever possible, all employees are reminded of the importance of this principle.

The “Hermès, a Responsible Employer” policy insists on compliance with two essential principles: the principle of non-discrimination and the principle of gender equality. This policy is described in chapter 2 “Corporate social responsibility”, § 2.2.2.

The Group has also made commitments to promote the professional integration and employment of people with disabilities (see in chapter 2 “Corporate social responsibility”, § 2.2.2.1.4).

The Group has put in place an *Alterego* training programme which focuses on integration and diversity management. This training is attended by all Management Committee members and the Group’s local managers. It takes the form of a one-day programme, which alternates between a theory-based and a more hands-on approach, for preventing and identifying all forms of discrimination (direct, indirect or even involuntary) and reaffirming the Group’s zero tolerance with regard to this type of practice.

Each year, the CAG-CSR Committee conducts an annual review of this plan. In early 2022, it noted that it remained unchanged and maintained its assessment that this plan is understandable, of good quality and sufficiently protective to ensure business continuity.

3.3.5.2 TALENT REVIEW

A new “Talent Review” process, now annual, was rolled out throughout the Group in 2020, with the following objectives:

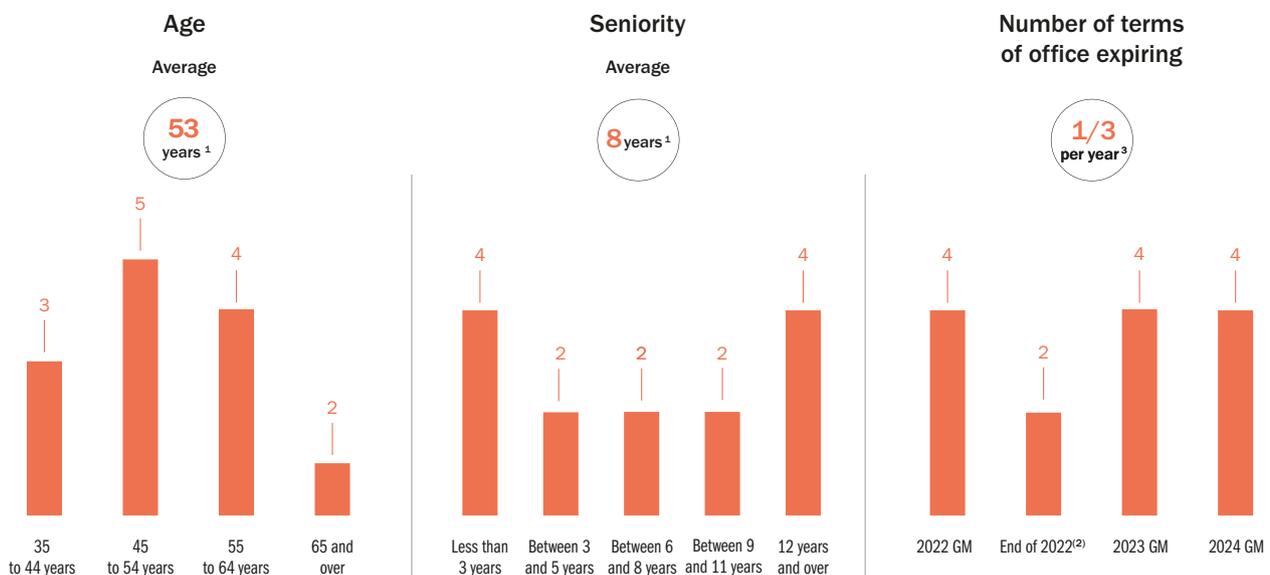
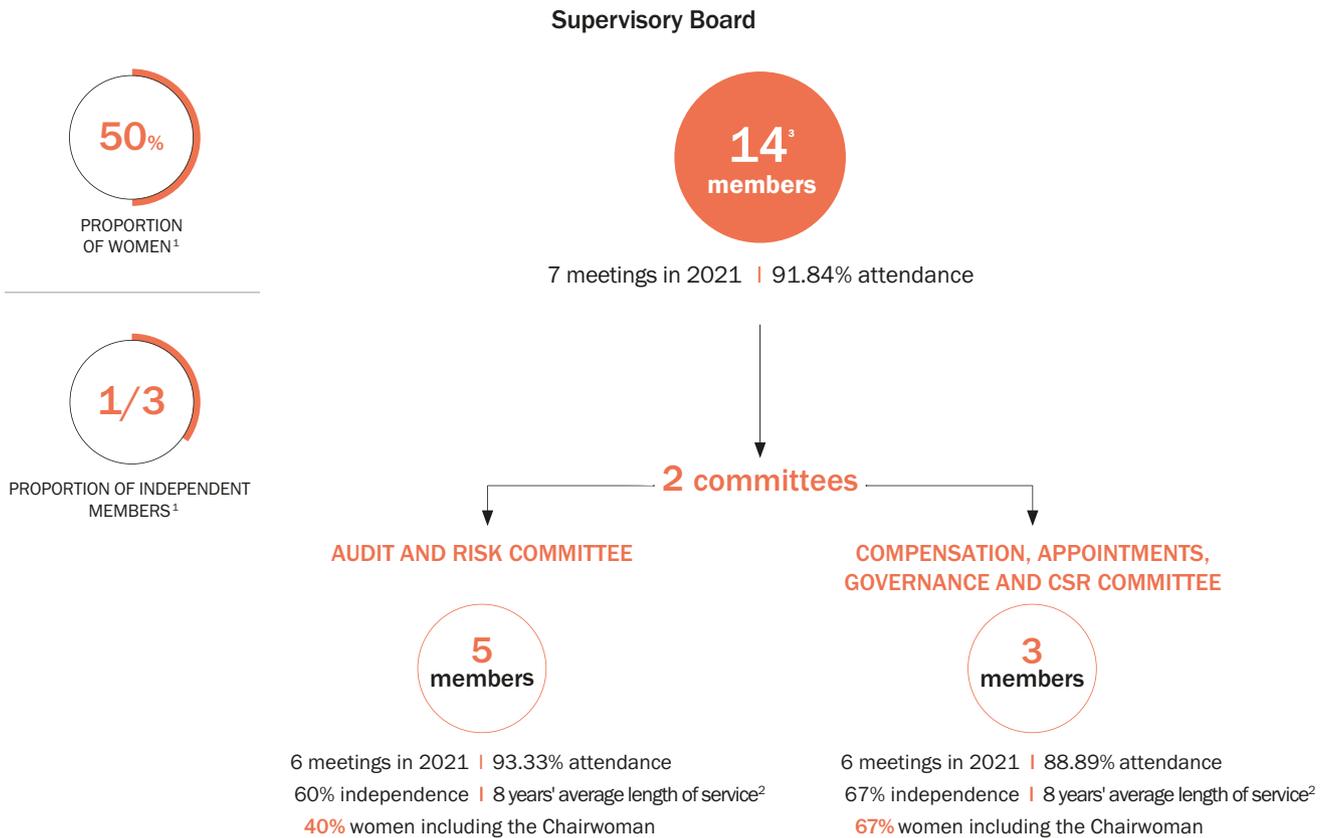
- ◆ take stock of our leadership talents to ensure succession within Hermès;
- ◆ improve anticipation of succession plans;
- ◆ engage a stronger dynamic in the development of talents.

This Talent Review covers the succession of the members of the Executive Committee and of the members of the Operations Committee.

The Talent Review and succession plans for the Executive Management and the Chairman of the Supervisory Board are presented to the CAG-CSR Committee every year.

3.4 ORGANISATION OF THE SUPERVISORY BOARD

3.4.1 KEY DATA ON THE SUPERVISORY BOARD AS AT 31 DECEMBER 2021



1. The members of the Supervisory Board representing employees are not taken into account for the calculation of these proportions.
2. The ages and lengths of service indicated are determined in number of full years at 31 December 2021.
3. Twelve members are appointed by the Shareholders' General Meeting and two members, representing employees, are appointed by the Group Works Council.
4. Supervisory Board members representing employees.
5. Excluding Supervisory Board members representing employees.

3.4.2 APPLICABLE PRINCIPLES

Number of Supervisory Board members

The Supervisory Board is composed of between three and fifteen members (not including members representing employees). These members are chosen from among shareholders who are neither Active partners nor legal representative of the Active partner nor Executive Chairmen (Article 18.1 of the Articles of Association). They are appointed by the Ordinary General Meeting.

The Afep-Medef Code qualifies the Chairman and the members of the Supervisory Board as “non-Executive Corporate Officers”. The Supervisory Board accordingly does not include any Executive Corporate Officers.

When appointments to the Supervisory Board come up for renewal, the number of Supervisory Board members is set by a decision adopted by the Active partner.

Two Supervisory Board members representing the Group’s employees are designated by the Group Works Council in accordance with the provisions of Article L. 225-79-2 of the French Commercial Code (*Code de commerce*).

The diversity policy applied within the Supervisory Board is described in § 3.4.3.

3.4.2.1 SELECTION PROCESS FOR NEW MEMBERS OF THE SUPERVISORY BOARD

3.4.2.1.1 Members of the Supervisory Board appointed by the General Meeting (Article L. 226-4 of the French Commercial Code)

The selection process for Supervisory Board members appointed by the General Meeting is as follows:

- ◆ the Supervisory Board sets objectives for changes in its composition in accordance with the diversity policy (see § 3.4.3);
- ◆ a recruitment advisor is tasked with identifying candidates (male and/or female) in addition to those proposed by the Executive Management Board and Supervisory Board;
- ◆ the profiles of male or female candidates from a variety of backgrounds and likely to be interested in joining the Supervisory Board are then preselected by the recruitment advisor;
- ◆ on the basis of a detailed report and an oral presentation from the recruitment advisor, the Chairman of the Supervisory Board and a member of the CAG-CSR Committee draw up a shortlist of candidates whom they will meet individually;
- ◆ the selected candidates then meet the other members of the CAG-CSR Committee and the Executive Chairmen;
- ◆ the CAG-CSR Committee discusses the results of these interviews and submits its recommendations to the Émile Hermès SAS Executive Management Board and the Supervisory Board;
- ◆ this selection is carried out taking into account the personal and professional qualities of the candidates and ensuring that they are able to comply with the guiding principles for exercising the duties of Supervisory Board member laid down in the rules of procedure (Article 2.2.2.1).

3.4.2.1.2 Members of the Supervisory Board representing employees appointed by the Group Works Council (Article L. 225-79-2 of the French Commercial Code)

Pursuant to Article L. 225-79-2 of the French Commercial Code (*Code de commerce*), a Supervisory Board of more than eight members must appoint two employee representatives, respecting gender parity.

Conditions of eligibility are as follows:

- ◆ to have or have had an employment contract for at least two years with the Company or one of its direct or indirect subsidiaries having its registered office in France or abroad;
- ◆ to have a clean criminal record;
- ◆ to complete the application form prepared by the Group Works Council.

Each trade union active at Group level may submit a candidate through its union representative on the Group Works Council.

Each Economic and Social Committee may nominate one candidate by secret ballot.

As an exception, companies with more than 300 employees may present two candidates (one male and one female).

Candidates submitted by representative trade union organisations and employee representative bodies are examined by the Group Works Council, which appoints two employee representatives to the Supervisory Board, one male and one female, in two rounds.

Since late 2019, the Supervisory Board has included two members representing employees.

3.4.2.1.3 Effective implementation

The selection process was not implemented in 2021.

It is not planned to implement it in 2022 for members of the Supervisory Board appointed by the General Meeting insofar as no appointments of new members are proposed to the General Meeting of 20 April 2022.

With regard to the members of the Supervisory Board representing the employees, the process of appointment by the Group Works Council will be implemented at the end of 2022 at the expiry of current terms of office.

3.4.2.2 APPOINTMENT OF THE CHAIRMAN AND VICE-CHAIRMEN

The Supervisory Board elects a Chairman (a natural person) and two Vice-Chairmen from among its members (Article 19.2 of the Articles of Association) whose duties are described respectively in § 3.5.1.2 and § 3.5.1.3.

3.4.2.3 TERM OF OFFICE

Category	Appointment procedures	Term of office	Number
Board members	Appointment by the Shareholders' General Meeting	3 years (until the end of the 3rd Ordinary General Meeting following their appointment)	12
Board members representing employees	Designated by the Group Works Council	3 years (from the date of their appointment)	2

The term of office of the members of the Supervisory Board is three years (Article 18.2 of the Articles of Association).

This duration may be less:

- ♦ at the time of first appointment, in accordance with the principle of replacing one-third of the Supervisory Board, as set out in Article 18.2 of the Articles of Association;
- ♦ if there is a renewal, in accordance with the rules relative to the duration of the term of office for independent members or to the age limit.

Following the General Meeting of 2 June 2009, the Company has introduced, in accordance with the recommendations of the Afep-Medef Code, the practice of replacing one-third of Supervisory Board members each year.

3.4.2.4 CO-OPTATION

In the event of a vacancy, the Supervisory Board may appoint a new member of the Board on a provisional basis, subject to ratification by the next Ordinary General Meeting, for the remaining term of office of his or her predecessor.

3.4.2.5 NUMBER OF SHARES TO BE HELD BY MEMBERS OF THE SUPERVISORY BOARD

The rules of procedure (Article 2.2.1), since their adoption in 2009, require Supervisory Board members, except for the employee representatives, for whom this requirement is waived, to own a relatively significant number of registered shares. The number was originally set at 200. In view of the high Hermès International share price, the number of shares to be held by the members of the Board was reduced in 2019 to 100 shares.

At the Hermès International share price as at 31 December 2021 (€1,536), this represents more than five years of compensation for a member of the Board.

The Supervisory Board meeting of 10 January 2022 noted that all members of the Supervisory Board continued to comply with this obligation as at 31 December 2021.

The number of shares held by each member of the Supervisory Board is shown in § 3.10.1.

Information on the restrictions on the sale of shares by members of the Supervisory Board is provided in § 3.10.2.3.

3.4.2.6 AGE LIMIT

Pursuant to Article 18.3 of the Articles of Association "No person over the age of 75 May be appointed to the Supervisory Board if their appointment would result in more than one-third of Board members being over that age" (collective age limit).

In 2021, the Supervisory Board decided to add to its rules of procedure (Article 2.1.7.1), as an internal rule, that no person may be appointed to the Supervisory Board or have his or her term renewed if they have reached the age of 80 (individual age limit).

The Chairman and Vice-Chairmen are not subject to any age limit other than the age limits applicable to all Board members (individual and collective).

No member of the Supervisory Board has reached the age of 75 and the oldest member was 68 in 2021.

The breakdown of Board members by age group is detailed in § 3.4.1.

3.4.2.7 EMPLOYEE REPRESENTATION ON THE SUPERVISORY BOARD

3.4.2.7.1 Members of the Supervisory Board representing employees (with voting rights)

Pursuant to Article L. 225-79-2 of the French Commercial Code (Code de commerce), two members of the Supervisory Board representing the Group's employees (one woman and one man) sit on the Board with voting rights.

The process for selecting the members of the Supervisory Board representing employees is described in § 3.4.2.1.2.

They have the same status, rights and obligations as any other member of the Supervisory Board, including confidentiality. They are required to comply with the Board's rules of procedure.

The members of the Supervisory Board representing employees are not counted for the purpose of determining the minimum and maximum number of members of the Supervisory Board, nor for the calculation of the diversity of the Board or the proportion of independent members.

Their term of office as members of the Supervisory Board is three years. Notwithstanding the rule contained in Article 18.1 of the Articles of Association, the members of the Supervisory Board representing employees are not required to be shareholders.

They have a credit of 15 hours per meeting (plus meeting time) to carry out their duties.

In accordance with Article L. 225-30-2 of the French Commercial Code (*Code de commerce*), the members of the Supervisory Board representing employees receive training adapted to the performance of their duties, at the expense of the Company. This training must ensure that they acquire and improve the knowledge and techniques required to carry out their duties. It mainly concerns the role and functioning of the Supervisory Board, the rights and obligations of the members of the Supervisory Board and their responsibilities, as well as the organisation and activities of the Group.

This training period, which may not be less than 40 hours per year, is not deducted from the hours credited. A portion of this training time is carried out within the Group but most of it is carried out by an external training organisation (in particular the IFA). After obtaining the favourable opinion of the members concerned, the Supervisory Board determines the training programme for the year at the beginning of each year.

During the second year of their office, Ms Pureza Cardoso and Mr Rémy Kroll attended the following training programme:

- ◆ internal training: discovery of the podium (see page 15);
- ◆ internal training: visit to the Hermès Parfums production site in Vaudreuil;
- ◆ internal training: presentation of the anti-counterfeiting system;
- ◆ IFA training: Being a Director of a family business;
- ◆ IFA training: Civil and criminal liability of directors;
- ◆ IFA training: The Board and CSR;
- ◆ IFA training: Posture of the director.

3.4.2.7.2 Representative of the Social and Economic Committee (without voting rights)

In accordance with the provisions of Article L. 2312-75 of the French Labour Code (*Code du travail*), a full member of the Social and Economic Committee (SEC) appointed by the latter attends all meetings of the Supervisory Board in an advisory capacity (meetings and site visits). The SEC has decided to set up a rotation in order to allow several representatives of the SEC to sit on it for one year each.

The SEC representative receives the same documents as those provided to the members of the Supervisory Board and at the same time. During the meeting, he or she has the opportunity to take the floor and give opinions on the items on the agenda.

3.4.3 DIVERSITY POLICY APPLIED WITHIN THE SUPERVISORY BOARD

3.4.3.1 CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD SINCE 2011

The Supervisory Board is composed of members, one-third of whom are independent, with qualifications or a professional background enabling them to contribute effectively to the work of the Supervisory Board, as a collegiate body, in all its areas of activity and to the quality of the discussions.

In accordance with the provisions of Article L. 22-10-10 (2) of the French Commercial Code (*Code de commerce*), we hereby report to you on the diversity policy applied to members of the Supervisory Board based on criteria such as age, gender or qualifications and professional experience, and provide a description of the objectives of this policy, its means of implementation and the results obtained in the financial year ended.

Since 2011, the CAG-CSR Committee has been assigned the duty to advise the Supervisory Board of its recommendations as to the changes in the Board's composition.

The Supervisory Board has set itself objectives or principles in terms of optimal Board size, age limit, number of independent members and diversity (representation of women and men, nationalities, international experience, expertise, etc.), and gradually changed the composition of the Board to achieve this.

The work carried out has been presented in each subsequent registration document/universal registration document as follows:

WORK CARRIED OUT SINCE 2011	Registration document
from 2011 to 2013	2013 (part 2, pages 21 and 22)
in 2014 and 2015	2014 (part 2, page 19)
in 2016	2015 (part 2, page 19)
in 2017	2016 (page 113)
in 2018	2017 (page 142)
in 2019	2018 (page 171)
	Universal registration document
in 2020	2019 (page 236)
in 2021	2020 (page 243)

At the end of 2020, the Supervisory Board reviewed and approved the diversity policy applied to the members of the Supervisory Board, taking into account the changes in the composition of the Board in recent years, as set out in § 3.4.3.2.

At the end of 2021, it reviewed the diversity policy applied within the Supervisory Board and considered that there was no need to change the composition of the Board for 2022.

3.4.3.2 SUMMARY TABLE OF THE DIVERSITY POLICY APPLIED TO MEMBERS OF THE SUPERVISORY BOARD

Size (number of Board members)

Pursuant to Article 18.1 of the Articles of Association, the Supervisory Board comprises between three and fifteen members appointed by the General Meeting.

Objective:

Maintain the size of the Board at 14 members, which is satisfactory, ensures a balanced representation of men and women, meets the legal obligation to appoint two members representing employees and fulfils the market recommendations in terms of proportion of independent members.

14 members

This objective could be reconsidered if new constraints lead to the need to review the size of the Board.

Implementation procedures and results obtained:

Since November 2019 the Board has comprised twelve members appointed by the General Meeting and two members representing employees, appointed by the Group Works Council.

Age

Pursuant to Article 18.3 of the Articles of Association, the number of members aged over 75 cannot exceed one-third of the total (collective age limit).

Since 2021, pursuant to Article 2.1.7.1 of the Board's rules of procedure, as an internal rule, no person may be appointed to the Supervisory Board or have his or her term renewed if they have reached the age of 80 (individual age limit).

Objective:

Maintain the current statutory age limit rule, which is satisfactory.

**average age:
53 years**

Implementation procedures and results obtained:

As at 31 December 2021:

- ◆ no member was over the age of 75;
- ◆ the members of the Board were between the ages of 38 and 68;
- ◆ the average age of Board members was 53;
- ◆ as shown in the "Age" chart in § 3.4.1, the breakdown of age groups within the Board is balanced.

Gender parity ¹

Article L. 22-10-74 of the French Commercial Code (*Code de commerce*) requires a minimum of 40% of each gender.

Objective:

Maintain a proportion of women and men in line with legal requirements.

**50%
women ¹**

Implementation procedures and results obtained:

Since the end of 2017: 50% women and 50% men; the legal requirement is therefore exceeded.

Number of independent members ¹

In accordance with Article 9.3 of the Afep-Medef Code updated in January 2020, independent members must make up at least one-third of the Supervisory Board in controlled companies as defined by Article L. 233-3 of the French Commercial Code (*Code de commerce*). This minimum proportion has been included in the Supervisory Board's rules of procedure (Article 2.1.5.3).

Objective:

Maintain the proportion of independent members, which is satisfactory and complies with market recommendations.

**1/3
independent**

Implementation procedures and results obtained:

The proportion of one-third independent members has been met since it was introduced in 2009, i.e. as at 31 December 2021, four out of 12 members appointed by the General Meeting.

(1) Only Board members appointed by the General Meeting are included in the calculation of the percentages of women members (Article L. 225-79, II of the French Commercial Code (*Code de commerce*)) and independent members (Afep-Medef Code - Article 9.3), not employee representatives.

Nationalities, experience and expertise**Objectives:**

- ◆ retain a variety of skills and experience that can cover each of the six areas of expertise (see § 3.4.5.2) corresponding to the Hermès Group's major operational challenges and the main issues that the Supervisory Board and its committees are required to monitor as part of their duties:
 - ◆ business management/operational management of companies/Director of large companies,
 - ◆ finance/internal control/risks,
 - ◆ human resources/CSR,
 - ◆ international/Asia,
 - ◆ legal/ethics/compliance/governance,
 - ◆ IT/cybersecurity/artificial intelligence/digital;
- ◆ maintain a composition that takes into account the specific nature of the Maison Hermès with members:
 - ◆ all French-speaking, culture of the Maison Hermès being very French,
 - ◆ benefiting from experience or belonging to a family group (collective rather than individual ambition),
 - ◆ having a good knowledge of the history and culture of the Maison Hermès,
 - ◆ without experience in the luxury goods sector (given potential conflicts of interest).

Implementation procedures and results obtained:

As at 31 December 2021:

- ◆ the proportion of Board members competent in each of the six areas of expertise (see § 3.4.5.2) corresponded to the Hermès Group's major operational challenges and the main issues that the Supervisory Board and its committees are required to monitor as part of their duties;
- ◆ the composition takes into account the specific nature of the Maison Hermès:
 - ◆ all members were French-speaking,
 - ◆ a majority of members were direct descendants of Mr Émile-Maurice Hermès belonging to the Hermès family who bring to the Board their knowledge of the history and culture of the Maison Hermès,
 - ◆ no member had experience in the luxury goods sector;
- ◆ two Board members were dual nationals.

3.4.3.3 NUMBER OF MEMBERS AND REPRESENTATION OF WOMEN AND MEN ON THE SUPERVISORY BOARD

31/12	2019	2020	2021
Members appointed by the General Meeting	12	12	12
Employee representative members appointed by the Group Works Council	2	2	2
Women ¹	50%	50%	50%
Men ¹	50%	50%	50%

(1) Only Board members appointed by the General Meeting are included in the calculation of these percentages (Article L. 225-79-2, II of the French Commercial Code (Code de commerce)), not employee representatives.

n/a: not applicable

3.4.4 SUCCESSION PLAN FOR THE CHAIRMAN OF THE SUPERVISORY BOARD

A succession plan for the Chairman of the Supervisory Board was drawn up in 2018.

This succession plan, which has been set down in writing since 2019, covers:

- ◆ temporary interim succession (temporary absence of the Chairman, e.g. due to illness or accident);
- ◆ unplanned succession (permanent impairment, death or resignation of the Chairman in the short or medium term);
- ◆ normal succession (medium and long term).

The succession plan for the Chairman of the Supervisory Board was co-signed by Ms Dominique Senequier then placed in two sealed envelopes, one of which was handed to the Chairwoman of the CAG-CSR Committee and the other to the legal department.

Every year, the CAG-CSR Committee conducts an annual review of this plan. In early 2022, it noted that it remained unchanged and maintained its assessment that this plan is of good quality and appropriate.

3.4.5 COMPOSITION OF THE SUPERVISORY BOARD

3.4.5.1 COMPOSITION OF THE SUPERVISORY BOARD AS AT 31 DECEMBER 2021

The Company has a Supervisory Board comprising 14 members, including:

- ◆ 7 women and 7 men (i.e. 50% of each gender);
- ◆ 4 independent members (i.e. one-third, see § 3.4.6); and
- ◆ 2 members representing employees (see § 3.4.2.1.2).

Twelve members are appointed by the General Meeting from among the shareholders who are neither the Active partner nor the legal representative of the Active partner nor Executive Chairman.

As the provisions of Article L. 225-79-2 of the French Commercial Code (*Code de commerce*) apply to the Company, two members of the Supervisory Board representing employees are appointed by the Group Works Council, given the role of this employee representative body which is the preferred contact for management and whose members are drawn from the Social and Economic Committees of the Group companies.

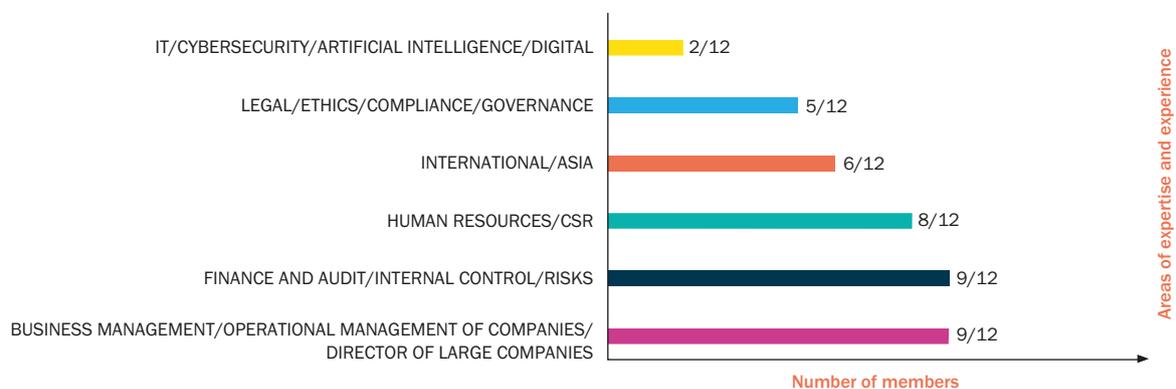
All the Supervisory Board members are French except Ms Olympia Guerrand, who is Franco-Portuguese, and Mr Alexandre Viros, who is Franco-American.

Ms Nathalie Besombes, Director of Corporate law and Stock Exchange regulations and Compliance Officer, is the Supervisory Board Secretary.

MEMBERS APPOINTED BY THE GENERAL MEETING											
Éric de Seynes Chairman	Monique Cohen Vice-Chairwoman	Dominique Senequier Vice-Chairwoman	Dorothée Altmayer	Charles-Éric Bauer	Estelle Brachlianoff	Matthieu Dumas	Blaise Guerrand	Julie Guerrand	Olympia Guerrand	Renaud Momméja	Alexandre Viros
	★ ★	★ 🌱		*	★ 🌱 *	🌱				*	★ ★
MEMBERS REPRESENTING EMPLOYEES APPOINTED BY THE GROUP WORKS COUNCIL											
	Pureza Cardoso	Rémy Kroll									

★ Independence 🌱 CAG-CSR Committee * Audit and Risk Committee

Main areas of experience and expertise of the members of the Board appointed by the General Meeting⁽¹⁾⁽²⁾



(1) Average calculated on the basis of the age and seniority of the members of the Supervisory Board, determined on a full-year basis at 31 December 2020.
(2) Supervisory Board members representing employees.

SUMMARY PRESENTATION OF THE MEMBERS OF THE SUPERVISORY BOARD AS AT 31 DECEMBER 2021

Personal details		Experience		Position on the Board			Membership of Board committees	
Gender, nationality, age ¹ , date of birth	Number of shares (direct holding)	Number of offices in listed companies ⁵	Independence ²	Date of first appointment	Date term ends	Length of service on the Board ¹	Audit and Risk Committee	CAG-CSR Committee
Members of the Supervisory Board appointed by the General Meeting								
Éric de Seynes (M) (Chairman) Nationality: French 61 years – 09/06/1960	226 (NP) 285			07/06/2010 03/03/2011 (Chairman)	2023 GM	11 years		
Monique Cohen (F) (Vice-Chairwoman) Nationality: French 65 years – 28/01/1956	250	2 BNP Paribas Safran	✓	03/06/2014	2023 GM	7 years	✓ (Chairwoman)	
Dominique Senequier (F) (Vice-Chairwoman) Nationality: French 68 years – 21/08/1953	200		✓	04/06/2013	2022 GM	8 years		✓ (Chairwoman)
Dorothee Altmayer (F) Nationality: French 60 years – 01/03/1961	200			06/06/2017	2023 GM	4 years		
Charles-Éric Bauer (M) Nationality: French 57 years – 09/01/1964	75,748			03/06/2008	2022 GM	13 years	✓	
Estelle Brachlianoff (F) Nationality: French 49 years – 26/07/1972	100		✓	04/06/2019	2022 GM	2 years	✓	✓
Matthieu Dumas (M) Nationality: French 49 years – 06/12/1972	1,563			03/06/2008	2024 GM	13 years		✓
Blaise Guerrand (M) Nationality: French 38 years – 04/06/1983	200			29/05/2012	2024 GM	9 years		
Julie Guerrand (F) Nationality: French 46 years – 26/02/1975	6,825			02/06/2005	2022 GM	16 years		
Olympia Guerrand (F) Nationality: French and Portuguese 44 years – 07/10/1977	600			06/06/2017	2024 GM	4 years		
Renaud Momméja (M) Nationality: French 59 years – 20/03/1962	89,012 (US) 60,960			02/06/2005	2023 GM	16 years	✓	
Alexandre Viros (M) Nationality: French and American 43 years – 08/01/1978	100		✓	04/06/2019	2024 GM	2 years	✓	
Members of the Supervisory Board representing employees appointed by the Group Works Council								
Pureza Cardoso (F) Nationality: French 50 years – 04/03/1971	100 ³		n/a ⁴	12/11/2019	12/11/2022	2 years		
Rémy Kroll (M) Nationality: French 49 years – 04/05/1972	220 ³		n/a ⁴	12/11/2019	12/11/2022	2 years		
						Average	8 years	

(1) The ages and seniority indicated are determined in number of full years as at 31 December 2021.

(2) The independence criteria for its members, formalised since 2009 by the Supervisory Board, are described in § 3.4.6.1.

(3) The obligation to hold a minimum number of Company shares does not apply to members of the Board representing employees.

(4) n/a: not applicable. In accordance with the provisions of the Afep-Medef Code (Article 9.3), employee representatives are not included in the calculation of independent members.

(5) Other than the Company. In accordance with the recommendation of the Afep-Medef Code (Article 19.4), a member of the Supervisory Board may not hold more than four other offices in listed companies outside the Group, including foreign ones.

3.4.5.2 MAIN AREAS OF EXPERTISE AND EXPERIENCE OF BOARD MEMBERS

Each member of the Supervisory Board is asked to make a declaration listing the areas in which he or she has particular expertise. This declaration is made upon their appointment and again each year, when the universal registration document is prepared.

The six areas given reflect the Hermès Group's major operational challenges and the main issues that the Supervisory Board and its committees are called upon to oversee in the course of their duties.

The chart "Main areas of experience and expertise of the members of the Board appointed by the General Meeting" in § 3.4.5.1 indicates:

- ◆ the six areas of expertise selected;
- ◆ the number of Board members for each area of expertise.

A description of the main areas of expertise and experience of each Board member can be found in the individual presentations in § 3.4.8.

3.4.5.3 CHANGES IN THE SUPERVISORY BOARD DURING FINANCIAL YEAR 2021

The General Meeting of 4 May 2021 renewed the terms of office of Ms Olympia Guerrand as well as Messrs Matthieu Dumas, Blaise Guerrand and Alexandre Viros, for a period of three years expiring at the end of the Annual Ordinary General Meeting called in 2024 to approve the financial statements for the financial year ending on 31 December 2023.

3

SUMMARY OF CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD OVER THE PAST THREE FINANCIAL YEARS

	Departures	Appointments	Renewals
2019		<ul style="list-style-type: none"> ◆ Ms Pureza Cardoso (12/11/2019) ◆ Mr Rémy Kroll (12/11/2019) 	<ul style="list-style-type: none"> ◆ Ms Estelle Brachlianoff (04/06/2019) ◆ Ms Dominique Senequier (04/06/2019) ◆ Ms Julie Guerrand (04/06/2019) ◆ Mr Charles-Éric Bauer (04/06/2019)
2020			<ul style="list-style-type: none"> ◆ Ms Dorothée Altmayer (24/04/2020) ◆ Ms Monique Cohen (24/04/2020) ◆ Mr Renaud Momméja (24/04/2020) ◆ Mr Éric de Seynes (24/04/2020)
2021			<ul style="list-style-type: none"> ◆ Ms Olympia Guerrand (04/05/2021) ◆ Mr Matthieu Dumas (04/05/2021) ◆ Mr Blaise Guerrand (04/05/2021) ◆ Mr Alexandre Viros (04/05/2021)
Changes in terms of diversification (representation of women, nationality or experience) or change with respect to corporate governance		<p>The appointment of two members of the Supervisory Board representing employees in 2019 was made pursuant to the provisions of Article L. 225-79-2 of the French Commercial Code (<i>Code de commerce</i>).</p> <p>The renewal of Board members in 2019, 2020 and 2021 made it possible for:</p> <ul style="list-style-type: none"> ◆ the proportion of independent members on the Board (1/3), the Audit and Risk Committee (60%) and the CAG-CSR Committee (2/3) to be maintained; ◆ the proportion of women (50%) to be maintained; ◆ the balance of powers within the Board to be maintained. 	

A summary of changes in the composition of the Board committees can be found in § 3.6.1.1.

3.4.5.4 CHANGES WITHIN THE SUPERVISORY BOARD AFTER 31 DECEMBER 2021

None

3.4.5.6 FUTURE CHANGES TO THE SUPERVISORY BOARD

The “Number of terms expiring” chart in § 3.4.1 indicates the number of terms of office expiring over the next three years.

SUMMARY OF TERMS OF OFFICE

Maturity	Member concerned	Office(s) concerned	Impacted functions
2022 GM	Ms Dominique Senequier		Vice-Chairwoman of the Board Chairwoman and member of the CAG-CSR Committee
	Mr Charles-Éric Bauer	Board member appointed by the General Meeting	Member of the Audit and Risk Committee
	Ms Estelle Brachlianoff		Member of the Audit and Risk Committee Member of the CAG-CSR Committee
	Ms Julie Guerrand		
Ms Pureza Cardoso	Member of the Board representing employees appointed by the Group Works Council		
Mr Rémy Kroll			
2023 GM	Mr Éric de Seynes	Board member appointed by the General Meeting	Chairman of the Board
	Ms Monique Cohen		Vice-Chairwoman of the Board Chairwoman and member of the Audit and Risk Committee
	Ms Dorothee Altmayer		
	Mr Renaud Momméja		Member of the Audit and Risk Committee
2024 GM	Mr Matthieu Dumas	Board member appointed by the General Meeting	Member of the CAG-CSR Committee
	Mr Blaise Guerrand		
	Ms Olympia Guerrand		
	Mr Alexandre Viros		Member of the Audit and Risk Committee

3.4.5.6.1 Renewal of terms of office expiring in 2021

The terms of office of four members of the Supervisory Board (Mss Estelle Brachlianoff, Julie Guerrand, Dominique Senequier and Mr Charles-Éric Bauer) expire in 2022 and all four have chosen to run for office.

It is proposed that the General Meeting of 20 April 2022 renew their terms of office for the period of three years as set out in the Articles of Association, for the reasons set out in chapter 8 “Combined General Meeting of 20 April 2022”, § 8.2.1 “Explanatory statement to the thirteenth to sixteenth resolutions”.

3.4.5.6.2 Non-renewal of terms of office expiring in 2022

As indicated opposite, it is proposed that the General Meeting of 20 April 2022 renew all terms of office expiring in 2022.

3.4.5.6.3 Appointment of new members of the Supervisory Board proposed to the General Meeting of 20 April 2022

No appointment of new members of the Supervisory Board is proposed to the General Meeting of 20 April 2022.

3.4.6 INDEPENDENCE OF THE MEMBERS OF THE SUPERVISORY BOARD

3.4.6.1 DEFINITION AND CRITERIA OF INDEPENDENCE

Members of the Supervisory 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 (Article 2.1.5 of the rules of procedure). This independence allows for freedom of expression and judgment that contributes to the quality of the Board's debates and deliberations.

In 2009 the Supervisory Board formally adopted the following criteria for its members to be deemed independent:

- ◆ Comply with the criteria set out in the Afep-Medef Code revised in January 2020 (Article 9.5):

Criterion 1: *Employee or Corporate Officer in the previous five years*

Not to be and not to have been during the course of the previous five years:

- ◆ an employee or Executive Corporate Officer of the Company;
- ◆ an employee, Executive Corporate Officer or a Director of a company consolidated by the Company;
- ◆ an employee, Executive Corporate Officer or a Director of the Company's parent company or a company consolidated by this parent.

Criterion 2: *Cross-directorships*

Not to be an Executive Corporate Officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an Executive Corporate Officer of the Company (currently in office or having held such office during the last five years) is a director.

Criterion 3: *Significant business relationships*

Not to be a customer, supplier, commercial banker, investment banker or consultant:

- ◆ that is material to the Company or its group;
- ◆ or for which the Company or its group represents a significant part of its business.

The evaluation of the significant or non-significant relationship with the Company or its group must be debated by the Board and the quantitative and qualitative criteria that lead to the evaluation (continuity, economic dependence, exclusivity, etc.) must be explicitly stated in the corporate governance report.

Criterion 4: *Family ties*

Not to be related by close family ties to a Corporate Officer.

Criterion 5: *Statutory Auditors*

Not to have been a Statutory Auditor of the Company within the previous five years.

Criterion 6: *Term of office exceeding 12 years*

Not to have been a Director of the Company for more than 12 years. The status of independent director is lost as soon as the 12 years is reached.

Criterion 7: *Status of non-Executive Corporate Officer*

A non-Executive Corporate Officer cannot be considered as independent if he/she receives variable compensation in cash or in shares or any compensation linked to the performance of the Company or the Group.

Criterion 8: *Status of main shareholder*

Directors representing main shareholders of the Company or its parent company can be considered as independent provided that they do not contribute to the control of the Company. However, beyond the threshold of 10% shareholding or voting rights, the Board, based on the report of the Appointments Committee, systematically reviews the qualification of independence, by taking into account the share ownership in the Company and the existence of a potential conflict of interest.

-
- ◆ Comply with an additional criterion specific to Hermès International:

Criterion 9: *Status of partner or member of the Executive Management Board of the Active partner*

Not to be a partner or member of the Executive Management Board of Émile Hermès SAS, Active partner.

3.4.6.2 SITUATION AT 31 DECEMBER 2021 WITH REGARD TO THE INDEPENDENCE CRITERIA SET OUT ABOVE

3.4.6.2.1 Independence of the Supervisory Board

The proportion of independent members on the Supervisory Board has been one-third (i.e. four out of twelve members appointed by the General Meeting) since the criteria were introduced in 2009. In accordance with the provisions of the Afep-Medef Code, revised in January 2020 (Article 9.3), the members of the Board representing employees are not taken into account when calculating this proportion.

This proportion is consistent with:

- ◆ the recommendations of the Afep-Medef Code (Article 9.3) for controlled companies within the meaning of Article L. 233-3 of the French Commercial Code (*Code de commerce*);
- ◆ the Supervisory Board rules of procedure (Article 2.1.5.1).

On 31 December 2021, the CAG-CSR Committee examined the situation of each of its members in respect of the above criteria on a case-by-case basis, and deemed four of them to be “independent”: Mss Estelle Brachlianoff, Monique Cohen, Dominique Senequier and Mr Alexandre Viros.

This analysis is carried out each year on the basis of a questionnaire sent to all Supervisory Board members (see § 3.4.7.5) in which they are asked to make a sworn statement:

- ◆ in order to categorise Board members as independent under the criteria set out above;
- ◆ to detail the business relationships with the Group during the year and to confirm that these are not likely to create a potential conflict of interest.

In particular, the Board identified no significant business relationships between its members and the Company.

The table below summarises the criteria satisfied for each member of the Supervisory Board:

CRITERIA	Éric de Seynes (Chairman)	Monique Cohen (Vice-Chairwoman)	Dominique Senequier (Vice-Chairwoman)	Dorothee Altmayer	Charles-Éric Bauer	Estelle Brachlianoff	Pureza Cardoso (employee representative)	Matthieu Dumas	Blaise Guerrand	Julie Guerrand	Olympia Guerrand	Rémy Kroll (employee representative)	Renaud Momméja	Alexandre Viros
Criterion 1		✓	✓			✓								✓
Criterion 2	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 3	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓	✓	✓
Criterion 4		✓	✓			✓	✓					✓		✓
Criterion 5	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 6	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓
Criterion 7	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 8		✓	✓			✓	✓					✓		✓
Criterion 9		✓	✓			✓	✓					✓		✓
INDEPENDENT		✓	✓			✓	n/a					n/a		✓

°: represents an independence criterion satisfied.

n/a: not applicable

3.4.6.2.2 Independence of the CAG-CSR Committee

The proportion of independent members on the CAG-CSR Committee is two-thirds (i.e. two out of three members), including its Chairwoman.

This proportion is in line with the recommendations of the Afep-Medef Code, revised in January 2020 (Article 18.1).

3.4.6.2.3 Independence of the Audit and Risk Committee

The proportion of independent members on the Audit and Risk Committee is 60% (i.e. three out of five members), including its Chairwoman.

This proportion is slightly lower than the recommendation of the Afep-Medef Code, revised in January 2020 (Article 16.1). The Board considered however that it enabled the Committee to function properly. 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.

3.4.7 SUPERVISORY BOARD ETHICS

3.4.7.1 SUPERVISORY BOARD RULES OF PROCEDURE

At its meeting of 18 March 2009, the Supervisory Board adopted its rules of procedure, which set out the terms Governing the structure and functioning of Hermès International's Supervisory Board and its committees, in addition to applicable legal and statutory provisions. Their purpose is to enhance the quality of the Board's work by promoting the application of good corporate governance principles and best practices, in the interests of ethics and greater effectiveness.

These rules of procedure are regularly reviewed to adapt to legal and regulatory changes and to take into account the recommendations of the Financial Markets Authority (AMF) and revisions to the Afep-Medef Code.

They were revised in 2021 (version No. 15) mainly to add new provisions for educational purposes and to reflect the Board's current practices. In addition, an individual age limit of 80 has been added (see § 3.4.2.6).

The full text of the **Supervisory Board's rules of procedure** is made available at each update at <https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/>.

The main provisions of the Supervisory Board and committee rules of procedure are set out in this chapter 3.

It details in particular the ethics principles during the holding of office:

- ◆ duties: guiding principles;
- ◆ confidentiality;
- ◆ prevention of insider trading – stock market ethics – abstention obligations – reporting obligation;
- ◆ business relationships, conflicts of interest and personal statements.

3.4.7.2 COMMITTEE RULES OF PROCEDURE

The rules of procedure of the committees are described in § 3.6.2.2 for the CAG-CSR Committee and § 3.6.3.2 for the Audit and Risk Committee.

The full text of the **committees' rules of procedure** is made available at each update at <https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/>.

3.4.7.3 STOCK MARKET ETHICS CODE

On 1 February 2017, the Supervisory Board adopted a Hermès **Group stock market ethics Code** as recommended by the AMF. Its purpose is to describe the measures put in place within the Hermès Group to prevent market abuse in Hermès International shares.

This Stock Market Ethics Code is regularly reviewed to adapt to legislative and regulatory changes and to take into account the recommendations of the Financial Markets Authority (AMF).

A summary of the Hermès Group stock market ethics Code can be found in chapter 7 "Information on the Company and its share capital", § 7.2.4.

It is made available at each update at <https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/>.

It covers the following measures:

- ◆ prevention of insider trading;
- ◆ stock market ethics;
- ◆ abstention requirement (blackout periods);
- ◆ reporting obligation.

This code is sent to all members of the Supervisory Board each time it is updated.

The members of the Supervisory Board are subject to blackout periods. They are also required to report transactions in Hermès International shares to the AMF within three trading days. The AMF General Regulation provides that the reporting obligation only applies when the total amount of transactions carried out during the calendar year is greater than €20,000.

The declarations made during 2021 are listed in chapter 7 "Information on the Company and its share capital", § 7.2.3.

They may seek the advice of the Compliance Officer prior to carrying out a transaction.

In addition, the Company has developed an e-learning training course on the prevention of market abuse, which all Supervisory Board members must follow.

3.4.7.4 ATTENDANCE

The Supervisory Board's rules of procedure (Article 2.2.2.1) state that Supervisory Board members undertake to participate actively in all meetings of the Board and of the specialised committees of which they are a member.

The compensation policy for members of the Supervisory Board established by the Board is described in § 3.8.1.3.

This policy includes a variable component proportional to attendance at meetings, which is currently 64.54% for the Supervisory Board and 60.00% for the specialised committees (see table in § 3.8.1.3.4).

Barring an unforeseen obstacle or exceptional circumstances (and in particular the Covid-19 crisis), remote participation by telecommunication means should remain exceptional but is remunerated under the same conditions.

During financial year 2021, seven meetings of the Supervisory Board, six meetings of the Audit and Risk Committee and six meetings of the CAG-CSR Committee were held, with the regular attendance of almost all members, as shown in the table below: seven of the 14 members attended all Board meetings.

Each absence was the subject of a precise and detailed justification by the relevant Board members.

2021	Attendance at Supervisory Board meetings	Attendance at Audit and Risk Committee meetings	Attendance at CAG-CSR Committee meetings
Total number of meetings	7	6	6
Overall attendance rate	91.84%	93.33%	88.89%
Éric de Seynes (Chairman)	100.00%	n/a	n/a
Monique Cohen (Vice-Chairwoman)	100.00%	100.00%	n/a
Dominique Senequier (Vice-Chairwoman)	71.43%	n/a	100.00%
Dorothee Altmayer	85.71%	n/a	n/a
Charles-Éric Bauer	100.00%	100.00%	n/a
Estelle Brachlianoff	85.71%	66.67%	66.67%
Pureza Cardoso (employee representative)	100.00%	n/a	n/a
Matthieu Dumas	85.71%	n/a	100.00%
Blaise Guerrand	100.00%	n/a	n/a
Julie Guerrand	100.00%	n/a	n/a
Olympia Guerrand	85.71%	n/a	n/a
Rémy Kroll (employee representative)	85.71%	n/a	n/a
Renaud Momméja	85.71%	100.00%	n/a
Alexandre Viros	100.00%	100.00%	n/a

Attendance calculated by establishing the ratio between the number of actual attendance or attendance using telecommunication and the number of meetings applicable to each member.

n/a: not applicable

3.4.7.5 MEASURES TAKEN TO ENSURE A BALANCE OF POWERS WITHIN THE BOARD AND AVOID POTENTIAL CONFLICTS OF INTEREST

The governance of the Company is by nature dissociated (see § 3.2.3), which guarantees a strict separation of executive powers and control powers.

The Supervisory Board comprises at least one-third independent members (see § 3.4.3.2). The Audit and Risk Committee is three-fifths independent members and the CAG-CSR Committee two-thirds.

In accordance with Article 2.2.2.4 of the Supervisory Board's rules of procedure, each member of the Supervisory Board shall at all times maintain his or her independence of thought, analysis, judgment and action and shall endeavour to this end to avoid any conflicts of interest.

Each member shall inform the Supervisory Board of any conflicts of interest in which they might be involved. In the event of a potential conflict of interest, the member concerned must immediately notify the Chairman of the Supervisory Board, who then informs the CAG-CSR Committee so that, based on an analysis of the situation declared, it can

form an opinion. This opinion is then submitted to the Supervisory Board and, if the Board decides to follow it, is then notified to the person concerned by the Chairman of the Board. The Board's decision is recorded in the minutes of the meeting. The Supervisory Board member concerned shall refrain from attending the discussions and from voting on the corresponding deliberation and any decisions on the matters in question.

More specifically, the member concerned shall inform the Chairman of the Supervisory Board of their intention to accept a new corporate office or any involvement in the specialised committees of a corporate body, or any new position, such that the Supervisory Board, upon the proposal of the CAG-CSR Committee, may decide on the compatibility of such an appointment with the term of office as a member of the Company's Supervisory Board.

At the end of their term of office, members of the Supervisory Board must respect a minimum period of three years before seeking and/or accepting the exercise of a term of office in a company conducting activities that compete with those of the Group and/or in a company in which the Group holds a significant investment.

Each member of the Supervisory Board must also draw up a signed declaration stating whether or not there is a conflict of interest, even a potential one:

- ◆ at the time of his or her appointment;
- ◆ each year when the universal registration document is being prepared.

The declaration describes all possible situations, with precise examples, inviting the members of the Board to declare all situations that could represent a potential conflict of interest.

The declaration serves as a basis to evaluate the material nature of business relationships that could affect the independence of a Supervisory Board member as required by recommendation 9.5.3 of the Afep-Medef Code updated in January 2020. The business relationship evaluation criteria are quantitative (amount of sales or revenue generated during the financial year and the percentage represented by those amounts in relation to the counterparty's total sales or revenue) and qualitative (nature of existing business relationships).

As regards the quantitative criteria, the Supervisory Board did not consider it appropriate, given the diversity of possible situations, to set a threshold below which a business relationship would be deemed immaterial. The evaluation is made on a case-by-case basis.

Ms Monique Cohen, Ms Estelle Brachlianoff and Mr Alexandre Viros have not declared any business relationships with the Company.

Ms Dominique Senequier declared a non-significant business relationship described in chapter 5 "Consolidated financial statements", § 5.6 (Note 13.2 [Ardian Holding]) under related-party transactions.

After examining each of these situations in early 2022, the CAG-CSR Committee concluded that none of them were of such a nature as 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.

3.4.7.6 PLURALITY AND NUMBER OF OFFICES

The offices of members of the Supervisory Board are not taken into account when calculating the plurality of offices, Articles L. 225-21 and L. 225-77 of the French Commercial Code (*Code de commerce*) being expressly excluded from the provisions applicable to *sociétés en commandite par actions* (Partnerships limited by shares).

Each member of the Supervisory Board must disclose the list of offices and positions held in any company during the last five years at the time of his or her first appointment and each year when the universal registration document is being prepared. The information disclosed, and in particular the offices held in listed companies, is detailed in the information on each individual Board member presented in § 3.4.8.

The examination of the situation of each member of the Supervisory Board and of the Executive Chairmen as regards the plurality and number of offices, showed that no member of the Supervisory Board or Executive Chairman was in a situation of concurrent holding of offices, with regard to both the legal rules and to the principles set out in Article 19.4 of the Afep-Medef Code updated in January 2020.

3.4.8 INFORMATION ON SITTING MEMBERS OF THE SUPERVISORY BOARD

3.4.8.1 MR ÉRIC DE SEYNES

<p>Age 61 years ¹ (9 June 1960)</p> <p>Nationality French</p> <p>Address c/o Hermès International 24, rue du Faubourg Saint-Honoré 75008 Paris</p> <p>Shares held at 31 December 2021 226 full ownership and 285 bare ownership of which at least 100 registered shares —</p> <p>Date of first appointment <i>Supervisory Board</i> 7 June 2010 (he previously held this office from 2005 until 2008) Chairman of the Supervisory Board 3 March 2011 Éric de Seynes was also: a member of the Audit and Risk Committee from 2005 to 2008 and a member of the Executive Management Board of Émile Hermès SAS (SARL at that time) from 2008 to 2010</p> <p>Term of current office 2023 GM</p>	 <p>ÉRIC DE SEYNES Member of the Hermès International Supervisory Board (Chairman) <i>Direct descendant of Mr Émile-Maurice Hermès</i></p> <hr/> <p>Summary of main areas of expertise and experience</p> <p>Mr Éric de Seynes is a graduate of the École Supérieure Libre des Sciences Commerciales Appliquées (ESLSCA) with a specialisation in marketing.</p> <p>Until 2017 he was successively: 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, Operational Director of Yamaha Motor Europe, and Chief Operating Officer of Yamaha Motor Europe.</p> <p>He has been Chairman and Chief Executive Officer of Yamaha Motor Europe since 1 January 2018, Executive Officer of Yamaha Motor Co. Ltd (Japan) since 2016 and a member of the Executive Committee of the European Association of Motorcycle Manufacturers since 2014.</p> <p>He was appointed Senior Executive Officer Yamaha Motor Co. Ltd (Japan) in 2020.</p> <p>Key skills</p> <p>He brings to the Board his in-depth knowledge of the history and culture of Hermès, alongside his leadership skills. His professional background, his extensive managerial experience, his skills as an operational and functional executive of an industrial group with an international dimension, and the commitment with which he carries out his duties and chairs the Board enable him to make an effective contribution to the quality of the discussions and work of the Board in all of its areas of responsibility.</p>			
Main activities outside the Company	Chairman and Chief Executive Officer of Yamaha Motor Europe			
Offices and positions held during 2021	<table border="0"> <tr> <td style="vertical-align: top;"> <p>In Hermès Group companies</p> <ul style="list-style-type: none"> ◆ Hermès International ● Chairman and member of the Supervisory Board ◆ Hermès Sellier Member of the Management Board </td> <td style="vertical-align: top; padding-left: 20px;"> <p>French companies ▲</p> <ul style="list-style-type: none"> ◆ Hermès International ● Chairman and member of the Supervisory Board ◆ Hermès Sellier Member of the Management Board </td> <td style="vertical-align: top; padding-left: 20px;"> <p>Foreign companies ▲</p> <p>None</p> </td> </tr> </table>	<p>In Hermès Group companies</p> <ul style="list-style-type: none"> ◆ Hermès International ● Chairman and member of the Supervisory Board ◆ Hermès Sellier Member of the Management Board 	<p>French companies ▲</p> <ul style="list-style-type: none"> ◆ Hermès International ● Chairman and member of the Supervisory Board ◆ Hermès Sellier Member of the Management Board 	<p>Foreign companies ▲</p> <p>None</p>
<p>In Hermès Group companies</p> <ul style="list-style-type: none"> ◆ Hermès International ● Chairman and member of the Supervisory Board ◆ Hermès Sellier Member of the Management Board 	<p>French companies ▲</p> <ul style="list-style-type: none"> ◆ Hermès International ● Chairman and member of the Supervisory Board ◆ Hermès Sellier Member of the Management Board 	<p>Foreign companies ▲</p> <p>None</p>		

(1) The ages indicated are determined in number of full years at 31 December 2021.

▲ Hermès Group entity. ● Listed company. * Office taken into account when calculating plurality of offices.

Offices and positions held during 2021	Outside Hermès Group companies	<p>French companies</p> <ul style="list-style-type: none"> ◆ CAPI Co-manager ◆ Group option SARL Manager ◆ H51 Director ◆ MBK SA * Director ◆ Sféric SAS Chairman ◆ Yamaha Motor France Finance SAS Director 	<p>Foreign companies</p> <ul style="list-style-type: none"> ◆ Yamaha Motor Europe NV (Netherlands) Chairman and Chief Executive Officer ◆ Inha Works Limited (Finland) Director ◆ Motori Minarelli (Italy) Director ◆ Yamaha Motor Germany GmbH (Germany) Chairman ◆ Yamaha Motor Research & Development Europe S.p.A (Italy) Director
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Other offices and positions held during the previous four financial years and ended before 1 January 2021	<p>French companies</p> <ul style="list-style-type: none"> ◆ CSIAM Co-Chairman (term ended on 16/11/2017) ◆ Les Producteurs SA Director (term ended January 2019) 	<p>Foreign companies</p> <p>None</p>
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▲ Hermès Group entity. ● Listed company. * Office taken into account when calculating plurality of offices.

3.4.8.2 MS MONIQUE COHEN

Age
65 years ¹ (28 January 1956)
Nationality
French
Address
c/o Hermès International 24, rue du Faubourg Saint-Honoré 75008 Paris
Shares held at 31 December 2021
250 in full ownership and registered
—
Date of first appointment
Supervisory Board 3 June 2014
Audit and Risk Committee 3 June 2014
Term of current office
2023 GM



MONIQUE COHEN

Independent member of the Hermès International Supervisory Board (Vice-Chairwoman)
Member of the Audit and Risk Committee (Chairwoman)

Summary of main areas of expertise and experience

Ms Monique Cohen is a graduate of École Polytechnique (X76), and holds 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 worldwide manager for equity-related *métiers*. From 2000 to 2020, she was a partner at Apax Partners, in charge of investments in business services, financial services and healthcare. Since July 2020, she has been Senior Advisor at Apax Partners.

Ms Monique Cohen is a lead independent Director of the Safran group. She was appointed to the Board of Directors of BNP Paribas on 12 February 2014. Until September 2014 she sat on the Board of the Financial Markets Authority (AMF).

Key skills

Her professional background, her experience as a manager and Director of large international groups, her knowledge of financial and banking markets, her expertise in managing equity investments and her financial vision of shareholders, and the commitment with which she carries out her duties and chairs the Audit and Risk Committee enable her to make an effective contribution to the quality of the discussions and work of the Board in all of its areas of responsibility.

Main activities outside the Company

Senior Advisor at Apax Partners (since 01/07/2020).

	In Hermès Group companies	French companies ▲ ◆ Hermès International ● Vice-Chairwoman and member of the Supervisory Board, Chairwoman of the Audit and Risk Committee	Foreign companies ▲ None
Offices and positions held during 2021	Outside Hermès Group companies	French companies ◆ BNP Paribas ● * Director Member of the Internal Control, Risks and Compliance Committee Chairwoman of the Governance, Ethics, Appointments and CSR Committee ◆ Safran ● * Lead Director and Chairwoman of the Appointments and Compensation Committee ◆ SC Fabadari Managing Partner ◆ Fidès Participations Member of the Supervisory Board	Foreign companies ◆ Proxima Investissement (Luxembourg) Chairwoman of the Board of Directors and Director
Other offices and positions held during the previous four financial years and ended before 1 January 2021		French companies ◆ Apax Partners MidMarket Director (term ended on 30/06/2020) ◆ Global Project SAS Member of the Supervisory Board (term ended on 15/09/2017) ◆ JC Decaux ● Member of the Supervisory Board (term ended on 11/05/2017)	Foreign companies None

(1) The ages indicated are determined in number of full years at 31 December 2021.

▲ Hermès Group entity. ● Listed company. * Office taken into account when calculating plurality of offices.

3.4.8.3 MS DOMINIQUE SENEQUIER

Age
68 years ¹ (21 August 1953)
Nationality
French
Address
c/o Hermès International 24, rue du Faubourg Saint-Honoré 75008 Paris
Shares held at 31 December 2021
200 in full ownership and registered
—
Date of first appointment
Supervisory Board
4 June 2013
CAG-CSR Committee
4 June 2013
Term of current office
2022 GM



DOMINIQUE SENEQUIER

Independent member of the Hermès International Supervisory Board (Vice-Chairwoman)
Member of the CAG-CSR Committee (Chairwoman)

Summary of main areas of expertise and experience

Ms Dominique Senequier is a graduate of École Polytechnique (X72) and holds a postgraduate diploma (DEA) in Currency Banking Finance from the Sorbonne University.

She began her career at GAN (1980) where she started up and developed the subsidiary GAN Participations, after being Acquisitions Manager for the group and spending 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 the Ardian group, of which she is currently Chairwoman.

Key skills

She brings to the Board her expertise in the field of finance and private equity, as well as her understanding of global macroeconomic and geopolitical issues. Her grasp of corporate governance, her international dimension acquired in China, the United States, the Middle East and emerging countries, and the commitment with which she carries out her duties and directs the work of the CAG-CSR Committee enable her to make an effective contribution to the quality of the discussions and work of the Board in all of its areas of responsibility.

Main activities outside the Company Chairwoman of the Ardian Group.

Offices and positions held during 2021	In Hermès Group companies	French companies ▲ ◆ Hermès International ● Vice-Chairwoman and member of the Supervisory Board, Chairwoman of the CAG-CSR Committee	Foreign companies ▲ None
	Outside Hermès Group companies	French companies ◆ Ardian Holding Permanent representative of Senus SAS, Chairwoman ◆ SCI 30 rue Jacob SCI Manager ◆ Senus SAS Chairwoman ◆ William Christie (law 1901 Association) Member of the Board of Directors	Foreign companies ◆ 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 ◆ Ardian US LLC (United States) Chairwoman of the Supervisory Committee, member of the ANAF II and SOLAR Investment Committees ◆ Escouf Properties Corp. (USA) Chairwoman ◆ Seneq Srl (Belgium) Deputy director

(1) The ages indicated are determined in number of full years at 31 December 2021.

▲ Hermès Group entity. ● Listed company. * Office taken into account when calculating plurality of offices.

Other offices and positions held during the previous four financial years and ended before 1 January 2021.**French companies**

- ◆ **Théâtre des Champs-Élysées SA ***
Director (term ended 31/08/2020)
- ◆ **Ydra SAS**
Chairwoman (term ended on 22/10/2018)

Foreign companies

- ◆ **Ardian US LLC** (*United States*)
Member of the ASF III-2, AESF III-2 and AESF IV Investment Committees
(term ended on 26/06/2020)
- ◆ **Ardian Beijing Consulting Limited Company LLC** (*China*)
Member of the Board of Directors
(term ended on 13/05/2019)
- ◆ **Ardian Investment Singapore Pte Ltd** (*Singapore*)
Member of the Board of Directors
(term ended on 13/05/2019)
- ◆ **Ardian Investment UK Ltd** (*United Kingdom*)
Member of the Board of Directors
(term ended on 13/11/2018)

▲ *Hermès Group entity.* ● *Listed company.* * *Office taken into account when calculating plurality of offices.*

3.4.8.4 MS DOROTHÉE ALTMAYER

Age
60 years ¹
(1 March 1961)

Nationality
French

Address
c/o Hermès International
24, rue du Faubourg Saint-Honoré
75008 Paris

Shares held at 31 December 2021
200
in full ownership and registered

—

Date of first appointment
Supervisory Board
6 June 2017

Term of current office
2023 GM



DOROTHÉE ALTMAYER

Member of the Hermès International Supervisory Board

Direct descendant of Mr Émile-Maurice Hermès

Summary of main areas of expertise and experience

Ms Dorothee Altmayer holds a degree in clinical psychology from École de Psychologues Praticiens (EPP/Psychoprat) (1984), a diploma in graphology from the Société française de graphologie (1987) and a diploma in plastic arts mediation psychotherapy (2006).

She first worked as a recruitment and outplacement consultant at International Business Drive (Algoe Executive group). Since 2000 she has been a practising clinical psychologist.

She has held temporary positions at the Hôpital Necker, the Main dans la main association, the Institut Mutualiste Montsouris (day hospital for adolescents) and the Centre Recherches et Rencontres.

From 2007 to 2020, she ran her own private practice, specialising in parent-child interviews, psychological evaluations and individual art therapy sessions for children.

Since the end of 2020 she has continued to carry out this activity in reduced form, with her current customers.

Key skills

She brings to the Board her in-depth knowledge of the history and culture of Hermès. Her professional background, her skills in human resources, and the commitment with which she carries out her duties enable her to make an effective contribution to the quality of the discussions and work of the Board in all of its areas of responsibility.

Main activities outside the Company

Clinical psychologist specialized in parent-child interviews and individual art therapy sessions for children

	In Hermès Group companies	French companies ▲	Foreign companies ▲
Offices and positions held during 2021		<ul style="list-style-type: none"> ◆ Hermès International ● Member of the Supervisory Board ◆ Comptoir Nouveau de la Parfumerie * Director 	None
	Outside Hermès Group companies	French companies	Foreign companies
		<ul style="list-style-type: none"> ◆ Alvila Manager ◆ Alvila Immobilier Manager ◆ H2 Director 	None
Other offices and positions held during the previous four financial years and ended before 1 January 2021		<ul style="list-style-type: none"> ◆ Hermès Sellier ▲ Member of the Management Board (term ended on 12/09/2017) 	None

(1) The ages indicated are determined in number of full years at 31 December 2021.

▲ Hermès Group entity. ● Listed company. * Office taken into account when calculating plurality of offices.

3.4.8.5 MR CHARLES-ÉRIC BAUER

Age
57 years ¹ (9 January 1964)
Nationality
French
Address
c/o Hermès International 24, rue du Faubourg Saint-Honoré 75008 Paris
Shares held at 31 December 2021
75,748 in full ownership and registered —
Date of first appointment
Supervisory Board 3 June 2008
Audit and Risk Committee 26 January 2005
Term of current office 2022 GM



CHARLES-ÉRIC BAUER

Member of the Hermès International Supervisory Board

Member of the Audit and Risk Committee

Direct descendant of Mr Émile-Maurice Hermès

Summary of main areas of expertise and experience

Mr Charles-Éric Bauer holds graduate degrees of École d'Administration et Direction des Affaires (EAD) business school, with an option in finance. He also holds a degree in technical analysis from Institut des Techniques de Marchés.

He also served as Co-Managing Director and Head of Mutual Fund Management at CaixaGestion from 2000 to 2005, and as Director of Corporate and Institutional Clients, CaixaBank France from 2005 to 2007.

Since March 2007 he has been the Managing Partner of Hem-Fi Conseil, a private equity firm.

Key skills

He brings to the Board his in-depth knowledge of the history and culture of Hermès. His expertise in banking and finance, and the commitment with which he carries out his duties and participates in the Audit and Risk Committee enable him to make an effective contribution to the quality of the discussions and work of the Board in all of its areas of responsibility.

Main activities outside the Company

Associate Director of Hem-Fi Conseil, a capital investment company.

	In Hermès Group companies	French companies ▲	Foreign companies ▲
Offices and positions held during 2021		<ul style="list-style-type: none"> ◆ Hermès International ● Member of the Supervisory Board and Audit and Risk Committee 	None
	Outside Hermès Group companies	French companies <ul style="list-style-type: none"> ◆ Almareen 2 Manager ◆ H51 Director ◆ Hem-Fi Conseil Associate director ◆ Sabarots Manager ◆ Samain B2 Manager ◆ Yundal Manager ◆ Zumsee Manager 	Foreign companies <ul style="list-style-type: none"> ◆ Carlynedie (Spain) Manager
Other offices and positions held during the previous four financial years and ended before 1 January 2021		French companies None	Foreign companies None

(1) The ages indicated are determined in number of full years at 31 December 2021.

▲ Hermès Group entity. ● Listed company. * Office taken into account when calculating plurality of offices.

3.4.8.6 MS ESTELLE BRACHLIANOFF

Age
49 years ¹ (26 July 1972)
Nationality
French
Address
c/o Hermès International 24, rue du Faubourg Saint-Honoré 75008 Paris
Shares held at 31 December 2021
100 in full ownership and registered
—
Date of first appointment
Supervisory Board
4 June 2019
Audit and Risk Committee
4 June 2019
CAG-CSR Committee
4 June 2019
Term of current office
2022 GM



ESTELLE BRACHLIANOFF

Independent member of the Hermès International Supervisory Board
Member of the Audit and Risk Committee
Member of the CAG-CSR Committee

Summary of main areas of expertise and experience

Ms Estelle Brachlianoff is a graduate of École Polytechnique and École Nationale des Ponts et Chaussées.

Ms Estelle Brachlianoff began her career in transport infrastructure and worked with the Prefect of the Île-de-France Region on transport and urban planning issues. She joined Veolia in 2005, and was appointed head of Industrial Cleaning and Facilities Management in 2007 before serving as head of the Waste Management business in the Île-de-France region from 2010 and then the UK from 2012.

A member of Veolia's Executive Committee since 2013 and Director of the United Kingdom & Ireland zone from 2013 to 2018, Ms Estelle Brachlianoff has been Deputy Managing Director of Operations since 1 September 2018. On 10 January 2022, Veolia announced that she will take over from Mr Antoine Frérot as Chief Operating Officer of Veolia from 1 July 2022.

Key skills

Her experience as a high-level executive in a group with an international dimension, steering structures undergoing transformation, as well as her expertise in CSR and the commitment with which she carries out her duties and participates in the Audit and Risk Committee and the CAG-CSR Committee enable her to make an effective contribution to the quality of the discussions and work of the Board in all of its areas of responsibility. She also brings her dynamism, intellectual agility and the special care she gives to the quality of human relations in organisations.

Main activities outside the Company

Deputy Managing Director of Operations at Veolia Environnement, member of the Executive Committee.

Member of the President's Committee of the Confederation of British Industry (CBI), Chairwoman of the Franco-British Chamber of Commerce.

Offices and positions held during 2021	In Hermès Group companies	<p>French companies ▲</p> <ul style="list-style-type: none"> ◆ Hermès International ● Member of the Supervisory Board, member of the Audit and Risk Committee and member of the CAG-CSR Committee 	<p>Foreign companies ▲</p> <p>None</p>
	Outside Hermès Group companies	<p>French companies</p> <ul style="list-style-type: none"> ◆ Veolia Environnement ● * Director of operations, member of the Executive Committee ◆ Eaux de Marseille Chairwoman and Director ◆ SARP Director ◆ SARP Industries Director ◆ Veolia Eau – Compagnie Générale des Eaux Member of the Supervisory Board 	<p>Foreign companies</p> <ul style="list-style-type: none"> ◆ Comgen Australia (Australia) Chairwoman and Director ◆ Veolia China Holding (China) Chairwoman and Director ◆ Veolia Decommissioning Services Norway AS (Norway) Chairwoman and Director ◆ Veolia Energy UK Plc. (United Kingdom) Director

(1) The ages indicated are determined in number of full years at 31 December 2021.

▲ Hermès Group entity. ● Listed company. * Office taken into account when calculating plurality of offices.

Offices and positions held during 2021 **Outside Hermès Group companies****French companies**

- ◆ **Veolia Énergie France**
Chairwoman
- ◆ **Veolia Énergie International**
Chairwoman and Managing Director,
Director
- ◆ **Veolia Propreté**
Chairwoman
- ◆ **Veolia Water**
Chairwoman

Foreign companies

- ◆ **Veolia Environmental Services Australia**
(Australia)
Chairwoman and Director
- ◆ **Veolia Environmental Services China** (China)
Chairwoman and Director
- ◆ **Veolia Environmental Services UK**
(United Kingdom)
Director
- ◆ **Veolia ES Holding UK** (United Kingdom)
Director
- ◆ **Veolia Holding America Latina, SA** (Spain)
Chairwoman
- ◆ **Veolia Japan K.K.** (Japan)
Director
- ◆ **Veolia UK Limited** (United Kingdom)
Director
- ◆ **Veolia Water UK Limited** (United Kingdom)
Director

Other offices and positions held during the previous four financial years and ended before 1 January 2021**French companies**

- ◆ **Zodiac Aerospace** ● *
- Member of the Supervisory Board
and member of the Selection Committee
(term ended on 13/02/2018)

Foreign companies

- ◆ **VE Development Center** (United Kingdom)
Chairwoman and Director
(term ended on 15/10/2018)

▲ Hermès Group entity. ● Listed company. * Office taken into account when calculating plurality of offices.

3.4.8.7 MS PUREZA CARDOSO

Age
50 years ¹
(4 March 1971)

Nationality
French

Address
c/o Hermès International
24, rue du Faubourg Saint-Honoré
75008 Paris

Shares held at 31 December 2021
100
in full ownership and registered

—

Date of first appointment
Supervisory Board
(Designated by the Group Works Council)
12 November 2019

Term of current office
12 November 2022



PUREZA CARDOSO

Employee representative member of the Supervisory Board of Hermès International

Summary of main areas of expertise and experience

With training in office management (BTS – Office Automation and Secretariat), Ms Pureza Cardoso has 17 years' experience in the administrative, commercial, accounting and legal sector, in a range of companies (law firms, engineering and IT consulting firm, temporary work agency). She is bilingual, French and Portuguese.

Key skills

A craftswoman in the “Les manufactures d'Auvergne” division for 11 years, she is skilled in the making of several different models of leather bags. For nine years, she has been working as a craftsperson-inspector of finished goods. Her expertise includes working with precious skins (ostrich, crocodile), areas in which she also conducts training. She has also tutored craftspeople as part of their vocational training contracts. Currently, as part of the development of the division, she is taking on a new role as a model trainer for a group of apprentice craftspeople.

She brings to the Board her internal knowledge of the Maison Hermès, and more specifically the leather goods *métier*, and the vision of the employees she represents.

Main activities outside the Company *None*

Offices and positions held during 2021	In Hermès Group companies	French companies ▲	Foreign companies ▲
		<i>None</i>	<i>None</i>
	Outside Hermès Group companies	French companies	Foreign companies
		<i>None</i>	<i>None</i>

Other offices and positions held during the previous four financial years and ended before 1 January 2021	French companies	Foreign companies
	<i>None</i>	<i>None</i>

(1) The ages indicated are determined in number of full years at 31 December 2021.

▲ Hermès Group entity. ● Listed company. * Office taken into account when calculating plurality of offices.

3.4.8.8 MR MATTHIEU DUMAS

Age
49 years ¹ (6 December 1972)
Nationality
French
Address
c/o Hermès International 24, rue du Faubourg Saint-Honoré 75008 Paris
Shares held at 31 December 2021
1,563 in full ownership and registered
—
Date of first appointment
Supervisory Board 3 June 2008
CAG-CSR Committee 3 June 2008
Term of current office
2024 GM



MATTHIEU DUMAS

Member of the Supervisory Board of Hermès International

Member of the CAG-CSR Committee

Direct descendant of Mr Émile-Maurice Hermès

Summary of main areas of expertise and experience

Mr Matthieu Dumas holds a master's degree in law from Université Paris II-Panthéon-Assas and a master's degree in management, majoring in strategic marketing, development and corporate communication from the Institut Supérieur de Gestion.

From 2001 to 2003 he was Head of Promotion and Partnerships at Cuisine TV (Canal+ group) and then Director of Marketing and Business Development from 2003 to 2006. In 2008 he was appointed Brand Manager of 13e Rue, NBC Universal group, then Deputy Managing Director of all Purescreens brands in 2010, before holding the position of Director of Marketing and Communication of the Discovery Channel in France from 2011 to 2013.

Mr Matthieu Dumas has been certified as a Company director (ASC France) by the IFA and Sciences Po since 2015.

Since 2013, he has been the Manager of Eaque.

Key skills

He brings to the Board his in-depth knowledge of the history and culture of Hermès. His professional background, his skills in the fields of governance and CSR, as well as his expertise in the operational management of companies and the commitment with which he carries out his duties and participates in the CAG-CSR Committee enable him to make an effective contribution to the quality of the discussions and work of the Board in all of its areas of responsibility.

Main activities outside the Company

Manager of Eaque.

	In Hermès Group companies	French companies ▲	Foreign companies ▲
Offices and positions held during 2021		<ul style="list-style-type: none"> ◆ Hermès International ● Member of the Supervisory Board and the CAG-CSR Committee ◆ Comptoir Nouveau de la Parfumerie * Director 	None
	Outside Hermès Group companies	French companies	Foreign companies
		<ul style="list-style-type: none"> ◆ Asope Manager ◆ Axam 2 Manager ◆ Boves Manager ◆ DCR Manager ◆ DRestauration Manager ◆ Eaque Manager ◆ H2 Director 	None

(1) The ages indicated are determined in number of full years at 31 December 2021.

▲ Hermès Group entity. ● Listed company. * Office taken into account when calculating plurality of offices.

Offices and positions held during 2021	Outside Hermès Group companies	French companies	Foreign companies
		<ul style="list-style-type: none"> ◆ Hestia Manager ◆ Krefeld Chairman and Director ◆ Krefeld Immo Chairman and Director ◆ Krefeld Aref Chairman and Director ◆ Krefeld Infra Chairman and Director ◆ LDMD Manager ◆ Magvinum Manager ◆ Mathel Manager ◆ SCI Englesqueville 51 Manager ◆ SIFAH Director ◆ Xenia Chairman 	None
Other offices and positions held during the previous four financial years and ended before 1 January 2021		<p data-bbox="517 863 667 891">French companies</p> <ul style="list-style-type: none"> ◆ Hecate Manager (term ended on 14/11/2020) 	<p data-bbox="979 863 1136 891">Foreign companies</p> <p data-bbox="979 891 1050 912">None</p>

▲ Hermès Group entity. ● Listed company. * Office taken into account when calculating plurality of offices.

3.4.8.9 MR BLAISE GUERRAND

Age
38 years ¹ (4 June 1983)
Nationality
French
Address
c/o Hermès International 24, rue du Faubourg Saint-Honoré 75008 Paris
Shares held at 31 December 2021
200 in full ownership and registered
—
Date of first appointment
Supervisory Board
29 May 2012
Term of current office
2024 GM



BLAISE GUERRAND

Member of the Hermès International Supervisory Board

Direct descendant of Mr Émile-Maurice Hermès

Summary of main areas of expertise and experience

Mr Blaise Guerrand is a graduate of HEC Paris.

He began his career as an Analyst in the equity capital markets department of NM Rothschild & Sons in London between 2005 and 2006. From 2007 to 2010 he was 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 a Managing Partner in corporate takeovers. Moreover, since 2007 he has been Director of the ACCESS Health International foundation which works in partnership with the Rockefeller Foundation to improve access to health care for the underprivileged in certain developing countries.

Key skills

He brings to the Board his in-depth knowledge of the history and culture of Hermès, and emerging countries. His professional background, his expertise in the fields of finance, private equity and business management, and the commitment with which he carries out his duties enable him to make an effective contribution to the quality of the discussions and work of the Board in all of its areas of responsibility.

Main activities outside the Company

Managing partner in a company takeover.

Offices and positions held during 2021	In Hermès Group companies	French companies ▲ ♦ Hermès International ● Member of the Supervisory Board ♦ Hermès Sellier Member of the Management Board	Foreign companies ▲ None
	Outside Hermès Group companies	French companies ♦ SCI Sèvres SCIFAH Manager	Foreign companies ♦ ACCESS Health International (USA) Director ♦ Jakyval (Luxembourg) Director
Other offices and positions held during the previous four financial years and ended before 1 January 2021	French companies None	Foreign companies None	

(1) The ages indicated are determined in number of full years at 31 December 2021.

▲ Hermès Group entity. ● Listed company. * Office taken into account when calculating plurality of offices.

3.4.8.10 MS JULIE GUERRAND

Age
46 years ¹
(26 February 1975)

Nationality
French

Address
c/o Hermès International
24, rue du Faubourg Saint-Honoré
75008 Paris

Shares held at 31 December 2021
6,825
in full ownership and registered

—

Date of first appointment
Supervisory Board
2 June 2005

Ms Julie Guerrand was also a member of the Audit Committee (now the Audit and Risk Committee) from its inception on 26 January 2005 until 2 March 2011.

Term of current office
2022 GM



JULIE GUERRAND

Member of the Hermès International Supervisory Board

Direct descendant of Mr Émile-Maurice Hermès

Summary of main areas of expertise and experience

Ms Julie Guerrand holds a DEUG advanced degree in applied mathematics and social sciences and a master's degree in Economics and Industrial Strategy from the Université Paris IX-Dauphine.

From 1998 to 2006 she worked in the Financial Affairs department (mergers and acquisitions consulting) of the investment bank Rothschild & Cie. From 2007 to 2011, she was Investments Director in the investment team of Paris Orléans (a holding company listed on Euronext and controlled by the Rothschild family).

She held positions in the Hermès Group from 2011 to 2017 as Director of Corporate Development of Hermès International before becoming Deputy Managing Director – Finance and Organisation of the Hermès Cuir Précieux division.

Ms Julie Guerrand has been certified as a Company director (ASC France) by the IFA and Sciences Po since 2014.

Key skills

She brings to the Board her in-depth knowledge of the history and culture of Hermès. Her experience in the fields of finance and M&A, as well as her legal expertise and the commitment with which she carries out her duties enable her to contribute actively to the quality of the discussions and work of the Board in all of its areas of responsibility.

Main activities outside the Company Company director.

	In Hermès Group companies	French companies ▲	Foreign companies ▲
Offices and positions held during 2021		<ul style="list-style-type: none"> ◆ Hermès International ● Member of the Supervisory Board 	<ul style="list-style-type: none"> None
	Outside Hermès Group companies	<ul style="list-style-type: none"> ◆ Antonino Manager ◆ H51 Chairwoman ◆ Jerocar Executive Chairwoman ◆ La mazarine-SCIFAH Executive Chairwoman ◆ Les domaines Barons de Rothschild (Lafite) Member of the Supervisory Board ◆ SCI Apremont Executive Chairwoman ◆ SCI Briand Villiers II Executive Chairwoman ◆ SCI 8 Drouot Executive Chairwoman ◆ SIFAH Director 	<ul style="list-style-type: none"> Foreign companies ◆ Jakyval (Luxembourg) Director

(1) The ages indicated are determined in number of full years at 31 December 2021.

▲ Hermès Group entity. ● Listed company. * Office taken into account when calculating plurality of offices.

Offices and positions held during 2021 **Outside Hermès Group companies****French companies**

- ◆ **Société Immobilière du Dragon**
Manager
- ◆ **Val d'Isère Carojero**
Manager

Other offices and positions held during the previous four financial years and ended before 1 January 2021**French companies**

- ◆ **Compagnie des Cuirs précieux ▲**
Deputy Managing Director – Finance and Organisation (term ended on 15/04/2017)
- ◆ **Hermès Cuirs précieux ▲**
Member of the Management Board (term ended on 15/04/2017)
- ◆ **SCI Briand Villiers I**
Manager (term ended on 19/04/2018)
- ◆ **Vie et Véranda group**
Director (term ended on 28/01/2019)
- ◆ **Idi**
Member of the Supervisory Board (term ended on 25/06/2020)

Foreign companies

None

▲ Hermès Group entity. ● Listed company. * Office taken into account when calculating plurality of offices.

3.4.8.11 MS OLYMPIA GUERRAND

Age
44 years ¹
(7 October 1977)

Nationality
Franco-Portuguese

Address
c/o Hermès International
24, rue du Faubourg Saint-Honoré
75008 Paris

Shares held at 31 December 2021
600
in full ownership and registered

—

Date of first appointment
Supervisory Board
6 June 2017

Term of current office
2024 GM



OLYMPIA GUERRAND

Member of the Hermès International Supervisory Board

Direct descendant of Mr Émile-Maurice Hermès

Summary of main areas of expertise and experience

Ms Olympe Guerrand spent nearly one year (2005-2006) working in the communications department of the subsidiary Hermès Of Paris in New York, performing assignments in the areas of advertising, public relations and event management. She then joined Hermès International until 2007, carrying out assignments within various Hermès Group departments (finance, legal, *métiers*, production units and stores).

She has been a real estate administrator since 2008.

Key skills

She brings to the Board her in-depth knowledge of the history and culture of Hermès. Her experience in the fields of communications and public relations, her business management skills, and the commitment with which she carries out her duties enable her to contribute actively to the quality of the discussions and work of the Board in all of its areas of responsibility.

Main activities outside the Company

Real estate administrator.

	In Hermès Group companies	French companies ▲	Foreign companies ▲
Offices and positions held during 2021		<ul style="list-style-type: none"> ◆ Hermès International ● Member of the Supervisory Board ◆ Hermès Sellier Member of the Management Board 	None
	Outside Hermès Group companies	<p>French companies</p> <p>None</p>	<p>Foreign companies</p> <ul style="list-style-type: none"> ◆ Clementsvalle LDA (Portugal) Manager
Other offices and positions held during the previous four financial years and ended before 1 January 2021		<p>French companies</p> <p>None</p>	<p>Foreign companies</p> <p>None</p>

(1) The ages indicated are determined in number of full years at 31 December 2021.

▲ Hermès Group entity. ● Listed company. * Office taken into account when calculating plurality of offices.

3.4.8.12 MR RÉMY KROLL

Age
49 years ¹ (4 May 1972)
Nationality
French
Address
c/o Hermès International 24, rue du Faubourg Saint-Honoré 75008 Paris
Shares held at 31 December 2021
220 in full ownership and registered
—
Date of first appointment
Supervisory Board (Designated by the Group Works Council)
12 November 2019
Term of current office
12 November 2022



RÉMY KROLL

Employee representative member of the Supervisory Board of Hermès International

Summary of main areas of expertise and experience

Mr Rémy Kroll holds a Baccalauréat (B series).

Mr Rémy Kroll joined the Hermès Group in March 1995 as a stock clerk at the 24, rue du Faubourg Saint-Honoré store. In the same year, he assumed the management of unsold and second choice stock. For more than 25 years, he has been instrumental in the Hermès Group's growth by developing commercial operations for unsold and second-hand goods.

From January 2007 to January 2022, he held the position of Director of Special Sales within the Hermès Commercial division of Hermès Sellier, where he was a member of the Management Committee from January 2015.

On 17 January 2022, he was appointed Director of Special Sales and Recycling. With the aim of a gradual end to the destruction of finished products around the world, he is responsible for helping to develop the disposal of the Group's unsold products, through discounted or special sales operations and recycling.

Key skills

He brings to the Board his internal knowledge of the Maison Hermès, and more specifically the Hermès Commercial division, and the vision of the employees he represents.

Main activities outside the Company

None

Offices and positions held during 2021	In Hermès Group companies	French companies ▲ None	Foreign companies ▲ None
	Outside Hermès Group companies	French companies None	Foreign companies None
Other offices and positions held during the previous four financial years and ended before 1 January 2021		French companies None	Foreign companies None

(1) The ages indicated are determined in number of full years at 31 December 2021.

▲ Hermès Group entity. ● Listed company. * Office taken into account when calculating plurality of offices.

3.4.8.13 MR RENAUD MOMMÉJA

Age
59 years ¹ (20 March 1962)
Nationality
French
Address
c/o Hermès International 24, rue du Faubourg Saint-Honoré 75008 Paris
Shares held at 31 December 2021
89,012 in full ownership and 60,960 in usufruct registered shares
—
Date of first appointment
Supervisory Board
2 June 2005
Audit and Risk Committee
3 June 2008
Term of current office
2023 GM



RENAUD MOMMÉJA

Member of the Hermès International Supervisory Board
Member of the Audit and Risk Committee

Direct descendant of Mr Émile-Maurice Hermès

Summary of main areas of expertise and experience

Mr Renaud Momméja is a graduate of the École Supérieure Libre des Sciences Commerciales Appliquées (ESLSCA).

He has been 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 on the Executive Management of SC du Château Fourcas Hosten.

Key skills

He brings to the Board his in-depth knowledge of the history and culture of Hermès, as well as that of Asia. His professional background, his expertise in the fields of real estate, finance, corporate strategy and CSR, and the commitment with which he carries out his duties and participates in the Audit and Risk Committee enable him to make an effective contribution to the quality of the discussions and work of the Board in all of its areas of responsibility.

Main activities outside the Company

Manager of SARL Tolazi and Representative of SC Lor on the Executive Management of SC du Château Fourcas Hosten.

Offices and positions held during 2021	In Hermès Group companies	<p>French companies ▲</p> <ul style="list-style-type: none"> ◆ Hermès International ● Member of the Supervisory Board and Audit and Risk Committee ◆ Comptoir Nouveau de la Parfumerie * Director 	<p>Foreign companies ▲</p> <ul style="list-style-type: none"> ◆ JL & Co (United Kingdom) Director
	Outside Hermès Group companies	<p>French companies</p> <ul style="list-style-type: none"> ◆ Altizo Manager ◆ Binc Manager ◆ GFA Château Fourcas Hosten Co-Manager ◆ H2 Chairman ◆ Huso * Director ◆ Lor Co-Manager ◆ Rose Investissement Manager ◆ SARL Tolazi Manager ◆ SCI AJImmo Co-Manager ◆ SCI Auguste Hollande Co-Manager ◆ SCI Briand Villiers I Chairman of SIFAH, Manager 	<p>Foreign companies</p> <p>None</p>

(1) The ages indicated are determined in number of full years at 31 December 2021.

▲ Hermès Group entity. ● Listed company. * Office taken into account when calculating plurality of offices.

Offices and positions held during 2021	Outside Hermès Group companies	French companies	Foreign companies
		<ul style="list-style-type: none"> ◆ SCI de l'Univers Manager ◆ SCI Tibemo Co-Manager ◆ SCI Zotila Vaugirard Chairman ◆ SIFAH Chairman ◆ Société Civile du Château Fourcas Hosten Permanent Representative of Lor, Manager 	None
Other offices and positions held during the previous four financial years and ended before 1 January 2021		<p data-bbox="555 561 703 583">French companies</p> <ul style="list-style-type: none"> ◆ SCI du 74 rue du Faubourg Saint-Antoine Co-Manager (term ended on 18/01/2019) ◆ SCI Briand Villiers I Manager (term ended on 05/06/2019) ◆ SCI Briand Villiers II Manager (term ended on 04/12/2019) 	Foreign companies None

▲ Hermès Group entity. ● Listed company. * Office taken into account when calculating plurality of offices.

3.4.8.14 MR ALEXANDRE VIROS

Age
43 years ¹ (8 January 1978)
Nationality
Franco-American
Address
c/o Hermès International 24, rue du Faubourg Saint-Honoré 75008 Paris
Shares held at 31 December 2021
100
in full ownership and registered
—
Date of first appointment
Supervisory Board
4 June 2019
Audit and Risk Committee
4 June 2019
Term of current office
2024 GM



ALEXANDRE VIROS

Independent member of the Hermès International Supervisory Board
Member of the Audit and Risk Committee

Summary of main areas of expertise and experience

Mr Alexandre Viros is a qualified philosophy teacher (*professeur agrégé*), holds a post-graduate degree in cognitive science from the École des Hautes Études en Sciences Sociales (EHESS) and is a graduate of the Institut d'études politiques de Paris.

He began his career in higher education and research in 2001. In 2004, he joined the Boston Consulting Group (BCG) where, for four years, he worked mainly in services (transport, banking, insurance, media).

In 2008, he joined the strategy department of the Fnac group and was then appointed Director in charge of music and audio. He then took over as Sales Director and Chairman of France Billet. In 2016, he was appointed Director of Marketing and E-commerce of the Fnac-Darty group and joined the Executive Committee.

In 2018, he became Chief Executive Officer of OUI.sncf (formerly voyages-sncf.com), a member of the Executive Committee of SNCF Mobilités and then Chief Executive Officer of Voyageurs SNCF.

Since September 2020, Mr Alexandre Viros has been Chairman of the Adecco group in France.

Key skills

His expertise in the world of e-commerce and distribution, his knowledge of customer relationships and human resources, as well as his ability to evolve in industries undergoing profound transformation and disruptive models, and the involvement with which he carries out his office and participates in the Audit and Risk Committee, enable him to make a very effective contribution to the quality of the discussions and the work of the Board in all its areas of intervention. Through his career and his Franco-American culture, he also brings a very open-minded stance, an innovative approach to topics and a keen eye on the digital world.

Main activities outside the Company

President France of Adecco

Offices and positions held during 2021	In Hermès Group companies	French companies ▲ ◆ Hermès International ● Member of the Supervisory Board and the Audit Committee	Foreign companies ▲ None
	Outside Hermès Group companies	French companies ◆ The Adecco group France Chairman France (since 14/09/2020)	Foreign companies None
Other offices and positions held during the previous four financial years and ended before 1 January 2021	French companies ◆ OUI.sncf Chief Executive Officer, member of the Executive Committee (term ended on 31/08/2020) ◆ E-Voyageurs group (SAS) Director and Chief Executive Officer (term ended on 31/08/2020) ◆ Agence-Oui.sncf (SAS) Chairman (term ended on 31/08/2020) ◆ Rail Europe SAS Member of the Supervisory Board (term ended on 31/08/2020) ◆ Fnac-Darty group ● Director of Marketing and E-Commerce, member of the Executive Committee (term ended on 31/01/2018)	Foreign companies ◆ Loco 2 Holding (United Kingdom) Director (term ended on 31/08/2020)	

(1) The ages indicated are determined in number of full years at 31 December 2021.

▲ Hermès Group entity. ● Listed company. * Office taken into account when calculating plurality of offices.

3.5 FUNCTIONING OF THE SUPERVISORY BOARD

3.5.1 ROLE OF THE SUPERVISORY BOARD

3.5.1.1 DUTIES OF THE SUPERVISORY BOARD

3.5.1.1.1 Principle of collegiality

The confidentiality of the Board's work and the principle of collegiality prevent any individual public position being taken by members of the Supervisory Board.

3.5.1.1.2 Legal and statutory duties

The duties of the Supervisory Board of a *société en commandite par actions* (*partnership limited by shares*) are mainly to exercise permanent control over the management of the Company in accordance with the law and the Articles of Association.

The role and powers assigned by law and the Articles of Association to the Supervisory Board are described in § 3.2.3.

The Supervisory Board describes the due diligence procedures it carried out during the financial year ended 31 December 2021 in a report presented to the General Meeting called to approve the financial statements (see chapter 8 "Combined General Meeting of 20 April 2022", § 8.3).

In accordance with Article L. 22-10-78 of the French Commercial Code (*Code de commerce*), the Supervisory Board also presents this corporate governance report.

3.5.1.1.3 Governance assignments not covered by the Articles of Association

The rules of procedure (Article 1.1.3) provide, in respect of governance assignments not covered by the Articles of Association, that the Supervisory Board:

- ◆ approves or refuses the acceptance by an Executive Chairman of any new office in a listed company;
- ◆ is informed about market developments, the competitive environment and the most important aspects facing the Company, including in the area of social and environmental responsibility;
- ◆ regularly reviews, via the Audit and Risk Committee, the opportunities and risks, such as financial, legal, operational, social and environmental risks, as well as the measures taken accordingly;
- ◆ is regularly informed of the Company's financial position, cash position and commitments;
- ◆ ensures the establishment of a system for preventing and detecting corruption and influence-peddling;
- ◆ ensures that the Executive Corporate Officers implement a policy of non-discrimination and diversity, notably with regard to the balanced representation of men and women on the Governing bodies;
- ◆ examines the desired balance between its composition and that of its committees, and defines its diversity policy (see § 3.4.3).

Certain decisions of the Supervisory Board are prepared by specialised committees (see § 3.6).

Details of the subjects dealt with by the Supervisory Board in 2021 are provided in § 3.5.4.

3.5.1.2 DUTIES OF THE CHAIRMAN OF THE SUPERVISORY BOARD

3.5.1.2.1 General duties

In relations with the other bodies of the Company and vis-à-vis third parties, the Chairman is the sole person authorised to speak and act on behalf of the Board, other than in exceptional circumstances.

The Chairman ensures the proper functioning of the Supervisory Board.

In this respect:

- ◆ with the support of the CAG-CSR Committee, the approval of the Board and of the Shareholders' General Meeting where appropriate, he or she strives to create an effective and balanced Board, and to manage the replacement and succession planning processes concerning the Board and the appointments for which it is responsible;
- ◆ he or she may attend all the committees and may add to the agenda any subject he or she considers relevant;
- ◆ he or she ensures that the members of the Board have the documentation and information they need to carry out their duties in a timely manner, in a clear and appropriate form.

The Chairman organises and directs the work of the Supervisory Board in order to enable it to perform all its duties. In this respect, he or she:

- ◆ calls meetings of the Supervisory Board, determine the agenda and chairs the meetings;
- ◆ organises the proceedings of the Supervisory Board and reports on these to the General Meeting, and coordinates its work with that of the specialised committees;
- ◆ ensures the quality of discussions and the collegiality of Board decisions;
- ◆ oversees the proper functioning of the Board and its committees in accordance with the principles of good governance and ensures that the members of the Board are able to fulfil their duties;
- ◆ chairs and directs discussions at Shareholders' General Meetings;

- ◆ deals with any conflicts of interest that may arise within the Supervisory Board as part of the procedure for managing conflicts of interest described in the rules of procedure.

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

3.5.1.2.2 Duties relating to shareholder dialogue and the activity review

Since 20 March 2018, the Chairman of the Supervisory Board has been responsible for communicating with shareholders, on behalf of the Supervisory Board, with a view to:

- ◆ explaining the positions taken by the Supervisory Board in its areas of competence (particularly with regard to governance and Senior Executive compensation), which were previously the subject of a communication;
- ◆ ensuring that shareholders receive the information they expect from the Company.

The Chairman may seek the assistance of internal experts in these areas (in particular the Director of Financial Communications and Investor Relations or the Director of Corporate law and Stock Exchange Regulations, Supervisory Board Secretary and Compliance Officer).

The Chairman must report annually to the Supervisory Board on the execution of his or her duties.

No additional compensation is allocated to the Chairman for executing these duties.

In early 2022, the Chairman reported to the Supervisory Board on the performance of his duties in 2021.

In particular, he stated:

- ◆ having answered questions from individual shareholders;
- ◆ having answered questions from institutional shareholders;
- ◆ having responded to questionnaires from stakeholders.

It is specified that the answer to the written questions addressed to the Company on the occasion of the General Meeting is the responsibility of the Executive Management.

In 2021, the Board did not entrust any other duties to the Chairman of the Supervisory Board.

3.5.1.3 DUTIES OF THE VICE-CHAIRS OF THE SUPERVISORY BOARD

Two Vice-Chairs are appointed by the Supervisory Board from among its members.

In practice, the Vice-Chairs are the Chairmen of one of the two committees.

In accordance with the Articles of Association, in the absence of the Chairman, the oldest Vice-Chair shall perform his duties.

3.5.2 MEETINGS OF THE SUPERVISORY BOARD AND THE JOINT COUNCIL

3.5.2.1 MEETINGS OF THE SUPERVISORY BOARD

The Supervisory Board is a collegial body in which decisions are taken collectively.

The procedures for convening meetings and the rules of quorum and majority are described in chapter 7 "Information on the Company and its share capital", § 7.1.1.3 [Article 19 of the Articles of Association].

The Board's operations are described in detail in Article 1.2 of the Supervisory Board's rules of procedure.

The Chairman of the Supervisory Board sets the agenda for each Board meeting with the secretary of the Board.

The Supervisory Board meets as often as the interests of the Company require and at least twice a year. In practice, the Supervisory Board meets at least seven times each year, as was the case in 2021.

The schedule of meetings is drawn up annually for the following year and distributed at the beginning of the first half of each year.

The Statutory Auditors and a representative of the Social and Economic Committee (see § 3.4.2.7.2) are invited to all Supervisory Board meetings.

The Executive Management must be convened (see chapter 7 "Information on the Company and its share capital", § 7.1.1.3 [Article 19.2 of the Articles of Association]) and may attend meetings of the Supervisory Board but without voting rights. At each Board meeting, the Executive Management informs its members of the main significant facts and events affecting the life of the Group that have occurred since the date of the previous Board meeting.

In accordance with the provisions of Article 19.2 of the Articles of Association, meetings of the Supervisory Board are validly held when half of the members are present or represented, it being specified that members who participate in the meeting by videoconference or telecommunication means allowing their identification and guaranteeing their effective participation by the use of technical means allowing the continuous and simultaneous retransmission of the deliberations are deemed present.

In practice, meetings held by videoconference or in mixed mode are exclusively reserved for exceptional situations (and notably including related to the Covid-19 crisis).

An attendance register is kept that lists the names of the members present physically or by means of videoconference or telecommunication, or represented or absent. Proxies are appended to the attendance register.

A file containing background documents related to issues on the agenda is sent via Herboard (see § 3.5.3.2) to each Board member prior to the meeting, at least ten days in advance whenever possible, and a minimum of 48 hours prior to each meeting, unless there is an urgent situation or a need to ensure total confidentiality.

Persons who are not Board members, in particular members of the Executive and Operations Committees, may be invited to attend Board meetings at the Chairman's discretion, in order to provide any information that members of the Board might require to reach a full understanding of certain matters on the agenda and which are technical in nature or require special expertise. These people usually attend only the part of the meeting that concerns them.

Minutes are drawn up by the Board secretary 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.

3.5.2.2 JOINT COUNCIL MEETINGS

Whenever it considers it necessary, the Executive Management of Hermès International or the Chairman of the Supervisory Board of Hermès International calls a Joint Council between the Executive Management Board of Émile Hermès SAS and the Supervisory Board of Hermès International.

The role and powers assigned by law and the Articles of Association to the Joint Council are described in § 3.2.3.

In practice, the Joint Council meets at least three times each year, as was the case in 2021.

Its recurring work consists mainly of:

- ◆ be given a presentation by the Executive Management on the annual and half-year consolidated financial statements and parent company financial statements and related draft financial press releases;
- ◆ review the budget for each financial year;
- ◆ review documents on forecasting and planning;
- ◆ approve the explanatory statements and the resolutions put to the General Meeting and acquaint itself with the reports drawn up by the Executive Management.

3.5.3 INFORMATION AND TRAINING OF THE SUPERVISORY BOARD

3.5.3.1 SUPERVISORY BOARD'S MASTER FILE

Since 2011, a "master file" has been provided to the members of the Supervisory Board. This master file has been available since 2016 on the Board's collaborative platform, *Herboard* (see § 3.5.3.2).

It currently contains the following sections:

- ◆ a list with contact details of the members of the Executive Committee, Supervisory Board and Board committees, Statutory Auditors and the Board secretary;
- ◆ a table of the dates of terms of office;
- ◆ the Supervisory Board rules of procedure;

- ◆ the Audit and Risk Committee rules of procedure;
- ◆ the CAG-CSR Committee rules of procedure;
- ◆ the Hermès Group stock market ethics Code;
- ◆ a calendar of closed periods applicable to Permanent Insiders;
- ◆ the AMF Guide to Permanent Information and Management of Inside Information (DOC 2016-08);
- ◆ regulations regarding the declaration obligations of Senior Executives and registration of shares;
- ◆ principles governing the allocation of compensation to Supervisory Board members;
- ◆ rules on the reimbursement of expenses;
- ◆ certification and summary of Corporate Officers' civil liability insurance;
- ◆ the last three registration documents/universal registration documents;
- ◆ the notice of meeting for the last General Meeting;
- ◆ a summary of the results of the last formal three-year evaluation of the Supervisory Board;
- ◆ presentations made during site visits since 2011;
- ◆ the Hermès Group code of business conduct (Hermès Group guidelines);
- ◆ Anti-corruption code of conduct;
- ◆ professional whistleblowing system notice;
- ◆ Ethics charter of the Hermès Group;
- ◆ presentations of Hermès International and Émile Hermès SAS;
- ◆ the annotated Articles of Association;
- ◆ the Afep-Medef Corporate Governance Code revised in January 2020.

This master file is updated on a regular basis.

3.5.3.2 HERBOARD DIGITAL PLATFORM

Since 2016, the Supervisory Board has made use of a secure digital Board management platform hosted in France by Oodrive and customised for Hermès.

Dubbed "Herboard" at Hermès, the platform is accessible from a web browser or via a tablet application and can be used to:

- ◆ organise Board and committee meetings (scheduling of meetings, sending of meeting invitations, tracking of attendance);
- ◆ provide highly secure and paperless Board documents relating to Board and committee meetings and to the Supervisory Board's master file in real time (via a username, password and confirmation code sent via SMS);

- ◆ manage document permissions and track document use;
- ◆ circulate minutes and reports.

Following the implementation of *Herboard*, an iPad® was issued to Supervisory Board members who requested one.

Herboard is also available to the Statutory Auditors and the representative of the Social and Economic Committee for documents relating to Board meetings.

3.5.3.3 TRAINING OF MEMBERS OF THE SUPERVISORY BOARD – INDUCTION PROGRAMME

Members of the Supervisory Board receive press releases and information intended for shareholders (universal registration document, letters to shareholders) and the press review.

Each year at least two major annual themes are presented to the Board (see § 3.5.3.4) and an on-site visit is organised (see § 3.5.3.5).

Supervisory Board members can make use of the Company's Group membership of the IFA (Institut Français des Administrateurs), and thereby take advantage of all of its services and training. Ms Julie Guerrand became a certified Company director (receiving the ASC France Certificate) 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.

In 2014, the CAG-CSR Committee set up an induction and training programme for new Board members, which entails:

- ◆ presentation by the Board secretary:
 - the SCA legal form and the role of the members of the Supervisory Board,
 - confidentiality rules,
 - the Group's organisation chart,

- the Hermès Sellier divisional organisation chart,
- minutes of the Supervisory Board for the last three financial years together with those of the current year;
- ◆ meetings with the Director of sustainable development, the Group Director of Human Resources, the General Counsel and all members of the Executive Committee (for external members);
- ◆ receipt of a new Supervisory Board member integration kit of legal and governance documents containing:
 - the Supervisory Board's master file (see § 3.5.3.1),
 - the IFA Director's *Vade-Mecum* (2014);
- ◆ enrolment in a three-day in-house *Mosaïque* immersion training session with employees (for external members);
- ◆ briefing on the Company's ownership structure and Active partner (Émile Hermès SAS);
- ◆ IFA training (particularly for new members).

Pursuant to Article L. 225-30-2 of the French Commercial Code (*Code de commerce*), the members representing employees must follow a training programme under the conditions described in § 3.4.2.7.1.

Since 2022, all members of the Supervisory Board must follow an e-learning training course on the prevention of market abuse.

3.5.3.4 MAJOR ANNUAL THEMES

Every year, one or more detailed presentations are made by the relevant management team on a specific or general topic relating to the Group's activities.

In 2021 the Board:

- ◆ attended a presentation of the Group's IT strategy;
- ◆ attended a presentation of the Group's HR strategy.

MAJOR THEMES IN PREVIOUS YEARS

2011	◆ Presentation of the Group's human resources policy
2012	◆ Report on the strategy seminar ◆ Strategy to combat counterfeiting and prevent the risk of brand democratisation
2013	◆ Customer survey carried out using CRM (customer relationship management) Market abuse training
2014	◆ Update on the vertical integration of the <i>métiers</i> following recent acquisitions
2015	◆ The strategy of a growth driver: shoes ◆ Subcontractors in women's ready-to-wear ◆ Leather subcontractors
2016	◆ Presentation of the Group's digital strategy ◆ Presentation on shareholding, institutional investors ◆ Customer service and price trends by geographical area ◆ Communication and media
2017	◆ La Montre Hermès ◆ Real estate strategy
2018	◆ Group disability agreement and discussion on well-being at work ◆ Presentation of sustainable development and CSR issues

2019	<ul style="list-style-type: none"> ◆ Feedback from the first year of the new e-commerce site ◆ Internal communication objectives and actions ◆ Hermès Parfums new product development strategy
2020	<ul style="list-style-type: none"> ◆ Presentation on the measures implemented to protect employees and customers of the Group's stores in the context of Covid-19 ◆ Presentation of investment projects ◆ Cybersecurity within the Group
2021	<ul style="list-style-type: none"> ◆ IT strategy within the Group ◆ HR strategy

3.5.3.5 SITE VISITS

Since 2011 the Board has devoted one of its meetings to a site visit to improve its knowledge of one of the Group's subsidiaries or to gain a concrete understanding of an area of the Group's activity.

These site visits are an opportunity for Board members to meet and discuss with the Group's Senior Executives and employees.

In 2021, the Board visited the Compagnie des Arts de la Table et de l'Émail site, where it was given a presentation on the activity and results of this subsidiary, which manufactures Tableware, Art of Living and enamel products, (see chapter 1 "Presentation of the Group and its results", § 1.6.4.2) as well as a tour of the workshops.

SITE VISITS IN PREVIOUS YEARS

2011	◆ leather goods and silk printing site at Pierre-Bénite
2012	◆ Cristallerie Saint-Louis
2013	◆ Puiforcat workshops and archives then Cité des Métiers Hermès in Pantin
2014	<ul style="list-style-type: none"> ◆ Tannerie Gordon Choisy in Montereau ◆ Podiums (Buyer days)
2015	<ul style="list-style-type: none"> ◆ Maroquinerie Iséroise in Les Abrets ◆ SIEGL in Le Grand Lemps (wide-web cashmere printing site)
2016	<ul style="list-style-type: none"> ◆ Hermès Parfums in Vaudreuil ◆ Maroquinerie de Normandie site
2017	◆ John Lobb in Northampton
2018	<ul style="list-style-type: none"> ◆ John Lobb (bespoke workshops) in Mogador ◆ Finishing workshops from Irigny to Pierre-Bénite ◆ Ateliers de Tissages de Bussières et de Challes in Bussières
2019	◆ Logistics in Bobigny
2020	<ul style="list-style-type: none"> ◆ Hermès Horizons in Pantin ◆ Conservatoire des Créations Hermès in Pantin
2021	◆ Compagnie des Arts de la Table et de l'Émail in Nontron

3.5.4 MAIN DUTIES OF THE SUPERVISORY BOARD AND WORK CARRIED OUT IN 2021

The purpose and nature of the main duties and work carried out by the Supervisory Board in 2021 were as follows:

Purpose	Main duties and work carried out in 2021 ¹
Work related to the health crisis	<ul style="list-style-type: none"> ◆ be informed by the Executive Management of the Group's situation related to Covid-19; ◆ take note of the procedures for the General Meeting to be held in closed session.
Group activity and finance	<ul style="list-style-type: none"> ◆ be updated on the Group's activities by the Executive Management at each meeting; ◆ be given a presentation by the Executive Management on the annual and half-year consolidated financial statements and parent company financial statements and related draft financial press releases; ◆ be informed about the Company's financial position, cash position and commitments; ◆ be informed of the Statutory Auditors' conclusions relating to the annual and half-year consolidated financial statements; ◆ review the budget for each financial year; ◆ review documents on forecasting and planning; ◆ review the situation of certain affiliates; ◆ formally note proposals for Group acquisitions, disposals and equity investments; ◆ formally note investment proposals; ◆ examine and/or approve the reports and work of the Audit and Risk Committee described in § 3.6.3.4; ◆ regularly review, via the Audit and Risk Committee, the opportunities and risks, such as financial, legal, operational, social and environmental risks, as well as the measures taken accordingly; • be informed of changes in the composition of the Executive Committee [n/a in 2021]; • be informed of changes made by the Executive Management to the list of banks, the list of bank signatories and the prudential rules; • attend a presentation on foreign exchange and IFRS.
General Meeting of 4 May 2021	<ul style="list-style-type: none"> ◆ be informed of the Executive Management's decision to pay an interim dividend; ◆ decide the proposed allocation of net income to be submitted to the General Meeting; ◆ prepare the Supervisory Board's corporate governance report; ◆ prepare the Supervisory Board's report to the General Meeting; ◆ approve the explanatory statements and the resolutions put to the General Meeting and acquaint itself with the reports drawn up by the Executive Management.
Appointments	<ul style="list-style-type: none"> • decide how new independent members would be recruited and how the target profile would be defined [n/a in 2021]; ◆ approve the proposals of reappointment or replacement of members of the Supervisory Board to be considered at the General Meeting; ◆ decide on the renewal of the duties of the Chairman and Vice-Chairwomen after the General Meeting; ◆ decide on the renewal of the composition of the Audit and Risk Committee and the CAG-CSR Committee.
Governance	<ul style="list-style-type: none"> ◆ keep itself informed at each meeting of all transactions carried out by the Executive Chairmen pursuant to the AMF's position-recommendation set out in DOC-2016-08 "Guide to Permanent Information and Management of Inside Information"; ◆ examine and/or approve the reports and work of the CAG-CSR Committee described in § 3.6.2.4 and be informed of governance news (AMF reports, Afep-Medef reports, HCGE report and application guide, IFA studies, etc.); • approve the revised rules of procedure of the Supervisory Board, the CAG-CSR Committee and the Audit and Risk Committee; ◆ review the annual report of the Chairman of the Supervisory Board on his duties with regard to shareholder dialogue; ◆ take note of the gender equality objectives set by the Executive Management, as well as its implementation methods and the results obtained; • approve or refuse the acceptance by an Executive Chairman of any new office in a listed company [n/a in 2021]; ◆ ensure that the Executive Corporate Officers implemented a policy of non-discrimination and diversity, notably with regard to the balanced representation of men and women on Governing bodies; ◆ decide on the diversity policy applied to the Supervisory Board (representation of women and men, nationalities, ages, qualifications and professional experience, etc.); ◆ conduct a periodic self-assessment of its operation; ◆ set the amount of preparation time allocated to the members of the Supervisory Board representing employees to carry out their duties (minimum 15 hours per Board meeting); ◆ determine the content of the training programme to be followed by the members of the Supervisory Board representing employees.

(1) Non-exhaustive list

◆ Annual topics • One-off or multi-year topics

Purpose	Main duties and work carried out in 2021 ¹
CSR	<ul style="list-style-type: none"> ◆ be informed through the CAG-CSR Committee of the main challenges facing the Company in the area of corporate social responsibility; ◆ assess the level of achievement of the CSR criterion attached to the compensation of the Executive Chairmen, through the CAG-CSR Committee.
Compensation	<ul style="list-style-type: none"> ◆ establish the compensation policy applicable to members of the Supervisory Board; ◆ issue an advisory opinion on the compensation policy for Executive Chairmen established by the Active partner; ◆ set the allocation and payment of compensation of members of the Board and committees; <ul style="list-style-type: none"> • be informed of the adoption of free share allocation plans by the Executive Management [n/a in 2021]; • be informed of the payment of additional profit-sharing decided by the Executive Management [n/a in 2021].
Ethics and compliance – Personal data protection	<ul style="list-style-type: none"> • delegate the regular review of the anti-corruption system to the Audit and Risk Committee; ◆ ensure, through the Audit and Risk Committee, the implementation of a system for the prevention and detection of corruption and influence-peddling and be regularly informed of the Group’s situation; ◆ be informed, through the Audit and Risk Committee, of the personal data protection system put in place within the Group and its compliance with the GDPR regulation (European regulation of 27 April 2016 No. 2016/679).
Recommendations, authorisations and other items	<ul style="list-style-type: none"> ◆ authorise and declassify, where applicable, related-party agreements and carry out an annual review of those whose effect persisted over time (see the Supervisory Board’s report to the General Meeting in chapter 8 “Combined General Meeting of 20 April 2022”, § 8.3); ◆ establish a procedure for the regular evaluation of current agreements concluded under arm’s length conditions and take note of the annual report of the Current Agreements Committee; ◆ discuss the Company’s policy with regard to gender equality and equal pay; ◆ authorise the Executive Management to grant sureties, endorsements and guarantees to commitments by the companies controlled without limit of amount and time and be informed annually by the Executive Management of the guarantees granted; ◆ conduct an annual review of all sureties, endorsements and guarantees granted that are still in force; <ul style="list-style-type: none"> • be informed of the implementation of an internal procedure for requesting authorisation of a surety or guarantee from Hermès International in favour of a subsidiary or controlled company; ◆ take note of the opinion of the Social and Economic Committee on the strategic orientations of the Company, on which the Executive Management is required to formulate a reasoned response; <ul style="list-style-type: none"> • take note of the updated of the Hermès Group Stock Market Ethics Code; ◆ remind the relevant persons of the responsibility inherent in holding inside information and take note of the blackout periods applicable to Permanent Insiders; • be informed of the content and impact of legislative and regulatory developments affecting the Supervisory Board [n/a in 2021]; • approve the amendment of certain articles of the Articles of Association of Émile Hermès SAS, Active partner.
Major annual topics – Site visits (see § 3.5.3.4 and § 3.5.3.5)	<ul style="list-style-type: none"> ◆ attend several detailed presentations in the year on a specific or general topic relating to the Group’s activity; ◆ devote one of its meetings to a site visit to improve its knowledge of one of the Group’s subsidiaries or to gain a concrete understanding of an area of the Group’s activity.

(1) Non-exhaustive list

◆ Annual topics • One-off or multi-year topics

3.5.5 ETHICS AND COMPLIANCE – PERSONAL DATA PROTECTION

The systems implemented in the Group are described in chapter 2 “Corporate social responsibility”, § 2.8.

3.5.5.1 ETHICS AND COMPLIANCE

Ethics and compliance challenges as well as the related programmes have been shared regularly with the Supervisory Board since 2015. It is regularly informed about the ethics and compliance programmes and on the progress of the corruption prevention plan within the Group in compliance with law No. 2016-1691 of 9 December 2016, known as “Sapin II”.

Since 11 September 2018, the Supervisory Board’s rules of procedure have included duties relating to the system for the prevention and detection of corruption and influence-peddling (Article 1.1.3.2), following the revision of the Afep-Medef Code in June 2018.

As a result, on 16 November 2018, the Audit and Risk Committee was assigned a new duty relating to the prevention of corruption: “ensure the implementation of a system for the prevention and detection of corruption and influence-peddling”. On 19 March 2019, it was accordingly renamed the “Audit and Risk Committee”.

Since 2021, the Supervisory Board has delegated the regular review of the anti-corruption system to the Audit and Risk Committee.

In 2021, the Director of Legal Compliance provided the Audit and Risk Committee with an update on the corruption prevention programme, and in particular:

- ◆ corruption risk mapping;
- ◆ training programme;
- ◆ third party evaluation system;
- ◆ accounting controls;
- ◆ internal control and evaluation system.

3.5.5.2 PERSONAL DATA PROTECTION

A presentation to the Supervisory Board on the personal data protection system, in accordance with the GDPR (EU Regulation No. 2016/679 of 27 April 2016), implemented in the Group, was made in 2019.

In 2021, the Data Protection Officer presented to the Audit and Risk Committee the risks identified by the Group in terms of data protection and the actions implemented to address them.

3.5.6 CORPORATE SOCIAL RESPONSIBILITY (CSR)

A presentation of CSR challenges has been made to the Board regularly since 2015.

Since 11 September 2018, the Supervisory Board's rules of procedure have included new duties relating to CSR issues (Article 1.1.3.2), following the revision of the Afep-Medef Code in June 2018.

As a result, on 16 November 2018, the CAG Committee was entrusted with two new missions in terms of corporate social responsibility:

- ◆ assist the Supervisory Board in monitoring matters relating to CSR in order that the Hermès Group better anticipate associated opportunities, challenges and risks;
- ◆ assist the Supervisory Board in monitoring the Hermès Group's social policy and the policy of non-discrimination and diversity.

On 16 November 2018, it was renamed the "Compensation, Appointments, Governance and CSR Committee (CAG-CSR Committee)".

Since 2019, the CAG-CSR Committee has devoted two meetings per year to in-depth reviews of CSR issues.

In addition, since the incorporation of a CSR criterion into the Executive Chairmen's variable compensation in 2019, the CAG-CSR Committee has been tasked with annually evaluating the achievement of the three indicators comprising it (see § 3.8.1.2.4 and § 3.8.2.1.3).

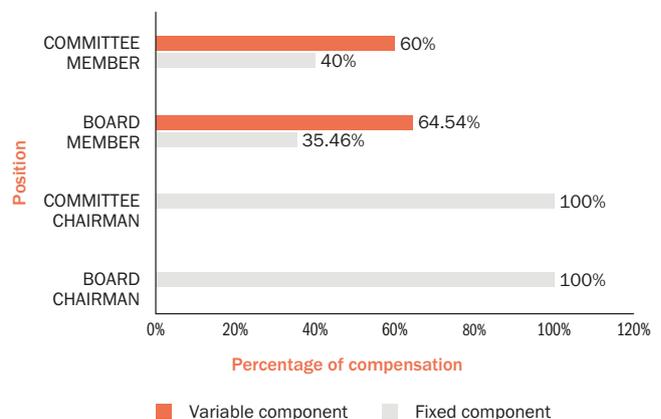
In order to comply with the recommendations of the Afep-Medef Code updated in January 2020 (Article 16.2), a joint meeting between the CAG-CSR Committee and the Audit and Risk Committee has been organised since 2021 to present CSR risk exposure. This joint meeting is held every year.

3.5.7 COMPENSATION AND REIMBURSEMENT OF EXPENSES

3.5.7.1 COMPENSATION OF THE MEMBERS OF THE SUPERVISORY BOARD

Information relating to the compensation of the members of the Supervisory Board is presented in § 3.8.1 and 3.8.1.3.

Compensation policy for Board members

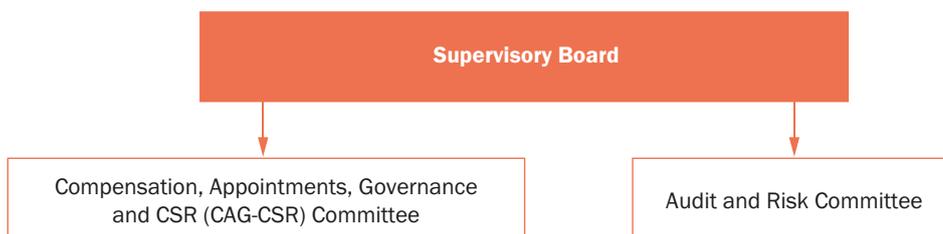


3.5.7.2 EXPENSE REIMBURSEMENT

Supervisory Board members are reimbursed for travel, accommodation and restaurant expenses incurred to attend Supervisory Board meetings, upon presentation of substantiating documents or receipts. These reimbursements are capped and based on the rules applicable to Group employees.

3.6 SPECIALISED COMMITTEES

3.6.1 APPLICABLE PRINCIPLES



Since 2005, the Supervisory Board has relied on the work of two permanent committees:

- ◆ the Audit Committee (26 January 2005), set up in application of Article L. 823-19 of the French Commercial Code (*Code de commerce*), whose remit was subsequently extended by the Board and which was renamed the Audit and Risk Committee (19 March 2019);
- ◆ the Compensation Committee (26 January 2005), which was subsequently assigned new duties and responsibilities by the Board and renamed the Compensation and Appointments (18 March 2009), Governance (20 January 2010) and CSR (16 November 2018) Committee or the “CAG-CSR Committee”.

These committees act under the collective and exclusive responsibility of the Supervisory Board. Their role is to discuss, analyse and prepare for certain deliberations of the Board, to which they submit their opinions, proposals or recommendations. Their powers do not reduce or limit the powers of the Board and the opinions, proposals or recommendations made are in no way binding on the Board.

The members of the committees do not incur any legal responsibilities in respect of their duties other than those of members of the Supervisory Board.

The Company's CAG-CSR Committee is not tasked with setting the compensation of the Executive Chairmen, a task governed by the provisions of the Articles of Association and which falls within the remit of the Active partner and not the Supervisory Board. It was therefore not relevant to create separate Compensation and Appointments Committees.

The Supervisory Board decides on the composition of the specialised committees, taking into account the skills of the Board members in the areas in question and their availability, as well as the legal requirements (Article L. 823-19 of the French Commercial Code (*Code de commerce*)) and the recommendations of the Afep-Medef Code updated in January 2020 (see § 3.1.2).

3.6.1.1 CHANGES IN THE COMPOSITION OF THE COMMITTEES OVER THE FINANCIAL YEAR

The Supervisory Board meeting of 4 May 2021:

- ◆ reappointed Mss Monique Cohen (Chairwoman) and Estelle Brachlianoff and Messrs Charles-Éric Bauer, Renaud Momméja and Alexandre Viros as members of the Audit and Risk Committee;
- ◆ reappointed Mss Dominique Senequier (Chairwoman) and Estelle Brachlianoff and Mr Matthieu Dumas as members of the CAG-CSR Committee.

SUMMARY OF CHANGES IN 2021

	Departures	Appointments	Renewals
Audit and Risk Committee			Ms Monique Cohen, Chairwoman (04/05/2021) Ms Estelle Brachlianoff (04/05/2021) Mr Charles-Éric Bauer (04/05/2021) Mr Renaud Momméja (04/05/2021) Mr Alexandre Viros (04/05/2021)
CAG-CSR Committee			Ms Dominique Senequier, Chairwoman (04/05/2021) Ms Estelle Brachlianoff (04/05/2021) Mr Matthieu Dumas (04/05/2021)

3.6.1.2 FUTURE CHANGES TO COMMITTEES

The terms of office of members of the Supervisory Board of Mss Dominique Senequier and Estelle Brachlianoff, and Mr Charles-Éric Bauer expire in 2022.

No change is currently planned in the composition of the committees, subject to the renewal of their terms as members of the Supervisory Board by the General Meeting of 20 April 2022.

3.6.2 CAG-CSR COMMITTEE

3.6.2.1 COMPOSITION AS AT 31 DECEMBER 2021

Its rules of procedure provide that the CAG-CSR Committee is composed of at least three members of the Supervisory Board with expertise in or carrying out professional activities in the areas in which the Committee performs its duties.

At least half of its members must, at the time of their appointment and for the entire term of their office, be qualified as independent under the Supervisory Board's rules of procedure. This is currently the case.

The CAG-CSR Committee does not include any Executive Corporate Officers.

The main areas of expertise and experience, and the key skills of the members of the CAG-CSR Committee are presented in the information concerning them (see § 3.4.8).

It is chaired by Ms Dominique Senequier, Vice-Chairwoman of the Board, who is independent.

Changes in the composition of the CAG-CSR Committee are presented in § 3.6.1.1.

As at 31 December 2021, the CAG-CSR Committee was composed of the following three members, including two women and one man:

2021 DATA	Personal details	Independence	Date of appointment	Expiry of term of office on the Board	Length of service on the Committee ¹	Attendance
3 MEMBERS - 6 MEETINGS - 67% INDEPENDENCE - 67% WOMEN	 Dominique Senequier (F) (Chairwoman) Nationality: French Age 68 years ¹ - 21/08/1953		04/06/2013	2022 GM	8 years	100.00%
	Estelle Brachlianoff (F) Nationality: French 49 years ¹ - 26/07/1972		04/06/2019	2022 GM	2 years	66.67%
	Matthieu Dumas (M) Nationality: French 49 years ¹ - 06/12/1972		03/06/2008	2024 GM	13 years	100.00%
				AVERAGE ATTENDANCE		88.89%²

(1) The ages and length of service indicated are determined in number of full years at 31 December 2021.

(2) This figure reflects the average attendance of the members of the CAG-CSR Committee in office as at 31 December 2021, and does not take into account members who left the Committee during the year.

3.6.2.2 RULES OF PROCEDURE

On 24 March 2010, the Supervisory Board adopted rules of procedure which specify the rules governing the composition, powers and operating procedures of the CAG-CSR Committee.

These rules of procedure are regularly reviewed to adapt to legal and regulatory changes and to take into account the recommendations of the Financial Markets Authority (AMF) and revisions to the Afep-Medef Code.

The full text of the CAG-CSR Committee's rules of procedure is made available at each update at <https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/>.

The rules of procedure of the CAG-CSR Committee were revised on 26 November 2021 (version No. 8). The main changes concern:

- ◆ the addition of new provisions for educational purposes or inspired by best stock market practices;
- ◆ more detailed description of Committee practices.

The main provisions of the CAG-CSR Committee's rules of procedure are set out in chapter 3 of the universal registration document.

3.6.2.3 OPERATION

The operation of the CAG-CSR Committee complies with the principles applicable to Board committees (see § 3.6.1).

The Chairman of the Supervisory Board can be invited to certain CAG-CSR Committee meetings in order to hear his or her opinion in matters of appointments or governance, which was not the case in 2021.

As part of its responsibilities in terms of social and environmental responsibility, a meeting dedicated to the presentation of exposure to CSR risks has been held every year since 2021 with the Audit and Risk Committee. The purpose of this joint meeting is to strengthen coordination and sharing between the two committees on this related subject.

Before each CAG-CSR Committee meeting, 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 Executive Vice-President of Corporate Development and Social Affairs, and the Group Director of Human Resources, systematically participate in the meetings of the CAG-CSR Committee. The Group Director of sustainable development participates at least twice a year for subjects relating to CSR.

The secretarial duties of CAG-CSR Committee meetings are provided by the Director of Corporate law and Stock Exchange regulations and Compliance Officer, and secretary of the Supervisory Board, under the responsibility of the Chairwoman, or by a member of the CAG-CSR Committee appointed as rapporteur by the Chairwoman.

At the first Supervisory Board meeting following a meeting of the CAG-CSR Committee, the Chairwoman gives an oral report on the Committee's work to the members of the Board, a summary of which is then included in the minutes of the Board meeting.

The CAG-CSR Committee uses the *Herboard* secure digital platform (see § 3.5.3.2).

Minutes of CAG-CSR Committee meetings are drawn up at the end of each meeting and sent to all members of the Committee, who are invited to comment. Any observations are discussed at the next Committee meeting, which approves the final text of the minutes of the previous meeting.

The CAG-CSR Committee uses a dashboard to plan and prepare its work in a balanced way over the year.

3.6.2.4 MAIN DUTIES AND WORK CARRIED OUT IN 2021

Without prejudice to the powers of the Supervisory Board, which it does not replace, the main duties of the CAG-CSR Committee and the work carried out in 2021 are as follows:

Purpose of duties	Main duties and work carried out in 2021 ¹
General	<ul style="list-style-type: none"> ◆ conduct a periodic self-assessment of its operation; ● approve the revision of the rules of procedure of the CAG-CSR Committee.
Compensation	<p><u>Compensation of the Executive Chairmen and the Supervisory Board</u></p> <ul style="list-style-type: none"> ◆ evaluate the achievement of the indicators comprising the CSR criterion for the Executive Chairmen's variable compensation; ◆ check the compliance of the actual compensation of the Executive Chairmen with the Articles of Association and the compensation policy established by the Active partner; ◆ make any proposals on the compensation policy for members of the Supervisory Board and committees; ◆ check the compliance of the planned distribution of the compensation of the members of the Supervisory Board with the compensation policy; ● assist the Supervisory Board in determining the conditions and performance criteria to be applied to awarding options to subscribe for or purchase shares, performance-based shares and/or additional pensions to the Executive Chairmen [n/a in 2021]; ◆ review the explanatory statements to the resolutions of the General Meeting on Senior Executive compensation (Say on Pay). <p><u>Compensation of the Group Executive Committee and Senior Executives</u></p> <ul style="list-style-type: none"> ◆ be consulted and prepare the recommendations of the Supervisory Board to the Executive Management on the terms of compensation (fixed compensation for 2021, actual bonus for 2020 and target bonus for 2021) of the members of the Executive Committee; ◆ approve the compensation arrangements (fixed compensation for 2021, actual bonus for 2020 and target bonus for 2021) of the Executive Corporate Officers of the French subsidiaries paid for their office; ◆ review proposals for share subscription or purchase plans and granting free share awards to Senior Executives to enable the Supervisory Board to determine the aggregate or individual number of options or shares allotted and the terms and conditions of allotment [n/a in 2021]. <p><u>Group compensation policy</u></p> <ul style="list-style-type: none"> ● review proposals for share subscription or purchase plans and granting free share awards to employees and draw up recommendations thereon to Executive Management [n/a in 2021]; ◆ examine the achievement of the performance conditions and its consequences on the number of free shares actually awarded to beneficiaries; ◆ carry out specific tasks entrusted to it by the management or supervisory bodies of the Hermès Group's main French subsidiaries [n/a in 2021]; ◆ be informed of the Company's policy with regard to gender equality and equal pay.

(1) Non-exhaustive list ◆ Annual topics ● One-off or multi-year topics

Purpose of duties	Main duties and work carried out in 2021 ¹
Appointments	<ul style="list-style-type: none"> • organise a selection procedure in conjunction with the Executive Chairmen for future independent members of the Board and carry out its own research on potential candidates [n/a in 2021]; ◆ prepare the Board's proposals to the Active partner concerning the composition of the Supervisory Board after having examined all the elements it must take into account in its deliberation: desired balance in the composition of the Board in relation to the diversity policy applied within the Supervisory Board, the composition and changes in the Company's shareholding structure, search for and assessment of potential candidates, opportunity for reappointments; ◆ set up and participate in the induction and training programme for new members of the Supervisory Board; ◆ ensure the existence of a talent succession plan, which covers the members of the Executive Committee and the Operations Committee; ◆ ensure the existence of a succession plan for the Executive Chairmen and the Chairman of the Supervisory Board and conduct an annual review.
Governance	<ul style="list-style-type: none"> ◆ propose regular updates to the governance rules taking into account the recommendations issued by the Afep-Medef Code, the application guide of the High Committee on Corporate Governance (HCGE) and the Financial Markets Authority (AMF) in its annual report on corporate governance and Senior Executive compensation; ◆ periodically verify the situation of the members of the Supervisory Board with regard to the independence criteria set by the rules of procedure, the number of directorships, potential conflicts of interest and compliance with the requirement to hold a minimum of 100 shares; ◆ review the composition of the specialised committees; ◆ determine at least annually the members of the Audit and Risk Committee with specific expertise in finance or accounting and risk management; ◆ oversee the annual debate and evaluation of Supervisory Board practices; ◆ manage the three-year formal evaluation of the Supervisory Board: decision on whether or not to use an external firm, evaluation process and questionnaire, launch of the evaluation, summary and analysis of findings, areas for improvement [n/a in 2021]; ◆ update the Supervisory Board's permanent file; • analyse related-party agreements before reclassifying them and giving an opinion to the Supervisory Board; ◆ give an opinion to the Supervisory Board on the classification of an agreement entered into under arm's length conditions; ◆ review chapter 3 on corporate governance of the universal registration document and in particular the provisions of the Afep-Medef Code that have been set aside and the related explanations; • approve the revision of the rules of procedure of the CAG-CSR Committee.
CSR	<p><u>HR challenges</u></p> <ul style="list-style-type: none"> ◆ assist the Supervisory Board in monitoring social, non-discrimination and diversity policies; ◆ be informed of the annual rankings regarding the representation of women in large companies and the criteria taken into account in their preparation; ◆ be informed of leadership development actions; ◆ be informed of the publication of the Hermès International gender equality index; • be informed of recruitment issues, employer brand and support for growth; • be informed of the Group's approach to diversity, inclusion and gender balance. <p><u>CSR challenges</u></p> <ul style="list-style-type: none"> ◆ assist the Supervisory Board in monitoring CSR issues; ◆ be informed of sustainable development and corporate social responsibility (CSR) issues, the achievements of the past financial year in relation to the objectives and the outlook; ◆ monitor non-financial performance indicators and consideration of social and environmental challenges; ◆ be regularly informed of the assessments of non-financial agencies; ◆ be informed of the content of the Non-Financial Performance Statement (NFPS); ◆ be informed, in a joint meeting with the Audit and Risk Committee, of exposure to CSR risks.

(1) Non-exhaustive list

◆ Annual topics • One-off or multi-year topics

3.6.3 AUDIT AND RISK COMMITTEE

3.6.3.1 COMPOSITION AS AT 31 DECEMBER 2021

Its rules of procedure provide that the Audit and Risk Committee is composed of at least four members of the Supervisory Board with expertise in or carrying out professional activities in the areas in which the Committee performs its duties; and in particular in terms of finance, risk management and CSR.

At least half of its members must, at the time of their appointment and for the entire term of their office, be qualified as independent under the Supervisory Board's rules of procedure. This is currently the case.

The Audit and Risk Committee does not include any Executive Corporate Officers.

It is chaired by Ms Monique Cohen, Vice-Chairwoman of the Board, who is independent and an expert in finance.

Changes in the composition of the Audit and Risk Committee are presented in § 3.6.1.1.

The main areas of expertise and experience of the members of the Audit and Risk Committee are presented in the information concerning them (see § 3.4.8).

As at 31 December 2021, the Audit and Risk Committee comprised the following five members, including two women and three men:

2021 DATA	Personal details	Independence	Date of appointment	Expiry of term of office on the Board	Length of service on the Committee ¹	Attendance
5 MEMBERS - 5 MEETINGS - 60% INDEPENDENCE - 40% WOMEN		Monique Cohen (F) (Chairwoman) Nationality: French 65 years ¹ – 28/01/1956	03/06/2014	2023 GM	7 years	100.00%
		Charles-Éric Bauer (M) Nationality: French 57 years ¹ – 09/01/1964	26/01/2005 ²	2022 GM	16 years	100.00%
		Estelle Brachlianoff (F) Nationality: French 49 years ¹ – 26/07/1972	04/06/2019	2022 GM	2 years	66.67%
		Renaud Momméja (M) Nationality: French 59 years ¹ – 20/03/1962	03/06/2008	2023 GM	13 years	100.00%
		Alexandre Viros (M) Nationality: French 43 years ¹ – 08/01/1978	04/06/2019	2024 GM	2 years	100.00%
				AVERAGE ATTENDANCE		93.33%³

(1) The ages indicated are determined in number of full years at 31 December 2021.

(2) Mr Charles-Éric Bauer was appointed to the Audit and Risk Committee before joining the Supervisory Board (before Order No. 2008-1278 of 8 December 2008 there was no law requiring Board membership).

(3) This figure reflects the average attendance of the members of the Audit and Risk Committee in office as at 31 December 2021, and does not take into account members who left the Committee during the year.

3.6.3.2 RULES OF PROCEDURE

On 24 March 2010, the Supervisory Board adopted rules of procedure which specify the rules governing the composition, powers and operating procedures of the Audit and Risk Committee.

These rules of procedure are regularly reviewed to adapt to legal and regulatory changes and to take into account the recommendations of the Financial Markets Authority (AMF) and revisions to the Afep-Medef Code.

The full text of the Audit and Risk Committee rules of procedure is made available at each update at <https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/>.

The rules of procedure of the Audit and Risk Committee were revised on 26 November 2021 (version No. 6). The main changes concern:

- ♦ the addition of new provisions for educational purposes or inspired by best stock market practices;
- ♦ more detailed description of Committee practices.

The main provisions of the Audit and Risk Committee's rules of procedure are set out in this chapter 3 of the universal registration document.

3.6.3.3 OPERATION

The operation of the Audit and Risk Committee complies with the principles applicable to the Supervisory Board committees (see § 3.6.1).

The Audit and Risk Committee meets as many times as necessary and usually six times per financial year, including once before the approval of the annual financial statements by the Executive Management and once before the review of the half-yearly financial statements by the Supervisory Board.

As part of its responsibilities in terms of social and environmental responsibility, a meeting dedicated to the presentation of CSR risk exposure has been held every year since 2021 with the CAG-CSR Committee. The purpose of this joint meeting is to strengthen coordination and sharing between the two committees on this related subject.

The Audit and Risk Committee meets when convened by its Chairwoman, who sets the agenda of the meeting in writing or verbally, in any location indicated in the notice of meeting.

Before each Audit and Risk Committee meeting, 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 Executive Vice-President of Corporate Development and Social Affairs, systematically participates in the meetings of the Audit and Risk Committee.

The Director of Audit and risk management, is responsible for the Secretariat under the responsibility of the Chairwoman.

The Statutory Auditors attend the two meetings relating to the review of the annual and half-year financial statements.

At the first Supervisory Board meeting following a meeting of the Audit and Risk Committee, the Chairwoman gives an oral report on the Committee's work to the members of the Board, a summary of which is then included in the minutes of the Board meeting.

The Audit and Risk Committee uses the *Herboard* secure digital platform (see § 3.5.3.2).

Minutes of Audit and Risk Committee meetings are prepared at the end of each meeting and sent to all members of the Committee.

3.6.3.4 MAIN DUTIES AND WORK CARRIED OUT IN 2021

In accordance with Article L. 823-19 of the French Commercial Code (*Code de commerce*) and without prejudice to the powers of the Supervisory Board, which it does not replace, the main duties of the Audit and Risk Committee performed in 2021 are as follows:

Purpose of duties	Main duties and work carried out in 2021 ⁽¹⁾
Impact of the health crisis	<ul style="list-style-type: none"> ◆ be informed of the impact of Covid-19 on the activities of the audit and risk management department.
General	<ul style="list-style-type: none"> ◆ conduct a periodic self-assessment of its operation; ◆ approve the revision of the rules of procedure of the Audit and Risk Committee.
Preparation of accounting and financial information	<ul style="list-style-type: none"> ◆ be informed of the budget for the financial year; ◆ review and comment on the parent company and consolidated financial statements before they are approved by Executive Management and presented to the Supervisory Board; ◆ note the consensus of financial analysts on the full-year and interim results; ◆ review press releases on quarterly revenue, full-year and interim results; ◆ ensure that the accounting policies applied are relevant and consistent; ◆ verify that internal data collection and control procedures guarantee the quality of the information provided; ◆ review the work programme and results of internal and external audit assignments; ◆ monitor the process of preparing financial information and, where appropriate, make recommendations to ensure its integrity, ◆ monitor the effectiveness of internal control and risk management systems and internal audits regarding the procedures for preparing and processing accounting, financial and non-financial information without jeopardising its independence.
Audit of accounting and financial information and the Statutory Auditors	<ul style="list-style-type: none"> • issue a recommendation to the Supervisory Board on the Statutory Auditors proposed for appointment or renewal by the General Meeting [<i>n/a in 2021</i>]; ◆ monitor the performance by the Statutory Auditors of their assignment (audit approach, audit conclusions, presentation of the Board's fees); ◆ ensure that the Statutory Auditors comply with the independence conditions; ◆ hold in closed session with the Statutory Auditors; ◆ approve, on a case-by-case basis, the provision by the Statutory Auditors of services other than the certification of the financial statements; ◆ report on the results of the engagement regarding the certification of the financial statements, on the way the engagement contributed to the integrity of the financial reporting and the role it has played in this process.

(1) Non-exhaustive list

◆ Annual topics • One-off or multi-year topics

Purpose of duties	Main duties and work carried out in 2021 ¹
Control of risk exposure and prevention of corruption	<ul style="list-style-type: none"> ◆ be informed of the security system and receive feedback on incidents in the financial year ended; ◆ be informed of the results of risk management, audit and internal control activities; ◆ be informed of the audit plan; ◆ regularly review exposure to risks such as financial, legal, operational, social and environmental risks and the actions taken as a result; ◆ be informed, in a joint meeting with the CAG-CSR Committee, of exposure to CSR risks; ◆ be informed of personal data risks and the corresponding action plans; ◆ be informed of operational risk mapping: in 2021, digital and the American subsidiary Hermès Of Paris; ◆ be informed of the Group risk mapping and the corresponding action plans; ◆ be informed annually, on the basis of the risk mapping, of IT risks, in particular cyber risks, and the corresponding action plans; ◆ proofread chapter 4 “Risk factors and management” of the universal registration document; ◆ be informed of the update of the plan to prevent and fight against corruption; ◆ ensure the implementation of a system for the prevention and detection of corruption and influence-peddling and be informed of changes to the corruption prevention programme; • be informed of the establishment of a new banking relationship.
(1) Non-exhaustive list	<ul style="list-style-type: none"> ◆ Annual topics • One-off or multi-year topics

As part of its missions, the Audit and Risk Committee heard from the Executive Vice-President Finance, both with regard to the accounting data and treasury data, the Director of Consolidation, the Director of Audit and risk management, the Director of Group Safety, the Director of Group IT, the Director of Group Treasury, the Director of Financial

Communication and Investor Relations, the Director of Hermès Commercial and his team, the Director of Hermès Bijouterie and her team, the Director of Legal Compliance, the Data Protection Officer and the Statutory Auditors.

3.7 EVALUATION OF THE SUPERVISORY BOARD AND COMMITTEES

3.7.1 METHODOLOGY

3.7.1.1 WHETHER OR NOT TO USE AN EXTERNAL ADVISOR

During the formal 2019 assessment, the CAG-CSR Committee considered it undesirable to call on an outside firm to conduct a formal evaluation of the Supervisory Board for the following reasons:

- ◆ confidentiality concerns raised by giving information on the Supervisory Board to a third party;
- ◆ the relative absence of weak signals raised by previous evaluations;
- ◆ progress in terms of governance over the last six years;
- ◆ the small amount of added value expected from an external firm, particularly given the specific nature of a *société en commandite par actions* (partnership limited by shares), which offers few comparables.

3.7.1.2 EVALUATION PROCESS

The assessment is carried out, in accordance with the recommendations of the Afep Medef Code revised in 2020 (Article 10.3), as follows:

- ◆ once a year, the Supervisory Board discusses its operation;
- ◆ a formal evaluation is carried out every three years. It is implemented, under the direction of the CAG-CSR Committee, with the help of the Secretary of the Board;
- ◆ the shareholders are informed each year in the corporate governance report of the performance of the assessments and, where applicable, the follow-up given to them.

3.7.1.3 EVALUATION OBJECTIVES

The evaluation must have three objectives (Article 10.2 of the Afep-Medef Code updated in January 2020):

- ◆ review the Board's operating procedures;
- ◆ check that key issues are properly prepared and discussed;
- ◆ measure the effective contribution of each Board member to the work of the Board by virtue of his or her skills and involvement in discussions.

3.7.2 CHANGES SINCE THE LAST EVALUATIONS

3.7.2.1 THREE-YEARLY FORMAL EVALUATION IN 2019

The results and areas identified for improvement during the last three-year formal self-assessment of the Supervisory Board and committees, which took place in 2019, are detailed in the 2019 universal registration document (pages 246 to 248).

The analysis of the results of the last formal evaluation showed:

- ◆ a very positive assessment of the Board's operations and work;
- ◆ progress on many points since the last assessment in 2016 for both the Board and the committees;
- ◆ all members made satisfactory individual contributions and were sufficiently available;

- ◆ the new digital questionnaire is easy to use and well-liked.

The improvements requested by the members of the Board during the previous evaluations have been implemented.

The next formal self-assessment of the Board and committees will take place in 2022.

3.7.2.2 ANNUAL INFORMAL EVALUATION IN 2020

At the time of the informal annual evaluation in 2020, the Supervisory Board considered that its operation and that of its committees continued to be very satisfactory. During the 2021 financial year, a number of actions were taken to meet the expectations expressed in 2020.

Areas identified for improvement in the evaluation in 2020

Actions taken in 2021

Supervisory Board

Better sharing of all pre- and post-meeting presentation materials and information on the subjects dealt with by the Board in previous years.

Signed minutes and presentations made during meetings (except for confidentiality issues) are systematically distributed on *Herboard*.

An in-depth study of certain subjects: human resource challenges, the customer (journey and store experience), business sector, stock market experience.

A major annual theme "HR Strategy" was presented to the Board in 2021. Strengthening of HR challenges monitored by the CAG-CSR Committee (see below). A major annual theme, "Analysis of customer behaviour and the customer experience", has been included in the Board's agenda for 2022. Once a year, starting in 2022, a presentation will be made to the Board on the stock market performance of the Company over the past year, in comparison with its competitors.

The ability to follow additional training courses.

All SB members are members of the IFA and can request (via the secretary of the Board) that they follow one of their training courses.

CAG-CSR Committee

Continue to regularly address the topic of "talent management" while incorporating other issues such as the Group's ability to absorb the growth in its workforce and the Group's policy in the areas of inclusion and diversity.

The CAG-CSR Committee will regularly address the topic of "talent management" while integrating other HR challenges into the discussions. In 2021, the Committee was informed in particular of:

- ◆ recruitment issues, employer brand and support for growth;
- ◆ the Group's approach to diversity, inclusion and gender equality.

Audit and Risk Committee

Receive more information in advance of meetings, have comparables with the practices of Audit Committees and benefit from being able to put financial operations (M&A) into perspective in the strategy.

Presentations made during meetings (except for confidentiality issues) are systematically distributed on *Herboard*.

An analysis of market practices (EY governance overview and the *Grand Prix de la transparence* criteria) was presented to the Audit and Risk Committee in 2021. Financial transactions are discussed when the annual and half-year financial statements are presented to the Committee.

3.7.3 ANNUAL DISCUSSION IN 2021 ON THE FUNCTIONING OF THE BOARD

3.7.3.1 EVALUATION OF THE SUPERVISORY BOARD IN 2021

In late 2021, the Chairman of the Supervisory Board met individually with each member of the Supervisory Board in order to discuss the functioning of the Board since the last assessment and to assess the individual contribution of its members.

Positive points:

The summary of these meetings shows a very positive assessment of the Board's operations.

The members praised:

- ◆ the general functioning of the Board, the quality of presentations and reporting, the time allocated to discussions, freedom of expression, the quality of the information shared, openness to dialogue with management;
- ◆ the very high quality of the reports on the work carried out by the specialised committees;
- ◆ the quality of the Board files, the improvement in the deadline for sending documents, the proper delivery of advice under the conditions imposed by Covid-19 (video/mixed);
- ◆ they also showed a keen interest in specific presentations dedicated to in-depth topics as well as site visits, which they consider very enriching. They would like to see this practice continue.

Areas identified for improvement:

Some members would like to see changes on the following points, which the Board has decided to adopt as areas for improvement for the future:

- ◆ continue to set a timetable and distribute it at least one year in advance;
- ◆ reorganise the annual programme in order to avoid the review of a major theme when a Joint Council is held.

3.7.3.2 EVALUATION OF THE CAG-CSR COMMITTEE IN 2021

As every year, in 2021 the CAG-CSR Committee discussed its operation.

Positive points:

This self-assessment showed that it was operating satisfactorily.

The Committee members acknowledged that the areas for improvement identified during the 2020 evaluation of the work of the CAG-CSR Committee had been taken into account (see § 3.7.2.2).

Areas identified for improvement:

No new areas were identified for improvement.

3.7.3.3 EVALUATION OF THE AUDIT AND RISK COMMITTEE IN 2021

As every year, in 2021 the Audit and Risk Committee discussed its operation.

Positive points:

This self-assessment showed that it was operating satisfactorily.

The members of the Committee acknowledged that the areas for improvement identified during the 2020 evaluation of the work of the Audit and Risk Committee had been taken into account (see § 3.7.2.2).

Areas identified for improvement:

No new areas were identified for improvement.

In view of the findings of the above analysis, the Supervisory Board deemed its functioning and that of its committees to be very satisfactory overall.

3.8 COMPENSATION AND BENEFITS OF CORPORATE OFFICERS

3.8.1 COMPENSATION POLICY FOR THE EXECUTIVE CHAIRMEN (EXECUTIVE CORPORATE OFFICERS) AND MEMBERS OF THE SUPERVISORY BOARD (NON-EXECUTIVE CORPORATE OFFICERS)

System applicable since 2020

Order No. 2019-1234 of 27 November 2019 created a new mechanism applicable to *sociétés en commandite par actions* (Partnerships limited by shares) as regards Corporate Officers compensation.

This text came into force for the Company from the date of the Combined General Meeting of 24 April 2020.

The new system is based on a dual vote by the Ordinary General Meeting and the Active partner:

- ◆ an initial annual *ex-ante* vote will be taken on the **compensation policy** for Corporate Officers (i.e. the Executive Chairmen and members of the Supervisory Board). This policy must set out the principles and criteria, aligned with the interests of the Company, determining the compensation of Corporate Officers. The policy is binding, which means that compensation paid to Corporate Officers is confined to that set out in a previously approved compensation policy.

If a new compensation policy is rejected, the most recent approved policy continues to apply and a revised compensation policy is submitted to the Company's next Ordinary General Meeting. In the absence of a previously approved compensation policy, compensation is determined in accordance with the compensation granted for the previous financial year or, in the absence of compensation granted for the previous financial year, in accordance with existing practices within the Company.

In exceptional circumstances, it is possible to depart from the application of the compensation policy if this departure is temporary, aligned with the corporate interest and necessary to guarantee the Company's sustainability or viability;

- ◆ a second *ex-post* vote is taken on the content of the **corporate governance report** setting out the compensation paid or awarded to Corporate Officers during the prior financial year, as well as certain additional information, in particular equity ratios.

Several resolutions must be presented:

- a resolution (global *ex-post* vote) relating to the information referred to in Article L. 22-10-9, I of the French Commercial Code (*Code de commerce*), for all Corporate Officers (i.e. the Executive Chairmen, the Chairman of the Supervisory Board and the other members of the Supervisory Board). This information reflects, for each of these officers, the actual application of the compensation policy for the past financial year, including details of the compensation and benefits paid or awarded.

If rejected, a revised compensation policy is submitted to the Company's next Ordinary General Meeting. The payment of compensation to Supervisory Board members for the current financial year (formerly termed "directors' fees") is suspended until a revised compensation policy is approved. If the revised compensation policy is rejected, the suspended amounts are not paid and the compensation of the members of the Supervisory Board for the current financial year is suspended,

- a resolution (individual *ex-post* vote) for each Executive Chairman and a resolution for the Chairman of the Supervisory Board concerning the total compensation and benefits of any kind paid during or awarded in respect of the prior financial year (Supervisory Board members are not subject to individual votes). The payment of the variable and exceptional portion of the compensation of the relevant person is subject to the prior approval of the resolution concerning him/her.

3.8.1.1 GENERAL PRINCIPLES OF THE COMPENSATION POLICY FOR CORPORATE OFFICERS

Pursuant to paragraph 4 of Article L. 22-10-76, I of the French Commercial Code (*Code de commerce*), resulting from the aforementioned order, we hereby present the compensation policy for Corporate Officers (Executive Chairmen and members of the Supervisory Board).

This policy describes all components of fixed and variable compensation and explains the decision-making process applied for its determination, review and implementation.

The operating rules specific to *sociétés en commandite par actions* (*Partnerships limited by shares*) and the Company's governance system have resulted in the establishment of the compensation policy for Senior Executives (Executive Chairmen) and other Corporate Officers (Supervisory Board members) being entrusted to the Active partner and the Supervisory Board respectively.

After outlining the general principles applicable to all Corporate Officers, we will present the specific principles of the compensation policy for the Executive Chairmen, then the specific principles of the compensation policy for the members of the Supervisory Board.

In application of Article L. 22-10-77, II of the French Commercial Code (*Code de commerce*), the compensation policy for Corporate Officers will be the subject of two separate resolutions at the General Meeting of 20 April 2022: the first will deal with the compensation policy for the Executive Chairmen and the second with the compensation policy for the members of the Supervisory Board.

3.8.1.1.1 Manner in which the compensation policy respects the interests of the Company and contributes to the Company's commercial strategy and sustainability (Article R. 22-10-40, I-1° of the French Commercial Code)

The compensation policies for the Executive Chairmen and Supervisory Board members are aligned with the corporate interest and contribute to the Company's commercial strategy and sustainability for the following reasons:

As regards the Executive Chairmen:

- ◆ since the Company's transformation into a *société en commandite par actions* (partnership limited by shares), the maximum amount of variable compensation set by the Articles of Association ("statutory compensation") of the Executive Chairmen has been determined by the Articles of Association (Article 17);
- ◆ the maximum amount of fixed ("additional") compensation of the Executive Chairmen and its indexation were determined by the Ordinary General Meeting of 31 May 2001;

- ◆ the compensation of the Executive Chairmen is determined on the basis of clear, quantifiable criteria (notably growth in revenue and change in consolidated net income before tax, as described in § 3.8.1.2.4 below) that are relevant to its business model and have remained unchanged for a considerable number of years;

- ◆ the variable compensation is subject in part (10%) to a CSR criterion reflecting the Group's firm and ongoing commitments to sustainable development (for the composition of the CSR criterion, see § 3.8.1.2.4);
- ◆ the composition of compensation is simple and clear – fixed and variable compensation, without resorting to complex deferred compensation mechanisms and without guaranteeing a minimum variable compensation in the event of a poor economic performance by the Company;
- ◆ the Executive Management Board of Émile Hermès SAS, Active partner, sets the actual amount of each Executive Chairman's annual compensation as per the Articles of Association ("statutory compensation"). To this end, it uses the recommendations of the CAG-CSR Committee and in particular, in addition to the level of achievement of CSR criteria, takes into account in its decision the performance achieved by the Group in respect of the previous financial year, the strategic challenges in respect of the Group's medium- and long-term development and the competitive environment in which it operates.

As regards the members of the Supervisory Board:

- ◆ the principles governing allocation set out in the compensation policy for members of the Supervisory Board result in amounts being awarded on the basis of the tasks entrusted to them and their attendance at meetings;
- ◆ these principles are periodically reviewed in line with market practices.

3.8.1.1.2 Manner in which the conditions of compensation and employment of the Company's employees are taken into account in the decision-making process (Article R. 22-10-40, I-3° of the French Commercial Code)

The conditions of compensation and employment of the Group's employees are described in chapter 2 "Corporate social responsibility", § 2.2.

With regard more specifically to the conditions governing compensation, Hermès' economic successes are regularly shared with all Group employees, both in France and around the world, in various forms. The aim is to acknowledge the contribution made by employees to the House's development, regardless of their role in the value-creation chain, in order to share the benefits of our growth over the long term.

The Group's policy is to allow its employees to benefit from its long-term growth prospects through various mechanisms:

- ◆ in general, in all the countries where the Company operates, its employees are paid in line with market standards in terms of their total compensation;
- ◆ the Company also offers its employees:
 - employee shareholding plans: such plans have been in place for many years (the first plan dates back to 1993) and acknowledge the contribution made by employees to the House's development, regardless of their role or geographical location, by providing a single component of compensation in order to share the benefits of our growth, enabling employees to identify more closely with decisions having an impact on Hermès' long-term growth,
 - incentive schemes involving employees with the development of locally determined indicators that are relevant with regard to the activity and environment of each of the French subsidiaries, notably quality, safety and productivity,
 - a Group profit-sharing agreement giving all employees of companies in France a share of the Group's profits in a harmonised manner,
 - other mechanisms enabling employees of foreign subsidiaries to benefit from additional compensation adapted to local performance and practices,
 - lastly, voluntary and supra-legal social protection and pension plans, set up by the subsidiaries in order to supplement the employer offer in a comprehensive and competitive manner and to offer compensation and social protection schemes in the short, medium and long term.

The Group's employee compensation policy is ambitious and comprehensive; it incorporates a wide range of compensation tools.

The budget guidelines for wage increases during the annual salary review take account of inflation and changes in local wage markets. Particular attention is paid to gender equality and gaps in relation to the market (internal and external). Specific budgets may be provided if adjustments are necessary.

The desire to reward both collective and individual performance can also be seen in the development of variable compensation at both individual and collective levels in recent years.

3.8.1.1.3 Measures to avoid or manage conflicts of interest (Article R. 22-10-40, I-2° of the French Commercial Code)

A number of measures have been implemented to prevent possible conflicts of interest:

- ◆ the maximum amount of variable compensation set by the Articles of Association ("statutory compensation") of the Executive Chairmen is determined by the Articles of Association (Article 17);
- ◆ the maximum amount of fixed ("additional") compensation of the Executive Chairmen and its indexation were determined by the Ordinary General Meeting of 31 May 2001;
- ◆ since its creation on 24 March 2010, the CAG-CSR Committee of the Supervisory Board of Hermès International has been tasked each year with ensuring that compensation paid to the Executive Chairmen complies with the provisions of the Articles of Association and the decisions made by the Active partner;
- ◆ changes to the two components of the compensation of Executive Chairmen depend on objective and comprehensible quantifiable qualitative criteria unaltered for many years, that are public and predefined by nature, as described in § 3.8.1.2;

- ◆ when setting the actual amount of each Executive Chairman's compensation set by the Articles of Association ("statutory compensation"), the Executive Management Board of Émile Hermès SAS uses the recommendations of the CAG-CSR Committee and takes into account in its decision the performance achieved by the Group in respect of the prior financial year, the strategic challenges in respect of the Group's medium- and long-term development and the competitive environment in which it operates;
- ◆ since 2020, the compensation policy for the Executive Chairmen has been subject to the advisory opinion of the Supervisory Board and the approval of the General Meeting, and the actual compensation of the Executive Chairmen is subject to a decision by the Supervisory Board.

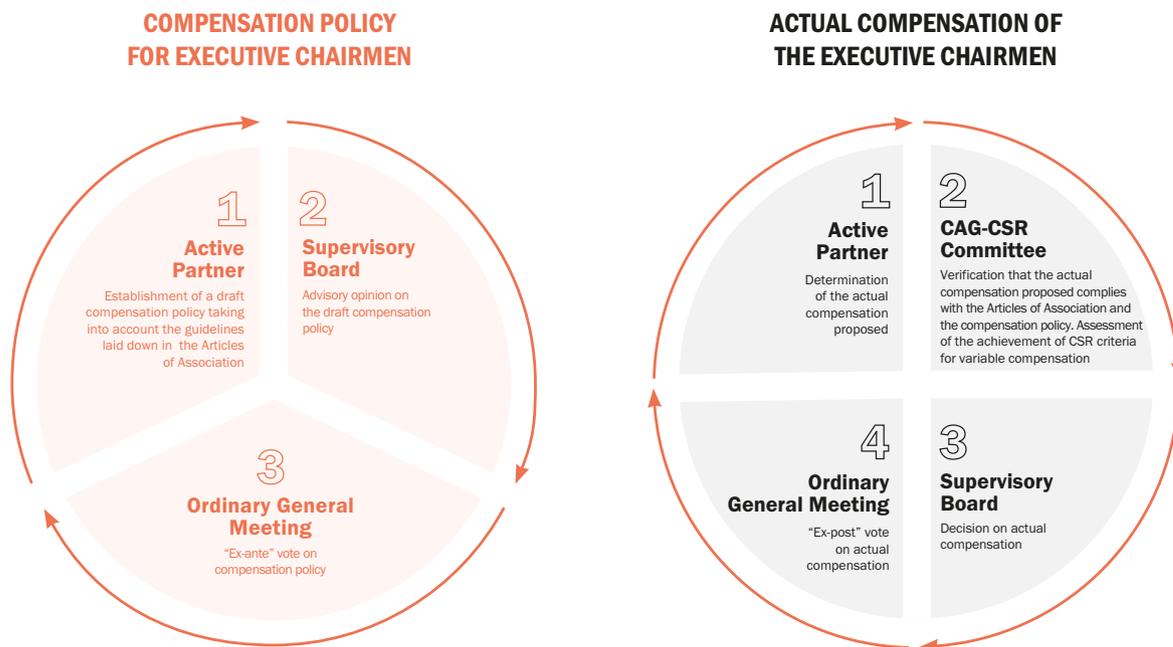
3.8.1.1.4 Disclosure of compensation of Corporate Officers

Pursuant to Article R. 22-10-40, V of the French Commercial Code (*Code de commerce*), the compensation policy for Corporate Officers, together with the date and result of the last *ex-ante* vote in the General Meeting, is disclosed on the Company's financial website <https://finance.hermes.com/en/corporate-officers> on the business day following the date of the vote.

Pursuant to Article 26.1 of the Afep-Medef Code updated in January 2020, all potential or vested compensation of the Executive Chairmen is disclosed on the Company's financial website <https://finance.hermes.com/en/corporate-officers> immediately after the meeting of the Executive Management Board of Émile Hermès SAS, Active partner, that approved it.

3.8.1.2 SPECIFIC PRINCIPLES APPLICABLE TO THE COMPENSATION POLICY FOR THE EXECUTIVE CHAIRMEN (EXECUTIVE CORPORATE OFFICERS)

Decision-making process followed for its determination, review and implementation applicable since the 2020 General Meeting



Decision-making process relating to the establishment of the Executive Chairmen's compensation policy (Article R. 22-10-40, I-2° of the French Commercial Code)

The components of the Executive Chairmen's compensation policy are established by Émile Hermès SAS, Active partner. The decision is made by taking into account the principles and conditions provided for in Article 17 of the Articles of Association with respect to the variable compensation set by the Articles of Association ("statutory compensation") and, by reference to the Articles of Association, the decision of the Ordinary General Meeting of 31 May 2001 with respect to fixed ("additional") compensation.

It is submitted to the Supervisory Board for an advisory opinion.

Since 2020, the compensation policy for the Executive Chairmen is submitted each year to the Ordinary General Meeting for approval (*ex-ante* vote).

3.8.1.2.1 Changes made to the compensation policy of the Executive Chairmen since the last General Meeting (Article R. 22-10-40, I-5° of the French Commercial Code)

The General Meeting of 4 May 2021 approved, at 94.12% and without reservation, the compensation policy for the Executive Chairmen.

Since then, no changes have been made to the compensation policy for the Executive Chairmen.

Decision-making process followed for the determination of the actual compensation of the Executive Chairmen (Article L. 22-10-76 of the French Commercial Code)

The actual amount of the Executive Chairmen's compensation is determined each year by Émile Hermès SAS, Active partner, in accordance with the approved compensation policy, which is then submitted to the Supervisory Board for approval.

The CAG-CSR Committee of the Supervisory Board:

- ◆ evaluates the achievement of the indicators comprising the CSR criterion for Executive Chairmen's variable compensation;
- ◆ checks that the actual compensation of the Executive Chairmen complies with the Articles of Association and the compensation policy.

Since 2020, the actual overall compensation of Corporate Officers (including that of the Executive Chairmen) and the actual individual compensation of each Executive Chairman will be subject, each year, to approval by the Ordinary General Meeting (*ex-post* votes).

3.8.1.2.2 Terms of application to newly appointed or reappointed Executive Chairmen (Article R. 22-10-40, I-6° of the French Commercial Code)

The term of office of the Executive Chairmen is indefinite under the terms of the Articles of Association, and is therefore not subject to renewal.

The compensation policy would apply to newly appointed Executive Chairmen on a *pro rata* basis in accordance with their presence during the first year of their term.

3.8.1.2.3 Exceptions to the application of the compensation policy (Article R. 22-10-40, I-7° of the French Commercial Code)

In the event that exceptional circumstances should arise, the Executive Management Board of Émile Hermès SAS is authorised, under the conditions provided for by law, to waive the application of the compensation policy used to set the variable compensation of the Executive Chairmen, within the limit authorised by the Articles of Association, and after the favourable opinion of the Supervisory Board.

3.8.1.2.4 Specific elements comprising the compensation policy for the Executive Chairmen (Article R. 22-10-40, II of the French Commercial Code)

Pursuant to Articles L. 22-10-76 and R. 22-10-40, II of the French Commercial Code (*Code de commerce*), we set out below the specific components comprising the compensation policy for the Executive Chairmen.

When the office is taken up

No such commitment exists.

During their term of office

The term of office of the Executive Chairmen is open-ended. The Executive Chairmen may be dismissed by a decision of the Active partner.

Annual fixed and variable compensation and respective importance – CSR criterion for variable compensation

In accordance with the principles set out in Article 17 of the Articles of Association, each Executive Chairman is entitled to fixed compensation (referred to as “additional” in the Articles of Association) for which the maximum amount is determined by the Ordinary General Meeting with the unanimous approval of the Active partners and, potentially, variable compensation set by the Articles of Association (“statutory compensation”):

- 1) fixed compensation (referred to as “additional compensation” in the Articles of Association) was introduced by the Ordinary General Meeting of 31 May 2001, which set a limit of €457,347.05, and provided for it to be indexed upwards only, in accordance with any increase in consolidated revenue for the previous financial year over the year prior to that, at constant scope and exchange rates. Fixed compensation is, therefore, set on an annual basis. In accordance with this principle and to facilitate understanding of how the additional compensation of Executive Chairmen is calculated before indexing, it is referred to as “fixed compensation” by analogy with market practices;
- 2) the calculation of the variable compensation (referred to as “compensation set by the Articles of Association (“statutory compensation”)”) – set by Article 17 of the Articles of Association – has remained constant since the IPO on 3 June 1993. This compensation is capped at 0.20% of the consolidated net income before tax generated in the previous financial year. This mode of determination naturally leads to a strict variability in the compensation set by the Articles of Association (“statutory compensation”) of Executive Chairmen, in a transparent way and without any guarantee of a minimum amount. With the aim of clarity, the compensation set by the Articles of Association (“statutory compensation”) of the Executive Chairmen is referred to as “variable compensation”, by analogy with market practices.

The variable compensation of the two Executive Chairmen is partially conditioned (10%) on a “CSR” criterion reflecting the Group’s stated and constant commitments in respect of sustainable development. The CSR criterion contributes to the objectives of the Executive Chairmen’s compensation policy.

This new way of structuring the variable component of compensation was applied for the first time when evaluating variable compensation owing for 2019, which was measured and paid in 2020.

The indicators making up the CSR criterion relate to the following:

- ♦ decoupling between business growth at constant scope and exchange rates and the evolution of industrial energy consumption (quantifiable environmental criterion);
- ♦ actions implemented in favour of the Group’s local integration in France and throughout the world, excluding major cities (qualitative societal criterion);
- ♦ Group initiatives in favour of gender balance (qualitative social criterion).

The Executive Management Board of Émile Hermès SAS, Active partner, sets the actual amount of the annual compensation of each Executive Chairman, not exceeding the maximum amount of the approved compensation policy defined herein, and in accordance with the criteria and targets set out in § 3.8.1.1 and § 3.8.1.2, as follows:

- ♦ target variable compensation as set by the Articles of Association (“statutory compensation”) is set by applying the strict variability of the consolidated net income before tax, 10% of which is conditional on the achievement of the targets making up the CSR criterion (see above);
- ♦ fixed (“additional”) compensation is set by applying the strict variability, upwards only, of revenue to the compensation of the previous financial year;
- ♦ the other components of compensation are set in strict application of the compensation policy for the Executive Chairmen.

The two components of the Executive Chairmen’s compensation are changed according to clear and objective quantifiable criteria, unaltered for many years, that are publicly available and predefined by nature, as described in paragraphs 1 and 2 above.

Thus, no minimum variable compensation set by the Articles of Association (“statutory compensation”) is guaranteed for the Executive Chairmen.

The quantifiable criteria are paramount in the calculation of the variable compensation of the Executive Chairmen.

The Executive Management Board of Émile Hermès SAS, Active partner, relies on the recommendations of the CAG-CSR Committee.

Mr Henri-Louis Bauer, the Legal Representative of Émile Hermès SAS (Executive Chairman), does not personally receive any compensation from Hermès International. He receives compensation from Émile Hermès SAS for his functions as Executive Chairman of this company, which is unrelated to the appointment of Émile Hermès SAS as Executive Chairman of Hermès International.

The Executive Chairmen do not receive any compensation or benefits of any kind from the subsidiaries of Hermès International.

The breakdown of the actual compensation of the Executive Chairmen for the last two financial years is shown in § 3.8.4.2.

Each year, the CAG-CSR Committee of the Supervisory Board of Hermès International is tasked with ensuring that the Executive Chairmen's compensation is compliant with the Articles of Association and the compensation policy.

No predetermined weighting is applied with respect to fixed and variable compensation, which depend on the components described above.

HISTORY OF FIXED AND VARIABLE COMPENSATION PAID TO EXECUTIVE CHAIRMEN OVER THE LAST THREE FINANCIAL YEARS AND RESPECTIVE IMPORTANCE

Mr Axel Dumas	2021	Proportion (not pre-established)	2020	2019
Fixed compensation (referred to as "additional" in the Articles of Association)	€1,623,378	51.01%	€1,623,378	€1,623,378
Variable compensation set by the Articles of Association ("statutory compensation") awarded in respect of the previous financial year	€1,559,319	48.99%	€1,780,045	€1,780,045
<i>of which CSR criterion</i>		10.00%		<i>n/a</i>
TOTAL	€3,182,697	100.00%	€3,403,423	€3,403,423

Émile Hermès SAS	2021	Proportion (not pre-established)	2020	2019
Fixed compensation (referred to as "additional" in the Articles of Association)	€551,850	43.15%	€551,850	€551,850
Variable compensation set by the Articles of Association ("statutory compensation") awarded in respect of the previous financial year	€727,153	56.85%	€830,083	€830,083
<i>of which CSR criterion</i>		10.00%	<i>n/a</i>	<i>n/a</i>
TOTAL	€1,279,003	100.00%	€1,381,933	€1,381,933

n/a: not applicable

Methods for assessing the achievement of performance criteria for variable compensation or share-based compensation (Article R. 22-10-40, I-4° of the French Commercial Code)

The variable compensation set by the Articles of Association ("statutory compensation") of the Executive Chairmen is evaluated in accordance with the change in consolidated net income before tax for the prior financial year compared with the preceding financial year, and conditioned in the proportion of 10% on the achievement of the CSR criterion.

The evaluation of the amount of compensation subject to the CSR criterion is limited to a target of 100%, with no possibility of exceeding that limit.

Each of the three indices mentioned in § 3.8.1.2.4 "Annual fixed and variable compensation and respective importance – CSR criterion for variable compensation":

- ◆ shall count as one-third of the CSR criterion;
- ◆ has an annual reference period;
- ◆ is subject to an annual evaluation of their achievement by the CAG-CSR Committee.

Deferred or multi-year variable compensation

The allocation to Executive Chairmen of deferred or multi-year variable compensation is not provided for.

Exceptional compensation

The allocation of exceptional compensation to the Executive Chairmen is not provided for.

Share-based compensation (Article R. 22-10-40, II-2° of the French Commercial Code)

The current compensation policy does not provide that the Executive Chairmen are entitled to share-based compensation.

In accordance with Article 25.3.3 of the Afep-Medef Code, Executive Chairmen who are natural persons and who are beneficiaries of stock options and/or performance-based shares must make a formal commitment not to hedge their risk on options or on shares resulting from the exercise of options or on performance-based shares, until the end of the share retention period.

Mr Axel Dumas, the only eligible Executive Chairman, has not received any stock options or performance-based shares since he was appointed Executive Chairman.

Émile Hermès SAS, a legal entity, is not eligible for the stock option or performance-based share plans.

Employment contract

In order to comply with the Afep-Medef Code, Mr Axel Dumas decided on 5 June 2013 to end his employment contract with immediate effect when he was appointed Executive Chairman of Hermès International.

Service agreements

No Executive Chairman directly or indirectly invoices services to the Company.

Compensation of Board members (formerly termed "directors' fees") in the Company and the Group's subsidiaries

The Executive Chairmen do not receive any compensation as Board members (formerly termed "directors' fees") paid by the Company or by the subsidiaries of the Group.

Similarly, note that the Group's allocation rules specify that the members of the Executive Committee of Hermès International who are directors in subsidiaries do not receive compensation in that capacity.

Death and disability plan

Mr Axel Dumas is eligible for the mandatory collective death and disability plan established by the Group for the benefit of all staff of French entities that have joined this plan (decision taken 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 reference compensation in the case of Category 1 disability and 85% of reference compensation in the case of Category 2 or 3 disability. The reference compensation (gross annual compensation) is capped at 8x the annual social security ceiling (PASS). The payment of the disability pension is discontinued when the recipient in question is no longer categorised as having the disability or permanent impairment and, at the latest, on the day of the normal or early liquidation of an old age insurance pension from the mandatory retirement plan, for any reason whatsoever;
- (ii) a death benefit equal to a maximum of 380% of the reference compensation, capped at 8x PASS, depending on the family situation;
- (iii) contributions paid to the insurer are split between the Company (1.54% for tranche A, and 1.64% for tranches B and C) and the beneficiary (1.06% for tranche A and 1.16% for tranches B and C);
- (iv) these contributions are deductible from the corporation tax base, subject to corporate social contributions at the rate of 8%, and excluded from the base for social security contributions, within the limit of an amount equal to the sum of 6% of PASS and 1.5% of compensation retained within the limit of 12x PASS.

Benefits of any kind

Mr Axel Dumas has a company car constituting his only benefit in kind.

Mr Axel Dumas benefits from the mandatory collective healthcare plan implemented by the Group for the benefit of all staff of French entities that have joined this plan (decision made by the Supervisory Board on 19 March 2014).

Émile Hermès SAS does not receive any benefits in kind.

At the end of the term of office

Severance payment

The Company has pledged to pay Mr Axel Dumas compensation in an amount equal to 24 months of total compensation (variable compensation set by the Articles of Association ("statutory compensation") and fixed ("additional") compensation) in the case of termination of his appointment as Executive Chairman (decision taken by the Supervisory Board on 4 June 2013 and approved by the General Meeting of 3 June 2014 – tenth resolution "Approval of the commitments due to Mr Axel Dumas on termination of his appointment as Executive Chairman" – pursuant to Article L. 225-42-1 of the French Commercial Code (Code de commerce) applicable at that date).

The payment of a severance payment is subject to the termination of duties as Executive Chairman resulting:

- ♦ either from a decision taken by Mr Axel Dumas by reason of a change of control over the Company, a change in the Chairman of Émile Hermès SAS, which is an Executive Chairman of the Company, or a change in the Company's strategy; or
- ♦ from a decision taken by the Company.

Given the importance of the Active partner's role in a *société en commandite par actions* (partnership limited by shares) – including the power to appoint and dismiss any Executive Chairman and, in the case of a legal entity, its legal representative, it was decided that any termination of Mr Axel Dumas' duties as Executive Chairman resulting from the replacement of the Chairman of Émile Hermès SAS should be deemed a forced departure.

The criteria for granting severance payments are therefore strictly confined to cases of forced departure.

Moreover, the payment of such compensation is subject to the following performance conditions, such that the conditions of his departure are in equilibrium with the situation of the Company: achieving budget targets in at least four out of the five previous years (with revenue and operating income growth measured at constant rates), without deterioration in the Hermès brand image.

The Supervisory Board accordingly considered that the deferred compensation undertaking made for the benefit of Mr Axel Dumas complied with the requirements of the Afep-Medef Corporate Governance Code.

No such agreement has been entered into with Émile Hermès SAS.

Non-compete indemnity

Mr Axel Dumas is not subject to any non-competition agreement, therefore no compensation is made in this respect.

No such agreement has been entered into with Émile Hermès SAS.

Supplemental pension plan

Defined-contribution pension plan (Article 83 of the French General Tax Code (Code général des impôts))

Mr Axel Dumas is eligible for the supplementary defined-contribution pension plan established for all employees of the Group's French companies that have joined it (decision by the Supervisory Board on 4 June 2013 approved by the General Meeting of 3 June 2014 – fifth resolution "Approval of related-party agreements and commitments").

As with all employees of the Group:

- ♦ the defined-contribution pension plan is funded as follows: 1.1% for the reference compensation for an amount of 1x the annual social security ceiling (hereunder PASS), 3.3% for the reference compensation between 1x and 2x PASS, and 5.5% on the reference compensation between 2x and 6x PASS. Reference compensation means the gross annual compensation in accordance with Article L. 242-1 of the French Social Security Code (*Code de la Sécurité sociale*);

- ◆ these premiums are shared between the Company (90.91%) and the beneficiary (9.09%);
- ◆ the employer contributions are deductible from the corporation tax base, subject to corporate social contributions at the rate of 20% and excluded from the base for social security contributions within the limit of the higher of the following two values: 5% of the PASS or 5% of the compensation retained within the limit of 5x PASS (€205,680 in 2021).

Defined-benefit pension plan (Article 39 of the French General Tax Code (Code général des impôts) – Article L. 137-11 of the French Social Security Code (Code de la Sécurité sociale))

Mr Axel Dumas is also eligible for the supplemental pension plan established in 1991 for Company Senior Executives (decision by the Supervisory Board on 4 June 2013, approved by the General Meeting of 3 June 2014 – fifth resolution “Approval of related-party agreements and commitments”).

This provision is not limited solely to the Executive Chairmen but also encompasses a wider group of Senior Executives. It may be withdrawn in respect of Mr Axel Dumas by decision of the Supervisory Board.

In accordance with Order No. 2019-697 of 3 July 2019 relating to defined-benefit occupational plans, no new members may join this scheme from 4 July 2019 and no new conditional right to benefits may be awarded for periods of employment after 31 December 2019.

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 as evaluated at 4 July 2019 given the provisions of the aforementioned order of 3 July 2019, and be eligible to draw pension benefits under the statutory French social security regime.

Each participant gradually acquires potential rights, calculated each year on the basis of his or her annual reference compensation, it being specified that 2019 is the last year taken into account when calculating such rights (in application of Order No. 2019-697 of 3 July 2019). These potential rights represent, depending on the seniority and for each year, a percentage of the reference compensation ranging between 0.9% and 1.5%.

If all the eligibility conditions are met, the annual pension under this scheme would be based on:

- ◆ the average yearly compensation for the last three years;
- ◆ a percentage of the reference compensation, ranging from 0.9% to 1.5% per year of service (as at 31 December 2019). In accordance with the regulations, as Mr Axel Dumas has seniority exceeding 16 years, this percentage is set at 1.50%. It is in any event, below the legal limit of 3%.

In addition, the regulation provides for the application of two ceilings to the final amount of the annual pension:

- ◆ the amount of the annual pension is capped at 8x PASS, i.e. €329,088 in 2021; and
- ◆ the sum of (i) pensions accrued in respect of statutory and collective agreement plans (excluding increases for children raised) including rights accrued in overseas pension plans, pensions resulting from any supplementary plan that may be put in place within the Hermès Group and (ii) the amount of the top-up pension resulting from the regulations is capped at 70% of the last reference compensation.

For information, subject to fulfilling the conditions of the plan at the time of the liquidation of his pension, the maximum amount of the future pension, limited by the plan's regulations to eight times the annual social security limit, compared with the compensation for financial year 2021 of the natural person Executive Chairman would represent a replacement rate (excluding mandatory plans) of 10.34%.

The plan is financed by the Company through a contract taken out with an external insurance company, and, if necessary, additional provisions are recorded in the financial statements.

The following income tax and social security charges are currently applicable to the plan:

- ◆ with regard to social security contributions, using an irrevocable option, the Company has chosen to apply the fixed contribution set out in Article L. 137-11 of the French Social Security Code (*Code de la Sécurité sociale*) concerning the premiums paid to the external insurance firm at the rate of 24%. The beneficiary must pay – as for all replacement income – CSG (social security tax) and CRDS (social security debt repayment tax), in addition to healthcare contributions and an additional solidarity contribution for autonomy (CASA) on the amount of the pension. In the specific case of pensions resulting from defined-benefit pension plans, the beneficiary of the pension must also pay a social security contribution, at a rate that varies depending on the amount of the pension and its liquidation date;
- ◆ with regard to taxation, the premiums paid to the external insurance firm may be deducted from the tax base for corporation tax.

Following the freeze on the scheme initially put in place in 1991 and from which the Executive Chairman potentially benefits, the Group has not decided on the scheme that could replace this supplemental pension plan. In the absence of any instructions to date concerning the terms of transfer of the conditional rights frozen on a vested rights plan, the Company reserves the right to subsequently assess which pension plan would be most relevant and most appropriate (including or not a possible transfer of pension rights set up in 1991).

Émile Hermès SAS, a legal entity, is not eligible for a supplemental pension plan.

SUMMARY OF COMPENSATION AND BENEFITS POTENTIALLY OWING TO THE EXECUTIVE CHAIRMAN, MR AXEL DUMAS (A NATURAL PERSON), IN THE EVENT OF HIS DEPARTURE

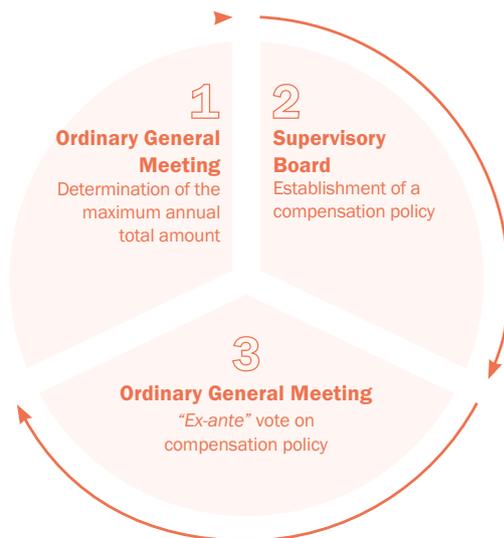
	Method of determination at 31/12/2021		
	Voluntary departure (excluding retirement)	Forced departure	Retirement
Severance payment	n/a	Subject to the applicable performance conditions: 24 months of compensation (fixed and variable)	n/a
Non-compete indemnity	n/a	n/a	n/a
Supplementary defined-benefit pension (Article 39 of the French General Tax Code – Article L. 137-11 of the French Social Security Code)	n/a	n/a	Annual pension amount: Number of years of seniority x (0.9% to 1.5%) x average yearly compensation for the last three years The pension will be capped at 8x PASS
Additional defined-contribution pension (Article 83 of the French General Tax Code)	The annual amount of the pension will be determined by conversion to a pension annuity of savings established as at the date of liquidation of retirement entitlements.		

n/a: not applicable

3.8.1.3 SPECIFIC PRINCIPLES APPLICABLE TO THE COMPENSATION POLICY FOR MEMBERS OF THE SUPERVISORY BOARD (NON-EXECUTIVE CORPORATE OFFICERS)

Decision-making process followed for its determination, review and implementation applicable since the 2020 General Meeting

COMPENSATION POLICY FOR MEMBERS OF THE SUPERVISORY BOARD



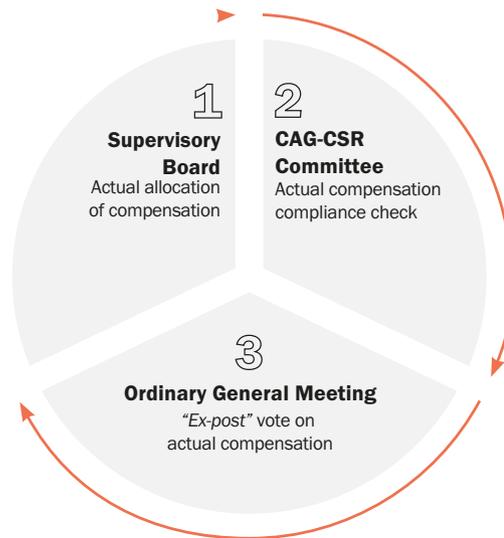
Decision-making process relating to the compensation policy for members of the Supervisory Board (Article R. 22-10-40, 1-2 of the French Commercial Code (Code de commerce))

The General Meeting sets the maximum annual total amount of compensation for the Supervisory Board.

The components of the compensation policy for Supervisory Board members are established by the Supervisory Board.

Since 2020, the compensation policy for members of the Supervisory Board has been submitted to the Ordinary General Meeting each year for approval (ex-ante vote).

ACTUAL COMPENSATION OF MEMBERS OF THE SUPERVISORY BOARD



Decision-making process relating to the actual compensation of members of the Supervisory Board (Article L. 22-10-76 of the French Commercial Code (Code de commerce))

The actual annual amount of compensation paid to the members of the Supervisory Board is determined by the Supervisory Board at the start of the year in respect of the previous year by applying the compensation policy and taking into account the individual attendance of each member during the previous financial year.

The Supervisory Board's CAG-CSR Committee checks that the actual compensation of Supervisory Board members complies with the total amount set by the General Meeting and the compensation policy for the members of the Supervisory Board.

Since 2020, the actual application of the compensation policy (including the overall actual compensation paid, and/or awarded) of the Corporate Officers (including that of Supervisory Board members) and the actual

3.8.1.3.1 Changes made to the compensation policy for members of the Supervisory Board since the last General Meeting (Article R. 22-10-40, I-5° of the French Commercial Code)

The General Meeting of 4 May 2021 approved, at 99.99% and without reservation, the compensation policy for the members of the Supervisory Board.

Since then, no changes have been made to the compensation policy for members of the Supervisory Board.

3.8.1.3.2 Terms of application to newly appointed or reappointed members of the Supervisory Board (Article R. 22-10-40, I-6° of the French Commercial Code)

If a member is appointed during the year, the fixed component is shared between the outgoing member and his or her replacement, and the variable component is allocated according to attendance at meetings.

The compensation policy applies without interruption to members whose term of office is renewed.

3.8.1.3.3 Exemptions provided by the Supervisory Board (Article R. 22-10-40, I-7° of the French Commercial Code)

There are currently no temporary exceptions from the application of the compensation policy for the Supervisory Board members subject to the occurrence of exceptional circumstances.

3.8.1.3.4 Specific components of the compensation policy for members of the Supervisory Board (Article R. 22-10-40, II of the French Commercial Code)

Compensation of Supervisory Board and committee members

Supervisory Board members receive compensation in a total amount that is approved by the General Meeting and for which the allocation principles are laid down in the Supervisory Board's compensation policy.

individual compensation of the Chairman of the Supervisory Board will be submitted each year to the approval of the Ordinary General Meeting (*ex-post* vote).

Compensation paid to members of the Audit and Risk Committee and the CAG-CSR Committee is deducted from the total amount of compensation of Supervisory Board members.

The General Meeting of 6 June 2017 set the maximum annual amount of compensation allocated to the Supervisory Board and its committees at €600,000.

The allocation principles (on a full-year basis) approved by the Board on 6 June 2017 and set out in Article 5.1 of the Board's rules of procedure are as follows:

- ◆ the maximum amounts that may be allocated to each member are set out in the table below;
- ◆ the variable component proportional to the actual attendance at meetings is preponderant;
- ◆ employee representatives on the Supervisory Board do not receive compensation as members of the Supervisory Board;
- ◆ the variable component proportional to a member's attendance at meetings is calculated by applying to the maximum amount of the variable component the ratio between the number of meetings attended (in the numerator) and the total number of meetings held during the last financial year (in the denominator);
- ◆ no variable component is allocated to the Chairman of the Supervisory Board or the Chairs of the committees, since they must chair all meetings, unless they are prevented from doing so;
- ◆ the fixed and variable components are determined by the Board at its first meeting of the year following the year for which the compensation is paid.

Maximum amounts attributable	Fixed component	Proportion	Variable component proportional to attendance at meetings	Proportion	Maximum amounts attributable
SUPERVISORY BOARD					
Chairman	€140,000	100.00%	n/a	n/a	€140,000 100.00%
Vice-Chairwomen	€10,000	35.46%	€18,200	64.54%	€28,200 100.00%
Members	€10,000	35.46%	€18,200	64.54%	€28,200 100.00%
Employee representative members	n/a	n/a	n/a	n/a	€0 n/a
CAG-CSR COMMITTEE					
Chairwoman	€28,000	100.00%	n/a	0.00%	€28,000 100.00%
Members	€5,200	40.00%	€7,800	60.00%	€13,000 100.00%
AUDIT AND RISK COMMITTEE					
Chairwoman	€28,000	100.00%	n/a	0.00%	€28,000 100.00%
Members	€5,200	40.00%	€7,800	60.00%	€13,000 100.00%

n/a: not applicable

The allocation principles include a fixed component (35.46% for the Board and 40.00% for the committees) and a variable component proportional to actual attendance at meetings (64.54% for the Board and 60.00% for the specialised committees).

No additional compensation is paid to Board members who are not resident in France.

Employment contracts

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 contract with no condition other than that resulting from the existence of a relationship of subordination with the Company and the recognition of effective employment.

Ms Purity Cardoso (craftswoman/trainer – Maroquinerie de Sayat) and Mr Rémy Kroll (Director of Special Sales and Recycling – Hermès

International), Supervisory Board members representing employees since 12 November 2019, have employment contracts with the Hermès Group, and as such receive compensation that has not been granted for the performance of their duties as Board members. Consequently, and for reasons of confidentiality, their salaries are not disclosed.

No other member of the Supervisory Board, and in particular Mr Éric de Seynes, Chairman, is bound to the Company by an employment contract.

Options to subscribe for or purchase shares

No options to subscribe for or purchase shares were granted to Supervisory Board members in 2021, nor were any such options exercised by them.

Allocation of free shares

No free shares were allocated to members of the Supervisory Board during the financial year 2021.

3.8.2 OVERVIEW OF COMPENSATION AND BENEFITS OF ALL KINDS FOR CORPORATE OFFICERS

In accordance with the provisions of Article L. 22-10-77 of the French Commercial Code (Code de commerce), the corporate governance report must present all compensation and benefits of all kinds paid to Corporate Officers during the financial year or allocated in respect of their duties in 2021.

The report must also:

- ◆ disclose any compensation paid or granted by a company in the scope of consolidation;
- ◆ enable comparison between (i) the compensation of the Executive Corporate Officers (i.e. the Executive Chairmen) and the non-Executive Chairman (i.e. the Chairman of the Supervisory Board) on the one hand, and (ii) the average and median compensation of the Company's employees on the other hand.

This section presents the aforementioned items, which will be subject to global and individual ex-post votes at the General Meeting of 20 April 2022 (see chapter 8 "Combined General Meeting of 20 April 2022", § 8.2.1 – Explanatory statement to the seventh to tenth resolutions).

3.8.2.1 COMPENSATION PAID TO THE EXECUTIVE CHAIRMEN OR GRANTED IN RESPECT OF THE 2021 FINANCIAL YEAR (EXECUTIVE CORPORATE OFFICERS) (ARTICLE L. 22-10-77 OF THE FRENCH COMMERCIAL CODE)

3.8.2.1.1 Compensation paid in 2021

All the fixed, variable and exceptional components comprising the total compensation and benefits of any kind paid during financial year 2021 to Mr Axel Dumas, on the one hand, and to Émile Hermès SAS, on the other hand, in respect of their duties as Executive Chairmen, are set out in chapter 8 "Combined General Meeting of 20 April 2022", § 8.2.1 – Explanatory statement to the eighth and ninth resolutions.

These elements are all consistent with the compensation policy for the Executive Chairmen presented in § 3.8.1.1 and § 3.8.1.2 above and approved by the General Meeting of 4 May 2021.

3.8.2.1.2 Compensation awarded in respect of 2021

The variable compensation of the Executive Chairmen that will be awarded in 2022 in respect of the 2021 financial year must be submitted to the General Meeting for approval prior to payment.

All the fixed, variable and exceptional components comprising the total compensation and benefits of any kind allocated in respect of 2021 to Mr Axel Dumas, on the one hand, and to Émile Hermès SAS, on the other hand, in respect of their duties as Executive Chairmen, are set out in chapter 8 “Combined General Meeting of 20 April 2022”, § 8.2.1 – Explanatory statement to the eighth and ninth resolutions.

These elements are all consistent with the compensation policy for the Executive Chairmen presented in § 3.8.1.1 and § 3.8.1.2 above and approved by the General Meeting of 4 May 2021.

The CAG-CSR Committee evaluated the level of achievement of the CSR criterion applicable to 10% of the variable compensation of the Executive Chairmen at its meeting of 7 January 2022 and noted that the three indicators making up the criterion were fully achieved (see table below).

Consequently, the 2022 variable compensation, awarded in respect of financial year 2021, has been calculated by applying the change in the Company's consolidated net income before tax for financial year 2021 compared with 2020, i.e. an increase of +73.2%, to the variable compensation paid in 2021 in respect of 2020.

CSR criteria indicators	Importance	Level of achievement and justification
Quantifiable environmental criterion: Decoupling between activity growth at constant scope and exchange rates and the evolution of industrial energy consumption	1/3	100% Constant efforts and improvements in equipment and industrial energy consumption processes continued to bear fruit, resulting in a much slower change in energy consumption over the reference period in comparison with the very significant increase in consolidated revenue. During the reference period – from 1 November 2020 to 31 October 2021: <ul style="list-style-type: none"> ◆ the Group's consolidated revenue at constant exchange rates grew by +43.3%; ◆ total industrial energy consumption (including potential scope effects) amounted to 161,332 MWh, an increase of +10.6%.
Qualitative societal criterion: Actions taken to promote the Group's local integration in France and around the world, outside of major cities	1/3	100% The House continued its policy and its numerous initiatives to deepen local integration in 2021, both in France and abroad, notwithstanding the complex context due to the ongoing health crisis. The vast majority of these actions are part of a medium-long term perspective and are structured within the entities in ambitious and engaging policies, with the aim of energising and revitalising all the regions, creating and maintaining quality jobs and developing, through partnerships with external stakeholders, projects that resonate with the authentic values of its business model. Our actions promoting strong local integration continued in 2021 with determination and great success, driven by the House's commitment to act as a humanist, responsible company that creates jobs and in particular: <ul style="list-style-type: none"> ◆ job creation in the House's various sites outside major cities, which continued to increase, despite the Covid-19 health crisis, and reached a total of 5,488 employees (including 92% in production) at the end of September 2021; ◆ the quality of our social policies employed throughout the country and enabling these job creations has been recognised with several awards; ◆ in 2021, the House continued its strategic investments in several regional divisions in France; ◆ in the area of employment, the partnership with Pôle Emploi (National Employment Agency), Cap Emploi and professional reintegration associations continued and are structured by the implementation of a new selection process, harmonised and rolled out in all local partner agencies of our regional divisions, making it possible to recruit most of their employees through this channel; ◆ Hermès, a responsible employer, is also committed to transmission and education; ◆ the Group's disability policy also illustrates the reality of its strong local integration.

CSR criteria indicators	Importance	Level of achievement and justification
Qualitative social criterion: Group initiatives in favour of gender equality	1/3	100% At all levels of the organisation, equal opportunities, diversity and inclusion in terms of employment, training, supervision and compensation are at the heart of the Company's actions, with the aim of clearly demonstrating its position as a responsible employer. The Group's average gender equality index in France was 92/100. In 50% of the entities concerned, the index exceeded 90/100, in the other entities it was above 80/100. In 2021, the Group took a number of initiatives, including: <ul style="list-style-type: none"> ◆ the launch of a women's network within the Group in December 2021; ◆ the launch of a global Diversity & Inclusion approach aimed at ensuring that each of our employees has an inclusive, respectful and harmonious working environment that resonates with the local environment of our subsidiaries; ◆ the launch of a series of e-learning modules for the prevention of sexist behaviour.

3.8.2.2 COMPENSATION PAID TO THE CHAIRMAN OF THE SUPERVISORY BOARD IN THE COURSE OF OR ALLOCATED IN RESPECT OF 2021

All the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid in the course of or awarded in respect of 2021 to the Chairman of the Supervisory Board, on which the shareholders are asked to give a binding *ex-post* vote, are set out in chapter 8 "Combined General Meeting of 20 April 2022", § 8.2.1 – Explanatory statement to the tenth resolution.

These elements are all in line with the compensation policy for the Chairman of the Supervisory Board presented in § 3.8.1.1 and § 3.8.1.3 above and approved by the General Meeting of 4 May 2021.

3.8.2.3 RATIOS AND ANNUAL CHANGE IN COMPENSATION, COMPANY PERFORMANCE, AVERAGE EMPLOYEE COMPENSATION AND RATIOS (ARTICLE L. 22-10-9-6° AND 7° OF THE FRENCH COMMERCIAL CODE)

We present below:

- ◆ the changes over the last five years in the ratios between the level of compensation of each Executive Chairman and the Chairman of the Supervisory Board and:
 - on the one hand, the average pay on a full-time equivalent basis of the Company's employees other than Corporate Officers,
 - on the other hand, the median pay on a full-time equivalent basis of the Company's employees other than Corporate Officers;

- ◆ the annual change in the compensation of the Executive Chairmen and Chairman of the Supervisory Board, the performance of the Company, the average compensation on a full-time equivalent basis of Company employees other than Senior Executives, and ratios, over the past five years.

3.8.2.3.1 Methodology used

The methodology used, in line with the Afep guidelines updated in February 2021, is as follows:

- ◆ the notion of full-time equivalent (FTE) reflects a job performed on a full-time basis, i.e. as per legal working hours. As such, for part-time employees, compensation has been reconstituted on a full-time basis;
- ◆ based on the INSEE definition, the median wage is that which splits the Company's employees into two equal parts, such that half of the employees of the company in question earn less and the other half earn more. It differs from the average wage, which is the average of all wages in the company in question;
- ◆ the numerator shows the gross compensation (excluding social security contributions) paid to each Executive Chairman during the financial year, i.e.:
 - the fixed ("additional") compensation paid during the financial year under review,
 - the variable compensation set by the Articles of Association ("statutory compensation") paid during the financial year under review in respect of the prior year,
 - the exceptional compensation paid, if any, during the financial year under review,
 - other long-term compensation instruments and multi-year variable compensation paid, where applicable, during the financial year under review (taken at their IFRS value);

- ◆ the denominator shows the gross compensation (excluding social security contributions) of employees (continuously present in the year under review between 1 January and 31 December) of Hermès International – paid during the financial year, i.e.:
 - the fixed (“additional”) compensation paid during the financial year under review,
 - the variable compensation set by the Articles of Association (“statutory compensation”) paid during the financial year under review in respect of the prior year,
 - the exceptional compensation paid, if any, during the financial year under review,
 - other long-term compensation instruments, in particular grants of free shares, when the rights were allocated or were vesting during the current financial year; measured at their IFRS value, less an annual amount depending on the length of the vesting period(s),
 - employee savings: profit-sharing and incentive schemes;
- ◆ the scope used in the denominator is that provided for by law, i.e. employees of the listed company Hermès International whose headcount is representative within the meaning of the law for the determination of the ratios. It represented 390 employees as at 31 December 2021. In addition to strict compliance with the legal requirement, this choice is likely to facilitate understanding of changes in ratios and the consistency of the calculation basis over time, which will be less affected by changes in the scope of consolidation (acquisitions/disposals) within the Group;
- ◆ the following are excluded from the numerator and denominator:
 - severance payments and non-compete payments, which do not constitute recurring compensation,
 - the defined-contribution supplemental pension plan (Article 83 of the French General Tax Code (*Code général des impôts*)), which is a post-employment benefit,
 - the defined-benefit supplemental pension plan (Article 39 of the French General Tax Code), which cannot be valued insofar as payment is conditional on the completion of the beneficiary’s career in the Company,
 - benefits in kind, which represent an insignificant amount of the compensation of the Executive Chairmen.

With regard to the Company’s performance, it was decided to use the consolidated revenue (at constant rates) and the consolidated income before tax, which serve as a reference for the compensation of the Executive Chairmen and which are performance indicators that are particularly relevant to the Group’s business model. In addition, they are commonly used in results press releases.

AMOUNT OF COMPENSATION USED WITH REFERENCE TO THE NUMERATOR

	2021	2020	2019	2018	2017
MR AXEL DUMAS	€3,182,697	€3,403,423	€3,403,423	€3,092,816	€2,774,656
ÉMILE HERMÈS SAS	€1,279,003	€1,381,933	€1,381,933	€1,256,409	€1,256,409
MR ÉRIC DE SEYNES	€140,000	€140,000	€140,000	€140,000	€100,000

3.8.2.3.2 Presentation of ratios and annual change in compensation, the performance of the Company, the average compensation of employees and ratios

MR AXEL DUMAS – EXECUTIVE CHAIRMAN	2021	2020	2019	2018	2017
Change in total compensation paid during the financial year compared with the previous financial year	- 6.5%	0.0%	10.0%	11.5%	8.6%
Ratio compared with the average compensation of employees	17	17	18	18	16
<i>Change compared with the previous financial year</i>	0 point	-1 point	0 point	+2 points	0 point
Ratio compared with the median compensation of employees	34	37	38	35	32
<i>Change in % compared with the previous financial year</i>	-3 points	-1 point	+3 points	+3 points	+1 point

ÉMILE HERMÈS SAS – EXECUTIVE CHAIRMAN	2021	2020	2019	2018	2017
Change in total compensation paid during the financial year compared with the previous financial year	-7.4%	0.0%	10.0%	0.0%	0.0%
Ratio compared with the average compensation of employees	7	7	7	7	7
<i>Change compared with the previous financial year</i>	0 point	0 point	0 point	0 point	-1 point
Ratio compared with the median compensation of employees	14	15	15	14	14
<i>Change compared with the previous financial year</i>	-1 point	0 point	+1 point	0 point	-1 point

MR ÉRIC DE SEYNES – CHAIRMAN OF THE SUPERVISORY BOARD	2021	2020	2019	2018	2017
Change in total compensation paid during the financial year compared with the previous financial year	0.0%	0.0%	0.0%	0.0%	40.0%
Ratio of average compensation compared with the average compensation of employees	1	1	1	1	1
<i>Change compared with the previous financial year</i>	0 point	0 point	0 point	0 point	0 point
Ratio compared with the median compensation of employees	1	2	2	2	2
<i>Change compared with the previous financial year</i>	-1 point	0 point	0 point	0 point	+1 point

EMPLOYEES OF THE LISTED COMPANY	2021	2020	2019	2018	2017
Change in the average compensation compared with the previous financial year	-3.8%	3.4%	10.4%	1.1%	8.3%

GROUP PERFORMANCE	2021	2020	2019	2018	2017
Change in consolidated revenue at constant rates	41.8%	-6.0%	12.4%	10.4%	8.6%
Change in consolidated net income before tax	73.2%	-12.4%	9.9%	9.7%	14.2%

Explanatory notes on the Executive Chairmen

For the reasons set out on page 156 of the 2017 registration document, the compensation for Executive Chairmen was revised in 2017.

Explanatory notes relating to the Chairman of the Supervisory Board

For the reasons mentioned on page 156 of the 2017 registration document, the fixed compensation of the Chairman of the Supervisory Board was re-evaluated in 2017.

Explanatory notes on the employees

The changes for the five financial years presented in the above tables take into account the overall change in the total payroll, and for 2018, changes in scope.

The change in overall employee compensation also reflects (i) a positive dynamic of salary measures throughout the years presented, as well as (ii) the impact of allocations under employee shareholding plans. Depending on the plans and the respective duration of the vesting periods, the portion relating to these allocations may lead to a certain variation in the average and median compensation of employees in the reference scope.

The overall policy, and all of the components of the compensation awarded to employees of the listed company, and those of other Group entities in France and abroad, are presented and set out in chapter 2 “Corporate social responsibility”, § 2.2.

3.8.2.4 COMPENSATION OF THE SUPERVISORY BOARD, AUDIT AND RISK COMMITTEE AND CAG-CSR COMMITTEE ALLOCATED IN RESPECT OF 2021 OR PAID IN 2021

Compensation awarded to and received by members of the Supervisory Board in the last two financial years by Hermès International and the

entities it controls as defined by Article L. 233-16 of the French Commercial Code (*Code de commerce*) is detailed in § 3.8.4.3. This compensation constitutes the only elements referred to in Article L. 22-10-9, I of the French Commercial Code awarded in respect of 2021 or paid in 2021. Data relating to the past financial year will be voted on by the General Meeting in 2022 (“global” ex-post vote), see chapter 8 “Combined General Meeting.

3.8.3 ALLOCATION OF FREE SHARES AND STOCK OPTIONS

3.8.3.1 GENERAL POLICIES FOR THE ALLOCATION OF FREE SHARES AND STOCK OPTIONS

Allocations of stock options and free share awards form part of the Hermès Group’s long-term compensation and retention policy. Such allocations have historically been made on a multiyear basis (see comments below on the plans in force); they are exceptional and their benefits have always extended beyond the Corporate Officers and Senior Executives of the Group.

Additional information on free share awards carried out by the Hermès Group and on the general long-term compensation policy and other initiatives involving employees in the Group’s performance are described in chapter 2 “Corporate social responsibility”, § 2.2.

3.8.3.2 FREE SHARE ALLOCATION PLANS IN FORCE

In accordance with Article L. 225-197-4 of the French Commercial Code (*Code de commerce*), we hereby report to you on free shares granted in 2021.

Executive Management was authorised by the Extraordinary General Meetings of 31 May 2016 and 24 April 2020 to award free shares, on one or more occasions, to some or all employees and/or Senior Executives of the Company or of affiliated companies, by granting existing shares in the Company for no consideration. The conditions of delegations of authority still in force are shown in § 3.9.4.

The total number of free shares awarded under each of these delegations and the total number of stock options granted and not yet exercised are limited to 2% of the number of shares in the Company on the day of allocation, without taking into account those already granted under previous delegations.

These delegations of authority were not used in 2021.

Details of free share awards plan terms and conditions (and, in particular, vesting periods, retention periods and the application of performance conditions, where applicable) are presented in § 3.8.4.10 and details of the conditional rights to free shares granted to the top 10 employee beneficiaries who are not Corporate Officers in § 3.8.4.11.

In accordance with the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code (*Code de commerce*), these awards are always contingent on presence conditions and, for certain plans, also on performance conditions. To harmonise the vesting conditions, the free shares granted by Executive Management in 2016 (plan [f]) and in 2019 (plans [h] and [i]) were subject to identical vesting periods for Group employees in France and internationally. In line with its long-term strategy, the Executive Management has set the vesting periods for these awards at four and five years respectively. However, as permitted by applicable law (Articles L. 225-197-1 *et seq.* of the French Commercial Code (*Code de commerce*)) and in accordance with the provisions of the fifteenth resolution of the Combined General Meeting of 31 May 2016 (see page 293 of the 2016 registration document), no lock-up period was established, leaving each beneficiary employee free to decide how long to hold the shares acquired.

Free share awards do not dilute the share capital because they consist exclusively of existing shares in the Company. Their value at the grant date, calculated according to the method used for the consolidated financial statements, is shown in chapter 5 “Consolidated financial statements”, § 5.6 (Note 5.4).

3.8.3.3 STOCK OPTIONS

The Executive Management was authorised by the Extraordinary General Meeting to grant stock options to certain employees and Corporate Officers of the Company and of affiliated companies.

These delegations of authority were not used in 2021.

There were no stock option plans in place at 31 December 2021, as indicated in § 3.8.4.8.

3.8.3.4 OPTIONS TO SUBSCRIBE FOR SHARES

All subscription option plans lapsed in 2009. No authorisation from the General Meeting allows the Executive Management to grant subscription options.

3.8.4 TABLES DRAWN UP IN ACCORDANCE WITH AMF POSITION-RECOMMENDATION DOC 2021-02 (§ 13.3) OF 5 JANUARY 2022 ON THE PRESENTATION OF COMPENSATION

The standardised presentation of all the components of compensation provided for in Appendix 2 of position recommendation DOC-2021-02 of 5 January 2022 is presented below.

3.8.4.1 TABLE 1

SUMMARY TABLE OF COMPENSATION AND OPTIONS AND SHARES ALLOCATED TO EACH EXECUTIVE CHAIRMAN

	2021	2020
Mr Axel Dumas	From 01/01/2021 to 31/12/2021	From 01/01/2020 to 31/12/2020
Compensation awarded in respect of the financial year (detailed in Table 2)	€3,182,697	€3,403,423
Valuation of multi-year variable compensation awarded during the financial year	n/a	n/a
Valuation of options granted during the financial year (detailed in Table 4)	n/a	n/a
Valuation of free shares allocated (detailed in Table 6)	n/a	n/a
Valuation of other long-term compensation plans	n/a	n/a
Total natural person as Executive Chairman	€3,182,697	€3,403,423¹
Émile Hermès SAS	From 01/01/2021 to 31/12/2021	From 01/01/2020 to 31/12/2020
Compensation awarded in respect of the financial year (detailed in Table 2)	€1,279,003	€1,381,933
Valuation of multi-year variable compensation awarded during the financial year	n/a	n/a
Valuation of options granted during the financial year (detailed in Table 4)	n/a	n/a
Valuation of free shares allocated (detailed in Table 6)	n/a	n/a
Valuation of other long-term compensation plans	n/a	n/a
Total legal entity as Executive Chairman	€1,279,003	€1,381,933¹

n/a: not applicable

(1) In the context of the Covid-19 pandemic, the Executive Chairmen wished to waive the increase, as provided for under the applicable compensation policy, to their 2020 fixed compensation and their 2020 variable compensation awarded in respect of 2019, and therefore received a total amount of compensation in 2020 identical to that received in 2019. The fixed compensation of Mr Axel Dumas in 2020 was therefore reduced from €1,824,677 to €1,623,378 and that of Emile Hermès SAS from €620,279 to €551,850 (actual amounts paid after the waiver).

3.8.4.2 TABLE 2

SUMMARY TABLE OF THE COMPENSATION OF EACH EXECUTIVE CHAIRMAN 1

	2021		2020	
Gross annual compensation of the Executive Chairmen	Amounts awarded	Amounts paid	Amounts awarded	Amounts paid
Mr Axel Dumas				
Fixed compensation (referred to as "additional" in the Articles of Association)	€1,623,378	€1,623,378	€1,623,378	€1,623,378
Annual variable compensation set by the Articles of Association ("statutory compensation") ¹	€1,559,319	€1,559,319	€1,780,045	€1,780,045
Multi-year variable compensation	n/a	n/a	n/a	n/a
Exceptional compensation	n/a	n/a	n/a	n/a
Total compensation	€3,182,697	€3,182,697	€3,403,423²	€3,403,423²
Compensation allocated on account of the office as member of the Board	n/a	n/a	n/a	n/a
Benefits in kind	Representation	Representation	Representation	Representation
Émile Hermès SAS				
Fixed compensation (referred to as "additional" in the Articles of Association)	€551,850	€551,850	€551,850	€551,850
Annual variable compensation set by the Articles of Association ("statutory compensation") ¹	€727,153	€727,153	€830,083	€830,083
Multi-year variable compensation	n/a	n/a	n/a	n/a
Exceptional compensation	n/a	n/a	n/a	n/a
Total compensation	€1,279,003	€1,279,003	€1,381,933²	€1,381,933²
Compensation allocated on account of the office as member of the Board	n/a	n/a	n/a	n/a

Gross annual compensation of the Executive Chairmen	2021		2020	
	Amounts awarded	Amounts paid	Amounts awarded	Amounts paid
Benefits in kind	n/a	n/a	n/a	n/a

n/a: not applicable

(1) Of which 10% for achieving the CSR criterion.

(2) In the context of the Covid-19 pandemic, the Executive Chairmen wished to waive the increase, as provided for under the applicable compensation policy, to their 2020 fixed compensation and their 2020 variable compensation awarded in respect of 2019, and therefore received a total amount of compensation in 2020 identical to that received in 2019. The fixed compensation of Mr Axel Dumas in 2020 was therefore reduced from €1,824,677 to €1,623,378 and that of Émile Hermès SAS from €620,279 to €551,850 (actual amounts paid after the waiver).

3.8.4.3 TABLE 3

TABLE OF COMPENSATION RECEIVED BY SUPERVISORY BOARD MEMBERS

	Amounts awarded in respect of 2021 and amounts paid in 2022	Amounts awarded in respect of 2020 and amounts paid in 2021
Total amount of compensation allocated by the General Meeting of Hermès International	€600,000	€600,000
Total amount of compensation actually awarded by Hermès International	€560,800	€564,830
Mr Éric de Seynes		
Compensation as Chairman of the Supervisory Board	€140,000	€140,000
Compensation as member of the Hermès Sellier Management Board	€3,000 ¹	€3,000
Ms Monique Cohen		
Compensation as member of the Supervisory Board	€28,200	€25,925
◆ fixed component	€10,000	€10,000
◆ variable component based on attendance	€18,200	€15,925
Compensation as Chairwoman of the Audit and Risk Committee	€28,000	€28,000
Ms Dominique Senequier		
Compensation as member of the Supervisory Board	€23,000	€23,650
◆ fixed component	€10,000	€10,000
◆ variable component based on attendance	€13,000	€13,650
Compensation as Chairwoman of the CAG-CSR Committee	€28,000	€28,000
Ms Dorothée Altmayer		
Compensation as member of the Supervisory Board	€25,600	€28,200
◆ fixed component	€10,000	€10,000
◆ variable component based on attendance	€15,600	€18,200
Compensation as Director of Comptoir Nouveau de la Parfumerie	€3,000 ¹	€1,500
Mr Charles-Éric Bauer		
Compensation as member of the Supervisory Board	€28,200	€28,200
◆ fixed component	€10,000	€10,000
◆ variable component based on attendance	€18,200	€18,200
Compensation as member of the Audit and Risk Committee	€13,000	€13,000
◆ fixed component	€5,200	€5,200
◆ variable component based on attendance	€7,800	€7,800
Ms Estelle Brachlianoff		
Compensation as member of the Supervisory Board	€25,600	€23,650
◆ fixed component	€10,000	€10,000
◆ variable component based on attendance	€15,600	€13,650
Compensation as member of the Audit and Risk Committee	€10,400	€9,880
◆ fixed component	€5,200	€5,200
◆ variable component based on attendance	€5,200	€4,680
Compensation of member of the CAG-CSR Committee	€10,400	€10,400
◆ fixed component	€5,200	€5,200
◆ variable component based on attendance	€5,200	€5,200

	Amounts awarded in respect of 2021 and amounts paid in 2022	Amounts awarded in respect of 2020 and amounts paid in 2021
Ms Pureza Cardoso (employee representative)		
Compensation as member of the Supervisory Board	n/a	n/a
Mr Matthieu Dumas		
Compensation as member of the Supervisory Board	€25,600	€28,200
◆ <i>fixed component</i>	€10,000	€10,000
◆ <i>variable component based on attendance</i>	€15,600	€18,200
Compensation of member of the CAG-CSR Committee	€13,000	€13,000
◆ <i>fixed component</i>	€5,200	€5,200
◆ <i>variable component based on attendance</i>	€7,800	€7,800
Compensation as Director of Comptoir Nouveau de la Parfumerie	€3,000 ¹	€3,000
Mr Blaise Guerrand		
Compensation as member of the Supervisory Board	€28,200	€28,200
◆ <i>fixed component</i>	€10,000	€10,000
◆ <i>variable component based on attendance</i>	€18,200	€18,200
Compensation as member of the Hermès Sellier Management Board	€1,500 ¹	€3,000
Ms Julie Guerrand		
Compensation as member of the Supervisory Board	€28,200	€28,200
◆ <i>fixed component</i>	€10,000	€10,000
◆ <i>variable component based on attendance</i>	€18,200	€18,200
Ms Olympia Guerrand		
Compensation as member of the Supervisory Board	€25,600	€25,925
◆ <i>fixed component</i>	€10,000	€10,000
◆ <i>variable component based on attendance</i>	€15,600	€15,925
Compensation as member of the Hermès Sellier Management Board	€3,000 ¹	€3,000
Mr Rémy Kroll (employee representative)		
Compensation as member of the Supervisory Board	n/a	n/a
Mr Renaud Momméja		
Compensation as member of the Supervisory Board	€25,600	€28,200
◆ <i>fixed component</i>	€10,000	€10,000
◆ <i>variable component based on attendance</i>	€15,600	€18,200
Compensation as member of the Audit and Risk Committee	€13,000	€13,000
◆ <i>fixed component</i>	€5,200	€5,200
◆ <i>variable component based on attendance</i>	€7,800	€7,800
Compensation as Director of Comptoir Nouveau de la Parfumerie	€3,000 ¹	€3,000
Mr Alexandre Viros		
Compensation as member of the Supervisory Board	€28,200	€28,200
◆ <i>fixed component</i>	€10,000	€10,000
◆ <i>variable component based on attendance</i>	€18,200	€18,200
Compensation as member of the Audit and Risk Committee	€13,000	€13,000
◆ <i>fixed component</i>	€5,200	€5,200
◆ <i>variable component based on attendance</i>	€7,800	€7,800

n/a: not applicable

(1) Subject to the decisions of the company Boards concerned.

3.8.4.4 TABLE 4

OPTIONS TO SUBSCRIBE FOR OR PURCHASE SHARES GRANTED DURING THE FINANCIAL YEAR TO THE EXECUTIVE CHAIRMEN BY HERMÈS INTERNATIONAL AND BY ANY GROUP COMPANY

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 financial statements	Number of options granted during the financial year	Exercise price	Exercise period
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

3.8.4.5 TABLE 5

EXERCISE OF OPTIONS TO SUBSCRIBE FOR OR PURCHASE SHARES 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

3.8.4.6 TABLE 6

FREE SHARES ALLOCATED DURING THE FINANCIAL YEAR TO EACH EXECUTIVE CHAIRMAN

Performance-based share distributions awarded 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 awarded during the financial year	Valuation of shares according to the method used for the consolidated financial statements	Vesting 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

3.8.4.7 TABLE 7

FREE SHARES ALLOCATED AND BECOMING AVAILABLE DURING THE FINANCIAL YEAR FOR EACH EXECUTIVE CHAIRMAN

Name of the Corporate Officer	Number and date of plan	Number of shares acquired during the financial year	Vesting conditions
Mr Axel Dumas	n/a	0	n/a
TOTAL		0	n/a

n/a: not applicable

3.8.4.8 TABLE 8

**HISTORY OF ALLOCATION OF OPTIONS TO SUBSCRIBE FOR OR PURCHASE SHARES
INFORMATION ON THE STOCK SUBSCRIPTION OR PURCHASE OPTIONS**

General Meeting of 25/05/1998 (6th resolution) – Subscription or purchase options	Plans 1 to 4 expired
General Meeting of 03/06/2003 (15th resolution) – Purchase options	Plans 5 and 6 expired
General Meeting of 06/06/2006 (9th resolution) – Purchase options	Plan 7 expired
General Meeting of 02/06/2009 (14th resolution) – Purchase options	No plan implemented in 2009, 2010 or 2011
General Meeting of 30/05/2011 (21st resolution) – Purchase options	No plan implemented in 2011 or 2012
General Meeting of 29/05/2012 (13th resolution) – Purchase options	No plan implemented in 2012 or 2013
General Meeting of 04/06/2013 (18th resolution) – Purchase options	No plan implemented in 2013 or 2014
General Meeting of 03/06/2014 (16th resolution) – Purchase options	No plan implemented in 2014 or 2015
General Meeting of 02/06/2015 (14th resolution) – Purchase options	No plan implemented in 2015 or 2016
General Meeting of 31/05/2016 (14th resolution) – Purchase options	No plan implemented from 2016 to 2019
General Meeting of 24/04/2020 (18th resolution) – Purchase options	No plan implemented in 2020 or 2021

3.8.4.9 TABLE 9

OPTIONS TO SUBSCRIBE FOR OR PURCHASE SHARES GRANTED TO THE TOP 10 EMPLOYEES (NOT CORPORATE OFFICERS) RECEIVING OPTIONS AND OPTIONS EXERCISED BY THEM

	Total number of shares granted/shares subscribed or purchased	Weighted average price	Plans 1 to 7
Options granted during the financial year by the issuer and any entity within the option allocation scope to the 10 employees of the issuer and any entity 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 aforementioned entities exercised during the financial year by the 10 employees of the issuer and these entities, for whom the number of options thus purchased or subscribed is the highest (overall information)	n/a	n/a	

n/a: not applicable

3.8.4.10 TABLE 10

HISTORY OF FREE SHARE AND PERFORMANCE SHARE ALLOCATION PLANS STILL IN FORCE AS AT 1 JANUARY 2021

INFORMATION ON FREE SHARES ALLOCATED

	Plan f	Plan h	Plan i
Date of General Meeting	31/05/2016 (15 th resolution)	31/05/2016 (15 th resolution)	31/05/2016 (15 th resolution)
Date of the decision by the Executive Management	31/05/2016	01/07/2019	01/07/2019
Total number of shares allocated ¹	452,960	310,944 ²	189,600 ²
Shares allocated to Senior Executives ³	320	192	24,000
Number of Senior Executives ³ concerned	8	8	8
Share of allocations of shares to Senior Executives as % of capital	n.m.	n.m.	0.02%
French tax residents on the grant date	2 tranches of 20 shares	2 tranches of 12 shares	
Vesting period	4/5 years	4/5 years	4 years
Date of transfer of ownership of shares	01/06/2020 01/06/2021	03/07/2023 01/07/2024	03/07/2023
End of the retention period	n/a	n/a	n/a
Tax residents outside France on the grant date	2 tranches of 20 shares	2 tranches of 12 shares	
Vesting period	4/5 years	4/5 years	4 years
Date of transfer of ownership of shares	01/06/2020 01/06/2021	03/07/2023 01/07/2024	03/07/2023
End of the retention period	n/a	n/a	n/a
Performance conditions	No	No	Yes ⁴
Number of shares vested ⁵ as at 31/12/2021	364,980	408	0
Number of shares lost as at 31/12/2021	87,980	25,824	52,125

n.m.: not material; n/a: not applicable.

(1) Maximum.

(2) At the end of the employee acceptance period.

(3) Are considered in this table No. 10 to be Senior Executives: Executive Chairmen, members of the Supervisory Board (except employee representatives) and members of the Executive Committee of the issuer on the grant date

(4) On 17 February 2021, the CAG-CSR Committee noted that the performance conditions relating to financial year 2020 only had not been achieved.

(5) Including by early release in accordance with the regulations of the plan (death, disability).

3.8.4.11 TABLE NO. 10 BIS (DRAWN UP PURSUANT TO ARTICLE L. 225-197-4 OF THE FRENCH COMMERCIAL CODE (CODE DE COMMERCE))

FREE SHARES AWARDED TO THE TOP 10 EMPLOYEES (NOT CORPORATE OFFICERS)

	Total number of shares awarded	Date of plans
Shares awarded during the financial year to the 10 employees of the issuer and any entity included in this scope for whom the number of shares thus granted is the highest (overall information)	0	n/a

n/a: not applicable

3.8.4.12 TABLE 11

Senior Executives (natural persons)	Employment contract	Supplemental pension plan	Compensation or benefits due or liable to be due because of the cessation of or change in duties ¹	Compensation relative to a non-compete clause
Mr Axel Dumas, Executive Chairman				
Date of start of term of office: 05/06/2013				
Date of end of term of office: open-ended	No ²	Yes	Yes	No

(1) Details of these commitments can be found in chapter 8 "Combined General Meeting of 4 May 2021", § 8.2.1 – Explanatory statement to the eighth resolution.

(2) Since 5 June 2013.

3.9 OTHER INFORMATION

3.9.1 AGREEMENTS

3.9.1.1 RELATED-PARTY AGREEMENTS AND TRANSACTIONS

Information on the related-party agreements described in the summary table below and the status of current agreements is presented in chapter 8 “Combined General Meeting of 20 April 2022” in the report of the Supervisory Board to the General Meeting in § 8.3 and in the Statutory Auditors’ special report in § 8.4.3.

In application of Articles L. 226-10 and L. 225-38 to L. 225-43 of the French Commercial Code (*Code de commerce*), any agreement entered into directly or through an intermediary between the Company and:

- ◆ one of its Executive Chairmen;
- ◆ one of the members of the Supervisory Board; or
- ◆ one of its shareholders holding a fraction of the voting rights greater than 10% or, in the case of a shareholder company, the company controlling it within the meaning of Article L. 233-3 of the French Commercial Code (*Code de commerce*),

must be subject to the prior authorisation of the Board.

These provisions are applicable to agreements in which one of these persons has an indirect interest.

Agreements entered into directly or through an intermediary between the Company and a company are also subject to prior authorisation by the Supervisory Board if:

- ◆ one of its Executive Chairmen; or
- ◆ one of the members of the Supervisory Board,

is an owner, partner with unlimited liability, Executive Chairman, Director, Chief Executive Officer, member of the Management Board or member of the Supervisory Board of the Company.

The foregoing provisions are not applicable either to agreements on current transactions entered into on an arm’s length basis or to agreements concluded between two companies in which one holds, directly or indirectly, the entire share capital of the other, where applicable, after deduction of the minimum number of shares required by law. These agreements are communicated by the person concerned to the Chairman of the Supervisory Board, who communicates the list to the members of the Board and to the Statutory Auditors.

In accordance with the provisions of Article L. 225-38 of the French Commercial Code (*Code de commerce*), authorisation decisions of the Supervisory Board since 1 August 2014 are all supported by justification.

A review of the related-party agreements entered into during previous financial years and whose execution has continued over time is carried out by the Supervisory Board each year in accordance with the provisions of Article L. 225-40-1 of the French Commercial Code (*Code de commerce*).

Following the review of 2021, the Board had no comments to make.

The approvals and amendments made in 2021 are detailed in the table below.

Related-party transactions are shown in chapter 5 “Consolidated financial statements”, § 5.6 (note 13).

SUMMARY OF RELATED-PARTY AGREEMENTS IN FORCE DESCRIBED IN THE STATUTORY AUDITORS' SPECIAL REPORT

Nature of the agreement	Persons concerned	Nature, purpose and terms of the agreement	Amount
Service agreement with Émile Hermès SAS ¹	Émile Hermès SAS, Executive Chairman of Hermès International	<p>The Supervisory Board authorised the conclusion of a service agreement between Hermès International and Émile Hermès SAS covering ordinary legal and financial assignments.</p> <p><u>Date of approval by the Supervisory Board</u> 23 March 2005 and 14 September 2005 Contract 1 September 2007 Amendment No. 1 25 January 2012 Amendment No. 2 30 August 2012 Amendment No. 3 29 July 2021 Downgrading</p> <p>The Supervisory Board decided to downgrade this agreement on 29 July 2021 in view of the adoption of new re-invoicing methods taking effect retroactively from 1 January 2021. This agreement is now qualified as an ordinary agreement entered into under arm's length conditions.</p>	n/a (downgrading effective 1 January 2021)
Service agreement with Studio des Fleurs	Mr Frédéric Dumas, member of the Executive Management Board of Émile Hermès SAS, Executive Chairman of Hermès International	<p>The Supervisory Board authorised the conclusion of a contract between Hermès International and Studio des Fleurs relating to services for shots and retouches for e-commerce product pack shots.</p> <p><u>Grounds justifying its interest for the Company</u> Studio des Fleurs has accepted the following points, which were fundamental for Hermès International:</p> <ul style="list-style-type: none"> ◆ obligations of Studio des Fleurs: compliance with very precise specifications, duty of advice, monitoring of services, quality control; ◆ criteria for monitoring performance indicators; ◆ no guaranteed minimum order; ◆ fixed three-year term followed by indefinite duration; ◆ long notice of termination (18 months); ◆ no exclusivity; ◆ undertaking by Studio des Fleurs to take the necessary steps to preserve its economic independence (notably by broadening and diversifying its customer base) vis-à-vis the Hermès Group; ◆ confidentiality and prohibition on using Hermès as a reference; ◆ no revision of rates before the expiry of three years, and then revision possible but capped. <p><u>Date of approval by the Supervisory Board</u> 20 March 2018 Contract 29 July 2021 New commercial conditions</p> <p>On 29 July 2021, the Supervisory Board approved new commercial conditions applicable to this contract. This agreement provided for the revision of tariffs following an initial period of three (3) years by application of an index and a ceiling, with the possibility of the parties waiving this ceiling if changes in the index or service provisions justified it. The significant change in tariff practices in the market and, in particular, the index in question, thus led the parties to agree on new trading terms and conditions for 2021 and 2022. The Supervisory Board noted that, pursuant to these new commercial conditions, the increase in prices over the period covered by the contract is lower than the increase in the index chosen over the same period and that the new commercial conditions agreed upon are therefore in the Company's interest.</p> <p>https://finance.hermes.com/en/regulated-agreements/</p>	For financial year 2021, invoicing for these services amounted to €3,248,687.

Nature of the agreement	Persons concerned	Nature, purpose and terms of the agreement	Amount
Service agreement with MOCE	Mr Charles-Éric Bauer, majority shareholder of MOCE and member of the Supervisory Board of Hermès International	The Supervisory Board authorised the signing of a contract between Hermès International and MOCE ("EatMe" brand) for fast food services at Hermès International's site at 12, rue d'Anjou (75008). <u>Grounds justifying its interest for the Company</u> Hermès International invited bids from a number of providers of fast food catering services in the context of a consultation. MOCE was selected on account of its commercial offering. This company did not propose any fixed charges and planned to develop the space in harmony with the building. <u>Date of approval by the Supervisory Board</u> 6 June 2017 Contract 28 May 2021 End of contract The Supervisory Board noted the end of this agreement on 28 May 2021.	For financial year 2021, invoicing for these services amounted to €4,964.
Design mission agreement with the RDAI architecture studio ¹	Ms Sandrine Brekke, partner with a more than 10% holding in RDAI and a member of the Executive Management Board of Émile Hermès SAS, Executive Chairman of Hermès International	The Supervisory Board authorised a new framework agreement between Hermès International and all the companies that it controls either directly or indirectly, and RDAI, defining the outline of RDAI's assignment for the exclusive application of the architectural concept in Hermès projects. <u>Date of approval by the Supervisory Board</u> 7 July 2017 and 13 September 2017 Contract	For financial year 2021, invoicing for these services amounted to €1,846.
Design mission agreement with the RDAI architecture studio ¹	Ms Sandrine Brekke, partner with a more than 10% holding in RDAI and a member of the Executive Management Board of Émile Hermès SAS, Executive Chairman of Hermès International	The Supervisory Board authorised: ♦ an agreement between the Company and the RDAI studio for a design mission for the interior appointments of the offices at 10-12, rue d'Anjou in Paris, which involves several floors and includes the supply of furniture; ♦ an amendment to this contract to entrust RDAI with two additional studies for: (i) the fitting out of one additional floor and (ii) a change to the programming and layout of certain spaces on the other floors. The fees have been set at a firm and fixed price and account for 8% of the total value of the works, which is in line with market prices. <u>Date of approval by the Supervisory Board</u> 3 July 2015 Contract 20 November 2015 Amendment 18 February 2021 End of contract This agreement has not been implemented for more than three years. The Supervisory Board noted the end of this agreement on 18 February 2021.	For financial year 2021, invoicing for these services amounted to €0.

(1) At the time of approval of this agreement, related-party agreements did not need to be justified.

3.9.1.2 AGREEMENTS ENTERED INTO BETWEEN SENIOR EXECUTIVES OR SHAREHOLDERS OF THE COMPANY AND CONTROLLED COMPANIES (ARTICLE L. 225-37-4-2° OF THE FRENCH COMMERCIAL CODE)

Pursuant to the provisions of Article L. 225-37-4 of the French Commercial Code (*Code de commerce*), this report must disclose any agreements entered into, directly or through an intermediary, between, on the one hand, an Executive Chairman, a member of the Supervisory Board or one of the shareholders holding more than 10% of the voting rights of the Company and, on the other hand, another company controlled by said other party within the meaning of Article L. 233-3 of the French Commercial Code (*Code de commerce*).

These are not related-party agreements subject to prior approval by the Supervisory Board, as Hermès International is not a party to the agreement. Agreements entered into with a wholly owned subsidiary are not excluded (Order No. 2014-863 of 31 July 2014 relating to company law).

We hereby inform you that no such agreements were entered into during the financial year ended 31 December 2021.

3.9.1.3 PROCEDURE FOR MONITORING ONGOING AND STANDARD AGREEMENTS AND IMPLEMENTATION

Pursuant to the provisions of Article L. 22-10-12 of the French Commercial Code (*Code de commerce*), the Company has put in place a procedure to regularly assess whether agreements relating to current transactions and concluded under normal conditions meet these conditions.

3.9.1.3.1 Procedure

This procedure, which applies only to Hermès International and not to its subsidiaries, was approved by the Supervisory Board on 25 February 2020.

Its purpose is to enable Hermès International to periodically assess the appropriateness of the classification used for ongoing agreements entered into during the financial year, those that continue over several years, and any agreements that may have been modified.

A “Current Agreements Committee” tasked with conducting the evaluation has been established; it comprises the following members as a minimum:

- ◆ a representative of the legal, corporate law and securities law department;
- ◆ a representative of the finance department.

The procedure first entails the presentation of:

- ◆ the notion of agreements bearing on ongoing transactions entered into on an arm’s length basis and transactions deemed to be ongoing and entered into on an arm’s length basis within the Hermès Group;
- ◆ the notions of related-party agreement and prohibited agreement;
- ◆ the roles and responsibilities related to the identification of related-party agreements and the control and disclosure procedure applicable to them.

The procedures for the regular evaluation of agreements relating to ongoing transactions concluded on an arm’s length basis are then described:

- ◆ periodicity of the assessment: annual;
- ◆ nature of the work required to carry out the evaluation;
 - determining each year the scope of the agreements to be assessed, for example by selecting a category of agreement taking into account, for example, duration, maturity, importance (in particular, financial), nature or by adopting a risk-based approach;
 - assessing the relevance of the criteria used to distinguish between ongoing transactions concluded on an arm’s length basis and related-party agreements, and their correct application in the Company;
 - carrying out a review of the terms and conditions applicable to these agreements in order to ensure, for those that may be revised or renewed in the coming year, that they still qualify as ongoing transactions concluded on an arm’s length basis, in particular in view of the criteria used;

- detecting any anomalies that could make it necessary to supplement existing internal control procedures;
- ◆ consequences of the evaluation;
- ◆ report to the Supervisory Board and follow-up.

3.9.1.3.2 Implementation

In 2021, the Current Agreements Committee conducted a full review of the agreements relating to ongoing transactions and entered into on an arm’s length basis and concluded that all these agreements continue to meet these two conditions. A report was presented to the Supervisory Board, which took note of it.

An in-depth annual review will be carried out on significant agreements to ensure that they continue to meet the criteria for ongoing and normal agreements.

3.9.2 CAPITAL STRUCTURE AND FACTORS LIABLE TO AFFECT THE OUTCOME OF A PUBLIC OFFERING

In accordance with Article L. 22-10-11 of the French Commercial Code (*Code de commerce*), we inform you of the elements likely to have an impact on a possible public tender or exchange offering for Hermès International shares.

As a *société en commandite par actions* (partnership limited by shares), Hermès International is governed by certain provisions specific to its legal form, stipulated by law or the Articles of Association, which are liable to have an effect in the case of a public offering, namely:

3.9.2.1 STRUCTURE OF THE COMPANY’S SHARE CAPITAL / DIRECT OR INDIRECT AFFILIATES IN THE SHARE CAPITAL

Information on share capital and shareholding is presented in chapter 7 “Information on the Company and its share capital”, § 7.2.2. The control held by the Hermès family group is likely to have an impact in the event of a public offering.

3.9.2.2 STATUTORY RESTRICTIONS ON THE EXERCISE OF VOTING RIGHTS AND SHARE TRANSFERS

Statutory restrictions on the exercise of voting rights and share transfers are as follows:

- ◆ voting rights are exercised by the bare owners for all decisions taken at all General Meetings except for decisions regarding the allocation of earnings, for which the usufructuary shall exercise the voting rights;
- ◆ double voting rights are allocated to each registered share after being held for a period of four consecutive years;
- ◆ any shareholder who comes to hold 0.5% of the share capital and/or voting rights, or any multiple of that percentage, must disclose the crossing of ownership thresholds (Article 11 of the Articles of Association);

- ◆ Émile Hermès SAS, 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 an Active partner (see chapter 7 “Information on the Company and its share capital” § 7.1.1.3 [Article 14.3 of the Articles of Association]);
- ◆ Hermès International may only be converted into a *société anonyme* (public limited company) with the consent of the Active partner;
- ◆ except for decisions falling within their exclusive remit, any decision taken by the Limited Partners (shareholders) at General Meetings is only valid if it has been approved by the Active partner no later than the end of said meeting.

3.9.2.3 CONTROL MECHANISMS PROVIDED FOR IN A POTENTIAL EMPLOYEE SHAREHOLDING SYSTEM

Not applicable.

3.9.2.4 AGREEMENTS BETWEEN SHAREHOLDERS OF WHICH THE COMPANY IS AWARE AND WHICH MAY RESULT IN RESTRICTIONS ON THE TRANSFER OF SHARES AND THE EXERCISE OF VOTING RIGHTS

A priority right to acquire Hermès International shares, granted by the members of the Hermès family group, and descendants of these members, to H51, is explained in chapter 7 “Information on the Company and its share capital”, § 7.2.5.2.

3.9.2.5 RULES APPLICABLE TO THE APPOINTMENT AND REPLACEMENT OF THE EXECUTIVE CHAIRMEN AND TO THE AMENDMENT OF THE COMPANY’S ARTICLES OF ASSOCIATION/POWERS OF THE EXECUTIVE MANAGEMENT, IN PARTICULAR AS REGARDS THE ISSUE OR BUYBACK OF SHARES

These rules are as follows:

- ◆ the Executive Chairmen may only be appointed or dismissed by the Active partner;
- ◆ the amendment of the Articles of Association is only valid if it has been approved in advance by the Active partner;
- ◆ the Executive Management benefits from delegations of authority to decide on share buybacks and capital increases, which are described in § 3.9.4.

3.9.2.6 AGREEMENTS ENTERED INTO BY THE COMPANY THAT ARE AMENDED OR TERMINATED IN THE EVENT OF A CHANGE OF CONTROL OF THE COMPANY, UNLESS SUCH DISCLOSURE, EXCEPT IN THE CASE OF A LEGAL OBLIGATION TO DISCLOSE, WOULD SERIOUSLY HARM ITS INTERESTS

A certain number of agreements entered into by the Company provide for a change of control clause, but none of them are of a nature to be covered by paragraph 9 of Article L. 22-10-11 of the French Commercial Code (*Code de commerce*).

3.9.2.7 AGREEMENTS PROVIDING FOR COMPENSATION FOR THE EXECUTIVE CHAIRMEN OR EMPLOYEES, IF THEY RESIGN OR ARE DISMISSED WITHOUT REAL AND SERIOUS CAUSE OR IF THEIR EMPLOYMENT IS TERMINATED DUE TO A PUBLIC OR EXCHANGE OFFERING

The Company has undertaken to make a severance payment to Mr Axel Dumas under the conditions described in chapter 8 “Combined General Meeting of 20 April 2021”, § 8.2.1 – Explanatory statement to the eighth resolution. Given the importance of the Active partner’s role in a *société en commandite par actions* (partnership limited by shares) – including the power to appoint and dismiss any Executive Chairman – and, in the case of a legal entity, its legal representative, it was decided that any termination of Mr Axel Dumas’ duties as Executive Chairman resulting from the replacement of the Chairman of Émile Hermès SAS should be deemed a forced departure.

3.9.3 SPECIAL CONDITIONS FOR ATTENDING GENERAL MEETINGS

In accordance with Article L. 22-10-10 of the French Commercial Code (*Code de commerce*), we hereby inform you that General Meetings are called, except in exceptional circumstances, under the conditions set by law and Article 24 of the Articles of Association (see chapter 7 “Information on the Company and its share capital”, § 7.1.1.3).

Any shareholder or shareholder representative has the right to attend the General Meeting and take part in the deliberations, regardless of the number of shares. However, shareholders will only be permitted to attend this meeting, to be represented or to vote by post if they have previously provided proof of their status by registering their shares in their own name (or that of the intermediary registered on their behalf if they are not domiciled in France) on the second business day (= i.e. stock market trading days) preceding the meeting at midnight (Paris time) [“record date”]:

- ◆ in the registered securities accounts held for the Company by its agent BNP Paribas Securities Services; or
- ◆ in the bearer share accounts held by the financial intermediary with which your shares are registered.

In the event of a sale of shares before this date, the shareholding certificate will be invalidated and the votes by post or powers sent to the Company will also be invalidated. In the event of disposal after this date, the shareholding certificate will remain valid and the votes cast or the powers given will be taken into account.

Shareholders may choose one of the following three options to attend the General Meeting:

- ◆ attend the General Meeting in person;
- ◆ by post: vote or be represented by giving proxy to the Chairman of the General Meeting or to a proxy;
- ◆ by Internet: vote or be represented by giving proxy to the Chairman of the General Meeting or a proxy.

In accordance with Articles L. 225-96 and L. 225-98 of the French Commercial Code (*Code de commerce*), only votes cast by shareholders present or represented are taken into account in the calculation of the

quorum. The votes cast do not include abstentions, blank votes, invalid votes, or shareholders who did not take part in the vote for the resolution in question. Postal voting forms giving no meaning or expressing an abstention will no longer be considered as negative votes. They will not be taken into account in the votes cast.

Double voting rights are allocated under the conditions set out in Article 12 of the Articles of Association (see chapter 7 “Information on the Company and its share capital”, § 7.1.1.3).

In the event that a legal (Articles L. 233-7 of the French Commercial Code (*Code de commerce*) and L. 433-3 *et seq.* of the French Monetary and Financial Code (*Code monétaire et financier*)) or internal threshold is crossed (Article 11 of the Articles of Association – see chapter 7 “Information on the Company and its share capital”, § 7.1.1.3) with regard to equity and/or voting rights, a declaration in accordance with the conditions set out in the aforementioned texts must be made, failing which the shares will be deprived of voting rights at General Meetings.

3.9.4 SUMMARY TABLE OF THE USE OF FINANCIAL DELEGATIONS OF AUTHORITY

In accordance with the provisions of Article L. 225-37-4-3° of the French Commercial Code (*Code de commerce*), the table below shows all the delegations of competence and powers granted by the General Meeting

to the Executive Management in financial matters, distinguishing between delegations that were valid, and delegations used, in the 2021 financial year, as applicable.

Date of General Meeting Resolution No.	Delegations valid in 2021	Limit common to several authorisations	Use in 2021
PURCHASE OPTIONS/FREE SHARES			
24 April 2020 18 th resolution	Authorisation: allocation of stock options Duration (expiry): 38 months (24 June 2023) Individual limit: 2%		None
24 April 2020 19 th resolution	Authorisation: allocation of existing free ordinary shares Duration (expiry): 38 months (24 June 2023) Individual limit: 2%	2%	None
BUYBACK/CANCELLATION OF SHARES			
24 April 2020 6 th resolution	Authorisation: share buyback Duration (expiry): 18 months (24 October 2021) ¹ Individual limit: 10% of the share capital – maximum amount of €2 billion – maximum price per share: €850		See chapter 7 “Information on the Company and its share capital”, § 7.2.2.10.1
24 April 2020 17 th resolution	Authorisation: cancellation of shares Duration (expiry): 24 months (24 April 2022) ¹ Individual limit: 10% of the share capital		None
4 May 2021 6 th resolution	Authorisation: share buyback Duration (expiry): 18 months (4 November 2022) ² Individual limit: 10% of the share capital – maximum amount of €2.5 billion – maximum price per share: €1,200		See chapter 7 “Information on the Company and its share capital”, § 7.2.2.10.1
4 May 2021 17 th resolution	Authorisation: cancellation of shares Duration (expiry): 24 months (4 May 2023) ² Individual limit: 10% of the share capital		None
EQUITY SECURITIES			
4 June 2019 15 th resolution	Authorisation: capital increase by incorporation of reserves Duration (expiry): 26 months (4 August 2021) ¹ Individual limit: 40% of the share capital	n/a	None
4 June 2019 16 th resolution	Authorisation: issue with preemptive subscription rights maintained Duration (expiry): 26 months (4 August 2021) ¹ Individual limit: 40% of the share capital		None
4 June 2019 17 th resolution	Authorisation: issue with preemptive rights cancelled Duration (expiry): 26 months (4 August 2021) ¹ Individual limit: 40% of the share capital		None
4 June 2019 18 th resolution	Authorisation: capital increase reserved for members of a company or group savings plan Duration (expiry): 26 months (4 August 2021) ¹ Individual limit: 1% of the share capital	40%	None
4 June 2019 19 th resolution	Authorisation: issue by private placement Duration (expiry): 26 months (4 August 2021) ¹ Individual limit: 20% of the share capital per year		None
4 June 2019 20 th resolution	Authorisation: issue to compensate contributions in kind Duration (expiry): 26 months (4 August 2021) ¹ Individual limit: 10% of the share capital		None

Date of General Meeting Resolution No.	Delegations valid in 2021	Limit common to several authorisations	Use in 2021
4 May 2021 18 th resolution	Authorisation: capital increase by incorporation of reserves Duration (term): 26 months (4 July 2023) Individual limit: 40% of the share capital	n/a	None
4 May 2021 19 th resolution	Authorisation: issue with preemptive subscription rights maintained Duration (term): 26 months (4 July 2023) Individual limit: 40% of the share capital		None
4 May 2021 20 th resolution	Authorisation: issue with preemptive rights cancelled Duration (term): 26 months (4 July 2023) Individual limit: 40% of the share capital		None
4 May 2021 21 st resolution	Authorisation: capital increase reserved for members of a company or group savings plan Duration (term): 26 months (4 July 2023) Individual limit: 1% of the share capital	40%	None
4 May 2021 22 nd resolution	Authorisation: issue by private placement Duration (term): 26 months (4 July 2023) Individual limit: 20% of the share capital per year		None
4 May 2021 23 rd resolution	Authorisation: issue to compensate contributions in kind Duration (term): 26 months (4 July 2023) Individual limit: 10% of the share capital		None
DEBT SECURITIES			
4 June 2019 16 th resolution	Authorisation: issue with preemptive subscription rights maintained Duration (expiry): 26 months (4 August 2021) ¹ Individual limit: €1 billion		None
4 June 2019 17 th resolution	Authorisation: issue with preemptive rights cancelled Duration (expiry): 26 months (4 August 2021) ¹ Individual limit: €1 billion	€1 billion	None
4 June 2019 19 th resolution	Authorisation: issue by private placement Duration (expiry): 26 months (4 August 2021) ¹ Individual limit: €1 billion		None
4 June 2019 20 th resolution	Authorisation: issue to compensate contributions in kind Duration (expiry): 26 months (4 August 2021) ¹ Individual limit: €1 billion		None
4 May 2021 19 th resolution	Authorisation: issue with preemptive subscription rights maintained Duration (term): 26 months (4 July 2023) Individual limit: €1 billion		None
4 May 2021 20 th resolution	Authorisation: issue with preemptive rights cancelled Duration (term): 26 months (4 July 2023) Individual limit: €1 billion	€1 billion	None
4 May 2021 22 nd resolution	Authorisation: issue by private placement Duration (term): 26 months (4 July 2023) Individual limit: €1 billion		None
4 May 2021 23 rd resolution	Authorisation: issue to compensate contributions in kind Duration (term): 26 months (4 July 2023) Individual limit: €1 billion		None

Date of General Meeting Resolution No.	Delegations valid in 2021	Limit common to several authorisations	Use in 2021
MERGER BY ABSORPTION, SPIN-OFF, PARTIAL CONTRIBUTION OF ASSETS			
4 May 2021 24 th and 25 th resolutions	Authorisation: merger by absorption, spin-off and partial contribution of assets subject to the legal regime for spin-offs and resulting capital increase Duration (term): 26 months (4 July 2023) Individual limit: 40% of the share capital	40% (25 th resolution)	None

(1) *These authorisations were cancelled, for the remaining duration and for the unused fraction, by delegations of the same nature authorised by the General Meeting of 4 May 2021.*

(2) *These delegations are intended to be cancelled, for the remaining duration and for the unused fraction, in the case of the adoption of new resolutions concerning new delegations of the same nature by the General Meeting of 20 April 2022 (see chapter 8 “Combined General Meeting of 20 April 2022”, § 8.2.1 and § 8.2.2 – Explanatory statement to the sixth and seventeenth resolutions).*

It is proposed that the General Meeting of 20 April 2022 renew the financial delegations previously granted to the Executive Management for:

- ◆ share buybacks/cancellations (see chapter 8 “Combined General Meeting of 20 April 2022”, § 8.2.1 and § 8.2.2 – Explanatory statement to the sixth and seventeenth resolutions);

- ◆ the possibility of granting stock options and allocating existing free ordinary shares to employees and Senior Executives of the Company and its subsidiaries.

3.10 OTHER INFORMATION FROM THE EXECUTIVE MANAGEMENT REPORT

3.10.1 INTERESTS OF CORPORATE OFFICERS AND EXECUTIVE COMMITTEE MEMBERS IN THE SHARE CAPITAL

In accordance with point 16.1 of Annex 1 to Commission Delegated Regulation (EU) 2019/980, the direct interests of Senior Executives in the Company's share capital as at 31 December 2021, as reported to the Company, were as follows.

	Shares in full ownership or with usufruct ¹ (Ordinary General Meeting votes on the allocation of net income)				Full or bare ownership shares ¹ (other General Meeting votes)			
	Number of shares	%	Number of votes	%	Number of shares	%	Number of votes	%
SHARE CAPITAL AS AT 31/12/2021	105,569,412	100.00%	177,758,072	100.00%	105,569,412	100.00%	177,758,072	100.00%
Executive Chairmen								
Émile Hermès SAS	33,236	0.03%	66,472	0.04%	33,236	0.03%	66,472	0.04%
Axel Dumas	11,768	0.01%	22,166	0.01%	11,768	0.01%	22,166	0.01%
Members of the Supervisory Board								
Éric de Seynes	226	0.00%	429	0.00%	511	0.00%	714	0.00%
Dorothee Altmayer	200	0.00%	230	0.00%	200	0.00%	230	0.00%
Charles-Éric Bauer	75,748	0.07%	151,496	0.09%	75,748	0.07%	151,496	0.09%
Estelle Brachlianoff	100	0.00%	100	0.00%	100	0.00%	100	0.00%
Pureza Cardoso	100	0.00%	140	0.00%	100	0.00%	140	0.00%
Monique Cohen	250	0.00%	500	0.00%	250	0.00%	500	0.00%
Matthieu Dumas	1,563	0.00%	1,776	0.00%	1,563	0.00%	1,776	0.00%
Blaise Guerrand	200	0.00%	400	0.00%	200	0.00%	400	0.00%
Julie Guerrand	6,825	0.01%	12,650	0.01%	6,825	0.01%	12,650	0.01%
Olympia Guerrand	600	0.00%	1,200	0.00%	600	0.00%	1,200	0.00%
Rémy Kroll	220	0.00%	270	0.00%	220	0.00%	270	0.00%
Renaud Momméja	149,972	0.14%	299,944	0.17%	89,012	0.08%	178,024	0.10%
Dominique Senequier	200	0.00%	400	0.00%	200	0.00%	400	0.00%
Alexandre Viros	100	0.00%	100	0.00%	100	0.00%	100	0.00%
Executive Committee (excluding Executive Chairmen and members of the Supervisory Board)								
Florian Craen	5,100	0.00%	8,140	0.00%	5,100	0.00%	8,140	0.00%
Charlotte David	4,000	0.00%	4,000	0.00%	4,000	0.00%	4,000	0.00%
Pierre-Alexis Dumas	97,187	0.09%	130,314	0.07%	93,064	0.09%	122,068	0.07%
Olivier Fournier	4,195	0.00%	4,350	0.00%	4,195	0.00%	4,350	0.00%
Catherine Fulconis	3,040	0.00%	3,080	0.00%	3,040	0.00%	3,080	0.00%
Wilfried Guerrand	7,885	0.01%	14,010	0.01%	7,885	0.01%	14,010	0.01%
Éric du Halgouët	4,040	0.00%	5,080	0.00%	4,040	0.00%	5,080	0.00%
Guillaume de Seynes	5,355	0.01%	9,670	0.01%	5,640	0.01%	9,955	0.01%

(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 taken by all General Meetings, except for decisions concerning the allocation of net income, for which the voting right is exercised by the usufructuary. The procedures for publication and allocation of voting rights are detailed in chapter 7 "Information on the Company and its share capital", § 7.2.1.2.

3.10.2 DECLARATIONS CONCERNING CORPORATE OFFICERS AND THE EXECUTIVE COMMITTEE

3.10.2.1 NATURE OF ANY FAMILY TIES BETWEEN THE ACTIVE PARTNER, THE MEMBERS OF THE SUPERVISORY BOARD, THE EXECUTIVE CHAIRMEN AND THE MEMBERS OF THE EXECUTIVE COMMITTEE

Pursuant to Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 (Annex I, Article 12.1), we hereby report to you on family ties existing between the members of the Supervisory Board, the Executive Chairmen and members of the Executive Committee.

Ms Dorothée Altmayer, Mr Axel Dumas, Mr Matthieu Dumas, Mr Pierre-Alexis Dumas, Mr Henri-Louis Bauer, Mr Charles-Éric Bauer, Ms Julie Guerrand, Mr Blaise Guerrand, Ms Olympia Guerrand, Mr Renaud Momméja, Mr Guillaume de Seynes and Mr Éric de Seynes are all direct descendants of Mr Émile-Maurice Hermès, which gives them the status of siblings or first cousins, as the case may be.

To the best of the Company's knowledge, there are no other family ties between the members of the Supervisory Board, the Executive Chairmen and members of the Executive Committee.

3.10.2.2 ABSENCE OF CONVICTION OF CORPORATE OFFICERS AND MEMBERS OF THE EXECUTIVE COMMITTEE

Pursuant to Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 (Annex I, Article 12.1), we hereby inform you that, according to the sworn statements made to the Company by the Corporate Officers and members of the Executive Committee:

- ◆ no Corporate Officer has been convicted of fraud in the last five years;
- ◆ no Corporate Officer has been involved in a bankruptcy, receivership, liquidation or placement of companies under judicial administration as a member of an administrative, management or supervisory body or as a Managing Director in the past five years;

- ◆ no Corporate Officer 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 conducting the business of a listed company in the last five years;
- ◆ no Corporate Officer has been accused or punished in a court of law by a statutory or regulatory authority (including designated professional bodies).

3.10.2.3 RESTRICTIONS ON THE DISPOSAL OF SHARES BY CORPORATE OFFICERS

Pursuant to Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 (Annex I, Article 12.2), we inform you of the restrictions on the disposal within a certain period of time of Hermès International shares by the members of the Supervisory Board, the Executive Chairmen and the members of the Executive Committee:

- ◆ the obligation for Executive Chairmen to hold 1,000 shares;
- ◆ the obligation for members of the Supervisory Board to hold 100 shares;
- ◆ the obligation to abstain (blackout periods) for members of the Supervisory Board, Executive Chairmen and members of the Executive Committee as part of the prevention of market abuse;
- ◆ the priority right of acquisition on Hermès International shares, granted by the members of the Hermès family group and descendants of these members for the benefit of the company H51 (see chapter 7 "Information on the Company and its share capital", § 7.2.5.2).

To the best of the Company's knowledge, there are no other restrictions on the sale of shares by Corporate Officers.

3.10.2.4 SERVICE CONTRACTS PROVIDING FOR THE GRANTING OF BENEFITS

Pursuant to Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 (Annex I, Article 12.2), we hereby inform you that no service contracts bind the members of the Supervisory Board to the Company or to any of its subsidiaries whatsoever and provide for the granting of benefits at the end of such a contract.

4

RISK FACTORS AND MANAGEMENT

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4.1 RISK FACTORS

In accordance with European regulation (EU) no. 2017/1129 of 14 June 2017 (Prospectus) and the ESMA guidelines, the risk factors presented in this chapter are, as at the date of this universal registration document, those that the Hermès Group believes could have a material adverse effect on its activity, results, financial position or prospects.

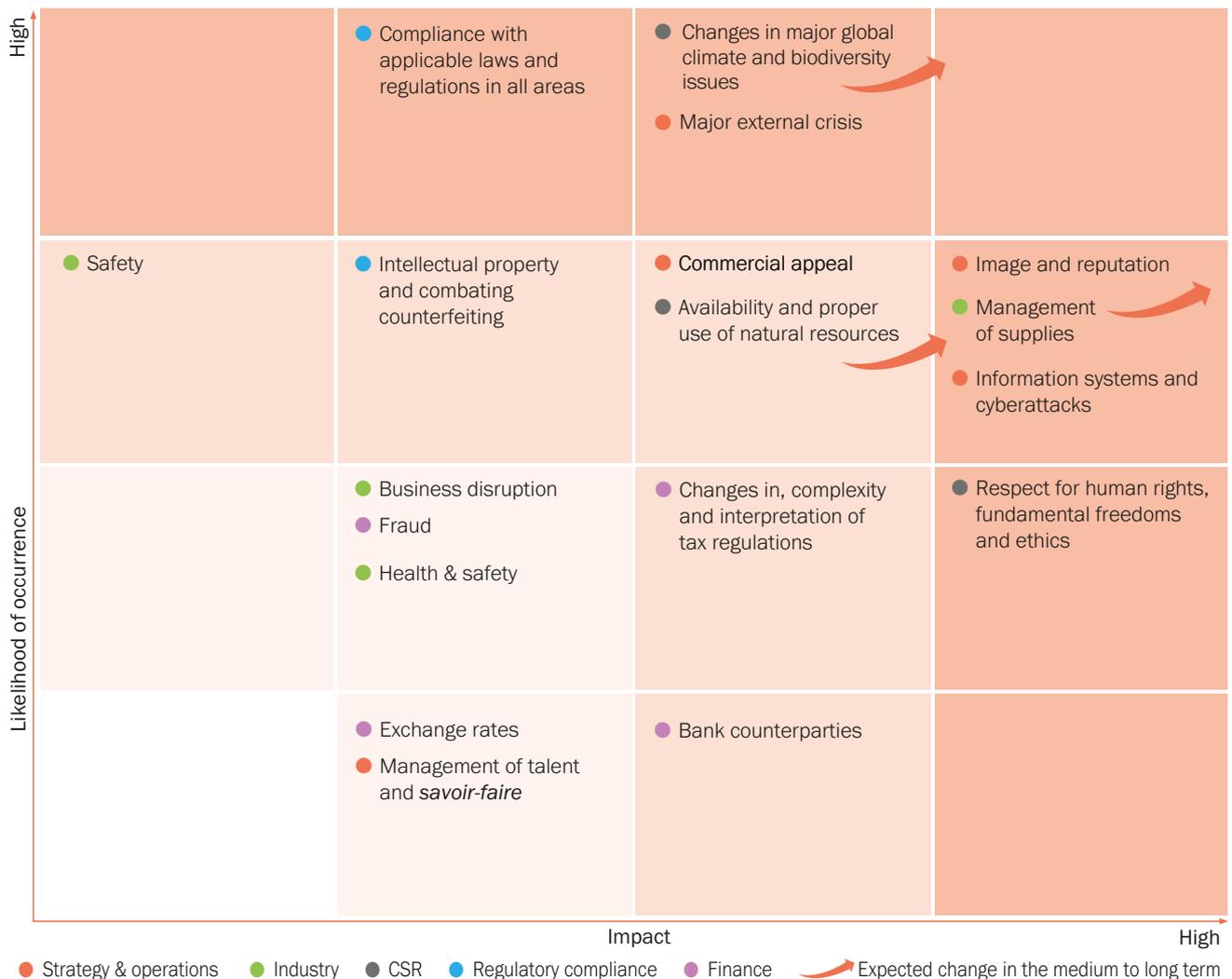
In the context of the current health crisis, certain risks have been exacerbated such as the risks of personal safety, supply disruption, non-continuity of activities, cyberattacks, fraud, etc. The Group quickly adapted by setting up a crisis management organisation and developing protocols to protect the health and safety of employees, as well as to secure sites. Reinforced monitoring has been put in place with the Group’s suppliers and service providers in order to ensure the continuity of operations at industrial, commercial and logistical levels.

In general, the Group has put in place a system to anticipate and control the risks identified. It is periodically updated to take into account regulatory, legislative, economic, societal, geopolitical and competitive

developments. A detailed description of the management of these risks is presented in this chapter.

Risk factors are presented in five main categories according to their nature, the most material risks being presented first. The mapping below classifies these risk factors according to their potential impact and probability of occurrence and therefore reflects the Group’s exposure, after taking into account the control measures implemented. The impact of the risks identified is assessed using a multi-criteria grid defined at Group level and shared with the subsidiaries. The analysis criteria include, as an inseparable whole, financial, reputational and legal criteria, as well as criteria relating to social, societal and environmental responsibility. This methodology makes it possible to address a concept of double materiality by taking into account the impacts on the Group itself and on its stakeholders.

The Audit and Risk Committee was involved in drawing up this matrix.

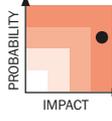


RISK RANKING BY CATEGORY (FROM MOST TO LEAST SIGNIFICANT)

● 4.1.1 Risks related to strategy and operations	4.1.1.1 Image and reputation	Page 330
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● 4.1.3 Legal and regulatory risks	4.1.3.1 Compliance with applicable laws and regulations in all areas	Page 339
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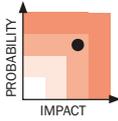
4.1.1 RISKS RELATED TO STRATEGY AND OPERATIONS

4.1.1.1 IMAGE AND REPUTATION ●

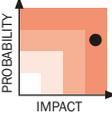
<p>◆ DESCRIPTION OF THE RISK</p> <p>The Hermès Group's reputation is based on the quality of its products and services offered to customers, the <i>savoir-faire</i> of its craftspeople and its unique communication. In a globalised world and surrounded by the growing influence of social networks, unfavourable media coverage or individual behaviour contrary to the House's values of ethics and integrity could affect the Group's image and reputation.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>An unfavourable media campaign could negatively affect the image of the Group.</p>
<p>◆ RISK MANAGEMENT</p> <p>Hermès, through its production and distribution entities, has built a robust internal control system for all key processes to protect its tangible and intangible assets, including its image and reputation.</p> <p>The Group has rolled out an ethics charter, a code of business conduct and an anti-corruption code of conduct to all employees.</p> <p>These three documents are sent to all new employees as soon as they join the House and are also made available to them on our <i>HermèsSphère</i> Intranet in the "Our Ethics" section and on the external website https://finance.hermes.com/en/ethics-human-rights-and-diversities/. In addition, a continuous training module on anti-corruption laws has been rolled out to operational staff.</p> <p>In order to act in accordance with the House's ethics principles and values, the Group also ensures the proper conduct of the various third parties with which it has a business relationship (suppliers, partners). Systems have been set up for managing risks in ethics, CSR, etc. and are detailed in chapter 2 "Corporate social responsibility". Through the structure of its family shareholding, the House remains independent in the way it implements its strategy and conducts its activities, which are carried out in line with its values.</p> <p>The Group has also put in place a permanent monitoring system on the web under the responsibility of the Group communication department.</p> <p>Hermès also has a crisis management manual which serves to prevent, manage and limit the impacts of undesirable events on the Company.</p>	

Note: Hermès' actions and achievements in the fields of ethics and compliance are described in chapter 2.

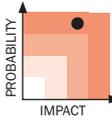
4.1.1.2 COMMERCIAL ATTRACTIVENESS ●

<p>◆ DESCRIPTION OF THE RISK</p> <p>The commercial attractiveness and desirability of the products are based on the Group’s unique model. The latter is characterised by its radical style, ancestral <i>savoir-faire</i> mainly “Made in France”, high quality products and services, its openness to local cultures and its unique communication.</p> <p>In a constantly changing world, any failure of the Group to take customer expectations into account, issues with the quality of products or CSR concerns could negatively impact the House’s appeal.</p> <p>The attractiveness of products could also be affected by the parallel market and networks of resellers offering a low-quality customer experience.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>The loss of commercial appeal could lead to a gradual loss of interest from customers.</p>
<p>◆ RISK MANAGEMENT</p> <p>The creative offering is the responsibility of the artistic department and its many talented employees, who ensure the creative synergies of the collections while preserving the House’s identity and style. Their mission is to create, innovate, put forward new concepts and collections whose forms, materials and colours will astound our customers and be enhanced by our craftspeople. The freedom of creation, reinforced by the freedom of the stores to purchase, is exercised while respecting the harmony and coherence of the collections, expressed through an annual theme.</p> <p>Absolute product quality has always been a priority. Tests carried out on all products before they are sold ensures their compliance and durability. The Group has also implemented a support system for its craftspeople and suppliers with a view to developing their <i>savoir-faire</i> in terms of the expected level of quality.</p> <p>The Hermès Group has introduced a number of tools, both in-store and online, to enrich the customer experience by raising the level of service to match the quality of its products. The stores are also regularly renovated, the omnichannel offer is being expanded and customer services, such as after-sales service, are developing. In line with the current health context, the Group has developed its offer of remote services to better meet their expectations.</p>	

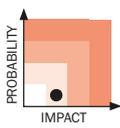
4.1.1.3 INFORMATION SYSTEMS AND CYBERATTACKS ●

<p>◆ DESCRIPTION OF THE RISK</p> <p>Information systems are of paramount importance in the smooth running of the Group's day-to-day operations. They may concern customers, suppliers or employees, as well as the processing and storage of data.</p> <p>Personal data protection is a priority for the Group.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>The partial or total unavailability of certain information systems could disrupt or paralyse the processes and the activities concerned.</p> <p>A breach of information systems, triggered by a cyberattack, for example, could lead to a data breach, such as the unauthorised disclosure of sensitive data.</p>
<p>◆ RISK MANAGEMENT</p> <p>A global information system governance model clearly defines the roles and responsibilities of the Group's headquarters and subsidiaries. Common architecture and urbanisation rules favour a centralised model when technical or regulatory constraints allow. The sovereign functions of the information systems remain managed by the headquarters.</p> <p>A cybersecurity community is led by the Group team, which relies on dedicated experts and local contacts. Collaboration between these different actors is facilitated by the organisation of monthly updates (sharing on current positions and the evolution of threats, monitoring of the roadmap, reminders of best practices), monthly themed webcasts and the organisation of dedicated bi-annual seminars.</p> <p>Hermès' IT spending (investment and operating budget) is reassessed each year to ensure that investments are aligned with the Group's strategic challenges. Its objective is to align the technical infrastructures and systems with the growing needs of users while ensuring good operational performance. They also aim to keep IT risks under control and to develop information systems, in particular for new digital and cloud uses, whilst being socially and environmentally responsible.</p> <p>The information systems department adheres to an information technology charter and a set of procedures applicable to all Group companies. In particular, an information systems security policy (ISSP) is updated annually to adapt to threats. Audits of IT security and compliance with procedures are carried out periodically in all subsidiaries, in collaboration with the audit and risk management department and with the help of external service providers. Exercises are carried out on a regular basis to improve incident detection and response capabilities (red team/blue team system).</p> <p>In the field of IT risk prevention, IT risk mapping is regularly updated and presented to the Audit and Risk Committee. The work previously initiated was continued in 2021. This included strengthening the security of central systems, control over workstations, managing the life cycle of identities, securing internal and external access, preventing data leaks, protecting cloud applications and the physical security of data centres. Improved backup and fault tolerance arrangements for critical systems were also included to ensure continuity of operation in the event of an incident.</p> <p>The information systems department has reinforced its capacity to detect and deal with incidents. All computers and servers are equipped with software to detect anomalies (endpoint detection response – EDR), enable security patches to be installed and conduct investigations in the event of doubt. Security incidents are dealt with by a dedicated team (Security Operation Centre – SOC) and are closely monitored. Security measures were strengthened during lockdown periods and systems were created for new uses introduced by teleworking.</p> <p>New initiatives to raise employee awareness of security issues have taken various forms within the framework of a global programme (conferences, films, e-learning, escape games, dedicated website in eight languages). Each year, Cybersecurity Month gives special emphasis to these topics.</p> <p>Intrusion tests on internal, Wi-Fi and external networks were carried out, as well as IT disaster simulations, and corresponding action plans were formalised. The continuity of IT operations is also tested regularly. Crisis simulation exercises are carried out annually and are followed by feedback and action plans. In addition to the information systems department, they involve various Group departments (internal communication department, financial communication and investor relations department, insurance department, audit and risk management department, legal compliance department and the Data Protection Officer, etc.) as well as a member of the Group Executive Committee.</p> <p>Furthermore, the Group ensures that it complies with the various standards and regulations applicable to the protection of personal data (GDPR) and payment card data (PCI-DSS). Compliance with the latter standard is also assessed annually by a third party. The information systems department accordingly works with other departments in order to reduce the risks of damage to information systems and its impacts in the event such risks were to materialise.</p>	

4.1.1.4 MAJOR EXTERNAL CRISIS ●

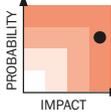
<p>◆ DESCRIPTION OF THE RISK</p> <p>The Group is exposed to economic, political, social and health developments in the many countries in which it operates.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>Geopolitical, economic or social tensions as well as a pandemic situation could have an impact on sales. The consequences would be even more unfavourable in areas where the Group has a significant presence, particularly in Asia.</p> <p>The breakdown of the Group's revenue by geographical area is presented in chapter 1 "Presentation of the Group and its results", § 1.7.</p>
<p>◆ RISK MANAGEMENT</p> <p>Hermès holds a unique position in the luxury market. Its broad portfolio of products reduces the risk of dependence on any particular range, while its distribution is well balanced geographically.</p> <p>The Group operates 303 points of sale under the Hermès banner, including 221 branches that generate over 91% of revenue. In addition, the Group is continuing to develop its online sales activity with the successive deployment of e-commerce platforms in its distribution subsidiaries.</p> <p>Some Hermès products are also distributed via a network of multi-brand points of sale carefully selected on the basis of qualitative and/or quantitative criteria. This distribution method concerns in particular perfumes, watches and certain products from the Home universe. Lastly, the Group also owns other brands that distribute their products directly or through their own selective network. Details of these brands are described in § 1.4.1.</p> <p>In addition, there is little exposure of sales to seasonality.</p> <p>The policy of opening new points of sale is prudent and aims to spread the risks over several geographical areas. In this respect, the acceleration of the development of the Americas region aims in particular to reduce the weight of Asia in the Group's sales.</p> <p>In addition, a crisis management system is in place to ensure business continuity. In particular, it was successfully implemented since early 2020 in the context of the Covid-19 pandemic (see § 4.3.4 Crisis management).</p>	

4.1.1.5 MANAGEMENT OF TALENT AND SAVOIR-FAIRE ●

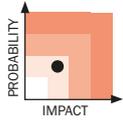
<p>◆ DESCRIPTION OF THE RISK</p> <p>The <i>savoir-faire</i> of craftspeople, and more broadly the development of the potential of employees, is one of Hermès' key assets. They are based on preserving, enriching and passing on this often exclusive <i>savoir-faire</i> in a context of growth for our <i>métiers</i> and our workforce.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>A loss of <i>savoir-faire</i> or the disappearance of exclusive craftsmanship <i>métiers</i> would have an impact on the Group's operations and reputation, thus negatively affecting its financial results.</p>
<p>◆ RISK MANAGEMENT</p> <p>The Group human resources department is in charge of identifying and developing talent in order to lay the groundwork for the next generation at all levels of the organisation. It is based on specific tailor-made courses and offers a training policy for new employees.</p> <p>Training, along with internal mobility, is one of the major levers to support employees throughout their careers in the House.</p> <p>The continuous improvement of craftspeople's skills and <i>savoir-faire</i> is achieved through training and professional qualification programmes carried out in Hermès internal training schools (École du Cuir, École des Tanneurs or École du Textile, among others), as well as through collaborations with external training structures. The promotion of crafts <i>métiers</i> and craftsmanship among younger generations is carried out with the support of partners: schools, training and apprenticeship centres, in order to ensure the knowledge and sustainability of <i>savoir-faire</i>.</p> <p>True to its family tradition and wishing to involve all employees in its growth, Hermès has set up various measures for sharing economic benefits: incentive schemes, profit-sharing, employee shareholding plans, etc.</p> <p>In the context of Covid-19, the House has continued its training by adapting its programmes. Thus, during periods of lockdown, training was held remotely, with face-to-face sessions resuming as soon as possible.</p> <p>All initiatives undertaken by the Group relating to the management of talent and the preservation of <i>savoir-faire</i> are presented in chapter 2 "Corporate social responsibility".</p>	

4.1.2 INDUSTRIAL RISKS

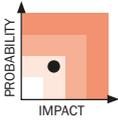
4.1.2.1 SUPPLY MANAGEMENT ●

<p>◆ DESCRIPTION OF THE RISK</p> <p>Most of Hermès' production is integrated, in line with its strategy of preserving unique <i>savoir-faire</i> and securing supplies.</p> <p>However, the ability of the Hermès Group to grow is also linked to the development of its suppliers, whose exceptional <i>savoir-faire</i> and future successes will contribute to those of the Group.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>A supply shortage, in terms of volume or quality, of certain exceptional materials for the Group could lead to disruptions in production and eventually a loss of business.</p>
<p>◆ RISK MANAGEMENT</p> <p>The Hermès Group makes most of its products in-house, primarily in France. It is not therefore seeking suppliers established in countries at risk. Hermès has long been committed to a responsible long-term partnership approach with its suppliers. It enters into special partnerships with its suppliers and producers, based on ethics and trust, by fostering long-term relationships with them. This stable relationship allows for close collaboration on many subjects over time.</p> <p>The Group's approach is based on in-depth knowledge of all its supply chains. A total of 75 supply chains have been analysed since the beginning of 2020, resulting in the creation of a supply chain brief for each of them, which formalises the Group's short and medium-term ambitions to ensure ethical and responsible supply chains.</p> <p>The Group Purchasing Manager handles supplier risk transversally. Its role is in particular to manage the community of buyers by supporting them on a daily basis in managing supplier risk, as described in chapter 2 "Corporate social responsibility", § 2.6.</p> <p>Hermès has developed long-term relationships with its partners and suppliers, thereby better protecting its supplies and critical <i>savoir-faire</i>.</p> <p>Drawing up supplier risk mapping enables action plans to be determined, assessed and prepared in response to the risks identified, wherever necessary, in particular in relation to the duty of care (human rights, environment, health and safety). Significant work has also been carried out to optimise and secure the supply chain.</p> <p>Committed to providing long-term support for all its partners and maintaining balanced relationships characterised by goodwill and high standards, Hermès ensures that its partners respect its social, environmental and ethics ambitions. A CSR handbook was formalised in January 2021 to set out the House's expectations on this subject. Supplier audits, conducted using internal resources as well as independent external firms, serve notably to check that their operations meet the Group's expectations.</p> <p>The Group is strengthening supply protection, implementing a policy of diversification and limitation of supplier dependence, and building up security inventories. One of the challenges of the "know your supplier" system is ensuring that suppliers have identified the risk areas related to their activity that could lead to a total or partial stoppage of their production (critical raw materials, equipment, processes, sources of energy or key people, etc.). The formalisation of backup solutions and their regular testing are recommended. Where appropriate, equity investments may help to secure these relationships. In line with the current health crisis, the Group has set up close monitoring of its suppliers in order to best support them and anticipate any difficulties, in a constant spirit of partnership.</p>	

4.1.2.2 BUSINESS INTERRUPTION ●

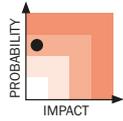
<p>◆ DESCRIPTION OF THE RISK</p> <p>Hermès relies on a highly integrated French production method. The vast majority of our objects (78%) are made in France in exclusive in-house workshops (over 58%). The Group's ability to deal with a major industrial accident at one of its production, distribution or logistics sites (fire, flood), a natural disaster (tsunami, earthquake) or a major health crisis, is a key issue for Hermès.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>The occurrence of such events on the production chain would impact the conduct of activities and would have consequences on the Group's commercial and financial performance.</p>
<p>◆ RISK MANAGEMENT</p> <p>The management of industrial risks is carried out by the Group's industrial affairs department. It is based on EHS networks in both the Group and internally within the <i>métiers</i>, as described in chapter 2 "Corporate social responsibility".</p> <p>The production sites are spread across the country and comply with French regulations, some of the most demanding in the world, thus reducing the risk of a complete shutdown.</p> <p>Hermès implements initiatives designed to protect its manufacturing assets, employees and the environment on all of the House's production sites. The Group's industrial affairs department relies on the <i>métiers'</i> industrial departments and Site Managers to carry out internal diagnostics. Audits conducted by external specialists enable operational improvement plans to be drawn up. The recommendations resulting from these analyses in the areas of organisation, procedures, training or investment are subject to careful follow-up. Safety-related expenditures and investments are considered to be a priority when making budget choices. In particular, in the current health context, adjustments have been made to the various sites to allow the activity to continue while respecting the health recommendations.</p> <p>Two studies were carried out in collaboration with the Group's insurer in order to quantify the financial exposures related to production and storage sites as well as strategic suppliers for the Leather and Silk <i>métiers</i>. These analyses identified the sites, subcontractors and critical suppliers on which the Group should target its actions in order to ensure activity continuity. The Leather study was updated in 2020 and the Silk update was started in 2021.</p> <p>During its audits, the audit and risk management department ensures that activity continuity plans are formalised and tested on the Group's various sites and, where appropriate, issues recommendations. At the end of 2021, a centralised review of plans for the entire Group was initiated.</p> <p>In addition, the Group safety department, in collaboration with internal experts, coordinates regular site visits. Dedicated action plans are implemented and monitored operationally by the sites concerned.</p>	

4.1.2.3 HEALTH AND SAFETY ●

<p>◆ DESCRIPTION OF THE RISK</p> <p>The Group ensures respect for human rights, fundamental freedoms, health and safety of people, whether they are customers, employees, suppliers or subcontractors. The Hermès Group is committed to respecting local regulations in the countries in which it operates. The quality of the products sold and their compliance with the strictest regulations on personal safety are priorities for the Group.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>Any damage to the health and safety of employees, customers or third-parties working at Hermès sites, resulting from the activity of the Hermès Group or that of its sub-contractors or suppliers, and any non-compliance with the quality and safety standards of the products sold, could give rise to litigation and undermine the Group's reputation.</p>
<p>◆ RISK MANAGEMENT</p> <p>The Group's policy is to integrate health, safety and well-being challenges in its operational strategy as a priority, in particular for its manufacturing activities. In accordance with law no. 2017-399 of 27 March 2017 on the duty of care of parent companies and contractors, the Hermès Group has drawn up a vigilance plan. It aims to identify the risks and prevent violations of human rights and fundamental freedoms, the health and safety of people and the environment, resulting from its activities, as well as those of its subcontractors or suppliers (see chapter 2 "Corporate social responsibility", § 2.6).</p> <p>Moreover, the industrial affairs department leads a health, safety and environment (EHS) network comprising EHS managers from the House's different <i>métiers</i>. With around 20 members, it meets several times a year to set targets, share results and learn about best practices in each of the <i>métiers</i>.</p> <p>The main initiatives of the House's various <i>métiers</i> are described in chapter 2. In most cases, they go beyond simple regulatory compliance to achieve true well-being at work. Each <i>métier</i> has its specific needs as regards working conditions, so it is logical for each one to develop its own arrangements.</p> <p>Assessments of risks at employee workstations are carried out by the occupational health and hygiene division of the Group safety department for the stores and by the <i>métiers</i> for each of the production sites. They are updated annually.</p> <p>In the current health context, health protocols have been implemented and specific personal protective equipment has been made available to employees to protect the health and safety of people. A psychological support unit is mobilised to provide anonymous and confidential support to employees who might need it.</p> <p>Hermès products are regularly tested throughout the supply and production chains. Tests on finished products are also carried out by independent laboratories in Europe, Asia and the United States, to verify their compliance with the most stringent regulations in force, as well as their safety. Monitoring is carried out to analyse permanent changes in regulations and modify product specifications.</p>	

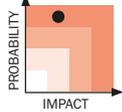
Note: The mitigation and prevention mechanisms for these risks are addressed specifically in chapter 2.

4.1.2.4 SAFETY ●

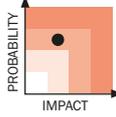
<p>◆ DESCRIPTION OF THE RISK</p> <p>The safety of property means all measures and means for combating threats and malicious acts. The main threats identified are: physical damage to property, people and infrastructure, and damage to <i>savoir-faire</i> and intangible property.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>Such breaches could cause damage to property and people working at the Group's sites (production, distribution, logistics or offices) or at events on external sites.</p> <p>Moreover, they could expose craftspeople and sales staff to risks, causing moral and psychological damage to all Group employees.</p> <p>In addition to direct financial losses, they could harm the Group's image.</p>
<p>◆ RISK MANAGEMENT</p> <p>The following actions have been taken:</p> <ul style="list-style-type: none"> • safety governance is set out in a safety policy covering all the Group's activities and sites; • since 2020, the procedures specific to transportation safety have been rolled out and adapted to the health situation; • in the case of a serious event, a crisis management process is implemented. This provides for the setting up of a crisis unit with dedicated resources made available. Crisis management exercises are regularly conducted. <p>Hermès is organised to take account of these risks on a daily basis: a central monitoring station, operating round the clock, is connected to the 70 production and distribution sites in France and Switzerland. The Group took the decision to employ 60 agents in its internal safety division, to which external service providers are added.</p> <p>Experts within the Group safety department regularly travel to the various sites and during events in France and abroad to ensure compliance with Group safety procedures. A questionnaire on industrial safety is also completed during site visits or audits. Furthermore, the Group safety department has an advisory role to the <i>métiers</i> and subsidiaries.</p> <p>A computerised safety and crisis management tool was rolled out in March 2021 on sites in the Paris region. In particular, it makes it possible to standardise operational procedures between the various teams of the Group safety department, while promoting real-time and consolidated information sharing. It also has specific crisis management functionalities. It will gradually be rolled out to other Group sites over the coming years, depending on the level of risk identified at each site.</p> <p>This system is also backed by partnerships set up through agreements signed with the police force and the Ministry for Europe and Foreign Affairs.</p> <p>Safety incidents are reported in a specific database and are regularly reported to the Group Safety Committee and the Audit and Risk Committee. They are analysed in detail, contributing to the continuous improvement of the system.</p> <p>In line with the health situation, safety measures were reinforced during lockdown and closed sites were subject to particular vigilance.</p>	

4.1.3 LEGAL AND REGULATORY RISKS

4.1.3.1 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS IN ALL AREAS ●

<p>◆ DESCRIPTION OF THE RISK</p> <p>The Hermès Group is committed to complying with the laws and regulations to which it is subject in France and internationally. These laws and regulations are increasingly numerous and complex.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>Regulatory non-compliance could have a negative impact on the Group's operations, tarnish its reputation and give rise to financial penalties.</p>
<p>◆ RISK MANAGEMENT</p> <p>The Group keeps abreast of developments in regulations and case law in all relevant areas to ensure that it maintain compliance both in France and internationally. This monitoring is carried out in-house and by external firms:</p> <ul style="list-style-type: none"> internally, given the increasing complexity of each legal matter, the legal department is organised into specialised divisions, with departments or divisions specialising in one area of law (corporate and securities law, real estate law, mergers and acquisitions law, anti-counterfeiting). Business divisions with generalist teams in charge of the various <i>métiers</i> and regional divisions with legal teams in China, Japan, Singapore, South Korea and the United States, complete this organisation. The compliance department, which includes the experts in personal data protection law also reports to it. Employment and tax matters are respectively handled by the Group's human resources and finance departments, which work in conjunction with the legal department; externally, in each of the regions where the Group develops its activity, Hermès is advised by specialised local law firms. The Group continues to be involved in ongoing litigation, but there are no pending settlements that are expected to have an impact on its activity 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 12 months have had, a significant impact on the Group's financial position or profitability. 	

4.1.3.2 INTELLECTUAL PROPERTY AND THE FIGHT AGAINST COUNTERFEITING ●

<p>◆ DESCRIPTION OF THE RISK</p> <p>The Group is very committed to the protection and defence of its intellectual property rights. It is very active in the fight against counterfeiting, particularly on the Internet.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>Infringements of the Group's intellectual property rights could have a negative impact on its revenue and damage its brand image.</p>
<p>◆ RISK MANAGEMENT</p> <p>The Group has a particularly comprehensive portfolio of brands, models, patents and domain names, which is regularly expanding.</p> <p>Within each <i>métier</i> legal division, teams are specifically dedicated to these issues and ensure that the Group's creations are protected effectively.</p> <p>Finally, the Group ensures that its rights are respected and pursues an active anti-counterfeiting policy involving both preventive measures (training) and coercive measures (administrative, civil and criminal proceedings) across the world and particularly on the Internet. The anti-counterfeiting department undertakes these actions with the support of external consultants and in collaboration with the competent local authorities. They are carried out both in traditional markets and on the Internet (Metaverse, online sales platforms, social networks, retail websites, instant messaging, etc.).</p> <p>These actions make it possible to seize and destroy several hundred thousand potentially dangerous counterfeit products each year (in compliance with CSR rules), to trace the source of the production chain for these products and ensure the Group's rights are recognised. Where applicable, the payment of damages compensates for the prejudice suffered and is reinvested in the fight against counterfeiting.</p>	

4.1.4 RISKS RELATED TO SOCIAL, SOCIETAL AND ENVIRONMENTAL RESPONSIBILITY

The Group's social, societal and environmental responsibility challenges are described in detail in chapter 2 "Corporate social responsibility", and are articulated around the Hermès Group's six strategic sustainable development pillars:

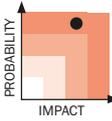
- ◆ teams;
- ◆ *savoir-faire*;
- ◆ raw materials;
- ◆ environment;
- ◆ suppliers and partners;
- ◆ stakeholders.

In 2021, Hermès updated the analysis of its priority CSR issues in order to guide its actions and facilitate understanding of its strategy. This materiality analysis was conducted by interviewing a panel made up of internal stakeholders who are experts in the subject, internal stakeholders outside France, and external stakeholders identified for their knowledge of the sector, the House and its functioning. Details of the method followed and the materiality matrix thus constructed are presented in chapter 2. This study confirms and sets out the analysis conducted more widely at Group level in 2019 on three main themes:

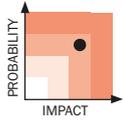
- ◆ risks related to changes in major global issues regarding climate and biodiversity;
- ◆ risks related to availability and judicious use of natural resources (water, energy, raw materials, waste management and recycling);
- ◆ risks related to human rights and fundamental freedoms, and in particular, as regards the ethics aspect of our relations and more broadly the well-being of our employees.

More details by type of risk, and the mitigation and prevention mechanisms for these risks are addressed specifically in chapter 2. CSR topics are also part of the impact assessment criteria for each of the risk factors.

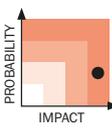
4.1.4.1 CHANGES IN MAJOR GLOBAL CLIMATE AND BIODIVERSITY ISSUES ●

<p>◆ DESCRIPTION OF THE RISK</p> <p>Climate change causes disruption (heat, rising water levels, extreme events) and impacts on biodiversity and ecosystems.</p> <p>It also involves operational, regulatory and political transition issues (taxation, restriction of operations).</p> <p>The loss of biodiversity and the degradation of ecosystems threaten the sustainability of the natural resources from which the House's materials are sourced, weaken the planet and disrupt the living conditions of populations.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>Rapid changes could impact our supply chains, manufacturing operations, logistics or distribution, as well as the behaviour of our customers.</p>
<p>◆ RISK MANAGEMENT</p> <p>Hermès' French craftsmanship model, through its presence across France, reduces its vulnerability to extreme events already experienced in certain parts of the world.</p> <p>In accordance with the recommendations of the TCFD (Taskforce on Climate-related Financial Disclosures), the Group's work to reduce risk is organised around four axes:</p> <ol style="list-style-type: none"> governance at the highest level (Executive Committee); a strategy aligned with the Paris Agreements and validated by SBTi (Science Based Targets initiative) as being in line with a trajectory limiting global warming to 1.5 °C: <ul style="list-style-type: none"> defossilisation: 100% renewable energy in our direct operations by 2030, a reduction in greenhouse gas emissions of 50.4% in absolute value for scopes 1 and 2, and by 58.1% in relative value for scope 3 by 2030; operational risk management by: <ul style="list-style-type: none"> taking the subject into account in the updated risk mapping within the Group, the implementation of a prospective analysis of climate risks for our main activities by 2030 (leather goods, textiles), specific risk analysis for certain sectors (cashmere, silk, etc.); monitoring of results and alignment with objectives, with a Carbon Assessment drawn up on the three scopes each year and the gradual implementation of indicators within the <i>métiers</i> and subsidiaries. As a reminder, 10% of the Executive Chairmen's variable compensation is subject to CSR criteria, including industrial energy consumption (scopes 1 and 2 GHG emission performance). <p>In addition, it is committed to an active policy of offsetting its greenhouse gas emissions (scopes 1 and 2).</p> <p>A biodiversity strategy, formalised in 2018, was launched and updated in 2020 as part of the commitment to Act4Nature international. It has been reviewed by external organisations. It is divided into four areas:</p> <ul style="list-style-type: none"> train all employees in biodiversity by 2025; collaborate with recognised external stakeholders (WWF France, ICFA, SAOBC); measure the Group's biodiversity footprint (IPBES pressures) and its supply chains (leather, silk, cashmere, wood, cotton) by 2025; act through action plans commensurate with the issues and pursue positive actions beyond the Group's activities (Livelihoods, Fondation d'entreprise). <p>The content of these action plans is detailed in chapter 2 "Corporate social responsibility".</p>	

4.1.4.2 AVAILABILITY AND PROPER USE OF NATURAL RESOURCES ●

<p>◆ DESCRIPTION OF THE RISK</p> <p>The Group seeks to secure quality supplies of natural and renewable materials, obtained while fully respecting biodiversity. The risk relates to access and availability of materials, as well as the conditions under which they are obtained: social and environmental impact and their societal acceptability (animal welfare).</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>Decrease in the quality and volumes of exceptional natural raw materials, increase in costs. Loss of some customers who choose not to purchase leather.</p>
<p>◆ RISK MANAGEMENT</p> <p>The Group works in each of its <i>métiers</i>, under the coordination and control of the industrial affairs department, to gain a better understanding of the supply chains and develop operational practices in order to jointly build the resilience of these channels. This entire system is described in § 2.4.2 of chapter 2 "Corporate social responsibility". The approach undertaken aims to:</p> <ol style="list-style-type: none"> 1. control the entire value chain with operational traceability and long-term partnerships with suppliers, partners and NGOs; 2. contribute to the development of the most demanding standards for responsible and sustainable management of supply chains: <ul style="list-style-type: none"> • environmental footprint: biodiversity, water, energy, carbon, • social: working conditions, ethics, corruption, • societal: link with communities; 3. support regenerative agriculture that is more respectful of nature; 4. set the highest standards in terms of animal welfare and ethics in our relationship with living organisms: a dedicated committee has been in place since 2019 and a policy was formalised in 2021; 5. create circularity: a committee, which includes all <i>métiers</i>, has been leading projects to innovate, reuse and recycle materials in order to prolong their life since 2020. <p>Audits supplement this system and are carried out regularly with specialised service providers, or on certain channels with the WWF, in order to best manage risks.</p> <p>With a view to continuous improvement, these processes are reviewed on a regular basis and action plans are implemented.</p> <p>The content of these action plans is detailed in chapter 2.</p>	

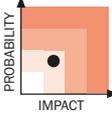
4.1.4.3 RESPECT FOR HUMAN RIGHTS, FUNDAMENTAL FREEDOMS AND ETHICS ●

<p>◆ DESCRIPTION OF THE RISK</p> <p>The risks of infringement of human rights, fundamental freedoms, our ethics values and the health and safety of people mainly concern our external activities. Over 60% of the workforce is in France and is therefore subject to strict regulations. The multiple nature of our <i>métiers</i> and supply chains, combined with our desire to use exceptional raw materials, means that we work in partnership with suppliers from all over the world. These partnerships require constant vigilance to ensure respect of these rights and ethics throughout our value chain.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>A violation of human rights, fundamental freedoms, health and safety or a breach of the Group's ethics rules would damage its reputation and image.</p>
<p>◆ RISK MANAGEMENT</p> <p>The Group promotes a demanding ethics culture and does not tolerate any breaches of probity. The approach is structured around a specific governance, supported at the highest level of the organisation. Documents formalising our commitments and tools for identifying, assessing, raising awareness, preventing and detecting these risks complete the control systems (see chapter 2 "Corporate social responsibility", § 2.8):</p> <ol style="list-style-type: none"> the Group has written its ethics values and its commitment to respect human rights and fundamental freedoms into the following documents: <ul style="list-style-type: none"> an ethics charter that defines the Hermès Group's fundamental principles, a code of business conduct that gives them a practical framework in terms of ethics, an anti-corruption code of conduct that sets out the rules to be followed in terms of integrity and probity, commitment handbooks, signed by suppliers and commercial partners, that explicitly address these subjects. <p>These documents, which are regularly updated, are in line with fundamental principles such as the Universal Declaration of Human Rights, ILO rules, the OECD guidelines and the United Nations Global Compact as regards sustainable development;</p> <ol style="list-style-type: none"> in accordance with law no. 2017-399 of 27 March 2017 on the duty of care of parent companies and contractors, the Hermès Group has drawn up a vigilance plan. It aims to identify the risks and prevent violations of human rights and fundamental freedoms, the health and safety of people and the environment, resulting from its activities, as well as those of its subcontractors or suppliers. Systems for identifying, mitigating and preventing these risks have been put in place for employees, suppliers and subcontractors; risk analyses and procedures for the regular assessment of the situation of suppliers and subcontractors as well as audits make it possible to verify <i>in situ</i> the reality of the commitments made by our suppliers. These relate to human rights and fundamental freedoms, health and safety and compliance with environmental regulations (see § 2.6.1.1); an internal and external whistleblowing system is available to report any breaches or situations contrary to ethics, social and environmental principles (see § 2.8.2.3.3). <p>The content of these action plans is detailed in chapter 2.</p>	

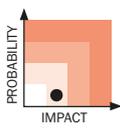
4.1.5 FINANCIAL RISKS

The Group has put in place an organisational structure which allows financial risks related to its business to be managed centrally. As the Group has a positive cash position, it is not exposed to liquidity risk and applies a conservative policy in managing counterparty risks.

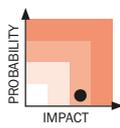
4.1.5.1 FRAUD ●

<p>◆ DESCRIPTION OF THE RISK</p> <p>The Group's exposure to the risk of fraud is due in particular to its growing visibility in many countries and its increasing digital presence. The inventiveness and adaptability of external fraud attempts on defence systems seen on the market also represent threats.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>Any case of fraud could cause financial losses to the Group and tarnish its reputation.</p>
<p>◆ RISK MANAGEMENT</p> <p>The management of payment transactions is centralised by the Group's treasury department and governed by precise validation and control rules. The Middle & Back-Office department ensures administrative management and operational control, notably via the use of integrated cash flow software.</p> <p>The Treasury Security Committee regularly checks that these procedures have been applied and that any risks identified have been addressed.</p> <p>The audit and risk management department oversees proper compliance with risk monitoring and management procedures. As part of the coordination of internal control, it regularly creates awareness among the network of internal control officers about the risk of fraud and restates the specific fraud prevention procedures, in particular as regards the purchase and payment process. External audits are also regularly carried out to identify and correct any vulnerabilities. Audits in subsidiaries to verify the proper application of procedures complement this system. At store level, a specific fraud prevention tool, developed on a data mining platform, was rolled out in 2021.</p> <p>The Group's risk mapping, as well as the risk mapping applied to the <i>métiers</i> and the main subsidiaries, address this risk and the corresponding action plans.</p> <p>Accordingly, awareness-raising campaigns in the functions most at risk of fraud are conducted on a regular basis. Awareness-raising, identified as an effective fraud prevention tool, is rolled out and adapted to the types of fraud (risk of system intrusion, "CEO fraud", etc.). In addition, an <i>ad hoc</i> security system has been put in place and is monitored by the Group safety department. In addition, a corruption risk map was drawn up with the assistance of a specialist external consultant and in collaboration with the Director of Legal Compliance (see chapter 2 "Corporate social responsibility", § 2.8.2.3.1). This was updated in 2020.</p> <p>The system put in place by the Group to protect itself against IT intrusion is the subject of a dedicated risk mapping (see § 4.1.1.3).</p>	

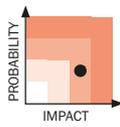
4.1.5.2 EXCHANGE RATES ●

<p>◆ DESCRIPTION OF THE RISK</p> <p>The Group is naturally exposed to foreign exchange risk because the bulk of its production is located in the eurozone, but the majority of its sales revenue is received in currencies other than the euro (American dollars, Japanese yen and other Asian currencies, etc.).</p> <p>As at 31 December 2021, 79% of the Group's sales were made in a currency other than the euro.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p> 
<p>◆ RISK MANAGEMENT</p> <p>This exposure is hedged in order to minimise and anticipate the impact of currency fluctuations on the Group's profits.</p> <p>The Group's foreign exchange risk exposure management policy is based on the following principles:</p> <ul style="list-style-type: none"> • distribution subsidiaries are invoiced in their currency by production subsidiaries. The latter apply an annual exchange rate to the scales established in euros. So, the distribution subsidiaries concentrate most of the foreign exchange risk; • the Group's foreign exchange risk is systematically hedged by Hermès International on an annual basis. This basis is calculated using future internal cash flows from operations between Group companies; • no speculative transactions in the economic meaning of the term are authorised; • these hedges are provided through firm foreign exchange transactions and/or optional transactions eligible for hedge accounting; • other non-operating transactions are hedged against foreign exchange risk as soon as their commitment is firm and final. They include financial risks arising from intragroup loans and dividends in foreign currencies. <p>The Executive Committee approved these management rules, which were then endorsed by the Supervisory Board.</p> <p>The Middle & Back-Office department ensures administrative management and operational control, notably via the use of integrated cash flow software. In addition, Hermès International's audit and risk management department ascertains compliance with procedures and the control of risks.</p> <p>Finance general management validates management decisions within these rules.</p> <p>The Group's foreign exchange risk is hedged annually by Hermès International in accordance with the policy described above. It is based on highly probable future cash flows derived from budget forecasts. In practical terms, as at 31 December, the hedging of internal transactions in currencies for the following year is close to 100%.</p> <p>As such, the Group uses purchases and sales of put and call options as well as currency swaps and forward currency agreements.</p> <p>Quantitative information on foreign exchange risk impacts is provided in chapter 1 "Presentation of the Group and its results", § 10.2 of the consolidated financial statements.</p> <p>The treasury department constantly monitors changes in legal regulations with regard to derivative transactions to ensure that the Group remains compliant. Furthermore, the finance department adjusts its procedures and tools on an ongoing basis to accommodate changes in its environment. Thanks to the exchange rate hedging policy, the impacts are pre-empted. The price increases determined by region offset all or part of any losses.</p>	

4.1.5.3 BANK COUNTERPARTIES ●

<p>◆ DESCRIPTION OF THE RISK</p> <p>As the Group has a positive cash position and because of its other banking transactions (exchange rate hedging), the Group is exposed to counterparty risk that is mainly banking-related and is appropriately monitored.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>Financial losses.</p>
<p>◆ RISK MANAGEMENT</p> <p>The Group only deals with leading banks and financial institutions that have signed FBF and ISDA agreements relating to transactions on forward financial instruments. In addition, Hermès International's treasury department continuously monitors counterparty risks on financial transactions. Finally, the Group breaks down investment transactions, foreign exchange risk hedge transactions and deposits transactions in the selected banks within defined limits of amount and maturity.</p> <p>Moreover, the impact of the credit risk as recommended by IFRS 13 in the fair value of derivatives is close to zero for the Group, given that all of the derivatives have a maturity of less than 12 months.</p> <p>The Group follows a cautious investment policy, which aims to avoid any risk of capital loss and prioritise liquidity, thus enabling independent and responsive strategic developments.</p> <p>Available cash is invested, mainly in money-market mutual funds offered by leading financial institutions, in term deposits and in deposit certificates issued by top-rated banks, for the short term with very low sensitivity.</p> <p>Quantitative information on interest rate risk impacts is provided in chapter 1 "Presentation of the Group and its results", § 10.3 of the consolidated financial statements.</p> <p>The treasury department constantly monitors changes in legal regulations with regard to investment transactions to ensure that the Group remains compliant. Furthermore, the finance department adjusts its procedures and tools on an ongoing basis to adapt to changes in its environment.</p>	

4.1.5.4 CHANGES IN, COMPLEXITY AND INTERPRETATION OF TAX REGULATIONS ●

<p>◆ DESCRIPTION OF THE RISK</p> <p>The Group is exposed to financial risks related to changes in tax regulations or their interpretation in the countries where it operates.</p>	<p>◆ POTENTIAL IMPACTS ON THE GROUP</p>  <p>Any change in tax regulations involving and increasing taxes and duties, mainly income taxes, custom duties, withholding taxes, particularly concerning goods and financial flows (interests, dividends), could penalise the Group's results.</p>
<p>◆ RISK MANAGEMENT</p> <p>The Group provides regulatory oversight and defines its tax policy by relying on a team of tax experts, assisted by external advisers if necessary. The Group is committed to respecting all applicable laws and regulations in each of the countries where it operates. It relies on transparent and simple organisation. The Group's tax policy is not based on any tax optimisation or evasion scheme and complies with the principles laid down by the OECD. In the case of a dispute or differences in interpretation, the Group may have to challenge reassessments with the tax authorities and to seek redress using the means available to it for its defence.</p>	

4.2 INSURANCE POLICY AND RISK HEDGING

Since January 2020, the prevention and insurance department joined the audit and risk management department, demonstrating the desire to further strengthen synergies between risk and insurance.

In line with the Group risk analysis, 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 10 largest French brokers and with first-rate insurance companies. The main international insurance programmes cover:

Type of insurance	Guarantees and limits of the main policies taken out
Property damage and business interruption	<ul style="list-style-type: none"> ◆ FM Global "All risks except" policy ◆ Coverage of all Group sites: production, logistics, distribution, various premises and goods in all locations ◆ Policy renewed for 2021 with the same coverage limit of €500m and the same insurer
General civil liability (operations and products)	<ul style="list-style-type: none"> ◆ Policies subscribed for a period of two years from 1 January 2021 with AIG and Liberty Mutual, in the amount of €100m ◆ Covers civil liability for damages to persons, property and intangibles caused to third parties in the conduct of business operations or by products
Transportation	<ul style="list-style-type: none"> ◆ Policy taken out with Chubb and renewed for 2021 with coverage of €6m per event, all cover combined
Liability for environmental damage	<ul style="list-style-type: none"> ◆ This policy was taken out with AIG Europe on 1 January 2019 for a period of 36 months ◆ Coverage limit of €15m per claim and €25m for the period

Other contracts have been subscribed to fulfil specific requirements, particularly in the context of building operations (new work or renovation) carried out as project managers.

The Corporate Officer liability and cyber risk policies were taken out for a period of one year from 1 January 2021, with AIG and Zurich respectively, as well as other well-known insurers. These cyber risk policies cover data recovery, business interruption related to a security incident, civil liability, and costs, including in particular defence and notification costs. In 2021,

a cybersecurity risk valuation study was carried out to confirm the adequacy of the risk coverage.

In 2021, the Group did not suffer any significant damage.

In addition, in 2021, prevention visits by the property and casualty insurer were able to resume physically. 62 visits were carried out this year.

4.3 RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT

4.3.1 A DEMANDING CONTROL ENVIRONMENT

While Hermès has attained the stature of an international group, it remains a company with family values, dedicated to a culture and spirit of craftsmanship and seeks to cultivate strong values among its employees.

At the forefront of these values is the demand for quality, the very essence of Hermès' activity. 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. Induction programmes for new managers and specific training sessions forge the Hermès culture. Everyone can thus understand their place in the organisation and integrate the House's rules of conduct and integrity. The demanding quality-oriented values and commitment shared by employees also serve as a solid foundation to underpin behaviours and observance of stringent internal control policies and procedures. The culture of risk management and control, the management style and ethics of the Company ensure the demonstration and balance of these values.

In this respect, an ethics charter has been in place and has been distributed to employees since 2009. The code of business conduct, which specifies the behaviour expected of the Group's employees, has been supplementing it since 2012. These two documents, translated into 12 languages, were updated in 2016 and again in 2018. They are the foundation of Hermès Group integrity and ethics:

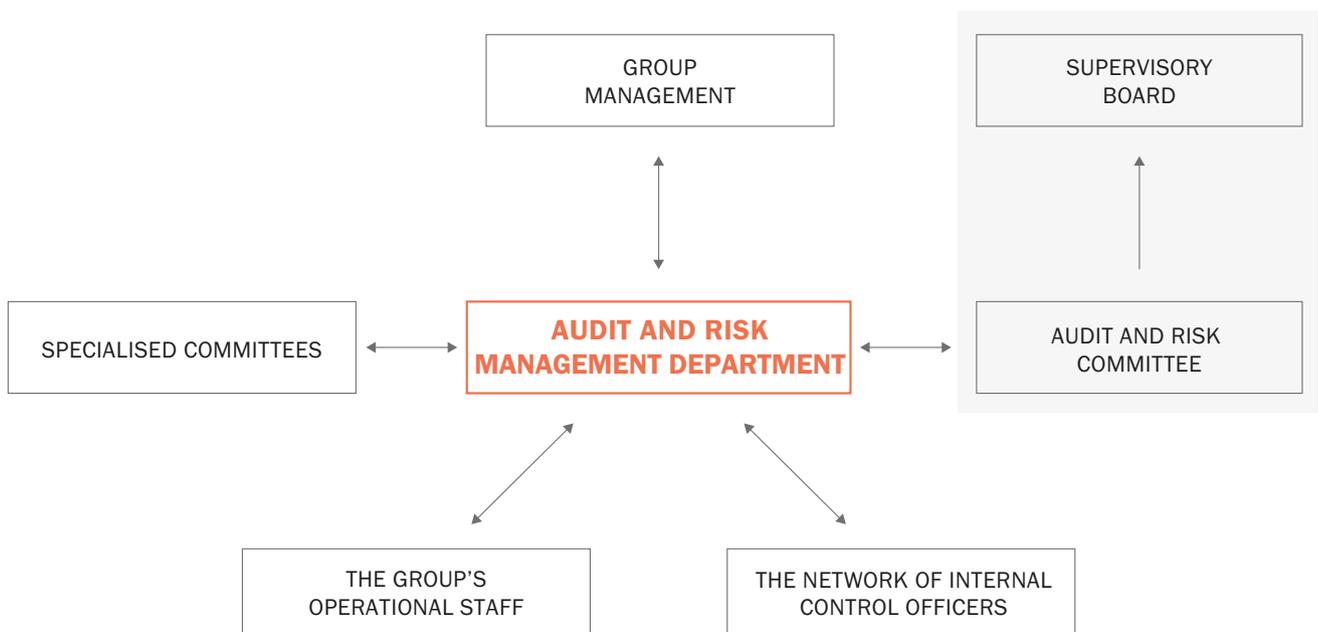
- ♦ the ethics charter promotes respect for the broad fundamental principles. It is intended as an instrument of progress and dialogue, and encourages employees to discuss with their line managers in cases where the principles are difficult to apply or are open to misunderstanding;
- ♦ the purpose of the code of business conduct is to raise employees' awareness about ethics risks and to instil behavioural and alert reflexes.

In addition, an anti-corruption code of conduct, including concrete illustrations, has been distributed to all employees since 2019. It is translated into 18 languages (see chapter 2 "Corporate social responsibility", § 2.8.2.3.2 on the corruption prevention system). This anti-corruption code of conduct has been accompanied since 2021 by an anti-corruption e-learning module translated into 11 languages.

These documents are available on the Company intranet under "Our Ethics" and on the website (<https://finance.hermes.com/en/ethics-human-rights-and-diversities/>), and are subject to formal acknowledgement of receipt when given to employees. Additional training on anti-corruption laws and human rights is organised for operational staff, thus strengthening the Group's ethics culture. Actions relating to ethics and compliance are presented in chapter 2, § 2.8.

4.3.2 COMMITTED PARTIES RESPONSIBLE FOR RISK MANAGEMENT AND CONTROL

The risk management and internal control systems are applicable to the parent company and to the controlled subsidiaries. They are presented in the notes to the consolidated financial statements.



Group Management

The Group 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, Group Management has responsibility for guaranteeing the quality and effectiveness of the risk management and internal control systems. It thus ensures their adequacy for meeting the Group's strategy objectives.

To this end, Group Management is provided with audit reports and the risk mapping of subsidiaries, *métiers* and support functions, and regularly meets with the audit and risk management department. It therefore oversees the system as a whole to safeguard its integrity and, where applicable, initiate any corrective measures needed.

Audit and Risk Committee

The Audit and Risk Committee was established in 2005 within the Supervisory Board pursuant to Article L. 823-19 of the French Commercial Code (*Code de commerce*), and without prejudice to the powers of this Board, which it does not supersede.

The roles and duties of the Audit and Risk Committee were formally documented in rules of procedure drawn up by the Supervisory Board in 2010 and regularly updated. The latest version is available at <https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/>. The rules of procedure were amended and submitted for approval to the Audit and Risk Committee in 2021.

Each meeting of the Audit and Risk Committee gives rise to written minutes that are approved. At each meeting of the Supervisory Board, the Chairwoman of the Audit and Risk Committee gives the Board a report of the work of the Audit and Risk Committee.

The functioning and work of the Audit and Risk Committee were evaluated in late 2019 as part of the three-year formal self-assessment of the Supervisory Board. This was supplemented in 2020 by a self-assessment conducted by the Chairwoman of the Audit and Risk Committee. The self-assessment action plan continued in 2021 (see chapter 3 "Corporate governance", § 3.7).

As part of its oversight of the risk management and internal control system, the Audit and Risk Committee has access to information relating to internal audit, internal control and risk management. The risk mapping of Group entities and the corresponding action plans are regularly presented to it. A list of the work carried by the Audit and Risk Committee is provided in § 3.6.3.4.

Audit and risk management department

The audit and risk management department reports to the Group's Executive Vice-President of Corporate Development and Social Affairs, which guarantees its independence, and has unlimited authority to review any matter at their discretion.

The audit and risk management department consists of a core team of experienced auditors, and runs a decentralised network of internal control officers. It performs a threefold mission for the Group:

- ♦ it identifies and analyses risks and ensures the implementation of action plans;
- ♦ it conducts internal audits and monitors the implementation of the recommendations;
- ♦ it ensures the deployment of internal controls adapted to Group's concerns.

The prevention and insurance department joined the audit and risk management department on 1 January 2020 in order to increase synergies in terms of risk identification and management. Risk mapping now includes an insurance section in order to look at risks alongside the corresponding insurance coverage.

The duties of the audit and risk management department also consist of:

- ♦ carrying out a continuous improvement initiative as regards the internal control and risk management systems;
- ♦ working alongside the Group's various departments in order to promote the upstream handling of the main risks, as well as emerging risks, and running the risk mapping approach of the main businesses, distribution subsidiaries, support functions and cross-cutting subjects. The risk mapping methodology is regularly reviewed: in 2017 and in 2020, specialised external firms supported this continuous improvement process. The audit and risk management department thus ensures that it has a relevant, effective and motivating methodology for its contacts. The risk mapping programme for 2021 was conducted in full, for the most part remotely in the current healthcare context. The action plans resulting from the risk mapping are monitored each year by the network of internal control officers;
- ♦ coordinating a network of around 70 internal control officers, in France and abroad, within the *métiers*, distribution subsidiaries and support activities. In 2020 and 2021, given the specific circumstances related to Covid-19, internal control was stepped up, in particular through increased use of digital channels. Four virtual meetings were held in 2021, enabling more than 80 participants, bringing together internal control officers, as well as Chief Financial Officers and representatives of the Group's central departments, to connect.

An audit charter has formalised the duties and responsibilities of the internal auditors and their professional conduct. It sets out the way in which their audit engagements are conducted. A risk charter, setting out the principles and rules for risk management, and an internal control charter, formalising the roles and responsibilities of its players, complete the system. These charters are reviewed regularly.

Lastly, the Director of Audit and risk management attends Audit and Risk Committee meetings. She meets with this committee six times a year, including once without the presence of third parties. This meeting is dedicated to the presentation of the audit and risk management department's activity report, and to discussions on its work and the resources at its disposal. In 2021, the audits were mainly carried out in accordance with the audit plan (see § 4.3.5 "Audit plan"), remotely or on site.

Internal control officers

Internal control officers oversee the implementation of the internal control system within their scope, *métiers*, distribution subsidiaries or support functions. They report locally to the Chief Financial Officer of their entity, and functionally to the audit and risk management department.

They work according to an annual plan, shared with their department and the audit and risk management department, taking into account the Group's internal control priorities and the risks specific to their scope. Their main duties are as follows:

- ◆ identify major risks and adapt the organisation of internal control accordingly;
- ◆ verify the implementation of Group procedures in accordance with the activity and local regulations;
- ◆ participate in self-assessment of internal control work;
- ◆ spread the culture of internal control to all employees;
- ◆ monitor the risk mapping action plans;
- ◆ follow up on the audit recommendations of the audit and risk management department;
- ◆ in general, contribute in all their actions to improving risk management.

In 2020 and 2021, they were the main contacts to ensure the proper implementation of health measures at Hermès premises. They are also the contacts responsible for the rollout of systems to prevent corruption and cybersecurity risk.

Specialised committees



The Hermès Group has deployed specific processes to monitor certain risks through specialised committees or working groups. These committees meet on a regular basis.

For example, committees focusing on safety, IT risks, treasury risks and compliance risks analyse the issues, and study the appropriate corrective

measures so that they can be implemented in the entities. They also check that existing control systems comply with Group procedures. The main operational contacts involved participate in these committees with the audit and risk management department. Its role is to facilitate the identification of risks and the associated action plans.

Every two months, the Information Systems Security Committee brings together the main players, namely the Director of Group Cybersecurity, the information systems department, the audit and risk management department, the Group safety department and the digital projects and e-commerce department, as well as a member of the Group Executive Committee. Its purpose is to detail the progress of the action plans and to draw lessons from any incidents in terms of cyber risks.

A Hermès Product Transportation Safety Committee, made up of the Group safety department, the transportation department, the insurance department and the departments of the relevant *métiers*, meets regularly to define the necessary actions. Its objective is to improve transportation safety, in a practical way according to the risks specific to the products transported and any difficulties encountered. The committee meeting held in April 2021 made it possible to take stock of the actions taken in 2020, in the context of the health crisis, and to strengthen the support of operational staff in 2021.

The Compliance and Vigilance Committee is made up of representatives from the legal department, including compliance, the sustainable development department, the industrial affairs department, the audit and risk management department, the commercial department, the finance department and the labour law department. It participates in, monitors and oversees the implementation, effectiveness and control of compliance programmes. Its duties are detailed in chapter 2 "Corporate social responsibility", § 2.8.1.2.2.

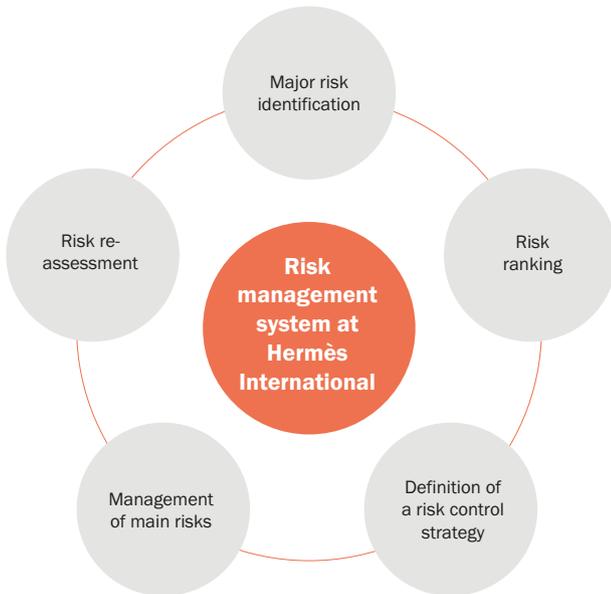
The Group Safety Committee makes decisions on cross-functional safety issues identified during the specialised committee meetings. It also reviews the main safety incidents in order to adapt the overall system. This committee is composed of the Executive Vice-President of Corporate Development and Social Affairs, the Director of Human Resources, the General Counsel, the Director of Group Safety, the Director of Group Cybersecurity, the Managing Director of Hermès Group Services and the Director of Audit and risk management. If necessary, it can call on experts on specific issues.

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 are responsible for internal control and risk management; as the main beneficiaries and also key contributors to its proper application.

The control activities carried out at the level of each entity are the joint responsibility of the Managing Director and the Chief Financial Officer. A letter of confirmation relating to Hermès' internal control objectives and the quality of the controls in place within the entity is signed annually. This letter includes the results of an annual self-assessment questionnaire on the implementation of internal control.

4.3.3 A CONTROLLED RISK MANAGEMENT SYSTEM



The Group's risk management process is based upon the preparation of risk mappings as well as a range of complementary tools that facilitate identification of risks and definition of actions to better control them.

In order to better anticipate changes in issues relating to companies, technologies, the environment, the economy and governance, the audit and risk management department actively monitors emerging risks externally and has initiated prospective studies since 2019.

Set up in 2004, the mapping initiative has been rolled out to the main entities, and also to cross-functional areas, under the supervision of the audit and risk management department. The methodology applied is regularly updated and enables a precise assessment of the risks specific to the Group.

These mappings serve to identify, evaluate and systematically rank the main risks. They are an operational awareness-raising and management tool and are a lever for improving performance. They contribute to effective management by providing a summary and shared vision of risks and defining operational action plans and the responsibilities of each person.

A mapping monitoring tool is being developed at Group level with the help of an external firm. It will make it possible to formalise, on a continuous and shared basis, the monitoring of the action plans identified. Each company periodically updates its risk mapping, under the supervision of the audit and risk management department. Each year, between 5 and 10 risk mappings are carried out at the level of the distribution subsidiaries, *métiers* or cross-functional areas in the Group.

The internal control officers 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.

The consolidated Group risk mapping is prepared every three years and was updated in 2020. The risk mappings of subsidiaries, *métiers* and cross-functional areas, as well as individual assessments by Executive Committee members, feed into it. This mapping is the subject of a specific Executive Committee workshop. It is also shared with the Audit and Risk Committee. The Group risk mapping is also used as a starting point for the audit and risk management department's audit plan.

In the areas of fraud and corruption:

- ◆ awareness-raising campaigns for the functions most exposed to the risk of fraud are conducted on a regular basis. Awareness-raising, identified as an effective fraud prevention tool, is rolled out and adapted to the types of fraud (risk of system intrusion, "CEO fraud", etc.). Information on safety is regularly reported to the Group Safety Committee, as well as to the Audit and Risk Committee. An *ad hoc* security system has also been introduced and is monitored by the Group safety department;
- ◆ the corruption risk mapping was updated in 2020 with the help of a specialist external firm and with the collaboration of the legal compliance department, which is responsible for its management, as described in chapter 2 "Corporate social responsibility", § 2.8.2.3.1.

The audit and risk management department can modify its audit 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. Cross-functional audits can thus be carried out.

Finally, an IT platform for the sharing of incidents enables assessment of changes in certain risks and early detection of any signs of potential weakness. This prevention tool contributes to the continuous improvement of the control system, as closely as possible to reality. Several times a year an analysis of the incidents reported by the subsidiaries and *métiers* is carried out by the audit and risk management department. It is communicated to the Group's internal control officers and internal control departments, including incident statistics for the period and a reminder of the Group's procedures and related best practices.

4.3.4 A MATURE INTERNAL CONTROL SYSTEM

4.3.4.1 GENERAL ORGANISATION

Internal control objectives

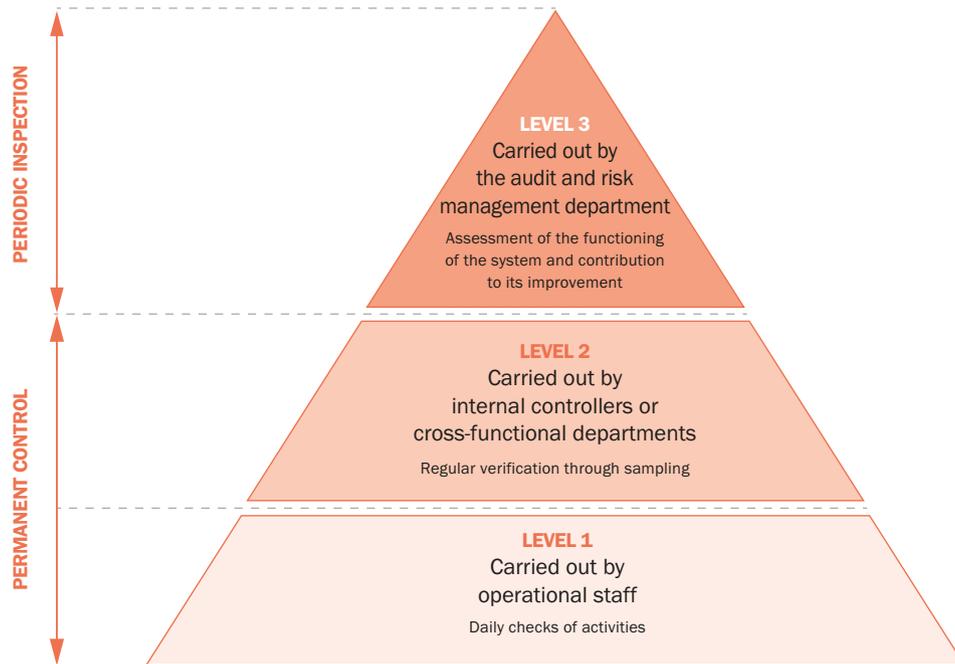
Internal control systems rely on ongoing, recurring actions that are integrated into the Company's operating processes. They apply to all functions and processes, including those associated with the preparation of financial and accounting information.

The Hermès internal control objectives include:

- ◆ compliance with laws and regulations;
- ◆ proper observance of instructions and strategy directions given by the Group Management;
- ◆ 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;

Internal control system monitoring

The monitoring system includes three levels of control:



Regular reviews are carried out by internal control officers at a local level and are supplemented by the audit and risk management department depending on the issues at stake in each entity. The network of internal control officers 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 and traceability of assets.

This network, made up of around 70 internal control officers, enables the presence of local contacts in the Group's main entities. As part of its role

- ◆ the reliability of financial information and, in general, control over its activities, efficiency of its operations and optimisation of the use of its resources.

Organisation

The Company's management, organised into an Executive Committee and several specialised committees, ensures the strategic alignment and distribution of information. Detailed organisational charts and memoranda outlining strategic directions give staff members a thorough understanding of their role in the organisation and a way to periodically evaluate their performance by comparing it with 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.

Regarding human resources processes, Hermès has established hiring, training and skills development programmes, enabling each individual to perform their current and future duties effectively. Within Hermès International, the finance department has primary responsibility for the preparation and control of financial information.

of coordinating the network of internal control officers, the audit and risk management department is involved in their appointment, reviews the subsidiaries' annual internal control plans and disseminates best practices. It relies in particular on a social and collaborative information-sharing platform, identifies internal control priorities and promotes the sharing of experience between all members of the network. It also publishes a quarterly newsletter.

Audit assignments represent the third level of control. They are explained in § 4.3.5 "An agile internal audit system" below.

Self-assessment of internal control

The self-assessment of internal control, which began in 2005, is now a mature process within the Group. It is based on questionnaires completed by all controlled subsidiaries. This system contributes to the dissemination of the internal control culture within the Group. It also provides support for assessing the level of internal control and assessing the extent to which operational and functional risks are properly addressed. If the control processes are found to be ineffective, the subsidiaries are required to draw up an action plan to remedy the situation.

The subsidiaries self-assess each year using four questionnaires available on the intranet in the dedicated "CHIC" IT tool (*Check your Hermès Internal Control*). They are administered by the audit and risk management department. The self-assessment is based on a general

internal control questionnaire (*CHIC Practices*), the guidelines for which are drawn up in line with the AMF "Reference Framework".

A questionnaire specific to cash management (*CHIC Trésorerie*) and a questionnaire on operational procedures in the retail network (*CHIC Boutique*) are also part of the system. Finally, a questionnaire on the operational procedures governing online sales (*CHIC E-commerce*) was launched in 2021 thanks to the joint work of several internal control officers.

These questionnaires are updated on an annual basis, in order to include any new risks and controls identified as key at Group level. The results are reported in a dedicated IT tool where they are centralised and analysed by the audit and risk management department, in order to identify areas for improvement and internal control priorities for the following year. They are shared with the departments concerned in order to define action plans for all the Group's subsidiaries.

CHIC Questionnaires	Number of themes *	Examples of themes addressed
Practices	11	Finance, Human resources, Control environment, Information systems, Communication, Ethics and compliance, etc.
E-commerce	9	Sales, Shipping and deliveries, Returns and refunds, Storage, Customer data, etc.
Boutique	7	Customer relationship management, Checkout closing, Stock-taking, Safety/security, etc.
Trésorerie	6	Management of bank accounts, Processes and payment means, Regulatory compliance, E-payments, etc.

* The themes are then sub-divided into several questions addressing all related procedures in an exhaustive manner.

The internal control officers are involved in the self-assessment, and are in charge of monitoring the action plans. The audit and risk management department checks and compares the responses given by subsidiaries to the questionnaires with its own assessment when performing audits. It ensures that the controls have been correctly undertaken, and that corrective action plans have been implemented.

Internal control procedures

The internal control processes are described in the Group procedures. They are defined at Group level, then rolled out and adapted by each division to the specific contexts and local regulations. All Group employees have access to them via a secure intranet website.

Group procedures cover the Company's main cycles (purchases, sales, treasury, inventory management, fixed assets, human resources, information systems, safety and security, closing of financial statements, compliance, etc.). The audit and risk management department updates them regularly, in collaboration with the experts in their respective fields and the internal control officers. In particular, in 2020 and 2021, procedures relating to distance selling and e-commerce, boosted by successive lockdowns, have been strengthened.

More specifically, 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 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 among others the monitoring of authorised signatories;

- ♦ an exchange rate policy approved by the Group's Supervisory Board (this policy presents all the authorised financial instruments, the horizon and the hedging ratios);
- ♦ a foreign exchange risk management agreement signed with each relevant subsidiary, which structures the relationships between the Hermès Group and its subsidiaries, sets out policy and management rules applicable to financial flows, and defines the terms and conditions for calculating and applying the annual guaranteed exchange rates;
- ♦ a Group cash management policy, approved by the Hermès International Supervisory Board, which sets out the authorised investment vehicles and all the criteria for managing liquidity and counterparty risk.

External firms regularly conduct audits on technical issues related to payment security. In 2021, a global audit of the cash management system complemented the usual audits by the audit and risk management department.

Information systems

The use of tools adapted to Hermès' needs facilitates the preparation and control of information. The consistency of information system urbanisation and architecture is managed at Group level. The projects follow a methodology that includes mandatory milestones, in particular that of the Architecture Committee, which ensures the coherence and

compliance of projects, including with regard to security (compliance with the Group process of integration of security in projects – ISP).

Integrated applications are used to facilitate centralisation of data reported to Hermès International by the subsidiaries, consolidation of accounts and cash management. Managers have access to data generated by 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, in particular, 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 access, validation of processing and closing procedures, data archiving and record verification.

Furthermore, procedures and controls have been set up to ensure the quality and security of operations, maintenance and upgrading of accounting and management systems as well as all systems that send data to them.

In addition to the detailed reviews carried out by the information systems department in the main subsidiaries, the audit and risk management department organises a review of second-level IT controls through a self-assessment questionnaire completed by the subsidiaries, and of third-level controls via audits on:

- ◆ general IT controls in subsidiaries and centrally;
- ◆ IT projects;
- ◆ the cybersecurity system.

For third-level controls, the audit plan was considerably enhanced in 2020 and 2021, and is conducted with the assistance of specialists in each of the subjects audited.

Crisis management

Since 28 February 2020, in response to the health crisis linked to Covid-19, a monitoring unit has been set up to coordinate the necessary actions within the Group and the exchange of information. Committees by type of activity and geographical area are regularly organised to maintain close contact with the Group's entities. They make it possible to address operational issues in terms of employee protection, business continuity and adaptation of the internal control system.

The crisis unit comprises members of the audit and risk management department, the Group safety department and the Group human resources department, including in particular the directors of internal communication and labour relations. This crisis unit reports to the Executive Committee, via the Executive Vice-President of Corporate Development and Social Affairs, on matters requiring a collective decision.

Throughout 2021, the unit remained committed to assisting the subsidiaries meet their needs, reported during the various meetings or directly via a dedicated "Covid watch" email address. A crisis management exercise, designed with the support of an external firm, was conducted in December 2021. This exercise made it possible to test the reaction and communication of the various stakeholders of the crisis unit around various scenarios such as a cyberattack, a fire or a pollution

incident. Initial feedback was provided at the end of the financial year and a second will be conducted in early 2022. The aim is to identify ways of improving the crisis management system, particularly in terms of responsiveness, organisation and communication.

4.3.4.2 PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

Definition, objectives and scope

The processes relating to the preparation and processing of accounting and financial information are at the heart of the Group's internal control system. They ensure stringent financial oversight of the Company's activities and all processes involved in producing and reporting accounting and financial information for the parent company and the companies integrated into the consolidated financial statements.

The processes are designed to meet the following objectives:

- ◆ compliance with accounting regulations and the proper application of the principles used for the preparation of the financial statements;
- ◆ the prevention and identification of any accounting or financial fraud or inconsistencies, as far as possible;
- ◆ the reliability of the information circulated and used in-house by Group Management for steering purposes;
- ◆ the reliability of the published accounts and of other information reported to investors.

Hermès has set up an organised and documented system that ensures the consistency of consolidated and reported accounting and financial data. It is based on a Group Management manual, strict segregation of duties, and strong control by Hermès International over the information produced by the subsidiaries.

Actors in the accounting and financial internal control process

The internal control process for accounting and financial information involves the following stakeholders:

- ◆ Group Management, which is carried out by the Executive Committee, led by the Executive Management. As part of the closing of the annual and consolidated financial statements, the Executive Management obtains all the information it deems useful. 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;
- ◆ the Supervisory Board, which exercises ongoing control over the Company's management. By consulting Group Management, the Board can verify that oversight and control systems are sufficient to ensure that the financial information published by the Company is reliable;
- ◆ the Audit and Risk Committee, whose roles and missions are described in § 4.3.2;
- ◆ the Executive Vice-President of Corporate Development and Social Affairs, member of the Executive Committee, who ensures the implementation of appropriate methods (organisation, skilled resources, tools) and oversees the audit and risk management department responsible for the risk management system and internal control coordination;

- ◆ the Executive Vice-President Finance, member of the Executive Committee. He relies on dedicated teams of specialists in the consolidation, tax and management control department, the financial management department, the treasury department and the financial communication department to support the system:
 - consolidation of financial information in accordance with IFRS accounting standards,
 - monitoring and coordination of activity during regular reviews (year-end and half-year accounts closure, forecast updates and budgets),
 - accounting and financial internal control within the operational entities,
 - strict compliance with tax regulations,
 - hedging foreign exchange risk,
 - external communication of financial information in accordance with regulations;
- ◆ the Managing Directors and Chief Financial Officers of the subsidiaries, who have primary responsibility for the quality of the financial information preparation processes and internal control 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.

Group standards

The Group has adopted a body of accounting rules and policies, in accordance with IFRS, the framework for consolidated financial statements. The application of these standards is mandatory for all consolidated subsidiaries in order to provide consistent and reliable financial information. The chart of accounts applies to all subsidiaries and the income statement is common to management and accounting.

These rules and policies are presented in Group management manuals, which are regularly updated by the consolidation department to take into account changes in regulations and accounting standards.

Financial and accounting information production systems

The management of the information flows of the financial functions is mainly carried out through the SAP integrated information system used in almost all the Group's subsidiaries.

The production of the annual and half-yearly consolidated financial statements, as well as the reporting of all the financial information used to manage and control the activity of the operational units, is carried out through a unified and centrally managed consolidation software package (SAP/Business Objects Financial Consolidation).

These systems allow the accounting entries to be traced and a strict separation of duties.

Procedures for preparing published accounting and financial information

The Group's organisation, which is based on reporting issued by each subsidiary and sent by the countries directly to the parent company, without any intermediate aggregates, ensures that Hermès International exercises strong control over the financial information produced by the subsidiaries.

The Managing Director and Chief Financial Officer of each subsidiary jointly undertake to ensure the quality, reliability and comprehensiveness of the accounting and financial information that they have prepared and sent to the Group finance department, by means of a letter of confirmation they sign jointly at the closing of the half-yearly and annual financial statements.

The accounts closing process is governed by precise instructions and is based on a detailed timetable, which is circulated to all subsidiaries in order to ensure respect of the deadlines and consistency in the preparation of financial statements. Throughout the year, the consolidation department validates the main accounting estimates used by the subsidiaries and central functions and, where applicable, simulates complex transactions in the consolidation software. The Group has implemented two closings in May and November to better anticipate half-yearly and annual closings and to have shorter closing deadlines.

For the preparation of the consolidated financial statements, control procedures apply at each stage of the information reporting and processing process and are intended to ensure:

- ◆ checking of consolidation packages prior to integration (compliance with Group accounting standards and practices and verification of consistency, etc.);
- ◆ analysis of the financial statements of consolidated subsidiaries;
- ◆ the proper elimination of internal transactions;
- ◆ the proper application of IFRS;
- ◆ verification of consolidation transactions;
- ◆ analysis and validation of all items in the consolidated financial statements;
- ◆ the reliability of the financial information.

Lastly, in the context of these audits, the audit and risk management department coordinates its work on internal control with the Statutory Auditors.

4.3.5 AN AGILE INTERNAL AUDIT SYSTEM

Duties

The role of the audit and risk management department is to provide the Hermès Group's Management with reasonable assurance regarding the level of control over operations in the various entities. It fulfils this role in particular by carrying out audit missions, the purpose of which is to assess:

- ◆ the compliance of activities and operations with the Group's internal control rules and procedures, as well as the regulatory provisions in force;
- ◆ the relevance of the risk control processes implemented by operational staff;
- ◆ the implementation of the Group's strategic orientations through the consistency of the operational actions of the entities and the use of resources in relation to the actions undertaken;
- ◆ more generally, the likelihood, severity and level of control of risks that could have a significant impact on the Group's strategy.

There are several types of audits including:

- ◆ audit of distribution subsidiaries including the audit of stores;
- ◆ audit of production sites and *métiers*;
- ◆ audit of support departments for upstream or downstream flows;
- ◆ special audits conducted with the help of external firms, in particular on information systems;
- ◆ support for affiliates in the setting up of the internal control system.

Upon completion of the audits, reports are prepared detailing the audit findings and risks identified, and recommending solutions to remedy them. 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 Group Management.

Since 2020, the audit and risk management department uses an analysis tool for accounting entries in its audits. This tool improves the relevance of certain tests undertaken, by facilitating the identification of atypical transactions. In addition, a data analysis tool using artificial intelligence algorithms was introduced in 2021. Initially developed for internal control officers, it enables continuous control of in-store operations. It allows the automatic identification, using 29 indicators, of any non-compliance with Group procedures. This tool is also used by the audit and risk management department for the selection of tests performed during audits.

Audit plan

The auditors work on the basis of an annual audit plan, validated by the Executive Management and the Audit and Risk Committee, which is adapted every six months, if necessary. An overall analysis of risks, in particular financial, operational and compliance risks, feeds into the audit plan. This is also supplemented by proposals from the Executive Committee and by audit follow-ups. It must allow a regular review of all Group entities and processes, with a frequency appropriate to the magnitude of the risks and the relative weight of each entity.

The audit and risk management department also carries out support assignments for the internal control roll-out within newly acquired entities. For specialised audits, it may use external service providers and data analysis tools, particularly in the context of fraud prevention.

In addition, it regularly performs integrated audits with the Group's experts: IT security, safety, compliance, insurance, etc.

In connection with the lockdowns that persisted in 2021 and borders that remained closed, audits in subsidiaries continued to be carried out remotely. The 2021 audit plan has been adapted to the current context, notably with an increase in e-commerce audits and remote sales as well as increased security audits of the IT environment. Most of the IT audits have been entrusted to a firm that has the dual advantage of expertise and geographical location, making it possible to carry out face-to-face interviews.

5

CONSOLIDATED FINANCIAL STATEMENTS

AFR

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Comments on the consolidated financial statements are set out in chapter 1 "Presentation of the Group and its results", § 1.8.

5.1 CONSOLIDATED INCOME STATEMENT

<i>In millions of euros</i>	<i>Notes</i>	2021	2020
Revenue	3 and 4	8,982	6,389
Cost of sales	4	(2,580)	(2,013)
Gross margin		6,402	4,376
Sales and administrative expenses	4.2	(2,137)	(1,699)
Other income and expenses	4.3	(734)	(696)
Recurring operating income	3	3,530	1,981
Other non-recurring income and expenses	4.4	-	91
Operating income	3	3,530	2,073
Net financial income	9.1	(96)	(86)
Net income before tax		3,435	1,986
Income tax	6	(1,015)	(613)
Net income from associates	8	34	16
CONSOLIDATED NET INCOME		2,454	1,390
Non-controlling interests		(8)	(4)
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT		2,445	1,385
Basic earnings per share (<i>in euros</i>)	11.6	23.37	13.27
Diluted earnings per share (<i>in euros</i>)	11.6	23.30	13.21

5.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In millions of euros</i>	<i>Notes</i>	2021	2020
Consolidated net income		2,454	1,390
Changes in foreign currency adjustments ¹		141	(103)
Hedges of future cash flows in foreign currencies ^{1 2}	11.5	(110)	55
♦ <i>change in fair value</i>	11.5	(87)	36
♦ <i>recycling through profit or loss</i>		(23)	18
Assets at fair value ²	11.5	87	-
Employee benefit obligations: change in value linked to actuarial gains and losses ²	11.5	9	(2)
Net comprehensive income		2,582	1,339
♦ <i>attributable to owners of the parent</i>		2,573	1,337
♦ <i>attributable to non-controlling interests</i>		9	2

(1) Transferable through profit or loss.

(2) Net of tax.

5.3 CONSOLIDATED BALANCE SHEET

ASSETS

<i>In millions of euros</i>	<i>Notes</i>	31/12/2021	31/12/2020
Goodwill	7.1	42	42
Intangible assets	7.2	258	221
Right-of-use assets	7.3	1,517	1,446
Property, plant and equipment	7.2	1,881	1,646
Investment property	7.4	9	73
Financial assets	9.2	617	368
Investments in associates	8	51	49
Loans and deposits		59	56
Deferred tax assets	6.3	546	475
Other non-current assets	4.5	22	24
Non-current assets		5,002	4,401
Inventories and work-in-progress	4.5	1,449	1,289
Trade and other receivables	4.5	333	250
Current tax receivables	4.5	58	63
Other current assets	4.5	257	193
Financial derivatives	10	53	121
Cash and cash equivalents	9.3	6,696	4,733
Current assets		8,845	6,650
TOTAL ASSETS		13,847	11,051

LIABILITIES

<i>In millions of euros</i>	<i>Notes</i>	31/12/2021	31/12/2020
Share capital	11	54	54
Share premium		50	50
Treasury shares	11	(551)	(464)
Reserves		7,142	6,212
Foreign currency adjustments	11.5	178	38
Revaluation adjustments	11.5	83	106
Net income attributable to owners of the parent		2,445	1,385
Equity attributable to owners of the parent		9,400	7,380
Non-controlling interests		12	11
Equity		9,412	7,391
Borrowings and financial liabilities due in more than one year	9	24	18
Lease liabilities due in more than one year	7.3	1,529	1,447
Non-current provisions	12	26	22
Post-employment and other employee benefit obligations due in more than one year	5.3	220	275
Deferred tax liabilities	6.3	15	22
Other non-current liabilities	4.5	45	36
Non-current liabilities		1,860	1,821
Borrowings and financial liabilities due in less than one year	9	1	25
Lease liabilities due in less than one year	7.3	248	196
Current provisions	12	115	100
Post-employment and other employee benefit obligations due in less than one year	5.3	40	28
Trade and other payables	6.5	535	448
Financial derivatives	10	122	29
Current tax liabilities	4.5	347	218
Other current liabilities	4.5	1,168	795
Current liabilities		2,575	1,839
TOTAL EQUITY AND LIABILITIES		13,847	11,051

5.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of euros	Number of shares	Share capital	Share premium	Treasury shares	Consolidated reserves and net income attributable to owners of the parent	Actuarial gains and losses	Foreign currency adjustments	Revaluation adjustments			Equity attributable to owners of the parent	Non-controlling interests	Equity
								Financial investments	Hedges of future cash flows in foreign currencies				
Notes	11	11		11		11.5	11.5	11.5	11.5				11
As at 1 January 2020	105,569,412	54	50	(509)	6,917	(133)	139	100	(49)	6,568	8	6,576	
Net income	-	-	-	-	1,385	-	-	-	-	1,385	4	1,390	
Other comprehensive income	-	-	-	-	-	(2)	(101)	-	55	(48)	(2)	(50)	
Comprehensive income	-	-	-	-	1,385	(2)	(101)	-	55	1,337	2	1,339	
Change in share capital and share premiums	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase or sale of treasury shares	-	-	-	45	(166)	-	-	-	-	(121)	-	(121)	
Share-based payments	-	-	-	-	79	-	-	-	-	79	-	79	
Dividends paid	-	-	-	-	(485)	-	-	-	-	(485)	(4)	(490)	
Other	-	-	-	-	2	-	-	-	-	2	5	8	
As at 31 December 2020	105,569,412	54	50	(464)	7,732	(135)	38	100	5	7,380	11	7,391	
Net income	-	-	-	-	2,445	-	-	-	-	2,445	8	2,454	
Other comprehensive income	-	-	-	-	-	9	141	87	(110)	127	0	128	
Comprehensive income	-	-	-	-	2,445	9	141	87	(110)	2,573	9	2,582	
Change in share capital and share premiums	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase or sale of treasury shares	-	-	-	(88)	(69)	-	-	-	-	(157)	-	(157)	
Share-based payments	-	-	-	-	59	-	-	-	-	59	-	59	
Dividends paid	-	-	-	-	(485)	-	-	-	-	(485)	(5)	(490)	
Other	-	-	-	-	30	-	-	-	-	30	(2)	28	
AS AT 31 DECEMBER 2021	105,569,412	54	50	(551)	9,712	(125)	178	188	(105)	9,400	12	9,412	

5.5 CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In millions of euros</i>	<i>Notes</i>	2021	2020
CASH FLOWS RELATED TO OPERATING ACTIVITIES			
Net income attributable to owners of the parent		2,445	1,385
Depreciation and amortisation of fixed assets	7.2 and 7.4	312	271
Depreciation of right-of-use assets	7.3	251	243
Impairment losses	7.5	65	54
Mark-to-Market financial instruments		(1)	1
Foreign exchange gains/(losses) on fair value adjustments		(46)	30
Change in provisions		28	26
Net income from associates		(34)	(16)
Net income attributable to non-controlling interests		8	4
Capital gains or losses on disposals and impact of changes in scope of consolidation		(4)	(90)
Deferred tax expense		(15)	5
Accrued expenses and income related to share-based payments		59	79
Dividend income		(10)	(0)
Other		(0)	(0)
Operating cash flows		3,060	1,993
Change in working capital requirements	4.5	346	(350)
Change in net cash position related to operating activities (A)		3,405	1,642
CASH FLOWS RELATED TO INVESTING ACTIVITIES			
Operating investments	7.2	(532)	(448)
Acquisitions of consolidated shares		(0)	(72)
Acquisitions of other financial assets	9.2	(198)	(36)
Disposals of operating assets	7.2	3	0
Disposals of consolidated shares and impact of losses of control		-	81
Disposals of other financial assets	9.2	6	10
Change in payables and receivables related to investing activities	4.5	6	11
Dividends received		47	21
Change in net cash position related to investing activities (B)		(669)	(432)
CASH FLOWS RELATED TO FINANCING ACTIVITIES			
Dividends paid		(490)	(490)
Repayment of lease liabilities	7.3	(212)	(199)
Treasury share buybacks net of disposals		(158)	(122)
Borrowing subscriptions		-	8
Repayment of borrowings		(8)	(8)
Change in net cash position related to financing activities (C)		(869)	(810)
Foreign currency translation adjustment (D)		110	(55)
CHANGE IN NET CASH POSITION (A) + (B) + (C) + (D)	9.3	1,978	345
Net cash position at the beginning of the period	9.3	4,717	4,372
Net cash position at the end of the period	9.3	6,695	4,717
CHANGE IN NET CASH POSITION	9.3	1,978	345

5.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Name or other means of identification of the reporting entity	Hermès International
Explanation of changes in the name or other means of identification of the reporting entity since the end of the previous reporting period	n/a
Domicile of the entity	24, rue du Faubourg Saint-Honoré, 75008 Paris (France)
Legal form of the entity	<i>Société en commandite par actions</i> (partnership limited by shares)
Country of incorporation	France
Address of the entity's registered office	24, rue du Faubourg Saint-Honoré, 75008 Paris (France)
Principal place of business	24, rue du Faubourg Saint-Honoré, 75008 Paris (France)
Description of the nature of the entity's operations and its principal activities	Hermès is an independent, family-owned craftsmanship House that manufactures and distributes its objects through a dynamic network of stores around the world.
Name of parent entity	Hermès International
Name of ultimate parent of the Group	Hermès International

NOTE 1 ACCOUNTING PRINCIPLES AND POLICIES

1.1 Basis of preparation

The consolidated financial statements of Hermès International and its subsidiaries (the "Group"), published for financial year 2021, are prepared in accordance with IFRS, the International Financial Reporting Standards, as adopted in the European Union as at 31 December 2021.

The Group's consolidated financial statements were approved by the Executive Management on 17 February 2022 and will be submitted for approval to the General Meeting on 20 April 2022. The Audit and Risk Committee, which met on 16 February 2022, also examined the consolidated financial statements.

The consolidated financial statements and notes to the consolidated financial statements are presented in euros. Unless otherwise stated, the values shown in the tables are expressed in millions of euros and rounded to the nearest million. As a result, in certain cases, the effects of rounding up/down can lead to a non-significant difference in the totals or changes. In addition, the ratios and differences are calculated on the basis of the underlying amounts and not on the basis of rounded amounts.

1.2 New accounting principles applicable to the Hermès Group

The IAS Board has validated the April 2021 IFRIC decision relating to IAS 19, which modifies the calculation of the obligations relating to certain defined-benefit plans. The new calculation methodology consists in no longer spreading the acquisition of rights over the entire career of the employee/beneficiary in the plan, but over the period necessary to

obtain the capped rights prior to retirement age. Following this decision, the Hermès Group changed the calculation method for its retirement benefit plans (see Note 5.3). The impact of this change, which is not significant, consists of a reduction in the commitment of €45 million. It was posted through equity for €34 million net of deferred tax at 1 January 2021.

As part of the second phase of the benchmark interest rate reform, the IASB published amendments to IFRS 9 and IFRS 7 standards relating to financial instruments, applicable from 1 January 2021. Due to the absence of borrowings and interest rate hedging instruments within the Group at 31 December 2021, the application of these amendments has no impact on the consolidated financial statements.

The Group is currently studying the impacts and practical consequences of the IFRIC's final decision taken in the first half of 2021 concerning the recognition of the costs of configuration and customisation of software made available in the cloud as part of a SaaS (Software as a service) contract. A qualitative and quantitative review of the IT tools liable to be affected is under way, in order to assess the impacts of the interpretation.

1.3 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 financial year. The Group bases these estimates on historical experience and on a variety of assumptions, which it deems to be the most reasonable and probable in the current economic environment.

The main financial statement items that require assessments and estimates are as follows:

	Notes
Depreciation period for property, plant and equipment and intangible assets	7.2
Leases	7.3
Impairment of inventories	4.5
Financial instruments	10
Provisions	12
Post-employment and other employee benefit obligations	5.3
Share-based payments	5.4
Income tax	6

Given its activity and geographical location, the Hermès Group has not, at this stage, identified any major impact from climate change on the assumptions on which its financial statements are based.

Hermès climate commitments in terms of reducing greenhouse gases are reflected in particular in the Group's financial statements through its real estate investments and operating expenses.

1.4 Scope and methods of consolidation

The consolidated financial statements include the financial statements of Hermès International and subsidiaries and associates over which the parent company directly or indirectly exerts control or significant influence.

They are prepared on the basis of annual financial statements for the period ended 31 December, and are expressed in euros.

The list of the main companies included in the scope of consolidation at 31 December 2021 is presented in Note 16.

The financial statements of controlled companies are fully consolidated. This method is used, following elimination of internal transactions and results, in order to fully integrate assets, liabilities, income and expenses. Equity and net income attributable to minority shareholders are identified separately as non-controlling interests in the consolidated balance sheet and the consolidated income statement.

The financial statements of other companies, known as associates, over which the Group exercises significant influence, are accounted for using the equity method (see Note 8).

Financial statements expressed in foreign currencies are converted in accordance with the following principles:

- ◆ items in the balance sheet are converted at the year-end exchange rate for each currency;
- ◆ items in the income statement are converted at the average annual exchange rate for each currency.

This results in a translation difference (attributable to owners of the parent), which is shown separately in consolidated equity. The principle is the same for non-controlling interests.

NOTE 2 ALTERNATIVE PERFORMANCE MEASURES

This note aims to present the main alternative performance measures (“APM”) followed by the Group Management, and their reconciliation, where appropriate, with the aggregates of the IFRS consolidated financial statements.

2.1 Revenue growth at constant exchange rates

- Revenue growth at constant exchange rates: calculated by applying, for each currency, the average exchange rates of the previous period to the revenue for the period.

	2021 at current rates	2021 at constant rates	2020	Change at current exchange rates	Change at constant exchange rates	Currency effect
Revenue in millions of euros	8,982	9,060	6,389	2,592	2,671	(78)
Change in %				41%	42%	(1)%

2.2 Recurring operating income

- Recurring operating income: operating income exclusive of non-recurring items with a significant impact that may affect understanding of the Group’s economic performance.

2.3 Net cash position and restated net cash position

- Net cash position: includes cash and cash equivalents presented under balance sheet assets, less bank overdrafts which appear under short-term borrowings and financial liabilities on the liabilities side. Lease liabilities recognised in accordance with IFRS 16 are excluded from net cash position.
- Restated net cash position: corresponds to net cash position plus cash investments that do not meet the IFRS criteria for cash equivalents due in particular to their original maturity of more than three months, less borrowings and financial liabilities.

Borrowings and financial liabilities on the balance sheet break down as follows:

In millions of euros	31/12/2021	31/12/2020
Bank overdrafts	1	16
Other financial liabilities	0	8
Commitments to buy out minority interests	24	18
BORROWINGS AND FINANCIAL LIABILITIES ON THE BALANCE SHEET	25	43

The reconciliation of the net cash position and restated net cash position indicators with the consolidated balance sheet is presented below:

In millions of euros	31/12/2021	31/12/2020
Cash and cash equivalents	6,696	4,733
Restatement of mark-to-market on liquidities	-	1
Bank overdrafts	(1)	(16)
NET CASH POSITION	6,695	4,717
Cash investments with maturity at outset of over 3 months	375	195
Financial liabilities	(0)	(8)
RESTATED NET CASH POSITION	7,070	4,904

2.4 Adjusted free cash flow

For management purposes, the Hermès Group sees all lease payments as items affecting operating activities. IFRS 16 considers fixed lease payments as the sum of the repayment of the principal portion of the lease liability and the payment of financial interests. Consequently, the Group follows the following APM:

- ♦ adjusted free cash flow: corresponds to the cash flows related to operating activities, less operating investments and the repayment of lease liabilities recognised in accordance with IFRS 16 (aggregates in the consolidated statement of cash flows).

The reconciliation of this indicator with the Group's statement of consolidated cash flows presented in section 5.5 is as follows:

<i>In millions of euros</i>	2021	2020
Operating cash flows	3,060	1,993
+ Change in working capital requirements	346	(350)
- Operating investments	(532)	(448)
- Repayment of lease liabilities	(212)	(199)
ADJUSTED FREE CASH FLOW	2,661	995

NOTE 3 SEGMENT INFORMATION

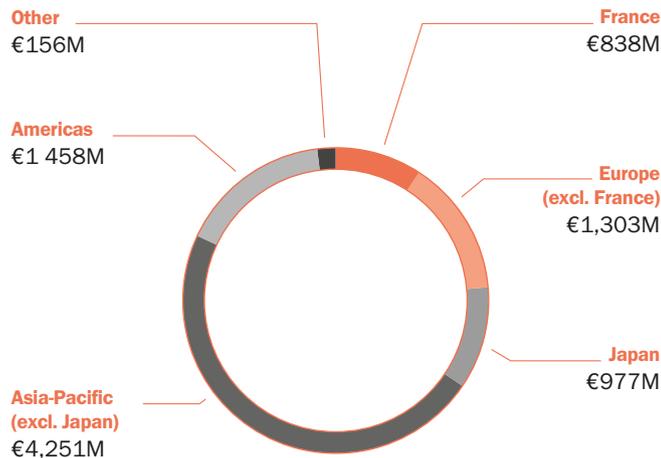
Accounting principles

Given the Group's current structure, organised into geographical areas placed under the responsibility of operational Senior Executives in charge of applying the strategy defined by the Executive Committee (the principal operational decision-maker), the Group has determined

that the geographical areas constitute the operating segments with reference to the fundamental principle of IFRS 8.

Segment information is presented after eliminations and restatements.

Revenue by destination geographical area breaks down as follows:



2021

<i>In millions of euros</i>	France	Europe (excl. France)	Japan	Asia-Pacific (excl. Japan)	Americas	Other	Unallocated	Total
Revenue	838	1,303	977	4,251	1,458	156	-	8,982
Recurring operating income	285	372	380	1,980	520	44	(50)	3,530
Recurring operating profitability	34%	29%	39%	47%	36%	28%	-	39%
Other non-recurring income and expenses	-	-	-	-	-	-	-	-
Operating income	285	372	380	1,980	520	44	(50)	3,530
Operating investments	234	38	22	105	77	-	56	532
Non-current assets ¹	886	454	253	916	752	33	1,162	4,456
Non-current liabilities ¹	206	364	113	561	562	-	40	1,845

(1) Non-current assets and liabilities other than deferred tax assets and liabilities.

Since 2021, “unallocated” includes expenses related to free share plans as well as unallocated central costs and internal billings.

2020

<i>In millions of euros</i>	France	Europe (excl. France)	Japan	Asia-Pacific (excl. Japan)	Americas	Other	Holding	Total
Revenue	620	953	834	2,915	959	108	-	6,389
Recurring operating income	159	195	292	1,290	229	25	(208)	1,981
Recurring operating profitability	26%	21%	35%	44%	24%	23%	-	31%
Other non-recurring income and expenses	-	-	-	-	-	-	91	91
Operating income	159	195	292	1,290	229	25	(117)	2,073
Operating investments	221	39	30	69	43	-	46	448
Non-current assets ¹	814	465	253	801	656	31	907	3,926
Non-current liabilities ¹	228	379	111	505	500	-	76	1,799

(1) Non-current assets and liabilities other than deferred tax assets and liabilities.

NOTE 4 ITEMS RELATING TO OPERATING ACTIVITIES

Accounting principles

Revenue

Revenue consists essentially of sales of goods and services produced by the Group's main operating activities:

- ◆ revenues mainly include retail sales in the Group's stores, which are recognised at the time of purchase by customers;
- ◆ Wholesale distribution to store concessionaires, distributors in the Perfume and Beauty activity and sales to producers (textile printing, tanning, metal parts, etc.) are recorded when control of the goods is transferred, which generally occurs at the time of shipping. Distributors and concessionaires therefore take control of products until sale to the final customer and thus act as the principal under the provisions of IFRS 15.

Any contractual or implicit take-backs of inventories are recorded as a deduction from revenue.

Cost of sales

The cost of sales mainly comprises purchases of raw materials, the cost of production labour, indirect production costs, variable selling expenses, as well as impairment of inventories.

Sales and administrative expenses

Communication

Communication expenses include expenses designed to promote brands and products to customers. These expenses are recognised as expenses in the financial year in which they are incurred.

Other sales and administrative expenses

Other sales and administrative expenses include costs usually borne by the Company in the course of its operations and which are not related to production. These mainly include expenses for sales staff and support functions, variable rent expenses and other administrative expenses (fees, insurance, travel, etc.).

Other income and expenses

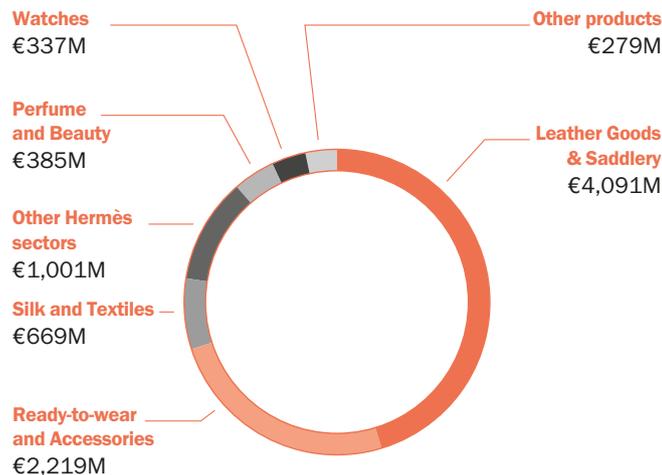
Other income and expenses mainly include:

- ◆ depreciation and amortisation of fixed assets and right-of-use assets, with the exception of charges relating to items allocated to production, which are classified as "Cost of sales";
- ◆ the cost of pension plans and other long-term benefits (see Note 5.3);
- ◆ expenses related to free share allocation plans (see Note 5.4);
- ◆ changes in provisions (see Note 12);
- ◆ impairment losses (see Note 7.5);
- ◆ donations and sponsorship expenses.

Other non-recurring income and expenses

This item enables the separate presentation of major non-recurring events that occurred during the financial year, whose financial impact was material and whose presentation under recurring operating income could affect the understanding of the Group's economic performance.

4.1 Revenue by métier



<i>In millions of euros</i>	2021	2020	Change at current exchange rate	Change at constant exchange rates
Leather Goods & Saddlery	4,091	3,209	27%	29%
Ready-to-wear and Accessories	2,219	1,409	58%	59%
Silk and Textiles	669	452	48%	49%
Other Hermès sectors	1,001	643	56%	57%
Perfume and Beauty	385	263	46%	47%
Watches	337	196	72%	73%
Other products	279	218	28%	29%
REVENUE	8,982	6,389	41%	42%

4.2 Sales and administrative expenses

<i>In millions of euros</i>	2021	2020
Communication	(421)	(279)
Other sales and administrative expenses	(1,715)	(1,420)
TOTAL	(2,137)	(1,699)

4.3 Other income and expenses

<i>In millions of euros</i>	<i>Note</i>	2021	2020
Depreciation and amortisation of fixed assets		(263)	(227)
Amortisation of right-of-use assets		(249)	(241)
Depreciation and amortisation		(512)	(468)
Net change in provisions		(19)	(16)
Cost of pension plans and other long-term benefits	5.3	(18)	(18)
Sub-total		(37)	(33)
Impairment losses		(65)	(54)
Expenses related to free share allocation plans and similar expenses	5.4	(122)	(118)
Other expenses		(26)	(76)
Other products		28	52
Sub-total		(186)	(195)
TOTAL		(734)	(696)

In 2021 and in 2020, other expenses include donations of respectively €7 million and €20 million to AP-HP (the Parisian public hospital system).

Total depreciation and amortisation of fixed assets included in operating expenses ("Other income and expenses" and "Cost of sales") amounted to €312 million in 2021, compared with €271 million in 2020.

Total amortisation of rights-of-use included in operating expenses ("Other income and expenses" and "Cost of sales") amounted to €251 million in 2021, compared with €243 million in 2020.

4.4 Other non-recurring income and expenses

In 2020, other non-recurring income corresponded to the income resulting from the deconsolidation of Shang Xia for €91 million.

4.5 Working capital requirements

Accounting principles

Inventories and work-in-progress

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, according to each category of inventory. The cost of inventories includes all costs of purchase, processing and all other costs incurred in bringing the inventories to their present location and condition, as specified by IAS 2 *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. Impairment is established for each category of inventory (raw materials, work-in-progress, intermediate products, finished products and merchandise), if the products concerned are damaged or obsolete (season or collection terminated, for example) or based on expected turnover. These impairments are included in the cost of sales.

Trade receivables

Trade receivables are recognised on the balance sheet at their par value, which corresponds to their fair value.

Credit risk arises from the potential inability of customers to meet their payment obligations. Expected losses linked to credit risk on trade receivables are assessed as soon as they arise and reviewed at each closing (see Note 9). They are recognized in "Other income and expenses".

Other receivables and payables

The "Other receivables and payables" item of the change in working capital requirement mainly includes tax and social security receivables and payables.

Transactions in foreign currencies

Transactions in foreign currencies 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 rate. Foreign currency adjustments are recognised in income or expenses.

4.5.1 INVENTORIES AND WORK-IN-PROGRESS

In millions of euros	31/12/2021			31/12/2020		
	Gross	Impairment	Net	Gross	Impairment	Net
Retail, intermediate and finished goods	1,442	483	959	1,355	517	837
Raw materials and work-in-progress	803	314	489	750	298	452
TOTAL	2,246	797	1,449	2,104	815	1,289
Net impairment gain/(loss) on retail, intermediate and finished goods inventories	-	49	-	-	(85)	-
Net impairment gain/(loss) on impairment of raw materials and work-in-progress	-	(15)	-	-	(32)	-

No inventories were pledged as collateral to secure financial liabilities.

4.5.2 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

In millions of euros	31/12/2021			31/12/2020	
	Gross	Impairment	Net	Net	Net
Trade and other receivables	337	3	333	333	250
Of which: ◆ not yet due	222	-	222	222	136
◆ past due	114	3	111	111	113
Current tax receivables	58	-	58	58	64
Other current assets	259	0	257	257	193
Other non-current assets	22	0	22	22	24
TOTAL	675	3	670	670	530

The amount of trade and other receivables due breaks down as follows:

	31/12/2021		31/12/2020	
	Gross	Impairment	Net	Net
Under 3 months	108	0	108	106
Between 3 and 6 months	2	0	2	3
Over 6 months	5	3	2	5
TOTAL	114	3	111	113

With the exception of other non-current assets, all receivables 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 expected risk of non-recovery is low, as evidenced by the level of impairment of trade receivables, which amounted to 1% of the gross value at the end of 2021 (2% at end of 2020). There is no significant concentration of credit risk.

Customer risk was not significantly affected by the health crisis.

4.5.3 TRADE PAYABLES AND OTHER LIABILITIES

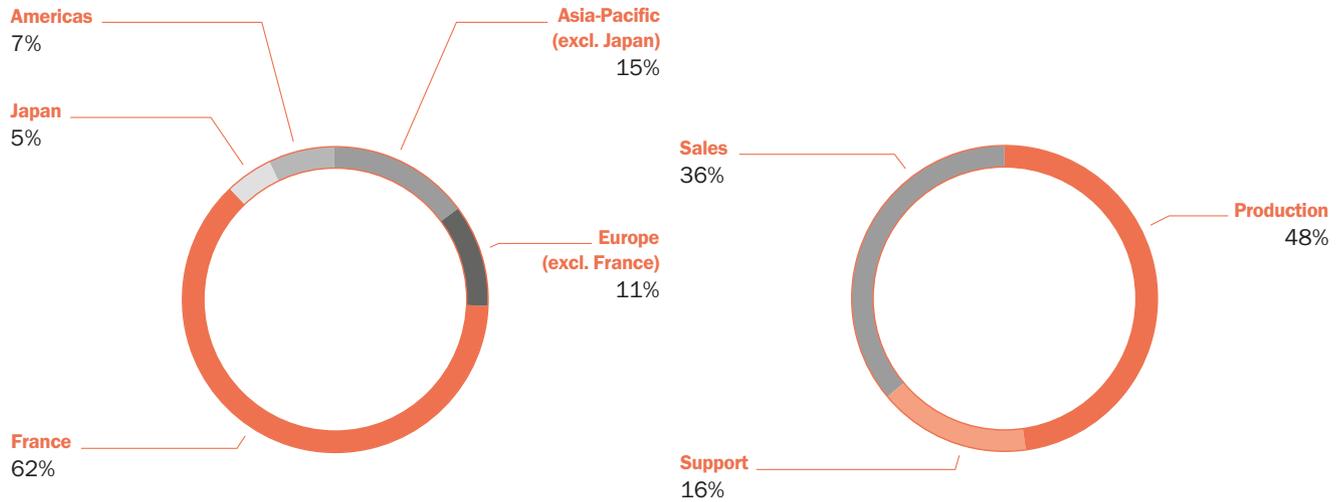
<i>In millions of euros</i>	31/12/2021	31/12/2020
Trade payable	450	373
Amounts payable to fixed asset suppliers	85	76
Trade and other payables	535	448
Current tax liabilities	347	218
Other current liabilities	1,168	795
Other non-current liabilities	45	36
TRADE PAYABLES AND OTHER LIABILITIES	2,094	1,497

4.5.4 CHANGE IN WORKING CAPITAL REQUIREMENTS

<i>In millions of euros</i>	2021	2020
Inventories and work-in-progress	(116)	(158)
Trade and other receivables	(30)	38
Trade and other payables	71	(24)
Other receivables and payables	421	(207)
TOTAL	346	(350)

NOTE 5 HEADCOUNT, PERSONNEL COSTS AND EMPLOYEE BENEFITS

5.1 Headcount by geographical area and sector



	Production		Sales		Support		Total					
	31/12/2021	%	31/12/2020	31/12/2021	%	31/12/2020	31/12/2021	%	31/12/2020			
France	7,633	90%	7,162	1,376	22%	1,356	1,960	70%	1,865	10,969	62%	10,383
Asia-Pacific (excl. Japan)	74	1%	83	2,287	36%	1,977	314	11%	315	2,675	15%	2,375
Europe (excl. France)	711	8%	699	995	16%	978	254	9%	261	1,960	11%	1,938
Americas	68	1%	76	868	14%	802	213	8%	199	1,149	7%	1,077
Japan	0	0%	0	766	12%	748	76	3%	79	842	5%	827
TOTAL	8,486	100%	8,020	6,292	100%	5,861	2,817	100%	2,719	17,595	100%	16,600

5.2 Personnel costs

Employee expenses in 2021 totalled €1,489 million, compared with €1,297 million in 2020.

5.3 Post-employment and other employee benefit obligations

General and accounting principles

Post-employment benefit plans

Defined-contribution plans

Under these plans, regular payments are made to outside organisations, which are responsible for their administrative and financial management. The Group is not committed beyond the contributions paid and these are therefore recognised as expenses by destination in the various lines of the consolidated income statement.

Defined-benefit plans

The Hermès Group's defined-benefit plans include:

- ♦ benefits in the event of departure or end of career, mainly in France, Japan and Italy. These obligations are partially or entirely externalised depending on the country;

- ♦ supplemental pension plans in France or abroad, notably in Switzerland.

The Group's obligations are calculated annually by an independent actuary using the projected unit credit 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 and the inflation rate. 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. 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.

When benefits are funded in advance through external funds, the assets held are measured at fair value, and taken into account in the assessment of the net provision. In accordance with IAS 19 revised, rates of return on assets are determined by reference to discount rates on the obligations.

In the consolidated income statement, the expense is presented under "Other income and expenses".

Changes in actuarial assumptions and experience effects give rise to actuarial gains and losses, the total of which is recorded under "Other

comprehensive income" over the period during which they were recognised.

Other long-term benefits

The Hermès Group's other long-term benefits include:

- ◆ jubilees in France: these awards provide compensation for long-standing services;
- ◆ long-service awards, mainly in Japan, China and countries in South Asia.

5.3 Retirement and other employee benefit obligations

5.3.1 INFORMATION BY TYPE OF PLAN AND GEOGRAPHICAL AREA

The provision shown in the balance sheet includes post-employment defined-benefit plans and other long-term benefits:

<i>In millions of euros</i>	31/12/2021	31/12/2020
Defined-benefit plans	243	288
Other long-term benefits	17	16
PROVISIONS AT END OF PERIOD	260	304

The present value of the obligations and the fair value of the plan assets broken down by geographical area are as follows:

<i>In millions of euros</i>	31/12/2021		31/12/2020	
	Value	Breakdown	Value	Breakdown
France	187	57%	227	62%
Japan	52	16%	51	14%
Other	92	28%	90	24%
Present value of obligations	331	100%	368	100%
France	16	23%	16	24%
Other	55	77%	49	76%
Fair value of plan assets	71	100%	65	100%
France	171	66%	211	70%
Japan	52	20%	51	17%
Other	37	14%	41	13%
PROVISIONS FOR RETIREMENT AND SIMILAR BENEFIT OBLIGATIONS	260	100%	304	100%

5.3.2 ACTUARIAL ASSUMPTIONS

For 2021, the following actuarial assumptions were used for the countries to which the Hermès Group's main commitments apply:

	France	Italy	Japan	Switzerland
Discount rate	0.49% - 0.84% ¹	0.84%	0.40%	0.25%
Increase in salaries	3.0%	1.8%	2.5%	2.0%

(1) Rates according to the duration of the plans.

Reminder of the assumptions in 2020:

	France	Italy	Japan	Switzerland
Discount rate	0.56% – 0.31% ⁽¹⁾	0.56%	0.40%	0.00%
Increase in salaries	3.0%	1.0%	2.5%	2.0%

(1) Rates according to the duration of the plans.

A 0.50 point increase or decrease in the discount rate would lead to a €17 million decrease or a €19 million increase in the Hermès Group's pension provision respectively, with the balancing entry recognised in equity.

5.3.3 RECONCILIATION OF RETIREMENT AND OTHER EMPLOYEE BENEFIT OBLIGATIONS

In millions of euros	2021			2020		
	Value of obligations	Plan assets	Provisioned obligations	Value of obligations	Plan assets	Provisioned obligations
Provisions as at 1 January	368	(65)	304	351	(63)	288
Change in service cost allocation method as at 1 January	(45)	-	(45)	-	-	-
Expense for the financial year	21	0	21	18	0	18
Benefits paid	(8)	5	(3)	(5)	9	4
Employer contributions	-	(5)	(5)	-	(8)	(8)
Employee contributions	2	(2)	-	2	(2)	-
Actuarial gains and losses recognised in other comprehensive income	(9)	(2)	(12)	3	(1)	2
Change in scope	-	-	-	2	(0)	2
Foreign currency adjustments	2	(2)	0	(2)	(0)	(2)
Other movements	-	-	-	(0)	-	(0)
PROVISIONS AS AT DECEMBER 31	331	(71)	260	368	(65)	304

Following the IFRIC decision of April 2021 relating to IAS 19, the Hermès Group modified the method used to allocate the cost of services rendered in the calculation of commitments relating to its retirement benefit plans (see Note 1.2). The impact of this change was recognized at 1 January 2021 on the line "Change in service cost allocation method at 1 January" as a counterparty to equity.

5.4 Share-based payments

Accounting principles

Free share allocation plans are recognised as expenses at fair value in the "Other income and expenses" section, with a corresponding increase in equity. This fair value is spread over the vesting period.

The estimate of the fair value is calculated on the basis of the share price on the date that the corresponding decision is made by Executive Management, subject to the deduction of the amount of the

advance dividends over the vesting period, taking into account the assumption of a turnover rate for beneficiaries.

In some countries, these share-based payments are subject to social security charges due upon delivery to employees. These expenses are then spread over the vesting period and recognised under "Other income and expenses".

The expense recognised in 2021 in respect of free share allocation plans totalled €122 million, compared with €118 million at end-2020. The shares outstanding changed as follows during the financial year:

<i>In shares</i>	2021	2020
Outstanding as at 1 January	671,368	1,255,800
Issued	-	-
Exercised	(178,956)	(560,772)
Forfeited or cancelled	(70,225)	(23,660)
OUTSTANDING AS AT 31 DECEMBER	422,187	671,368

Information on the free share allocation plans is provided in chapter 3 "Corporate governance", § 3.8.3.2.

5.5 Senior Executive compensation

The 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:

<i>In millions of euros</i>	2021	2020
Short-term benefits	20	21
Post-employment benefits	3	3
Other long-term benefits	0	0
Share-based payments	3	4
TOTAL	26	27

Short-term benefits include compensation and bonuses paid to Executive Committee members during the financial 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 6 INCOME TAX

Accounting principles

Income tax

The income tax expense includes the current tax due for the financial year by fully consolidated companies and deferred taxes.

The Group's companies are regularly audited by the tax authorities of the countries in which they operate. Appropriate liabilities are recorded in respect of any uncertain tax positions, the amounts of which are reviewed in accordance with the criteria of IAS 12 and IFRIC 23.

Tax consolidation regimes

The French tax consolidation regime allows certain French companies in the Group to offset their taxable income for the purpose of determining the overall income tax expense, for which only the parent company, Hermès International, remains liable.

Furthermore, there is another tax consolidation regime outside France.

Deferred taxes

Deferred taxes are calculated on all timing differences existing at financial year-end at the tax rate in force on that date, or at the enacted tax rate (or nearly enacted rate) for the subsequent financial year. Previous deferred taxes are revalued using the same method (liability method). The restatement of assets and liabilities related to leases also gives rise to the recognition of deferred taxes.

Deferred tax assets are recorded to the extent that their future use is probable given the expected taxable profits. If a non-recovery risk arises on some or all of a deferred tax asset, an impairment is recorded.

6.1 Breakdown of income tax

<i>In millions of euros</i>	2021	2020
Current tax	(1,029)	(618)
Deferred taxes	14	5
TOTAL	(1,015)	(613)

6.2 Rationalisation of the income tax expense

The effective tax rate was 29.5% as at 31 December 2021, compared with 30.9% as at 31 December 2020.

The difference between the theoretical income tax expense and the net actual income tax expense is explained as follows:

<i>In millions of euros</i>	2021	2020
Net income attributable to owners of the parent	2,445	1,385
Net income from associates	34	16
Net income attributable to non-controlling interests	(8)	(4)
Income tax expense	(1,015)	(613)
Net income before tax	3,435	1,986
Effective tax rate	29.5%	30.9%
Current tax rate in France	28.4%	32.0%
Theoretical income tax expense	(976)	(636)
<i>Reconciliation items:</i>		
♦ differences relating to foreign taxation (primarily the tax rate)	36	56
♦ permanent differences and other	(75)	(33)
TOTAL	(1,015)	(613)

The tax rate applicable in France in 2021 is the basic rate of 27.50% increased by the social contribution of 3.3%, i.e. a total of 28.41%.

"Permanent differences and other" include income and expenses that will never be deductible or taxable, the impact of tax loss carryforwards that have not been activated, tax adjustments for prior years and any risks and uncertain tax positions.

6.3 Deferred taxes

The net change in deferred tax assets and liabilities breaks down as follows:

<i>In millions of euros</i>	2021	2020
Deferred tax assets at 1 January	475	511
Deferred tax liabilities at 1 January	22	25
Net deferred tax assets at 1 January	453	486
Income statement impact	14	5
Scope impact	-	(1)
Exchange rate impact	15	(15)
Equity impact	49	(21)
Net deferred tax assets as at 31 December	531	453
Balance of deferred tax assets at the end of the period	546	475
Balance of deferred tax liabilities at the end of the period	15	22

The impact on equity mainly concerns the change in deferred taxes related to:

- ◆ revaluations recognised in equity (investments and financial investments and hedging of future cash flows);
- ◆ actuarial gains and losses on employee benefit obligations;
- ◆ the change in service cost allocation method in the calculation of post-employment benefit obligations (see Note 1.2).

These movements had no impact on net income for the year (see Note 11.5).

Deferred taxes mainly relate to the following adjustments:

<i>In millions of euros</i>	31/12/2021	31/12/2020
Internal margins on inventories and provisions for inventories	325	334
Employee benefits	61	84
Derivatives	19	(38)
Impairment losses	35	29
Regulated provisions	(17)	(34)
Other	109	77
TOTAL	531	453

Deferred tax assets linked to tax loss carry-forwards were not material as at 31 December 2021 and 2020.

As at 31 December 2021, tax loss carry-forwards that did not lead to the recognition of deferred tax assets represented potential tax savings of €40 million (compared with €46 million in 2020).

NOTE 7 GOODWILL, PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS, AND LEASES**7.1 Goodwill****Accounting principles**

Business combinations, carried out in the event that the Group gains control over one or several other activities, are accounted for using the acquisition method:

- ◆ the consideration transferred (acquisition cost) is measured at the fair value of the assets delivered and liabilities incurred at the date of the exchange;
- ◆ the identifiable assets and liabilities of the Company acquired are measured at fair value on the acquisition date;
- ◆ the costs that can be directly attributed to the acquisition are recorded as an expense.

This valuation is carried out within no more than a year following the date of acquisition and in the currency of the acquired entity. The resulting valuation adjustments are recognised under the related assets and liabilities, including the share attributable to non-controlling interests. The residual difference, which is the

difference between the transferred counterparty and the share of net assets and liabilities measured at fair value, is recognised under goodwill.

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.

Any previous investment held in the acquired company before a takeover is remeasured at its fair value at the acquisition date and the corresponding income or loss is recognised in the income statement under "Other income and expenses".

The goodwill is not amortised but must be subject to an impairment test, the principles of which are presented in Note 7.5. Any resulting impairment losses are recognised in "Other income and expenses" in operating income. They are not reversible.

The goodwill is allocated by cash-generating units, which are presented in Note 7.5.

	31/12/2020	Increases	Decreases	Exchange rate impact	31/12/2021
Metal parts CGU	27	-	-	-	27
Retail Japan CGU	15	-	-	(0)	15
TOTAL NET VALUES	42	-	-	(0)	42

7.2 Intangible assets and property, plant and equipment**Accounting principles****Intangible assets**

Intangible assets mainly comprise acquired software (including their implementation costs), as well as the Group's e-commerce website development costs. They are amortised on a straight-line basis over their probable useful life, generally between three and five years.

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.

Property, plant and equipment

Property, plant and equipment are recorded at historical acquisition cost, less accumulated depreciation and recognised impairment losses. They are depreciated, generally using the straight-line method, over the following average estimated useful lives:

- ◆ buildings: 20 to 50 years;

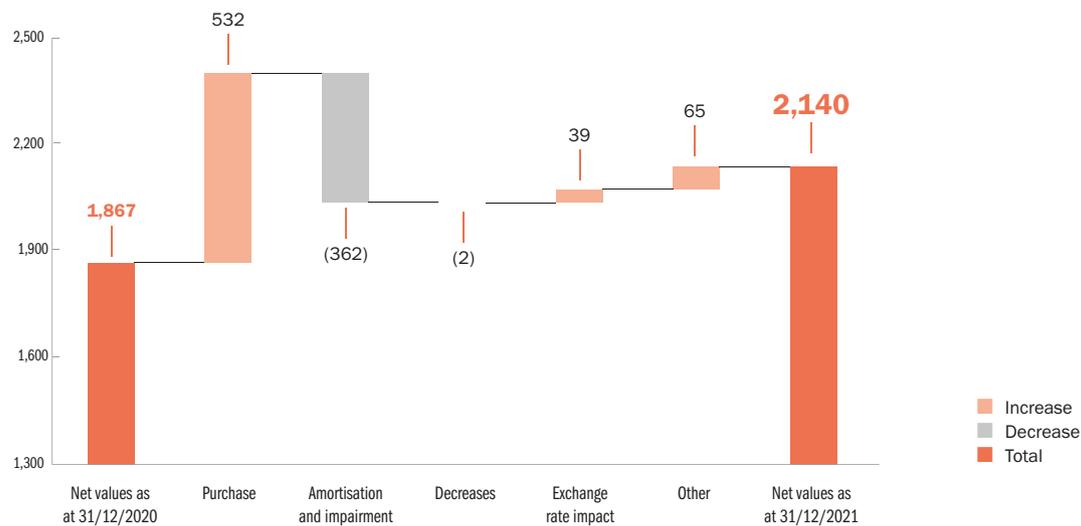
- ◆ fixtures and furnishings: between 10 and 20 years depending on the expected useful life of the asset in question, and within the limit of the lease term, in the case of fixtures installed at the time of leasing in stores for which the Group is a tenant;
- ◆ industrial machinery, plant and equipment: 10 to 20 years;
- ◆ other: 3 to 10 years maximum.

Where property, plant and equipment is made up of components with different useful lives, these are recorded as separate items.

Gains or losses on disposals of property, plant and equipment represent the difference between the sale proceeds and the net carrying amount of the divested asset, and are included in "Other income and expenses".

Accounting principles relating to the impairment losses on property, plant and equipment and intangible assets are presented in Note 7.5.

In millions of euros



7.2.1 INTANGIBLE ASSETS

In 2021, changes in intangible assets were as follows:

In millions of euros	31/12/2020	Increases	Decreases	Exchange rate impact	Other	31/12/2021
Software, licences, e-commerce website and patents	451	87	(3)	1	24	560
Other intangible assets	134	11	(6)	1	3	143
Fixed assets under construction	37	28	-	0	(27)	38
TOTAL GROSS VALUES	622	127	(9)	2	0	741
Amortisation of software, licences, e-commerce website and patents	276	79	(3)	0	1	354
Amortisation of other intangible assets	102	8	(3)	1	8	116
Impairment losses	23	3	(4)	0	(9)	14
TOTAL AMORTISATION AND IMPAIRMENT	401	90	(9)	2	(0)	483
TOTAL NET VALUES	221	37	(0)	(0)	0	258

In 2020, changes in intangible assets were as follows:

In millions of euros	31/12/2019	Increases	Decreases	Exchange rate impact	Other	31/12/2020
Software, licences, e-commerce website and patents	356	74	(0)	(1)	22	451
Other intangible assets	136	6	(0)	(6)	(2)	134
Fixed assets under construction	33	29	(0)	(0)	(25)	37
TOTAL GROSS VALUES	525	109	(0)	(6)	(5)	622
Amortisation of software, licences, e-commerce website and patents	218	60	(0)	(1)	(0)	276
Amortisation of other intangible assets	103	6	(0)	(5)	(2)	102
Impairment losses	20	2	-	(0)	1	23
TOTAL AMORTISATION AND IMPAIRMENT	341	68	(0)	(6)	(2)	401
TOTAL NET VALUES	184	41	(0)	(1)	(3)	221

7.2.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment changed as follows during the last financial year:

<i>In millions of euros</i>	31/12/2020	Increases	Decreases	Exchange rate impact	Other	31/12/2021
Land	172	2	-	(2)	27	199
Buildings	1,011	25	(4)	12	86	1,130
Industrial machinery, plant and equipment	424	26	(9)	4	26	471
Store fixtures and furnishings	1,044	94	(52)	57	81	1,225
Other property, plant and equipment assets	443	44	(9)	4	19	502
Fixed assets under construction	176	214	(0)	6	(148)	248
TOTAL GROSS VALUES	3,270	405	(73)	82	91	3,775
Depreciation of buildings	395	42	(2)	3	28	467
Depreciation of machinery, plant, and equipment assets	257	33	(8)	2	6	289
Depreciation of store fixtures and furnishings	574	107	(51)	32	2	664
Depreciation of other property, plant and equipment	278	41	(8)	3	(5)	309
Impairment losses	119	49	(2)	3	(4)	165
TOTAL DEPRECIATION AND IMPAIRMENT	1,624	272	(71)	42	27	1,894
TOTAL NET VALUES	1,646	133	(2)	40	65	1,881

In 2020, changes in property, plant and equipment were as follows:

<i>In millions of euros</i>	31/12/2019	Increases	Decreases	Exchange rate impact	Other	31/12/2020
Land	164	4	-	(4)	8	172
Buildings	956	47	(17)	(15)	40	1,011
Industrial machinery, plant and equipment	363	24	(9)	(3)	48	424
Store fixtures and furnishings	1,013	95	(43)	(50)	30	1,044
Other property, plant and equipment assets	408	36	(7)	(5)	12	443
Fixed assets under construction	136	134	(1)	(4)	(90)	176
TOTAL GROSS VALUES	3,040	340	(76)	(80)	47	3,270
Depreciation of buildings	373	39	(17)	(7)	8	395
Depreciation of machinery, plant, and equipment assets	215	28	(8)	(1)	24	257
Depreciation of store fixtures and furnishings	548	98	(43)	(24)	(5)	574
Depreciation of other property, plant and equipment	254	39	(6)	(3)	(5)	278
Impairment losses	109	16	(0)	(2)	(3)	119
TOTAL DEPRECIATION AND IMPAIRMENT	1,498	219	(75)	(38)	19	1,624
TOTAL NET VALUES	1,542	121	(2)	(42)	28	1,646

Investments made in 2021 and 2020 concern mainly the opening and renovation of stores and capital expenditure to expand production capacity.

Impairment losses relate to production lines 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 were pledged as collateral to secure financial liabilities. Furthermore, the amount of property, plant and equipment assets in temporary use is not material when compared with their total value.

7.3 Leases

Accounting principles

Balance sheet

The Hermès Group owns almost all of its manufacturing facilities and is tenant of most of the stores and offices in the cities where it operates. Real estate leases with fixed rents are recognised in assets through a right-of-use and in liabilities through a lease liability corresponding to the present value of future payments. Right-of-use assets are equal to the amount of the lease liability adjusted for the amount of prepaid rent, incentives received from the lessors, initial direct costs incurred in securing the lease and, where applicable, restoration costs, at the contract's commencement date.

Rights-of-use are amortised on a straight-line basis over the term of the lease.

The lease liability is increased by the amount of interest expenses determined by applying the discount rate and reduced by the amount of payments made.

Furthermore, the liability may be re-assessed in the event of a review of the lease term, or the rates and indices on which rents are based.

Income statement

Amortisation of right-of-use assets is presented in "Other income and expenses", except for any allocations relative to right-of-use assets used for production, which are included in "Cost of sales".

Interest expense is recognised in net financial income (see Note 9.1).

The gain or loss resulting from the early termination of a contract is determined by the difference between the net carrying amount of the right-of-use and the value of the lease liability and included in "Other income and expenses".

Statement of cash flows

In the statement of cash flows, repayments of principal and payment of interest on lease liabilities are presented under the same heading "Repayment of lease liabilities" in cash flows related to financing activities.

Lease term

The lease term is determined contract by contract.

The Group takes into account the renewal options on the effective date of the contract, provided that the total duration of the contract thus calculated is consistent with the duration of the investment plan. In France, in the case of 3-6-9-type commercial leases, the lease term used is nine years, except in special cases. In the event that only Hermès has an option to terminate a lease, the Group assesses, at the date the contract comes into effect, all the facts and circumstances providing economic incentives not to exercise this option, taking into account criteria such as the actual nature of the asset, all costs related to termination, and the duration of the investment plan.

Discount rate

The standard provides that the discount rate for each contract is determined by reference to the incremental borrowing rate of the contracting subsidiary. In practice, given the Group's financing structure, this rate is determined on the basis of the local currency swap interest rate, with a maturity in line with the average duration of the contracts in the country. It is adjusted for credit risk by taking into account the Group's credit default swap. The rates thus determined apply on the start date of each contract.

Simplification measure

Leases corresponding to assets with a low unit value or to leases with a term of less than 12 months are recognised directly as expenses.

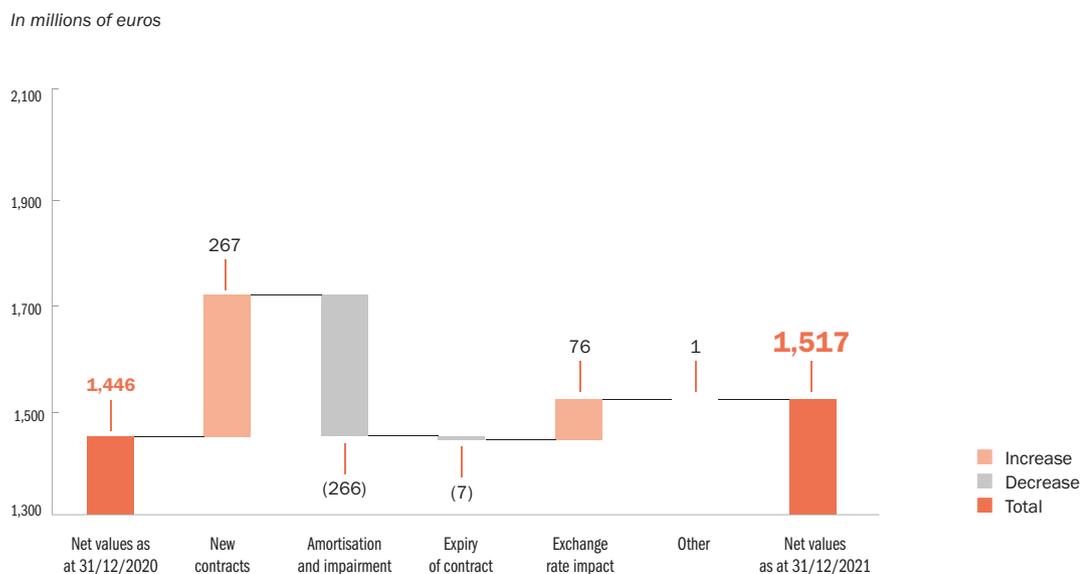
The variable portion of rents is recognised as an expense over the period in which the conditions triggering payment are achieved. At Hermès, this variable portion mainly concerns rents indexed to revenue.

7.3.1 RIGHT-OF-USE ASSETS

The breakdown of right-of-use assets by nature of the underlying asset is as follows:

<i>In millions of euros</i>	Gross	Amortisation and impairment	31/12/2021 net	31/12/2020 net
Stores	2,107	(788)	1,319	1,231
Offices and other	382	(184)	198	215
TOTAL	2,489	(972)	1,517	1,446

The change in right-of-use assets during the financial year is as follows:



<i>In millions of euros</i>	31/12/2021			31/12/2020
	Stores	Offices and other	Total	Total
Gross amount as at 1 January	1,915	361	2,276	1,732
Implementation of new leases and revisions	229	38	267	877
Expiry and early termination of leases	(154)	(22)	(176)	(217)
Exchange rate impact	116	5	121	(112)
Other movements and reclassifications	1	0	1	(5)
GROSS VALUE AS AT 31 DECEMBER	2,107	382	2,489	2,276

In financial year 2020, the "Implementation of new leases" line included in particular a new commercial lease for a building located at 706 Madison Avenue in New York. It will house the new Maison Hermès. The

current Madison Avenue store will remain open until the inauguration of the new address, scheduled for 2022.

<i>In millions of euros</i>	31/12/2021			31/12/2020
	Stores	Offices and other	Total	Total
Amortisation and impairment losses as at 1 January	(684)	(146)	(830)	(778)
Amortisation and impairment	(216)	(50)	(266)	(277)
Expiry and early termination of leases	151	18	169	183
Exchange rate impact	(43)	(2)	(45)	42
Other movements and reclassifications	4	(4)	-	1
AMORTISATION AND IMPAIRMENT LOSSES AS AT 31 DECEMBER	(788)	(184)	(972)	(830)

7.3.2 LEASE LIABILITIES

The maturities of the lease liabilities are as follows:

< 1 year	1 to 5 years	> 5 years	TOTAL 31/12/2021
€248M	€843M	€687M	€1,777M (31/12/2020: €1,643M)

In millions of euros	< 1 year	1 to 5 years	> 5 years	31/12/2021	31/12/2020
TOTAL LEASE LIABILITIES	248	843	687	1,777	1,643

The breakdown of changes in liabilities over the financial year is as follows:

In millions of euros	31/12/2021	31/12/2020
Lease liabilities as at 1 January	1,643	1,092
Implementation of new leases and revisions	269	893
Expiry and early termination of leases	(8)	(48)
Repayments	(212)	(199)
Exchange rate impact	91	(84)
Other movements and reclassifications	(5)	(10)
LEASE LIABILITIES AS AT 31 DECEMBER	1,777	1,643

At the end of December 2021, the rents resulting from non-capitalised leases correspond to:

- ♦ store rents, for which variable payments amounted to €376 million for the financial year (compared to €260 million for financial year 2020);

- ♦ exempted rents (leases corresponding to assets with a low unit value or a term of less than 12 months) in the amount of €7 million (compared with €5 million in 2020).

Financial expenses relating to lease liabilities are presented in Note 9.1.

7.4 Investment property

Accounting principles

Real estate 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".

As for property, plant and equipment, investment property is recognised at its historical acquisition cost less accumulated depreciation. The depreciation periods are identical to those of other property, plant and equipment (see Note 7.2).

In millions of euros	31/12/2020	Increases	Decreases	Exchange rate impact	Other	31/12/2021
Land	29	-	-	1	(27)	3
Buildings	72	-	-	3	(64)	10
TOTAL GROSS VALUES	101	-	-	4	(91)	14
Depreciation	28	2	-	1	(26)	5
TOTAL NET VALUES	73	(2)	-	3	(66)	9

In the fourth quarter of 2021, the Group took over the lease for an investment property that it plans to operate directly by installing one of its stores in the building. At that date, the net carrying amount of this asset was reclassified from investment property to property, plant and

equipment. The impact of this reclassification is presented in the "Other" column.

The net rental proceeds from investment properties totalled €5 million in the financial year (compared with €7 million in 2020).

7.5 Monitoring the value of fixed assets

Accounting principles

In accordance with IAS 36, impairment tests on assets with an indefinite useful life are carried out annually during the budget period or more regularly if events or changes in the market environment show signs of impairment. For assets with a finite useful life, tests are carried out if there is an indication of impairment. These impairment tests consist of comparing the net carrying amount with the recoverable amount of all property, plant and equipment and/or intangible assets of each cash-generating unit (CGU). The Hermès Group has defined the following CGUs or groups of CGUs:

- ◆ Hermès sales units (retail branches), which are treated independently from one another;
- ◆ production units (leather goods, Textiles, Perfume and Beauty, Watches, Tanneries and Precious Leathers, Metal parts, etc.);
- ◆ other Group brands (Saint-Louis, John Lobb, etc.);
- ◆ investment property;
- ◆ associates.

The recoverable amount of each CGU is determined using the Discounted Cash Flow (DCF) method, applying the following principles:

- ◆ after tax cash flow figures are derived from a medium-term (five-year) business plan developed by the relevant entity;
- ◆ the after-tax discount rate is determined on the basis of the Group's weighted average cost of capital (8.29% in 2021, compared with 8.10% in 2020), adjusted by a risk premium, if necessary, according to the geographical area and activity of the entity concerned;
- ◆ the recoverable amount is calculated as the sum of cash flows generated each year during the budget period and the terminal value, which is determined based on normative cash flows by applying a growth rate to infinity. The assumptions used in terms of business growth and terminal values are reasonable and consistent with available market data.

If the recoverable amount is lower than the net carrying amount, an impairment loss equal to the difference between these two amounts is recognised.

The amount of any impairment losses relating to the various fixed assets is shown in Notes 7.1, 7.2 and 7.3.

NOTE 8 INVESTMENTS IN ASSOCIATES

Accounting principles

On the balance sheet, on the acquisition of securities of equity-accounted companies, goodwill is included in the carrying amount of securities recognised in “Investments in associates”. Any impairment losses relating to this goodwill are reversible (see Note 7.5).

The item “Net income from associates” shown in the income statement includes the following:

- ◆ any provisions for risk. If the Group’s share in the losses of an associate exceeds the carrying amount of its holding in the Company, then the Group will no longer recognise its share in subsequent losses. When the share reaches zero, additional losses are only the subject of a provision when the Group has a legal or implicit obligation in this respect, or has made payments on behalf of the associate.
- ◆ share of the Group’s income in these companies;

In millions of euros

	2021	2020
Investments in associates as at 1 January	49	79
Impact of consolidation scope changes	-	(29)
Net income from associates	34	16
Dividends paid	(37)	(21)
Exchange rate impact	1	(2)
Other	3	6
INVESTMENTS IN ASSOCIATES AS AT 31 DECEMBER	51	49

The “Other” line includes, where appropriate, the reclassification to “Provisions” of the Group share in the losses of equity-accounted associates, when this exceeds the carrying amount of the investments concerned.

NOTE 9 FINANCIAL ASSETS AND LIABILITIES – NET CASH POSITION

Accounting principles

Financial assets and liabilities

Financial assets include financial fixed assets (financial investments, liquidity contract, 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. They do not include the liability associated with employee profit-sharing, which is included in “Other liabilities”.

Financial assets and liabilities are presented in the balance sheet under current or non-current assets or liabilities, depending on whether they fall 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 IFRS 9 *Financial Instruments* and are presented separately in the balance sheet.

Classification of financial assets and liabilities and valuation methods

In accordance with IFRS 9, Hermès Group financial assets and liabilities are classified and valued upon their recognition in the balance sheet according to following categories determined on the basis of the management model and the characteristics of the contractual cash flows:

- ◆ financial assets and liabilities at fair value through profit or loss;
- ◆ financial assets recorded at amortised cost;
- ◆ financial assets at fair value through non-recyclable equity.

Financial assets and liabilities at fair value through profit or loss

These assets are initially recognised at acquisition cost excluding incidental acquisition expenses. At each closing date, they are measured at fair value. Changes in fair value are recorded in the income statement under “Other financial income and expenses”.

Dividends and interest received on these assets are also recognised in the income statement under “Other financial income and expenses”.

Financial assets at amortised cost

Financial assets representing interest or capital repayments at determined dates, which are managed with the intention of collecting cash flows, are classified in this category.

These are fixed-term financial assets that the Group acquired with the intention and the capacity to hold until their maturity as well as loans and financial receivables.

These instruments are recognised at amortised cost less any impairment. Interest is calculated at the effective interest rate and recorded in the income statement under "Other financial income and expenses".

Financial assets at fair value through non-recyclable equity

Financial assets at fair value through non-recyclable equity include investment securities in non-consolidated companies that are not held for trading. This classification is determined irreversibly at origin for each security in question.

They are recognised at the date of closing at their fair value and unrealised gains or losses on these financial assets are recorded in other comprehensive income in "Revaluation adjustments". Only any dividends received are recognised in the income statement.

Financial liabilities

Financial liabilities are initially recorded at fair value (excluding any transaction cost), then according to the amortised cost method with separation of any embedded derivatives.

Interest is calculated at the effective interest rate and recorded in the income statement under "Gross borrowing cost" over the duration of the financial liability.

Bank overdrafts, which are treated as financing, are presented under "Current borrowings and financial liabilities".

Financial derivatives

See Note 10.

Cash and cash equivalents

The items recognised by the Group as "Cash and cash equivalents" meet the qualification criteria defined by IAS 7 *Statement of cash flows* and the AMF recommendations applicable at the closing date.

Cash and cash equivalents consist of highly liquid investments and short term investments readily convertible to a known amount of cash, with maturity of three months or less from the date of acquisition and subject to an insignificant risk of changes in value.

Thus, investments in listed shares, investments for a term of over three 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 excluded from cash and cash equivalents.

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 income statement.

Impairment of financial assets

Financial assets at fair value through non-recyclable equity are not subject to impairment, in accordance with IFRS 9.

Financial assets measured at amortised cost as well as trade receivables are impaired according to an impairment model based on expected losses. The Group applies the provisions of IFRS 9 relating to the simplified model of the original provision over the maturity of the instrument.

Credit risk is assessed upon recognition in the balance sheet at each closing date taking into account reasonable and justifiable information available as well as the insurance policy coverage put in place by the Group for the "Wholesale" activity.

Due to the nature of the financial assets concerned, the Group determines that the historical rate of loss on the receivables is a reasonable approximation of the rate of expected loss.

Changes in impairment losses are recognised according to the category of the asset. For financial assets recognised at amortised cost, any impairment loss is included in the income statement under "Other financial income and expenses". If the impairment loss decreases in a subsequent period, it is reversed and recorded as income.

9.1 Net financial income

<i>In millions of euros</i>	2021	2020
Income from cash and cash equivalents	12	11
Gross borrowing cost	1	(4)
♦ of which net income/(loss) on interest and exchange rate hedging instruments	1	(2)
Net borrowing cost	13	7
Interest expense on lease liabilities	(32)	(29)
Other financial income and expenses	(76)	(64)
♦ of which cost of cash flow hedges	(80)	(73)
♦ of which ineffective portion of cash flow hedges	(1)	12
TOTAL	(96)	(86)

9.2 Financial assets

<i>In millions of euros</i>	31/12/2020	Increases	Decreases	Exchange rate impact	Other	31/12/2021
Financial investments and accrued interest	339	180	(0)	-	60	578
Liquidity contract	14	5	-	-	-	19
Other financial assets	64	13	(2)	0	(1)	73
TOTAL GROSS VALUES	416	198	(2)	0	59	671
Impairment	49	5	(0)	0	-	54
TOTAL NET VALUES	368	193	(2)	0	59	617

The increase in financial investments corresponds to cash investments that do not meet the criteria for cash equivalents, notably on account of their original maturity of more than three months.

Changes in the value of financial assets measured at fair value through equity, which are recorded under “Revaluation adjustments” in equity, are shown in the “Other” column.

Classification and fair value measurement of these financial assets is presented in Note 10.5.

9.3 Net cash position

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 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 (term accounts, term deposits) with a sensitivity of less than 0.5% and a recommended investment period of less than three months.

The breakdown of net cash restated by maturity and rate type is as follows:

In millions of euros	As at 31/12/2021					
	< 1 year	1 to 5 years	> 5 years	Total	Floating rate	Fixed rate
Financial assets	6,761	310	-	7,071	3,439	3,632
Liquidities	1,925	-	-	1,925	1,824	102
Marketable securities ¹	4,771	-	-	4,771	1,240	3,531
Cash investments with maturity over three months from the date of acquisition	65	310	-	375	375	-
Financial liabilities ²	1	0	-	1	1	-
Medium and long-term financial liabilities	0	0	-	0	0	-
Bank overdrafts	1	-	-	1	1	-
Current accounts in debit	0	-	-	0	0	-
RESTATED NET CASH POSITION	6,760	310	-	7,070	3,437	3,632

(1) The gains and losses generated through disposal of marketable securities during the financial year and recorded through profit or loss amounted to -€0.4 million. Unrealised gains or losses as at 31 December 2021 stood at -€2.3 million.

(2) Excluding commitments to buy out non-controlling interests (see Note 9.4).

In millions of euros	As at 31/12/2020					
	< 1 year	1 to 5 years	> 5 years	Total	Floating rate	Fixed rate
Financial assets	4,748	180	-	4,928	1,718	3,211
Liquidities	1,313	-	-	1,313	1,203	110
Marketable securities ¹	3,420	-	-	3,420	319	3,101
Restatement of Mark-to-Market on liquidities	1	-	-	1	1	-
Cash investments with maturity over three months from the date of acquisition	15	180	-	195	195	-
Financial liabilities ²	25	0	-	25	17	8
Medium and long-term financial liabilities ³	8	0	-	8	0	8
Bank overdrafts ⁴	16	-	-	16	16	-
RESTATED NET CASH POSITION	4,724	180	-	4,904	1,701	3,203

(1) The gains and losses generated through disposal of marketable securities during the financial year and recorded through profit or loss amounted to -€1.1 million. Unrealised gains or losses as at 31 December 2020 stood at -€0.4 million.

(2) Excluding commitments to buy out non-controlling interests (see Note 9.4).

(3) Mainly corresponds to a short-term fixed-rate loan contracted by Hermès Japan.

(4) Corresponds mainly to bank overdrafts of foreign subsidiaries.

9.4 Put options granted to holders of non-controlling interests

In compliance with IAS 32 *Financial instruments: presentation*, when holders of non-controlling interests have put options to sell their interests to the Group, a financial liability is recognised corresponding to the exercise price of the option. This debt is posted through equity:

- ♦ as a deduction from the “Non-controlling interests”, equal to the carrying amount of the securities subject to the put option;

- ♦ for the balance, as a deduction against the “Equity attributable to owners of the parent”.

This entry is adjusted at the end of each period in accordance with change in the exercise price of the options and the carrying amount of the non-controlling interests. Changes in fair value are recognised directly in equity.

Put options granted to holders of non-controlling interests amounted to €24 million as at 31 December 2021, compared to €18 million as at 31 December 2020.

NOTE 10 MANAGEMENT OF MARKET RISKS AND DERIVATIVES

Accounting principles

Scope

The Group defines the scope of financial derivatives in accordance with the provisions and principles introduced by IFRS 9 *Financial Instruments*. In this respect, the Group analyses all its contracts, focusing on both financial and non-financial liabilities, 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 IFRS 9, embedded derivatives are accounted for separately from the “host” contract at the inception date.

According to Group rules, consolidated subsidiaries may not take any speculative financial positions.

Recognition and measurement

Financial derivatives are initially recorded at fair value.

Changes in the fair value of these derivatives are recorded in the income statement, unless they are classified as cash flow hedges, as described below. In this latter case, the effective portion of the changes in fair value of derivative instruments is recognised directly in other comprehensive income in the item “Revaluation adjustments”. These changes in fair value include the portion linked to forward points of forward currency agreements as well as the time value (premium) of currency options qualified as cash flow hedges. The ineffective portion

of the changes in the fair value corresponds to the excess of changes in fair value of the hedging instrument compared with the changes in fair value of the hedged item.

When the hedged cash flows materialise, the amounts previously recorded in equity are reclassified to the income statement symmetrically with the flows of the related hedged item. The reversal of the effective portion of the hedge is recognised in the operating income statement. The forward points and the time value of the options that make up the cost of hedging are recognised under “Other financial income and expenses” with, where applicable, the ineffective portion of hedges.

Financial derivatives classified as hedges

The Group uses derivatives to hedge its foreign exchange risks.

Hedge accounting is applicable when the following conditions are met:

- ◆ the hedging transaction must be supported by appropriate documentation of the hedging relationship from the time of its implementation;
- ◆ an economic relationship exists between the hedged item and the hedging instrument;
- ◆ the constraints of effectiveness of the hedging relationship are met: the hedge ratio does not show any imbalance between the hedged element and the hedging instrument generating an hedge ineffectiveness.

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10.1 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. Counterparty risks on financial transactions are monitored on an ongoing basis by Hermès International’s treasury department. Finally, the Group breaks down investment transactions, foreign exchange risk hedging transactions and deposits transactions in the selected banks within defined limits of amount and maturity. Moreover, the impact of the credit risk as recommended by IFRS 13 in the fair value of derivatives is close to 0 for the Group, given that all of the derivatives have a maturity of less than 12 months.

10.2 Foreign exchange risk

10.2.1 FOREIGN EXCHANGE POLICY

The Group is naturally exposed to foreign exchange risk because the bulk of its production is located in the Eurozone, while the majority of its sales revenue is received in currencies other than the euro (American dollar, Japanese yen and other Asian currencies, etc.). This exposure is hedged

in order to minimise and anticipate the impact of currency fluctuations on the Group’s profits.

The Group’s foreign exchange risk exposure management policy is based on the following principles:

- ◆ the production subsidiaries apply an annual exchange rate to the grid established in euros and invoice the distribution subsidiaries in their currency. So, the distribution subsidiaries concentrate most of the foreign exchange risk;
- ◆ the Group’s foreign exchange risk is systematically hedged by Hermès International on an annual basis, based on budget forecasts of future internal operating cash flows between the companies in the Group. In practical terms, as at 31 December, the hedging of internal transactions in currencies for the following year is close to 100%;
- ◆ no speculative transactions in the economic meaning of the term are authorised;
- ◆ Hermès International’s treasury department carries out these hedges with firm foreign exchange transactions (currency swaps and forward currency contracts) and/or purchases and sales of options eligible for hedge accounting (call and put options);

- ♦ other non-operating transactions are hedged against foreign exchange risk as soon as their commitment is firm and final. They include financial risks arising from intragroup loans and dividends in foreign currencies.

These management rules have been validated by the Executive Committee and the Supervisory Board has endorsed them. The Executive

Committee validates management decisions within this set of rules, via a Treasury Safety Committee that meets on a regular basis.

The administrative management is carried out using integrated treasury software. These operations are monitored by the Middle & Back-Office and internal control departments of Hermès International. In addition, the audit and risk management department ensures compliance with the risk control and management procedures.

10.2.2 NET CURRENCY POSITION

As at 31 December 2021

<i>In millions of euros</i>	Monetary assets/(liabilities) ¹	Future cash flows	Net position before hedging	Derivatives ²	Net position after hedging	Hedge ratio
Chinese yuan	297	1,068	1,365	(1,397)	(31)	102%
US dollar	(167)	679	512	(501)	12	98%
Japanese yen	32	407	439	(433)	6	99%
Singapore dollar	19	375	394	(381)	13	97%
Pound sterling	25	131	156	(160)	(4)	103%
Australian dollar	23	101	124	(119)	5	96%
Hong Kong dollar	(273)	384	111	(116)	(5)	105%
Euro ³	9	68	77	(83)	(6)	108%
Swiss franc	49	40	89	(80)	9	90%
Canadian dollar	11	66	78	(76)	2	98%
Thai baht	6	53	59	(61)	(1)	102%
Russian rouble	3	35	38	(38)	0	99%
Other currencies	23	100	123	(120)	3	98%
SUMMARY	57	3,508	3,566	(3,564)	2	100%

(1) Monetary assets are comprised of receivables and loans as well as bank balances, investments and cash equivalents whose date of maturity is less than three months from the date of acquisition. Monetary liabilities are composed of financial liabilities as well as operating liabilities and miscellaneous liabilities.

(2) Purchase/(Sale).

(3) Euro foreign exchange rate risk for subsidiaries that have a different functional currency. Exceptionally, this may also include internal transactions in euros, excluding sales of goods, with subsidiaries that have a different functional currency.

As at 31 December 2020

<i>In millions of euros</i>	Monetary assets/(liabilities) ¹	Future cash flows	Net position before hedging	Derivatives ²	Net position after hedging	Hedge ratio
Chinese yuan	295	665	960	(943)	17	98%
US dollar	51	410	461	(469)	(8)	102%
Japanese yen	22	322	345	(348)	(3)	101%
Hong Kong dollar	74	246	320	(326)	(6)	102%
Singapore dollar	(18)	263	245	(246)	(1)	100%
Pound sterling	17	129	146	(150)	(4)	103%
Australian dollar	49	52	101	(89)	12	88%
Swiss franc	37	36	72	(76)	(4)	106%
Canadian dollar	18	52	70	(70)	0	100%
Euro ³	16	58	74	(74)	(0)	100%
Thai baht	2	40	42	(40)	2	96%
Other currencies	33	90	123	(121)	2	98%
SUMMARY	596	2,364	2,960	(2,953)	7	100%

(1) Monetary assets are comprised of receivables and loans as well as bank balances, investments and cash equivalents whose date of maturity is less than three months from the date of acquisition. Monetary liabilities are composed of financial liabilities as well as operating liabilities and miscellaneous liabilities.

(2) Purchase/(Sale).

(3) Euro foreign exchange rate risk for subsidiaries that have a different functional currency. Exceptionally, this may also include internal transactions in euros, excluding sales of goods, with subsidiaries that have a different functional currency.

10.2.3 BREAKDOWN OF FOREIGN EXCHANGE CONTRACTS

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 December 2021 ¹			
			Cash flow hedge	Fair value hedge	Unallocated	Total
Options purchased						
Chinese yuan puts	99	99	1	-	-	1
Chinese yuan collars	296	296	(3)	-	-	(3)
US dollar puts	65	65	0	-	-	0
US dollar collars	259	259	(2)	-	-	(2)
Singapore dollar puts	57	57	0	-	-	0
Singapore dollar collars	227	227	(1)	-	-	(1)
Hong Kong dollar puts	48	48	0	-	-	0
Hong Kong dollar collars	193	193	(1)	-	-	(1)
Japanese yen puts	38	38	1	-	-	1
Japanese yen collars	191	191	3	-	-	3
	1,472	1,472	(1)	-	-	(1)
Forward currency agreements ²						
US dollar	369	369	(15)	(0)	0	(15)
Euro ³	68	68	4	-	(0)	4
Chinese yuan	671	671	(46)	-	(0)	(46)
Singapore dollar	91	91	(5)	-	-	(5)
Hong Kong dollar	143	143	(11)	-	(0)	(11)
Pound sterling	131	131	(4)	-	-	(4)
Japanese yen	178	178	0	-	-	0
Swiss franc	39	40	(2)	-	0	(2)
Canadian dollar	66	66	(2)	-	-	(2)
Australian dollar	101	101	5	-	(0)	5
Thai baht	53	53	2	-	-	2
Other currencies	146	146	0	-	0	0
	2,058	2,059	(73)	(0)	0	(74)
Currency swaps ²						
US dollar	(193)	(192)	4	-	(0)	4
Chinese yuan	330	294	(1)	-	(0)	(1)
Singapore dollar	6	6	(0)	-	(0)	(0)
Hong Kong dollar	(268)	(270)	3	-	0	3
Swiss franc	41	41	(0)	-	(0)	(0)
Pound sterling	29	25	(0)	-	(0)	(0)
Japanese yen	26	26	0	-	0	0
Other currencies	62	56	(0)	-	0	0
	34	(14)	5	-	(0)	5
TOTAL	3,564	3,517	(69)	(0)	(0)	(70)

(1) Gain/(Loss).

(2) Purchase/(Sale).

(3) Euro foreign exchange rate risk for subsidiaries that have a different functional currency. Exceptionally, this may also include internal transactions in euros, excluding sales of goods, with subsidiaries that have a different functional currency.

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 December 2020 ¹			
			Cash flow hedge	Fair value hedge	Unallocated	Total
Options purchased						
Chinese yuan puts	94	94	3	-	-	3
Chinese yuan collars	227	227	8	-	-	8
US dollar puts	69	69	5	-	-	5
US dollar collars	146	146	14	-	-	14
Singapore dollar puts	67	67	2	-	-	2
Singapore dollar collars	145	145	6	-	-	6
Japanese yen puts	49	49	2	-	-	2
Japanese yen collars	156	156	8	-	-	8
Hong Kong dollar puts	51	51	4	-	-	4
Hong Kong dollar collars	111	111	10	-	-	10
	1,115	1,115	64	-	-	64
Forward currency agreements ²						
US dollar	206	211	15	1	1	16
Euro ³	58	58	(2)	-	(0)	(2)
Chinese yuan	395	395	(0)	-	-	(0)
Singapore dollar	50	50	(0)	-	0	(0)
Hong Kong dollar	101	105	10	-	0	10
Pound sterling	130	129	1	-	-	1
Japanese yen	115	118	6	-	0	6
Swiss franc	36	36	0	-	(0)	0
Canadian dollar	55	55	1	-	-	1
Australian dollar	52	52	(5)	-	-	(5)
Thai baht	40	40	(0)	-	-	(0)
Other currencies	100	100	2	-	0	2
	1,338	1,349	27	1	1	28
Currency swaps ²						
US dollar	47	35	0	-	0	0
Chinese yuan	228	229	(0)	-	0	0
Singapore dollar	(17)	(17)	0	-	(0)	0
Hong Kong dollar	63	52	0	-	0	0
Japanese yen	28	20	0	-	0	0
Australian dollar	37	38	(1)	-	0	(1)
Swiss franc	41	37	0	-	(0)	0
Other currencies	72	65	(0)	-	(0)	(0)
	499	459	0	-	0	0
TOTAL	2,953	2,923	91	1	1	92

(1) Gain/(Loss).

(2) Purchase/(Sale).

(3) Euro foreign exchange rate risk for subsidiaries that have a different functional currency. Exceptionally, this may also include internal transactions in euros, excluding sales of goods, with subsidiaries that have a different functional currency.

10.2.4 SENSITIVITY TO EXCHANGE RATE FLUCTUATIONS

The sensitivity of equity to foreign exchange risk is analysed for the cash flow hedge reserve. The impact on equity corresponds to the change in the market value of derivatives designated as cash flow hedges generated by the current variance in exchange rates, *ceteris paribus*.

A 10% appreciation in the currencies to which the Group is exposed at the closing date would result in a -€312 million decrease in equity (before tax) in the fair value reserve. A 10% depreciation would have an impact of +€253 million (before tax). Moreover, a 10% appreciation in the currencies to which the Group is exposed would lead to an impact of +€0.2 million on net income at the closing date. A depreciation by the same magnitude would have an impact of -€0.1 million.

10.3 Interest rate and liquidity risk

10.3.1 INTEREST RATE AND LIQUIDITY POLICY

The Group may use financial instruments interest rate derivatives such as swaps to hedge part of its payables and receivables against interest rate fluctuations.

The risk control and management procedures are identical to those applied to foreign exchange transactions.

The following interest rate risks involve only items in 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.

	As at 31/12/2021					
In millions of euros	< 1 year	1 to 5 years	> 5 years	Total	Floating rate	Fixed rate
Financial assets	6,761	310	-	7,071	3,439	3,632
Euro	4,839	310	-	5,149	2,764	2,385
Chinese yuan	713	-	-	713	29	684
US dollar	557	-	-	557	186	371
Singapore dollar	131	-	-	131	49	82
Hong Kong dollar	31	-	-	31	31	-
Other currencies	490	-	-	490	380	111
Financial liabilities ¹	1	0	-	1	1	-
Euro	1	0	-	1	1	-
Other currencies	0	-	-	0	0	-
RESTATED NET CASH POSITION	6,760	310	-	7,070	3,437	3,632

(1) Excluding commitments to buy-out non-controlling interests (€24 million as at 31 December 2021).

	As at 31/12/2020					
In millions of euros	< 1 year	1 to 5 years	> 5 years	Total	Floating rate	Fixed rate
Financial assets	4,748	180	-	4,928	1,717	3,211
Euro	3,484	180	-	3,664	1,239	2,425
US dollar	473	-	-	473	188	285
Chinese yuan	449	-	-	449	17	432
Singapore dollar	56	-	-	56	53	3
Hong Kong dollar	43	-	-	43	43	-
Other currencies	243	-	-	243	177	66
Financial liabilities ¹	25	0	-	25	17	8
Euro	16	0	-	16	16	0
Other currencies ²	9	-	-	9	1	8
RESTATED NET CASH POSITION	4,724	180	-	4,904	1,701	3,203

(1) Excluding commitments to buy-out non-controlling interests (€18 million as at 31 December 2020).

(2) Mainly consists of a short-term fixed rate loan contracted by Hermès Japan and bank overdrafts of foreign subsidiaries.

10.3.2 SENSITIVITY TO INTEREST RATE FLUCTUATIONS

A uniform 1 percentage point increase in interest rates would have had a positive impact of €34 million on the consolidated net income before tax (€17 million in 2020).

10.4 Equity risk

Investments in listed equities are not material at Group level. As such, the Group has no exposure to equity risk.

10.5 Fair value and hierarchy by level of fair value of financial assets and liabilities

The assets and liabilities recorded at fair value are classified according to the following three 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 observable using internal valuation techniques. These techniques involve usual mathematical calculation methods that include observable market data (future prices, yield curve, etc.). The calculation of most financial derivatives traded on markets is performed on the basis of models that are commonly used by participants in order to evaluate these financial instruments;

- ◆ *level 3*: internal model with non-observable parameters.

For financial years 2021 and 2020, there were no transfers between levels 1 and 2 for financial assets and liabilities recognised at fair value.

		2021									
<i>In millions of euros</i>	Note	Assets at fair value through profit or loss ^{1,2}	Financial assets at amortised cost	Financial assets at fair value through non-recyclable equity	Liabilities at fair value ⁴	Liabilities at amortised cost	Net carrying amount	Fair value	Evaluation level	Interest rate	Effective interest rate
Financial investments		30	345 ³	203	-	-	578	578	2		
Liquidity contract		19	-	-	-	-	19	19	1		
Other financial assets		0	-	20	-	-	20	20	2		
Financial assets	9.2	49	345	223	-	-	617	617			
Loans and deposits		-	59	-	-	-	59	59	2		
Trade receivables and other current assets	4.5.2	-	670	-	-	-	670	670			
Foreign currency derivative assets	10.2	53	-	-	-	-	53	53	2		
Cash and cash equivalents	9.3	3,055	3,641	-	-	-	6,696	6,696	1		
Bank overdrafts	9.3	-	-	-	-	1	1	1			
Other borrowings	9.3	-	-	-	-	0	0	0			
Financial liabilities ⁴		-	-	-	-	1	1	1			
Trade payables and other liabilities	4.5.3	-	-	-	-	(2,094)	(2,094)	(2,094)			
Foreign currency derivative liabilities	10.2	-	-	-	(122)	-	(122)	(122)	2		

(1) Classification in the category "Assets at fair value through profit or loss" is imposed in accordance with IFRS 9 depending on the business model for these assets.

(2) Before hedge accounting.

(3) Comprised of EMTNs and term deposits not meeting the criteria of cash and cash equivalents.

(4) Excluding commitments to buy-out non-controlling interests (€24 million as at 31 December 2021).

2020

<i>In millions of euros</i>	<i>Note</i>	Assets at fair value through profit or loss ^{1,2}	Financial assets at amortised cost	Financial assets at fair value through non-recyclable equity	Liabilities at fair value ²	Liabilities at amortised cost	Net carrying amount	Fair value	Evaluation level	Interest rate	Effective interest rate
Financial investments		15	180 ³	144	-	-	339	339	2		
Liquidity contract		14	-	-	-	-	14	14	1		
Other financial assets		2	-	13	-	-	15	15	2		
Financial assets	9.2	31	180	157	-	-	368	368			
Loans and deposits		-	56	-	-	-	56	56	2		
Trade receivables and other current assets	4.5.2	-	530	-	-	-	530	530			
Foreign currency derivative assets	10.2	121	-	-	-	-	121	121	2		
Cash and cash equivalents	9.3	1,522	3,211	-	-	-	4,733	4,733	1		
Bank overdrafts	9.3	-	-	-	-	16	16	16		4	
Japan loan		-	-	-	-	8	8	8		0.2%	0.2%
Other borrowings	9.3	-	-	-	-	0	0	0		1.2%	1.2%
Financial liabilities ⁵		-	-	-	-	25	25	25			
Trade payables and other liabilities	4.5.3	-	-	-	-	(1,497)	(1,497)	(1,497)			
Foreign currency derivative liabilities	10.2	-	-	-	(29)	-	(29)	(29)	2		

(1) Classification in the category "Assets at fair value through profit or loss" is imposed in accordance with IFRS 9 depending on the business model for these assets.

(2) Before hedge accounting.

(3) Comprised of EMTNs and term deposits not meeting the criteria of cash and cash equivalents.

(4) Interest rates correspond to floating rates.

(5) Excluding commitments to buy-out non-controlling interests (€18 million as at 31 December 2020).

NOTE 11 EQUITY – EARNINGS PER SHARE

11.1 Share capital

As at 31 December 2021, Hermès International's share capital consisted of 105,569,412 fully paid-up shares with a par value of €0.51 each, of which 925,153 treasury shares.

11.2 Capital management

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.

11.3 Treasury shares

Accounting principles

Treasury shares are recorded at acquisition cost and deducted from equity. Gains or losses on the disposal of these shares are recognised directly in equity, with no impact on profit or loss.

In financial year 2021, the following treasury share movements occurred:

- ♦ buyback of 142,131 shares for €162 million, excluding movements under the liquidity contract;
- ♦ sale of 4,815 shares as part of the liquidity contract;

- ♦ delivery of 178,956 free shares awarded to Hermès Group employees.

It is specified that no shares are reserved for issuance under options or agreements to sell shares.

11.4 Dividends

The General Meeting of 4 May 2021, called to approve the financial statements for the year ended 31 December 2020, approved payment of an ordinary dividend of €4.55 per share for the financial year, i.e. an identical distribution to that of the previous year.

Taking into account the interim cash dividend of €1.50 per share paid on 4 March 2021, a balance of €3.05 was paid in cash on 10 May 2021.

The total amount of the ordinary dividend paid was accordingly €476 million.

11.5 Income and expenses recognised in comprehensive income

Income and expenses recognised directly in other comprehensive income in 2021 are as follows:

<i>In millions of euros</i>	<i>Note</i>	Gross impact	Tax impact	Net impact
Actuarial gains and losses	5.3.3	12	(2)	9
Foreign currency adjustments		141	-	141
Revaluation adjustments		(85)	62	(23)
TOTAL				128

For 2020:

<i>In millions of euros</i>	<i>Note</i>	Gross impact	Tax impact	Net impact
Actuarial gains and losses	5.3.3	(2)	1	(2)
Foreign currency adjustments		(103)	-	(103)
Revaluation adjustments		77	(22)	55
TOTAL				(50)

2021 movements in derivatives (cash flow hedges in foreign currencies) and financial investments break down as follows (after tax):

<i>In millions of euros</i>	2021	2020
Revaluation adjustments as at 1 January	105	51
Amount transferred to equity in the year in respect of derivatives	(38)	35
Revaluation of derivatives	(87)	36
Revaluation of financial investments	87	-
Other deferred foreign exchange gains/(losses) recognised in comprehensive income	15	(17)
REVALUATION ADJUSTMENTS AS AT 31 DECEMBER	83	105

11.6 Earnings per share

Accounting principles

Basic earnings per share are calculated by dividing the net income attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year, less the average number of shares held by Hermès International (treasury shares).

Diluted earnings per share corresponds to the ratio between the net income attributable to owners of the parent and the weighted average number of shares outstanding during the financial year, excluding the shares held by Hermès International (treasury shares), adjusted for the dilutive effect generated by the allocation of free shares.

The calculation and reconciliation of basic earnings per share and diluted earnings per share is as follows:

	2021	2020
Numerator (in millions of euros)		
Net income attributable to owners of the parent	2,445	1,385
Denominator (in number of shares)		
Average number of shares outstanding during the financial year	105,569,412	105,569,412
Average number of treasury shares during the financial year	(946,082)	(1,138,640)
Average number of shares before dilution	104,623,330	104,430,772
Basic earnings per share (in euros)	23.37	13.27
Dilutive effect of free share allocation plans	341,071	457,739
Average number of shares after dilution	104,964,401	104,888,511
Diluted earnings per share (in euros)	23.30	13.21
Average share price	€1,191	€729

NOTE 12 PROVISIONS FOR RISKS AND EXPENSES AND OFF-BALANCE SHEET COMMITMENTS

Accounting principles

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.

12.1 Provisions

In millions of euros	31/12/2020	Allocations	Reversals ¹	Exchange rate impact	Other and reclassifications ²	31/12/2021
Current provisions	100	32	(22)	1	3	115
Non-current provisions	22	0	(3)	1	7	26
TOTAL	122	33	(25)	2	10	141

(1) Of which €13 million reversed and used.

(2) Corresponds essentially to provisions for restoration costs, established or revised during the financial year in return for the right-of-use asset, which is amortised over the term of the leases (see Note 8.4).

Current provisions concern provisions for risks, disputes and litigation, as well as provisions to cover the share of the negative position of equity-accounted associates (see Note 8).

Non-current provisions mainly include provisions for restoration.

12.2 Off-balance sheet commitments, contingent assets and liabilities

12.2.1 FINANCIAL COMMITMENTS

Financial commitments were discounted using a rate of 8.29% in 2021 (8.10% in 2020).

In millions of euros	< 1 year	1 to 5 years	> 5 years	31/12/2021	31/12/2020
Bank guarantees given	5	6	3	13	13
Bank guarantees received	12	2	1	14	13
Commitments to purchase financial assets	2	-	10	13	25
Other commitments	206	21	19	246	121

12.2.2 OTHER OFF-BALANCE SHEET COMMITMENTS

The Group has no knowledge of any commitments other than those mentioned herein and that are not reflected in the financial statements for the year ended 31 December 2021. 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 13 RELATED-PARTY TRANSACTIONS

13.1 Transactions with equity-accounted associates

Transactions with equity-accounted associates were not material in the financial year.

13.2 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 studio: the RDAI architecture studio was appointed to carry out exclusive design work on the internal layout of all Hermès Group stores. The fees paid by the Group amounted to €9.9 million excluding tax in 2021. RDAI is considered to be a related party to the extent that a member of the Executive Management Board of Émile Hermès SAS has personal interests in this company and exercises significant influence;
- ◆ Émile Hermès SAS, Active Partner (see chapter 3 "Corporate governance" § 3.3.1): each year, Hermès International pays the Active partner an amount equal to 0.67% of its distributable profits. In

addition, Hermès International charges Émile Hermès SAS for certain services provided and expenses incurred. Hermès International charged back €0.7 million in this respect in 2021 (including €0.5 million in respect of services provided);

- ◆ Studio des Fleurs: Studio des Fleurs offers photography and retouching services for packshots of e-commerce products. The amounts paid in 2021 came to €3.2 million. Studio des Fleurs is considered a related party to the extent that a member of the Executive Management Board of Émile Hermès SAS has personal interests therein and exercises significant influence upon it;
- ◆ Ardian Holding: as part of the diversification of its investments, Hermès International has a 12.10% 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 French Commercial Code (*Code de commerce*). For more details, refer to chapter 3 "Corporate governance", § 3.9.1.

13.3 Lease agreements with related parties

ADDRESS	Lessor	Lessee	Lease type	Contractual term	Start	End	Security deposit
Share of the building 28/30/32, rue du Faubourg Saint-Honoré	SAS SIFAH	Hermès International	Commercial lease	9 years	01/01/17	31/12/25	3 months
Share of the building 28/30/32, rue du Faubourg Saint-Honoré	SAS SIFAH	Hermès Sellier	Commercial lease	9 years	01/01/17	31/12/25	3 months
Building 26, rue du Faubourg Saint-Honoré	SAS SIFAH	Hermès International	Commercial lease	9 years	01/01/14	31/12/22	3 months
Building 26, rue du Faubourg Saint-Honoré	SAS SIFAH	Hermès International	Commercial lease	9 years	01/01/17	31/12/25	3 months
Building 23, rue Boissy d'Anglas	SAS SIFAH	Hermès Sellier	Commercial lease	9 years	01/01/18	31/12/26	3 months
Building 74, rue du Faubourg Saint-Antoine	S.C. Auguste Hollande	Hermès Sellier	Commercial lease	9 years	01/07/17	30/06/26	3 months
4, rue du Pont-Vert 27400 Le Vaudreuil	Briand Villiers I	Comptoir Nouveau de la Parfumerie	Commercial lease	9 years firm	01/07/14	30/06/23	3 months

Total net value of right-of-use assets for the above-mentioned leases, calculated in accordance with IFRS 16, stood at €48 million in 2021 (versus €53 million in 2020), given the assumptions made relating to lease terms and discount rates.

Amortisation of these right-of-use assets amounted to €10 million in 2021 (compared with €10 million in 2020).

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 14 EVENTS AFTER THE REPORTING PERIOD

No significant events have occurred since the closing date of 31 December 2021.

NOTE 15 STATUTORY AUDITORS' FEES

The fees paid to the Statutory Auditors and members of their networks in respect of the 2021 financial year, were as follows:

In millions of euros	PricewaterhouseCoopers			
	2021		2020	
Certification of financial statements ¹	1.9	83%	1.8	78%
Services other than certification of financial statements ²	0.4	17%	0.5	22%
TOTAL	2.3	100%	2.3	100%

(1) Of which €0.8 million invoiced by PricewaterhouseCoopers Audit, Statutory Auditor of the Company and its French subsidiaries.

(2) Of which €0.1 million invoiced by PricewaterhouseCoopers Audit, Statutory Auditor of the Company and its French subsidiaries. These services mainly concern the work performed by the independent third party on social, societal and environmental information, compliance work relating to non-financial data and taxation for the Group's foreign subsidiaries, as well as various certifications.

In millions of euros	Grant Thornton Audit			
	2021		2020	
Certification of financial statements ¹	1.1	99%	1.0	99%
Services other than certification of financial statements	0.0	1%	0.0	1%
TOTAL	1.1	100%	1.0	100%

(1) Including €0.7 million invoiced by Grant Thornton Audit, Statutory Auditor of the Company and its French subsidiaries.

NOTE 16 SCOPE OF CONSOLIDATION

List of the main consolidated companies as at 31 December 2021 (distribution subsidiaries and holding companies of the divisions, for the major part):

Company	Office	Percentage 2021			Registered no. (French SIREN)
		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	100	FC	351 649 504
Boissy Retail	1 Marina Boulevard, #28-00, Singapore 018989 (Singapore)	100	100	FC	-
Castille Investissements	24, rue du Faubourg Saint-Honoré, 75008 Paris	100	100	FC	352 565 451
CHP2	23, rue Boissy d'Anglas, 75008 Paris	100	100	FC	789 925 534
CHP3	23, rue Boissy d'Anglas, 75008 Paris	100	100	FC	480 011 535
Compagnie Hermès de Participations	23, rue Boissy d'Anglas, 75008 Paris	100	100	FC	413 818 147
Compagnie des Cristalleries de Saint-Louis	Saint-Louis-lès-Bitche, 57620 Lemberg	100	100	FC	353 438 708
Comptoir Nouveau de la Parfumerie	23, rue Boissy d'Anglas, 75008 Paris	99.67	99.67	FC	542 053 285
Financière Saint-Honoré	1, rue Robert Céard, 1204 Geneva (Switzerland)	100	100	FC	-
Faubourg Guam	96910331 Tumon Sands Plaza 1082 Pale San Vitores Rd Tumon Guam 96913 (United States)	100	100	FC	-
Grafton Immobilier	23, rue Boissy d'Anglas, 75008 Paris	100	100	FC	440 256 444
Hermès Argentina	Avenida Alvear 1901 Planta Baja, Unidad 1, 1129 Buenos Aires (Argentina)	100	100	FC	-
Hermès Asia-Pacific	25/F Chinachem Leighton Plaza, 29 Leighton Road, Causeway Bay (Hong Kong)	100	100	FC	-
Hermès Australia	Level 11, 70 Castlereagh Street Sydney NSW 2000 (Australia)	100	100	FC	-
Hermès Benelux Nordics	10, rue de Brederode Brussels 1000 (Belgium)	100	100	FC	-
Hermès Canada	130 Bloor Street West Toronto, Ontario M5S 1R1 (Canada)	100	100	FC	-
Hermès China	Room 130, Plaza 66, No. 1266 West Nanjing Road, Jingan District, 20 041 Shanghai (China)	100	100	FC	-
Hermès China Trading	Building No. 12, No. 211, 213, 215 and 227, Middle Huahai Road, 200021 Shanghai (China)	100	100	FC	-
Hermès Cuir Précieux	3, avenue Hoche, 75008 Paris	100	100	FC	398 142 695
Hermès Denmark	Højbro Plads 4, 1112 Copenhagen K (Denmark)	100	100	FC	-
Hermès de Paris Mexico	Calle Montes Urales 715, Oficina 502 Col. Lomas de Chapultepec 11000 CDMX Mexico D.F. (Mexico)	54.21	54.21	FC	-
Hermès Do Brasil Industria E Comercio Ltda	Avenida Magalhaes de Castro, n° 12.000, Loja 32, Piso Terreo, Jardim Panarama, Sao Paulo CEP 05502-01 (Brazil)	100	100	FC	-
Hermès E-MESA	1 Marina Boulevard, #28-00, Singapore 018989 (Singapore)	100	100	FC	-
Hermès GB	8 Hinde Street, London, W1U 3BQ (United Kingdom)	100	100	FC	-
Hermès GmbH	Maximilianstrasse 8, 80539 Munich (Germany)	100	100	FC	-
Hermès Grèce	Stadiou 4 and Voukourestiou 1, City Link, 10564 Syntagma, Athens (Greece)	100	100	FC	-
Hermès Holding GB	8 Hinde Street, London, W1U 3BQ (United Kingdom)	100	100	FC	-
Hermès Iberica	Paseo de la Castellana no. 28, 28046 Madrid (Spain)	100	100	FC	-
Hermès Immobilier Genève	1, rue Robert Céard, 1204 Geneva (Switzerland)	100	100	FC	-
Hermès India Retail and Distributors	C/o IFCCI, DLTA Complex, RK Khanna Stadium, 1st Floor (Gate 3), 1, Africa Avenue, New Delhi – 110 029 (India)	51.01	51.01	FC	-
Hermès Internacional Portugal	Largo do Chiado 9, 1200-108 Lisbon (Portugal)	100	100	FC	-
Hermès Istanbul	Ünalan Mahallesi, Libadiye Caddesi, Dış Kapı No:82F İç Kapı No:9 Üsküdar/İstanbul (Turkey)	100	100	FC	-
Hermès Italie	Via G. Serbelloni 1Gastone Pisoni 2, 20121 Milan (Italy)	100	100	FC	-
Hermès Japan	4-1, Ginza 5-Chome, Chuo-Ku, Tokyo 104-0061 (Japan)	100	100	FC	-
Hermès Korea	630-26 Shinsa-Dong Gangnam-gu, Seoul 135-895 (South Korea)	100	100	FC	-

Company	Office	Percentage 2021			Registered no. (French SIREN)
		Control	Interest	Method*	
Hermès Middle East South Asia	One Marina Boulevard, #28-00, Singapore 018989 (Singapore)	100	100	FC	-
Hermès Monte-Carlo	11-13-15, avenue de Monte-Carlo, 98000 Monaco (Principality of Monaco)	99.98	99.98	FC	-
Hermès Norway	C/o Advokatfirma DLA Piper Norway DA, Bryggegata 6 0250 Oslo (Norway)	100	100	FC	-
Hermès Of Paris	55 East, 59 th Street, 10022 New York (United States)	100	100	FC	-
Hermès Poland	Krakowskie Przedmieście 13, 00-071 Warszawa (Poland)	100	100	FC	-
Hermès Prague	Parizska 12/120, 11000 Prague (Czech Republic)	100	100	FC	-
Hermès Retail Malaysia	Level 6, Menara 1 Dutamas, Solaris Dutmas, n° 1 Jalan Dutamas 2, 50480 Kuala Lumpur (Malaysia)	100	100	FC	-
Hermès Rus AO	4, Nizhny Kiselny Sidestreet, Floor 5, Premises 1, Room 15, 107031 Moscow (Russia)	100	100	FC	-
Hermès Sellier	24, rue du Faubourg Saint-Honoré, 75008 Paris	99.77	99.77	FC	696 520 410
Hermès Singapore Retail	1 Marina Boulevard, #28-00, Singapore 018989 (Singapore)	100	100	FC	-
Hermès Suisse	1, rue Robert Céard, 1204 Geneva (Switzerland)	100	100	FC	-
Hermès Sweden	NK 243, 111 77 Stockholm (Sweden)	100	100	FC	-
Hermès Travel Retail Asia	1 Marina Boulevard, #28-00, Singapore 018989 (Singapore)	100	100	FC	-
Holding Textile Hermès	16, chemin des Mûriers, 69310 Pierre-Bénite	96.71	96.71	FC	592 028 542
Honossy	23, rue Boissy d'Anglas, 75008 Paris	100	100	FC	393 178 025
Immauger	23, rue Boissy d'Anglas, 75008 Paris	100	100	FC	377 672 159
Immobilière de Montereau	23, rue Boissy d'Anglas, 75008 Paris	100	100	FC	812 935 005
Immobilière du 5 rue de Furstemberg	23, rue Boissy d'Anglas, 75008 Paris	100	100	FC	440 252 849
Immobilière Hermès France	23, rue Boissy d'Anglas, 75008 Paris	100	100	FC	834 021 586
Immobilière Maroquinerie de Guyenne	23, rue Boissy d'Anglas, 75008 Paris	100	100	FC	789 928 611
J3L	35, rue Benoît Frachon, 94500 Champigny-sur-Marne	100	100	FC	453 233 812
J.L. & Company Limited	Westminster Works, 1 Oliver Street, Northampton NN2 7JL (United Kingdom)	100	100	FC	-
John Lobb	23, rue Boissy d'Anglas, 75008 Paris	100	100	FC	582 094 371
La Maroquinerie du Sud-Ouest	Route de Saint-Martin-le-Pin, Bâtiment administratif, 24300 Nontron	100	100	FC	403 230 436
La Montre Hermès	Erlenstrasse 31 A, 2555 Brügg (Switzerland)	100	100	FC	-
Les Manufactures d'Auvergne	Route de Volvic, Bâtiment administratif, 63530 Sayat	100	100	FC	411 795 859
Les Manufactures de Franche-Comté	18, rue de la Côte, Bâtiment administratif, 25230 Seloncourt	100	100	FC	407 836 329
Les Maroquineries des Alpes	Lieu-dit Netrin Ouest rue Victor Hugo, 38490 Les Abrêts-en-Dauphiné (Bâtiment administratif)	100	100	FC	480 011 451
Maroquinerie de Guyenne	1, avenue de l'Étang, 33440 Saint-Vincent-de-Paul	100	100	FC	812 935 013
Maroquinerie de Montereau	23, rue Boissy d'Anglas, 75008 Paris	100	100	FC	812 935 021
Maroquinerie de Normandie	2, rue Sainte Marguerite 27100 Val-de-Reuil	100	100	FC	789 926 334
Maroquinerie de Saint-Antoine	74, rue du Faubourg St Antoine and 59, rue de Charenton, 75012 Paris	100	100	FC	409 209 202
Maroquinerie des Ardennes	Avenue des Marguerites, 08120 Bogny-sur-Meuse	100	100	FC	428 113 518
Motsch George V	23, rue Boissy d'Anglas, 75008 Paris	100	100	FC	440 252 476
Saint-Honoré (Bangkok)	Unit 1201 12th Floor Park Venture Ecoplex 57 Wireless Road, Lumpini Pathumwan Bangkok 10330 (Thailand)	90	90	FC	-
SCI Auger Hoche	12-22, rue Auger, 93500 Pantin	100	100	FC	335 161 071
SCI Edouard VII	23, rue Boissy d'Anglas, 75008 Paris	100	100	FC	393 882 170
SCI Les Capucines	23, rue Boissy d'Anglas, 75008 Paris	100	100	FC	408 602 050

* Consolidation method: FC: fully consolidated.

5.7 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(For the year ended 31 December 2021)

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 includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

OPINION

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying consolidated financial statements of Hermès International for the year ended 31 December 2021.

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 at 31 December 2021, 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.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

BASIS FOR OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from 1 January 2021 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No. 537/2014.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of inventories and work-in-progress – Note 4.5 to the consolidated financial statements

Description of risk

At 31 December 2021, the Group's inventories and work-in-progress were recognised in the balance sheet at a gross value of €2,246 million and a net value of €1,449 million.

It is the responsibility of Hermès International's management to determine the amount of any impairment required to reduce inventories to net realisable value if the latter is lower than their carrying amount. Impairment is calculated for each category of inventory according to:

- ◆ the condition of the inventories and their obsolescence (for example, past seasons or collections);
- ◆ the estimated projected turnover of the inventories on the various markets.

We deemed the measurement of inventories and work-in-progress to be a key audit matter given the materiality of inventories and because the aforementioned criteria and the resulting impairment are dependent on assumptions, estimates and assessments made by management.

In addition, as a large number of subsidiaries hold inventories, the elimination of internal margins in the consolidated financial statements is particularly important since it has an impact on the gross value of the Group's inventories and the resulting impairment.

How our audit addressed this risk

Our work consisted in:

- ◆ examining the inventory measurement and impairment methods and ensuring that those methods were applied consistently;
- ◆ performing a critical review of management's methodology for recognising inventory impairment based on our knowledge of the Group's business segments and historical inventory turnover;
- ◆ assessing the level of impairment with regard to projected turnover and the age of the inventories.

Our work also consisted in verifying, on a sample basis, the consistency between the internal margins eliminated in the consolidated financial statements, in particular by examining the margin levels generated by production subsidiaries with the different distribution subsidiaries.

Recognition of currency hedges – Note 10 to the consolidated financial statements

Description of risk

Hermès International is naturally exposed to currency risks because almost all of its production is located in the euro zone, while the majority of its sales are denominated in foreign currencies (US dollars, Japanese yen, Chinese yuan and other currencies).

The production subsidiaries apply an annual exchange rate to scales established in euros and invoice the distribution subsidiaries in their local currency. As a result, the distribution subsidiaries bear most of the exchange rate risk.

To hedge the risk and minimise the impact of currency fluctuations on its earnings, Hermès International uses fixed and optional currency hedges, with the objective of hedging its net internal exposure on an annual basis. At 31 December 2021, close to 100% of internal currency transactions for the following year were hedged.

We deemed the recognition of currency hedges to be a key audit matter given the impact of currency fluctuations on the Group's operating margin, which is an indicator used by the Group in its financial communication.

How our audit addressed this risk

As part of our work, with the assistance of our financial instruments experts, we:

- ◆ verified the existence, completeness and accuracy of the Group's portfolio of financial instruments by making confirmation requests to banking institutions;
- ◆ recalculated the fair value of a representative sample of instruments to assess the accuracy of their measurement;
- ◆ verified the relationship between hedges and the related commercial transactions on a selection of hedging operations and performed a critical review of the documentation for the associated effectiveness tests to assess their eligibility for hedge accounting under IFRS 9;
- ◆ examined the appropriateness of the disclosures relating to the hedging operations provided in the notes to the consolidated financial statements.

SPECIFIC VERIFICATIONS

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also performed the specific verifications on the information pertaining to the Group presented in the management report prepared by Executive Management.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the information pertaining to the Group presented in the management report includes the consolidated non-financial performance statement required under article L.225-102-1 of the French Commercial Code. However, in accordance with article L.823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

OTHER VERIFICATIONS AND INFORMATION PURSUANT TO LEGAL AND REGULATORY REQUIREMENTS

Presentation of the consolidated financial statements to be included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the consolidated financial statements to be included in the annual financial report referred to in paragraph I of article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under Executive Management's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of 17 December 2018. As it relates to the consolidated financial statements, our work included verifying that the markups in the financial statements comply with the format defined by the aforementioned Regulation.

On the basis of our work, we conclude that the presentation of the consolidated financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

It is not our responsibility to ensure that the consolidated financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Hermès International by the General Meetings held on 30 May 2011 for PricewaterhouseCoopers Audit and on 31 May 1999 for Didier Kling & Associés, now Grant Thornton Audit.

At 31 December 2021, PricewaterhouseCoopers Audit and Grant Thornton Audit were in the eleventh and the twenty-third consecutive year of their engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by Executive Management.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- ◆ identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ◆ obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- ◆ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- ◆ assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- ◆ evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ◆ obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit and Risk Committee

We submit a report to the Audit and Risk Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any, significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit and Risk Committee.

Neuilly-sur-Seine, 3 March 2022

The Statutory Auditors

PricewaterhouseCoopers
Olivier Auberty

Grant Thornton Audit
Vincent Frambourt

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PARENT COMPANY FINANCIAL STATEMENTS

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6.1 INCOME STATEMENT

<i>In millions of euros</i>	<i>Note</i>	2021	2020
Operating income	2.1	443	405
Revenue		396	318
Other products		1	4
Reversals of provisions and expenses reclassified		47	84
Operating expenses	2.2	(364)	(371)
Other purchases and external expenses		(158)	(142)
Tax and duties		(14)	(19)
Compensation and other personnel costs	3.2	(113)	(108)
Depreciation, amortisation and provisions	6/10.1	(77)	(98)
Other expenses		(2)	(4)
Operating income		79	34
Income from subsidiaries and affiliates	7.3	1,246	1,328
Net additions/(reversals) of provisions		(137)	(78)
Other elements	7.1	(11)	(3)
Net financial income		1,099	1,247
Recurring income before tax		1,178	1,282
Extraordinary income	4	6	44
Employee profit-sharing		(6)	(4)
Income tax	5	(13)	22
NET INCOME		1,165	1,343

6.2 BALANCE SHEET

ASSETS

<i>In millions of euros</i>	<i>Note</i>	31/12/2021	31/12/2020
Non-current assets		1,149	962
Intangible assets	6	46	37
Property, plant and equipment	6	31	24
Financial assets	7.2	1,072	901
Current assets		6,453	5,358
Operating receivables	2.3	141	155
Other receivables	2.3	684	1,104
Marketable securities	7.4	4,424	3,340
Derivatives		49	46
Cash at bank and in hand	7.5	1,156	713
Prepayments and accruals	2.3	7	5
TOTAL ASSETS		7,608	6,325

LIABILITIES

<i>In millions of euros</i>	<i>Note</i>	31/12/2021	31/12/2020
Equity		6,160	5,549
Share capital	9	54	54
Share, merger or contribution premiums		50	50
Other reserves		2,503	2,002
Legal reserve		6	6
Retained earnings		2,383	2,094
Net income for the financial year		1,165	1,343
Regulated provisions		0	0
Provisions for risks and expenses	10.1	264	185
Liabilities		1,173	584
Financial liabilities	7.6	26	27
Derivatives		6	7
Operating liabilities	2.4	76	54
Other payables	2.4	1,064	497
Prepayments and accruals		11	6
TOTAL EQUITY AND LIABILITIES		7,608	6,325

6.3 CHANGE IN EQUITY

<i>In millions of euros</i>	Number of shares outstanding	Share capital	Share, merger or contribution premiums	Legal reserve, other reserves, and retained earnings	Net income for the financial year	Regulated provisions	Equity
Note	9	9					
Balance as at 31 December 2019 before allocation of net income	105,569,412	54	50	2,934	1,653	0	4,691
Allocation of net income 2019	-	-	-	1,653	(1,653)	-	-
Dividends paid in respect of the financial year	-	-	-	(485)	-	-	(485)
Net income for financial year 2020	-	-	-	-	1,343	-	1,343
Other changes	-	-	-	-	-	(0)	(0)
Balance as at 31 December 2020 before allocation of net income	105,569,412	54	50	4,102	1,343	0	5,549
Allocation of net income 2020	-	-	-	1,343	(1,343)	-	-
Dividends paid in respect of the financial year	-	-	-	(485)	-	-	(485)
Net income for financial year 2021	-	-	-	-	1,165	-	1,165
Other changes (see Note 1)	-	-	-	(69)	-	0	(69)
Balance as at 31 December 2021 before allocation of net income	105,569,412	54	50	4,891	1,165	0	6,160

6.4 STATEMENT OF CASH FLOWS

<i>In millions of euros</i>	Note	2021	2020
Net income		1,165	1,343
Depreciation and amortisation		22	16
Change in provisions and impairment		121	(19)
Capital gains/(losses) on disposals		73	166
Operating cash flows		1,381	1,506
Change in trade and other receivables		503	(555)
Change in trade and other payables		591	(97)
Change in working capital requirements		1,094	(652)
Net cash flows from operating activities		2,475	855
Acquisitions of property, plant and equipment and intangible assets	6	(37)	(30)
Acquisitions of investment securities	7.2	(180)	(53)
Acquisitions of other financial assets	7.2	(185)	(27)
Disposals of property, plant and equipment and intangible assets		0	-
Proceeds from disposal of investment securities		4	-
Proceeds from disposal of other financial assets	7.2	0	10
Change in receivables and payables related to fixed assets		-	-
Net cash flows from investing activities		(398)	(100)
Dividends paid		(485)	(485)
Treasury share buybacks net of disposals		(157)	(121)
Net cash flows from financing activities		(642)	(606)
CHANGE IN NET CASH POSITION		1,435	149
Net cash at the beginning of the period	7.5	3,615	3,466
Net cash at the end of the period	7.5	5,050	3,615
CHANGE IN NET CASH POSITION		1,435	149

6.5 NOTES TO THE FINANCIAL STATEMENTS

The 12-month financial year covers the period from 1 January through 31 December 2021.

The following notes are an integral part of the annual financial statements.

The annual financial statements and notes to the financial statements are presented in euros. Unless otherwise stated, the values shown in the tables are expressed in millions of euros and rounded to the nearest million. As a result, in certain cases, the effects of rounding up/down can lead to a non-significant difference in the totals or changes. In addition, the ratios and differences are calculated on the basis of the underlying amounts and not on the basis of rounded amounts.

The Company's annual financial statements are prepared in accordance with the French General Accounting Plan (PCG) as described by ANC regulation No. 2014-03 and updated in accordance with all regulations that have subsequently modified it.

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NOTE 1 CHANGE IN METHOD

Hermès International has applied the option introduced by the amendment made to recommendation No. 2013-R02 on the rules for measuring and recognising post-employment obligations (published on 17 November 2021 by the French Accounting Standards Authority (ANC)), which results in entitlement to benefits being spread only over the period leading up to the ceiling and preceding the departure date for defined-benefit plans. The first application of this option was treated as a change in accounting policy linked to a change in regulations, in accordance with the provisions of the amendment. As a result, the impact was recognised as retained earnings at 1 January 2021 for a total amount of €7 million as an increase to equity and offset by the item “provisions for expenses”.

The Company also decided to change the method for recognising actuarial gains and losses relating to pension commitments, previously recognised under the corridor method, by opting for immediate recognition in the income statement. This voluntary change in method, processed in accordance with the provisions of the PCG, aims to provide more relevant information on Hermès International’s assets and financial position and makes it possible to present a commitment amount similar to that shown in the Group’s consolidated financial statements under IFRS. The impact, amounting to a total of €76 million, was also recognised as retained earnings as at 1 January 2021 as a decrease to equity and offset by the item “provisions for expenses”.

NOTE 2 OPERATING ITEMS**2.1 Operating income****Accounting principles**

Revenue consists of royalties from brands and the provision of services. Royalties are calculated based on the production subsidiaries’ revenue. Services are primarily amounts charged back to subsidiaries for advertising and public relations costs, rent, staff provided on secondment, insurance and professional fees.

Expense transfers correspond mainly to the costs of free share plans allocated and re-invoiced to employees of subsidiaries (see Note 3.4).

<i>In millions of euros</i>	2021	2020
Revenue	396	318
Other products	1	4
Reversals of provisions	1	13
Expense transfers	46	70
OPERATING INCOME	443	405

2.2 Operating expenses

<i>In millions of euros</i>	<i>Note</i>	2021	2020
Other purchases and external expenses		(158)	(142)
Tax and duties		(14)	(19)
Compensation and other personnel costs	3.2	(113)	(108)
Depreciation, amortisation and provisions	6/10.1	(77)	(98)
Other expenses		(2)	(4)
OPERATING EXPENSES		(364)	(371)

2.3 Operating receivables

Accounting principles

Receivables are recorded at par value. A provision for impairment is recognised where there is a risk of non-recovery.

Operating receivables break down according to the following maturities:

In millions of euros	31/12/2021				31/12/2020	
	< 1 year	Between 1 and 5 years	Gross amount	Impairment	Net amount	Net amount
Current assets	841	64	905	(81)	824	1,259
Trade and other receivables	61	8	69	-	69	46
Other operating receivables	15	56	71	-	71	108
Other receivables	764	-	764	(81)	684	1,104
Prepayments and accruals	7	-	7	-	7	5
Leases	5	-	5	-	5	3
Other	2	-	2	-	2	1
TOTAL	848	64	912	(81)	831	1,263

Current assets include a gross amount of €827 million in receivables due from related companies.

Other receivables mainly correspond to the financial current accounts of subsidiaries.

Impairment movements for the year can be analysed as follows:

In millions of euros	31/12/2020	Allocations	Reversals		31/12/2021
			Provisions used	Unused provisions	
Impairment of other receivables	155	81	(155)		81

2.4 Liabilities from operations

Liabilities from operations break down according to the following maturities:

In millions of euros	31/12/2021			31/12/2020	
	< 1 year	Between 1 and 5 years	Net amount	Net amount	
Operating liabilities	67	10	76	54	
Trade and other payables	17	-	17	11	
Tax and social-security liabilities	50	10	59	43	
Other payables	1,047	17	1,064	497	
Amounts payable to fixed asset suppliers	2	-	2	2	
Other	1,044	17	1,062	495	
TOTAL	1,113	27	1,140	551	

Other payables correspond mainly to financial current accounts of the subsidiaries amounting to €1,034 million.

NOTE 3 HEADCOUNT, PERSONNEL COSTS AND EMPLOYEE BENEFITS**3.1 Average number of employees**

	31/12/2021	31/12/2020
Executives and managers	475	453
Non-management staff	49	44
TOTAL	524	497

3.2 Compensation and other personnel costs

<i>In millions of euros</i>	<i>Note</i>	2021	2020
Compensation		(78)	(71)
2016 free share plans	3.4	(0)	(5)
2019 free share plans	3.4	(4)	(6)
Social security charges on compensation and free share plans		(31)	(27)
COMPENSATION AND OTHER PERSONNEL COSTS		(113)	(108)

3.3 Post-employment obligations and other employee benefits**Accounting principles**

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.

Hermès International's obligations in relation to retirement benefits and long-service awards are calculated annually by an independent actuary using the projected unit credit 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 income statement is the sum of:

- ◆ the service cost, which reflects the increase in obligations arising from the vesting of one additional year of benefits; and
- ◆ the interest expense, which reflects the increase in the present value of the obligations during the period;
- ◆ actuarial gains and losses for the period.

As indicated in the note on changes in policies for the year (see Note 1), actuarial gains and losses are immediately recognised in profit or loss.

As at 31 December 2021, the commitment in terms of retirement benefits and long-service awards amounted to €126 million pre-financed in the amount of €6 million with an insurance company.

The net amount of the commitment of €120 million is recognised in provisions for risks and expenses in the liabilities of Hermès International.

For the 2020 and 2021 financial years, the following actuarial assumptions were used:

	2021	2020
◆ retirement age	62 to 65 years	62 to 65 years
◆ increase in salaries	3 to 4%	3 to 4%
◆ discount rate	0.5% to 0.8%	0.3% to 0.6%
◆ expected rate of return/asset	1.75% to 2.5%	1.75% to 2.5%

3.4 Free share plans

Expenses recognised in operating income in respect of free share plans only concern employees of Hermès International (see Note 3.2).

Costs relating to other employee beneficiaries of Group subsidiaries are presented in extraordinary income or loss and are transferred via an expense transfer account (see Note 4).

When the shares are delivered to employees, the loss corresponding to the net carrying amount of the treasury shares is recognised as extraordinary expenses in Hermès International's financial statements.

Income from re-invoicing to subsidiaries is presented as extraordinary income (see Note 4).

After taking income and expenses relating to the French and foreign subsidiaries into account, the net impact of the free share plans including social security expenses on net income before tax was an expense of €2 million in 2021, compared with income of €24 million in 2020.

The information relating to the free share plans is provided in chapter 3 "Corporate governance", § 5.5 (Table 9.1).

3.5 Compensation of Corporate Officers

Gross aggregate compensation paid to Corporate Officers in respect of financial year 2021 amounted to €5 million, including €1 million related to the compensation of members of the Supervisory Board.

NOTE 4 EXTRAORDINARY INCOME

<i>In millions of euros</i>	<i>Note</i>	2021	2020
Extraordinary income		125	283
Free share plans	3.4	119	266
Reversals of provisions for tax depreciation		0	0
Disposals of property, plant and equipment and financial assets		5	11
Other extraordinary income			5
Extraordinary expenses		(119)	(239)
Free share plans	3.4	(111)	(226)
Provisions for tax depreciation		(0)	(0)
Net value of fixed assets sold		(8)	(10)
Other extraordinary expenses		(0)	(3)
EXTRAORDINARY INCOME		6	44

NOTE 5 INCOME TAX

Accounting principles

The Company has opted for the French tax regime for company groups.

Under the terms of an agreement between the parent company and the subsidiaries included in the tax consolidation group, the French subsidiaries included in the tax consolidation scope recognise, in their financial statements, an income tax expense on the basis of their own tax results. Hermès International, the head of the tax consolidation group, recognises the difference between the sum of the taxes of

subsidiaries and the tax due on the overall income as a tax credit due to tax consolidation.

The savings in corporate income tax and additional contributions resulting from the application of the group tax regime are in principle definitively acquired by Hermès International.

The tax consolidation scope includes 61 companies.

5.1 Breakdown of income tax

<i>In millions of euros</i>	2021	2020
Net income before tax and employee profit-sharing	1,184	1,325
Employee profit-sharing	(6)	(4)
Net income before tax	1,178	1,321
Income tax	(13)	22
Tax (parent company only)	(41)	(30)
<i>o/w tax on extraordinary income</i>	1	1
<i>o/w tax on other items</i>	(42)	(31)
Tax arising from tax consolidation	28	52
NET INCOME	1,165	1,343

Hermès International recognised an income tax expense of €13 million in 2021, compared with an income tax credit of €22 million in 2020. In addition, Hermès International is liable for payment of the tax of the fiscally consolidated group, which amounted to €347 million in 2021 compared with €199 million in 2020.

Hermès International's income tax expense only includes applicable exemptions under the terms of the parent-subsidiary regime for income from investments in subsidiaries and affiliates. The tax credit resulting from the tax consolidation takes into account the effect of the consolidation regime mainly related to the loss-making results of certain subsidiaries.

5.2 Increases or decreases in future tax liability

As at 31 December 2021, the future tax receivable was equal to €47 million, versus €26 million as at 31 December 2020. This mainly consists of temporarily non-deductible expenses, in particular retirement provisions.

NOTE 6 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Accounting principles

Intangible assets include software and the cost of websites, which are amortised on a straight-line basis over a period of up to four years.

Property, plant and equipment are valued at their acquisition cost.

Depreciation is calculated using the straight-line or declining balance method:

- ◆ buildings: straight-line over 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;
- ◆ IT equipment: straight-line or declining balance over one to five years;
- ◆ vehicles: straight-line method over 4 years.

<i>In millions of euros</i>	31/12/2020	Increases	Decreases	Other	31/12/2021
Intangible assets	75	26	(0)	(0)	101
Software	53	19	-	0	72
Other intangible assets	23	7	(0)	(0)	29
Property, plant and equipment	58	11	(0)	0	69
Land	0				0
Buildings	0				0
Fittings	31	6	(0)	6	43
Other property, plant and equipment assets	27	5	(0)	(6)	25
Total gross values	134	37	(0)	0	170
Amortisation of intangible assets	(38)	(18)	0	-	(55)
Software	(22)	(14)			(36)
Other intangible assets	(15)	(4)	0		(19)
Depreciation of property, plant and equipment	(34)	(4)	0	-	(38)
Buildings	(0)				(0)
Fittings	(22)	(2)			(24)
Other property, plant and equipment assets	(12)	(2)	0		(14)
Total depreciation and amortisation	(72)	(22)	0	-	(93)
Impairment	-	-	-	-	-
Total impairment	-	-	-	-	-
TOTAL NET VALUES	62	15	(0)	0	77

NOTE 7 FINANCIAL ASSETS AND LIABILITIES – NET CASH POSITION**7.1 Other elements of net financial income**

<i>In millions of euros</i>	2021	2020
Interest and similar income	5	10
Foreign exchange gains and losses	(10)	(8)
Interest and similar expenses	(6)	(3)
Net income from disposals of marketable securities	(0)	(1)
OTHER ELEMENTS OF NET FINANCIAL INCOME	(11)	(3)

Foreign exchange gains and losses are detailed in a specific note (see Note 8) on market risk management and derivatives.

7.2 Financial assets**Accounting principles**

Investment securities are shown in the balance sheet at acquisition cost. The Company has opted for the recognition of ancillary costs at the time of acquisition. Where the balance sheet value at the closing date is lower than the carrying amount, a provision for impairment is recorded for the difference.

This value is estimated at the proportionate share of net assets, which may be corrected, if need be, based on the profitability outlook for the concerned subsidiary.

If the subsidiary's net position is negative, an impairment for receivables due and a provision for risks and expenses may also be recognised (see Note 10.1).

<i>In millions of euros</i>	<i>Note</i>	31/12/2020	Increases	Decreases	Other	31/12/2021
Affiliates	7.3	1,402	180	(8)	-	1,575
Other financial assets		265	185	(4)	-	446
Financial investments		233	185	(0)		418
Treasury shares (including liquidity contract)		26		(4)		22
Deposits and guarantees		6	0	(0)		7
Other long-term investments		3	0	(0)	-	3
Total gross values		1,670	365	(12)	-	2,024
Impairment		(770)	(928)	746	-	(952)
TOTAL NET VALUES		901	(563)	734	-	1,072

The increase in shareholdings over the financial year mainly concerns the recapitalisation of certain subsidiaries.

As at 31 December 2021, Hermès International held 78,373 treasury shares (liquidity contract and unallocated shares intended for external growth operations). These shares were valued on the basis of their

The breakdown of other financial assets by maturity is as follows:

acquisition price. The average price of treasury shares as at 31 December 2021 was €282.91.

Impairment in the amount of €928 million is made up of the cumulative amount of impairment on investment securities.

<i>In millions of euros</i>	31/12/2021				31/12/2020	
	< 1 year	Between 1 and 5 years	Gross amount	Impairment	Net amount	Net amount
Other financial assets	35	411	446	(24)	423	242

7.3 Table of subsidiaries and affiliates

7.3.1 DETAILED INFORMATION ON SUBSIDIARIES IN WHICH THE GROSS VALUE OF SECURITIES HELD EXCEEDS 5% OF THE SHARE CAPITAL OF HERMÈS INTERNATIONAL

<i>In millions of euros</i>	Number of shares	Share of capital held in %	Gross value of securities held	Net value of securities held	Dividends received over the financial year
Subsidiaries (at least 50% owned by the Company)					
Castille Investissements	9,650,000	100%	309	-	
CHP3	50,050,000	100%	50	39	
Compagnie Hermès de Participations	4,200,000	100%	42	42	
Comptoir Nouveau de la Parfumerie	756,000	99.67%	27	27	3
Grafton Immobilier	5,174,500	100%	83	83	
Herlee	65,000,000	76.92%	20	20	386
Hermès Argentina	1,367,096	99.85%	7	2	
Hermès Asia-Pacific	315,000,000	100%	43	43	
Hermès Australia	6,500,000	100%	4	4	
Hermès Benelux Nordics	57,975	99.99%	3	3	5
Hermès Brazil	43,404,647	99.99%	13	-	
Hermès Cuir Précieux	6,400,000	100%	382	-	
Hermès GmbH	1	100%	7	7	9
Hermès Holding GB	7,359,655	100%	11	11	
Hermès Iberica	69,312	100%	5	5	
Hermès Immobilier Genève	70,000	100%	44	44	
Hermès Istanbul	260,000	100%	3	3	2
Hermès Italy	458,000	100%	25	25	
Hermès Japan	4,400	100%	14	14	153
Hermès Of Paris	114,180	100%	11	11	
Hermès Sellier	311,000	99.77%	5	5	481
Holding Textile Hermès	46,686,464	96.71%	91	75	
Immobilière de la Maroquinerie de Guyenne	10,000	100%	9	-	
John Lobb	3,773,590	100%	29	-	
Manufactures d'Auvergne	500,000	100%	21	-	
Manufactures de Franche-Comté	500,000	100%	32	8	
Maroquinerie de Montereau	500,000	100%	10	-	
Maroquinerie de Normandie	500,000	100%	19	-	
Maroquinerie de Saint-Antoine	500,000	100%	15	0	
Maroquinerie des Alpes	500,000	100%	30	-	
Maroquinerie des Ardennes	284,063	100%	11	6	
Maroquinerie du Sud-Ouest	500,000	100%	29	-	
SCI Honossy	210,100	99.99%	3	3	
SCI Auger-Hoche	126,946,400	99.99%	131	131	
Subsidiaries subtotal			1,539	610	1,039
TOTAL FOR ALL SUBSIDIARIES AND AFFILIATES			1,573	644	1,246

7.3.2 TOTAL EQUITY AND NET INCOME OF SUBSIDIARIES

<i>In millions of euros</i>	
Total equity of foreign subsidiaries (net income excluded)	918
Total net income of foreign subsidiaries	1,597
Total equity of French subsidiaries (net income excluded)	541
Total net income of French subsidiaries	740

7.4 Marketable securities

Accounting principles

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 stock options are recorded under marketable securities.

An impairment 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.

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.

<i>In millions of euros</i>	31/12/2021	31/12/2020
Open-ended investment companies (SICAVs) and mutual funds	1,242	319
Negotiable debt securities	2,655	2,585
Treasury shares	529	437
Total gross values	4,426	3,341
Impairment	(3)	(0)
TOTAL NET VALUES	4,424	3,340

Treasury shares correspond to 846,780 Hermès International shares held under free share allocation plans for employees (compared with 883,605 shares as at 31 December 2020).

These shares were valued on the basis of their acquisition price. The average price of treasury shares as at 31 December 2021 was €625.10. During 2021, Hermès International acquired 142,131 shares for an amount of €162 million and granted 178,956 free shares to employees for an amount of €70 million.

7.5 Net cash position

<i>In millions of euros</i>	2021	2020
Marketable securities (excluding treasury shares)	3,894	2,903
Cash at bank and in hand	1,156	713
Bank overdrafts	0	(1)
NET CASH POSITION	5,050	3,615

Treasury shares are excluded from the marketable securities presented in net cash position.

7.6 Financial liabilities

The breakdown of financial liabilities by maturity is as follows:

<i>In millions of euros</i>	31/12/2021			31/12/2020
	< 1 year	Between 1 and 5 years	Net amount	Net amount
Bank borrowings	0	-	0	1
Miscellaneous borrowings and financial liabilities	4	22	26	26
FINANCIAL LIABILITIES	4	22	26	27

Borrowings and financial liabilities correspond to funds held in trust for employees under the statutory employee profit-sharing plan.

NOTE 8 MANAGEMENT OF MARKET RISKS AND DERIVATIVES

Most of the Company's foreign exchange risk exposure comes from the sales of its production subsidiaries denominated in foreign currencies. This risk is generally fully hedged, based on highly probable future cash

flows, using forward currency sales or options that are eligible for hedge accounting.

8.1 Treasury and foreign exchange transactions

Accounting principles

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 balance sheet 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 rate are recorded in the balance sheet. A provision for contingencies is established for the entire value of unrealised foreign exchange losses. Premiums on foreign currency options are recorded through profit or loss on the maturity date.

8.2 Net currency position

<i>In millions of euros</i>	Monetary assets/(liabilities)	Future cash flows	Net position before hedging	Derivatives ¹	Net position after hedging	Hedging ratio	Sensitivity of 10%
As at 31/12/2021							
Hong Kong dollar	(321)	2	(319)	319	0	100%	0
US dollar	(228)	12	(216)	219	3	101%	0
Swiss franc	46	10	57	(56)	1	99%	0
Chinese yuan	18	15	33	(41)	(7)	122%	(1)
Singapore dollar	(32)	6	(26)	27	0	102%	0
Australian dollar	46	10	57	(56)	1	99%	0
Pound sterling	17	1	17	(17)	0	99%	0
Japanese yen	(0)	5	5	(5)	(0)	105%	(0)
Other	(9)	(7)	(16)	16	(0)	98%	(0)
SUMMARY	(463)	55	(408)	405	(3)	99%	(0)
As at 31/12/2020							
Australian dollar	45	2	47	(48)	(1)	102%	(0)
Swiss franc	36	8	44	(44)	(0)	100%	(0)
Hong Kong dollar	38	4	42	(48)	(6)	114%	(1)
Singapore dollar	(37)	7	(30)	30	(0)	100%	(0)
Chinese yuan	15	12	26	(26)	1	96%	0
Japanese yen	0	9	10	(9)	0	98%	0
US dollar	(19)	15	(3)	2	(1)	75%	(0)
Other	45	4	49	(48)	1	98%	0
SUMMARY	123	61	184	(189)	(5)	103%	(1)

(1) Purchase/(Sale).

8.3 Breakdown of foreign exchange contracts

Hedging operations are performed over-the-counter, exclusively with leading banks. The Company therefore does not incur any significant counterparty risk.

<i>In millions of euros</i>	Nominal amounts of derivatives	Nominal amounts of derivatives used to hedge foreign exchange risk	Market value of contracts as at 31/12/2021 ¹
Options purchased			
Chinese yuan puts	99	99	1
Chinese yuan collars	296	296	(3)
US dollar puts	65	65	0
US dollar collars	259	259	(2)
Singapore dollar puts	57	57	0
Singapore dollar collars	227	227	(1)
Hong Kong dollar puts	48	48	0
Hong Kong dollar collars	193	193	(1)
Japanese yen puts	38	38	1
Japanese yen collars	191	191	3
	1,472	1,472	(1)
Forward foreign exchange contracts ²			
Chinese yuan	(380)	(380)	32
US dollar	(312)	(312)	17
Singapore dollar	(278)	(278)	14
Hong Kong dollar	(238)	(240)	12
Japanese yen	(224)	(224)	1
Other	25	25	(1)
	(1,406)	(1,408)	74
Currency swaps ²			
Hong Kong dollar	(322)	(323)	3
US dollar	(231)	(230)	4
Singapore dollar	(32)	(32)	0
Chinese yuan	25	(11)	(0)
Swiss franc	46	46	(0)
Japanese yen	0	0	0
Other	43	33	(0)
	(470)	(518)	6
TOTAL	(405)	(455)	79

(1) Gain/(Loss).

(2) (Purchase)/Sale.

<i>In millions of euros</i>	Nominal amounts of derivatives	Nominal amounts of derivatives used to hedge foreign exchange risk	Market value of contracts as at 31/12/2020¹
Options purchased			
US dollar puts	69	69	5
US dollar collars	146	146	14
Hong Kong dollar puts	51	51	4
Hong Kong dollar collars	111	111	10
Chinese yuan puts	94	94	3
Chinese yuan collars	227	227	8
Japanese yen puts	49	49	2
Japanese yen collars	156	156	8
Singapore dollar puts	67	67	2
Singapore dollar collars	145	145	6
	1,115	1,115	64
Forward foreign exchange contracts²			
Chinese yuan	(308)	(308)	2
Singapore dollar	(206)	(206)	(4)
US dollar	(200)	(203)	(13)
Japanese yen	(195)	(192)	(8)
Hong Kong dollar	(158)	(162)	(10)
Other	24	24	0
	(1,044)	(1,048)	(34)
Currency swaps²			
Australian dollar	46	47	(1)
Hong Kong dollar	44	33	0
Singapore dollar	(37)	(37)	0
US dollar	(18)	(22)	(0)
Chinese yuan	14	15	(0)
Japanese yen	0	(8)	0
Other	70	59	(0)
	118	86	(1)
TOTAL	189	153	29

(1) Gain/(Loss).

(2) (Purchase)/Sale.

NOTE 9 SHARE CAPITAL

As at 31 December 2021, 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, unchanged from 31 December 2020.

NOTE 10 PROVISIONS FOR RISKS AND EXPENSES – OFF-BALANCE SHEET COMMITMENTS**Accounting principles**

Provisions for risks and expenses include retirement costs and the cost of free shares for all Group employees; they are recognised in operating income for the employees of Hermès International, and are transferred to extraordinary income for the other employee beneficiaries of subsidiaries.

10.1 Provisions for risks and expenses

<i>In millions of euros</i>	Note	31/12/2020	Allocations	Reversals			31/12/2021
				Provisions used	Unused provisions	Other	
Free share plans	3.4	126	45	(70)			101
Net negative position of subsidiaries		5	31	(5)			31
Other provisions for risks and expenses		54	10	(1)	(0)	69	133
PROVISIONS FOR RISKS AND EXPENSES		185	86	(71)	(5)	69	264

Other provisions for liabilities and expenses mainly include net pre-financing commitments for retirement benefits and long-service awards for an amount of €120 million as at 31 December 2021 (see Note 3.3). The change in "Other" corresponds to the change in method made during the financial year (see Note 1).

10.2 Off-balance sheet commitments

<i>In millions of euros</i>	31/12/2021	31/12/2020
Bank guarantees given	2	2
Irrevocable commitments to purchase financial assets	9	21
Other commitments	149	183
TOTAL	160	206

The bank guarantees subscribed on behalf of the subsidiaries are the subject of commissions that are re-invoiced to them.

The other commitments concern real estate leases signed or guaranteed by Hermès International.

Moreover, two 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 market conditions. As at 31 December 2021, the amounts drawn on these credit facilities amounted to €14 million and €15 million, respectively.

NOTE 11 RELATED-PARTY TRANSACTIONS

Related-party transactions were not material during financial year 2021 in comparison with the overall activities of Hermès International.

The companies mentioned below are considered related parties insofar as certain members of management of the Company or certain members of the Supervisory Board or Executive Management Board of Émile Hermès SAS have personal interests therein and exercise significant influence.

The most significant relationships with related parties are summarised as follows:

- ◆ Émile Hermès SAS, Active partner (see chapter 3 "Corporate governance", § 3.3.1): each year, Hermès International pays 0.67% of its distributable profit for the financial year to the Active partner.

In addition, Hermès International charges Émile Hermès SAS for certain service provisions and expenses incurred. Hermès International charged back €0.7 million in this respect in 2021 (including €0.5 million in respect of services provided);

- ◆ trademark license agreements: Hermès International receives brand royalties from Hermès Sellier (€211 million), Comptoir Nouveau de la Parfumerie (€20 million) and La Montre Hermès (€9 million);
- ◆ Studio des Fleurs: Studio des Fleurs offers photography and retouching services for packshots of e-commerce products. The amounts paid in 2021 came to €3.2 million.

NOTE 12 EVENTS AFTER THE REPORTING PERIOD

None.

6.6 TABLE OF RESULTS OVER THE LAST FIVE YEARS

	2021	2020	2019	2018	2017
Share capital at the end of the financial year					
Share capital (in millions of euros)	54	54	54	54	54
Number of shares outstanding	105,569,412	105,569,412	105,569,412	105,569,412	105,569,412
Comprehensive income from operations (in millions of euros)					
Revenue excluding taxes	396	318	315	248	217
Net income before tax, employee profit-sharing, depreciation, amortisation, provisions and impairment	1,350	1,417	1,755	1,338	843
Income tax	(13)	22	(7)	7	24
Employee profit-sharing	(6)	(4)	(5)	(5)	(5)
Net income after tax, employee profit-sharing, depreciation, amortisation, provisions and impairment	1,165	1,343	1,653	1,239	778
Distributed income (including treasury shares)	852	489	539	489	966
Earnings per share (in euros)					
Net income after tax and employee profit-sharing but before depreciation, amortisation, provisions and impairment	12.61	13.60	16.51	12.69	8.17
Net income after tax, employee profit-sharing, depreciation, amortisation, provisions and impairment	11.04	12.72	15.66	11.73	7.37
Net dividend paid per share	8.00 ¹	4.55 ¹	4.55	4.55	9.10 ²
Employees					
Number of employees (average workforce)	524	497	448	414	399
Total payroll (in millions of euros)	(78)	(71)	(63)	(54)	(49)
Employee benefits paid in the year (in millions of euros)	(35) ³	(37) ³	(38) ³	(31) ³	(29) ³

(1) Subject to the decisions of the Ordinary General Meeting of 20 April 2022. A dividend of €8.00 will be proposed, including an interim payment of €2.50 paid in February 2022.

(2) Including an extraordinary dividend of €5.00.

(3) Since 2017, the expenses included in this figure, relating to free share plans, are limited to Company employees (see § 6.5, Note 3.2).

6.7 INFORMATION ON PAYMENT TERMS

Invoices received, due but not paid at year-end closing date (table provided for under I of Article D. 441-6 of the French Commercial Code (*Code de commerce*))

Article D. 441-6, I. 1 of the French Commercial Code (*Code de commerce*): Invoices received, due but not paid at year-end closing date

	0 days (indicative)	1 to 30 days	31 to 90 days	91 days and over	Total (1 day and over)
(A) Late payment tranches					
Number of invoices involved					4
Total amount of invoices involved excluding tax (in millions of euros)		0	0	0	0
Percentage of the total amount of purchases excluding tax for the financial year		0%	0%	0%	0%
Percentage of revenue excluding tax for the financial year					
(B) Invoices excluded from (A) in connection with doubtful payables and receivables that are disputed or not recognised					
Number of invoices excluded					
Total amount of excluded invoices					
(C) Reference payment deadlines used (contractual or statutory deadline – Article L. 441-6 or Article L. 443-1 of the French Commercial Code (<i>Code de commerce</i>))					
Reference payment deadlines used for calculating late payments			Legal deadline		

Invoices issued, due but not paid at year-end closing date (table provided for under I of Article D. 441-6 of the French Commercial Code (*Code de commerce*))

Article D. 441-6, I. 2: of the French Commercial Code (*Code de commerce*): Invoices issued, due but not paid at year-end closing date

	0 days (indicative)	1 to 30 days	31 to 90 days	91 days and over	Total (1 day and over)
(A) Late payment tranches					
Number of invoices involved					343
Total amount of invoices involved excluding tax (in millions of euros)		2	6	16	24
Percentage of the total amount of purchases excluding tax for the financial year					
Percentage of revenue excluding tax for the financial year		0%	1%	4%	6%
(B) Invoices excluded from (A) in connection with doubtful payables and receivables that are disputed or not recognised					
Number of invoices excluded					
Total amount of excluded invoices					
(C) Reference payment deadlines used (contractual or statutory deadline – Article L. 441-6 or Article L. 443-1 of the French Commercial Code (<i>Code de commerce</i>))					
Reference payment deadlines used for calculating late payments			Legal deadline		

6.8 OTHER INFORMATION ON THE PARENT COMPANY FINANCIAL STATEMENTS

6.8.1 INFORMATION ON BRANCHES

In application of Article L. 232-1 of the French Commercial Code (*Code de commerce*), the following list details branches (secondary establishments) of the Company as at 31 December 2021:

Address	SIRET
Paris	
13-15, rue de la Ville-l'Évêque 75008 Paris	572 076 396 00173
10-12, rue d'Anjou 75008 Paris	572 076 396 00215
51, rue François 1 ^{er} 75008 Paris	572 076 396 00132
20, 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
8, rue de Penthièvre 75008 Paris	572 076 396 00231
Pantin	
48, rue Auger 93500 Pantin	572 076 396 00223
110 B, avenue du Général-Leclerc 93500 Pantin	572 076 396 00207

6.8.2 INFORMATION ON THE AMOUNT OF INTER-COMPANY LOANS

Hermès International did not grant any inter-company loans (loans of less than two years granted to micro-companies or small and medium-sized companies with which Hermès International has economic links) in 2021.

6.8.3 EQUITY INVESTMENTS IN COMPANIES HAVING THEIR REGISTERED OFFICE IN FRANCE (ARTICLE L. 233-6 OF THE FRENCH COMMERCIAL CODE (CODE DE COMMERCE))

In 2021, Hermès International did not make any equity investments in companies with their registered office in France.

6.9 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

(For the year ended 31 December 2021)

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 includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

OPINION

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying financial statements of Hermès International for the year ended 31 December 2021.

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 at 31 December 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

BASIS FOR OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for Statutory Auditors for the period from 1 January 2021 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No. 537/2014.

Emphasis of matter

Without qualifying our opinion, we draw your attention to the matter set out in Note 1 to the financial statements, which describes the change of accounting policy regarding the recognition of retirement benefit obligations.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Measurement of equity investments – Note 7.2 to the financial statements

Description of risk

At 31 December 2021, equity investments were recognised in the balance sheet at a gross value of €1,575 million and a net value of €647 million. They are carried at acquisition cost, excluding incidental expenses.

As indicated in Note 7.2 “Financial assets” to the financial statements, the balance sheet value is estimated based on the proportionate share of net assets, which may be corrected, if need be, based on the profitability outlook for the concerned subsidiary. If the subsidiary’s net position is negative, an impairment for receivables due and a provision for risks and expenses may also be recognised.

Given the materiality of equity investments in the balance sheet, the significant judgement exercised by management to estimate the balance sheet value and the sensitivity to changes in the assumptions underlying the estimated values, we deemed the measurement of the balance sheet value of equity investments to be a key audit matter.

How our audit addressed this risk

Based on the information provided to us, our work consisted primarily in:

- ♦ assessing the process used by the Company to determine the balance sheet value of equity investments;
- ♦ verifying that the criteria applied by management to determine the balance sheet value are appropriate and that any impairment calculated based on those values is correct;
- ♦ verifying that the equity values used are consistent with the consolidation packages of the entities concerned, in particular for measurements based on historical data.

In addition to assessing the balance sheet value of equity investments, our work also consisted in verifying, where applicable, the recognition of impairment for receivables due, and a provision for risks in cases where the Company is liable for the losses of a subsidiary with negative equity.

SPECIFIC VERIFICATIONS

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company’s financial position and the financial statements

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 prepared by Executive Management and in the other documents provided to the shareholders with respect to the Company’s financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information about payment terms referred to in article D.441-6 of the French Commercial Code.

Report on corporate governance

We attest that Executive Management’s report on corporate governance sets out the information required by articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of article L.22-10-9 of the French Commercial Code relating to remuneration and benefits paid or awarded to corporate officers 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 the Company from controlled companies within its scope of consolidation. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of article L.22-10-11 of the French Commercial Code relating to those items the Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

OTHER VERIFICATIONS AND INFORMATION PURSUANT TO LEGAL AND REGULATORY REQUIREMENTS

Presentation of the financial statements to be included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the financial statements to be included in the annual financial report referred to in paragraph I of article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under Executive Management's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the presentation of the financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

It is not our responsibility to ensure that the financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Hermès International by the General Meetings held on 30 May 2011 for PricewaterhouseCoopers Audit and on 31 May 1999 for Didier Kling & Associés, now Grant Thornton Audit.

At 31 December 2021, PricewaterhouseCoopers Audit and Grant Thornton Audit were in the eleventh and the twenty-third consecutive year of their engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by Executive Management.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE FINANCIAL STATEMENTS

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- ◆ identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ◆ obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- ◆ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- ◆ assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- ◆ evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit and Risk Committee

We submit a report to the Audit and Risks Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any, significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit and Risks Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit and Risk Committee.

Neuilly-sur-Seine, 3 March 2022

The Statutory Auditors

PricewaterhouseCoopers
Olivier Auberty

Grant Thornton Audit
Vincent Frambourt

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7.1 PRESENTATION OF HERMÈS INTERNATIONAL

7.1.1 GENERAL INFORMATION ABOUT HERMÈS INTERNATIONAL

Applicable legislation

French legislation.

Date of incorporation and expiry

The Company was incorporated on 1 June 1938 and its duration is set to expire as at 31 December 2090.

Trade and Companies Register – LEI

The company Hermès International is registered with the Paris Trade and Companies Register under number 572 076 396, APE code 7010Z.

The LEI number of the Company is 969500Y4JGHJE2MTJ13.

Financial year

The financial year begins on 1 January and ends on 31 December of the same year.

Registered office - Principal, administrative headquarters

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

The Company's principal administrative headquarters and its legal department are located at 13-15, rue de la Ville-l'Évêque, 75008 Paris, France.

Website

The Company's website can be accessed at the following address: <https://finance.hermes.com/en/>

The information on this site does not form part of this universal registration document unless it is incorporated by reference (see chapter 9 "Additional Information", § 9.4).

Date of initial public offering

The company 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.

Hermès International was listed on the CAC 40 index on 18 June 2018 and the EURO STOXX 50 index on 20 December 2021.

Legal form

The company 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.

A presentation of this legal form and its governance can be found in chapter 3 "Corporate governance", § 3.2.

7.1.2 ROLE OF HERMÈS INTERNATIONAL

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 available 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 *métier*. It derives its funds from:
 - dividends received from subsidiaries,
 - royalties from trademarks, licensed exclusively to Group subsidiaries, namely, Hermès Sellier, Le Comptoir Nouveau de la Parfumerie and La Montre Hermès.

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 133 subsidiaries. A brief presentation of the Group can be found in chapter 1 "Presentation of the Group and its results", in § 1.4.1.

7.1.3 COMMENTED ARTICLES OF ASSOCIATION OF HERMÈS INTERNATIONAL

The texts of the rules of procedure of the Supervisory Board and its committees, as well as the Articles of Association of the Company are made available at each update, in English and French, and in full, at <https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/>.

Additional information is provided in insets in italics.

The Combined General Meeting of 4 May 2021 amended Articles 1, 6.2, 14.3, 17, 19.2, 20.4 and 21.1 of the Articles of Association to take into account the change in legal form of Émile Hermès from SARL to SAS. This change was part of the transformation of Émile Hermès SARL – Active partner of Hermès International – into a société par actions simplifiée (simplified joint-stock company, SAS).

1 – Form

The Company is a *société en commandite par actions* (partnership limited by shares) between:

- ♦ its Limited Partners; and
- ♦ its Active partner, Émile Hermès SAS with its registered office 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* (partnership limited by shares) and by these Articles of Association.

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

- ♦ the Active partner or Partners 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 as shareholders only up to the amount of their contribution;
- ♦ the same party may be 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 Supervisory Board is appointed by the Ordinary General Meeting of Shareholders (the Active partners, even Limited Partners, cannot participate in their appointment): it assumes permanent control of the management of the Company and has the same powers for this purpose as the Statutory Auditors.

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 department, 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 up, which are apportioned among the shareholders in proportion to their rights in the Company.

6.2 – The Active partner, Émile Hermès SAS, has transferred its business know-how to the Company, in consideration for its share of the profits."

The par value of one share is €0.51, after two three-for-one splits since the initial public offering, on 6 June 1997 and 10 June 2006.

7 – Increase and reduction 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 premiums, reserves 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 preemptive 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 Shareholders' Extraordinary General Meeting, 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 up 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 requirement for holding shareholdings in registered form when they exceed 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 carried out by Euroclear.

Hermès International ordinarily exercises this option once a year, as at 31 December.

10 – Transfer of shares

Shares are freely transferable. Transfers are effected under the terms and conditions provided by law.

11 – Crossing of threshold disclosures

Any natural person or legal entity, 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 Commercial Code (*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 French Commercial Code, must, within five stock market trading days from the date this threshold is exceeded, request the registration of their 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 10 stock market trading 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 person or legal entity, 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 Commercial Code, 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 stock market 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 aforementioned 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 up 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 premiums, reserves or retained earnings accounts, in proportion to any existing shares which carry double voting rights.

The double voting right automatically ceases to exist in the conditions stipulated by law.

Double voting rights were instituted by the Extraordinary General Meeting of 27 December 1990.

Voting rights attached to the shares are exercised by the bare owners at all General Meetings (ordinary, extraordinary or special meetings), save for decisions regarding the allocation of net income, in which case the usufructuary 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 Shareholders' General Meeting.

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 SAS.

13.1 – Shareholders

The Company shall not be dissolved in the 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 insolvency, receivership or compulsory liquidation proceedings should be initiated against them, such Active partner shall automatically lose their 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, a Shareholders' Extraordinary General Meeting must be called forthwith, either to appoint one or more new Active partners, or to change the legal form of the Company. Such change does not entail the creation of a new legal entity.

If an Active partner loses their status as such, they shall have the right to receive their 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, a Shareholders' Extraordinary General Meeting must be called forthwith, either to appoint one or more new Active partners, or to change the legal form of the Company. Such change does not entail the creation of a new legal entity.

This also applies if the Company has only one Active partner and if that Active partner loses their status as such for any reason whatsoever.

The beneficiaries, heirs, 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 reasoned opinion under the conditions provided in the Article entitled "Executive Management".

Acting by unanimous consent, the Active partners:

- ◆ take the following decisions for the Group, on the Supervisory Board's recommendation:
 - strategic options,
 - 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 to 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 SAS must maintain in its Articles of Association clauses that, 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 SAS is that of a *société par actions simplifiée* (simplified joint stock company) à capital variable (with variable capital);
- ◆ the exclusive purpose of Émile Hermès SAS 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 ensure that any liquid assets it may hold are appropriately managed;
- ◆ only the following may be partners in Émile Hermès SAS, or, more generally, hold securities allowing them to become partners in Émile Hermès SAS:
 - descendants of Mr Émile-Maurice Hermès and his wife, born Julie Hollande, and
 - their spouses, but only as usufructuaries of the shares; and
- ◆ each partner of Émile Hermès SAS must have deposited, or arrange to have deposited, shares in the present company in the corporate accounts of Émile Hermès SAS 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 their status as Active partner immediately upon termination of their 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, 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 entity, 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 decision of the Active partner, after receipt of the reasoned opinion of the Supervisory Board, on 4 June 2013 (effective 5 June 2013);*
- ◆ *Émile Hermès SAS, which was appointed by a resolution, approved by the Active partners, with the reasoned opinion of the Supervisory Board, dated 14 February 2006 (appointment effective as of 1 April 2006).*

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 the 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 the age of 75.

The Company shall not be dissolved in the event of the termination of duties of an Executive Chairman 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 reasoned opinion. 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. They 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 Shareholders' General Meetings.

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 Chairmen may, under their responsibility, delegate all powers as they see fit and as required for the proper operation of the Company and its 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 Chairman) shall have the right to receive compensation set by the Articles of Association (“statutory compensation”) 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 set by the Articles of Association (“statutory compensation”) of the Executive Chairman (or, where there is more than one, of each Executive Chairman) for the financial 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 set by the Articles of Association (“statutory 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 SAS, shall determine the effective amount of the annual compensation set by the Articles of Association (“statutory compensation”) of the Executive Chairman (or, where there is more than one, of each Executive Chairman).

Details on the compensation policy for Executive Chairmen are presented in the Supervisory Board report on corporate governance (see chapter 3 “Corporate governance”, § 3.8.1.1 and § 3.8.1.2).

18 – Supervisory Board

The composition of the Supervisory Board is described in the Supervisory Board’s report on corporate governance (see chapter 3 “Corporate governance”, § 3.4.5). The provisions of Article L. 226-4-1 of the French Commercial Code (Code de commerce) (by reference to Article L. 22-70-74 of the same code), which require that the proportion of members of the Supervisory Board of each gender must not be below 40% and that when the Board comprises a maximum of eight members, the difference between the number of members of each gender may not be higher than two, apply to and are followed by the Company.

18.1 – The Company is governed by a Supervisory Board consisting of three to 15 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 the 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 23 September 2019, the Active partner increased the number of Supervisory Board members to 14 (including employee representatives) with effect from 12 November 2019.

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 they were a Supervisory Board member in their own name, without prejudice to the joint and several liability of the legal entity they represent. The Permanent Representative serves for the same term of office as the legal entity they represent.

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 their terms are renewed by the Shareholders’ Ordinary General Meeting. The Active partners may, at any time, propose that one or more new Supervisory Board member(s) 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 their absence, the Executive Chairman, or in their absence, the Statutory Auditor or Auditors, shall immediately call a Shareholders’ Ordinary General Meeting for the purpose of filling the vacancies to bring the number of Board members up to the required minimum.

18.6 – Where the provisions of Article L. 225-79-2 of the French Commercial Code (*Code de commerce*) are applicable to the Company, one or more members, natural persons, representing the Group’s employees

must be appointed under the conditions set by the above-mentioned article. 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 French Commercial Code, nor the employee shareholder Supervisory Board members appointed in accordance with Article L. 225-23 of the French Commercial 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 in the number of Supervisory Board members, within the framework of the application of the provisions of Article L. 225-79-2 of the French Commercial Code (*Code de commerce*), will have no effect on the term of all Supervisory Board members representing employees, which will come to an end upon its normal expiry.

Employee representative Supervisory Board members are appointed by the Company's Group Works Council. 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 Meetings of 3 June 2014 and 24 April 2020 amended Article 18 of the Articles of Association in order to introduce procedures for appointing members of the Supervisory Board representing employees, and to take into account the strengthening of the employee representation on the Supervisory Board provided for by law No. 2019-486 of 22 May 2019 on the growth and transformation of companies ("Pacte" law).

19 – Deliberations of the Supervisory Board

The Supervisory Board's operations are described in chapter 3 "Corporate governance", § 3.5.

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-Chairmen 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 approval 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 their colleagues to represent them 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 SAS 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 they do, 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.

20.2 – The Supervisory Board submits to the Active partners 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.

20.3 – Each year, the Supervisory Board determines the proposed allocation of profits 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 SAS 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 pertaining to the appropriation of share premiums, reserves or retained earnings.

20.6 – Each year, the Supervisory Board presents a report to the Shareholders’ Annual Ordinary General Meeting 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 financial year ended on 31 December 2021 is presented in chapter 8 “Combined General Meeting of 20 April 2022”, § 8.3.

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 Shareholders’ General Meeting 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 whenever it is deemed necessary; for the purposes of this Council, Émile Hermès SAS 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 approval 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 their 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, is 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 Joint Council meeting, 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 annual compensation, the amount of which is determined by the Shareholders’ Ordinary General Meeting and shall remain unchanged until such time as a new resolution is adopted by that General Meeting.

The Board distributes this compensation among its members in the proportions it deems appropriate.

Details of the compensation policy for members of the Supervisory Board are presented in the Supervisory Board’s report on corporate governance (see chapter 3 “Corporate governance”, § 3.8.1.1 and § 3.8.1.3).

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 – Shareholders’ General Meetings

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 midnight, Paris time. Shareholders owning bearer shares must obtain a shareholding 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.

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 French Civil Code (Code civil), since repealed pursuant to the Order of 10 February 2016, becoming Article 1367 of the French Civil Code, in the first sentence of sub-paragraph 2 (namely, 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 General

Meeting, at midnight, Paris time, the Company will accordingly void or amend any proxy or voting instructions sent before that date. Persons invited by the Executive Chairman or by the Chairman of the Supervisory Board may also attend General Meetings. The Active partners may attend Shareholders' General Meetings. Active partners that are legal entities are represented by a legal representative or by any person, shareholder or otherwise, designated thereby.

The 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 amended Article 24.2 of the Articles of Association to bring it into compliance with Article R. 225-85 of the French Commercial Code (Code de commerce) resulting from 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, failing that, by one of the Vice-Chairmen 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 distribution of profits 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 to record such approval.

25 – Financial statements

Each financial year consists of 12 months, commencing on 1 January and ending on 31 December.

26 – Allocation 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 distribute this amount amongst themselves as they see fit.

The remaining distributable profits revert to the shareholders. Their allocation 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 depreciation of the shares. Fully depreciated shares shall be replaced by entitlement shares with the same rights as the existing 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.

7.1.4 SIMPLIFIED ORGANISATION CHART AND MAIN SUBSIDIARIES

7.1.4.1 SIMPLIFIED ORGANISATIONAL CHART

A brief description of the Group as at 31 December 2021 is presented in chapter 1, "Presentation of the Group and its results", § 1.4.1.

7.1.4.2 MAIN SUBSIDIARIES

The main companies consolidated as at 31 December 2021 (mainly distribution subsidiaries and divisional holding companies), are detailed in chapter 5 "Consolidated financial statements", Note 16.

Detailed information on subsidiaries in which the gross value of shares held exceeds 5% of Hermès International's share capital can be found in chapter 6 "Parent company financial statements", Note 7, § 7.3.1.

7.1.5 PRINCIPAL FLOWS BETWEEN HERMÈS INTERNATIONAL AND THE MAIN SUBSIDIARIES

As stated in §7.1.2, Hermès International is the Group's parent company. The main flows between Hermès International and the Group's subsidiaries are presented in chapter 6 "Parent company financial statements". They cover mainly the following areas:

7.1.5.1 PROVISION OF SERVICES

Services are primarily amounts charged back to subsidiaries for advertising and public relations services, rent, staff provided on secondment, insurance and professional fees. These services are detailed in chapter 6 "Parent company financial statements", Note 2.1 "Operating income".

7.1.5.2 TRADEMARK ROYALTIES

Hermès International receives royalties from trademarks, licensed exclusively to Group subsidiaries, namely, Hermès Sellier, Le Comptoir Nouveau de la Parfumerie and La Montre Hermès. Royalties are calculated based on the production subsidiaries' revenue. These fees are detailed in chapter 6 "Parent company financial statements", Note 2.1 "Operating income".

7.1.6 HERMÈS GROUP TAX POLICY

The Hermès Group's tax policy is described in chapter 2 "Corporate social responsibility", § 2.7.2.1.1.

7.1.7 INVESTMENTS

The main investments made during the year are described in chapter 1 "Presentation of the Group and its results", § 1.8.2.

AFR 7.2 INFORMATION ON SHARE CAPITAL AND SHAREHOLDERS**7.2.1 INFORMATION ON SHARE CAPITAL****7.2.1.1 SHARE CAPITAL**

	Amount	Number	Par value
As at 01/01/2021	€53,840,400.12	105,569,412	€0.51
As at 31/12/2021	€53,840,400.12	105,569,412	€0.51
On the day of the General Meeting	€53,840,400.12	105,569,412	€0.51

The shares are fully paid-up.

7.2.1.2 VOTING RIGHTS

By the 15th day of each month at the latest, the Company issues a report on the total number of voting rights and shares that makes up the share capital on the last day of the previous month and publishes it on <https://finance.hermes.com/en/regulated-information>.

As at 28 February 2022, the total number of voting rights (including shares deprived of voting rights) was 179,387,343. Each share gives the holder the right to at least one vote in the Shareholders' General Meetings, except for treasury shares held by the Company, which have no voting rights.

Ownership of certain shares is split between a usufructuary and a bare owner. In accordance with the Articles of Association, voting rights attached to shares are exercised by the bare owners at all General Meetings (ordinary, extraordinary or special meetings), save for decisions regarding the allocation of net income, in which case the usufructuary exercises the voting rights.

Furthermore, double voting rights are allocated to:

- ◆ any fully-paid up registered share that 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 premiums, reserves or retained earnings accounts, in proportion to any existing shares that carry double voting rights.

Double voting rights cease 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, in chapter 7 "Information on the Company and its share capital", § 7.1.2).

7.2.1.3 CHANGES IN SHARE CAPITAL OVER THE LAST THREE FINANCIAL YEARS

No change in capital occurred over the last three financial years.

7.2.1.4 DELEGATIONS OF POWERS BY THE GENERAL MEETING

Authorisations and delegations for capital increases currently in force, granted by the General Meeting to the Executive Management, are summarised in chapter 3 "Corporate governance", § 3.9.4. These delegations were not used during the 2021 financial year, and have not been used at the date of filing of this universal registration document.

Authorisations granted to the Executive Management by the 18th and 19th resolutions of the General Meeting of 24 April 2020 to grant stock options and the allocation of existing free ordinary shares, respectively, have not been used since they were granted (see chapter 3 "Corporate governance", § 3.8.4.10). It is proposed that the General Meeting of 20 April 2022 renew these two authorisations (see chapter 8 "Combined General Meeting of 20 April 2022", § 8.2.2 – Explanatory statements in the 18th and 19th resolutions).

7.2.2 INFORMATION ON SHAREHOLDERS**7.2.2.1 NUMBER OF SHAREHOLDERS**

Until the end of 2021, the Company used the so-called "identifiable bearer shares" procedure (TPI) of Euroclear France to ascertain its shareholder structure. This procedure, introduced into French law in 1987, enabled issuing companies to ask the central custodian about the holders of securities and thus ascertain the identity and number of securities held in the form of "bearer" securities at financial intermediaries.

This procedure evolved with Law no. 2021-1308 of 8 October 2021, which transposed into French law Directive (EU) 2017/828 of 17 May 2017 (known as “SRD II”) amending Directive 2007/36/EC of 11 July 2007 (known as “SRD I”) in order to promote the long-term commitment of shareholders. This law replaced the TPI procedure with a new mandatory system, called identification on request, resulting from this SRD II directive (Article L. 228-2 of the French Commercial Code [*Code de Commerce*]). Through this transposition, the law enshrines the identification of their shareholders as a right of listed companies and obliges financial intermediaries to participate in this identification process.

Shareholder analyses are now based on this procedure.

During the review as at 31 December 2021, there were approximately 122,000 shareholders, compared to approximately 108,700 as at 31 December 2020 and some 101,800 as at 31 December 2019.

7.2.2.2 PERCENTAGE OF INDIVIDUAL SHAREHOLDERS

The percentage of individual shareholders amounted to 7.1% in December 2021, a slight increase compared to 2020 (6.4%), comprising the shares held in registered form as at 31 December 2021 by individual shareholders and bearer shareholders identified by identification on request as at 31 December 2021, excluding family group holdings.

7.2.2.3 PRINCIPAL SHAREHOLDERS AS AT 31 DECEMBER 2021 – CONTROL OF THE COMPANY

Hermès International is controlled through the intermediary of Émile Hermès SAS, its Active partner by the Hermès family group, which also holds, notably via the intermediary of the company H51, a majority shareholding (in share capital and voting rights) within the Company as a Limited Partner. This control is exclusive control within the meaning of Article L. 233-16 of the French Commercial Code (*Code de commerce*).

The companies H51 and H2 are held exclusively by members of the Hermès family group. To the Company’s knowledge, there are no shareholders directly or indirectly holding, alone or together, more than 5% of the share capital or voting rights, other than those shown in the tables in § 7.2.2.5.

The ownership interests of Corporate Officers and Senior Executives are listed in chapter 3 “Corporate governance”, § 3.10.1.

To the Company’s knowledge, material changes in the ownership of the share capital over the past three years are described § 7.2.2.5. Given the time that has elapsed since it was established, the description of the procedures for setting up H51 is no longer in the universal registration document. The definition and description of the organisation of the Hermès family group are presented in chapter 9 “Additional information”, § 9.6; and in chapter 3 “Corporate governance”, § 3.2.1.

7.2.2.3.1 Significant movements occurring during the last three years in the distribution of its share 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 (“LVMH”) (in its own name and on behalf of its subsidiaries), Christian Dior (in its own name and on behalf of its subsidiaries) and Financière Jean Goujon (in its own name and on behalf of its subsidiaries) undertook to no longer hold any Hermès International shares. These undertakings ended on 3 September 2019.

On 25 April 2017, the Arnault family group, Christian Dior and LVMH launched a simplified public offering from the Arnault family group on Christian Dior shares that they did not hold on that date, open from 8 to 28 June 2017.

On 4 July 2017, the results of this simplified public offering were the delivery, by Semyrhamis, of nearly 7 million shares in Hermès International to the ex-minority interests of Christian Dior, representing about 6.6% of the capital.

Following the transaction, the Arnault family group held 1.87% of the capital and 1.13% of the voting rights of Hermès International. See the threshold crossing declaration of 11 July 2017 (AMF notice No. 217C1525 of 11 July 2017) described on page 392 of the 2019 universal registration document).

On 21 July 2017, the Hermès family group declared that it held 66.67% of the capital of Hermès International, of which 0.95% of the capital by assimilation (see AMF notice No. 217C1755 of 28 July 2017 and § 7.2.2.7.4).

7.2.2.3.2 Changes occurring after closure of the financial year

To the Company’s knowledge, there has been no significant change with regards to Hermès International shareholders between 31 December 2021 and the date on which this universal registration document was filed with the AMF.

7.2.2.3.3 Measures taken to prevent abusive control

Refer to chapter 3 “Corporate governance”, § 3.4.7.5.

7.2.2.3.4 Measures taken to ensure a balance of powers

Refer to chapter 3 “Corporate governance”, § 3.4.7.5.

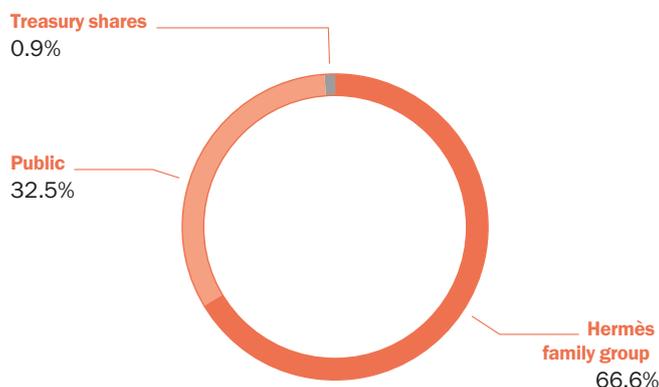
7.2.2.4 TREASURY SHARES

As at 31 December 2021, Hermès International held 925,153 treasury shares, representing 0.9% of its share capital, acquired as part of the share buyback programme presented in § 7.2.2.10.

In practice, treasury shares are mainly allocated to cover free share plans for employees (see chapter 3, “Corporate governance”, § 3.8.4.10).

7.2.2.5 BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS AS AT 31 DECEMBER 2021

BREAKDOWN OF SHAREHOLDERS AS AT 31 DECEMBER 2021



As at 31 December 2021 and to the Company's knowledge, the distribution of the share capital and voting rights of the Company was as follows:

	Share capital		Voting rights ¹			
			Allocation of net income		Other	
	Number	%	Number	%	Number	%
H51	57,279,794	54.3	113,689,009	63.9	113,689,009	63.9
H2	7,012,602	6.6	13,888,704	7.8	13,888,704	7.8
Other members of the Hermès family group	6,001,893	5.7	7,428,860	4.2	11,508,860	6.5
Sub-total Hermès family group ²	70,294,289	66.6	135,006,573	75.9	139,086,573	78.2
Public ^{3,4}	34,349,970	32.5	42,751,499	24.1	38,671,499	21.8
Treasury shares	925,153	0.9	-	0.0	-	0.0
TOTAL	105,569,412	100.0	177,758,072	100.0	177,758,072	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 taken by all General Meetings, except for decisions concerning the allocation of net income, for which the voting right is exercised by the usufructuary. The procedures for publication and allocation of voting rights are detailed in § 7.2.1.2.

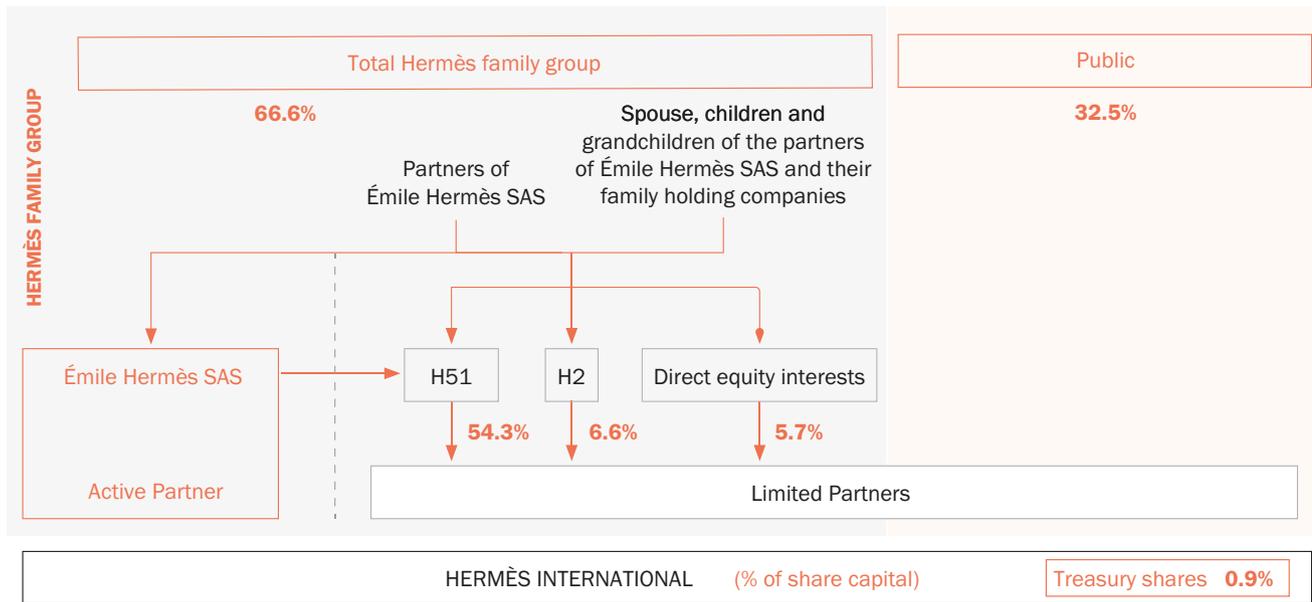
(2) The definition of the Hermès family group is in chapter 9 "Additional information", § 9.6.

(3) 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.

(4) Including the Arnault family group. See the threshold crossing declaration of 11 July 2017 (AMF notice No. 217C1525 of 11 July 2017) described on page 392 of the 2019 universal registration document).

These figures result, for registered shares on the register kept by the BP2S Securities service as well as for bearer shares, from the declarations, where applicable, of those in question.

Changes occurring after closure of the financial year are detailed in § 7.2.2.3.2.



7.2.2.6 CHANGE IN SHARE CAPITAL AND VOTING RIGHTS

During the last three financial years and to the Company's knowledge, the distribution of capital and voting rights in the Company (by percentage) was as follows:

Shareholders holding more than 5% of the share capital or voting rights	31/12/2021			31/12/2020			31/12/2019		
	Voting rights ¹			Voting rights ¹			Voting rights ¹		
	Share capital	Allocation of net income	Other	Share capital	Allocation of net income	Other	Share capital	Allocation of net income	Other
H51	54.3%	63.9%	63.9%	54.2%	63.8%	63.8%	54.2%	63.8%	63.8%
H2	6.6%	7.8%	7.8%	6.6%	7.9%	7.9%	6.6%	7.9%	7.9%
Other members of the Hermès family group	5.7%	4.2%	6.5%	5.7%	4.2%	6.5%	5.8%	4.5%	6.8%
Sub-total Hermès family group ²	66.6%	75.9%	78.2%	66.6%	75.9%	78.2%	66.7%	76.1%	78.5%
Public ^{3,4}	32.5%	24.1%	21.8%	32.5%	24.1%	21.8%	32.0%	23.9%	21.5%
Treasury shares	0.9%	0.0%	0.0%	0.9%	0.0%	0.0%	1.3%	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 taken by all General Meetings, except for decisions concerning the allocation of net income, for which the voting right is exercised by the usufructuary. The procedures for publication and allocation of voting rights are detailed in § 7.2.1.2.

(2) The definition of the Hermès family group is in chapter 9 "Additional information", § 9.6.

(3) 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.

(4) Including the Arnault family group. See the threshold crossing declaration of 11 July 2017 (AMF notice No. 217C1525 of 11 July 2017) described on page 392 of the 2019 universal registration document).

7.2.2.7 CROSSING OF THRESHOLDS

7.2.2.7.1 Crossing of thresholds occurring after the closure of the 2021 financial year

No crossing of a legal threshold was declared between the closure of the 2021 financial year and 28 February 2022.

7.2.2.7.2 Crossing of thresholds in financial year 2021

No crossing of a legal threshold was declared in 2021.

7.2.2.7.3 Reminder of crossing of thresholds during the past two financial years

Crossing of thresholds in financial year 2020

No crossing of a legal threshold was declared in 2020.

Crossing of thresholds in financial year 2019

No crossing of a legal threshold was declared in 2019.

7.2.2.7.4 Crossing of previous thresholds for shareholders holding more than 5% of the share capital or voting rights

AMF Notice No. 217C1755 of 28 July 2017 (the full text of which is available on the AMF website – www.amf-france.org): the Hermès family group declared that it had crossed upwards, on 21 July 2017, the threshold of two-thirds of Hermès International's share capital and held 70,385,066 shares representing 130,403,428 voting rights at General Meetings in respect of decisions concerning the allocation of net income and 134,256,835 voting rights for other decisions, i.e., 66.67% of the share capital and respectively 74.92% and 77.13% of the voting rights of this company, broken down as follows:

	Shares	% share capital	Decisions concerning allocation of net income		Other decisions	
			Voting rights	% voting rights	Voting rights	% voting rights
H51	56,209,021	53.24	109,244,318	62.76	109,244,318	62.76
H2	6,876,102	6.51	13,072,204	7.51	13,072,204	7.51
Other members	6,292,154	5.96	8,086,906	4.65	11,940,313	6.86
Treasury shares	1,007,789	0.95	-	-	-	-
TOTAL HERMÈS FAMILY GROUP	70,385,066	66.67	130,403,428	74.92	134,256,835	77.13

This crossing is the result of an acquisition of Hermès International shares on the market by the company H51.

7.2.2.8 EMPLOYEE OWNERSHIP OF THE SHARE CAPITAL

Maison Hermès, faithful to its family tradition, involves all of its employees throughout the world with in the Group's growth, through employee shareholding mechanisms, which form part of the Group's long-term compensation policy and which help to motivate and retain its employees for the future. Thus, the Hermès Group has offered five times its employees, in France and internationally, free share plans; these were granted in 2007, 2010, 2012, 2016 and 2019 (see chapter 3 "Corporate governance", § 3.8.3).

The latest plans have been implemented by the Executive Management in accordance with the authorisation granted by the General Meeting of 4 June 2019 in its fifteenth resolution. Thus, on 1 July 2019, the Executive Management decided to implement two new free share allocation plans for all employees of the Group subject to eligibility, notably in terms of seniority, subject to the mechanisms applicable to existing free share plans, in particular concerning the reference and retention periods. These allocations are subject to presence conditions and, where applicable, performance conditions, with vesting periods of four to five years.

As at 31 December 2021, employee shareholding, based on plans already allocated and/or vested, involved a significant part of the Group's workforce, accounting for the holding of 1,116,350 Hermès International shares, representing 1.06% of the share capital. Taking into account rights under the last 2019 plans, employee shareholding involved approximately 12,000 Group employees.

No shares in the Company are held by the employees of the Company and affiliated companies under the savings plan and the company mutual fund of the Company.

7.2.2.9 PLEDGE OF SHARES

Duly registered shares are not encumbered by any material pledges.

7.2.2.10 SHARE BUYBACK PROGRAMMES

7.2.2.10.1 Use in 2021 of authorisations to buy back shares granted by the General Meeting

The Combined General Meetings of 24 April 2020, and 4 May 2021 approved share buyback programmes authorising the Executive Management, on the basis of Articles L. 22-10-62 et seq. of the French Commercial Code (*Code de Commerce*), to purchase, on the market or off-market, a number of shares representing up to 10% of the Company's share capital on the date of the repurchase, in order to allocate them to the objectives authorised by European regulations or to one or more market practices accepted by the French Financial Markets Authority (AMF) to date or in the future, and more generally, to allocate them to the completion of any transactions in accordance with the regulations in force.

The Combined General Meetings of 24 April 2020 and 4 May 2021 authorised the Executive Management to reduce the share capital by cancellation of repurchased shares, within the limit of 10% of the share capital per period of 24 months.

The characteristics of the delegations granted to the Executive Management are detailed in chapter 3 “Corporate governance”, § 3.9.4.

During the financial year ended 31 December 2021, the Executive Management carried out 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. 22-10-62 of the French Commercial Code (*Code de commerce*).

	Du 01/01/2021 au 04/05/2021	Du 05/05/2021 au 31/12/2021	Total
EXCLUDING THE LIQUIDITY CONTRACT			
Number of shares booked in the name of the Company as at 31 December 2020	961,978		961,978
Number of shares purchased		142,131	142,131
Reason for acquisitions		Employee shareholding	
Average price of purchases		€1,139.33	€1,139.33
Number of shares sold	172	178,784	178,956 ¹
Average price of sales	€266.11	€392.09	€391.97 ²
Amount of net expenses excluding taxes			
Number of shares cancelled			
Average price of cancelled shares			
Number of shares booked in the name of the Company as at 31 December 2021	961,806	(36,653)	925,153
Allocation			
Employee shareholding	883,433	(36,653)	846,780
External growth	78,373	0	78,373
Net value assessed at cost	€459,656,614	€91,833,809	€551,490,423
Net value assessed at the closing rate	€1,477,334,016	€(56,299,008)	€1,421,035,008
Par value	€490,521	€(18,693)	€471,828
Fraction of the share capital that they represent	0.91%	(0.03)%	0.88%
IN THE CONTEXT OF THE LIQUIDITY CONTRACT			
Number of shares booked in the name of the Company as at 31 December 2020	4,815	0	4,815
Resources implemented (liquidity account)	€5,000,000	€5,000,000	€5,000,000
Number of shares purchased	2,200	10,054	12,254
Average price of purchases	€849.36	€1,144.17	€1,091.24
Number of shares sold	5,624	11,445	17,069
Average price of sales	€905.23	€1,167.75	€1,081.25
Number of shares booked in the name of the Company as at 31 December 2021	1,391	(1,391)	0
Net value assessed at cost	€1,180,950	€(1,180,950)	€0
Net value assessed at the closing rate	€2,136,576	€(2,136,576)	€0
Par value	€709	€(709)	€0
Fraction of the share capital that they represent	0.00%	0.00%	0.00%

(1) Number of shares issued to employees under share and stock option allocation plans.

(2) Average purchase price of shares issued to employees.

7.2.2.10.2 Description of the new share buyback programme proposed to the vote of the Combined General Meeting of 20 April 2022

Pursuant to Articles 241-2 and 241-3 of the General Regulation of the AMF, the Company hereinafter presents the share buyback programme to be submitted for the approval of the Combined General Meeting of 4 May 2021. This programme will supersede that authorised by the Combined General Meeting of 24 April 2020.

As at 28 February 2022, the share capital of the Company consisted of 105,569,412 shares, of which 925,834 treasury shares (number of shares as at the date of the operation) held by Hermès International, representing 0.9% of the share capital.

Objectives of the share buyback programme	<p>The shares may be repurchased in order to be allocated to the objectives permitted by regulation (EU) No. 596/2014 of 16 April 2014 on market abuse (Market Abuse Regulation – “MAR”):</p> <ul style="list-style-type: none"> ◆ objectives provided for in Article 5 of the MAR: capital decrease, hedging of debt securities exchangeable for shares and coverage of employee shareholding plans; ◆ objectives provided for in Article 13 of the MAR and under the market practice accepted by the Financial Markets Authority (AMF): the implementation of a liquidity contract by an investment service provider acting independently and in accordance with the provisions of AMF Decision No. 2021-01 of 22 June 2021; ◆ other objectives: acquisitions, hedging of equity securities exchangeable for shares and, more generally, to allocate them for the completion of any transactions in accordance with the regulations in force.
Maximum share of capital that may be bought back	<p>10% of the share capital on the date of the General Meeting:</p> <ul style="list-style-type: none"> ◆ i.e. on the basis of the share capital issued at 31 December 2021: 10,556,941 shares; ◆ it being specified that treasury shares held on the day of the General Meeting are not taken into account in this maximum amount.
Maximum purchase price and maximum authorised amount of funds that may be committed	<ul style="list-style-type: none"> ◆ the maximum purchase price (excluding costs) would be set at €1,900 per share; ◆ the maximum amount of funds to be committed would be set at 3 billion. It is specified that treasury shares held on the day of the General Meeting are not taken into account in this maximum amount.
Terms & Conditions	<p>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 of securities (without limiting the portion of the buyback programme carried out by this means), by public offering to purchase or exchange or the use of options or derivatives (in compliance with legal and regulatory requirements applicable at the time), excluding the sale of put options, and at the time that the Executive Management deems appropriate, including during a public offering 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 transferred by any means, including by block sales, and at any time, including during public offerings.</p>
Duration of the buyback programme	<p>This authorisation would be valid for 18 months from the date of the Combined General Meeting of 20 April 2022, <i>i.e.</i> until 20 October 2023.</p>

7.2.3 TRANSACTIONS PERFORMED BY CORPORATE OFFICERS AND THOSE CLOSE TO THEM ON THE SHARES OF THE COMPANY

In accordance with Article 223-26 of the AMF General Regulation, a summary is presented below of the transactions mentioned in Article L. 621-18-2 of the French Monetary and Financial Code carried out during the last financial year, having been declared and of which the Company is aware.

NAME AND FUNCTION	Declaration no.	Date of the transaction	Nature of the transaction	Unit price ¹	Amount of the transaction ¹
Henri-Louis Bauer, member of the Executive Management Board of Émile Hermès SAS, Active Partner and Executive Chairman	2021DD798850	15 November 2021	Disposal	€1,333.17	€766,572.75
	2021DD812547	14 December 2021	Donation received	€0	€0
Legal entity related to Henri-Louis Bauer, Chairman of the Executive Management Board of Émile Hermès SAS, Active Partner and Executive Chairman, and to Charles-Éric Bauer, member of the Supervisory Board	2021DD798852	15 November 2021	Purchase	€1,333.17	€1,966,425.75
	2021DD733633	22 February 2021	Pledge	€0	€0
Sandrine Brekke, member of the Executive Management Board of Émile Hermès SAS, Active Partner and Executive Chairman of Hermès International	2021DD811708	4 December 2021	Release of pledges	€0	€0
	2021DD811713	7 December 2021	Pledge	€0	€0
Pureza Cardoso, member of the Supervisory Board	2021DD758155	1 June 2021	Vesting of free shares	€0	€0
Legal entity related to Alice Charbin, member of the Executive Management Board of Émile Hermès SAS, Active Partner and Executive Chairman	2021DD737527	18 March 2021	Purchase	€978.00	€4,890,000.00
	2021DD758153	1 June 2021	Vesting of free shares	€0	€0
Florian Craen, member of the Executive Committee	2021DD760604	18 June 2021	Disposal	€1,213.83	€2,427,661.80
	2021DD733632	22 February 2021	Pledge	€0	€0
Pierre-Alexis Dumas, member of the Executive Committee	2021DD733630	23 February 2021	Release of pledges	€0	€0
	2021DD758152	1 June 2021	Vesting of free shares	€0	€0
	2021DD811714	4 December 2021	Release of pledges	€0	€0
	2021DD811715	7 December 2021	Pledge	€0	€0
Olivier Fournier, member of the Executive Committee	2021DD758151	1 June 2021	Vesting of free shares	€0	€0
Catherine Fulconis, member of the Executive Committee	2021DD733454	22 February 2021	Pledge	€0	€0
	2021DD758156	1 June 2021	Vesting of free shares	€0	€0
Wilfried Guerrand, member of the Executive Committee	2021DD758168	1 June 2021	Vesting of free shares	€0	€0
	2021DD760429	17 June 2021	Disposal	€1,195.05	€2,748,603.96
Éric du Halgouët, member of the Executive Committee	2021DD758166	1 June 2021	Vesting of free shares	€0	€0
	2021DD760889	22 June 2021	Disposal	€1,221.92	€1,270,793.47
Laurent Momméja, member of the Executive Management Board of Émile Hermès SAS, Active Partner and Executive Chairman	2021DD760456	14 June 2021	Donation	€0	€0
	2021DD769675	3 September 2021	Donation	€0	€0
Renaud Momméja, member of the Supervisory Board	2021DD760458	18 June 2021	Bare ownership donations	€0	€0
	2021DD769677	3 September 2021	Donation	€0	€0

(1) Amounts rounded to two decimal places.

NAME AND FUNCTION	Declaration no.	Date of the transaction	Nature of the transaction	Unit price ¹	Amount of the transaction ¹
Rémy Kroll, member of the Supervisory Board	2021DD758169	1 June 2021	Vesting of free shares	€0	€0
Legal entity related to Dorothée Altmayer, member of the Supervisory Board	2021DD743101	26 April 2021	Purchase	€1,047.18	€146,605.20
Pascale Mussard, member of the Executive Management Board of Émile Hermès SAS, Active Partner and Executive Chairman	2021DD758399	1 June 2021	Vesting of free shares	€0	€0
	2021DD758721	1 June 2021	Disposal	€1,150.00	€14,950.00
	2021DD771892	22 September 2021	Disposal	€1,271.24	€7,691,002.00
	2021DD772919	30 September 2021	Disposal	€1,271.24	€9,775,835.60
Legal entity linked to Jean-Baptiste Puech, member of the Executive Management Board of Émile Hermès SAS Active Partner and Executive Chairman	2021DD796173	25 October 2021	Purchase	€1,255.87	€602,817.60
Éric de Seynes, Chairman of the Supervisory Board	2021DD760172	15 June 2021	Share transfer following succession	€0	€0
Guillaume de Seynes, member of the Executive Committee	2021DD736526	12 March 2021	Disposal	€909.14	€2,727,420.00
	2021DD758154	1 June 2021	Vesting of free shares	€0	€0
	2021DD760173	15 June 2021	Share transfer following succession	€0	€0
Legal entity related to various Senior Executives, the Executive Chairman, members of the Executive Committee, members of the Supervisory Board, members of the Executive Management Board of Émile Hermès SAS, Active Partner and Executive Chairman	2021DD736525	12 March 2021	Purchase	€909.14	€2,727,420.00
	2021DD739379	31 March 2021	Purchase	€900.66	€4,503,300.00
	2021DD771891	22 September 2021	Purchase	€1,271.24	€7,691,002.00
	2021DD772918	30 September 2021	Purchase	€1,271.24	€9,775,835.60
Charles-Éric Bauer, member of the Supervisory Board	2021DD798851	15 November 2021	Disposal	€1,333.17	€1,199,853.00
	2021DD812602	14 December 2021	Donation received	€0	€0

(1) Amounts rounded to two decimal places.

No other Corporate Officer (Executive Chairman or Supervisory Board member) of Hermès International reported any trades in Company shares in 2021.

No other Senior Executive (Executive Committee member) of Hermès International reported any trades in Company shares in 2021.

Neither did the Company receive any other reports of such trades from any of its immediate family members.

7.2.4 STOCK MARKET ETHICS CODE

Pursuant to European regulation (EU) No. 596/2014 of 16 April 2014 on market abuse (known as the “MAR”), a review was carried out of internal procedures, practices and training on the prevention of insider trading in the Hermès Group.

On 1 February 2017, the Hermès Group adopted a new Stock Market Ethics Code (the “Code”) formalising the steps taken and the obligations incumbent on people, whether or not they are Senior Executives, who have access to inside or sensitive information.

A summary of this Code is made available each time it is updated on the website <https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/>.

The Code was updated several times as follows:

- ◆ inclusion of precautionary measures concerning the broadcasting of comments on social networks and media in connection with the Hermès Group;
- ◆ update of applicable regulations (Cnil deliberation no. 2017-200 of 6 July 2017, ESMA interpretations, GDPR adaptation, law no. 2019-744 of 19 July 2019 on simplifying, clarifying and updating company law), AMF recommendations no. 2016-08, updated on 29 April 2021, “Guide to ongoing information and management of inside information”);
- ◆ addition of examples drawn from the guiding principles from case law of the AMF Sanctions Commission;
- ◆ editorial details.

Version 9 of the Code, dated 29 July 2021, is structured as follows:

- ♦ review of definitions (inside information, insiders and similar, insider lists, trading days, AMF);
- ♦ internal procedures within the Group.

7.2.4.1 ESTABLISHMENT OF ABSTENTION PERIODS OR “BLACKOUT WINDOWS” (OR CLOSED PERIODS)

The Code notes that Executive Chairmen, members of the Executive Committee, members of the Supervisory Board and members of the Executive Management Board of Émile Hermès SAS are qualified as “permanent insiders” (as defined in the MAR, the “Permanent Insiders”).

Internally, Hermès International qualifies as “sensitive” persons any non-insiders among employees who are liable to hold sensitive or confidential information that is not classified as inside information (the “Sensitive Persons”). As a preventive measure and to facilitate accountability, these people are subject to specific blackout periods. A list of Sensitive Persons is established, and the relevant persons concerned are informed of their status.

Permanent Insiders and Sensitive Persons are required to refrain from trading in the securities of the Company during blackout periods set out in the schedules drawn up and published each year.

The requirement to respect blackout periods covers all transactions on Hermès International shares. It applies:

- ♦ for Permanent Insiders, as a precaution and even though the information in question is not considered Inside information by the Inside Information Committee (IIC), from the reporting dates for quarterly sales, and those for annual and interim results (reporting of financial information that could provide an indication of the figures, prior to the “financial” blackout periods below) up to and including the date on which revenue and annual or interim results are reported, where appropriate;
- ♦ for Permanent Insiders and Sensitive Persons during “financial” blackout periods, plus the day of publication of the press release:
 - period of 30 calendar days preceding the publication of the annual or half-yearly financial statements,
 - period of 15 calendar days before the quarterly publication of revenue;
- ♦ for recipients of free shares (only for the sale of free shares), at the end of the retention period during “free share” blackout periods:
 - to a period of 30 days before the annual or interim financial statements are made public and up to and including the date on which the annual or interim results are reported, where appropriate,

- exceptionally, to a period beginning when the Group issues a specific alert about a transaction prohibiting trading until the date the transaction is made public.

7.2.4.2 PROCEDURE FOR QUALIFYING AND DEFERRING DISCLOSURE OF INSIDE INFORMATION

Hermès International has established an Inside Information Committee (IIC), whose role is to identify and qualify inside information, to decide whether or not to defer its publication, and to identify insiders for each item of inside information (other than Permanent Insiders). The IIC is composed of an Executive Chairman, the Executive Vice-President Finance and the Group Director of Financial Communication and Investor Relations.

7.2.4.3 APPOINTMENT OF A COMPLIANCE OFFICER

Hermès International has appointed the Director of Corporate law and Stock exchange regulation/Supervisory Board Secretary) as Compliance Officer. The Compliance Officer is tasked with: establishing management procedures and tools for the Insider lists, creating and updating the lists of Permanent Insiders, occasional insiders and Sensitive Persons based on information received from the IIC, drafting, distributing and updating of the Stock Market Ethics Code, organising training of insiders, drawing up and publicising calendars of blackout periods applicable to Permanent Insiders, occasional insiders and Sensitive Persons, informing insiders and obtaining their explicit recognition of their obligations, and issuing oral advisory notice prior to completion of a transaction by permanent or occasional insiders.

7.2.4.4 E-LEARNING

In order to respond to the recommendations of the AMF (position-recommendation DOC-2016-08 “Guide to ongoing information and management of inside information”, amended on 29 April 2021, Article 2.1.2.3.) Hermès International has developed an e-learning course on the prevention of market abuse. This training, launched on 1 February 2022, is compulsory for all Permanent Insiders and Sensitive Persons.

7.2.5 MATERIAL CONTRACTS, SHAREHOLDER PACTS AND AGREEMENTS

7.2.5.1 MATERIAL CONTRACTS

During the last two financial years, the Company has not entered into any significant contracts, other than those entered into in the normal course of business, conferring a significant obligation or commitment for the entire Group.

The information relating to the priority right to acquire Hermès International shares and to the Dutreil agreements in force is presented below (respectively in § 7.2.5.2 and § 7.2.5.3).

7.2.5.2 PRIORITY ACQUISITION RIGHTS

A priority right to acquire Hermès International shares (AMF notice No. 211C2288) came into force on 13 December 2011.

This priority acquisition right is stipulated for the benefit of H51, a *société par actions simplifiée à capital variable* (simplified joint stock company with variable capital), and was initially granted by 102 natural 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 share capital of Hermès International.

By amendment (AMF notice No. 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 stock market 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 priority acquisition right that H51 benefits from covered – at the date of signature – most of the Hermès International shares also held by the members of the Hermès family group (as at 31 December 2021, approximately 12.3% of the capital held by H2 and other members of the Hermès family group, see § 7.2.2.5);
- ♦ 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.

The definition and description of the organisation of the Hermès family group are presented in chapter 9 “Additional information”, § 9.6; in § 7.2.2.3; and in chapter 3 “Corporate governance”, § 3.2.1.

7.2.5.3 DUTREIL AGREEMENTS

The following shareholder agreements, falling within the scope of the Dutreil law and still in force in 2022, were brought to the Company's attention:

	Pacte Dutreil Transmission 02/2020.1	Pacte Dutreil Transmission 02/2020.2	Pacte Dutreil Transmission 02/2020.3	Pacte Dutreil Transmission 02/2020.4	Pacte Dutreil Transmission 07/2020.1	Pacte Dutreil Transmission 07/2020.2	Pacte Dutreil Transmission 10/2020.1	Pacte Dutreil Transmission 11/2020.1	Pacte Dutreil Transmission 03/2021	Pacte Dutreil Transmission 06/2021.1	Pacte Dutreil Transmission 06/2020.2
Regime	Article 787 B of the French General Tax Code (<i>Code général des impôts</i> , CGI)										
Date of signature	7 February 2020	7 February 2020	20 February 2020	28 February 2020	16 July 2020	17 July 2020	29 October 2020	15 November 2020	23 March 2021	4 June 2021	15 June 2021
Duration of the collective commitment	Two years from the date of registration or the date of filing of the declaration recording the change			Two years from the date of registration (in this case, 28 February 2020)	Two years from the date of registration or the date of filing of the declaration recording the change				Two years from the date of registration (in this case, 4 June 2021)	Two years from the date of registration (in this case, 15 June 2021)	
Contractual duration of the agreement											
Procedures for renewal	Non-renewable										
Percentage of the share capital covered by the agreement on the date of its signature	54.48%	54.22%	54.62%	60.87%	54.22%	54.62%	54.23%	54.24%	54.24%	54.37%	54.31%
Percentage of voting rights covered by the agreement on the date of its signature	63.95%	63.79%	64.03%	71.65%	63.79%	64.03%	63.79%	63.83%	63.80%	63.88%	63.81%
Name of signatories having the capacity of Senior Executives (within the meaning of Article L. 621-18-2-a of the French Monetary and Financial Code (<i>Code monétaire et financier</i>))	On the date of signature of the agreement: Émile Hermès SAS, Executive Chairman and Active partner Axel Dumas, Executive Chairman										
Name of signatories having close personal links with the Senior Executives (according to the meaning of Articles L. 621-18-2-c and R. 621-43-1 of the French Monetary and Financial Code (<i>Code monétaire et financier</i>))	All signatories										
Names signatories holding at least 5% of the share capital and/or voting rights in the Company as at 31 December 2021	H51	H51	H51	H51 H2	H51	H51	H51	H51	H51	H51	H51

7.3 DIVIDEND POLICY

7.3.1 PRINCIPLES

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 amounts of dividends paid in each of the financial years included in the historical financial information are shown in chapter 9 "Additional information", § 9.4.

You are reminded that, in order to distribute part of the large amount of cash available, an "exceptional" dividend of €5.00 was paid in 2012, 2015 and 2018, in addition to the "ordinary" dividend.

7.3.2 PROPOSAL SUBMITTED TO THE 2022 GENERAL MEETING

During the General Meeting of 20 April 2022, it will be proposed that the ordinary dividend be set at €8.00 per share. In view of the level of cash reached at the end of 2021, the Executive Management decided to pay an interim ordinary dividend of €2.50 per share, which was paid on 23 February 2022. 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 five 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.

7.4 STOCK MARKET INFORMATION

7.4.1 SUMMARY OF STOCK MARKET INFORMATION

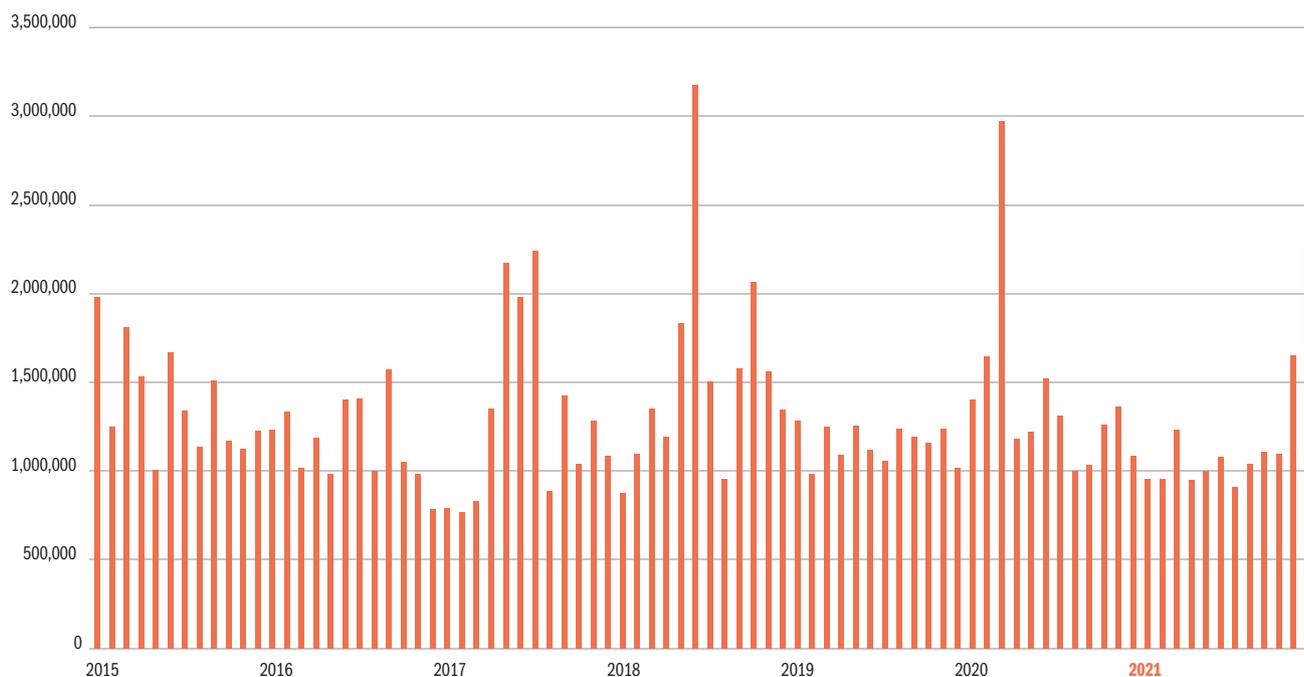
(Source Bloomberg)	2021	2020	2019
Number of shares as at 31 December	105,569,412	105,569,412	105,569,412
Average number of shares (excluding treasury shares)	104,623,330	104,430,772	104,233,233
Market capitalisation as at 31 December	€162.15 billion	€92.86 billion	€70.33 billion
Earnings per share (excluding treasury shares)	€23.37	€13.27	€14.66
Dividend per share	€8.00 ¹	€4.55	€4.55 ²
Average daily volume (Euronext)	55,257	66,151	54,467
12-month high share price	€1,678.00	€890.20	€689.20
12-month low share price	€839.40	€516.00	€462.40
12-month average share price	€1,190.97	€729.42	€607.44
Share price as at 31 December	€1,536.00	€879.60	€666.20

(1) Subject to the decisions of the Ordinary General Meeting of 20 April 2022, an interim dividend of €2.50 was paid on 23 February 2022.

(2) In the context of the health crisis linked to the Covid-19 pandemic, on 30 March 2020, on the proposal of the Executive Management, the Supervisory Board decided to modify the dividend distribution proposal initially submitted to the Shareholders' General Meeting of 24 April 2020 and to reduce the amount from €5.00 to €4.55 per share, i.e. the same amount as that paid in 2019.

7.4.2 HISTORY OF MONTHLY TRANSACTIONS

In number of shares ¹
(Source Bloomberg)



1. Euronext.

7.4.3 HERMÈS SHARE PRICE HISTORY

The company Hermès International was listed on the CAC 40 on 7 June 2018 and in the EURO STOXX 50 index on 20 December 2021.

In euros



CHANGE IN SHARE PRICE OVER THE LAST FIVE FINANCIAL YEARS

2017

Month	Price in euros			Monthly average of daily transactions on Euronext
	High	Low	Average closing price	
January	414.00	386.30	401.50	35,958
February	417.40	392.45	405.64	38,331
March	444.40	414.25	429.86	36,030
April	468.30	431.40	449.63	75,106
May	456.20	430.25	441.84	98,916
June	452.00	431.25	440.97	89,970
July	456.75	425.55	438.92	106,816
August	449.00	427.50	439.58	38,568
September	450.10	415.70	431.30	67,862
October	447.50	422.85	432.84	47,319
November	450.30	436.00	443.16	58,268
December	450.30	432.95	442.93	57,268

2018

Month	Price in euros			Monthly average of daily transactions on Euronext
	High	Low	Average closing price	
January	451.70	439.00	445.35	39,874
February	449.90	417.90	438.24	54,890
March	482.70	437.30	454.28	64,429
April	535.80	479.60	513.27	59,598
May	614.60	534.60	586.93	83,352
June	613.80	515.20	551.00	151,521
July	558.60	516.00	535.85	68,505
August	572.80	539.40	551.72	41,497
September	576.80	526.00	548.48	81,654
October	574.20	482.20	511.59	89,945
November	515.80	475.40	492.25	71,050
December	498.60	463.50	479.86	70,814

2019

Month	Price in euros			Monthly average of daily transactions on Euronext
	High	Low	Average closing price	
January	524.40	462.40	494.16	58,397
February	562.40	519.20	541.57	49,241
March	598.40	554.00	578.31	59,544
April	627.20	586.60	604.95	54,551
May	625.20	587.80	609.16	57,024
June	638.40	590.60	618.30	56,104
July	652.00	626.20	640.47	45,999
August	645.40	597.80	614.95	56,340
September	656.60	614.60	633.02	56,847
October	654.80	599.20	630.59	50,310
November	683.80	641.00	657.22	58,972
December	689.20	644.20	666.24	50,737

2020

Month	Price in euros			Monthly average of daily transactions on Euronext
	High	Low	Average closing price	
January	725.60	662.80	693.35	63,670
February	718.00	615.00	688.27	82,254
March	671.60	516.00	610.17	135,051
April	701.00	592.00	656.02	59,162
May	751.60	646.20	687.03	61,088
June	788.20	715.80	750.86	69,066
July	780.00	686.20	750.28	56,949
August	729.60	679.00	700.70	47,673
September	765.40	716.20	737.10	47,135
October	830.00	738.40	784.53	57,265
November	865.00	791.80	833.90	64,960
December	890.20	815.80	849.09	49,433

2021

Month	Price in euros			Monthly average of daily transactions on Euronext
	High	Low	Average closing price	
January	898.20	839.40	874.54	47,680
February	1,018.00	847.60	918.62	47,871
March	984.80	872.80	939.34	53,706
April	1,065.50	945.80	1,013.45	47,394
May	1,160.00	1,029.00	1,077.23	47,766
June	1,237.50	1,141.50	1,198.11	49,160
July	1,311.50	1,191.00	1,253.09	41,252
August	1,354.50	1,202.50	1,293.64	47,270
September	1,325.50	1,190.50	1,266.00	50,444
October	1,370.50	1,166.50	1,277.69	52,304
November	1,676.50	1,375.00	1,529.41	75,093
December	1,678.00	1,462.00	1,570.37	98,808

7.4.4 ELEMENTS LIABLE TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

To the best of the Company's knowledge, no items other than those relating to the items referred to in chapter 3 "Corporate governance", § 3.9.2 are likely to have an impact in the event of a public offering, or could have the effect of delaying or preventing a change of control.

7.5 SHAREHOLDER INFORMATION

7.5.1 RELATIONS WITH SHAREHOLDERS

Shareholders and investors may obtain information on the Hermès Group by contacting:

Ms Carole Dupont-Pietri

Director of Financial Communications and Investor Relations

Hermès International

13-15, rue de la Ville-l'Évêque – 75008 Paris

Tel.: +33 (0)1 40 17 49 26

Email: contact.finance@hermes.com

7.5.2 SECURITIES SERVICE

These shares are registered in a securities account held by:

BNP PARIBAS SECURITIES SERVICES

Issuer Services

LES GRANDS MOULINS DE PANTIN

9, rue du Débarcadère – 93761 Pantin Cedex

Tel.: +33 (0)8 26 10 91 19

NOA – NextGen Online Assistant: virtual assistant on Planetshares (<https://planetshares.bnpparibas.com>).

7.5.3 DOCUMENTS AVAILABLE TO THE PUBLIC

Legal documents relating to the Company, and more broadly regulated information within the meaning of Article 221-1 of the General Regulation of the AMF are available on the Company's financial information site (<https://finance.hermes.com/en/regulated-information/>). They may also be consulted upon appointment in print version during business hours at the Company's registered office. On this website, shareholders and investors can access information on the Group Management, governing bodies and registration documents, universal registration documents and financial press releases, available in French and English, for the last five financial years.

Information on the website is not part of the universal registration document, unless it is incorporated by reference.

7.5.4 BECOMING A HERMÈS INTERNATIONAL SHAREHOLDER

Registered shares

Hermès International offers its shareholders the opportunity to register their shares in pure registered form, offering the following advantages:

Free management

Pure registered shares are handled directly by BNP Paribas Securities Services. Shareholders 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 Securities Services.

Pure registered shareholders are totally exempt from custody fees, as well as costs inherent in the day-to-day management of their shares such as conversion to bearer shares, transfer of securities, changes in legal situations (transfers, donations, inheritance, etc.), securities transactions (capital increase, allocation of securities, etc.) and the payment of dividends.

The guarantee of personalised information

Pure registered shareholders receive personalised information on:

- ◆ the convening of General Meetings, with systematic sending of the notice of meeting, the single postal and proxy voting form, a request for an admission card and the legal information documents;
- ◆ the management of securities, the taxation of securities and the organisation of the General Meeting.

In addition, an online service is available for consultation of equity holdings and placing of stock market orders: <https://www.planetshares.bnpparibas.com>.

Easy access to the General Meeting

Like any shareholder of the Company, registered shareholders are entitled to attend the General Meeting and enjoy the benefit of not having to make a prior request for a shareholding certificate.

In addition to the usual voting methods, holders of pure registered shares can vote before the meeting or give their proxy *via* "Votaccess", a voting platform.

Registration procedures

To transfer your securities directly to pure registered shares or for more information about pure registered shares, please contact:

BNP PARIBAS SECURITIES SERVICES:

Hermès International Shareholder Relations

Les Grands Moulins de Pantin

9, rue du Débarcadère – 93761 Pantin Cedex

From France: 0 826 109 119

From abroad: +33 1 55 77 40 57

<https://planetshares.bnpparibas.com>

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

Thus, to participate in the General Meeting, bearer shareholders must obtain a shareholding certificate certifying the registration or recording in the books of their shares no later than midnight, Paris time, two working days prior to the General Meeting, from the financial intermediary managing their Hermès International securities.

7.5.5 DIALOGUE WITH SHAREHOLDERS AND THE FINANCIAL COMMUNITY IN 2021

The financial communication and investor relations department engages in dialogue with the financial community and all Group shareholders throughout the year, adapting in particular this year to the health context through the use of digital means, and by strengthening its discussions with shareholders.

In 2021:

		
Number of roadshows	Investor meetings	Institutions met
13	40	140

The House's sustainable, responsible and supportive model was presented at several events and in publications during 2021.

In October 2021, during the 12th *Grand Prix de Transparence* awards, Hermès International was awarded the *Grand Prix de Transparence* in the "CAC Large 60" category (CAC 40 and CAC Next 20) and was ranked third in the TOP 20 most transparent companies (see chapter 3 "Corporate governance", § 3.1.2), based on the criteria of accessibility, accuracy, comparability and availability of financial information.

In June 2021, Hermès was awarded the *Palme de la performance des jeunes actionnaires*, awarded by the Federation of Individual Investors and Investment Clubs (F2iC) in partnership with the EDHEC Business School, which demonstrates the dynamism of the Hermès share over the past ten years.

The Shareholders' General Meeting and the presentations of the financial results were broadcast live and recorded on the Company's website at <https://finance.hermes.com/en/>.

On 8 December 2021, Hermès organised an Analysts' Day at its premises in Pantin. This day was an opportunity to open the doors of its workshops and share the House's values, through three presentations:

- ◆ first, the main trends in the *métiers* and exclusive distribution, presented by the Executive Vice-President Finance;
- ◆ then, an immersion in the House's largest *métier*, Leather Goods & Saddlery, and the excellence of the *savoir-faire* of our craftspeople, presented by the Executive Vice-President Manufacturing Division & Equity Investments; and
- ◆ finally, Hermès' commitments in terms of social and environmental responsibility, developed by the Executive Vice-President Corporate Development and Social Affairs.

The main topics on the Analysts' Day agenda were:

- ◆ the dynamics of the business model;
- ◆ Hermès Leather Goods & Saddlery: unique *savoir-faire* constantly reinvented and;
- ◆ a craftsmanship, responsible and sustainable business model, whose commitments to sustainable development have been recognised by the exceptional increase in non-financial ratings this year.

All presentations relating to the event are available at the following address: <https://finance.hermes.com/en/publications/>.

Hermès is making a website, <https://finance.hermes.com/en/>, available to the financial community, its shareholders and, more generally, its stakeholders, which will be enhanced in 2021, in particular in respect of information relating to sustainable development.

- ◆ In the "Investors" section, shareholders can in particular find:
 - half-yearly and annual financial presentations, and press releases,
 - the universal registration document and the half-year financial report,
 - letters to shareholders, in the section "Shareholders' Guide",
 - the House's key figures and the House's financial events;
- ◆ a specific "General Meeting" section, which allows shareholders to read all the information relating to this event and its retransmission;
- ◆ a section dedicated to the "Group" and the specific features of its independent craftsmanship model, its creativity and know-how;
- ◆ the section dedicated to "Sustainable development", which contains the commitments and actions carried out by Maison Hermès, has been enhanced. The House's objectives, initiatives and number of projects are set out in this dedicated digital space. The Group thus confirms its commitment to social, societal and environmental performance, which is part of the Maison Hermès DNA and its craftsmanship model.

Financial information, including financial press releases, presentations of the Group's revenues and financial results, the letter to shareholders, information on General Meetings and the universal registration document, is available and archived on the Company's website.

In 2021, Hermès published two issues of its Letter to Shareholders, in French and English, a regular source of information on its news, presenting the main facts and figures and providing information on the Company's relationship with its shareholders.

Shareholders can also consult the information published by the Company on the following websites:

- ◆ <https://www.amf-france.org>, for press releases, registration documents/universal registration documents, threshold crossings, shareholder pacts and declarations sent to the AMF;
- ◆ <https://www.journal-officiel.gouv.fr/balo>, for documents published in the *Bulletin des Annonces Légales Obligatoires* (BALO);
- ◆ <https://www.infogreffe.fr> for filings made with the clerks of the Commercial Court of Paris (search by identification number: 572 076 396).

7.5.6 FINANCIAL CALENDAR FOR 2022

Publication of the 2021 annual consolidated results	18/02/2022
Publication of consolidated revenue for the first quarter of 2022	14/04/2022
Shareholders' Combined General Meeting	20/04/2022
Publication of consolidated results for the first half of 2022	29/07/2022
Publication of consolidated revenue for the third quarter of 2022	October 2022 ¹

(1) The dates of the financial publications (revenue, annual and half-year results) and of the General Meeting are available on the website. <https://finance.hermes.com/en/calendar/>

7.5.7 REGULATED INFORMATION

All the documents constituting regulated information within the meaning of the French Financial Markets Authority (AMF) are available on the website <https://finance.hermes.com/en>, under the heading "Regulated information".

7.5.8 OBLIGATIONS OF DECLARATION OF THRESHOLD CROSSINGS AND NOMINATIVE REGISTRATION

	Crossing of threshold disclosures		
	Legal thresholds (Articles L. 233-7 et seq. of the French Commercial Code (Code de commerce) and Articles L. 433-3 et seq. of the French Monetary and Financial Code (Code monétaire et financier))	Ownership thresholds (Article 11 of the Articles of Association)	Nominative registration requirement (Article 11 of the Articles of Association)
Recipients	The Issuer The AMF, which makes this information public	The Issuer	
Share capital and voting rights thresholds upwards and downwards ¹	5%, 10%, 15%, 20%, 25%, 30%, 1/3, 50%, 2/3, 90% and 95%	0.5% (or any multiple of this percentage)	From 0.5%
Declaration time limit	Owing to the existence of double voting rights, in practice, 22 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, etc.).

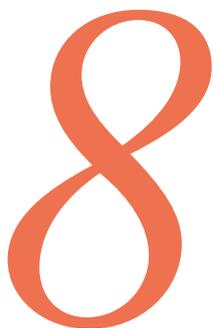
The shares to be taken into account include not just newly acquired shares, but the shares that the shareholder has the right to acquire at their sole initiative pursuant to an agreement (contract of sale, option, etc.) and those that the shareholder can acquire at their sole initiative, immediately or in the future, as a result of holding a financial instrument (bond redeemable for shares, equity swap, warrant, etc.), that gives rise to a physical settlement (delivery of shares) or a settlement in cash, subject to the exemptions provided for in Article L. 233-7 IV of the French Commercial Code (*Code de commerce*).

By the 15th day of each month, the Company publishes a report on its website (<https://finance.hermes.com/en/>) 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.

Crossing of threshold disclosures

	Legal thresholds (Articles L. 233-7 et seq. of the French Commercial Code (Code de commerce) and Articles L. 433-3 et seq. of the French Monetary and Financial Code (Code monétaire et financier))	Ownership thresholds (Article 11 of the Articles of Association)	Nominative registration requirement (Article 11 of the Articles of Association)
	Before the close of trading four trading days after a legal threshold was crossed.	Before the close of trading five trading days after a threshold under the Articles of Association was crossed (even after crossing any of the legal thresholds).	Before the close of trading five trading days after a threshold under the Articles of Association was crossed. A copy of the nominative registration application, sent by registered post with acknowledgement of receipt to the registered office within 10 stock market trading days from the date on which the threshold is attained, shall constitute a declaration of attaining the ownership threshold in question.
Penalty for non-compliance with ownership threshold disclosure and nominative registration requirements	Shares exceeding the fraction that should have been declared are deprived of voting rights for any General Meeting held until the expiry of a period of two years following the date of regularisation of the notification.	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 regularisation, the corresponding voting rights can only be exercised once the period stipulated by law and current regulations has expired.	The shares that exceed the threshold subject to disclosure or having been subject to disclosure shall be disqualified from voting rights.

(1) Based on the total number of theoretical voting rights.



COMBINED GENERAL MEETING OF 20 APRIL 2022

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8.1 AGENDA

8.1.1 ORDINARY BUSINESS

8.1.1.1 PRESENTATION OF REPORTS TO BE SUBMITTED TO THE ORDINARY GENERAL MEETING

Executive management reports

- ◆ On the financial statements for the year ended 31 December 2021 and on the Company's activity for said financial year.
- ◆ On the management of the Group and the consolidated financial statements for the year ended 31 December 2021.
- ◆ On the resolutions relating to ordinary business.

Supervisory Board corporate governance report

Supervisory Board report to the Combined General Meeting of 20 April 2022

Statutory Auditors' reports

- ◆ On the annual financial statements.
- ◆ On the consolidated financial statements.
- ◆ On related-party agreements.

Report by one of the Statutory Auditors, designated as an independent third party, on the consolidated social, environmental and societal information contained in the management report

8.1.1.2 VOTING ON ORDINARY RESOLUTIONS

First resolution

Approval of the parent company financial statements.

Second resolution

Approval of the consolidated financial statements.

Third resolution

Executive Management discharge.

Fourth resolution

Allocation of net income – Distribution of an ordinary dividend.

Fifth resolution

Approval of related-party agreements.

Sixth resolution

Authorisation granted to the Executive Management to trade in the Company's shares.

Seventh resolution

Approval of the information referred to in I of Article L. 22-10-9 of the French Commercial Code (*Code de commerce*) with regard to compensation for the financial year ended 31 December 2021, for all Corporate Officers (global *ex-post* vote).

Eighth resolution

Approval of total compensation and benefits of all kinds paid during or awarded in respect of the financial year ended 31 December 2021 to Mr Axel Dumas, Executive Chairman (individual *ex-post* vote).

Ninth resolution

Approval of total compensation and benefits of all kinds paid during or awarded in respect of the financial year ended 31 December 2021 to the company Émile Hermès SAS, Executive Chairman (individual *ex-post* vote).

Tenth resolution

Approval of total compensation and benefits of all kinds paid during or awarded in respect of the financial year ended 31 December 2021 to Mr Éric de Seynes, Chairman of the Supervisory Board (individual *ex-post* vote).

Eleventh resolution

Approval of the compensation policy for the Executive Chairmen (*ex-ante* vote).

Twelfth resolution

Approval of the compensation policy for Supervisory Board members (*ex-ante* vote).

Thirteenth resolution

Re-election of Mr Charles-Éric Bauer as Supervisory Board member for a term of three years.

Fourteenth resolution

Re-election of Ms Estelle Brachlianoff as Supervisory Board member for a term of three years.

Fifteenth resolution

Re-election of Ms Julie Guerrand as Supervisory Board member for a term of three years.

Sixteenth resolution

Re-election of Ms Dominique Senequier as Supervisory Board member for a term of three years.

8.1.2 EXTRAORDINARY BUSINESS

8.1.2.1 PRESENTATION OF REPORTS TO BE SUBMITTED TO THE EXTRAORDINARY GENERAL MEETING

Executive management report

- ◆ On the resolutions relating to extraordinary business.

Supervisory Board report to the Combined General Meeting of 20 April 2022

Statutory Auditors' reports

- ◆ On the capital decrease (17th resolution).
- ◆ On the authorisation to grant stock options (18th resolution).
- ◆ On the authorization to grant free existing shares (19th resolution).

8.1.2.2 VOTING ON EXTRAORDINARY RESOLUTIONS

Seventeenth resolution

Authorisation to be granted to the Executive Management to reduce the share capital by cancellation of all or part of the treasury shares held by the Company (Article L. 22-10-62 of the French Commercial Code (*Code de commerce*)) – General cancellation programme.

Eighteenth resolution

Authorisation to be given to Executive Management to grant stock options.

Nineteenth resolution

Authorisation to be given to Executive Management to grant free existing shares.

Twentieth resolution

Delegation of authority to carry out the formalities related to the General Meeting.

8.2 EXPLANATORY STATEMENTS AND DRAFT RESOLUTIONS

Resolutions submitted for approval to the Combined General Meeting of 20 April 2022.

8.2.1 ORDINARY BUSINESS

RESOLUTIONS 1, 2 AND 3: APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS (PARENT COMPANY AND CONSOLIDATED) – EXECUTIVE MANAGEMENT DISCHARGE

Explanatory statement

In the first and second resolutions, we ask you to approve:

- ◆ the parent company financial statements for financial year 2021, which show a net profit of €1,165,343,741.66, and the expenses and charges mentioned in Article 39-4 of the French General Tax Code (*Code général des impôts*);
- ◆ the consolidated financial statements for financial year 2021.

In the third resolution, we ask you to grant discharge to the Executive Management for its management in respect of said financial year.

You will find:

- ◆ the consolidated financial statements in the 2021 universal registration document (chapter 5 “Consolidated financial statements”, § 5.1 to 5.6);
- ◆ the parent company financial statements in the 2021 universal registration document (chapter 6 “Parent company financial statements”, § 6.1 to 6.5);
- ◆ the Statutory Auditors’ reports on the parent company and consolidated financial statements in the 2021 universal registration document (chapter 6 “Parent company financial statements”, § 6.9 and chapter 5 “Consolidated financial statements”, § 5.7, respectively).

First resolution:

Approval of the parent company financial statements

The General Meeting, acting under the quorum and majority requirements for Ordinary General Meetings, having reviewed the Executive management report on the activity and situation of the Company, the Supervisory Board report and the Statutory Auditors’ report for the financial year ended 31 December 2021, approves as presented the parent company financial statements for said financial year, including the balance sheet, income statement, and notes, which show a net profit of €1,165,343,741.66, as well as the transactions reflected in these financial statements or described in these reports.

Pursuant to Article 223 *quater* of the French General Tax Code (*Code général des impôts*), the General Meeting approves the expenses and charges mentioned in Article 39-4 of the French General Tax Code, which amounted in the financial year ended 31 December 2021 to €346,123, and which generated an estimated income tax expense of €98,334.

Second resolution:

Approval of the consolidated financial statements

The General Meeting, acting under the quorum and majority requirements for Ordinary General Meetings, having reviewed the Executive management report on the activity and situation of the Group, the Supervisory Board report and the Statutory Auditors’ report for the financial year ended 31 December 2021, approves as presented the consolidated financial statements for said financial year, including the balance sheet, income statement, and notes, which show a consolidated net profit of €2,454 million, as well as the transactions reflected in these financial statements or described in these reports.

Third resolution:

Executive Management discharge

The General Meeting, acting under the quorum and majority requirements for Ordinary General Meetings, grants discharge to the Executive Management for its management in respect of the financial year beginning 1 January 2021 and ended 31 December 2021.

FOURTH RESOLUTION: ALLOCATION OF NET INCOME – DISTRIBUTION OF AN ORDINARY DIVIDEND

Explanatory statement

In the fourth resolution, we submit for your approval the allocation of net income for the period, in the amount of €1,165,343,741.66. Of this amount, pursuant to the Articles of Association, the sum of €7,807,803.07 is to be distributed to the Active partner.

We invite you to allocate €200,000,000.00 to other reserves. The Supervisory Board proposes that you set the ordinary dividend at €8.00 per share. The proposed distribution would thus be €844,555,296.00.

For shareholder beneficiaries who are natural persons fiscally domiciled in France, this entire dividend will be subject to a single flat-rate withholding tax at the overall rate of 30%.

The latter will consist in the application of tax on the income paid as an interim payment (so-called flat-rate withholding tax) withheld at source at a single flat rate of 12.8% of gross revenue, to which will be added social security withholdings of 17.2%.

This flat-rate taxation at the single rate of 12.8% will be automatically applicable unless the progressive tax scale is opted for overall, allowing the taxpayer to benefit from the 40%¹ tax allowance.

For shareholders who are not fiscally domiciled in France, the dividend distributed is subject to withholding tax at source at one of the rates specified in Article 187 of the French General Tax Code (*Code général des impôts*), in accordance with Article 119 bis of said Code, which may be reduced in application of any tax agreement concluded between France and the State in which the beneficiary is fiscally resident.

An interim dividend of €2.50 per share having been paid on 23 February 2022, the balance of the ordinary dividend, i.e. €5.50 per share, will be detached from the share on 25 April 2022 and will be payable in cash on 27 April 2022 on the positions closed in the evening of 26 April 2022. 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.

We note that the five-year summary of the Company's financial data required under Article R. 225-102 of the French Commercial Code (*Code de commerce*) is presented in the 2021 universal registration document (chapter 6 “Parent company financial statements”, § 6.6).

1. *Within the scope of the single flat-rate withholding tax, taxpayers may opt, expressly and irrevocably before the deadline for the declaration and overall for all their income defined in Article 200-A-1 of the French General Tax Code (Code général des impôts), for their income to be taxed using the progressive income tax scale, in accordance with Article 200-A-2 of the French General Tax Code.*

Fourth resolution:

Allocation of net income – Distribution of an ordinary dividend

The General Meeting, acting under the quorum and majority requirements applicable to Ordinary General Meetings, noting that the profit for the year amounts to €1,165,343,741.66 and that the previous retained earnings amounts to €2,382,784,505.12, and after noting that the legal reserve is fully funded, approves the allocation of these amounts, representing distributable profits in the amount of €3,548,128,246.78, as proposed by the Supervisory Board, namely:

- ♦ to the Active partner, pursuant to Article 26 of the Articles of Association, in the amount of €7,807,803.07;

- ♦ to the shareholders, an “ordinary” dividend of €8.00 per share, i.e. €844,555,296.00 ;
- ♦ allocation to other reserves of the sum of €200,000,000.00;
- ♦ the balance to the “Retained earnings” account, i.e. €2,495,765,147.71;
- ♦ **together €3,548,128,246.78.**

1. *The total amount of the distribution is calculated on the basis of the number of shares comprising the share capital at 31 December 2021, i.e. 105,569,412 shares, and may vary if the number of shares giving entitlement to dividends changes between 1 January 2022 and the ex-dividend date, depending in particular on the change in the number of treasury shares, which do not give entitlement to dividends in accordance with the provisions of Article L. 225-210 paragraph 4 of the French Commercial Code.*

The Ordinary General Meeting resolves that the balance of the ordinary dividend for the period (an interim dividend of €2.50 per share was paid on 23 February 2022), i.e. €5.50 per share, will be detached from the share on 25 April 2022 and payable in cash on 27 April 2022 on the positions closed in the evening of 26 April 2022.

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.

For shareholder beneficiaries who are natural persons fiscally domiciled in France, this entire dividend will be subject to a single flat-rate withholding tax at the overall rate of 30%.

The latter will consist in the application of tax on the income paid as an interim payment (so-called flat-rate withholding tax) withheld at source at a single flat rate of 12.8% of gross revenue, to which will be added social security withholdings of 17.2%.

This flat-rate taxation at the single rate of 12.8% will be automatically applicable unless the progressive tax scale is opted for overall, allowing the taxpayer to benefit from the 40% tax allowance.¹

For shareholders who are not fiscally domiciled in France, the dividend distributed is subject to withholding tax at source at one of the rates specified in Article 187 of the French General Tax Code (*Code général des impôts*), in accordance with Article 119 *bis* of said Code, which may be reduced in application of any tax agreement concluded between France and the State in which the beneficiary is fiscally resident.

In accordance with the provisions of Article 43 *bis* of the French General Tax Code (*Code général des impôts*), the General Meeting duly notes that dividends distributed to shareholders in respect of the three previous financial years were as follows:

<i>In euros</i>	Financial year		
	2020	2019	2018
“Ordinary” dividend	4.55	4.55 ¹	4.55
“Exceptional” dividend	-	-	-

(1) Prior to the General Meeting of 24 April 2020, the Supervisory Board – on the proposal of the Executive Management – decided to reduce the amount of the ordinary dividend from €5.00 to €4.55 per share, in order to take into account the potential impacts of the Covid-19 pandemic.

1. Within the scope of the single flat-rate withholding tax, taxpayers may opt, expressly and irrevocably before the deadline for the declaration and overall for all their income defined in Article 200-A-1 of the French General Tax Code, for their income to be taxed using the progressive income tax scale, in accordance with Article 200-A-2 of the French General Tax Code.

FIFTH RESOLUTION: APPROVAL OF RELATED-PARTY AGREEMENTS

Explanatory statement

By the fifth resolution, we ask you to approve the new agreements referred to in Articles L. 226-10, and L. 225-38 to L. 225-43 of the French Commercial Code (*Code de commerce*), the sole agreements which are submitted to the General Meeting for a vote.

Agreement authorised and concluded during the past financial year

Approval of the new commercial conditions applicable to the contract concluded between Hermès International and Studio des Fleurs.

You are reminded that, at its meeting of 20 March 2018, the Supervisory Board authorised the conclusion of a contract between Hermès International and Studio des Fleurs relating to services for shots and retouches for e-commerce product pack shots.

This agreement provided for the revision of tariffs following an initial period of three (3) years by application of an index and a ceiling, with the possibility of the parties waiving this ceiling if changes in the index or service provisions justified it.

The significant change in tariff practices in the market and, in particular, the index in question, thus led the parties to agree on new trading terms and conditions for 2021 and 2022.

At its meeting of 29 July 2021, the Supervisory Board approved the new commercial conditions applicable to this contract.

The Supervisory Board noted that, pursuant to these new commercial conditions, the increase in prices over the period covered by the contract is lower than the increase in the index chosen over the same period and that the new commercial conditions agreed upon are therefore in the Company's interest.

In accordance with the provisions of Articles L. 225-40-2 and R. 225-30-1 of the French Commercial Code (*Code de commerce*), Hermès International published the information relating to this agreement, at the time of its conclusion, in a dedicated section of its website (<https://finance.hermes.com/en/regulated-agreements/>).

This agreement is described in the Statutory Auditors' special report on agreements referred to in Articles L. 226-10, L. 225-38 to L. 225-43, L. 22-10-12 and L. 22-10-13 of the French Commercial Code (*Code de commerce*).

This report can be found in the 2021 universal registration document (chapter 8 "Combined General Meeting of 20 April 2022", § 8.4.3).

Agreements authorised in prior years

The agreements authorised and signed during previous financial years and whose performance continued during the last financial year are described in the Statutory Auditors' special report on the agreements referred to in Articles L. 226-10, L. 225-38 to L. 225-43, L. 22-10-12 and L. 22-10-13 of the French Commercial Code (*Code de commerce*). Since they have already been approved by the General Meeting, they are not resubmitted to you for a vote.

This report can be found in the 2021 universal registration document (chapter 8 "Combined General Meeting of 20 April 2022", § 8.4.3).

Fifth resolution:

Approval of the related-party agreements

The General Meeting, acting under the quorum and majority requirements applicable to Ordinary General Meetings, having reviewed the Statutory Auditors' special report on the agreements pertaining to the combined provisions of Articles L. 226-10, L. 225-38 to L. 225-43,

L. 22-10-12 and L. 22-10-13 of the French Commercial Code (*Code de commerce*), approves said report in all its provisions, as well as the agreements and transactions referred to therein.

SIXTH RESOLUTION: AUTHORISATION GRANTED TO THE EXECUTIVE MANAGEMENT TO TRADE IN THE COMPANY'S SHARES

Explanatory statement

In the sixth resolution, we ask you to renew the authorisation granted to the Executive Management to trade in the Company's shares.

Objectives

The shares may be repurchased in order to be allocated to the objectives permitted by Regulation (EU) No. 596/2014 of 16 April 2014 on market abuse (Market Abuse Regulation – "MAR"):

- ♦ objectives provided for in Article 5 of the MAR: capital decrease, hedging of debt securities exchangeable for shares and coverage of employee shareholding plans;

- ◆ objectives provided for in Article 13 of the MAR and under the sole market practice accepted by the Financial Markets Authority (AMF): the implementation of a liquidity contract by an investment service provider acting independently and in accordance with the provisions of AMF Decision No. 2021-01 of 22 June 2021;
- ◆ other objectives: acquisitions, hedging of equity securities exchangeable for shares and, more generally, allocation to the completion of any transactions in accordance with the regulations in force.

Limits of the authorisation

- ◆ purchases and sales of securities representing holdings of up to 10% of the share capital would be authorised, i.e. for indicative purposes as at 31 December 2021: 10,556,941 shares;
- ◆ the maximum purchase price (excluding costs) would be set at €1,900 per share;
- ◆ the maximum amount of funds to be committed would be set at €3,000 million. It is specified that treasury shares held on the day of the General Meeting are not taken into account in this maximum amount;
- ◆ pursuant to the law, the total number of shares held at any given date may not exceed 10% of the share capital as at that date.

Duration of the authorisation

This authorisation would be valid for a period of 18 months from the date of the General Meeting.

Sixth resolution:

Authorisation granted to the 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 report:

- 1) authorises the Executive Management, with the option to sub-delegate under the terms and conditions set by law, in accordance with the provisions of Articles L. 22-10-62 *et seq.* of the French Commercial Code (*Code de commerce*) and Regulation (EU) No. 596/2014 of 16 April 2014 on market abuse (MAR), to buy Company shares or have Company shares bought, within the limits stipulated by legal and regulatory provisions, provided that:
 - ◆ 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 comprising the Company's share capital, at any time; this percentage shall apply to share capital adjusted in accordance with transactions that may affect it subsequent to this General Meeting. In accordance with the provisions of Article L. 22-10-62 of the French Commercial Code (*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 ensure liquidity under the conditions defined by the Financial Markets Authority (AMF) General Regulation, and
 - ◆ the Company will not at any time own more than 10% of its capital on the date in question;
- 2) resolves that the shares may be acquired with a view to:
 - ◆ objectives provided for in Article 5 of the MAR:
 - cancelling all or part of the shares bought back in this way in order notably to increase the return on equity and earnings per share, and/or to neutralise the dilutive impact for shareholders of capital increases, wherein such purpose is contingent upon adoption of a special resolution by the Extraordinary General Meeting,
 - reallocating them upon the exercise of rights attached to debt securities giving entitlement by conversion, exercise, redemption, exchange, presentation of a warrant or in any other way, to the allocation of Company shares,
 - allotting or selling the shares to employees and Corporate Officers of the Company or a Group company, under the terms and conditions stipulated by law, as part of stock option plans (in accordance with the provisions of Articles L. 225-179 *et seq.* of the French Commercial Code (*Code de commerce*), or free share allocations (in accordance with the provisions of Articles L. 225-197-1 *et seq.* and L. 22-10-59 *et seq.* of the French Commercial Code, or with respect to their participation in the Company's profit-sharing or through a shareholding plan or a company or group savings plan (or similar plan) under conditions provided by law, in particular Articles L. 3332-1 *et seq.* of the French Labour Code (*Code du travail*);
 - ◆ objectives provided for in Article 13 of the MAR and under the sole market practice accepted by the Financial Markets Authority (AMF):
 - ensuring the promotion of a secondary market or the liquidity of the share through an investment service provider acting independently under a liquidity contract in accordance with an ethics charter recognised by the Financial Markets Authority (AMF), and in accordance with the provisions of AMF Decision No. 2021-01 of 22 June 2021;

- ◆ other objectives:
 - retaining the shares, in order subsequently to transfer the shares in payment, exchange or as other consideration for acquisitions 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 contribution shall not exceed 5% of the share capital,
 - reallocating them upon the exercise of rights attached to equity securities giving entitlement by conversion, exercise, redemption, exchange, presentation of a warrant or in any other way, to the allocation of Company shares; and more generally,
 - allocating them to the completion of any transactions in accordance with the applicable regulations.

This programme is also intended to enable the Company to operate for any other purpose that may be authorised, or come to be authorised, by law or regulations in force, including in particular any other market practice that may come to be approved by the Financial Markets Authority (AMF), subsequent to this General Meeting.

In such case, the Company would inform its shareholders by publishing a special notice;

- 3) resolves that, except for shares acquired for allocation under share purchase plans for the Company's employees or Corporate Officers, the purchase price per share shall be no higher than one thousand nine hundred euros (€1,900), excluding costs;
- 4) resolves that the Executive Management may nevertheless adjust the aforementioned purchase price in the event of a change in the par value of the share, a capital increase by capitalisation of reserves, a free share allocation, a stock split or reverse split, a write-off or reduction in the share capital, a distribution of reserves or other assets, or any other equity transactions, to take into account the effect of such transactions on the value of the share;
- 5) resolves that the maximum amount of funds that may be committed to this share purchase programme cannot exceed three billion euros (€3 billion);
- 6) resolves that the shares may be purchased by any means, including in full or in part by transactions on regulated markets, multilateral trading systems, using systematic internalisers or OTC, including block purchases of securities (without limiting the portion of the buyback programme carried out by this means), by public offering or the use of options or derivatives (in accordance with legal and regulatory requirements applicable at the time), excluding the sale of put options, and at the times that the Executive Management deems appropriate, including during a public offering on the Company's securities, in accordance with stock market regulations, either directly or indirectly via an investment service provider. The shares acquired pursuant to this authorisation may be retained, sold, or transferred by any means, including by block sales, and at any time, including during public offerings;
- 7) grants all powers to the Executive Management to implement this delegation, and in particular:
 - ◆ to decide and carry out the transactions provided for 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 aforementioned transactions on the value of the share,
 - ◆ to allocate or re-allocate 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 (AMF) and any other relevant body,
 - ◆ to undertake all formalities, and
 - ◆ to generally carry out all necessary measures;
- 8) resolves that this authorisation is granted for a period of 18 months from this meeting.

This authorisation cancels and replaces, for the remaining term and the unused portion, the authorisation granted by the Combined General Meeting of 4 May 2021 in its 6 resolution ("Authorisation granted to the Executive Management to trade in the Company's shares").

SEVENTH, EIGHTH, NINTH AND TENTH RESOLUTIONS: APPROVAL OF TOTAL COMPENSATION AND BENEFITS OF ALL KINDS PAID DURING OR AWARDED IN RESPECT OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 TO THE CORPORATE OFFICERS – ACTUAL APPLICATION OF THE COMPENSATION POLICY

Explanatory statement

The mechanism applicable to *sociétés en commandite par actions* (Partnerships limited by shares) governing Corporate Officers' compensation is described in detail in the 2021 universal registration document (chapter 3 "Corporate Governance", § 3.8).

In respect of the past financial year (ended on 31 December 2021), this mechanism provides for:

- ◆ a so-called "global" *ex-post* vote concerning the information referred to in I of Article L. 22-10-9 of the French Commercial Code (*Code de commerce*). This information reflects, for each of the Corporate Officers in office during the financial year ended on 31 December 2021, the effective application of the compensation policy for that financial year.

The information referred to in 1°, 2° and 4° of Article L. 22-10-9, I. of the French Commercial Code (*Code de commerce*) is detailed and explained below. The other information referred to in this Article, which is also subject to the global *ex-post* vote, is described in the 2021 universal registration document (chapter 3 "Corporate Governance", § 3.8.1, § 3.8.2 and § 3.8.4).

In the seventh resolution, we ask that you approve this information for each of the Corporate Officers;

- ◆ a so-called "individual" *ex-post* vote concerning the total compensation and benefits of all kinds paid during or awarded in respect of the financial year ended to the Executive Chairmen and the Chairman of the Supervisory Board.

In the eighth to tenth resolutions, we ask that you approve the total compensation and benefits of all kinds paid during or awarded in respect of the financial year ended 31 December 2021 to the Executive Chairmen and the Chairman of the Supervisory Board.

The components making up this total compensation and benefits in kind are presented in the tables below, as follows:

Resolution	Corporate Officers concerned
Global <i>ex-post</i> vote	
7 th (information on the compensation and benefits of all Corporate Officers)	Executive Chairmen, Chairman and members of the Supervisory Board
Individual <i>ex-post</i> votes	
8 th (compensation and benefits of Mr Axel Dumas)	Executive Chairman
9 th (compensation and benefits of Émile Hermès SAS)	Executive Chairman
10 th (compensation and benefits of Mr Éric de Seynes)	Chairman of the Supervisory Board

Executive Chairmen

Components of compensation submitted to the vote	Amount awarded in respect of financial year 2021 or accounting valuation	Amount paid during financial year 2021	Presentation
7th and 8th resolutions (global and individual ex-post votes): Mr Axel Dumas			
			<p>To the extent that the Executive Chairmen receive neither multi-year variable compensation nor deferred variable compensation, only the following elements are subject to a vote:</p> <ul style="list-style-type: none"> ◆ fixed compensation paid during financial year 2021; ◆ variable compensation awarded in respect of financial year 2020, paid during financial year 2021; ◆ variable compensation awarded in respect of financial year 2021 whose payment in 2022 is contingent on approval by shareholders at the General Meeting of 20 April 2022; and ◆ benefits of all kinds. <p>The components of compensation detailed below all comply with the compensation policy for the Executive Chairmen presented in the 2021 universal registration document (chapter 3 “Corporate governance”, § 3.8.1.1 and § 3.8.1.2).</p> <p>The other information referred to in Article L. 22-10-9, I. of the French Commercial Code (<i>Code de commerce</i>), which is also subject to the global ex-post vote, is described in the 2021 universal registration document (chapter 3 “Corporate governance”, § 3.8.1, § 3.8.2 and § 3.8.4).</p> <p>In the seventh resolution, we ask that you approve this information for each of the Corporate Officers.</p>
Gross annual fixed compensation for 2021 (or “additional” compensation in the Articles of Association)	€1,623,378 (amount unchanged from that received in 2020 ¹ and 2019)		<p>The 2021 fixed compensation of Mr Axel Dumas was determined by the Executive Management Board on 17 February 2021, in accordance with the compensation policy for the Executive Chairmen, and submitted to the Supervisory Board for approval at its meeting of 18 February 2021.</p> <p>In accordance with the compensation policy for the Executive Chairmen presented in the universal registration document for 2021 (chapter 3 “Corporate Governance”, § 3.8.1.1 and § 3.8.1.2), the gross annual fixed compensation of Mr Axel Dumas did not change in 2021.</p>
Gross annual variable compensation for 2021 set by the Articles of Association (“statutory compensation”)	€1,559,319 of which 10% for achieving the CSR criterion		<p>The gross annual variable compensation in 2021 of Mr Axel Dumas, awarded in respect of 2020, was determined by the Executive Management Board on 17 February 2021 in accordance with the compensation policy for the Executive Chairmen and was subject to the deliberation of the Supervisory Board at its meeting of 18 February 2021.</p> <p>This component of compensation for Mr Axel Dumas was already submitted to a vote (ex-post) by shareholders at the General Meeting of 4 May 2021 (“Gross annual variable compensation awarded in 2021 in respect of 2020”). Shareholders having approved the seventh and eighth resolutions by 95.10% and 94.42% respectively, the gross annual variable compensation was paid to Mr Axel Dumas after the General Meeting of 4 May 2021 (payment subject to approval by the General Meeting).</p> <p>Given the terms of application of the mechanism governing Senior Executives’ compensation, this component remains subject to a vote (ex-post) by this meeting due to its payment in 2021.</p> <p>In application of the compensation policy for the Executive Chairmen presented in the universal registration document for 2021 (chapter 3 “Corporate Governance”, § 3.8.1.1 and § 3.8.1.2), the effective gross annual variable compensation in 2021 of Mr Axel Dumas for financial year 2020² decreased (-12.4%).</p>
Deferred variable compensation	n/a		The principle of the allocation of deferred variable compensation is not provided for.
Multi-year variable compensation	n/a		The principle of such compensation is not provided for.
Exceptional compensation	n/a		The principle of such compensation is not provided for.

(1) It should be noted that, in the context of the Covid-19 epidemic, Mr. Axel Dumas waived the increase in his gross annual fixed compensation in 2020, and therefore received the same amount of fixed compensation in 2020 as that received in 2019.

(2) It should be noted that, in the context of the Covid-19 epidemic, Mr. Axel Dumas waived the increase in his gross annual variable compensation in 2020, and therefore received the same amount of variable compensation in 2020 as that received in 2019.

Components of compensation submitted to the vote	Amount awarded in respect of financial year 2021 or accounting valuation	Amount paid during financial year 2021	Presentation
Stock options, performance-based shares or any other element of long-term compensation (IFRS valuation at the allocation date)	Stock options: n/a Performance-based shares: n/a Other items: n/a		No stock option or performance-based share plans benefiting the Executive Chairmen were implemented during or in respect of the 2021 financial year.
Compensation for assumption of duties		n/a	No such commitment exists.
Severance payment		€0	The conditions governing the severance payment are presented in the 2021 universal registration document (chapter 3 "Corporate governance", § 3.8.1.2.4). No payment has been made during or in respect of financial year 2021.
Non-compete indemnity		n/a	Mr Axel Dumas is not subject to any non-competition agreement, therefore no compensation is made in this respect.
Supplemental pension plan	With respect to Article 83: No payment With respect to Article 39: No payment		The supplemental pension plans (Article 83 and Article 39 of the French General Tax Code (<i>Code général des impôts</i>)) are presented in the 2021 universal registration document (chapter 3 "Corporate governance", § 3.8.1.2.4). No payment has been made during or in respect of financial year 2021. Defined-contribution pension plan (Article 83 of the French General Tax Code (<i>Code général des impôts</i>)) For information, if Mr Axel Dumas had been able to liquidate his retirement entitlements at 31 December 2021, the estimated maximum gross amount of annual pension under the defined-contribution pension plan would be €7,851. Defined-benefit pension plan (Article 39 of the French General Tax Code (<i>Code général des impôts</i>) – Article L. 137-11 of the French Social Security Code (<i>Code de la sécurité sociale</i>)) Subject to satisfying the conditions of the plan at the time of liquidation of his pension, in particular, the beneficiary ending his career in the Company after at least 10 years' seniority and the liquidation of the retirement pension as per the basic social security pension regime, and any statutory changes that may occur, the potential pension rights calculated for Mr Axel Dumas at 31 December 2021 would be €87,352.
Compensation paid or awarded by a company falling within the scope of consolidation		n/a	The principle of such compensation is not provided for.
Valuation of benefits of any kind		€1,950	Benefits in kind are presented in the 2021 universal registration document (chapter 3 "Corporate governance", § 3.8.1.2.4).
Death and disability plan			The death and disability plan is presented in the universal registration document for 2021 (chapter 3 "Corporate Governance", § 3.8.1.2.4).

n/a: not applicable.

Components of compensation submitted to the vote	Amount awarded in respect of financial year 2021 or accounting valuation	Amount paid during financial year 2021	Presentation
Gross annual variable compensation for 2022 set by the Articles of Association (“statutory compensation”)	€2,700,742 of which 10% for achieving the CSR criterion		<p>The gross annual variable compensation in 2022 of Mr Axel Dumas, awarded in respect of 2021, was determined by the Executive Management Board on 16 February 2022, in accordance with the compensation policy for the Executive Chairmen, and was subject to the deliberation of the Supervisory Board at its meeting of 17 February 2022.</p> <p>A portion of the variable compensation is submitted to a “CSR” criterion representing the Group’s firm and ongoing commitments to sustainable development.</p> <p>The CAG-CSR Committee evaluated the level of achievement of the CSR criterion applicable to 10% of the variable compensation of the Executive Chairmen at its meeting of 7 January 2022 and noted that the three indicators making up the criterion were fully achieved. The details of this assessment can be found in the 2021 universal registration document (chapter 3 “Corporate governance”, § 3.8.2.1.2).</p> <p>Consequently, the gross variable compensation for financial year 2021 has been calculated by applying the change in the Company’s consolidated net income before tax for financial year 2021 compared with that of 2020, i.e. an increase of 73.2%, to the variable compensation paid in 2021 in respect of financial year 2020.</p> <p>Payment of this compensation is subject to the approval of the General Meeting of 20 April 2022.</p>

Components of compensation submitted to the vote	Amount awarded in respect of financial year 2021 or accounting valuation	Amount paid during financial year 2021	Presentation
7th and 9th resolutions (global and individual ex-post votes): Émile Hermès SAS			<p>To the extent that the Executive Chairmen receive neither multi-year variable compensation nor deferred variable compensation, only the following elements are subject to a vote:</p> <ul style="list-style-type: none"> ◆ fixed compensation paid during financial year 2021; ◆ variable compensation awarded in respect of financial year 2020, paid during financial year 2021; ◆ variable compensation awarded in respect of financial year 2021 whose payment in 2022 is contingent on approval by the shareholders at the General Meeting of 20 April 2022; ◆ benefits of all kinds. <p>The components of compensation presented below all comply with the compensation policy for the Executive Chairmen presented in the 2021 universal registration document (chapter 3 “Corporate governance”, § 3.8.1.1 and § 3.8.1.2).</p> <p>The other information referred to in Article L. 22-10-9, I. of the French Commercial Code (<i>Code de commerce</i>), which is also subject to the global ex-post vote, is described in the 2021 universal registration document (chapter 3 “Corporate governance”, § 3.8.1, § 3.8.2 and § 3.8.4).</p> <p>In the seventh resolution we ask that you approve this information for each of the Corporate Officers.</p>
Gross annual fixed compensation for 2021 (or “additional” compensation in the Articles of Association)		€551,850 (amount unchanged from that received in 2020 ¹ and 2019)	<p>The fixed compensation paid in 2021 to the company Émile Hermès SAS was determined by the Executive Management Board on 17 February 2021, in accordance with the compensation policy for the Executive Chairmen, and submitted to the Supervisory Board for approval at its meeting of 18 February 2021.</p> <p>In accordance with the compensation policy for the Executive Chairmen presented in the 2021 universal registration document (chapter 3 “Corporate Governance”, § 3.8.1.1 and § 3.8.1.2), the gross annual fixed compensation of Émile Hermès SAS did not change in 2021.</p>

(1) It should be noted that, in the context of the Covid-19 epidemic, Émile Hermès SAS waived the increase in its gross annual fixed compensation in 2020, and therefore received the same amount of fixed compensation in 2020 as that received in 2019.

Components of compensation submitted to the vote	Amount awarded in respect of financial year 2021 or accounting valuation	Amount paid during financial year 2021	Presentation
Gross annual variable compensation for 2021 set by the Articles of Association ("statutory compensation")		€727,153 of which 10% for achieving the CSR criterion	The gross annual variable compensation in 2021 of Émile Hermès SAS, awarded in respect of 2020, was determined by the Executive Management Board on 17 February 2021, in accordance with the compensation policy for the Executive Chairmen, and was subject to the deliberation of the Supervisory Board at its meeting of 18 February 2021. This component of compensation for the company Émile Hermès SAS was already submitted to a vote (<i>ex-post</i>) by shareholders at the General Meeting of 4 May 2021 ("gross annual variable compensation awarded in 2021 in respect of 2020"). Shareholders having approved the seventh and ninth resolutions by 95.10% and 94.41% respectively, the gross annual variable compensation was paid to the company Émile Hermès SAS after the General Meeting of 4 May 2021 (payment subject to approval by the General Meeting). Given the terms of application of the mechanism governing Senior Executives' compensation, this component remains subject to a vote (<i>ex-post</i>) by this meeting, due to its payment in 2021. In application of the compensation policy for the Executive Chairmen presented in the 2021 universal registration document (chapter 3 "Corporate Governance", §3.8.1.1 and §3.8.1.2), the actual gross annual variable compensation of Émile Hermès SAS in 2021 for financial year 2020 ¹ decreased (-12.4%).
Deferred variable compensation		n/a	The principle of the allocation of deferred variable compensation is not provided for.
Multi-year variable compensation		n/a	The principle of such compensation is not provided for.
Exceptional compensation		n/a	The principle of such compensation is not provided for.
Stock options, performance-based shares or any other element of long-term compensation (IFRS valuation at the allocation date)	Stock options: n/a Performance-based shares: n/a Other items: n/a		No stock option or performance-based share plans benefiting the Executive Chairmen were implemented during or in respect of the 2021 financial year. Émile Hermès SAS, a legal entity, is in addition not eligible for the stock option or performance-based share plans.
Compensation for assumption of duties		n/a	No such commitment exists.
Severance payment		n/a	No such commitment exists.
Non-compete indemnity		n/a	No such commitment exists.
Supplemental pension plan		n/a	Émile Hermès SAS, a legal entity, is not eligible for a supplemental pension plan.
Compensation paid or awarded by a company falling within the scope of consolidation		n/a	The principle of such compensation is not provided for.
Valuation of benefits of any kind		n/a	Émile Hermès SAS does not receive benefits of any kind.
Death and disability plan		n/a	Émile Hermès SAS, a legal entity, is not eligible for a death and disability plan.

(1) It should be noted that, in the context of the Covid-19 epidemic, Émile Hermès SAS waived the increase in its gross annual variable compensation in 2020, and therefore received the same amount of variable compensation in 2020 as that received in 2019.

n/a: not applicable

Components of compensation submitted to the vote	Amount awarded in respect of financial year 2021 or accounting valuation	Amount paid during financial year 2021	Presentation
Gross annual variable compensation for 2022 (compensation set by the Articles of Association ("statutory compensation"))	€ 1,259,430 of which 10% for achieving the CSR criterion		<p>The gross annual variable compensation in 2022 of Émile Hermès SAS, awarded in respect of 2021, was determined by the Executive Management Board on 16 February 2022, in accordance with the compensation policy for the Executive Chairmen, and was subject to the deliberation of the Supervisory Board at its meeting of 18 February 2022.</p> <p>A portion of the variable compensation is subject to a "CSR" criterion representing the Group's firm and ongoing commitments to sustainable development.</p> <p>The CAG-CSR Committee evaluated the level of achievement of the CSR criterion applicable at 10% of the variable compensation of the Executive Chairmen at its meeting of 7 January 2022 and noted that the three indicators making up the criterion were fully achieved. The details of this assessment can be found in the 2021 universal registration document (chapter 2 "Corporate governance", § 3.8.2.1.2).</p> <p>Consequently, the variable compensation for financial year 2021 has been calculated by applying the change in the Company's consolidated net income before tax for financial year 2021 compared with that of 2020, i.e. an increase of 73.2%, to the variable compensation paid in 2021 in respect of 2020. Payment of this compensation is subject to the approval of the General Meeting of 20 April 2022.</p>

Chairman of the Supervisory Board

Components of compensation submitted to the vote	Amount awarded in respect of financial year 2021 or accounting valuation	Amount paid during financial year 2021	Presentation
7th and 10th resolutions (global and individual ex-post votes): Mr Éric de Seynes			<p>The components of compensation detailed below all comply with the compensation policy for members of the Supervisory Board described in the 2021 universal registration document (chapter 3 "Corporate governance", § 3.8.1.1 and § 3.8.1.3).</p> <p>The other information referred to in Article L. 22-10-9, I. of the French Commercial Code (<i>Code de commerce</i>), which is also subject to the global ex-post vote, is described in the 2021 universal registration document (chapter 3 "Corporate governance", § 3.8.1, § 3.8.2 and § 3.8.4).</p> <p>In the seventh resolution, we ask that you approve this information for each of the Corporate Officers.</p>
Gross annual fixed compensation	€140,000	€140,000	The Chairman of the Supervisory Board is entitled to a fixed annual compensation of €140,000. This is deducted from the total amount of compensation awarded to the Supervisory Board by the General Meeting. He is not entitled to any variable compensation as he attends all Supervisory Board meetings.
Gross annual variable compensation		n/a	The principle of such compensation for the Chairman is not provided for.
Other components of compensation		n/a	No other form of compensation is provided for.
Other commitments		n/a	No other commitments exist.

Other members of the Supervisory Board

Components of compensation submitted to the vote	Amount awarded in respect of financial year 2021 or accounting valuation	Amount paid during financial year 2021	Presentation
7th resolution (global ex-post vote): Members of the Supervisory Board (excluding the Chairman)			The components of compensation detailed below all comply with the compensation policy for members of the Supervisory Board described in the 2021 universal registration document (chapter 3 “Corporate governance”, § 3.8.1.1 and § 3.8.1.3). The other information referred to in Article L. 22-10-9, I. of the French Commercial Code (<i>Code de commerce</i>), which is also subject to the global ex-post vote, is described in the 2021 universal registration document (chapter 3 “Corporate governance”, § 3.8.1, § 3.8.2 and § 3.8.4). In the seventh resolution, we ask that you approve this information for each of the Corporate Officers.
Gross annual fixed compensation for Board members	Please refer to Table 3 in the 2021 universal registration document (chapter 3 “Corporate governance”, § 3.8.4.3)		The allocation principles provided for in the compensation policy are presented in the 2021 universal registration document (chapter 3 “Corporate governance”, § 3.8.1.3).
Gross annual variable compensation for Board members	Please refer to Table 3 in the 2021 universal registration document (chapter 3 “Corporate governance”, § 3.8.4.3)		The allocation principles provided for in the compensation policy are presented in the 2021 universal registration document (chapter 3 “Corporate governance”, § 3.8.1.3).
Other components of compensation		n/a	No other form of compensation is provided for.
Other commitments		n/a	No other commitments exist.

Seventh resolution:

Approval of the information referred to in I of Article L. 22-10-9 of the French Commercial Code (Code de commerce) with regard to compensation for the financial year ended 31 December 2021, for all Corporate Officers (global ex-post vote)

The General Meeting, acting under the quorum and majority requirements for Ordinary General Meetings, having reviewed the Supervisory Board’s corporate governance report, approves, in accordance with I of Article L. 22-10-77 of the French Commercial Code (Code de commerce), in respect of each Corporate Officer, the information referred to in I of Article L. 22-10-9 of the French Commercial Code (Code de commerce), as presented in the 2021 universal registration document (chapter 3 “Corporate governance”, § 3.8.2) and in the explanatory statements to the resolutions.

Eighth resolution:

Approval of total compensation and benefits of all kinds paid during or awarded in respect of the financial year ended 31 December 2021 to Mr Axel Dumas, Executive Chairman (individual ex-post vote)

The General Meeting, acting under the quorum and majority requirements for Ordinary General Meetings, in accordance with the provisions of II of Article L. 22-10-77 of the French Commercial Code (Code de commerce), approves the total compensation and benefits of all kinds paid during or awarded in respect of the financial year ended 31 December 2021 to Mr Axel Dumas, Executive Chairman, as presented in the explanatory statements to the resolutions.

Ninth resolution:

Approval of total compensation and benefits of all kinds paid during or awarded in respect of the financial year ended 31 December 2021 to the company Émile Hermès SAS, Executive Chairman (individual ex-post vote)

The General Meeting, acting under the quorum and majority requirements for Ordinary General Meetings, in accordance with the provisions of II of Article L. 22-10-77 of the French Commercial Code (Code de commerce), approves the total compensation and benefits of all kinds paid during or awarded in respect of the financial year ended 31 December 2021 to the company Émile Hermès SAS, Executive Chairman, as presented in the explanatory statements to the resolutions.

Tenth resolution:

Approval of total compensation and benefits of all kinds paid during or awarded in respect of the financial year ended 31 December 2021 to Mr Éric de Seynes, Chairman of the Supervisory Board (individual ex-post vote)

The General Meeting, acting under the quorum and majority requirements for Ordinary General Meetings, in accordance with the provisions of II of Article L. 22-10-77 of the French Commercial Code (Code de commerce), approves the total compensation and benefits of all kinds paid during or awarded in respect of the financial year ended 31 December 2021 to Mr Éric de Seynes, Chairman of the Supervisory Board, as presented in the explanatory statements to the resolutions.

ELEVENTH AND TWELFTH RESOLUTIONS: COMPENSATION POLICIES FOR EXECUTIVE CHAIRMEN AND SUPERVISORY BOARD MEMBERS (EX-ANTE VOTES)

Explanatory statement

The mechanism applicable to *sociétés en commandite par actions* (Partnerships limited by shares) governing Senior Executives' compensation, introduced by Order No. 2019-1234 of 27 November 2019, is described in detail in the 2021 universal registration document (chapter 3 "Corporate governance", § 3.8).

This system provides that the Shareholders' General Meeting votes each year on the compensation policies of the Corporate Officers (i.e. the Executive Chairmen and the Supervisory Board members).

These are presented in the 2021 universal registration document (chapter 3 "Corporate governance", § 3.8.1.1 to § 3.8.1.3).

In the eleventh and twelfth resolutions, we ask that you approve the following compensation policies (*ex-ante* votes):

Resolution	Corporate Officers concerned
Ex-ante votes	
11 th (compensation)	Executive Chairmen
12 th (compensation policy)	Members of the Supervisory Board

Eleventh resolution:

Approval of the compensation policy for the Executive Chairmen (ex-ante vote)

The General Meeting, acting under the quorum and majority requirements for Ordinary General Meetings, having reviewed the Supervisory Board's corporate governance report, pursuant to II of Article L. 22-10-76 of the French Commercial Code (*Code de commerce*), approves the compensation policy for Executive Chairmen, as set out in the 2021 universal registration document (chapter 3 "Corporate governance", § 3.8.1.1 and § 3.8.1.2).

Twelfth resolution:

Approval of the compensation policy for Supervisory Board members (ex-ante vote)

The General Meeting, acting under the quorum and majority requirements for Ordinary General Meetings, having reviewed the Supervisory Board's corporate governance report, pursuant to II of Article L. 22-10-76 of the French Commercial Code (*Code de commerce*), approves the compensation policy for Supervisory Board members, as set out in the 2021 universal registration document (chapter 3 "Corporate governance", § 3.8.1.1 and § 3.8.1.3).

THIRTEENTH, FOURTEENTH, FIFTEENTH AND SIXTEENTH RESOLUTIONS: RE-ELECTION OF SUPERVISORY BOARD MEMBERS*Explanatory statement*

The terms of office of four members of the Supervisory Board (Mr Charles-Éric Bauer, Mss Estelle Brachlianoff, Julie Guerrand and Dominique Senequier) expire at the end of this meeting.

In the thirteenth, fourteenth, fifteenth and sixteenth resolutions, the Active partner proposes that you renew, for the three year period as set out in the Articles of Association, the mandates of these members of the Supervisory Board.

These four terms of office would thus expire at the end of the General Meeting called in 2025 to approve the financial statements for the financial year ending 31 December 2024.

Mr Charles-Éric Bauer has been a member of the Supervisory Board since 3 June 2008. He brings to the Board his in-depth knowledge of the history and culture of Hermès. His expertise in banking and finance, and the commitment with which he carries out his duties and participates in the Audit and Risk Committee enable him to make an effective contribution to the quality of the discussions and work of the Board in all of its areas of responsibility.

Ms Estelle Brachlianoff has been a member of the Supervisory Board since 4 June 2019. Her experience as a high-level manager in a group with an international dimension, steering structures undergoing transformation, as well as her expertise in CSR and the commitment with which she carries out her duties and participates in the Audit and Risk Committee and the CAG-CSR Committee enable her to make an effective contribution to the quality of the discussions and work of the Board in all of its areas of responsibility. She also brings her dynamism, intellectual agility and the special care she gives to the quality of human relations in organisations.

Ms Julie Guerrand has been a member of the Supervisory Board since 2 June 2005. She brings to the Board her in-depth knowledge of the history and culture of Hermès. Her experience in the fields of finance and M&A, as well as her legal expertise and the commitment with which she carries out her duties enable her to contribute actively to the quality of the discussions and work of the Board in all of its areas of responsibility.

Ms Dominique Senequier has been a member of the Supervisory Board since 4 June 2013. She brings to the Board her expertise in the field of finance and private equity, as well as her understanding of global macroeconomic and geopolitical issues. Her grasp of corporate governance, her international dimension acquired in China, the United States, the Middle East and emerging countries, and the commitment with which she carries out her duties and directs the work of the CAG-CSR Committee enable her to make an effective contribution to the quality of the discussions and work of the Board in all of its areas of responsibility.

Cumulative attendance over the last three years (2019-2021) of their term of office

	Supervisory Board	Audit and Risk Committee	CAG-CSR Committee
Mr Charles-Éric Bauer	100.00%	100.00%	n/a
Ms Estelle Brachlianoff	85.00%	100.00%	73.33%
Ms Julie Guerrand	100.00%	n/a	n/a
Ms Dominique Senequier	78.26%	n/a	100.00%

n/a: not applicable

Information concerning the persons whose re-election is submitted for your approval is provided in the 2021 universal registration document (chapter 3 "Corporate governance", § 3.4.8.8, § 3.4.8.9, § 3.4.8.11 and § 3.4.8.1).

These reappointments proposed by the CAG-CSR Committee – which since 2011 has been tasked with making recommendations to the Supervisory Board regarding changes in the composition of the Board – are fully in line with the diversity policy applied within the Supervisory Board and revised in 2020, which is described in detail in the 2021 universal registration document (chapter 3 "Corporate governance", § 3.4.3).

The Supervisory Board has set itself objectives or principles in terms of optimal Board size, age limit, number of independent members and diversity (representation of women and men, nationalities, international experience, expertise, etc.), and has gradually changed the composition of the Board to achieve this.

These proposed reappointments submitted to the vote of the General Meeting meet these objectives and principles, in particular by enabling a variety of skills and experience to be retained, covering each of the areas of expertise corresponding to the main operational issues facing the Hermès Group and the core subjects that the Supervisory Board and its committees are required to oversee as part of their duties. They also respond to the Board's desire to maintain a composition that takes into account the specific nature of the Maison Hermès.

Thirteenth resolution:

Re-election of Mr Charles-Éric Bauer as Supervisory Board member for a term of three years

On proposal of the Active partner, the General Meeting, acting under the quorum and majority requirements applicable to Ordinary General Meetings, renews, as a member of the Supervisory Board the mandate of:

Mr Charles-Éric Bauer

Pursuant to Article 18.2 of the Articles of Association, his mandate for a period of three years will expire at the end of the Annual Ordinary General Meeting called in 2025 to approve the financial statements for the financial year ending 31 December 2024.

Mr Charles-Éric Bauer has indicated that he is prepared to accept the renewal of his mandate, and that he does not hold any positions and is not subject to any restrictions that could prevent him from carrying out his duties.

Fourteenth resolution:

Re-election of Ms Estelle Brachlianoff as Supervisory Board member for a term of three years

On proposal of the Active partner, the General Meeting, acting under the quorum and majority requirements applicable to Ordinary General Meetings, renews, as a member of the Supervisory Board the mandate of:

Ms Estelle Brachlianoff

Pursuant to Article 18.2 of the Articles of Association, her mandate for a period of three years will expire at the end of the Annual Ordinary General Meeting called in 2025 to approve the financial statements for the financial year ending 31 December 2024.

Ms Estelle Brachlianoff has indicated that she is prepared to accept the renewal of her mandate, and that she does not hold any positions and is not subject to any restrictions that could prevent her from carrying out her duties.

Fifteenth resolution:

Re-election of Ms Julie Guerrand as Supervisory Board member for a term of three years

On proposal of the Active partner, the General Meeting, acting under the quorum and majority requirements applicable to Ordinary General Meetings, renews, as a member of the Supervisory Board the mandate of:

Ms Julie Guerrand

Pursuant to Article 18.2 of the Articles of Association, her mandate for a period of three years will expire at the end of the Annual Ordinary General Meeting called in 2025 to approve the financial statements for the financial year ending 31 December 2024.

Ms Julie Guerrand has indicated that she is prepared to accept the renewal of her mandate, and that she does not hold any positions and is not subject to any restrictions that could prevent her from carrying out her duties.

Sixteenth resolution:

Re-election of Ms Dominique Senequier as Supervisory Board member for a term of three years

On proposal of the Active partner, the General Meeting, acting under the quorum and majority requirements applicable to Ordinary General Meetings, renews, as a member of the Supervisory Board the mandate of:

Ms Dominique Senequier

Pursuant to Article 18.2 of the Articles of Association, her mandate for a period of three years will expire at the end of the Annual Ordinary General Meeting called in 2025 to approve the financial statements for the financial year ending 31 December 2024.

Ms Dominique Senequier has indicated that she is prepared to accept the renewal of her mandate, and that she does not hold any positions and is not subject to any restrictions that could prevent her from carrying out her duties.

8.2.2 EXTRAORDINARY BUSINESS

SEVENTEENTH RESOLUTION: AUTHORISATION TO REDUCE THE SHARE CAPITAL BY CANCELLATION OF SHARES

Explanatory statement

In the seventeenth resolution, we ask you to renew the authorisation granted to the Executive Management to cancel, on one or more occasions, in the amounts and at the times it so decides, all or part of the shares acquired by the Company under the programme to purchase its own shares. This authorisation would in particular enable the Company to cancel shares issued to cover stock options that are no longer exercisable or that have expired.

Limit

Up to a maximum of 10% of the share capital per 24-month period.

Duration of the authorisation

This authorisation would be valid for 24 months from the date of the General Meeting.

The Statutory Auditors' report on the seventeenth resolution is presented in the 2021 universal registration document, (chapter 8 "Combined General Meeting of 20 April 2022", § 8.4.5).

Seventeenth resolution:

Authorisation to be granted to the Executive Management to reduce the share capital by cancellation of all or part of the treasury shares held by the Company (Article L. 22-10-62 of the French Commercial Code (Code de commerce) – General cancellation programme

The General Meeting, acting under the quorum and majority requirements for Extraordinary General Meetings, having reviewed the Executive management report, the Supervisory Board report and the Statutory Auditors' special report, authorises the Executive Management, in accordance with Article L. 22-10-62 of the French Commercial Code (*Code de commerce*), to reduce the share capital by cancelling, on one or more occasions, in the amounts and at the times it so decides, some or all of the shares held by the Company or acquired by the Company under the share buyback programme referred to in the 6th resolution ("Authorisation granted to the Executive Management to trade in the Company's shares") submitted to this General Meeting and/or pursuant to any authorisation granted by a past or future General Meeting, up to a maximum of 10% of the share capital per 24-month period.

The General Meeting delegates the broadest of powers to the Executive Management for the purpose of implementing this delegation, 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 this resolution;
- ♦ to amend the Company's Articles of Association accordingly, and to undertake all necessary formalities.

This delegation is granted to the Executive Management for a period of 24 months.

It cancels and replaces, for the remaining term and the unused portion, the authorisation granted by the Combined General Meeting of 4 May 2021 in its 17th resolution ("Authorisation to reduce the share capital by cancellation of shares").

EIGHTEENTH RESOLUTION: STOCK OPTIONS

Explanatory statement

By the eighteenth resolution, we ask you to renew the authorisation granted to the Executive Management to grant stock options to employees and Corporate Officers of the Company and its subsidiaries.

Since 2008, no stock option plan has been granted to employees and Corporate Officers of the Company and its subsidiaries. Nevertheless, the Company wishes to renew this authorisation in order to retain the possibility of using this instrument. Options can be a suitable compensation tool in certain situations, in particular to align the interests of Senior Executives and employees with those of shareholders by creating value in the medium and long term. The conditions under which such options may be granted are strictly limited.

The total number of stock options that may be granted under this authorisation and not yet exercised and the total number of free shares granted pursuant to the nineteenth resolution ("Authorisation to be given to Executive Management to grant free existing shares") may not represent a number of shares greater than 2% of the number of ordinary shares on the day on which the options are granted, without taking into account:

- ◆ those already awarded under previous authorisations;
- ◆ those that have not been definitively allocated at the end of the vesting period provided for in the sixth paragraph of Article L. 225-197-1, I of the French Commercial Code (*Code de commerce*);
- ◆ those that are no longer subject to the retention obligation provided for in the seventh paragraph of Article L. 225-197-1, I of the French Commercial Code (*Code de commerce*).

The purchase price of the shares would be set by the Executive Management within the limits and in accordance with the terms and conditions provided for by law.

In view of the regulations currently in force, the purchase price may not be less than 80% of the average price quoted for the twenty trading sessions on the regulated market of Euronext Paris preceding the day on which the options are granted, while also not being less than 80% of the average purchase price of the shares held by the Company, acquired in particular as part of the buyback programme. This price may not be changed, unless the Company carries out financial transactions referred to in Article L. 225-181 of the French Commercial Code (*Code de commerce*), during the life of the options. In this case, the Executive Management would adjust the number and price of the shares in accordance with legal provisions. The options could be exercised within a maximum period of seven years from the date on which they are granted.

In accordance with Article L. 233-32 of the French Commercial Code (*Code de commerce*), this delegation of authority may be implemented during a public offering on the shares of the Company.

In the event of allocation to one or more Executive Chairmen:

- 1) the Company must fulfil one or more of the conditions provided for in Article L. 22-10-58 of the French Commercial Code (*Code de commerce*), namely:
 - ◆ either grant such options to all employees of the Company and to at least 90% of the employees of its French subsidiaries, or
 - ◆ grant free shares to the employees referred to above,
 - ◆ or improve (or set up, where applicable) the terms of employee incentive and/or profit-sharing schemes of the Company and its French subsidiaries;
- 2) in accordance with the provisions of Articles L. 225-185 and L. 22-10-57 of the French Commercial Code (*Code de commerce*), the Supervisory Board must ensure that the options cannot be exercised prior to the termination of the duties of the Executive Chairmen concerned, or set a quantity of shares resulting from the exercise of options that the latter must hold in registered form until the termination of their duties;
- 3) in addition, in accordance with the Afep-Medef Corporate Governance Code, to which the Company has adhered:
 - ◆ the option exercise price will not include any discount,
 - ◆ the options granted will be subject to demanding performance conditions to be met over several years and defined at the time of their allocation,
 - ◆ the maximum percentage of shares to which the stock options granted to the Executive Chairmen under this resolution may give right will be 0.05% of the share capital on the day of the Executive Management's allocation decision, this sub-limit being deducted from the ceiling of 2% common to the delegations of the 18th and 19th resolutions,
 - ◆ the beneficiary Executive Chairmen must make a formal commitment not to use any risk hedging operations either for the options or the shares resulting from the exercise of options, and until the end of the share retention period set.

This authorisation would be valid for 38 months from the date of the General Meeting.

The Statutory Auditors' report on the 18th resolution is presented in the 2021 universal registration document (chapter 8 "Combined General Meeting of 20 April 2022", § 8.4.6).

Eighteenth resolution:**Authorisation to be given to Executive Management to grant stock options**

The General Meeting, acting under the quorum and majority requirements for Extraordinary General Meetings, having reviewed the Executive management report, the Statutory Auditors' special report and the Supervisory Board's report:

- 1) resolves to authorise the Executive Management, within the framework of Articles L. 225-177 to L. 225-186 and L. 22-10-56 to L. 22-10-58 of the French Commercial Code (*Code de commerce*), to grant, within the limits of the texts in force:
 - ◆ on one or more occasions,
 - ◆ to employees and Executive Corporate Officers, or certain of them or certain categories of them, of Hermès International and companies or groups related to it under the conditions referred to in Article L. 225-180 of the French Commercial Code (*Code de commerce*), options giving the right to purchase Hermès International shares acquired by the Company under the legal conditions;
- 2) confirms that, pursuant to Article L. 233-32 of the French Commercial Code (*Code de commerce*), this delegation may be implemented during a public offering on the shares of the Company:
 - ◆ the period during which the Executive Management may use this authorisation, at the time(s) it deems appropriate, is set at 38 months from the date of this meeting,
 - ◆ the total number of options that may be granted under this authorisation shall not be such that the number of purchase options granted under this resolution and the number of free shares granted under the 19th resolution ("Authorisation to be given to Executive Management to grant free existing shares") represent a number of shares greater than 2% of the number of ordinary shares of the Company at the time the options are granted, without taking into account:
 - those already allocated under previous authorisations,
 - those that have not been definitively allocated at the end of the vesting period provided for in the sixth paragraph of Article L. 225-197-1 of the French Commercial Code (*Code de commerce*),
 - those that are no longer subject to the retention obligation provided for in the seventh paragraph of Article L. 225-197-1, I of the French Commercial Code (*Code de commerce*);
 - ◆ the options may be exercised by the beneficiaries within a maximum period of seven years from the date on which they are granted;
 - ◆ the purchase price of the shares shall be set by the Executive Management within the limits and in accordance with the terms and conditions provided for in Articles L. 225-177, paragraph 4, and L. 225-179, paragraph 2, of the French Commercial Code (*Code de commerce*), and shall be at least equal to 80% of the average listed price of the Company's share on the regulated market of Euronext Paris

during the twenty trading sessions preceding the grant of the option, without being less than 80% of the average purchase price of the shares held by the Company in respect of purchases made under the conditions provided for in Articles L. 22-10-61 and L. 22-10-62 of said Code;

- ◆ to this end, the General Meeting grants the Executive Management, within the limits set above, the broadest of powers to implement this resolution, and in particular to:
 - determine the terms of the transaction, in particular the conditions under which the options will be granted, the period or periods in which the options may be granted and exercised, the list of beneficiaries of the options and the number of shares that each may acquire,
 - set the conditions for exercising options,
 - stipulate, where applicable, a period of non-transferability and/or prohibition of the transfer to bearer form of shares resulting from the exercise of the options, without this period of non-transferability exceeding three years from the exercise of the option,
 - provide for the ability to temporarily suspend the exercise of options for a maximum period of three months in the event of financial transactions involving the exercise of a right attached to the shares;
- ◆ in the event of allocation to one or more Executive Chairmen:
 - resolves that the Executive Management must ensure that the Company meets one or more of the conditions provided for in Article L. 22-10-58 of the French Commercial Code (*Code de commerce*), and must take all measures to this effect,
 - resolves that the Supervisory Board must ensure that the options cannot be exercised prior to the termination of the duties of the Executive Chairman/Chairmen concerned, or set a quantity of shares resulting from the exercise of options that the Executive Chairman/Chairmen must retain in registered form until the end of their duties,
 - resolves that, in accordance with the Afep-Medef Corporate Governance Code, to which the Company has adhered:
 - the option exercise price will not include any discount,
 - the options granted will be subject to demanding performance conditions to be met over several consecutive years and defined at the time of their allocation,
 - the maximum percentage of shares to which the stock options granted to the Executive Chairmen under this resolution may give right will be 0.05% of the share capital on the day of the Executive Management's allocation decision, this sub-limit being deducted from the ceiling of 2% common to the delegations granted in the 18th and 19th resolutions,
 - the Executive Chairmen must make a formal commitment not to use any risk hedging operations either for the options or the shares resulting from the exercise of options, and until the end of the share retention period set;

- ◆ if, during the period in which the options were granted, the Company carries out any of the transactions provided for by Articles L. 225-181 or R. 22-10-37 of the French Commercial Code, the Company will, under the regulatory conditions, in order to take into account the impact of this transaction, undertake the necessary measures to protect the interests of the beneficiaries, including, where applicable, by adjusting the number and price of the shares that may be obtained by exercising the options granted to beneficiaries,
- ◆ each year, the Executive Management will inform the Ordinary General Meeting of the transactions carried out under this delegation.

NINETEENTH RESOLUTION: FREE SHARE AWARDS

Explanatory statement

By the 19th resolution, we propose that you renew the authorisation given to the Executive Management to allocate free existing ordinary shares of the Company.

The Company wishes to renew this authorisation because it is part of the Group's compensation policy, which aims to share the fruits of its growth with employees and enable them to be more closely involved in Hermès' long-term development decisions. The employee shareholding plans in place for many years (the first dating back to 1993) recognise the contribution of employees to the House's development, regardless of their role and geographical location. They are also an instrument to enhance attractiveness, motivation and loyalty, aimed at aligning the interests of beneficiaries with those of the Company and its stakeholders.

The total number of free shares granted under this authorisation and the total number of shares to which the stock options granted under the 18th resolution ("Authorisation to be given to Executive Management to grant stock options") and not yet exercised may not represent a number of shares greater than 2% of the number of ordinary shares of the Company on the grant date, without taking into account:

- ◆ those already allocated under previous authorisations;
- ◆ those that have not been definitively allocated at the end of the vesting period provided for in the sixth paragraph of Article L. 225-197-1, I of the French Commercial Code (*Code de commerce*);
- ◆ those that are no longer subject to the retention obligation provided for in the seventh paragraph of Article L. 225-197-1, I of the French Commercial Code (*Code de commerce*).

The total number of free shares granted must also comply with the maximum limit authorised by Article L. 225-197-1 of the French Commercial Code (*Code de commerce*) and, more generally, by applicable laws.

The vesting period for the shares allocated may not be less than two years, with the Executive Management being authorised to reduce the vesting period to one year, if the allocation of shares is accompanied by a mandatory retention period of a minimum of one year. The mandatory retention period for shares may not be less than one year, with the Executive Management being authorised to reduce it or eliminate it, under the conditions and limits provided for by the law in force on the date of the allocation decision, except for the specific cases set out in the resolution.

In accordance with Article L. 233-32 of the French Commercial Code (*Code de commerce*), this delegation of authority may be implemented during a public offering on the shares of the Company. In the same way as for stock options, in the event of allocation to one or more Executive Chairmen:

- 1) the Company must fulfil one or more of the conditions provided for in Article L. 22-10-60 of the French Commercial Code (*Code de commerce*), namely:
 - ◆ either grant free shares to all of the Company's employees and to at least 90% of the employees of its French subsidiaries, or
 - ◆ grant stock options to the employees referred to above, or
 - ◆ provide the above-mentioned employees with a unilateral contribution to the company savings plan, or
 - ◆ improve (or set up, where applicable) the terms of employee incentive and/or profit-sharing schemes of the Company and its French subsidiaries;
- 2) in accordance with the provisions of Article L. 225-197-1, II of the French Commercial Code (*Code de commerce*), the Supervisory Board must ensure that the allocated shares cannot be sold prior to the termination of the duties of the Executive Chairmen, or shall set a quantity of these shares that the latter must hold in registered form until the termination of their duties;
- 3) in addition, in accordance with the Afep-Medef Corporate Governance Code, to which the Company has adhered:
 - ◆ the free shares awarded will be subject to demanding performance conditions to be met over several years and defined at the time of their allocation,

- ◆ the maximum percentage of free shares that may be allocated will be 0.05%, this sub-limit being deducted from the ceiling of 2% common to the delegations of the eighteenth and nineteenth resolutions,
- ◆ the beneficiary Executive Chairmen must make a formal commitment not to use any risk hedging operations relating to their performance shares, and until the end of the share retention period.

This authorisation would be valid for 38 months from the date of the General Meeting.

The Statutory Auditors' report on the nineteenth resolution is presented in the 2021 universal registration document (chapter 8 "Combined General Meeting of 20 April 2022", § 8.4.7).

Nineteenth resolution:

Authorisation to be given to Executive Management to grant free existing shares

The General Meeting, acting under the quorum and majority requirements for Extraordinary General Meetings, having reviewed the Executive management report, the Statutory Auditors' report and the Supervisory Board's report, in accordance with Articles L. 225-197-1 *et seq.* and Articles L. 22-10-59 and L. 22-10-60 of the French Commercial Code (*Code de commerce*):

- 1) authorises the Executive Management to proceed, on one or more occasions, for the benefit of employees and/or Corporate Officers of the Company and of the companies or groups related to it under the conditions referred to in Article L. 225-197-2 of the French Commercial Code (*Code de commerce*), or to certain of them or certain categories of them, with the allocation of free existing ordinary shares of the Company. The existing shares that may be allocated under this resolution must be acquired by the Company under the share buyback program authorized by the sixth resolution ("Authorization granted to the Executive Management to trade in the Company's shares") under Article L. 22-10-62 of the French Commercial Code, or any share buyback programme applicable previously or subsequently;
- 2) resolves that the Executive Management will determine the identity of the beneficiaries or the categories of beneficiaries of the allocations as well as the conditions and, where applicable, the criteria for allocating the shares;
- 3) resolves that the Executive Management will set, under the legal conditions and limits, the dates on which the free allocations will be made;
- 4) resolves that the total number of free ordinary shares granted under this authorisation shall not be such that the total number of free shares granted under this resolution and the total number of shares to which the stock options granted under the 18th resolution ("Authorisation to be given to Executive Management to grant stock options") and not yet exercised may give entitlement represent a number of shares greater than 2% of the number of ordinary shares of the Company on the day of the free share allocation, without taking into account:
 - ◆ those already allocated pursuant to authorisations by previous General Meetings,
 - ◆ those that have not been definitively allocated at the end of the vesting period provided for in the sixth paragraph of Article L. 225-197-1 of the French Commercial Code (*Code de commerce*),
 - ◆ those that are no longer subject to the retention obligation provided for in the seventh paragraph of Article L. 225-197-1, I of the French Commercial Code (*Code de commerce*);
- 5) resolves that the Executive Management will set, at the time of each allocation, the vesting period at the end of which the allocation of ordinary shares will become definitive, this period being not less than one year; however, in the event of the death of the beneficiary, his or her heirs may request the allocation of shares within six months of the death, subject, where applicable, to the achievement of the performance conditions; in addition, in the event of disability of the beneficiary corresponding to the classification in the second or third of the categories provided for in Article L. 341-4 of the French Social Security Code (*Code de la Sécurité sociale*) and resulting in the cessation of all professional activity, the beneficiary may request the allocation of such shares before the end of this period, subject, where applicable, to the achievement of the performance conditions;
- 6) resolves that the Executive Management will set, in principle, at the time of each allocation, a period during which the shares must be held by the beneficiaries, which will run from the final allocation of the ordinary shares and may not be less than one year. Nevertheless, the Executive Management is authorised to reduce or eliminate the said retention period, under the conditions and limits provided for by the law in force on the date of the allocation decision. However, the shares will be freely transferable in the event of the death of the beneficiary, as well as in the event of disability of the beneficiary corresponding to the classification in the second or third category provided for in Article L. 341-4 of the French Social Security Code (*Code de la Sécurité sociale*);
- 7) authorises the Executive Management to set, where applicable, the conditions and criteria for the allocation of shares, such as, without the following list being exhaustive, the conditions of length of service, the conditions relating to the continuation of the employment contract or corporate office during the vesting period, and any other financial or individual or collective performance condition;
- 8) authorises the Executive Management to register the free shares allocated in a registered account in the name of their holder, stating, where applicable, the unavailability of the shares;
- 9) authorises the Executive Management to make, if necessary, during the vesting period of the allocated shares, all adjustments in order to take into account the impact of transactions on the Company's share capital and, in particular, to determine the conditions under which the number of ordinary shares awarded will be adjusted;

- 10) confirms that, pursuant to Article L. 233-32 of the French Commercial Code (*Code de commerce*), this delegation may be implemented during a public offering on the shares of the Company;
- 11) more generally, gives the broadest of powers to the Executive Management, with the option of subdelegation under the legal conditions, for the purpose of entering into all agreements, preparing all documents, carrying out all formalities and declarations to all bodies and, more generally, doing whatever is necessary:
- ◆ the period during which the Executive Management may make use of this authorisation, on one or more occasions, is set at 38 months from the date of this meeting,
 - ◆ in the event of allocation to one or more Executive Chairmen:
 - resolves that the Executive Management must ensure that the Company meets one or more of the conditions provided for in Article L. 22-10-60 of the French Commercial Code (*Code de commerce*), and must take all measures to this effect,
 - resolves that the Supervisory Board must ensure that the allocated shares may not be sold prior to the termination of the duties of the Executive Chairman/Chairmen, or shall set a quantity of these shares that the Executive Chairman/Chairmen must retain in registered form until the end of their duties,
 - resolves that, in accordance with the Afep-Medef Corporate Governance Code, to which the Company has adhered:
 - the free shares awarded will be subject to demanding performance conditions to be met over several years, defined at the time of their allocation,
 - the maximum percentage of shares that may be allocated free of charge to the Executive Chairmen under this resolution will be 0.05%, this sub-limit being deducted from the ceiling of 2% common to the delegations granted in the 18th and 19th resolutions,
 - the beneficiary Executive Chairmen must make a formal commitment not to use any risk hedging operations relating to their performance shares, and until the end of the share retention period;
 - ◆ each year, the Executive Management will inform the General Meeting of the allocations made under this resolution under the legal conditions, and in particular Article L. 225-197-4 of the French Commercial Code (*Code de commerce*).

TWENTIETH RESOLUTION: POWERS

Explanatory statement

The twentieth resolution is a standard resolution making it possible to undertake all legal filing and disclosure formalities required by law, following the General Meeting.

Twentieth resolution:

Delegation of authority to carry out the formalities related to the General Meeting

The General Meeting, acting under the quorum and majority requirements for Extraordinary General Meetings, confers full powers on any bearer of an extract or copy of these minutes recording its resolutions, in order to carry out all legal publication or other formalities.

8.3 SUPERVISORY BOARD REPORT TO THE COMBINED GENERAL MEETING OF 20 APRIL 2022

In accordance with legal and regulatory provisions, we hereby present our report on the accomplishment of our duties for the financial year ended 31 December 2021.

We first wish to inform you that:

- ◆ the Executive Management has kept us regularly informed of the Company's business operations and results;
- ◆ the balance sheet and its notes, as well as the income statement, have been provided to us as required by law;
- ◆ transactions subject to prior authorisation by the Supervisory Board under the terms of specific provisions contained in the Company's Articles of Association have been duly approved by us, as is duly demonstrated hereafter;
- ◆ lastly, the Supervisory Board ruled on various matters within its exclusive competence with respect to the Articles of Association.

1. COMMENTS ON THE PARENT COMPANY AND CONSOLIDATED FINANCIAL 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 financial year ended 31 December 2021. We issue a favourable opinion on the approval of the financial statements.

2. ALLOCATION OF NET INCOME

On 17 February 2022, the Executive Management decided to pay an interim dividend of €2.50 per share. The payment of this interim dividend took place on 23 February 2022.

We ask that you approve the proposed allocation of net income as set out in the draft resolutions submitted to you for approval, calling for an ordinary dividend of €8.00 per share.

After deduction of the interim dividend, the balance, i.e. €5.50 per share, will be detached on 25 April 2022 and paid on 27 April 2022 on the positions closed on 26 April 2022.

3. RELATED-PARTY AGREEMENTS

The Executive Management has informed us of the draft agreement to be entered into during the financial year ended 31 December 2021 and falling under the combined provisions of Articles L. 226-10, L. 225-38 to L. 225-43, L. 22-10-12 and L. 22-10-13 of the French Commercial Code (*Code de commerce*), and submitted it to our prior authorisation (approval of the new commercial conditions applicable to the contract concluded between Hermès International and Studio des Fleurs).

You will find in the 2021 universal registration document (chapter 8 "Combined General Meeting of 20 April 2022", § 8.2.1 – Explanatory statement to the 4th resolution), a brief presentation of the agreement authorised during financial year 2021.

In accordance with the provisions of Articles L. 225-40-2 and R. 225-30-1 of the French Commercial Code (*Code de commerce*), Hermès International published the information relating to this agreement, at the time of its conclusion, in a dedicated section of its website (<https://finance.hermes.com/en/regulated-agreements/>).

The agreements approved previously by the General Meeting are presented in the Statutory Auditors' special report on the agreements mentioned in Articles L. 226-10, L. 225-38 to L. 225-43, L. 22-10-12 and L. 22-10-13 of the French Commercial Code (*Code de commerce*), which appear in the 2021 universal registration document (chapter 8 "Combined General Meeting of 20 April 2022, § 8.4.3). With the exception of the aforementioned agreement, none of these agreements changed significantly with respect to amounts or financial terms in 2021.

The contract for the provision of fast food services on the Hermès International site, located at 12 rue d'Anjou (75008), with MOCE ("EatMe" brand), was terminated with effect from 8 June 2021.

The service agreement with Émile Hermès SAS was revised with effect from 1 January 2021. This revision led to the reclassification of this agreement as a current agreement at the Supervisory Board meeting of 29 July 2021, as it no longer qualified as a related-party agreement in view of the change in applicable conditions.

No other agreements were downgraded in 2021.

A summary of the related-party agreements in force is presented in the Supervisory Board corporate governance report in the 2021 universal registration document (chapter 3 "Corporate governance", § 3.9.1.1).

In accordance with the provisions of Article L. 225-38 of the French Commercial Code (*Code de commerce*), authorisation decisions of the Supervisory Board since 1 August 2014 are all supported by justification. A review of related-party agreements concluded in previous years and for which implementation was still in progress, is carried out by the Supervisory Board every year in accordance with the provisions of Article L. 225-40-1 of the French Commercial Code.

Following the review of 2021, the Board had no comments to make.

In addition, pursuant to law No. 2019-486 of 22 May 2019 relating to the growth and transformation of companies (the "Pacte" law), the Company is obliged to implement a procedure to regularly assess whether agreements relating to usual transactions, concluded under normal conditions, meet these conditions.

This procedure, which applies only to Hermès International and not to its subsidiaries, was approved by the Supervisory Board on 25 February 2020. Its purpose is to enable Hermès International to periodically assess the appropriateness of the classification used for ongoing agreements entered into during the financial year, those that continue over several years, and any agreements that may have been modified.

The description of this procedure and its implementation are given in the Supervisory Board's corporate governance report in the 2021 universal registration document (chapter 3 "Corporate governance", § 3.9.1.3).

4. ACTIVITIES OF THE SUPERVISORY BOARD

The Supervisory Board's 2021 activity is presented in the Supervisory Board corporate governance report in the 2021 universal registration document (chapter 3 "Corporate governance", § 3.5.4).

5. COMPOSITION OF THE SUPERVISORY BOARD

We fully support the proposal that is made to you in the explanatory statement in the 2021 universal registration document (chapter 8 "Combined General Meeting of 20 April 2022", § 8.2.1 – Explanatory statement to resolutions thirteen to sixteen) to renew for a three-year term, pursuant to the Articles of Association, the expiring terms of office of:

- ◆ Mr Charles-Éric Bauer;
- ◆ Ms Estelle Brachlianoff;
- ◆ Ms Julie Guerrand; and
- ◆ Ms Dominique Senequier.

The diversity policy applied within the Supervisory Board, including a progress report on the mission to change the composition of the Supervisory Board, entrusted since 2011 to the CAG-CSR Committee, can be found in the Supervisory Board corporate governance report in the 2021 universal registration document (chapter 3 "Corporate governance", § 3.4.3).

6. RECOMMENDATIONS ON THE DRAFT RESOLUTIONS SUBMITTED TO THE COMBINED GENERAL MEETING OF 20 APRIL 2022

We are in favour of all the draft resolutions submitted.

This concludes our report on the information and opinions we considered necessary to bring to your attention in connection with this meeting, and we recommend that you vote to adopt all the resolutions submitted to you.

The Supervisory Board

8.4 STATUTORY AUDITORS' REPORTS

8.4.1 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

The report can be found in the 2021 universal registration document (chapter 6 "Parent company financial statements", § 6.9).

8.4.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

The report can be found in the 2021 universal registration document (chapter 5 "Consolidated financial statements", § 5.7).

8.4.3 STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

General Meeting for the approval of the financial statements for the year ended 31 December 2021

This is a free translation into English of the Statutory Auditors' special report on related-party agreements 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.

To the Shareholders,

In our capacity as Statutory Auditors of Hermès International, we hereby report to you on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of article R.226-2 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements 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 French Commercial Code in relation to the implementation during the year of agreements already approved by the 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.

Agreements to be submitted for the approval of the General Meeting

Agreements authorised and entered into during the year

In accordance with article L.226-10 of the French Commercial Code, we were informed of the following agreement that was entered into during the year and authorised in advance by the Supervisory Board.

Amendment to the service agreement with Studio des Fleurs

Person concerned

Frédéric Dumas, member of the Management Board of Émile Hermès SAS, legal manager (*gérant*) of Hermès International.

Nature, purpose and conditions

On 29 July 2021, the Supervisory Board authorised an amendment to the initial agreement between Hermès International and Studio des Fleurs relating to the provision of photography and photo editing services for e-commerce product pack shots. The purpose of the amendment is to agree on new contractual conditions, as the initial agreement, which was authorised by the Supervisory Board on 20 March 2018, provided for a revision of the fees at the end of an initial three-year period.

Reasons why the agreement is beneficial for the Company

Under the new conditions, the fees for 2021 and 2022 are lower than those that would have resulted from the application of the revaluation index provided for in the agreement.

In the initial agreement, Hermès International set out the following fundamental principles, which were accepted by Studio des Fleurs:

- ◆ compliance with very precise specifications, duty to advise, monitoring of services, quality control and performance indicator monitoring criteria;
- ◆ no minimum order guaranteed;
- ◆ fixed term of three years and then an indefinite term;
- ◆ advanced notice of termination (18 months);
- ◆ non-exclusivity;
- ◆ undertaking by Studio des Fleurs to take the necessary measures to maintain its economic independence (in particular by expanding and diversifying its customer base) from the Hermès Group;
- ◆ confidentiality and prohibition of use of Hermès as a reference;
- ◆ fixed fees for three years.

The amendment did not change any of the above principles.

For 2021, Hermès International was invoiced €3,248,687 for services provided under the agreement.

Agreements already approved by the General Meeting

Agreements approved in previous years that were implemented during the year

In accordance with article R.226-2 of the French Commercial Code, we were informed of the following agreements, approved by the General Meeting in previous years, which were implemented during the year.

1. Catering service agreement with MOCE

Person concerned

Charles-Eric Bauer, majority shareholder of MOCE and member of the Supervisory Board of Hermès International.

Nature, purpose and conditions

On 6 June 2017, the Supervisory Board authorised the signing of an agreement between Hermès International and MOCE (under the "EatMe" banner) for the provision of fast food services at the Hermès International site located at 12 rue d'Anjou, 75008 Paris, France.

Reasons why the agreement is beneficial for the Company

During a consultation process, Hermès International considered and compared tenders from several fast food service providers. MOCE was selected on the basis of its commercial offer, which had no fixed costs and provided for renovations in keeping with the building.

For 2021, Hermès International was invoiced €4,964 for services provided under the agreement.

On 28 May 2021, the Supervisory Board placed on record the end of the agreement.

2. Design agreement with architectural firm RDAI

Person concerned

Sandrine Brekke, partner with a stake of more than 10% in RDAI and member of the Management Board of Émile Hermès SAS, legal manager (*gérant*) of Hermès International.

Nature, purpose and conditions

At its meetings of 7 July 2017 and 13 September 2017, the Supervisory Board authorised a new framework agreement between the Company and all the companies that it directly or indirectly controls, and RDAI, defining the scope of the work to be undertaken by RDAI in applying an exclusive architecture design concept to Hermès projects.

Reasons why the agreement is beneficial for the Company

The concept created by RDAI will enable stores and points of sale distributing Hermès products worldwide to be easily identified for their quality design.

The new agreement aims to integrate changes in Hermès' organisation (Real Estate Department, purchasing policy, digital initiatives), specify the roles and obligations of the parties and adjust the terms and conditions of execution to the changing needs in Hermès' projects. Following analysis of the renegotiated agreement, it is clear that the changes made are essentially to Hermès International's benefit, both with regard to RDAI's obligations and its fees.

For 2021, Hermès International was invoiced €1,846 for services provided under the agreement.

Neuilly-sur-Seine, 3 March 2022

The Statutory Auditors

PricewaterhouseCoopers Audit

Olivier Auberty

Grant Thornton Audit

Vincent Frambourt

8.4.4 REPORT BY ONE OF THE STATUTORY AUDITORS, DESIGNATED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION CONTAINED IN THE MANAGEMENT REPORT

The report can be found in the 2021 universal registration document (chapter 2 "Corporate social responsibility", § 2.9).

8.4.5 STATUTORY AUDITORS' REPORT ON THE SHARE CAPITAL REDUCTION (SEVENTEENTH RESOLUTION)

General Meeting of 20 April 2022 – 17th 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.

To the Shareholders,

In our capacity as Statutory Auditors of Hermès International, and in accordance with the provisions of article L.22-10-62 of the French Commercial Code (*Code de commerce*), applicable in the event of a share capital reduction via the cancellation of treasury shares, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed share capital reduction.

Executive Management is seeking a 24-month authorisation, from the date of this General Meeting, to cancel, for up to a maximum of 10% of the share capital per 24 month-period, the shares bought back by Hermès International pursuant to an authorisation to buy back its own shares in accordance with the provisions 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 consisted in verifying that the reasons for and the terms and conditions of the proposed share capital reduction, which is not considered to affect shareholder equality, comply with the applicable legal provisions.

We have no matters to report as regards the reasons for and conditions of the proposed share capital reduction.

Neuilly-sur-Seine, 3 March 2022

The Statutory Auditors

PricewaterhouseCoopers Audit

Olivier Auberty

Grant Thornton Audit

Vincent Frambourt

8.4.6 STATUTORY AUDITORS' REPORT ON THE AUTHORISATION TO GRANT SHARE PURCHASE OPTIONS (EIGHTEENTH RESOLUTION)

Combined General Meeting of 20 April 2022 - 18th 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.

To the Shareholders,

In our capacity as Statutory Auditors of Hermès International, and in accordance with the provisions of articles L.225-177 and R.225-144 of the French Commercial Code (Code de commerce), we hereby report to you 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 French Commercial Code, which is submitted to you for approval.

On the basis of its report, Executive Management proposes that, for a period of 38 months from the date of this General Meeting, the shareholders authorise it to grant share purchase options on one or more occasions. The total number of options that may be granted under this authorisation may not be such that the number of purchase options granted under this resolution and the number of free shares granted under the nineteenth resolution represent a number of shares greater than 2% of the Company's ordinary shares at the time the options are granted, without taking into account:

- ◆ shares already granted under previous authorisations;
- ◆ shares that have not vested at the end of the vesting period provided for in the sixth paragraph of article L.225-197-1 of the French Commercial Code;
- ◆ shares that are no longer subject to the lock-up obligation provided for in the seventh paragraph of article L.225-197-1 of the French Commercial Code.

It is the responsibility of Executive Management to draw up a report on the reasons for granting share purchase options as well as the proposed methods for determining the purchase price. It is our responsibility to express an opinion on the proposed methods for determining 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 for determining the share purchase price are specified in the report prepared by Executive Management 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.

Neuilly-sur-Seine, 3 March 2022

The Statutory Auditors

PricewaterhouseCoopers Audit

Olivier Auberty

Grant Thornton Audit

Vincent Frambourt

8.4.7 STATUTORY AUDITORS' REPORT ON THE AUTHORISATION TO GRANT EXISTING SHARES FREE OF CONSIDERATION (NINETEENTH RESOLUTION)

General Meeting of 20 April 2022 - 19th 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.

To the Shareholders,

In our capacity as Statutory Auditors of Hermès International, and in accordance with the provisions of article L.225-197-1 of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed authorisation to grant existing shares, free of consideration, to employees and/or corporate officers of Hermès International and all or some of its affiliated companies or groups, or to certain categories of said employees and corporate officers, under the conditions stipulated by article L.225-197-2 of the French Commercial Code, which is submitted to you for approval.

On the basis of its report, Executive Management proposes that, for a period of 38 months from the date of this General Meeting, the shareholders authorise it to grant free existing shares on one or more occasions. The maximum percentage of free shares that may be granted to the managers (*gérants*) under this resolution shall be 0.05% of the share capital. This sub-ceiling shall be deducted from the 2% ceiling applicable to the authorisations granted in the eighteenth and nineteenth resolutions.

It is the responsibility of Executive Management to draw up a report on the proposed transaction. It is our responsibility to provide you with our comments, if any, in respect of the information provided to you on the proposed transaction.

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 report prepared by Executive Management comply with the applicable laws and regulations.

We have no matters to report on the information provided in the report prepared by Executive Management on the proposed authorisation to grant free shares.

Neuilly-sur-Seine, 3 March 2022

The Statutory Auditors

PricewaterhouseCoopers Audit

Olivier Auberty

Grant Thornton Audit

Vincent Frambourt

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ADDITIONAL INFORMATION

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9.1 PERSONS RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

AFR

9.1.1 NAME AND FUNCTION OF PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE UNIVERSAL REGISTRATION DOCUMENT

Mr Axel Dumas, Executive Chairman.

Émile Hermès SAS, 23, rue Boissy d'Anglas 75008 Paris, Executive Chairman.

9.1.2 CERTIFICATION BY THE PERSONS RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

We certify that the information contained in this universal registration document is, to the best of our knowledge, consistent with the facts and does not contain any omissions that could affect its import.

We hereby certify, to the best of our knowledge, that the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and of all the entities included in the scope of consolidation, and that the Executive management report, the contents of which are listed in § 9.5.2 (cross-reference table for the management report) presents a true and fair view of the development of the business, its results and the financial position of the Company and of all the entities included in the scope of consolidation, and that it describes the main risks and uncertainties to which they are exposed.

Paris, 23 March 2022
Executive Chairmen

Mr Axel Dumas

Mr Henri-Louis Bauer
Representative of Émile Hermès SAS

AFR

9.2 PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

The Principal Statutory 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 any other reason, he or she is appointed for the remainder of his or her predecessor's term.

The terms of the Principal Statutory Auditors will end in 2023.

The Principal Statutory Auditors are:

PricewaterhouseCoopers Audit

Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

63, rue de Villiers

92200 Neuilly-sur-Seine

Represented by Mr Olivier Auberty

First appointed: Ordinary General Meeting of 30 May 2011.

End of current office: Ordinary General Meeting called to approve the financial statements for 2022.

Grant Thornton Audit

Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

29, rue du Pont

92200 Neuilly-sur-Seine

Represented by: Mr Vincent Frambourt.

First appointed: Ordinary General Meeting of 31 May 1999.

End of current office: Ordinary General Meeting called to approve the financial statements for 2022.

9.3 CONSULTATION OF REGULATORY INFORMATION

The Company's financial website can be accessed at the following address: <https://finance.hermes.com/en/>. This site provides shareholders and investors with information available in French and English for the last five financial years.

9.4 INFORMATION INCLUDED BY REFERENCE

Pursuant to Article 19 of Regulation (EU) No. 2017/1129 of 24 June 2017, this universal registration document incorporates the following information by reference, to which the reader is invited to refer:

Section of the relevant appendix	Document(s) containing the information (with hyperlink)	Parts incorporated by reference
18.1.1 18.3.1	Universal registration document filed with the French Financial Markets Authority (AMF) on 25 March 2020 under reference D20-0169. This document is available on the website https://finance.hermes.com/en/publications .	For the financial year ended 31 December 2019: consolidated financial statements, parent company financial statements and related Statutory Auditors' reports, on pages 298 to 348 and 352 to 372 respectively.

Section of the relevant appendix	Document(s) containing the information (with hyperlink)	Parts incorporated by reference
18.1.1 18.3.1	Universal registration document filed with the French Financial Markets Authority (AMF) on 25 March 2021 under reference D21-0190. This document is available on the website https://finance.hermes.com/en/publications .	For the financial year ended 31 December 2020: consolidated financial statements, parent company financial statements and related Statutory Auditors' reports, on pages 354 to 402 and 406 to 427 respectively.

Information included in these two registration documents, other than the information referred to above, has been replaced and/or updated, where appropriate, by the information contained in this universal registration document. Copies of this universal registration document are available as described on the website <https://finance.hermes.com/en/publications>.

The information on the websites mentioned by the following hyperlinks in this universal registration document is not part of the universal registration document. As such, this information has not been reviewed or approved by the AMF.

URL	Paragraph
https://finance.hermes.com/en/a-value-creating-and-sustainable-french-model/	Chapter 2 § 2.7.2.2/page 190
	Chapter 2 § 2.2.2.3/page 84 § 2.6.1.4/page 174 § 2.8.1.1.1/page 198 § 2.8.1.1.2/page 199 § 2.8.1.1.3/page 199 § 2.8.2/page 203 § 2.8.2.3.2/page 204
https://finance.hermes.com/en/ethics-human-rights-and-diversities/	Chapter 3 § 3.3.4.3/page 239 § 3.3.5.1/page 240
	Chapter 4 § 4.1.1.1/page 330 § 4.3.1/page 348
https://finance.hermes.com/en/responsible-sourcing/	Chapter 2 § 2.4.2.2.1/page 120 § 2.8.1.3.4/page 202
	Chapter 3 § 3.1.2/page 224 § 3.4.7.1/page 253 § 3.4.7.2/page 253 § 3.4.7.3/page 253 § 3.6.2.2/page 285 § 3.6.3.2/page 288
https://finance.hermes.com/en/governing-bodies-rules-procedure-articles-association/	Chapter 4 § 4.3.2/page 349
	Chapter 7 § 7.1.3/page 444 § 7.2.4/page 458
https://finance.hermes.com/en/corporate-officers/	Chapter 3 § 3.8.1.1.4/page 295

URL	Paragraph
	Chapter 2 § 2.6.1.6/page 175 Chapter 3 § 3.1.2/page 225
https://finance.hermes.com/en	Chapter 7 § 7.1.1 / page 440 § 7.5.5/page 467 § 7.5.8 / page 468
https://finance.hermes.com/en/regulated-information/	Chapter 9 § 9.3/page 507 Chapter 7 § 7.1.2.2 / page 540 § 7.5.3 / page 466 § 7.5.7 / page 468
https://finance.hermes.com/en/regulated-agreements/	Chapter 3 § 3.9.1.1/page 316 Chapter 8 § 8.2.1/page 477 § 8.3/page 496
https://finance.hermes.com/en/other-legal-information/	Chapter 3 § 3.3.5.1/page 468
https://finance.hermes.com/en/calendar/	Chapter 7 § 7.5.6/page 468
https://finance.hermes.com/en/publications/	Chapter 7 § 7.5.5/page 467 Chapter 9 § 9.4/pages 507 and 508
https://talents.hermes.com	Chapter 2 § 2.3.2.12 / page 93

9.5 CROSS REFERENCE TABLES

The universal registration document consists of presenting in a single document information that the Company has already disclosed in other forms, and separately, in application of existing law.

This universal registration document thus aggregates various information which is also published by the Company in accordance with the legislative and regulatory obligations in force. It also includes:

- ♦ the annual financial report required by Articles L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and Article 222-3 of the AMF General Regulation;
- ♦ the full management report within the meaning of Article L. 232-1 of the French Commercial Code (*Code de commerce*), including:
 - the Non-Financial Performance Statement required by Articles L. 225-102-1 and R. 225-105, I of the French Commercial Code (*Code de commerce*);
 - the report on corporate governance required by Article L. 226-10-1 of the French Commercial Code; and
- ♦ all the information required for the General Meeting and provided for by Articles L. 225-100 and R. 225-83 of the French Commercial Code, including the documents and information sent to shareholders.

As a result, and in accordance with the AMF position-recommendation DOC-2021-02, we inform you that this universal registration document is presented in the form of a “4-in-1 URD”.

The table below summarises the content of the aforementioned documents:

Document(s)	Reference texts	Chapter / § / Page
1. Universal registration document	Headings in Annexes 1 and 2 of Delegated Regulation (EU) No. 2019/980 of 14 March 2019, supplementing Regulation (EU) No. 2017/1129 of 14 June 2017	Chapter 9 § 9.5.4 / pages 519 to 524
2. Annual financial report	Article L. 451-1-2 of the French Monetary and Financial Code Article 222-3 of the AMF General Regulation	Chapter 9 § 9.5.1 / page 513
3. Management report	Articles L. 225-100, L. 232-1 <i>et seq.</i> , R. 225-102 <i>et seq.</i> of the French Commercial Code	Chapter 9 § 9.5.2 / pages 514 to 516
<i>Non-Financial Performance Statement</i>	Articles L. 22-10-36, L. 225-102-1, L. 225-102-4, L. 464-2, R. 225-73-1, R. 225-105 and R. 225-105-2 of the French Commercial Code Articles 223 <i>quater</i> et 223 <i>quinquies</i> of the French General Tax Code	Chapter 9 § 9.5.5 / page 525
Supervisory Board report on corporate <i>governance</i>	Articles L. 226-10-1 and L. 22-10-78 of the French Commercial Code	Chapter 9 § 9.5.3 / pages 517-518
4. Documents intended for the General Meeting	Articles L. 225-100 and R. 225-83 of the French Commercial Code	
<i>Information relating to the Executive Chairmen and members of the Supervisory Board</i>	Articles L. 22-10-78 and L. 225-37-4 of the French Commercial Code	Chapter 3 § 3.3.2 / pages 230 <i>et seq.</i> § 3.4.5 / pages 247 <i>et seq.</i>
<i>Text of the draft resolutions</i>		
Ordinary resolutions		
1st, 2nd and 3rd resolutions <i>Approval of the annual financial statements (parent company and consolidated) – Management discharge</i>	Articles L. 225-100 and L. 22-10-34 of the French Commercial Code	Chapter 8 § 8.2.1 / page 474
4th resolution <i>Allocation of net income – Distribution of an ordinary dividend</i>	Article L. 232-12 of the French Commercial Code	Chapter 8 § 8.2.1 / pages 475-476
5th resolution <i>Approval of the related-party agreements</i>	Articles L. 225-38 to L. 225-43, L. 226-10, L. 22-10-12 and L. 22-10-13 of the French Commercial Code	Chapter 8 § 8.2.1 / page 477

Document(s)	Reference texts	Chapter / § / Page
6th resolution <i>Authorisation granted to the Executive Management to trade in the Company's shares</i>	Articles L. 22-10-62 et seq. of the French Commercial Code "MAR" Regulation (EU) No. 596/2014 of 16 April 2014	Chapter 8 § 8.2.1 / pages 478-479
7th, 8th, 9th and 10th resolutions <i>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 Corporate Officers – Actual application of the compensation policy</i>	Articles L. 22-10-9 and L. 22-10-77 of the French Commercial Code	Chapter 8 § 8.2.1 / pages 480-486
11th and 12th resolutions <i>Compensation policies for the Executive Chairmen and Supervisory Board members (ex-ante votes)</i>	Article L. 22-10-76 of the French Commercial Code	Chapter 8 § 8.2.1 / page 487
13th, 14th, 15th and 16th resolutions <i>Reappointment of Supervisory Board members</i>	Article L. 226-4 of the French Commercial Code	Chapter 8 § 8.2.1 / pages 488-489
Extraordinary resolutions		
17th resolution <i>Capital reduction</i>	Article L. 22-10-62 of the French Commercial Code	Chapter 8 § 8.2.2 / page 490
18th resolution <i>Authorisation to grant stock options</i>	Articles L. 225-177 to L. 225-186, L. 22-10-56 to L. 22-10-58, L. 233-32, L. 225-197-1, L. 22-10-61, L. 22-10-62 and R. 22-10-37 of the French Commercial Code	Chapter 8 § 8.2.2 / pages 491 to 493
19th resolution <i>Authorisation to allocate existing free shares</i>	Articles L. 225-197-1, L. 225-197-2, L. 225-197-4, L. 22-10-59, L. 22-10-60, L. 22-10-62 and L. 233-32 of the French Commercial Code L. 341-4 of the French Social Security Code	Chapter 8 § 8.2.2 / pages 493 to 495
20th resolution <i>Powers for formalities</i>	Article R. 210-18 of the French Commercial Code	Chapter 8 § 8.2.2 / page 495
<i>Text and purposes presented by shareholders as well as the list of items added to the agenda at their request</i>	Articles L. 225-105, R. 225-71 to R. 225-73 of the French Commercial Code	n/a
<i>Information relating to corporate governance</i>	Articles L. 226-10-1 and L. 22-10-78 of the French Commercial Code	Chapter 9 § 9.5.3 / pages 517-518
<i>Supervisory Board report to the Combined General Meeting of 20 April 2022</i>	Article L. 226-9 of the French Commercial Code	Chapter 8 § 8.3 / pages 496-497
<i>Information on the members of the Supervisory Board whose renewal is proposed to the Combined General Meeting of 20 May 2022</i>	Article R. 225-83 of the French Commercial Code	Chapter 3 § 3.4.8.3 / pages 267-268 § 3.4.8.5 / page 262 § 3.4.8.6 / pages 263-264 § 3.4.8.10 / pages 269-270
<i>Annual financial statements</i>	Article L. 232-1 of the French Commercial Code	Chapter 6 § 6.1 et seq. / pages 411 et seq.

Document(s)	Reference texts	Chapter / § / Page
<i>Consolidated financial statements</i>	Articles L. 233-18 to L. 233-26 of the French Commercial Code	Chapter 5 § 5.1 <i>et seq.</i> / pages 359 <i>et seq.</i>
<i>Management report</i>	Articles L. 225-100, L. 232-1 <i>et seq.</i> , R. 225-102 <i>et seq.</i> of the French Commercial Code	Chapter 9 § 9.5.2 / pages 514-516
<i>Allocation of net income</i>	Article R. 225-83 of the French Commercial Code	Chapter 8 § 8.2.1 (4 th resolution) / pages 475-476
<i>Executive management report on transactions carried out by the Company or affiliated companies in connection with stock subscription or purchase options reserved for employees and Senior Executives</i>	Article L. 225-184 of the French Commercial Code	Chapter 3 § 3.8.3 / page 308
<i>Executive management report on transactions carried out by the Company or affiliated companies in connection with free share allocations reserved for employees and Senior Executives</i>	Article L. 225-197-4 of the French Commercial Code	Chapter 3 § 3.8.3 / page 308
<i>Statutory Auditors' reports</i>		
<i>Statutory Auditors' report on the annual financial statements</i>	Articles L. 823-9 and R. 823-7 of the French Commercial Code	Chapter 6 § 6.9 / pages 433 <i>et seq.</i>
<i>Statutory Auditors' report on the consolidated financial statements</i>	Articles L. 823-9 and R. 823-7 of the French Commercial Code	Chapter 5 § 5.7 / pages 404 <i>et seq.</i>
<i>Statutory Auditors' special report on related-party agreements</i>	Articles L. 226-10 and R. 226-2 of the French Commercial Code	Chapter 8 § 8.4.3 / pages 499-500
<i>Statutory Auditors' special report on the share capital reduction (17th resolution)</i>	Article L. 22-10-62 of the French Commercial Code	Chapter 8 § 8.4.5 / page 501
<i>Statutory Auditors' report on the authorisation to grant stock options (18th resolution)</i>	Articles L. 255-177, R. 225-144, L. 225-180 and L. 225-197-1 of the French Commercial Code	Chapter 8 § 8.4.6 / page 502
<i>Statutory Auditors' report on the authorisation to allocate existing free shares (19th resolution)</i>	Articles L. 225-197-1 and L. 225-197-2 of the French Commercial Code	Chapter 3 § 8.4.7 / page 503
<i>Report of one of the Statutory Auditors, appointed as independent third-party body, on the consolidated Non-Financial Performance Statement in the management report</i>	Articles L. 22-10-36, R. 225-105 and R. 225-105-1 of the French Commercial Code	Chapter 2 § 2.9 / pages 212 to 216

9.5.1 CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT

(Article 222-3 of the AMF General Regulation)

In order to facilitate the reading of this document, the cross-reference table below makes it possible to identify, in this universal registration document, the information that constitutes the annual financial report that must be published by listed companies in accordance with Articles L. 451-1-2 of the French Monetary and Financial Code and 222-3 of the AMF General Regulation.

Required elements	Chapter / § / Page
Hermès International annual financial statements	Chapter 6 § 6.1 et seq. / pages 411 et seq.
Hermès Group consolidated financial statements	Chapter 5 § 5.1 et seq. / pages 359 et seq.
Executive management report	Chapter 9 § 9.5.2 / pages 514 to 516
Responsibility statement for the annual financial report	Chapter 9 § 9.1.2 / page 506
Statutory Auditors' report on the annual financial statements	Chapter 6 § 6.9 / pages 433 et seq.
Statutory Auditors' report on the consolidated financial statements	Chapter 5 § 5.7 / pages 404 et seq.
Supervisory Board report on corporate governance	Chapter 3 § 9.5.3 / pages 517-518

9.5.2 CROSS-REFERENCE TABLE FOR THE MANAGEMENT REPORT

(Articles L. 225-100 et seq., L. 232-I, II and R. 225-102 of the French Commercial Code (Code de commerce))

In order to facilitate the reading of this document, the cross-reference table below makes it possible to identify the information that must be included in the management report, in accordance with the provisions of the French Commercial Code applicable to *société en commandite par actions* (partnership limited by shares).

Items that are not applicable to Hermès International are marked “n/a”.

No.	Required elements	Reference texts	Chapter / § / Page
1/1	Group situation and activity in 2021 / Comments on the financial year		
1.1	Situation of the Company during the past financial year and objective and exhaustive analysis of the evolution of the business, earnings and financial position of the Company and the Group, in particular its debt position, with regard to volume and complexity of the business	Articles L. 225-100-1, I., 1°, L. 232-1, II, L. 233-6, L. 22-10-35 and L. 233-26 of the French Commercial Code	Highlights 2021 / pages 6-7 Chapter 1 § 1.6 / pages 26 <i>et seq.</i> § 1.7 / pages 35 <i>et seq.</i> § 1.8 / pages 38 <i>et seq.</i> § 1.9 / page 40
1.2	Financial key performance indicators	Article L. 225-100-1, I., 2° of the French Commercial Code	Chapter 1 § 1.5 / page 24
1.3	Non-financial key performance indicators relating to the Company's specific activity, in particular information on environmental and staff issues with reference made to amounts featured in the annual financial statements and the relevant additional explanations		Chapter 2 § 2.1 -2.9 / pages 47 <i>et seq.</i>
1.4	Important events between the closing date of the financial year and the date the report is established	Articles L. 232-1, II. and L. 233-26 of the French Commercial Code	Chapter 1 § 1.9 / page 40
1.5	Identity of the main shareholders and holders of voting rights at General Meetings, and changes made during the financial year	Article L. 233-13 of the French Commercial Code	Chapter 7 § 7.2.2.5 / pages 452-453
1.6	Existing branches	Article L. 232-1 of the French Commercial Code	Chapter 6 § 6.8.1 / page 432
1.7	Significant equity investments in companies based in France or the takeover of such companies	Article L. 233-6, paragraph 1 of the French Commercial Code	Chapter 6 § 6.8.3 / page 432
1.8	Disposals of shares arising from the effect of regulating cross-shareholdings	Articles L. 233-29, L. 233-30 and R. 233-19 of the French Commercial Code	n/a
1.9	Foreseeable developments of the Company and its outlook	Articles L. 232-1, II and L. 233-26 of the French Commercial Code	Chapter 1 § 1.10 / page 41
1.10	Company research and development activities	Articles L. 232-1, II and L. 233-26 of the French Commercial Code	Chapter 2 § 2.4 / pages 109 <i>et seq.</i> § 2.5 / pages 129 <i>et seq.</i> § 2.6 / pages 167 <i>et seq.</i>
1.11	Table of the Company's results during each of the last five financial years	Article R. 225-102 of the French Commercial Code	Chapter 6 § 6.6 / page 430
1.12	Information regarding payment terms of suppliers and customers of the Company whose annual financial statements are certified by a Statutory Auditor	Article D. 441-4 of the French Commercial Code	Chapter 6 § 6.7 / page 431
1.13	Amount of loans with a maturity of less than two years granted by the Company, on an ancillary basis to its main activity, to micro-companies or small or medium-sized companies with which it has economic links	Articles L. 511-6 and R. 511-2-1-3 of the French Monetary and Financial Code	Chapter 6 § 6.8.2 / page 432
1.14	Activity of the Company's subsidiaries and companies under its control	Article L. 233-6 of the French Commercial Code	Chapter 1 § 1.4 / pages 17 to 23 Chapter 6 § 6.5 (Note 7.3) / page 423 § 6.8 / page 432

No.	Required elements	Reference texts	Chapter / § / Page
1.15	Notice given to another joint-stock company in which the Company holds more than 10% of its capital		n/a
1.16	Progress made or difficulties encountered	Article L. 22-10-35, I of the French Commercial Code	Chapter 1 § 1.8 / page 38
2 Internal control and risk management			
2.1	Description of main risks and uncertainties the Company faces	Article L. 225-100-1, I., 3° of the French Commercial Code	Chapter 4 § 4.1 / pages 328 et seq.
2.2	Guidance on financial risks linked to the effects of climate change and steps taken by the Company to reduce them by implementing a low-carbon strategy in all areas of its activity	Article L. 22-10-35, I of the French Commercial Code	Chapter 4 § 4.1.4 / pages 340-343
2.3	Principal characteristics of the internal control and risk management procedures put in place by the Company relating to the preparation and processing of accounting and financial information	Article L. 22-10-35, 2° of the French Commercial Code	Chapter 4 § 4.3 / pages 348 et seq.
2.4	Information regarding the Company's objectives and its policy as to the hedging of each main category of scheduled transactions for which hedge accounting is used, along with its exposure to price, credit, liquidity and cash risk; these indications include the Company's use of financial instruments	Article L. 225-100-1, 6° of the French Commercial Code	Chapter 4 § 4.2 / page 347 Chapter 5 § 5.6 (note 10) / pages 391 et seq.
2.5	Anti-corruption system	Law No. 2016-1691 of 9 December 2016 known as "Sapin 2"	Chapter 2 § 2.8.2 / pages 202 et seq.
2.6	The vigilance plan helps to identify risks and prevent serious breaches of human rights and fundamental freedoms, health, safety and the environment arising from the activity of the Company and companies it controls, as well as the activities of subcontractors and suppliers. Reporting of the effective implementation of the vigilance plan	Article L. 225-102-4 of the French Commercial Code	Chapter 4 § 4.1.2.3 / page 337 § 4.1.4.3/page 343 Chapter 2 § 2.8.4 / pages 206 et seq.
3 Information relating to corporate governance			
	<i>Refer to the cross-reference table for the Supervisory Board report on corporate governance</i>		Chapter 9 § 9.5.3 / pages 517-518
4 Information on shareholding and share capital			
4.1	Structure, change in the Company's share capital and crossing of thresholds	Article L. 233-13 of the French Commercial Code	Chapter 7 § 7.2.2.4 / page 451 § 7.2.2.5 / pages 452-453 § 7.2.2.7 / page 454
4.2	Information regarding the Company's acquisition of its own shares with a view to allocating them to employees or Senior Executives (share buyback programme)	Article L. 225-211 of the French Commercial Code	Chapter 7 § 7.2.2.10 / pages 454-456
4.3	Statement of employee and Senior Executive holdings in the share capital on the last day of the financial year, and proportion of the capital represented by the shares held by employees managed collectively (in an employee savings plan or an employee mutual fund), and the registered shares held directly by them following the allocation of free shares or from other schemes	Article L. 225-102, paragraph 1 of the French Commercial Code	Chapter 7 § 7.2.2.8 / page 454
4.4	Statement of any adjustments for securities giving access to the share capital in the event of share buybacks or financial operations	Articles R. 228-90 and R. 228-91 of the French Commercial Code	n/a
4.5	Summary of transactions carried out on their securities by Senior Executives, senior managers or persons with which they are closely linked	Article L. 621-18-2 of the French Monetary and Financial Code	Chapter 7 § 7.2.3 / pages 457-458

No.	Required elements	Reference texts	Chapter / § / Page
4.6	Amount of dividends distributed over the last three years, and amount of distributed income eligible and ineligible for deductions, broken down by share class	Article 243 <i>bis</i> of the French General Tax Code	Chapter 6 § 6.6 / page 430 Chapter 8 § 8.2.1 (4 th resolution) / pages 475-476
4.7	Restrictions imposed by the Board regarding the exercise of options granted or the sale of free shares awarded to Senior Executives	Article L. 225-185 of the French Commercial Code	n/a
4.8	Calculation elements and results of adjustment to the conversion basis, and terms of subscription or exercise of securities giving access to the share capital or options to subscribe for or purchase shares	Articles R. 228-90 and R. 228-91 of the French Commercial Code	n/a
5	Non-Financial Performance Statement		
	<i>Refer to the cross-reference table for the Non-Financial Performance Statement</i>		Chapter 9 § 9.5.5 / page 525
6	Other information		
6.1	Additional tax information	Articles 223 <i>quater</i> et 223 <i>quinquies</i> of the French General Tax Code	Chapter 8 § 8.2.1 (1 st , 2 nd and 3 rd resolutions) / page 474
6.2	Injunctions or fines for anti-competitive practices imposed by the Competition Council, the inclusion of which in the annual report was prescribed by said Council	Article L. 464-2 of the French Commercial Code	n/a
7	Other documents		
7.1	Supervisory Board report to the Combined General Meeting of 20 April 2022	Article L. 226-9 of the French Commercial Code	Chapter 8 § 8.3 / pages 496-497
7.2	Executive management report on transactions carried out by the Company or affiliated companies in connection with stock subscription or purchase options reserved for employees and Senior Executives	Article L. 225-184 of the French Commercial Code	Chapter 3 § 3.8.3 / page 308
7.3	Executive management report on transactions carried out by the Company or affiliated companies in connection with free share allocations reserved for employees and Senior Executives	Article L. 225-197-4 of the French Commercial Code	Chapter 3 § 3.8.3 / page 308
8	Documents attached to the management report		
8.1	Executive management report on the use of a delegation of authority or a delegation of powers of the General Meeting	Article L. 22-10-10 of the French Commercial Code	Chapter 3 § 3.9.4 / pages 321-323

9.5.3 CROSS-REFERENCE TABLE FOR THE SUPERVISORY BOARD REPORT ON CORPORATE GOVERNANCE

(Articles L. 226-10-1 and L. 22-10-78 of the French Commercial Code (Code de commerce))

In accordance with Article L. 226-10-1 of the French Commercial Code (*Code de commerce*), the report on corporate governance is attached to the management report.

Items that are not applicable to Hermès International are marked “n/a”.

No.	Required elements	Reference texts	Chapter / § / Page
3	Compensation information		
3.1	Compensation policy for Corporate Officers	Article L. 22-10-8, I, paragraph 2 of the French Commercial Code	Chapter 3 § 3.8.1 / pages 293 et seq.
3.2	Compensation and benefits of any kind for each Corporate Officer paid or awarded during the past financial year	Article L. 22-10-9, I., 1° of the French Commercial Code	Chapter 3 § 3.8.2 / pages 303 et seq.
3.3	Relative proportion of fixed and variable compensation	Article L. 22-10-9, I., 2° of the French Commercial Code	Chapter 3 § 3.8.1.2.4 / page 297 § 3.8.1.3.4 / page 302
3.4	Use of the option to request the return of variable compensation	Article L. 22-10-9, I., 3° of the French Commercial Code	n/a
3.5	Commitments of any kind made by the Company in favour of its Corporate Officers, and corresponding to components of compensation, indemnities or benefits due or liable to be due in respect of the taking up, termination of or change in their duties or subsequent to the exercise thereof	Article L. 22-10-9, I., 4° of the French Commercial Code	Chapter 3 § 3.8.1.2.4 / pages 297 et seq.
3.6	Compensation paid or allocated by a company included in the scope of consolidation within the meaning of Article L. 233-16 of the French Commercial Code (<i>Code de commerce</i>)	Article L. 22-10-9, I., 5° of the French Commercial Code	Chapter 3 § 3.8.1.2.4 / pages 297-298
3.7	Ratios between the level of compensation of each Executive Corporate Officer and the average and median compensation of the Company's employees	Article L. 22-10-9, I., 6° of the French Commercial Code	Chapter 3 § 3.8.2.3 / pages 305-307
3.8	Annual change in compensation, company performance, average compensation of company employees and the aforementioned ratios over the five most recent financial years	Article L. 22-10-9, 7° of the French Commercial Code	Chapter 3 § 3.8.2.3 / pages 305-307
3.9	Explanation of how the total compensation complies with the agreed compensation policy, including how it contributes to the long-term performance of the Company and the way in which the performance criteria have been applied	Article L. 22-10-9, 8° of the French Commercial Code	Chapter 3 § 3.8.2.1 / pages 303-305 § 3.8.2.2 / page 305 § 3.8.2.4 / page 308
3.10	Way in which the vote of the last Ordinary General Meeting, as provided for in I of Article L. 22-10-34 of the French Commercial Code (<i>Code de commerce</i>), was taken into account.	Article L. 22-10-9, 9° of the French Commercial Code	Chapter 3 § 3.8.1.2.1 / page 296 § 3.8.1.3.1 / page 302
3.11	Deviation from the procedure for implementing the compensation policy and any exceptions	Article L. 22-10-9, I., 10° of the French Commercial Code	Chapter 3 § 3.8.1.2 / pages 296-301 § 3.8.1.3 / pages 301-303
3.12	Application of the provisions of the second paragraph of Article L. 225-45 of the French Commercial Code (<i>Code de commerce</i>) (suspension of the payment of compensation to members of the Supervisory Board in the event of non-compliance in terms of parity in the composition of the Supervisory Board)	Article L. 22-10-9, I., 11° of the French Commercial Code	n/a
3.13	Allocation and retention of options by Corporate Officers	Article L. 225-185 of the French Commercial Code	Chapter 3 § 3.8.3 / page 308 § 3.8.4.8 / page 313
3.14	Allocation and retention of free shares to Executive Corporate Officers	Articles L. 225-197-1 and L. 22-10-59 of the French Commercial Code	Chapter 3 § 3.8.3 / page 316 § 3.8.4.10 / page 314

No.	Required elements	Reference texts	Chapter / § / Page
Governance information			
3.15	Offices and positions held in any Company by each Corporate Officer during the past financial year	Article L. 225-37-4, 1° of the French Commercial Code	Chapter 3 § 3.3.2.2 / pages 231-233 § 3.4.8 / pages 256 et seq.
3.16	Agreements, other than those relating to current transactions concluded under normal terms and conditions, directly or through an intermediary, between i) one of the Corporate Officers or shareholders holding more than 10% of the voting rights of a company and ii) another company in which the first company directly or indirectly holds more than half of the capital	Article L. 226-10 of the French Commercial Code	Chapter 3 § 3.9.1 / pages 315-317
3.17	Summary table of delegations of authority and powers granted by the General Meeting to Executive Management with respect to capital increases	Articles L. 225-37-4, 3° and L. 226-10 of the French Commercial Code	Chapter 3 § 3.9.4 / pages 321-323
3.18	Methods of implementing Group management	Article L. 225-37-4, 4° of the French Commercial Code	n/a
3.19	Composition and conditions governing the preparation and organisation of Supervisory Board's work	Article L. 22-10-10 of the French Commercial Code	Chapter 3 § 3.4 to 3.7 / pages 241 to 292
3.20	Application of the principle of balanced gender representation on the Board and description of the diversity policy applied within the Board	Article L. 22-10-10, 2° of the French Commercial Code	Chapter 3 § 3.4.3 / pages 244-246
3.21	Possible limitations on the powers of the Executive Chairmen	Article L. 22-10-10, 3° of the French Commercial Code	n/a
3.22	Reference to a Corporate Governance Code and application of the "comply or explain" principle	Article L. 22-10-10, 4° of the French Commercial Code	Chapter 3 § 3.1 / page 223
3.23	Specific terms and conditions relating to shareholder participation in the General Meeting	Article L. 22-10-10, 5° of the French Commercial Code	Chapter 3 § 3.9.3 / pages 319-320
3.24	Procedure implemented by the Company to regularly assess the nature of ordinary and regulated agreements	Article L. 22-10-10, 6° of the French Commercial Code	Chapter 3 § 3.9.1.3 / page 318
3.25	Information on factors liable to affect the outcome of a public offering	Article L. 22-10-11 of the French Commercial Code	Chapter 3 § 3.9.2 / pages 318-319
3.26	Non-discrimination and diversity policy with respect to the balanced representation of women and men in the governing bodies and diversity in the 10% of key management positions	Articles L. 225-37-4, 6° and L. 22-10-74 of the French Commercial Code	Chapter 3 § 3.3.4 / pages 238-240

9.5.4 CROSS-REFERENCE TABLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

The following table cross-references this document with the main headings required under Annexes 1 and 2 of Delegated Regulation (EU) No. 2019/980 of 14 March 2019 supplementing Regulation (EU) No. 2017/1129 of 14 June 2017, amended and corrected by Delegated Regulation (EU) No. 2020/1273 of 4 June 2020.

Items that are not applicable to Hermès International are marked “n/a”.

No.	Required elements	Reference texts	Chapter / § / Page
1	Persons responsible, third party information, experts' reports and competent authority approval		
1.1	Name and function of responsible persons		Chapter 9 § 9.1.1 / page 506
1.2	Statement of responsible persons		Chapter 9 § 9.1.2 / page 506
1.3	Statement of the expert report		Chapter 2 § 2.9 / pages 212-216
1.4	Information from third parties		n/a
1.5	Statement without prior approval of the competent authority		Page 1
2	Statutory Auditors		
2.1	Name and address of the Statutory Auditors		Chapter 9 § 9.2 / page 507
2.2	Information on the Statutory Auditors who have resigned or been dismissed from their duties		n/a
3	Risk factors		Chapter 4 § 4.1 / pages 328-346
4	Information about Hermès International	Headings in Annexes 1 and 2 of Delegated Regulation (EU) No. 2019/980 of 14 March 2019, amended and corrected by Delegated Regulation (EU) No. 2020/1273 of 4 June 2020	
4.1	Company name and commercial name		Chapter 7 § 7.1.1 / page 440
4.2	Place of registration and registration number and legal entity identifier (LEI)		Chapter 7 § 7.1.1 / page 440
4.3	Date of incorporation and duration		Chapter 7 § 7.1.1 / page 440
4.4	Registered office, legal form, applicable legislation, country of origin, address and telephone number		Chapter 7 § 7.1.1 / page 440
5	Business overview		
5.1	Principal activities		
5.1.1	Transactions carried out and main activities		Chapter 1 § 1.6 / pages 26-35
5.1.2	New products and services		Chapter 1 § 1.6 / pages 26-35 § 1.10 / page 41
5.2	Principal markets		Chapter 1 § 1.6 / pages 26-35 § 1.7 / pages 35-38
5.3	Important events in the development of the issuer's business		Highlights 2021 / pages 6-7 § 1.1 Hermès in key dates / pages 10-12
5.4	Strategy and objectives		Chapter 1 § 1.3 / pages 14-16 § 1.10 / page 41

No.	Required elements	Reference texts	Chapter / § / Page
5.5	Extent to which the issuer is dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes		Chapter 4 § 4.1.3.2 / page 340
5.6	Competitive position		Chapter 1 § 1.1 / page 10
5.7	Investments		
5.7.1	Significant investments made		Chapter 1 § 1.5.3 / pages 24-25 § 1.5.3.3 / page 25 § 1.8.2 / page 39 Chapter 5 § 5.5 / page 363 § 5.6 (Note 3) / pages 368-369
5.7.2	Major investments in progress or for which firm commitments have already been made		Chapter 1 § 1.6.1 / pages 26-28 § 1.6.7.4 / page 33
5.7.3	Joint ventures or undertakings in which the issuer holds a share of capital likely to have an impact on its assets/liabilities, its financial position or its earnings		n/a
5.7.4	Environmental issues that may influence the use of property, plant and equipment	Headings in Annexes 1 and 2 of Delegated Regulation (EU) No. 2019/980 of 14 March 2019, amended and corrected by Delegated Regulation (EU) No. 2020/1273 of 4 June 2020	Chapter 9 § 9.5.5 / page 525
6	Organisational structure		
6.1	Brief description and organisational chart for the Group		Chapter 1 § 1.4 / page 17
6.2	List of significant subsidiaries		Chapter 5 § 5.6 (Note 16) / pages 402-403 Chapter 6 § 6.5 (Note 7.3) / page 423
7	Operating and financial review		
7.1	Financial condition		Chapter 1 § 1.8.3 / page 39
7.2	Operating income		
7.2.1	Major factors significantly affecting operating revenue		Chapter 1 § 1.5 / pages 24-25 § 1.8.1 / pages 38-39
7.2.2	Significant changes in net revenue or net income		Chapter 1 § 1.6 / pages 26 to 35 § 1.7 / pages 35 to 38

No.	Required elements	Reference texts	Chapter / § / Page
8	Capital resources		
8.1	Information concerning capital resources		Chapter 1 § 1.5.3 / page 24 Chapter 5 § 5.3 / page 361 § 5.4 / page 362 Chapter 6 § 6.2 / page 413 § 6.3 / page 414 § 6.4 / page 414 Chapter 7 § 7.2 / pages 450-460
8.2	Cash flows		Chapter 1 § 1.8.2 / page 39 Chapter 5 § 5.5 / page 363
8.3	Borrowing requirements and funding structure		Chapter 5 § 5.6 (Note 11) / pages 397 to 399 § 5.6 (Note 10.3) / page 395
8.4	Restrictions on the use of capital		n/a
8.5	Anticipated sources of funds		Chapter 1 § 1.8.3 / page 39
9	Regulatory environment		Chapter 2 § 2.2 / pages 67 to 88 § 2.8 / pages 198 to 211 Chapter 4 § 4.1.3 / page 339
10	Trend information	Headings in Annexes 1 and 2 of Delegated Regulation (EU) No. 2019/980 of 14 March 2019, amended and corrected by Delegated Regulation (EU) No. 2020/1273 of 4 June 2020	Chapter 1 § 1.9 / page 40 § 1.10 / page 41
11	Profit forecasts or estimates		n/a
12	Administrative, management and supervisory bodies and senior management		
12.1	Information on administrative, management and supervisory bodies		Chapter 1 § 1.2 / page 13 Chapter 3 § 3.3 / pages 229 et seq. § 3.4 / pages 241 et seq. § 3.6.1 / pages 284-285 § 3.6.2 / pages 285-287 § 3.10.2 / page 325
12.2	Administrative, management and supervisory bodies and senior management conflicts of interests		Chapter 3 § 3.4.7.5 / pages 254-255 § 3.8.1.1.3 / page 295
13	Remuneration and benefits		
13.1	Remuneration and benefits in kind		Chapter 3 § 3.8 / pages 293 et seq. Chapter 8 § 8.2.1 (7 th to 10 th resolutions) / pages 480-486
13.2	Amounts set aside or accrued to provide pension, retirement or similar benefits		Chapter 5 § 5.6 (Note 5.5) / page 377
14	Board practices		

No.	Required elements	Reference texts	Chapter / § / Page
14.1	Expiration dates of current terms of office		Chapter 3 § 3.3.2 / pages 230-233 § 3.4.5.1 / page 247
14.2	Service contracts		Chapter 3 § 3.4.7.5 / pages 254-255 § 3.8.1.2.4 / page 297 § 3.10.2.4 / page 325
14.3	Information on the Audit and Risk Committee and the CAG-CSR Committee		Chapter 3 § 3.6 / pages 284 et seq. Chapter 4 § 4.3.2 / pages 348-350
14.4	Statement of compliance with the applicable corporate governance regime		Chapter 3 § 3.1.1 / page 223
14.5	Potential material impact on corporate governance		n/a
15	Employees		
15.1	Number of employees and breakdown of workforce		Highlights 2021 / pages 6-7 Chapter 1 § 1.5.3 / page 24 Chapter 2 § 2.1 / page 50 Chapter 5 § 5.6 (Note 5.1) / page 374
15.2	Shareholdings and stock options held by members of administrative, supervisory and management bodies	Headings in Annexes 1 and 2 of Delegated Regulation (EU) No. 2019/980 of 14 March 2019, amended and corrected	Chapter 3 § 3.4.5.1 / page 247 § 3.8.3 / page 308 § 3.8.4.4 to 3.8.4.12 / pages 312-314 § 3.10.1 / page 324
15.3	Arrangements for involving employees in the capital	by Delegated Regulation (EU) No. 2020/1273 of 4 June 2020	Chapter 2 § 2.2.1.4.2 / page 78 Chapter 7 § 7.2.2.8 / page 454
16	Major shareholders		
16.1	Notifiable interests – shareholders holding more than 5% of the share capital or voting rights		Chapter 7 § 7.2.2.5 / pages 452-453
16.2	Existence of different voting rights		Chapter 7 § 7.1.2.2 / page 450 § 7.2.2.5 / pages 452-453
16.3	Control of Hermès International		Chapter 7 § 7.2.2.3 / page 451
16.4	Arrangements known to Hermès International whose implementation could result in a change of control		Chapter 7 § 7.5.2.2 / page 460
17	Related-party transactions		
			Chapter 3 § 3.9.1.1 / pages 315-317 Chapter 5 § 5.6 (Note 13) / page 400 Chapter 6 § 6.5 (Note 11) / page 429 Chapter 8 § 8.2.1 (5 th resolution) / page 477 § 8.4.3 / pages 499-500
18	Financial information concerning the assets and liabilities, financial position and profits and losses		

No.	Required elements	Reference texts	Chapter / § / Page
18.1	Historical financial information		Chapter 5 § 5.1 to 5.6 / pages 360 to 403 Chapter 6 § 6.1 to 6.5 / pages 412-429 Chapter 9 § 9.4 / pages 507-509
18.2	Interim and other financial information		n/a
18.3	Auditing of historical annual financial information		Chapter 5 § 5.7 / pages 404-408 Chapter 6 § 6.9 / pages 433-436 Chapter 9 § 9.4 / pages 507-509
18.4	<i>Pro forma</i> financial information		n/a
18.5	Dividend policy		Chapter 7 § 7.3 / page 461
18.6	Legal and arbitration proceedings		Chapter 4 § 4.1.3 / pages 339-340
18.7	Significant change in the financial position of Hermès International		n/a
19	Additional information		
19.1	Share capital		Chapter 5 § 5.3 / page 361 § 5.6 (Note 11) / pages 397-399 Chapter 6 § 6.2 / page 413 § 6.3 / page 414 § 6.5 (Note 9) / page 428 § 6.6. / page 430 Chapter 7 § 7.1.3 / page 441 § 7.2.1.1 / page 450
19.1.1	Amount of issued share capital	Headings in Annexes 1 and 2 of Delegated Regulation (EU) No. 2019/980 of 14 March 2019, amended and corrected by Delegated Regulation (EU) No. 2020/1273 of 4 June 2020	Chapter 5 § 5.6 (Note 11.1) / page 397
19.1.2	Other shares		n/a
19.1.3	Treasury shares		Chapter 5 § 5.6 (Note 11.3) / page 397 Chapter 7 § 7.2.2.4 / page 451 § 7.2.2.5 / pages 452-453 § 7.2.2.6 / page 453
19.1.4	Securities		n/a
19.1.5	Acquisition rights and/or obligations over authorised but unissued capital		n/a
19.1.6	Options or agreements		n/a
19.1.7	History of the share capital		Chapter 7 § 7.2.2.6 / page 453
19.2	Memorandum and Articles of Association		Chapter 7 § 7.1.1 / page 440 § 7.1.3 / pages 440 et seq.
19.2.1	Register and corporate purpose		Chapter 7 § 7.1.1 / page 440 § 7.1.3 / page 440
19.2.2	Rights, preferences and restrictions attached to the shares		Chapter 7 § 7.1.3 / pages 442-443

No.	Required elements	Reference texts	Chapter / § / Page
19.2.3	Provisions of the Articles of Association and other provisions that could delay, defer or prevent a change in control	Headings in Annexes 1 and 2 of Delegated Regulation (EU) No. 2019/980 of 14 March 2019, amended and corrected by Delegated Regulation (EU) No. 2020/1273 of 4 June 2020	Chapter 7 § 7.2.5 / pages 459-460 § 7.5.8 / pages 468-469 Chapter 8 § 8.2.1 (6 th resolution) / pages 477-479
20	Material contracts		Chapter 7 § 7.2.5.1 / page 459
21	Documents available		Chapter 7 § 7.5.3 / page 466 Chapter 9 § 9.3 / page 507

9.5.5 CROSS-REFERENCE TABLE FOR THE NON-FINANCIAL PERFORMANCE STATEMENT

No.	Required elements	Reference texts	Chapter / § / Page
5.1	Business model	Articles L. 225-102-1 and R. 225-105, I of the French Commercial Code	chapter 2 § 2.1 / pages 47-55
5.2	Description of the main risks related to the business of the Company or Group, including, where relevant and proportionate, risks created by business relationships, products or services	Articles L. 225-102-1 and R. 225-105, I. 1 of the French Commercial Code	chapter 2 § 2.3.1.1 / page 56
5.3	Information on the way in which the Company or the Group takes into account the social and environmental consequences of its activity, and the effects of this activity on respect for human rights and the fight against corruption (description of the policies applied and due diligence procedures implemented to prevent, identify and mitigate the main risks related to the business of the Company or Group)	Articles L. 225-102-1, III, R. 225-104 and R. 225-105, I. 2 of the French Commercial Code	chapter 2 § 2.2.2.3 / pages 84-86 § 2.6.1.2.5 / pages 170-178 § 2.8.1.1 / pages 198-200
5.4	Results of policies applied by the Company or Group, including key performance indicators	Articles L. 225-102-1 and R. 225-105, I. 3 of the French Commercial Code	chapter 2 § 2.2 / pages 67-88 § 2.3 / pages 89-108 § 2.4 / pages 109-128 § 2.5 / pages 129-166 § 2.6 / pages 167-180 § 2.7 / pages 181-197 § 2.8 / pages 198-211
5.5	Social information (employment, work organisation, health and safety, labour relations, training, equal treatment)	Articles L. 225-102-1 and R. 225-105, II. A. 1 of the French Commercial Code	chapter 2 § 2.2 / pages 67-88 § 2.3 / pages 89 -108
5.6	Environmental information (general environmental policy, pollution, circular economy, climate change)	Articles L. 225-102-1 and R. 225-105, II. A. 2 of the French Commercial Code	chapter 2 § 2.4 / pages 109-128 § 2.5 / pages 129-166
5.7	Societal information (societal commitments in favour of sustainable development, subcontracting and suppliers, fair practices)	Articles L. 225-102-1 and R. 225-105, II. A. 3 of the French Commercial Code	chapter 2 § 2.6 / pages 167-180 § 2.7 / pages 181-197
5.8	Anti-corruption information	Articles L. 225-102-1 and R. 225-105, II. B. 1 of the French Commercial Code	chapter 2 § 2.8.2 / pages 202-205
5.9	Information on actions in favour of human rights	Articles L. 225-102-1 and R. 225-105, II. B. 2 of the French Commercial Code	chapter 2 § 2.2.2.3 / pages 84-86 § 2.6.1.2.5 / pages 172-174 § 2.8.1.1 / pages 198-200
5.10	Specific information: <ul style="list-style-type: none"> the Company's policy to prevent the risk of technological accidents; the Company's ability to cover its civil liability in respect of property and persons as a result of the operation of such facilities; the means planned by the Company to manage the compensation of victims in the event of a technological accident involving its liability. 	Article L. 225-102-2 of the French Commercial Code	Not applicable
5.11	Collective agreements concluded within the Company and their impact on the Company's economic performance as well as on the working conditions of employees	Articles L. 225-102-1, III and R. 225-105 of the French Commercial Code	chapter 2 § 2.2.1.3 / page 76
5.12	Statement of the independent third party on the information presented in the SNFP	Articles L. 225-102-1, III and R. 225-105 of the French Commercial Code	chapter 2 § 2.9 / page 212

9.5.6 TCFD CROSS-REFERENCE TABLE

The international working group on transparency of climate-related financial risks (Task Force on Climate-related Financial Disclosures, TCFD) was created at COP21 by the G20 Financial Stability Board to establish a common global framework for the reporting of climate risks to companies.

The TCFD published its recommendations on the information to be published by companies in June 2017.

The references to the elements of the universal registration document that meet these recommendations are indicated in the cross-reference table presented in chapter 2 “Corporate social responsibility”, § 2.7.2.2.2.

9.6 GLOSSARY

Active partners

See “*société en commandite par actions*” (partnership limited by shares).

Adjusted free cash flow

Adjusted free cash flow is the sum of cash flows related to operating activities, less operating investments and the repayment of lease liabilities recognised in accordance with IFRS 16 (aggregates in the consolidated statement of cash flows).

Afep-Medef Code

Corporate Governance Code of listed corporations developed by the *Association française des entreprises privées* (Afep) and the *Mouvement des entreprises de France* (Medef), after consultation with the various parties of the financial marketplace. This code provides a set of demanding and precise recommendations on corporate governance. It can be designated by listed corporations as their reference code pursuant to Article L. 22-10-10, 4 of the French Commercial Code (*Code de commerce*). The Afep-Medef Code is revised and updated on a regular basis.

Affiliates

Companies in which your company does not own, directly or indirectly, more than 50% of the share capital.

Articles of Association

The Articles of Association are a deed of incorporation of a company which defines its characteristics and the rules governing its operation. An amendment to the Articles of Association requires the agreement of all the Active partners and a vote by an extraordinary General Meeting.

Audit and Risk Committee

A committee of the Supervisory Board in charge of the financial statements, audit, risks, and corruption prevention.

Bearer Share

When shares are in bearer form (the most common), the custodian is a financial intermediary (bank or stock market firm). This intermediary is the only entity to know the individual shareholder’s identity, so the issuing company does not know the name of the holders of these shares.

CAG-CSR Committee

A committee of the Supervisory Board in charge of compensation, appointments, governance, and corporate social responsibility.

Capital gain

The profit made on the sale or disposal of a security. It is equal to the positive difference between the sale price and the purchase or subscription price.

Capital increase

Operation conducted to increase the Company’s equity capital. A capital increase is either done by increasing the par value of existing shares, or by creating new shares proceeding from subscriptions in cash, contributions in kind or profits, reserves or issue of share premiums incorporated into the capital. Capital increases may be carried out with or without subscription rights. They may enable new shareholders to hold a part of the Company’s capital. They must be previously approved by an Extraordinary General Meeting.

Consensus

This is the mean value of forecasts made by analysts.

Consolidated financial statements

The consolidated financial statements consolidate all of the financial statements of the companies forming the Hermès Group, for the purpose of presenting the financial position as if they formed a single entity.

Corporate governance

Corporate governance:

- ◆ covers certain principles of efficient operation and transparency to improve a company’s management and meet demands from investors and the public;
- ◆ concerns all the responsibilities, processes and practices designed to define Group management and the Company’s strategic actions, to ensure that risks are correctly managed and that goals are achieved;
- ◆ covers all the different bodies (Supervisory Board and its specialised committees, Executive Committee, etc.) put in place to oversee the management of a publicly-traded company.

CSR

Corporate social responsibility.

Declaration by Senior Executives (upon disposal of securities)

Declaration that the Senior Executives, the persons acting on their behalf, and the persons related to them are required to make to the issuer and the AMF, in respect of the transactions they carry out on the shares and debt securities of the Company in which they perform their duties and the related financial instruments. This declaration must be made within three working days starting from the date of the transaction (for more information, see the “*Guide de l’information permanente et de la gestion de l’information privilégiée*” DOC-2016-08 of the AMF).

Dividends

Portion of the Company’s profits, retained earnings or reserves that the General Meeting, on a recommendation by the Supervisory Board, decides to distribute to the shareholders. The dividend represents the share earnings, and its amount varies each year depending on the Company’s results and the policy it adopts.

Double voting right

The double voting right departs from the legal principle that the number of votes attaching to shares must be proportional to the share of capital they represent (principle of “one share one vote”).

A double voting right is granted:

- ♦ to any fully-paid Hermès International 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, and from the date of the first General Meeting following the fourth anniversary of the date when the share was registered on the books; and
- ♦ to any Hermès International registered share allocated as a bonus share to a shareholder, in the event of a capital increase by incorporation of amounts entered in share premium, reserve or retained earnings accounts, in proportion to existing shares carrying a double voting right.

The double voting right automatically ceases to exist in the conditions stipulated by law.

Earnings per share

This is a calculation done for stock market analysis obtained by dividing the Company’s net profit by the number of shares comprising the capital.

Equity

Capital belonging to the shareholders comprising equity subscriptions, profits left in reserves and income for the period.

Executive Chairmen

The role of the Executive Chairman consists in running the Group and acting in the general interests of the Company, within the limits of its corporate purpose and in compliance with the powers granted by law to the Supervisory Board and General Meetings of Shareholders.

Extraordinary dividend

This is a dividend of an exceptionally high amount compared to the dividend ordinarily paid and which is not therefore recurrent. It may complete or replace the ordinary dividend.

Financial Markets Authority (AMF)

Financial markets authority regulating French financial market players and products. The authority regulates, authorises, monitors and, when necessary, audits, investigates and imposes sanctions. It also ensures that investors are correctly informed and offers investor assistance, where necessary, *via* its mediation procedure.

The Financial Markets Authority (AMF) is an independent public authority responsible for:

- ♦ protection of savings invested in financial products;
- ♦ investor information;
- ♦ proper financial market operation.

“Épargne Info Service” answers your questions about savings products, the stock market or the role of the AMF on +33 (0)1 53 45 62 00 (local call rates in France).

General Meeting

The General Meeting is a decision-making body comprising all shareholders (Limited Partners).

Except for the appointment and dismissal of members of the Supervisory Board, the appointment and dismissal of the Statutory Auditors, the allocation of profits for the financial year and the approval of agreements subject to authorisation, no decisions may be validly made by the General Meetings unless they are approved by the Active partners at the latest by the end of the meeting that voted on the decision in question.

Growth in revenue at constant exchange rates

Growth in revenue at constant exchange rates is calculated by applying, for each currency, the average exchange rates of the previous period to the revenue for the period.

HCGE

Corporate Governance High Committee (*Haut Comité de gouvernement d’entreprise*), whose role is to conduct oversight of the application of the Afep-Medef Code and to propose changes therein, subject to public consultation.

Hermès family group

The Hermès family group consists of the partners of Émile Hermès SAS, their spouses, children and grandchildren, and their direct and indirect holding companies of Hermès International and Émile Hermès SAS. The right to be a partner in Émile Hermès SAS is reserved for the descendants of Mr Émile-Maurice Hermès and his wife, and their spouses, but solely as the usufructuaries of shares.

EHS

Environment, Health and Safety.

Identification on request

In order to know the identity of all or part of its holders of bearer shares at a given time, a publicly-traded company may ask the Company Euroclear France for a breakdown of its shareholders using its notification platform, which allows identification information to be collected from financial intermediaries.

Law No. 2021-1308 of 8 October 2021, which transposed Directive (EU) 2017/828 of 17 May 2017 (known as “SRD II”) into French law, amending Directive 2007/36/EC of 11 July 2007 (known as “SRD I”) has replaced the TPI (identifiable bearer share) procedure by this procedure.

IFRS

International Financial Reporting Standards.

Institutional investors

Financial institutions (pension funds, insurance companies, banks, sovereign funds, etc.) investing money in securities.

Interim dividend

Advance payment of a portion of the forth coming dividend.

Joint Council

Whenever it considers it necessary, the Executive Management of Hermès International or the Chairman of the Supervisory Board of Hermès International calls a Joint Council between the Executive Management Board of Émile Hermès SAS and the Supervisory Board of Hermès International.

The Joint Council is an institution designed to enable extensive consultation between the Executive Management Board of the Active partner, an internal body needing to have knowledge of the main aspects of Hermès International’s Executive Management, and the Supervisory Board, an emanation of the shareholders.

The Joint Council hears all questions that are submitted to it by the person calling it or which it decides to examine, without however being able to make decisions in place of the bodies to which such powers are granted by law, the Company’s Articles of Association and those of Émile Hermès SAS.

The Joint Council of the Executive Management Board and the Supervisory Board does not, itself, have any decision-making powers. It acts solely as a consultation body. If they so wish, at a Joint Council meeting, the Executive Management Board and the Supervisory Board may make any decision or give any opinion within their sphere of competence.

LEI

LEI is a unique, global identifier that takes the form of a 20-digit alpha-numeric code. It is linked to key reference information. Developed by the International Organisation for Standardisation (ISO), the LEI is compulsory for all transactions in financial instruments listed on the stock exchange: it clearly and uniquely identifies the legal entities involved in such transactions.

Limited Partners

See “*société en commandite par actions*” (partnership limited by shares).

Liquidity

For a given security, this corresponds to the ratio between the volume of shares traded on the market and the number of shares comprising the floating stock. A security or a market is said to be “liquid” when buy or sell transactions can be completed without causing any excessive variations compared to the last trading price.

Management report

Information document required by the French Commercial Code (*Code de commerce*) whereby the Senior Executives and management bodies of a company report to the governing body on their management over the past year, and provide all significant information about the issuer and its future prospects. It is prepared by the same bodies as those that approve the annual financial statements. Companies preparing consolidated financial statements must also provide information about the management of the Group. This document is included in the universal registration document.

Market capitalisation

This is the market value of a company at a given time. It is calculated by multiplying the stock market price by the number of shares comprising the capital.

Net cash position

Net cash position includes cash and cash equivalents presented under balance sheet assets, less bank overdrafts which appear under short-term borrowings and financial liabilities on the liabilities side. Net cash position does not include lease liabilities recognised in accordance with IFRS 16.

Net income

A company’s net income is the balance between all of its income and all of its expenses over a given period. It reflects what the Company has earned or lost through its activities over that period.

Net profit

Positive statement of income balance.

Operating cash flows

Operating cash flows are all the financial resources generated by the Company in connection with its activity and which it could use to cover its financial needs. It measures the Company's ability to finance its requirements in order to exist, using its own resources, such as investments or debt repayments.

Parent company financial statements

The parent company financial statements are the annual financial statements of Hermès International taken individually.

Preemptive subscription right

Tradable right, detached from each existing share, enabling existing shareholders to purchase new shares or securities giving access to the share capital in an offering before the general public has the opportunity to do so, or to obtain, by selling their rights, an amount equivalent to the notional reduction in the value of their shares that would arise from the new issue.

Priority subscription right/Priority subscription period

In return for the cancellation of preemptive subscription rights, the Executive Management may introduce a priority right, which may be pro-rated. A priority right, like a preemptive subscription right, enables existing shareholders to subscribe to the proposed issue in proportion to the number of shares they currently hold. However, unlike a preemptive subscription right, a priority right is (i) exercisable within a priority period (in practice, at least five trading sessions) that is shorter than the period allowed for a preemptive right and (ii) not tradable.

Pro-rated (subscription rights)

In some cases, the Executive Management may introduce pro-rated subscription rights in favour of existing shareholders. This means that if irreducible subscriptions (i.e. subscriptions by shareholders exercising preemptive subscription rights) fail to entirely absorb the capital increase, the unsubscribed equity securities would be allocated on a pro-rated basis to those shareholders who made an application for additional shares (over and above the entitlement given by their preemptive subscription rights) in proportion to the subscription rights they hold and within the limit of the number of shares applied for by that shareholder.

Quorum

Minimum percentage of shares present or represented and carrying voting rights, required for a General Meeting to validly proceed.

Recurring operating income

Recurring operating income is one of the main performance indicators monitored by the Group's management. It excludes non-recurring items having a significant impact that could affect understanding of the Group's economic performance.

Registered share

When shares are registered shares, the custodian is the Company itself or an agent appointed by the issuing company to keep its registered share accounts. For Hermès International, this agent is BNP Paribas Securities Services (BP2S). Holders of registered shares are known by name by the issuing company. They may either manage their shares themselves, in which case they are described as "pure" registered shareholders; or appoint an agent of their choosing to manage their account held with the issuing company, in which case they are described as "administered" registered shareholders.

Remote voting

A shareholder may vote by post using a form provided for this purpose or online (please refer to the corresponding notice of meeting).

Restated net cash

Restated net cash corresponds to net cash plus cash investments that do not meet the IFRS criteria for cash equivalents due in particular to their original maturity of more than three months, less borrowings and financial liabilities.

Revenue

Revenue is the total amount of sales of goods and services made by the Company, over a given period, in the normal course of business.

Share

A marketable security issued by a listed (publicly-traded) or unlisted incorporated company, representing the unit value of the Company's share capital and granting the holder shareholder status. This share carries rights to disclosure of information and the right to vote at General Meetings, as well as financial rights (right to dividends, subscription rights). A share may be a bearer share or a registered share.

Share buyback

After consulting its shareholders at a General Meeting and obtaining their consent, a company may purchase its own shares on the stock market, within the limit of 10% of its capital (in accordance with the objectives defined in the share buyback programme). Shares thus purchased may then be held, sold, transferred or cancelled.

Share capital

Portion of equity capital contributed by shareholders when the Company is established or upon a subsequent capital increase.

Shareholding certificate

Document provided by the financial intermediary proving that a holder of bearer shares is a shareholder. This document enables the shareholder to take part in General Meetings.

Société en commandite par actions (SCA) (partnership limited by shares)

A company whose capital is divided into shares comprising one or more Active partners having status as merchant and who have unlimited joint and several liability for the Company's debts, and Limited Partners (or shareholders) who are not merchants and are only liable for the Company's debts in proportion to their investment.

Subsidiaries

Companies in which your company owns, directly or indirectly, more than 50% of the share capital.

Supervisory Board

The Company has a Supervisory Board (*Conseil de surveillance*), comprising between three and fifteen members (in addition to members representing the employees) who are appointed for term of three years (unless otherwise specified pursuant to Article 18.2 of the Articles of Association) from among shareholders that do not have status as Active partner, legal representative of the Active partner or Executive Chairman.

The powers and competence of the Supervisory Board are defined in Article 18 of the Articles of Association.

Treasury shares

A share that a company holds in its own capital. Treasury shares do not carry any voting rights and do not grant entitlement to dividends.

Universal registration document

Summary document filed on a voluntary basis by issuers. This is a communication tool enabling the market (financial analysts, investors, individual shareholders, etc.) to have access to annual information that includes all the information necessary to make a judgment on the business, financial position, results and outlook of the issuer as well as the governance and shareholding structures. It contains legal, financial and accounting information, information concerning the activities and shareholding as well as a description of the issuer for a given financial year. While this document is optional, most large listed companies prepare a universal registration document.

Voting right

A voting right attached to a share is exercised at the Company's General Meetings and enables shareholders to take part in the Company's principal decisions. A share may carry a single or multiple voting right(s), or no voting right at all, but only shareholders may hold voting rights.

Yield

Ratio of the dividend to the share price.

This glossary contains the most frequently used terms. The definitions are provided for information only and do not purport to be exhaustive. On no account shall this glossary be interpreted as replacing rules in force (legislation, regulations, Articles of Association, etc.), or documents and communications issued by the Company (notice of meeting, universal registration document, financial disclosures, etc.).

Hermès International

Société en commandite par actions (partnership limited by shares)
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