



Paris, 16 May 2022
6.00 pm

REPORT ON THE COMBINED GENERAL MEETING OF 20 APRIL 2022

The Combined General Meeting of Hermès International was held on Wednesday, April 20, 2022 at 9:30 a.m. at the Salle Pleyel, 252 rue du Faubourg Saint-Honoré, 75008 Paris.

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

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

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

Julie GUERRAND, representing H51, and Jean-Christophe DUMAS, representing H2, shareholders representing the largest number of votes and present in the room, acted as scrutineers.

Olivier AUBERTY, from the firm PRICEWATERHOUSECOOPERS AUDIT and Vincent FRAMBOURT from the firm GRANT THORNTON AUDIT, represented the College of Statutory Auditors.

Nathalie BESOMBES, General Counsel corporate law and stock exchange regulations, Supervisory Board Secretary and Compliance Officer, acted as secretary of the meeting.

Stéphanie SCHAMBOURG, Bailiff, was present.

The quorums required by law in ordinary and extraordinary meetings were met, *i.e.* 86.88 % for all resolutions¹.

Shareholders were asked to vote on:

- the approval of the parent company's and the consolidated financial statements for the fiscal year 2021,
- the appropriation of the earnings and the distribution, on 27 April 2022, of the remainder of ordinary dividend for the year (since an interim dividend of €2.50 per share was paid on 23 February 2022), that is €5.50 per share, resulting in a total dividend of €8 per share,
- the approval of related-party agreements,
- the authorisation granted to the Executive Management in order to implement a share purchase and cancellation programme,

¹ For the 4th resolution ("Allocation of net income - Distribution of an ordinary dividend"), the quorum was 87.37%. This difference is explained by the fact that, in accordance with the provisions of the Articles of Association, the voting rights of the stripped shares are devolved to the bare-owner for all resolutions except for the resolution relating to the allocation of net income, which is reserved for the beneficial owner.



- the 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 Officers (global and individual ex-post votes),
- the approval of the compensation's policies for Executive Chairmen and Supervisory Board members (ex-ante votes),
- the re-election of the terms of Supervisory Board members Estelle BRACHLIANOFF, Julie GUERRAND, Dominique SENEQUIER and Charles-Éric BAUER, for a period of three years,
- authorisations to be given to the Executive Management to grant stock-options and free existing shares.

Before the start of the General Meeting, the shareholders present in the room were able to attend a performance by the pianist, composer and musical director Christophe CHASSOL, on the stage of the Salle Pleyel.

The shareholders were then shown a fresco designed and created by Elias KAFOUROS that summarized the main events of the year for the House of Hermès.

Before handing over to Henri-Louis BAUER, and after two years in which the meetings had to be held behind closed doors, the Chairman wished to warmly thank the shareholders who came to the meeting, as well as those who voted massively from a distance, and finally those who connected from the company's website to follow the General Meeting.

Henri-Louis BAUER, Chairman of the Management Board of Émile Hermès SAS, Executive Chairman and Active Partner, addressed his first words to those who have suffered from the unprecedented severity of the health and geopolitical crises of the past two years. He then spoke of the Group's resilience during these crises, which is due in particular to the exceptional values of cohesion, mutual assistance and solidarity that permeate the Hermès House. *"With the covid crisis, we demonstrated our ability to overcome crisis, reorganize to reorganize ourselves, to ensure business, continuity and reestablish a balance, all the while having transformed our working methods, sometimes very substantially - particularly on the digital front."*

He then discussed three factors that explain the strength of the Hermès model:

- the exceptional commitment of our employees,
- the shared corporate culture,
- the unity of the shareholder family, which is for the long-term.

The film "Cravate" was shown.

Axel DUMAS, Executive Chairman, thanked all the shareholders for their fidelity.

He then presented the general report for the year 2021 and the strategy, first all thanking *"the passion and quality of work of all Hermès employees around the world."* He pointed out that in a context that remains difficult, and complex from a geopolitical standpoint, the teams are demonstrating a constant commitment.

Axel DUMAS began by reviewing the Hermès model.

□ A committed and responsible house of creation

- A house of creation with a distinct style
- The human at the heart of Hermès craftsmanship identity
- An irreproachable quality requirement to create durable objects
- An integrated artisanal production model, with ambitious environmental targets
- A long-term commitment to job creation, territorial anchoring and relationships with our partners
- A balanced growth of our métiers and locations around the world



He then commented on the actions undertaken by Hermès since the beginning of the pandemic with its teams, communities and suppliers. Several initiatives launched in 2020 were continued in 2021 :

- the allocation, as of January 2022, to all employees in France of an increase of €100 gross per month, in addition to individual increases, and, in France and worldwide, an exceptional bonus of €3.000 gross. *"We are pleased to share the fruits of our growth with all our employees, and in so doing we are showing our appreciation"*,
- Hermès has strengthened its support for the AP-HP (Assistance Publique - Hôpitaux de Paris) with a new €7 million donation dedicated to the training of healthcare personnel, in addition to the €20 million donation in 2020.

The film on the reintegration of military soldiers into the Hermès leather goods workshops was shown.

Axel DUMAS then recalled the importance of creation, which is central to the Hermès model.

❑ Bold creation, under the artistic direction of Pierre-Alexis DUMAS

- Enrichment of the leather goods collection with the models *Birkin trois en un*, *Della Cavalleria* and *Mors de bride*, and the *RMS* suitcase
- Successful women's and men's ready-to-wear collections
- Presentation of the jewellery collection *Kellymorphose*
- Launch of the new men's perfume *H24*
- Presentation of the new men's watch *Hermès H08*
- Opening of two new chapters for Beauty with *Rose Hermès* in April and *Les Mains Hermès* in October
- Launch of the *Apple Watch series 7*

The film highlighting the company's know-how around a Fauteuil creation presented at the Milan Furniture Fair was shown.

Axel DUMAS then spoke about the investments made in production capacities.

❑ Development of production capacities

- Development of regional centres of expertise with 5 new workshops
- Inaugurations of leather goods workshops in Montereau (Seine-et-Marne) in June and Guyenne (Gironde) in September
- Continuation of works at Louviers (Eure) leather goods workshop for an opening scheduled in 2022
- Laying of the foundation stone of the Sormonne (Ardennes) leather goods workshop in September, scheduled for 2023, and continuation of the project in Riom (Auvergne) for 2024
- Launch of the 23rd and 24th leather goods projects of the group in L'Isle-d'Espagnac (Charente) by 2025 and **Loupes** (Gironde) by 2026
- Opening of a new printing line for the Silk and Textiles business line, as part of the expansion of the Pierre-Bénite site near Lyon

The film on the inauguration of the Guyenne leather goods workshops in Gironde was shown.

Axel DUMAS then commented on the evolution of the distribution network, as well as the group's singular communication.

❑ An integrated, omnichannel and exclusive distribution network

- Continued operating investments in the distribution network



- Opening of new stores: (Detroit and Aventura Mall in Florida (United States), Shenzhen Bay (China), Tokyo Omotesando (Japan))
- Expansion and renovation of stores:
 - o In Europe: Rue de Sèvres in Paris with the permanent set up of petit h and Lyon (France), Milan (Italy) and Zurich (Switzerland)
 - o In the rest of the world: Brisbane (Australia), Shanghai Plaza 66 and Beijing China World (China), Tokyo Shinjuku Isetan (Japan), American Dream (United States)
- A strong performance of the e-commerce platform worldwide with the extension to new customers
- An increasingly wide range of products available on the platform
- New omnichannel services adapted to local customers
- Opening of a new digital platform in Thailand in June

- Evolution of the number of stores (303 stores at the end of 2021, including 221 branches)

The film «J'ai piscine», made on the occasion of the renovation of the store on rue de Sèvres in Paris, set up in a former swimming pool, was shown.

- A singular communication

- Creation of new hybrid formats, combining physical and digital presence:
 - o Online performance for men's ready-to-wear
 - o Women's ready-to-wear fashion show split in three acts between New York, Paris and Shanghai
- Celebration of « being together again » with events dedicated to the general public and clients:
 - o *HermèsFit* in Chengdu, Tokyo, New York, Paris
 - o *Hermès in the Making* in Copenhagen
 - o *Please Check-In* in Hong-Kong and Dubaï
- Extension of paid media campaign:
 - o *Hermès Employeur*
 - o *La Beauté est un geste*
 - o *Joaillerie cavalière*

The film «HermèsFit», around the Parisian stage of the event around the accessories collections, was shown.

Axel DUMAS also presented Hermès' policy and actions on responsible and sustainable development.

- Women and men of Hermès

- Hermès responsible employer: acceleration of job creation (in 2021, Hermès continued to recruit and increased its workforce by nearly 1,000 people)
- A strong dedication to training and protection of unique gestures:
 - o Creation of the École Hermès des savoir-faire, which awards a state diploma in leather work
 - o More than 420,000 hours of training in 2021
- Integration of talents in their diversity:
 - o 60% of managers are women
 - o Coming into force of the second Group Handicap agreement (5.7% of employees with a disability)

The film "Formatrice - Handicap" on the inclusion of persons with disabilities was shown.

- ❑ Continuation of job creation, which has doubled in ten years
 - At the end of December 2021, the group employed 17,600 people, including 11,000 in France
 - In 5 years, the Hermès Group has created nearly 4,800 jobs, for 2/3 in France
- ❑ Distribution of staff by sector
 - The group maintains a stability by sector, with a production and sales balance
 - Craftsmen and, more broadly, employees in the "Production" sector, represent nearly half of the workforce in 2021
- ❑ Distribution of employees by geographical area
 - The geographical distribution of the workforce reflects the presence of our highly integrated production capacities, with 62% of our workforce in France
 - Employees in subsidiaries have almost exclusively commercial functions
 - Women, who are strongly represented, represent 60% of managers, 54% of management bodies, 40% of the Executive Committee and half of the members of the Supervisory Board
- ❑ The territorial anchor
 - 52 production sites in France, including 19 leather workshops
 - 14 production sites outside France in 6 countries (Italy, Portugal, UK, Switzerland, USA, Australia)
 - When new production sites are opened (leather goods are opened every 12 to 18 months on average), we focus on three criteria: respect for local expertise, the sustainability of know-how and the desire to create jobs
 - 78% of items are manufactured in France
- ❑ Close to the territories and communities
 - Supporting and accompanying our suppliers:
 - Reinforcement of the CSR component in the purchasing policy in January 2021
 - Publication of CSR and sector briefs in December
 - 530 suppliers referenced ESS (social and solidarity companies) in France
 - A responsible company involved in the lives of communities:
 - New donation to Assistance Publique –Hôpitaux de Paris in 2021, €7m
 - Fondation d'Entreprise Hermès committed to training in 2021 (Manufacto, Manuterra)
- ❑ An artisanal production model respectful of the planet
 - New climate commitments towards a below 1.5°C pathway validated by the Science Based Target initiative (SBTi)
 - -15% of reduction of GHG emissions (since 2018)
 - -45% scope 3 carbon intensity (since 2018)
 - 3rd Livelihoods Carbon fund launched on June 30, 2021
 - Biodiversity:
 - 92% of the group's activities assessed according to the GBS (*Global Biodiversity Score*) methodology with WWF and CDC Climat
 - Continuation of Biodiversity studies with the Cambridge University
 - Concrete actions on the circular economy:
 - 100% of métiers have a circular economy roadmap
 - 100% of packaging for our clients is sustainable (made of renewable, recyclable and/or recycled material)
 - 161,000 products repaired in shops in 2021



- ❑ Commitments recognised by CSR ratings in 2021
 - Hermès' exceptional progress in non-financial ratings this year reflects our CSR commitments as well as the sustainable dimension of our artisanal model, including:
 - MSCI "A" rating
 - Inclusion in CAC 40 ESG Index
 - 2nd best player in the Textiles and Clothing sector out of 174 companies according to the Sustainalytics ranking

The film "Campagne marque employeur", which illustrates the diversity of jobs offered by the group, was shown.

Axel DUMAS then presented the 2021 activity:

- ❑ Revenue reached 9 billion euros, an exceptional year
 - Revenue grew at constant exchange rates by 42% year-on-year and 33% compared to 2019, driven particularly by Asia and the Americas
 - A nearly stable and balanced distribution of revenue by geographical area
 - All business lines confirmed double-digit growth, both compared to 2020 and 2019, with remarkable growth in the Ready-to-Wear and Accessories division, Watches and Other Hermès métiers

Éric du HALGOUËT, Executive Vice-President Finance, presented the 2021 consolidated financial statements:

- ❑ The consolidated income statement, with recurring operating income of €3.5 billion, up 78% on 2020, and net income of €2.4 billion, up 76.5% on 2020
- ❑ Recurring operating profitability reached a record level of 39.3% of revenues in 2021
- ❑ Net profitability reached a record level of 27.2% of revenues
- ❑ Growth in revenues and net income: despite the impact of the health crisis, the Compound Annual Growth Rate over 10 years is 12.2% for revenues and 15.2% for net income
- ❑ The acceleration of operational investments, which amount to 532 million euros in 2021
- ❑ The cash flow statement showing cash flow from operations and adjusted free cash flow of 3 billion and 2.7 billion euros respectively
- ❑ An adjusted net cash position of more than €7 billion at the end of 2021
- ❑ Simplified balance sheet (assets and liabilities) for 2021 and 2020

Éric du HALGOUËT concluded his speech by stating that *"the Group strengthened a strong financial structure, enabling us to calmly look toward 2022 with confidence"*.

Axel DUMAS took the floor again to talk about the results for the first quarter of 2022:

- ❑ Strong sales momentum in Q1, which reached €2.8 billion (+33% at current exchange rates and +27% at constant exchange rates)
- ❑ Particularly strong activity in the Group's stores (+28%), especially in America and Europe, driven by the acceleration of all businesses and by strong growth in Leather Goods
- ❑ At the end of March 2022, all geographic regions and all business lines reported double-digit growth, with remarkable gains in the Ready-to-Wear and Accessories division, Watchmaking and other Hermès métiers

In conclusion, Axel DUMAS presented the outlook for 2022, which remained unchanged, and confirmed that investments and job creation would continue.

- ❑ 2022, the saddler's spirit
 - Dynamic job creation in all our métiers and regions
 - Acceleration of investments in production capacities
 - Reinforcement of CSR commitments



- Development of the omnichannel network in New York (United States), Shanghai (China), Strasbourg (France), Barcelona (Spain) and Doha (Qatar)
- Launch of the fourth chapter of Beauty dedicated to the complexion, *Hermès Plein Air* in March, the *Soleil d'Hermès* tableware collection and of the seventh collection of haute bijouterie
- Continuation of new programmes by the Fondation d'Entreprise Hermès: Manuterra and support to the Massane forest
- 12th edition of the *Saut Hermès*, at the Grand Palais Éphémère in Paris

The film "New Saddlery Campaign" was shown.

The Chairman took the floor and thanked Axel DUMAS and Éric du HALGOUËT, for the quality of their presentations and the shared results, as well as all of Group's craftsmen, salespeople, managers, staff and employees, who had all managed - together - to achieve an exceptional year for the House of Hermès in what remained a very difficult environment.

The Chairman added that *"we have all been able to contribute in our own ways to what is truly a human odyssey to recall the theme of the year. This was characterised by clearly exceeding the growth targets we had set ourselves. Everyone's commitment attests to the passion that we have for this business model which is respectful of the environment and takes responsibility for it and for all its stakeholders. The singular model of Hermès which is focused on an authentic culture and strong values has demonstrated once again its resilience in a particularly unstable context"*.

The Chairman also wishes to thank, on behalf of the shareholders and the Supervisory Board, the entire Executive Committee and the Executive Management *"who continue to lead our wonderful enterprise with talent, respecting a human sense of responsibility, and preserving its strong identity intact"*.

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

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

In particular, the following were discussed:

- the proposed dividend distribution of €8, in line with the historical payout of 34%, reasonable and controlled,
- the actual remuneration of corporate officers paid during or awarded in respect of fiscal year 2021 (*ex-post* votes), all in line with the remuneration policies approved by the General Meeting,
- the renewal for three years of the terms of office of four members of the Supervisory Board that are due to expire,
- the renewal of the authorisations given to the Executive Management to grant stock options to the Group's employees and corporate officers and to allocate existing ordinary shares of the Company free of charge.

The Chairman reminded the meeting that, in accordance with the compensation policy, the Executive Management do not receive any share-based compensation. With regard to employees, Hermès has had employee share ownership plans in place for many years, which recognize the contribution of employees to the Company's development, regardless of their role or geographical location. The purpose of these plans is to share in the fruits of growth and to allow employees to be more closely associated with Hermès' long-term development decisions.

The Chairman then referred to the Supervisory Board's report on corporate governance, as well as the Supervisory Board's report to the Combined General Meeting of April 20, 2022, and gave the floor to the Statutory Auditors, who expressed an unqualified opinion with no observations on the company's consolidated and annual financial statements.



Before opening the question-and-answer session, the Chairman informed the meeting that the company had received written questions via the dedicated e-mail address set up prior to the meeting to make it easier for shareholders to submit their written questions.

These questions mainly concerned the environmental, social and governance issues of the Hermès Group's operations. In particular, they addressed the Company's commitments to the Paris Agreements in terms of biodiversity, the impact of the Covid-19 epidemic on working conditions, and the manner in which the compliance plan was established. In accordance with the regulations in force, the answers provided by the Management to these questions are published on the company's website: <https://finance.hermes.com/en/general-meeting>.

During the debate in the room, the main topics discussed (apart from those already covered in the written questions) were the following:

- the metaverse,
- the Hermès business model,
- production capacities and supplies,
- the share price trend and the eventual split of the share's nominal value,
- the Group's financial position, the use of and return on cash,
- the strategy and possible development in other areas of activity,
- the use of subcontractors,
- The role of livestock,
- the creation of a shareholders' club,
- the development of digital technology in the United States,
- the generalisation of a CSR criterion in remuneration, beyond that of the managers.

Finally, votes were cast using electronic voting machines. Their operation and the proper conduct of the entire meeting were monitored by Stéphanie Schambourg, bailiff.

The detailed results of the votes show that the 20 resolutions, including 4 extraordinary resolutions, were adopted by a very large number of votes.

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

The General Meeting ended with these words from the Chairman: *"We thank you once again for attending in such large numbers and we look forward to seeing you next year, on April 20, 2023, in this same place".*

Since 1837, Hermès has remained faithful to its artisan model and its humanist values. The freedom to create, the constant search for beautiful materials, the transmission of savoir-faire of excellence, and the aesthetic of functionality all forge the singularity of Hermès, a house of objects, created to last. An independent, family-owned company, Hermès is dedicated to keeping the majority of its production in France through its 52 workshops and to developing its network of 300 stores in 45 countries. The group employs more than 17,600 people worldwide, including nearly 11,000 in France, among whom nearly 6,000 are craftsmen*.

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

* As of 31st December 2021