

Paris, 25 May 2023

6.00 pm

## **REPORT ON THE COMBINED GENERAL MEETING OF 20 APRIL 2023**

**The Combined General Meeting of Hermès International was held on  
Thursday, April 20, 2023, 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 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 the company H51, and Jean-Christophe DUMAS, representing the company H2, shareholders representing the largest number of votes and present in the room, acted as scrutineers.

Amélie WATTEL, 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, *commissaire de justice*, was present.

The quorums required by law in ordinary and extraordinary meetings were met, *i.e.*, 86.68% for all resolutions<sup>1</sup>.

Shareholders were asked to vote on:

- the approval of the parent company's and the consolidated financial statements for the fiscal year 2022,

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<sup>1</sup> For the 4<sup>th</sup> resolution ("Allocation of net income - Distribution of an ordinary dividend"), the quorum was 87.44%. 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 appropriation of the earnings and the distribution, on 27 April 2023, of the remainder of ordinary dividend for the year (since an interim dividend of €3.50 per share was paid on 23 February 2023), that is €9.50 per share, resulting in a total dividend of €13.00 per share,
- the approval of related-party agreements,
- Authorisation granted to Executive Management to trade in the Company's shares,
- the approval of total compensation and benefits of all kinds paid during or awarded in respect of the financial year ended 31 December 2022 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 reappointment of the terms of Supervisory Board members Dorothée ALTMAYER, Monique COHEN, Renaud MOMMÉJA and Éric de SEYNES for a period of three years,
- Renewal of the terms as Principal Statutory Auditor of PRICEWATERHOUSECOOPERS AUDIT and GRANT THORNTON AUDIT for a period of six financial years,
- the authorisation granted to the Executive Management to implement a share purchase and cancellation programme,
- delegations of authority to the management to intervene in the capital in various circumstances (financial delegations).

Before the start of the General Meeting, the shareholders present in the room were able to attend a performance by the group Ishkero, jazz band, followed by an animated film featuring four drawings by Tobias GUTMANN, summarising the main activities of the Maison Hermès.

The Chairman opened the General Meeting and warmly thanked the shareholders present, both physically or at a distance, for attending the General Meeting, before handing over to Henri-Louis BAUER.

Henri-Louis BAUER, Chairman of the Management Board of Émile Hermès SAS, Executive Chairman and Active Partner, welcomed the shareholders and highlighted the great success of the year 2022, which is even more remarkable in an increasingly complex world. He further emphasised that the year 2022 was distinguished by:

- the quality: thanks to the designers and to the 7,000 craftspeople who are the guarantors of the latter,
- ethics: to make the Maison grow without ever compromising its values,
- people: particularly through successful continuing education projects.

Finally, Henri-Louis BAUER thanked all those who ensure the success of Hermès, the employees who *"are essential links in the chain, but also the transmitters of know-how and knowledge"* and the Maison's management team for having taken its mission so far.

*The film "Opéra de quatre sacs" was shown.*

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

He then presented the general report for the year 2022 and the strategy, first all thanking *"all the teams in France and throughout the world for their enthusiasm, creativity, know-how and entrepreneurial spirit"*. He pointed out that the year's performance reflects the desirability of Hermès creations in all sectors.

Axel DUMAS began by reviewing the Hermès model of craftsmanship and responsibility:

- Doubling of workforce in 10 years,
- Nearly 80% of Hermès objects are manufactured in France within 54 production and training sites,
- Strengthening operational investments of 1.5 billion over three years, of which nearly 60% in made in France.

He then commented on the actions undertaken by Hermès in favor of its employees, including the payment of a €4,000 bonus to all of the group's employees worldwide in February in recognition of the 2022 results.

*The film "l'école Hermès des savoir-faire" was shown.*

Axel DUMAS then highlighted the abundant creativity of the year 2022, thanks to the talent of the teams led by Pierre-Alexis DUMAS:

- In the leather goods collection:
  - o the suitcase *R.M.S.*,
  - o the models *Kelly en désordre*, *Haut à Courroies rock* and *Getta*,
- In men's and women's ready-to-wear,
- In the beauty sector with the success of the *Hermès Plein Air* complexion.

Axel Dumas highlighted the "*formidable dynamism*" of the watch and jewellery activities with the double award of the *Arceau le temps voyageur* watch at the Geneva Watchmaking Grand Prix and the great commercial success of the high jewellery collection *Les jeux de l'ombre*.

He also praised the exceptional craftsmanship, uncompromising quality and durability of Hermès objects made from more than 80 exceptional materials. In 2022, more than 200,000 repairs were carried out by the craftsmen.

In addition, 100% of the orange boxes and bags are made from recycled and recyclable materials.

Axel DUMAS then successively addressed the following topics:

- Development of production capacities, strong integration, and territorial anchoring
  - Laying of the foundation stone for the Riom (Puy-de-Dôme) leather goods workshop in September,
  - Continuation of the work on the leather goods workshops:
    - o of Louviers (Eure), and
    - o of La Sormonne (Ardennes),
  - Finalisation of work on the Pierre Bénite Textile site in the Lyon region,
  - development of J3L, manufacturer of metal pieces,
  - 55% of the objects are made in in-house and exclusive workshops and 76% of the objects are made in France,
  - Hermès is present in 11 of the 13 French regions, notably through its 54 production sites,
  - A leather factory is opened every 12 to 18 months with the aim of respecting local expertise, perpetuating know-how and creating jobs.

*A film on the job of workshop manager was shown.*

- ❑ An integrated, omnichannel and exclusive distribution network
  - Continuation of operational investments,
  - Successful opening of the new Maison Hermès at 706 Madison Avenue in New York,
  - Extension of the network to Zhengzhou and Shanghai Qiantan in China and Pangyo in Korea,
  - Expansion and renovation of shops in Strasbourg and Barcelona (Europe) and Dubai (United Arab Emirates),
  - A resumption of sales to travellers and the reopening of the renovated and expanded Hong Kong airport shop,
  - Strong development and performance of the e-commerce network, which enables new customers to be welcomed,
  - Strengthening the supply chain to serve shops and e-commerce.
- ❑ Evolution of the number of shops (300 shops by the end of 2022, of which nearly three quarters are directly operated)

*A film in which Bob CHAVEZ, CEO of Hermès of Paris, and Florian CRAEN, Executive Vice-President Sales & Distribution of Hermès International, show the new 706 Madison shop was shown.*

- ❑ An unusual communication

Communication, Hermès' 17<sup>th</sup> *métier*, tells the story of the Maison's creativity

- Meeting the craftspeople with *Hermès in the making*
- As close as the 16 *métiers* such as:
  - silk with the *Kite Festival*,
  - or *petit h* in Dubai and Bangkok.

*The film "Kiosque monde d'Hermès", showing the World of Hermès kiosks that have been set up in several capitals was shown.*

Axel DUMAS also presented the responsible approach of the Maison.

- ❑ An ambitious CSR strategy
  - The group maintains its commitment to responsible supply chains, in favour of employment, the transmission of traditional skills, research and development of exceptional sustainable materials,
  - The greenhouse gas emission reduction targets for all scopes 1, 2 and 3 have been validated by the Science Based Targets Initiative,
  - Maintaining the rate of workers with a disability above 6%.

*"The CSR strategy is naturally at the heart of the company's artisanal, humanist and sustainable model".*

❑ Environmental responsibility

- The Maison's artisanal model is structurally low in CO2 emissions, a model that can be described as a pre-industrial society,
- In 2022, the company has reduced its CO2 emissions with a 28% reduction in scopes 1 and 2 and a 46% reduction of scope 3 in intensity,
- Since 2021, France's electricity supply is 100% renewable,
- The rigorous responsible construction standard has been certified by an independent third party,
- The leather goods workshop of Louviers (Normandie), inaugurated on 7 April 2023, has a positive energy design and is the first French industrial building to obtain E4C2 certification,
- The group's commitment to the preservation of biodiversity continues.

❑ Employment and responsibility

- Hermès also continues its commitment as a responsible employer,
- By 2022, Hermès has increased its workforce by nearly 2,100 people,
- At the end of December 2022, the group employed 19,700 people, including 12,400 in France,
- At the beginning of 2023, the group has provided a new bonus of €4,000 to all employees worldwide,
- Hermès will pay €170 million in France for profit-sharing in 2022,
- Internal training programmes continued with the launch of the *École des Artisans de la Vente* and the opening of a new apprentice training centre at the *École Hermès des savoir-faire*,
- The Maison continues its actions in terms of inclusion and diversity with the creation of a network of international referents that aims to cover 100% of the group's workforce.

❑ Continuation of job creation

- In ten years, the workforce has doubled,
- More than 60% of new jobs are created in France.

❑ Distribution of workforce by sector

- The group maintains a balanced growth by maintaining a stable distribution by sector, with a balance between production and sales,
- Particularity in this industry, craftspeople and, more broadly, the workforce in the "Production" sector will account for almost half of the workforce in 2022.

❑ Distribution of the workforce by geographical area

- The geographical distribution of the workforce reflects the location of the production facility, which is highly integrated, with 63% of the workforce in France,
- Employees in subsidiaries are almost exclusively employed in commercial functions,
- Women are strongly represented, accounting for 60% of managers, 54% of the governing bodies, 40% of the Executive Committee and 50% of the Supervisory Board.

❑ Close to the territories and communities

- Hermès' business model is highly integrated and rooted in the regions,
- Hermès maintains long-term relationships with its stakeholders, particularly its suppliers, and supports them in achieving the Group's high standards, especially about social and environmental issues,
- The company is committed to the communities, to education and transmission,
- The Group made a new five-year commitment of €61 million to the philanthropic activities of the *Fondation d'entreprise Hermès*.

❑ Recognition of the excellence of the artisanal model

- Hermès' progress in the extra-financial ratings is exceptional and continues:
  - "AA" rating from MSCI,
  - ranking by Sustainalytics as the number one company in the Textiles and Clothing and Luxury sectors,
  - integration of the CDP "A list" which places the Maison among the 330 companies judged to be the best performers worldwide on environmental issues.

*The film « Equiphoria », presents the Equiphoria Institute, which uses the movement of the horse to treat people with disabilities.*

Axel DUMAS then presented the 2022 activity:

❑ Turnover reaches €11.6 billion

- Turnover up 23% year-on-year at constant exchange rates,
- In 2022, sales growth is remarkable in all geographical areas, with strong double-digit increases,
- The breakdown of turnover by geographical area remains balanced,
- At the end of December 2022, all business lines confirmed their strong performance, with remarkable growth in Clothing and Accessories, Watches and Other Hermès sectors,
- Leather goods continues to grow in line with its objectives.

*A film on the skills of the craftspeople of the Saint-Junien glove factory was shown.*

Éric du HALGOUËT, Executive Vice-President Finance of Hermès International, presented the 2022 consolidated accounts:

❑ Excellent results this year:

- revenue +29%, after considering the impact of foreign exchange, resulting from the conversion effect, which represents 6 points, or more than €500 million,
- current operating income +33%, reaching €4.7 billion,
- net result +38%,

❑ Sales growth at constant exchange rates of 23% is, as in 2021, particularly virtuous, with a price effect of around 4%,

❑ Communication expenditure reaches €525 million,

- ❑ Administrative and selling expenses, which include the salary costs of sales staff and support functions, as well as variable rents, amount to €2.2 billion. As a percentage of sales, they generate a leverage effect on operating profitability of 0.5 point compared to 2021,
- ❑ Current operating profitability reaches an all-time high of 40.5% of sales, an exceptional level, improving by more than one point compared to 2021,
- ❑ The tax charge amounts to €1.3 billion and represents an effective tax rate of 28.2%,
- ❑ Net income reaches EUR 3.4 billion, an increase of 38% compared to the year 2021,
- ❑ The improvement in current operating profitability and the improvement in the return on cash enable a record level of net profitability to be achieved at 29%. This is almost 2 points higher than in 2021,
- ❑ The group has stepped up its investments in the second half of the year to €518 million by 2022. For a total of €1.5 billion in operating investments in the last 3 years, of which nearly 60% in France,
- ❑ The restated net cash position increases by €2.7 billion to €9.7 billion at the end of December 2022. €9.7 billion at the end of December 2022. It represents more than 50% of total assets and shareholders' equity, which amounts to more than €12 billion and represents 70% of liabilities.

Éric du HALGOUËT concluded his speech by saying that *“the group has strengthened a solid financial structure that allows it to preserve its independence and pursue its long-term strategy”*.

Axel DUMAS speaks again to share the results of the first quarter of 2023:

- ❑ Strong sales growth in Q1 to almost €3.4 billion (+23% at constant exchange rates), in line with Q4 and FY of 2022,
- ❑ Particularly strong activity in the group's shops and wholesale (+26%) benefited from the rebound in sales to travellers,
- ❑ At the end of March 2023, all geographical areas are growing at double-digit rates and all business lines are showing good dynamics.

To conclude, Axel DUMAS presented the 2023 perspectives, unchanged, and confirmed the continuation of investments and job creation.

- ❑ 2023, orange, the colour of astonishment

*“Inspiration for creation at Hermès, the ability to be astonished is a constant source of innovation and dynamism”*

- Continued job creation, multi-local and multi-trade,
- Continued investment in production capacity,
- Opening of the Louviers and La Sormonne leather goods workshops,
- Continued support for suppliers,
- Development of the omnichannel network, particularly in Chengdu and Beijing Peninsula (China), Naples and Chicago (United States) and Bordeaux (France),
- Launch of the fifth chapter of Hermès Beauty around the eyes in the autumn,
- Opening of the fourth five-year term for the *Fondation d'entreprise Hermès*, which continues its commitment to education and awareness-raising among young people

about the crafts, preservation of biodiversity, support for living art and solidarity initiatives.

*A film about the « Programme Manuterra », financed by the Fondation d'entreprise Hermès, which raises awareness of the living world among the younger generation, was shown.*

The Chairman then took the floor to thank Mr Axel DUMAS and Mr Éric du HALGOUËT, on behalf of the shareholders, for the quality of their presentations, and to thank all the employees of the Hermès Group who, together, had achieved the results of this exceptional year.

The Chairman added that *“all the divisions, all the business lines, all the regions, all the factories, all the workshops and all the designers contributed to this tremendous growth, which far exceeded the targets we had set ourselves. The commitment of all shows the deep attachment to the respectful and responsible business model that Hermès represents”*.

The Chairman also thanked the Executive Management and the members of the Executive Committee *“who continue to skilfully lead our great company while respecting its core values and unique identity”*.

Finally, the Chairman expressed his gratitude to the shareholders for their loyalty and unfailing support: *“we are aware of the strength of the relationship between us, and I wish to thank you warmly”*.

The President then proceeded to the presentation of the main resolutions submitted to the vote of the Assembly.

In particular, the following were presented:

- the proposed dividend distribution of €13.00, with a balanced pay out threshold,
- the actual remuneration of corporate officers paid during or awarded in respect of the financial year 2022 (*ex-post* votes), all in accordance with the remuneration policies approved by the General Meeting,
- the reappointment for three years of the terms of office of four members of the Supervisory Board that are due to expire, as well as the presentation of the two members representing the employees,
- the renewal of the term of the statutory auditors,
- the renewal of the authorisations given to the Executive Management to buy back shares up to a limit of 10% of the capital and to cancel them,
- the usual financial delegations,
- the delegation of authority to be granted to the Executive Management to decide on one or more operation(s) involving a merger by absorption, spin-off or partial contribution of assets subject to the spin-off regime, and
- the renewal of the authorisation given to the Management to grant free existing shares of the Company.

The Chairman recalled that, in accordance with the remuneration policy, the executive chairmen do not receive any remuneration in shares. Regarding employees, Hermès has had employee share ownership plans in place for many years that recognise the contribution of employees to the Company's development, regardless of their role or geographical location.



The purpose of these plans is to share the fruits of growth and to allow them to be more closely involved in the long-term development decisions of Hermès.

The Chairman then referred to the Supervisory Board's report on corporate governance and the Supervisory Board's report to the Combined General Meeting of 20 April 2023, and gave the floor to the Statutory Auditors, who expressed an unqualified opinion on the company's consolidated and annual financial statements.

Before opening the question-and-answer session, the Chairman informed the audience that the company had received 11 written questions from two shareholders, before the Combined General Meeting, in the form and within the time limits required by law. It is recalled that the answer to these questions is the responsibility of the management.

These questions focused on the environmental, social and governance issues of Hermès' operations. More specifically, they concerned the Company's commitments to the Paris Agreements, its commitments in terms of biodiversity and animal welfare, and the involvement of employee representatives in CSR issues. In accordance with current regulations, the Executive Management's answers to these questions are published on the Company's website:

<https://finance.hermes.com/en/general-meetings>.

During the question-and-answer session, the main topics discussed were the following:

- Hermès' online distribution strategy,
- the *concessionnaires* shops,
- the short-term use of cash and its long-term use,
- site visits by individual shareholders and the creation of a *comité consultatif*
- animal welfare,
- Hermès' sales policy in Russia,
- the support that Hermès could provide to other leather goods companies,
- Hermès' specific know-how in the field of perfumery,
- the share split,
- the determinants of Hermès' success in China despite the confinement, as well as the good results of leather goods in the United States.

Finally, the votes were cast by means of electronic voting machines.

Their operation as well as the proper conduct of the entire meeting were monitored by Stéphanie SCHAMBOURG, *commissaire de justice*.

The detailed voting results show that the 29 resolutions, including 11 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 Assembly ended with these words from the President: “we thank you once again for attending in such large numbers and we look forward to seeing you again next year, on 30 April 2024, in this same auditorium”.