



Hermès Tax Policy

June 2025

Hermès is an independent, creative house founded in 1837. Hermès' mission is to create unique and original objects to elegantly satisfy the needs and desires of its clients. Its goal is the pursuit of excellence and uncompromising quality, in each of its *métiers* and services.

Hermès acts as a socially responsible company wherever it operates, contributing to the economic, social and cultural vitality of regions. This goal is supported by a deep humanistic ambition to give back to the world some of what the world gives to Hermès. The Group is attentive to harmoniously sharing added value in order to secure its future development and to contribute to social and societal equilibrium.

Recognising its role in regional development and remaining true to its identity and culture, Hermès has located the great majority of its production activities in France. The Group thus contributes to the sustainable development of local communities, particularly through employment, and gives priority to creating lasting value, including through recruitment in the local area and employee training.

Hermès' Tax Policy is based on the principles of compliance, transparency and ethics, as set out in detail below.

1) Compliance with Applicable Tax Legislation and Regulations

1.1) Hermès' Commitments

Hermès ensures that all Group companies:

- Comply with tax regulations applicable in their home countries;
- Submit all tax returns and customs declarations and pay all due taxes in a timely manner as required by the applicable regulations in each country;
- Determine the basis for taxation payable in each country in accordance with applicable regulations.

1.2) Context and Measures Taken

Due to the Group's strong vertical integration strategy, Hermès operates in 38 countries as of 31 December 2024. Its activities include the creation and production of objects – primarily based in France – as well as retail distribution worldwide.

Hermès must therefore navigate complex and evolving local and international tax regulations, while also adapting to emerging global standards and increasing reporting requirements in each country in which it operates.

Responsibility for ensuring compliance with local tax requirements lies with the Chief Financial Officers of the relevant entities, while compliance with international tax rules and regulations is overseen by the Group Finance Department.

To facilitate compliance with these commitments, the Group Finance Department has introduced a number of procedures in the following areas:

- Tax on profits:
 - o Each entity's annual taxable income is modelled and deferred taxes are determined in the consolidation ERP system;
 - o Each entity's taxable income is calculated and validated by the local finance department;
 - o These tax results are reviewed by the Group Tax Department and/or by an independent tax consultant.
- Transfer pricing obligations:
 - o Transfer pricing documentation standards are implemented and an annual updating process is followed, according to a schedule managed by the Group Tax Department;
 - o Entities are informed of specific new reporting obligations.
- The Group Tax Department conducts extensive fiscal intelligence, particularly to stay abreast of international tax issues, using a system that also enables each entity to consult new tax requirements in its country.
- When required, the various units within the Group Finance Department implement the necessary adjustments in response to international regulatory changes. For example, they jointly addressed the application of the Global Minimum Tax (Pillar 2) for the 2024 financial year immediately following the publication of OECD guidelines, ensuring that the financial information needed to determine the tax base and estimate the amount was readily available.
- The Group Tax Department also takes part in meetings organised by trade associations to which it belongs, to address new standards and finance bills. These meetings support the development of tax policy and help anticipate and manage potential challenges or impacts arising from new tax provisions.

2) Tax Ethics

2.1) Hermès' Commitments

Hermès' commitments include:

- Implementing a simple, transparent organisation;
- Paying all taxes due under the local regulations applicable in each country of operation, while ensuring that created value is correctly shared, thereby contributing to local and regional development;
- Ensuring that all entities have economic substance. The Group makes every effort to guarantee compliance with this commitment;
- Refusing to relocate functions solely for tax purposes;
- Refusing to conduct an operation or transaction solely or primarily for tax reasons. All analyses by the Tax Department are initiated in response to operational requests. When evaluating alternative structures, Hermès selects the option that best meets the identified operational needs while ensuring full compliance with local tax regulations.

2.2) Measures Taken

Hermès' tax ethics commitments are based on the Group's Code of Ethics, which is published on the website: <https://finance.hermes.com>.

The Chief Financial Officer of each entity and the Group Tax Department are responsible for these commitments.

The Group Tax Department ensures that the principles of tax ethics are correctly applied in all transactions, acquisitions or reorganisation.

The Group prohibits participation in any complex arrangement or structure intended primarily to optimize tax benefits.

To ensure respect for these principles, the Group Tax Department uses a tool that is deployed worldwide.

3) Transparency towards Local Authorities

3.1) Hermès' Commitments

Hermès is committed to:

- Providing all information requested by tax authorities during audits and inspections in our countries of operation, in a timely manner.
- Prioritising constructive dialogue and open communication over litigation. However, the Group reserves the right to challenge positions taken by tax authorities when it believes they are inconsistent with its good-faith interpretation of applicable tax regulations. Such actions are undertaken only after a thorough technical analysis, which may be supported by an independent tax consultant. In all cases, and in keeping with our commitment to transparency and fostering trust with tax authorities, any challenge will be preceded by appropriate communication with the relevant bodies.
- Securing our tax positions through appropriate programmes, including participation in the *Service du Partenariat des Entreprises* (SPE) in France, the use of international Advance Pricing Agreements (APAs), and engagement with competent authorities where applicable.

3.2) Measures Taken

The Chief Financial Officer of each entity is responsible for dealings with local tax authorities outside France, under the supervision of the Group Tax Department. They may seek assistance from an independent tax consultant when necessary.

Relations with the French tax administration are managed by the Group Tax Department.

This department is also responsible for regular communication with the French *Service du Partenariat des Entreprises* (SPE), as well as for any use of Advance Pricing Agreements (APAs) or engagement with competent authorities. This interaction is governed by Hermès' Anti-Corruption Code of Ethics which formally prohibits facilitating or incentive payments to public officials.

4) Tax Policy and Transfer Pricing

4.1) Hermès' Commitments

As a result of Hermès' vertically integrated business model, most intra-Group transactions involve the sale of finished products to retail distribution entities, and the provision of support services.

These transactions are priced in compliance with local laws, European directives and OECD guidelines.

Hermès ensures that each entity achieves a result that reflects the functions performed, the tangible and intangible assets used and the risks incurred locally in the course of its business.

Intra-group transactions are not priced according to the tax rules applicable in any of the home countries of the entities involved, and transfer pricing policies are not used as a means to adjust the Group's effective tax rate.

The methods used to determine and justify transfer pricing policies are applied consistently and coherently across the Group, under the supervision of the Group Tax Department.

4.2) Measures Taken

The tax policy on transfer pricing is implemented by the Group Tax Department, which ensures that it is correctly applied by each entity concerned.

The Group Tax Department ensures that all entities comply with local regulations and international standards and provides them with the necessary documents and reports.

A Country-by-Country Report (CbCR) is submitted annually to the French tax administration by the Group's ultimate parent company. This report is prepared by the Group's Tax Department in accordance with OECD guidelines. It is shared with local tax administrations in other countries of operation through automatic exchange of information mechanisms, or directly upon request where applicable.

5) Tax Governance

Hermès' Tax Policy is defined by the Group Tax Department under the responsibility of the Executive Vice-President Finance.

It is submitted to the Executive Committee for validation and is also approved by the Group's Executive Management.

Each year, the Group Finance Department submits to the Audit and Risks Committee:

- The Group's effective tax rate and its evolution;
- The main elements of the tax rate;
- A summary of the main tax procedures in progress;
- Changes in transparency programmes with the tax authorities.

The tax policy is applied to the transactions and operations of each entity under the joint responsibility of the entity's Chief Financial Officer and the Group Tax Department.

The Group Tax Department comprises specialists with expertise in all areas of domestic and international corporate taxation. It is structured by geographical area: France, Europe (excluding France), the Americas, Asia-Pacific, and the Middle East. Its primary role is to ensure the consistent application of the Group's tax policy across all relevant entities and to provide expert support to operational teams and support functions.

Hermès publishes its tax policy on the website <https://finance.hermes.com>

6) Tax Control and Risk Management

The Chief Financial Officer of each entity must inform the Group Tax department immediately after receiving notice of a tax inspection or audit and whenever the entity is questioned by the local tax administration.

Tax audits are managed jointly by the entity's Chief Financial Officer and the Group Tax Department.

In addition, the Group Tax Department has maintained a long-standing relationship with an international network of tax experts, whose teams can provide support across all areas of taxation.

7) Tax Policy and GRI 207 Standards

In developing and implementing its tax policy, Hermès adheres to the GRI 207 standard within the Global Reporting Initiative (GRI) framework, which provides guidance on responsible and transparent tax practices.

The GRI 207 standard outlines the management approach to tax policy through four key disclosures:

207-1 Approach to Tax

207-2 Tax Governance, Control, and Risk Management

207-3 Stakeholder Engagement and Management of Tax Payments

207-4 Country-by-Country Reporting (CbCR).

Hermès applies the standards of GRI 207 disclosures 1, 2 and 3.

Regarding disclosure 4 of the standard on Country-to-Country Reporting (CbCR), Hermès undertakes to comply with the obligations set out in Directive (EU) 2021/2101 of 24 November 2021, as transposed into French law by Order No. 2023-483 of 21 June 2023, regarding the publication of certain information relating to the 2025 financial year.