

HERMÈS TAX POLICY

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

ACTION PRINCIPLES

COMPLIANCE WITH APPLICABLE TAX LEGISLATION AND REGULATIONS

Hermès' commitments

Hermès ensures that all Group companies:

- ◆ comply with the tax regulations in force, both in text and in spirit, 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 and tax payable in each country in accordance with the applicable regulations.

Where tax legislation is ambiguous or subject to interpretation, the Group applies the generally accepted interpretation by tax professionals, or may seek the prior opinion or approval of the tax authorities in order to secure its position.

Measures taken

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 put a number of procedures in place:

- ◆ Tax on profits:
 - each entity's annual taxable income is modelled and deferred taxes are determined in the consolidation ERP system;
 - each entity's taxable income is calculated and validated by the local finance department;
 - these tax results are reviewed by the Group Tax Department and/or by an independent tax consultant;
 - transfer pricing documentation standards are implemented and an annual updating process is followed, according to a schedule managed by the Group Tax Department.

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.

The Group Finance Department teams work to adapt to international regulatory changes.

The Group Tax Department also takes part in meetings of trade associations to which it belongs, to address new draft 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.

TAX ETHICS

Hermès' commitments

Hermès commits to:

- ◆ implementing a simple and transparent structure;
- ◆ 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;
- ◆ refraining from using tax structures with no economic substance;
- ◆ refusing to relocate roles 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 options for structures, Hermès selects the option that best meets the identified operational needs while ensuring full compliance with local tax regulations.

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 must ensure that they are properly applied during any transactions, acquisitions or restructuring operations.

The Group prohibits any participation in a complex scheme or structure primarily for tax optimisation purposes.

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

TRANSPARENCY TOWARDS LOCAL AUTHORITIES

Hermès' commitments

Hermès commits to:

- ◆ providing all information requested by tax authorities during audits and inspections of entities in their home countries, in a timely manner;
- ◆ promoting dialogue and constructive discussions over litigation. Nevertheless, 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 Hermès' commitment to transparency and fostering trust with tax authorities, any challenge will be preceded by appropriate communication with the relevant bodies;
- ◆ securing its tax positions through appropriate programs, including participation in the *Service du Partenariat des Entreprises (SPE)* in France, the use of international advance pricing agreements (APAs), and engagement with the competent authorities where applicable.

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 external tax advice as required.

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

The Group Tax Department is also responsible for regular communications with the *Service du Partenariat des Entreprises (SPE)*, as well as for advance pricing agreement procedures and engagement with the competent authorities. These interactions are strictly governed by Hermès' anti-corruption code of conduct, which prohibits any incentive or preferential payment to public employees.

TAX POLICY AND TRANSFER PRICING

Hermès' commitments

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

The prices of these transactions are set respecting the arm's length principle in accordance with local legislation, European directives and OECD recommendations on transfer pricing.

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 rate 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.

Measures taken

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

The Group Tax Department provides entities with the required documentation and statements to ensure that they comply with local regulations and international standards on transfer pricing.

In accordance with OECD recommendations, the Group's ultimate parent company submits an annual Country-by-Country Report (CbCR) to the French tax administration. The Group Tax Department oversees the preparation of this report. It is shared with local tax administrations in other countries of operation through automatic exchange of information mechanisms, or directly upon request where applicable.

TAX GOVERNANCE

The Group Finance Department draws up the Hermès Group's tax policy. The policy is submitted to the Executive Management for approval, and is reviewed by the Audit and Risk Committee.



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

The Group Tax Department comprises Hermès International tax 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.

TAX CONTROL AND RISK MANAGEMENT

The Chief Financial Officer of each entity must inform the Group Tax Department should they receive an audit notice or in the event of any questioning 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 relies on an international network of tax experts who can provide support in all countries.

If tax legislation is uncertain or subject to interpretation, the Group may decide to seek the advice of independent tax advisors.