



HERMÈS

2017 REGISTRATION DOCUMENT

EXTRACTS FROM THE REGISTRATION DOCUMENT

The following page numbers are those of the 2017 Registration document

8.3 SUPERVISORY BOARD'S REPORT TO THE COMBINED GENERAL MEETING OF 5 JUNE 2018

In accordance with legal and regulatory requirements, we hereby present our report for the year ended 31 December 2017.

We first wish to inform you that:

- ◆ the Executive Management has kept us regularly informed of the Company's business operations and results;
- ◆ the statement of financial position, statement of profit or loss and notes thereto have been provided to us as required by law;
- ◆ transactions subject to prior approval by the Supervisory Board under the terms of special provisions contained in the Company's Articles of Association have been duly approved by us, as is duly demonstrated hereafter;
- ◆ the Supervisory Board has met on a regular basis to decide on various matters within its exclusive competence, under the terms of the Articles of Association.

1. OBSERVATIONS ABOUT 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 year ended 31 December 2016. We recommend that you approve the financial statements.

2. ALLOCATION OF NET INCOME

On 7 February 2018, the Executive Management decided to pay an interim dividend of €1.50 per share. This interim dividend was paid on 22 February 2018.

We recommend that you approve the proposed allocation of net income as set out in the draft resolutions submitted to you for approval, calling for a net ordinary dividend of €4.10 per share and an exceptional dividend of €5.00.

After deduction of the interim dividend, the balance of €7.60 per share will be detached as of 7 June 2018 and paid on 11 June 2018, following the positions adopted on 8 June 2018.

3. RELATED-PARTY AGREEMENTS AND COMMITMENTS

Executive Management has informed us of draft agreements in the year ended 31 December 2017 and falling under the combined provisions of Articles L. 226-10, L. 225-38 to L. 225-43 of the French Commercial Code (*Code de commerce*), and submitted them to us for prior approval. You will find, in the explanatory statement on page 326, a

succinct presentation of the agreements and commitments authorised in the 2017 financial year. The agreements and commitments approved previously by the General Meeting are presented in the Statutory Auditors' special report on the agreements and commitments mentioned in Articles L. 226-10, L. 225-38 to L. 225-43 of the French Commercial Code (*Code de commerce*) that appears on pages 341 to 344.

None of these agreements changed significantly in their amounts or financial terms in 2017.

In 2017, no agreement was downgraded for no longer meeting the criteria to be considered a related-party agreement due to a change in circumstances.

Pursuant to Article L. 225-38 of the French Commercial Code (*Code de commerce*) amended by ordinance 2014-863 of 31 July 2014, the authorisation decisions of the Supervisory Board as of 1 August 2014 are all reasoned decisions. A review of regulated agreements and commitments has been carried out by the Supervisory Board every year since 2013, in accordance with proposal no. 27 of AMF recommendation no. 2012-05 regarding Shareholders' General Meetings of listed companies that were incorporated in the French Commercial Code (*Code de commerce*) (Article L. 225-40-1) by the above-cited ordinance.

Following the review in 2017, the Board had no comments to make.

4. ACTIVITY OF THE SUPERVISORY BOARD

On pages 147 to 148 of the Corporate Governance report of the Supervisory Board you will find the 2017 activity of the Supervisory Board.

5. COMPOSITION OF THE SUPERVISORY BOARD

We fully support the recommendation made to you in the presentation of purposes on page 334 to:

- ◆ renew, for the statutory period of three years, the mandates that are set to expire for:
 - Mr Matthieu Dumas,
 - Mr Blaise Guerrand,
 - Mrs Olympia Guerrand;
- ◆ renew, for one period of year, the expiring term of:
 - Mr Robert Peugeot.

On page 140 of the corporate governance report of the Supervisory Board you will find a progress report of the mission to change the composition of the Supervisory Board, entrusted since 2011 to the Compensation, Appointments and Governance Committee.

6. RECOMMENDATIONS ON PROPOSED RESOLUTIONS SUBMITTED TO THE COMBINED
GENERAL MEETING OF 5 JUNE 2018

We are in favour of all the proposed resolutions submitted to you.

This concludes our report on the information and opinions we considered necessary to bring to your attention in connection with the present General Meeting, and we recommend that you vote to approve all the resolutions submitted to you.

The Supervisory Board