



HERMÈS

2018 REGISTRATION DOCUMENT

EXTRACTS FROM THE REGISTRATION DOCUMENT

The following page numbers are those of the 2018 Registration document

8.3 SUPERVISORY BOARD'S REPORT TO THE COMBINED GENERAL MEETING OF 4 JUNE 2019

In accordance with legal and regulatory requirements, we hereby present our report on the accomplishment of our duties for the financial year ended 31 December 2018.

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 and its notes, as well as the statement of profit or loss, have been provided to us as required by law;
- ♦ transactions subject to prior authorisation by the Supervisory Board under the terms of specific provisions contained in the Company's Articles of Association have been duly approved by us, as is duly demonstrated hereafter;
- ♦ lastly, the Supervisory Board ruled on various matters within its exclusive competence with respect to the Articles of Association.

1. OBSERVATIONS ON 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 financial year ended 31 December 2018. We issue a favourable opinion on the approval of the financial statements.

2. ALLOCATION OF NET INCOME

On 7 February 2019, the Executive Management decided to pay an interim dividend of €1.50 per share. This interim dividend was paid on 22 February 2019.

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 €4.55 per share.

After deduction of the interim dividend, the balance of €3.05 per share will be detached on 7 June 2019 and paid on 11 June 2019, based on the positions approved on 10 June 2019.

3. RELATED-PARTY AGREEMENTS AND COMMITMENTS

The Executive Management has informed us of draft agreements in the financial year ended 31 December 2018 and falling under the combined provisions of Articles L. 226-10 and 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 369, a summary of the agreements and commitments authorised in the 2018 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 and L. 225-38 to L. 225-43 of the French Commercial Code (*Code de commerce*), which appears on pages 396 to 398. None of these agreements changed significantly with respect to amounts or financial terms in 2018.

In 2018, no agreements were declassified for no longer meeting the criteria to be considered related-party agreements due to a change in circumstances.

Pursuant to Article L. 225-38 of the French Commercial Code (*Code de commerce*) amended by order 2014-863 of 31 July 2014, the authorisation decisions of the Supervisory Board since 1 August 2014 are all supported by justification. A review of related-party 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, which was incorporated in the French Commercial Code (*Code de commerce*) (Article L. 225-40-1) by the abovementioned order.

Following the review of 2018, the Board had no comments to make.

4. ACTIVITY OF THE SUPERVISORY BOARD

The Supervisory Board's 2018 activity is presented on pages 179 and 181 of the Supervisory Board's corporate governance report.

5. COMPOSITION OF THE SUPERVISORY BOARD

We fully support the proposal that is made to you in the explanation on page 378 to renew for the statutory three-year term, the expiring mandates of:

- ♦ Mr Charles-Eric Bauer;
- ♦ Ms Julie Guerrand; and
- ♦ Ms Dominique Senequier.

On the publication date of this Registration Document, we are continuing, in conjunction with the CAG-CSR Committee, the selection process in order to propose to you the appointment of two new independent members.

The first new member, appointed in replacement of Mr Robert Peugeot, will have a 2-year term, in accordance with the principle of replacing one-third of the Supervisory Board, as set out in Article 18.2 of the Articles of Association.

The second new member, appointed in replacement of Ms Sharon MacBeath, will have a 3-year term pursuant to Article 18.2 of the Articles of Association

A progress report on the mission to change the composition of the Supervisory Board, entrusted since 2011 to the CAG-CSR Committee, can be found on page 170 *et seq.* of the Supervisory Board's corporate governance report.

6. RECOMMENDATIONS ON DRAFT RESOLUTIONS SUBMITTED TO THE COMBINED GENERAL MEETING OF 4 JUNE 2019

We are in favour of all the draft resolutions submitted.

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

The Supervisory Board