

In accordance with the AFEP/MEDEF Corporate Governance Code actualized in January 2020 (art. 26.1) HERMES INTERNATIONAL discloses information on all elements, acquired or deferred, of its Executive Chairmen compensation, immediately following the Board meeting having established these elements.

### *Principles*

Article 17 of the Articles of Association provides that each Executive Chairman shall be entitled to receive a statutory compensation, and possibly an additional compensation, the maximum amount of which is determined by the Shareholders' Ordinary General Meeting with the unanimous approval of the active partners. The active partner determines each year the effective compensation of each of the Executive Chairmen within the limits of these ceilings. The active partner relies on the recommendations made by the Compensation, Appointments, Governance and CSR Committee ("CAG-CSR Committee ") and takes notably into account the Group's achievements for the previous financial year, the strategic issues for its development with a medium to long term perspective, and the competitive environment the Group evolves in.

1. **The fixed compensation** - or additional compensation under the Articles of Association – was initially set by the Ordinary General Meeting of 31 May 2001, which decided to allocate additional compensation subject to a ceiling of €457,347.05 at that time. This ceiling, which can only be adjusted upwards, is indexed each year to the growth in the consolidated revenue for the previous financial year at constant exchange rates and on the same scope of consolidation, by comparison with revenue for the before to last financial year (which amounts to €2,934,757 for 2020). In compliance with this principle and in order to facilitate the understanding of the Executive Chairmen's additional compensation calculation, before indexation, the Company has always called the additional compensation a "fixed compensation", by analogy with the market practices.
2. The calculation method of **the variable compensation** – or statutory compensation – under article 17 of the Articles of Association has remained constant since the initial public offering on 3 June 1993. It is capped at 0.20% of the Group's consolidated income before tax in the previous financial year (which amounts to €4,571,104 for 2020). This determination method naturally and transparently leads to a strict variability of the Executive Chairmen's statutory compensation without guarantying any minimum amount. For the sake of clarity, the statutory compensation provided by the Articles is called "variable compensation", by analogy with the market practices.

Since 2019, this variable compensation of the two Executive Chairmen has also been subject for part of it to a new CSR criterion, representing the Group's stated and constant commitments to sustainable development.

This criterion will be applied on 10% of the target variable compensation.

The indices composing the "CSR" criterion relate to the following elements:

- The decoupling between the growth of the activity at constant scope and exchange rates and the evolution of industrial energy consumption (quantifiable environmental criterion);
- The actions implemented in favor of the territorial anchoring of the group in France and in the world, excluding major cities (qualitative societal criterion);
- Group initiatives in favor of gender balance (qualitative social criterion).

The valuation of the compensation amount subject to the "CSR" criterion is limited to a target of 100%, with no possibility of exceeding.

Each of the three indices mentioned above:

- represents 1/3 of the CSR criterion;
- has an annual reference period;

- is subject to an annual assessment of their achievement by the CAG-CSR Committee which is communicated to the Management Board, having the power to decide on the effective remuneration of the Executive Chairmen.

The overall evolution of the two components of the Executive Chairmen's compensation is based on objective and intelligible quantifiable criteria, unaltered for many years, and qualitative criteria that are public and by nature predefined.

### *2020 Fixed compensation and Variable compensation in respect of 2019 financial year*

At its meeting of 24<sup>th</sup> February 2020, the Management Board of Emile Hermès SARL decided to set the Executive Chairmen's compensation for 2020 as follows:

	<i>2020 Fixed compensation (Additional compensation) Gross annual amount</i>	<i>Variable compensation in respect of 2019 financial year (Compensation provided by the Articles) Gross annual amount</i>	<i>Total</i>
Company Emile Hermès SARL	€620,279	€912,261	€1,532,540
Mr. Axel DUMAS	€1,824,677	€1,956,269	€3,780,946

The Management Board wished to strictly apply to the Executive Chairmen's compensation, the principle of variability contained in the provisions of the Articles presented above.

Therefore, in compliance with these principles, it was decided to evolve in 2020 the Executive Chairmen's compensation, on the one hand, by strictly applying the variation seen between 2018 and 2019 on the two objective quantifiable criteria that have served as reference for the Executive Chairmen compensation for many years and, on the other hand, by assessing the achievement of the "CSR" criterion.

#### *2020 Fixed compensation ("Additional compensation")*

The 2020 fixed compensation was calculated by applying to the 2019 fixed compensation the variation in the company's consolidated revenue for the 2019 financial year by comparison with the 2018 financial year, i.e. an increase of +12.4%.

#### *Variable compensation in respect of 2019 financial year ("Compensation provided by the Articles")*

The CAG-CSR Committee assessed the achievement of the CSR criterion, part of 10% of the variable compensation of the Executive Chairmen during its meeting on 9 January 2020 and noted that the three components were achieved at 100%.

Therefore, the variable compensation in respect of 2019 financial year was calculated by applying to the paid 2019 variable compensation in respect of 2018 financial year the variation in the consolidated income before tax for the 2019 financial year by comparison with 2018 financial year, i.e. an increase of +9.9%.

Under Article L.226-8-2, II of the French Commercial Code, payment of this variable compensation is subject to the approval of the respective resolutions that will be submitted to the shareholders' vote at the Shareholders' Ordinary General Meeting of 24<sup>th</sup> April 2020.

These amounts were submitted to the Supervisory Board for deliberation at its meeting of 25<sup>th</sup> February 2020.

The Company's corporate governance practices and the compensation's policy of the Executive Chairmen will be set out in detail in the Company's 2019 *Universal Registration Document*.