

HERMÈS INTERNATIONAL

Partnership Limited by Shares with capital of €53,840,400.12,
listed with the Paris Trade and Companies Register under no. 572 076 396
Head office: 24, rue du Faubourg Saint-Honoré 75008 PARIS



Report on the Combined General Meeting of 4 June 2019

On Tuesday 4 June 2019 at 9.30 a.m., the Combined General Meeting of Hermès International met, at the Palais des Congrès in Paris, chaired by Mr. Eric de SEYNES, Chairman of the Supervisory Board.

For the first year, a recorded webcast of the main speeches of the Annual General Meeting, as well as the presentations projected in support of it, are available in e-accessible version on the Hermès International financial communication Internet site: <https://finance.hermes.com> under the heading "*General meetings - General meeting of shareholders 4th June 2019 - webcast*".

Shareholders were asked to vote on:

- ❑ the approval of the parent company's and the consolidated financial statements for the fiscal year 2018,
- ❑ the appropriation of the earnings and the distribution, on 11 June 2019, of the remainder of ordinary dividend for the year (since an interim dividend of €1.50 per share was paid on 22 February 2019), that is €3.05 per share,
- ❑ the approval of related- party agreements and commitments,
- ❑ the authorisation granted to the Executive Management in order to implement a share purchase and cancellation programme,
- ❑ the opinion to be given ("Say on pay") on the compensation elements owed or allocated to the Executive Management,
- ❑ the re-election of the terms of Supervisory Board members Mr Charles-Eric BAUER, Ms Julie GUERRAND and Ms Dominique SENEQUIER, for a period of three years,
- ❑ the appointment of Mr Alexandre VIROS as new member of the Supervisory Board for a term of two years to replace Mr Robert PEUGEOT and the appointment of Ms Estelle BRACHLIANOFF as new member of the Supervisory Board for a term of three years to replace Ms Sharon MACBEATH,
- ❑ the delegations of competence to the Executive Management in order to operate on the share capital under several circumstances (financial delegation).

Before the start of the general meeting, the shareholders were able to attend a performance by a group of musicians: Playtronica.

After a brief welcome and introductory address, the Chairman then gave the floor to Mr Henri-Louis BAUER.

Mr. Henri-Louis BAUER, manager of the company EMILE HERMÈS Sarl, Executive Chairman and Active partner, pointed out the strength of the Group's results with a year 2018 once again synonymous with success for the Group. HERMÈS is making progress but always in line with times and with respect for tradition, transmission and innovation. Mr. Henri-Louis BAUER wanted to emphasize that such success is the result of faithful and committed craftsmen and employees who work each year to make the Company grow and warmly thanked them.

The Chairman then started the General Meeting of Hermès International.

Mr. Axel DUMAS, Executive Chairman, presented the general report for 2018, while mentioning the highlights of the year:

- ❑ Freedom of creation as the foundation for all development
 - The theme “Let’s Play!” as the driver of creations in 2018,
 - New collection of bags and luggage,
 - Great success of the women’s and men’s ready-to-wear collections,
 - Tailor-made items inspired by sports,
 - High jewellery collection *Enchaînements libres*,
 - New olfactory variation with *Terre d’Hermès Eau intense vetiver*.

- ❑ Freedom of purchasing:
 - 310 stores worldwide,
 - 2 Podiums per year to present all the collections,
 - Freedom of purchasing for store managers with a selection of items tailored to local expectations,
 - Unique windows reflecting local creativeness.

- ❑ Freedom of communication
 - Successful key institutional events:
 - 9th *Saut Hermès* at the *Grand Palais* in Paris,
 - *Hermès at work* travelling festival in Melbourne, Lyon and Moscow, enhanced with the Frédéric LAFFONT films collection *Footsteps across the word*,
 - *Hermès Heritage* in Los Angeles and Shanghai and *petit h* in Lisbon and Hong-Kong exhibitions.
 - An abundance of creativity through new events:
 - For men, the *Fast Forward Men* event in Shanghai,
 - For women, the *Avec elle* event in Tokyo,
 - For Silk, *Hermès Carré Club* in New-York, Toronto, Singapore, Los Angeles and Milan

A film “*Hermès on Stage – The audition*” was shown.

- ❑ We are all artisans
 - The craftsmanship model in support of sustainable and responsible growth,
 - 3 priorities in terms of sustainable, social and environmental development: the planet, communities and women and men.

- ❑ The planet
 - Measured footprint of Hermès on its ecological environment,
 - Decoupling growth from evolution in energy consumption,
 - Managing our materials and products sparingly by optimizing uses and recycling,
 - Target carbon-neutral operations (scopes 1 and 2) by 2020,
 - Engaging with leading organizations on these topics: Global Compact, Act4Nature,
 - Respect of ethical and human rights principles everywhere we operate.

- ❑ Regional enhancement
 - Ramp-up of the leather workshops in Normandy and Saint-Junien,
 - Opening, in April, of the Maroquinerie de l’Allan,
 - Historical partnership with the Boudard school in the Doubs,
 - Start of work on the Guyenne and Montereau workshops, scheduled for completion in 2020 and announcement of a new workshop in Louviers by 2021,
 - Project to expand and develop the Pierre-Benite textile site.

- ❑ Hermès workshops
 - 42 production facilities in France, including 16 leather workshops,

- 12 production facilities located outside France in 5 countries, Switzerland, Italy, the United Kingdom, the United States and Australia.

A film “The inauguration of the Allan factory” was shown

- Women and men
 - Workforce’s evolution:
 - 14,284 employees at the end of 2018, of whom 8,846 in France
 - 800 new employees in 2018, including more than 500 in France, primarily in the workshops and sales teams
 - women represent 68% of the Group's total workforce, 56% of the Managing Directors and 50% of the members of the Supervisory Board
 - Balance of production/sales staff,
 - Workforce breakdown by region (62% in France).

A film “The portrait of two artisans of the Normandy leather workshop” was shown.

- Hermès worldwide
 - A network of unique and complementary stores to accompany new purchasing patterns:
 - Store opening in Hong-Kong, Palo Alto, Changsha, Istanbul, Cancun, Mexico, Xi’an, Melbourne and Bangkok
 - Some twenty stores reopened after extension, namely: Monaco, Nice, Paris (France), London, Venice, Capri, Gstaad (Europe), Busan (Korea), Harbi and Shanghai (China), Singapore
 - Launch of the new *hermes.com* digital platform in Europe and Australia in H1 2018,
 - Successful launch of the new e-commerce platform *hermes.cn* in China at the end of October, opening online sales across the country.

Mr. Axel DUMAS then presented:

- The variations and distribution of revenue by sector in 2018/2017,
- The variations and distribution of revenue by geographic region in 2018/2017,
- The change in the number of stores, distinguishing dealers and branches.

A film “The opening of the Hong-Kong Landmark Prince’s store” was shown.

Mr. Eric du HALGOUËT, Executive Vice President Finance, presented the consolidated financial statements for 2018:

- Profit and loss statement,
- Operating margin which reached 34.3% of the sales, and its history,
- Details of operating investments which amounted to €312 million,
- Operating cash flows which increased by 6,5% in 2018,
- Restated cash flow statement,
- Simplified balance sheet (assets and liabilities) as of December 31, 2018,
- Shareholders' equity and restated net cash.

To conclude, Mr. Axel DUMAS presented the outlook for 2019:

- Confirmation in the medium term of an ambitious goal for revenue growth at constant exchange rates, despite growing economic, geopolitical and monetary uncertainties around the world,
- Long-term development strategy based on creativity, maintaining control over knowhow and original communication,
- Strengthening of production capacities,
- Dynamic distribution network with the opening or renovation of over twenty stores,
- Continued job creation and regional integration,
- Reinforcement of the network with stores in Orlando, New York, Xiamen and re-openings in Amsterdam, Waikiki, Vancouver and Moscow,

- ❑ Opening of the first Hermès store in Poland, in Warsaw,
- ❑ Further opening of e-commerce platforms, with Japan at the end of H1 2019 and then in Asia
- ❑ 1st quarter 2019:
 - Q1 2019 revenue: +16% at current exchange rates and + 12% at constant exchange rates,
 - Sustained growth in all business lines across all geographical areas.

A film “Footsteps across the world: Hong Kong, China - Repair” was shown.

The Chairman presented the main resolutions put to the vote by the meeting.

In particular, the appointment of two new members to the Supervisory Board is discussed: Mr Alexandre VIROS, for a term of two years to replace Mr Robert PEUGEOT and Ms Estelle BRACHLIANOFF, for a term of three years to replace Ms Sharon MACBEATH.

Mrs. Estelle BRACHLIANOFF is graduated from the *Ecole Polytechnique* and from the *Ecole des Ponts et Chaussées*. She began her career in infrastructures and among other things worked with the Prefect of the Ile-de-France Region on transport and town planning issues. She joined VEOLIA in 2005, became member of the Executive Committee in 2013 and from 2013 to 2018 she has been Senior Executive Vice President, United Kingdom & Ireland. Since September 1, 2018 Mrs. Estelle BRACHLIANOFF has been the Chief Operating Officer of VEOLIA.

Mrs. Estelle BRACHLIANOFF will bring to the Supervisory Board her experience as a high-level manager in a group with an international dimension, in managing structures undergoing transformation, as well as her skills in CSR. She will also bring her dynamism, intellectual agility and the particular care she gives to the quality of human relations in organizations.

Mr. Alexandre VIROS is a qualified philosophy teacher (*agrégé*) with a master’s degree (*DEA*) in cognitive science from *École des Hautes Études en Sciences Sociales (EHESS)* and is graduated from the *Institut d’Études Politiques de Paris*. He started his career in 2001 in higher education & research. In 2002 he became Parliamentary Assistant at the French Parliament. He joined the BOSTON CONSULTING GROUP (BCG) in Paris in 2004. Then, in 2008, he moved to the Strategy Department at FNAC Group. In 2012 he was named sales director at FRANCE BILLET and became its Chairman a year later. From there, he was appointed Marketing & E-Commerce Director of FNAC DARTY Group from June 2016 and joined the Executive Committee. Since February 2018, Mr. Alexandre Viros has been the Chief Executive Officer of OUI.SNCF, member of the SNCF Mobilités Executive Committee.

Mr. Alexandre VIROS will bring to the Supervisory Board his expertise in the world of e-commerce and distribution, his knowledge of customer relations and his ability to evolve in industries undergoing profound transformation and disruptive models. Thanks to his background and his Franco-American culture, he will also bring his great open-mindedness, his innovative approach to subjects and a sharp eye on the digital world.

It should also be noted that the Executive Management Board decided to subject a portion of the variable compensation of the two Executive Chairman to a new CSR criterion, representing the Group’s firm and ongoing commitments to sustainable development. This criterion will be applied to 10% of the target variable compensation and the indicators comprising it relate to the following elements:

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

This new way of structuring the variable component of compensation will be applied for the first time when assessing variable compensation owing for 2019, which is measured and paid in 2020.

Then, before starting the debates, the Chairman mentioned the Supervisory Board’s report on corporate governance, and the Supervisory Board’s report to the Combined General Meeting of 4 June 2019 and gave the floor to the statutory auditors.

The Chairman informed the Assembly that no written question was sent to the company.

During the discussions, the following questions were addressed by the shareholders, journalists or financial analysts:

- Risks related to Brexit
- Announced launch of a cosmetics and make-up range from 2020 and resignation of Axel DUMAS from the L'Oréal Board of Directors
- Acceleration of store opening in China
- Use of exotic skins
- Impact of animal feeding on skin quality
- Tomorrow's materials that could replace animal matter and innovation
- Development policy in the form of a concession
- Existence of a major disaster scenario
- "Manufacto" program by the Fondation d'entreprise Hermès and training
- Possible division of the nominal value of the share and evolution of the number of individual shareholders
- Counterfeiting
- Financial delegations,
- Support for the reconstruction of Notre Dame de Paris,
- Climate and environmental commitments (carbon offsetting and scope 3)
- Business model and values
- Share buyback program

Finally, the votes were cast using electronic boxes. Their operation and the correct conduct of the overall meeting were verified by Mrs Stéphanie SCHAMBOURG, bailiff.

The detailed results of the votes indicated that **21 resolutions**, including 8 extraordinary resolutions, **were adopted with a very large majority**.

These results are available on the Hermès International financial communication Internet site: <https://finance.hermes.com> in the document "*voting results Combined General Meeting 4 June 2019*".