

In accordance with the AFEP/MEDEF Corporate Governance Code revised in June 2018 (art. 25.1) HERMES INTERNATIONAL discloses information on all elements, present or deferred, of its Executive Chairmen compensation, immediately following the Board meeting having established these elements.

• COMPENSATION AND BENEFITS IN KIND

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 €2,610,994 for 2019). 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 €4,159,330 for 2019). 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.

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

2019 Compensation and benefits in kind

At its meeting of 18 March 2019, the Management Board of Emile Hermès SARL decided to set the Executive Chairmen's compensation for 2019 as follows:

	<i>Fixed compensation (additional compensation) Gross annual amount</i>	<i>Variable compensation (compensation provided by the Articles) Gross annual amount</i>	<i>Total</i>
Company Emile Hermès SARL	€551,850	€830,083	€1,381,933
Mr. Axel DUMAS	€1,623,378	€1,780,045	€3,403,423

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

Therefore, in compliance with these principles, it was decided to make changes to the compensation of Executive Chairmen in 2019 by strictly applying the variation seen between 2017 and 2018 on the two objective quantitative criteria that have served as reference for the Executive Chairmen compensation for many years (under Article 17 of the Articles of Association), namely – the consolidated income before tax and the consolidated revenues of the company.

It is recalled that the two Executive Chairmen do not receive any multi-year variable compensation.

Mr. Axel DUMAS receives benefits in kind: representation.

At the meeting of the Supervisory Board on 19 March 2019, the CAG-CSR Committee stated that it had ascertained that the Executive Chairmen compensation was compliant with the Company's Articles of Association and with the decisions of the active partner.

Incorporation into the variable part of the compensation of a CSR criterion for 2020 compensation in respect of the 2019 financial year

At its meeting of 18 March 2019, the Management Board of Emile Hermès SARL decided to submit a certain portion of the variable compensation of the two Executive Chairmen to a new "CSR" criterion, reflecting the Group's affirmed and constant commitments as regards 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:

- Will represent 1/3 of the CSR criterion;
- Will have an annual reference period;
- Will be subject to an annual assessment of their achievement by the CAG-CSR Committee which will be communicated to the Management Board which has the power to decide on the actual remuneration of the Executive Chairmen.

This new structure of the variable portion of the compensation will apply for the first time when assessing the variable compensation for the year 2019, assessed and paid in 2020.

• OTHER COMPONENTS OF COMPENSATION

Pension plans

Defined-contribution pension scheme (art 83)

Mr. Axel DUMAS is eligible for the top-up defined-contribution pension scheme set up for the benefit of all employees of the Group's French entities that have joined the scheme (Decision of the Supervisory Board of 4

June 2013, approved by the Ordinary General Meeting of 3 June 2014 – 5th resolution - pursuant to Article L 225-40 of the French Commercial Code).

Defined-benefit pension scheme (art 39)

Mr. Axel DUMAS is also eligible for the top-up pension scheme set up in 1991 for the benefit of the company managers (Decision of the Supervisory Board of 4 June 2013, approved by the Ordinary General Meeting of 3 June 2014 – 5th resolution - pursuant to Article L 225-40 of the French Commercial Code).

This pension scheme requires notably as a mandatory precondition that beneficiaries must have reached the end of their professional career with the company, have at least 10 years' seniority and be eligible to draw pension benefits under the basic state compulsory old-age Social Security regime. Assuming all conditions for eligibility are fulfilled, the annual pension of this scheme is calculated on the basis of the average of the final three amounts of annual compensation, and may not exceed an amount of 8 times the annual Social Security ceiling.

Deferred compensation obligations

The Company has agreed to pay Mr. Axel DUMAS an amount equal to 24 months of total compensation (the sum of his statutory and additional compensations provided by the Articles of Association), should his appointment as an Executive Chairman be terminated (Decision of Supervisory Board of 4 June 2013 approved by the Ordinary General Meeting of 3 June 2014 in a specific resolution – the 10th resolution –pursuant to article L 225-42-1 of the French Commercial Code).

Options to subscribe for and to purchase shares - Bonus shares

Neither share options (either over newly issued or existing shares) nor free shares were granted to the Chairmen in 2018.

The Company's corporate governance practices and all components of the Executive Chairmen's compensation in 2018 will be set out in detail in the Company's 2018 *Registration Document*.