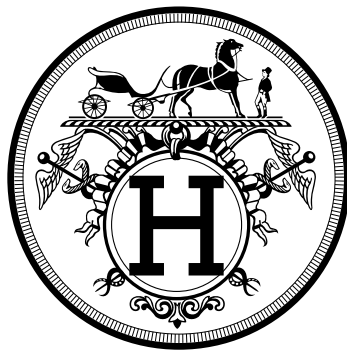


HERMÈS PARIS

ZEBRA PEGASUS

HERMÈS
2014 ANNUAL REPORT
OVERVIEW OF THE GROUP
REVIEW OF OPERATIONS





REGISTRATION DOCUMENT FILED WITH THE AUTORITÉ DES MARCHÉS FINANCIERS

In accordance with Article 212-13 of the AMF General Regulations, this shelf-registration document, which contains the annual financial report and comprises volume 1 and volume 2 of the Annual Report, was filed with the AMF on 16 April 2015.

This document may be used in support of a financial transaction only if it is supplemented by an offering circular approved by the AMF.

This document has been drawn up by the issuer and implies the responsibility of its authorised signatories.

This document is a free translation into English of the “Document de Référence”, originally prepared in French, and has no other value than an informative one.

Should there be any difference between the French and the English version, only the French-language version shall be deemed authentic and considered as expressing the exact information published by Hermès.

2014 ANNUAL REPORT
OVERVIEW OF THE GROUP
REVIEW OF OPERATIONS
VOLUME I



2014, METAMORPHOSIS, AN HERMÈS STORY

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Lighting collection: *Harnais* and *Pantographe* lamps.

MESSAGE FROM THE CHAIRMEN



VIBRANT, CHEERFUL AND LIGHT OF HEART

Our Parisian home at 24, faubourg Saint-Honoré is built on solid ground. Those who choose to look up from the pavement will see, on the roof, a little pocket of garden, bounded by a balustrade. Visible at the corner of the building, as the figurehead of this motionless ship, is a statue of a horse, and, mounted upon it, a young man sporting a hat adorned with a tricoloured cockade. In each hand he bears aloft a silk scarf, multi-coloured this time, fluttering in the breeze. These are of course Hermès scarves, and this young man our standard-bearer, his attitude vibrant, cheerful and light of heart.

In 2014, we at Hermès also felt vibrant, cheerful and light of heart – the past year once again rewarding us with excellent results. Let us not deny ourselves the pleasure of enjoying them.

While we may favour a light touch in our creations, we attach great importance to the robustness of our finances and our results. Much like vitamins for the body, good results fortify the business, and a healthy future requires a solid constitution.

Amongst the signs of Hermès' buoyant state of health were the excellent results achieved in Asia and the United States despite an uncertain context. The house also continued its strong international development at the deliberate tempo of what a musician would describe as *allegro ma non troppo*.

Leather goods and saddlery, clothing and accessories, and silk and textiles all received the renewed appreciation of our customers, who proved to be more delightful than ever. This translated into an excellent performance in terms of production, and herein lies perhaps one of our keenest pleasures: that of creating numerous manufacturing jobs every year in France and perpetuating our craftsmanship.

Axel Dumas
Executive Chairman

Émile Hermès SARL
Executive Chairman,
represented
by **Henri-Louis Bauer**



GROUP OVERVIEW



The members of the Executive Committee in Émile Hermès' former office at 24 Faubourg Saint-Honoré, in Paris.
From left to right: Florian Craen, Axel Dumas, Pierre-Alexis Dumas, Guillaume de Seynes, Mireille Maury and Wilfried Guerrand.

GROUP MANAGEMENT

The role of the Executive Chairmen is to manage the Group and act in its general interest, within the scope of the corporate purpose and subject to those powers expressly granted by law to the Supervisory Board and to General Meetings of shareholders.

Hermès International's executive management is comprised of the Executive Chairmen and the Executive Committee, each of whom has well-defined areas of responsibility.

Its role is to oversee the Group's strategic management.

EXECUTIVE CHAIRMEN

Axel Dumas
Executive Chairman

Patrick Thomas¹
Executive Chairman

Émile Hermès SARL
Executive Chairman,
represented by
Henri-Louis Bauer

EXECUTIVE COMMITTEE

Axel Dumas
Executive Chairman

Patrick Thomas¹
Executive Chairman

Patrick Albaladejo²
Executive Vice President
Strategic Development
& Corporate Image

Florian Craen
Executive Vice President
Sales & Distribution

Pierre-Alexis Dumas
Artistic Executive Vice President

Wilfried Guerrand³
Executive Vice President
in charge of Digital Projects

Mireille Maury
Executive Vice President
Finance & Administration

Guillaume de Seynes
Executive Vice President
Manufacturing Division
& Equity Investments

1. Until 31 January 2014.

2. Until 28 February 2015.

3. Since 1 July 2014.

MANAGEMENT BODIES



Éric de Seynes
*Chairman of
the Supervisory Board.*

The Supervisory Board exercises ongoing control over company management. For this purpose, it has the same powers as the Statutory Auditors. The Supervisory Board determines the proposed earnings allocation for the financial year to be submitted to the Annual General Meeting. The Active Partner must consult the Supervisory Board before making any decisions pertaining to strategic options, to consolidated operating and investment budgets or to recommendations to the General Meeting with respect to the distribution of share premiums, reserves and retained earnings. The Supervisory Board also submits to the Active Partner its considered recommendations on the appointment or possible revocation of the powers of the Executive Chairmen.

The Audit Committee ascertains that the consolidated financial statements fairly and accurately reflect the Group's financial position.

The role of the Compensation, Appointments and Governance Committee is to ascertain that the remuneration of the Executive Chairmen complies with the provisions of the Articles of Association and the decisions made by the Active Partner. The Committee also participates

in drawing up proposed appointments of corporate executive officers and is responsible for monitoring corporate governance matters.

The Active Partner is jointly and severally liable for all the Company's debts, for an indefinite period of time.

The Active Partner has the authority to appoint or revoke the powers of the Executive Chairmen, after receiving the considered recommendation of the Supervisory Board. The Active Partner makes all decisions pertaining to the Group's strategic options, consolidated operating and investment budgets, and recommendations to the General Meeting with respect to the distribution of share premiums, reserves and retained earnings, on the recommendation of the Supervisory Board. It may submit recommendations to the Executive Management on any matter of general interest to the Group. It authorises all Company loans, sureties, endorsements and guarantees, any pledges of collateral and encumbrances on the Company's property, as well as the creation of any company or acquisition of an interest whenever the investment amounts to more than 10% of the Group's net worth.

SUPERVISORY BOARD	AUDIT COMMITTEE	COMPENSATION, APPOINTMENTS AND GOVERNANCE COMMITTEE	ACTIVE PARTNER
<p>Éric de Seynes Chairman and member</p>	<p>Maurice de Kervénoaël¹ Chairman</p>	<p>Dominique Senequier Chairwoman</p>	<p>Émile Hermès SARL, represented by its Management Board:</p>
<p>Maurice de Kervénoaël¹ Vice-Chairman</p>	<p>Monique Cohen² Chairwoman</p>	<p>Matthieu Dumas Robert Peugeot</p>	<p>Henri-Louis Bauer Executive Chairman, Chairman and Member of the Management Board</p>
<p>Monique Cohen² Vice-Chairwoman</p>	<p>Charles-Éric Bauer Renaud Momméja Robert Peugeot Florence Woerth</p>		<p>Philippe Dumas Vice-Chairman</p>
<p>Dominique Senequier Vice-Chairwoman</p>			<p>Hubert Guerrand Vice-Chairman</p>
<p>Charles-Éric Bauer Matthieu Dumas Blaise Guerrand Julie Guerrand Renaud Momméja Robert Peugeot Nicolas Puech³ Florence Woerth</p>			<p>Sandrine Brekke Frédéric Dumas Édouard Guerrand Agnès Harth Laurent E. Momméja Pascale Mussard Jean-Baptiste Puech Guillaume de Seynes</p>

1. Until 3 June 2014.

2. Since 3 June 2014.

3. Until 8 August 2014.



Boots in Brides de gala print calfskin.

SIX GENERATIONS OF CRAFTSMEN


Today, Hermès employs 11,718 people worldwide and has 311 exclusive stores, 207 of which are directly operated. Although it has achieved international stature, Hermès has never lost its human touch and continues its tradition of fine craftsmanship.

Thierry Hermès, a harness-maker, set up business in Paris in 1837. Ever since, his descendants have worked together to develop the Hermès Group. In 1880, his son transferred the family business to its now-famous address, 24 Faubourg Saint-Honoré, where he expanded into saddlery. Soon, he was supplying saddles and harnesses to the stables of aristocrats all over the world.

In 1918, with the advent of the automobile, the founder's grandson, Émile Hermès, foresaw the coming changes in transportation and envisioned new lifestyles. He launched a line of fine leather "saddlestitched" goods and luggage. The Hermès style was born, and its field of activity has never ceased to grow. Émile Hermès also accumulated a private collection of paintings, books and articles that were to be a source of inspiration for designers. During the 1950s, Émile Hermès' sons-in-law, Robert Dumas and Jean-René Guerrand, continued to diversify operations whilst safeguarding the brand's integrity, creating clothing, jewellery, watches, diaries, silk scarves.

From 1978 and aided by other fifth- and sixth-generation members of the family, Jean-Louis Dumas brought renewed impetus to Hermès by expanding into new métiers and establishing a global network of Hermès stores.

Twenty-eight years later, in 2006, he handed the reins to Patrick Thomas and the company Émile Hermès SARL, appointed Executive Chairmen, while the artistic directorship was entrusted to Pierre-Alexis Dumas in February 2009. Axel Dumas, member of the sixth generation of the Hermès family, was named Executive Chairman in 2013 alongside Patrick Thomas, who, once the transition was complete, decided to leave his post of Executive Chairman in January 2014.

Today, Hermès applies its creativity to a wide range of sectors: leather goods and saddlery, men's and women's ready-to-wear, footwear, belts, gloves, hats, silks and textiles, jewellery, furniture, furnishing fabrics, wallpaper, tableware, fragrances, watches and petit .

International in scope, Hermès is characterised by superlative manufacturing inspired by the values of traditional craftsmanship, and remains a family firm with a uniquely creative spirit.



1



2



3



4

1. Talaris saddle, 2010.
2. Nantucket watch, 1991.
3. Constance bag, 1967.
4. Oran sandal, 1997.

For over 175 years, Hermès has been creating, inventing and innovating. Some of our models enjoy enduring success decades after they were first designed. Reissued, reinterpreted and reinvented, these timeless creations forge the identity of Hermès.

1837 Harnesses	1937 First silk scarves	1974 Amazone fragrance for women
1867 Saddles	1938 <i>Chaîne d'ancre</i> bracelet, designed by Robert Dumas First garments with silk scarf patterns	1975 <i>Passe-Guide</i> bag <i>Kelly</i> watch John Lobb shoes
circa 1900 <i>Haut à courroies</i> bag, designed by Émile Hermès	1949 Printed silk ties <i>Collier de chien</i> belt and bracelet	1978 First complete men's ready-to-wear collection <i>Highland</i> ghillie shoes Enamel bracelets
1903 <i>Rocabar</i> blanket	1951 <i>Eau d'Hermès</i>	1979 Eau de Cologne Hermès, renamed <i>Eau d'orange verte</i> in 1997 Pleated scarves
1922 Belts	1954 Beach towels in printed terry towelling	1981 <i>Clipper</i> watch
1923 Two-handled bag	1956 The bag designed by Robert Dumas in the 1930s is officially named the <i>Kelly</i>	1984 <i>Pivoines</i> porcelain tableware <i>Birkin</i> bag, created by Jean-Louis Dumas
1924 Gloves with zipper	1961 <i>Twillaine</i> : garments in knit and silk twill <i>Calèche</i> fragrance for women	1985 Gavroche scarves in silk twill
From 1925 First sports jacket, followed by the development of women's and men's fashions <i>Mallette à coins rapportés</i>	1967 <i>Constance</i> bag	1986 <i>Bel Ami</i> fragrance for men <i>Toucans</i> porcelain tableware <i>Pippa</i> furniture
1927 Wristwatches <i>Filet de selle</i> bracelet	1970 <i>Équipage</i> fragrance for men	1991 <i>Cape Cod</i> watch <i>Nantucket</i> watch
1928 <i>Ermeto</i> watch <i>Sac à dépêches</i>	1971 <i>Nausicaa</i> bracelet	1993 <i>Oxer</i> saddle <i>Médor</i> watch
1930 Diaries	1972 First Hermès shoes for women	



2

1. *Voyage d'Hermès* fragrance, 2010.
2. *Les Maisons enchantées* faïence tableware, 2010.

1995

24 *Faubourg* fragrance for women
Fourre-tout bag

1996

Harnais watch
Heure H watch

1997

First Hermès shoes for men
Oran sandal

1998

Herbag bag
 Twice-round leather watch straps
Quick trainers

1999

Hiris fragrance for women

2000

Corlandus dressage saddle
Tandem watch
Nil porcelain tableware
Rouge Hermès fragrance for women

2002

Picotin bag
Plein cuir desk line, a reissue of a range originally created in the 1930s
Quark ring

2003

Un Jardin en Méditerranée fragrance
Twilly in silk twill
Dressage automatic gold watch
Étrivière briefcase

2004

Eau des Merveilles fragrance for women
Brasilia jumping saddle
 First *Hermessence* fragrance collection

2005

Un Jardin sur le Nil fragrance
Balcon du Guadalquivir porcelain tableware

2006

Terre d'Hermès fragrance for men
Cheval d'Orient porcelain tableware

2007

Lindy bag
 Scarves 70 in vintage silk
Kelly Calèche fragrance for women
Fil d'argent porcelain tableware
 Jewellery in rose gold and brown diamonds

2008

Jypsière bag
Horizon diary
 First Hermès *Éditeur* scarf
Un Jardin après la Mousson fragrance

2009

Victoria saddle
 Dip-dye scarves
Colognes Hermès
Mosaïque au 24 porcelain tableware
Cape Cod Tonneau watch

2010

First haute bijouterie collection
Les Maisons enchantées faïence tableware
Talaris saddle
Voyage d'Hermès fragrance
 Jean-Michel Frank furniture reissued by Hermès
Toolbox bag

2011

Bleus d'Ailleurs porcelain tableware
Berline bag
Un Jardin sur le Toit fragrance
Arceau Le temps suspendu watch
 First collection of furnishing fabrics and wallpapers

2012

Jour d'Hermès fragrance for women
 8 cm ties in heavy silk twill

2013

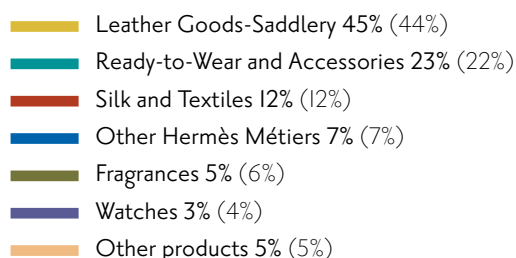
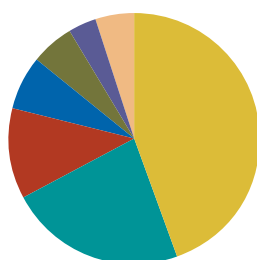
Cavale saddle
Maxibox bag
Le Flâneur d'Hermès leisure bicycle
Rallye 24 porcelain tableware
Les Nécessaires d'Hermès occasional furniture

2014

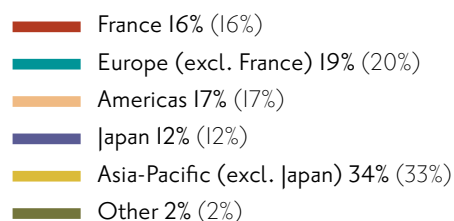
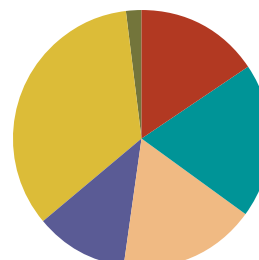
Oxer bag
Nautilus pen
Faubourg watch
 Third haute bijouterie collection
Le Parfum de la maison
H-Déco tea and dessert service
 Lighting collection

KEY FIGURES

BREAKDOWN OF REVENUE
BY MÉTIER 2014 (2013)



BREAKDOWN OF REVENUE
BY REGION 2014 (2013)



KEY CONSOLIDATED DATA (€M)

(millions of euros)	2014	2013	2012	2011	2010
Revenue	4,118.6	3,754.8	3,484.1	2,841.2	2,400.8
Operating income	1,299.3	1,218.0	1,118.6	885.2	668.2
Net income attributable to owners of the parent	858.8	790.3	739.9	594.3	421.7
Operating cash flows	1,048.7	1,015.9	884.8	722.8	571.5
Investments (excluding financial investments)	322.2	232.4	370.0	214.4	153.8
Shareholders' equity ¹	3,449.0	2,825.6	2,344.4	2,312.8	2,150.3
Net cash position	1,421.6	1,022.0	686.1	1,038.3	828.5
Restated net cash ²	1,493.6	1,091.0	721.0	1,044.2	950.1
Economic value added ³	722.9	679.1	628.5	463.8	332.7
Return on capital employed (ROCE) ⁴	39%	41%	46%	42%	32%
Number of employees	11,718	11,037	10,118	9,081	8,366

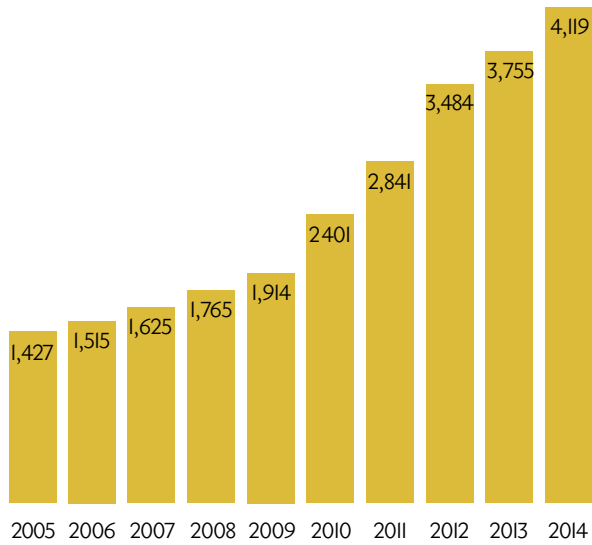
1. Equity excluding non-controlling interests.

2. Includes non-liquid financial investments and borrowings.

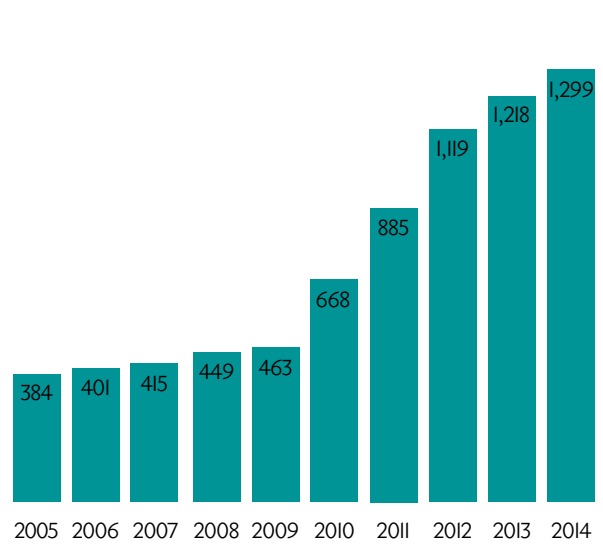
3. Difference between adjusted operating income (excluding the financial result and exceptional elements), after tax on operating income, and the average cost of capital employed during the year multiplied by the weighted average cost of capital employed by the Group.

4. Adjusted operating income (excluding the financial result and exceptional elements), after tax on operating income, on the average cost of capital employed during the year.

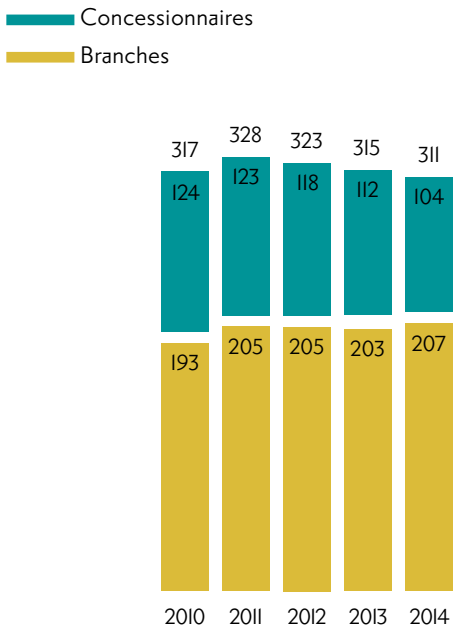
CHANGE IN CONSOLIDATED REVENUE (€M)



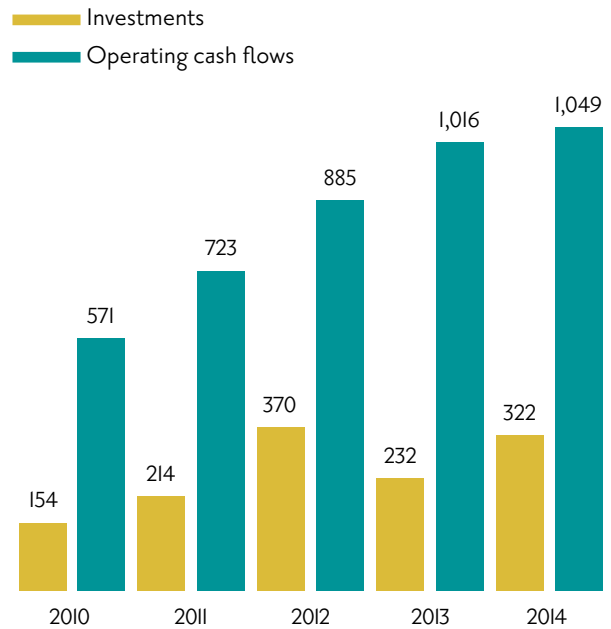
CHANGE IN RECURRING OPERATING INCOME (€M)



NUMBER OF EXCLUSIVE RETAIL OUTLETS



INVESTMENTS (EXCLUDING FINANCIAL INVESTMENTS) AND OPERATING CASH FLOWS (€M)



KEY STOCK MARKET DATA

(SOURCE BLOOMBERG)

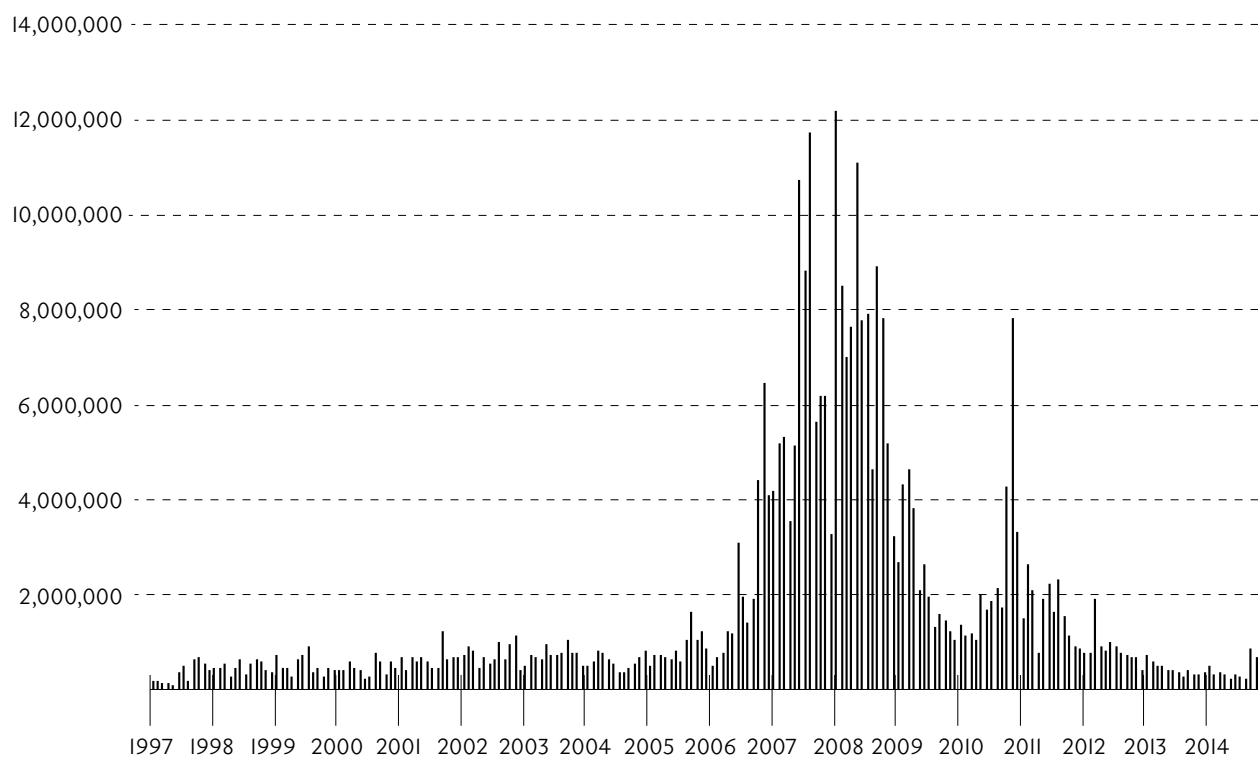
	2014	2013	2012
Number of shares as at 31 December	105,569,412	105,569,412	105,569,412
Average number of shares (excluding treasury shares)	104,267,723	104,118,188	104,087,228
Market capitalisation as at 31 December	€31.12bn	€27.81bn	€23.89bn
Earnings per share (excluding treasury shares)	€8.24	€ 7.59	€7.11
Dividend per share	€7.95 ¹	€2.70	€2.50
Monthly average daily trading volume	31,375	20,194	40,572
12-month high share price	€317.40	€283.20	€290.90
12-month low share price	€223.95	€224.15	€207.70
12-month average share price	€252.40	€255.73	€241.84
Share price as at 31 December	€294.80	€263.50	€226.30

1. Equivalent to an ordinary dividend of €2.95 and an extraordinary dividend of €5.00. Subject to approval by the Ordinary General Meeting of 2 June 2015. An interim dividend of €1.50 was paid on 5 March 2015.

AVERAGE DAILY TRADING VOLUME

(NUMBER OF SHARES)

(SOURCE BLOOMBERG)



HERMÈS INTERNATIONAL SHARE PRICE / CAC 40 INDEX (BASE: 100 ON 3 JUNE 1993)
 (NUMBER OF SHARES)
 (SOURCE BLOOMBERG)



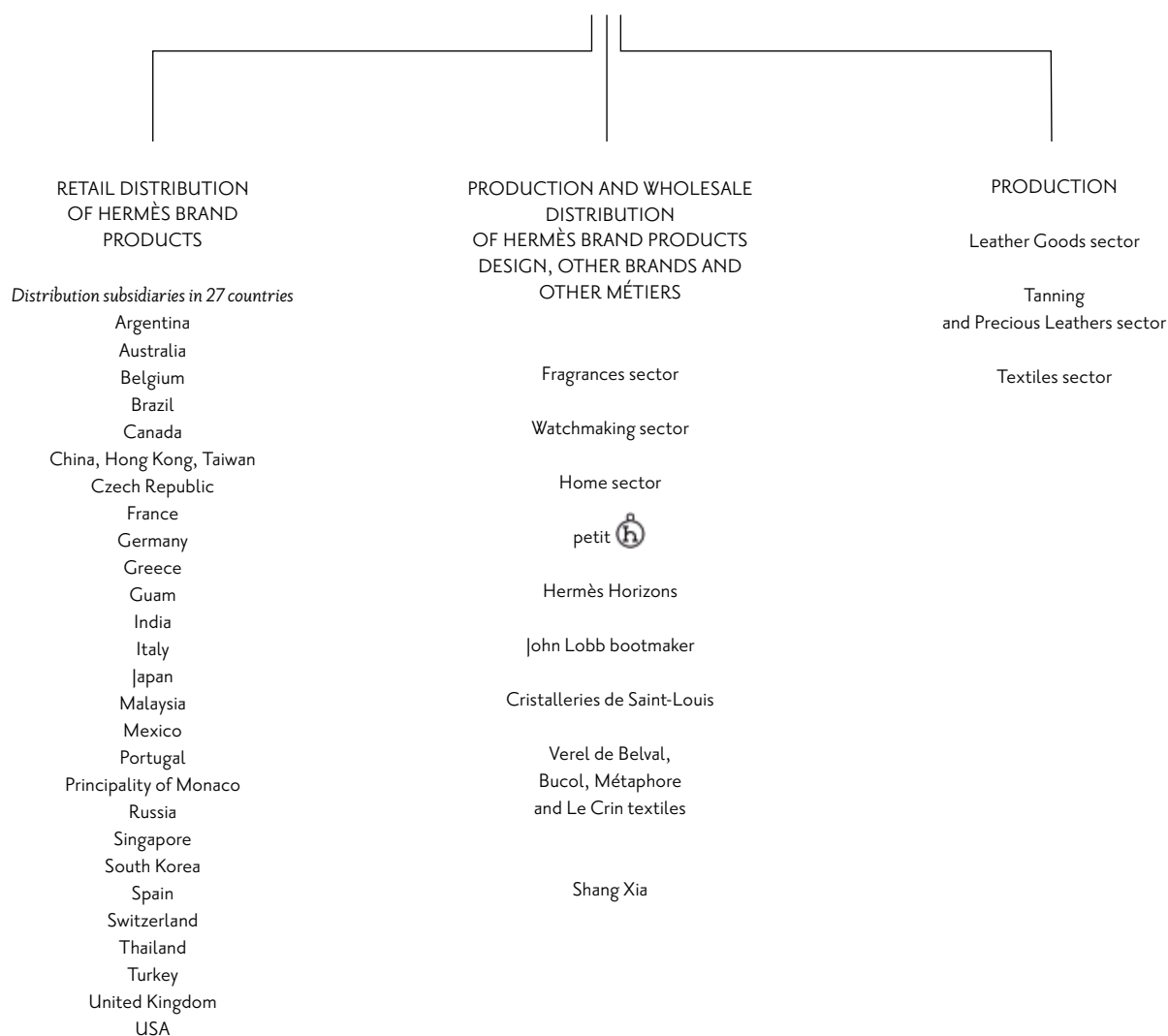
HERMÈS SHARE PRICE HISTORY (€)



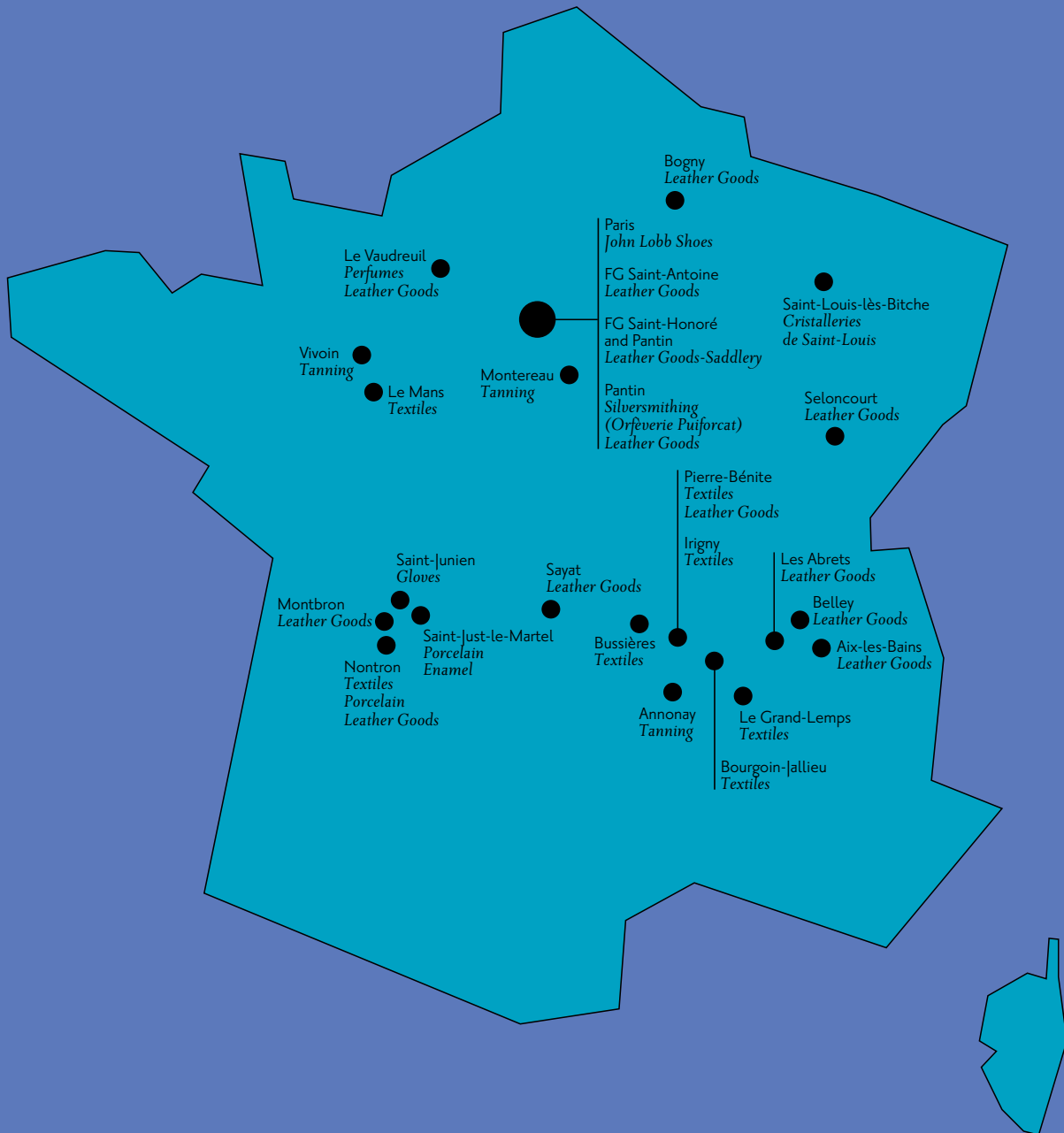
SIMPLIFIED ORGANISATION CHART

Overview description of the group as at
31.12.2014

HERMÈS INTERNATIONAL



The main consolidated companies as at 31 December 2014 (distribution subsidiaries and holding companies of the sectors) are listed in note 32 of the consolidated financial statements.





REVIEW OF OPERATIONS

GENERAL TREND

STRONG SALES AND EARNINGS GROWTH

Revenue totalled €4,119M, up 10% and 11% at constant exchange rates. Operating income was €1,299M (31.5% of sales), up 7%. Net profitability amounted to 21% of sales, as in 2013.

SALES BY REGION AND MÉTIER

(at constant exchange rates unless otherwise indicated)

The strong growth in sales generated by the group's own stores in 2014 (+12.7%) results from solid progress in all regions. Hermès continued the qualitative development of its distribution network with the opening of China's first Hermès Maison in Shanghai in September and the opening, renovation or extension of over fifteen outlets.

All regions posted strong growth rates

America (+15%) confirmed its development dynamic. In the United States, the Atlanta store was extended, and in Brazil the group took over the São Paulo concession. Japan (+13%) achieved an excellent year, confirming the positive trend observed in the first nine months. Non-Japan Asia (+13%) posted a good performance in a context marked by recent events in Hong Kong and the general slowdown in China's market. Europe (+7%) continued to progress in a difficult financial climate.

All sectors have recorded growth, with the exception of Watches

The remarkable growth in Leather Goods and Saddlery (+15%), for which demand remains very high, was supported by the increased production capacities of the two new sites in Isère and Charente. Plans are underway to build two new manufactures in Franche-Comté. Ready-to-wear and Accessories (+12%) have been boosted by the success of the latest ready-to-wear collections and fashion accessories, with particular buoyancy in footwear. The Silk and Textiles business line (+8%) continued to expand its collections with new formats and the use of exceptional materials. A new online showroom and store for Hermès silk,

lamaisondescarres.com, was successfully launched in September. Fragrances (+10%) continued to grow. Two lines were extended with new launches, *Terre d'Hermès Eau très fraîche* and *Jour d'Hermès Absolu*, which were warmly received. Watches (-11%) remain penalized by the decline in this industry, particularly in China. Other Hermès métiers (+15%) continued to grow. Jewellery, which presented its new haute bijouterie collection at the 24 faubourg Saint-Honoré store in Paris, made a significant contribution to this dynamic with the success of the latest collections in gold.

NET PROFITABILITY MAINTAINED AT 21% OF SALES

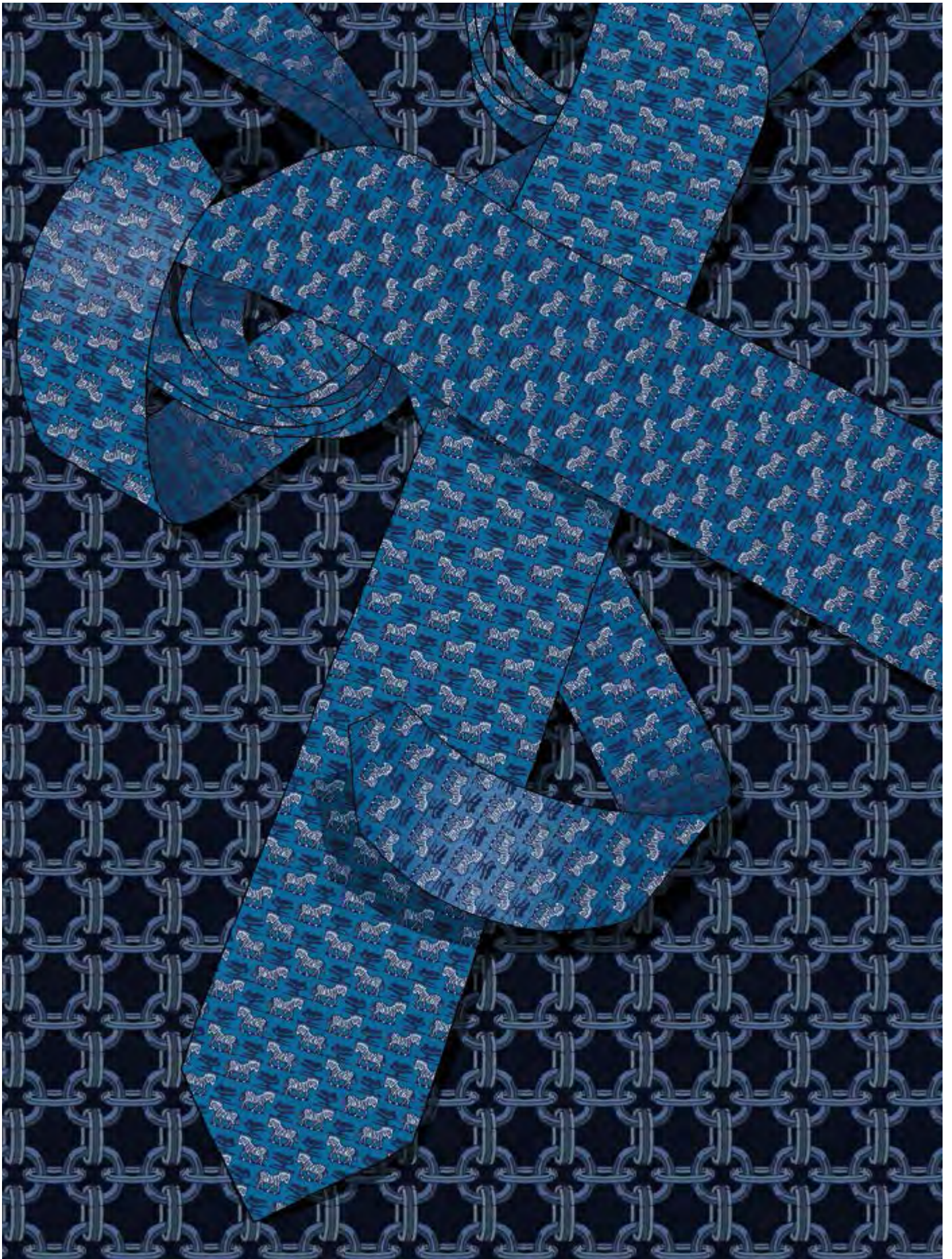
Operating income totalled €1,299M and operating margin amounted to 31.5% of sales, down slightly from the all-time high achieved last year (32.4%) due to the negative impact of currencies. Consolidated net income totalled €859M and rose by 9%, maintaining net profitability at 21% of sales. Cash flow (€1,049M) was able to finance all operational and financial investments (€322M), distribution of the dividend (€285M) and working capital requirements (€105M). Net cash grew sharply and amounted to €1,422M on 31 December 2014 versus €1,022M on 31 December 2013. In 2014, Hermès International repurchased 38,396 shares for €10M, outside the movements made in the framework of the liquidity contract. On 2 September 2014, Hermès International (Hermès) and Moët Hennessy Louis Vuitton (LVMH) reached a settlement agreement presented in a Hermès Group press release dated 12 February 2015, and whose implementation terms are detailed in the LVMH press release of 3 November 2014.

GROWTH IN WORKFORCE

The Hermès Group created nearly 700 new jobs, including over 400 in France, primarily in the production facilities and in sales. At the end of 2014, the group's workforce comprised 11,718 employees, of which 7,051 are located in France.

2015 OUTLOOKS

For 2015, despite the economic, geopolitical and monetary uncertainties around the world, the target rise in revenue at constant exchange rates is around 8%. Thanks to the success of its unique business model, Hermès will continue its long-term development strategy based on creativity, maintaining control over its know-how and protecting its supply sources. Staying true to its Parisian roots, Hermès is inviting us to see 2015 through the eye of the flâneur. The flâneur masters the art of being able to escape, his eyes wide open, and experience a chance meeting, the pleasure of a discovery or the benefits of taking a break.



8 cm ties in silk twill.

ACTIVITY BY MÉTIER

The Hermès métiers draw on a wide range of skills in pursuit of their ambitious creative objectives. Year after year, driven by a permanent quest for innovation and a deeply embedded culture of excellence, they add to the Hermès collections, now comprising over 50,000 references. In 2014, many new arrivals thus helped expand the group's product ranges and nurture its growth.

	2014 (Revenue in €M)	2014 (Mix in %)	2013 (Revenue in €M)	2013 (Mix in %)	Evolutions at current exchange rates	Evolutions at constant exchange rates
Leather Goods-Saddlery	1,842	45%	1,634	44%	12.7%	14.6%
Ready-to-wear and Accessories	934	23%	843	22%	10.7%	12.0%
Silk and Textiles	482	12%	454	12%	6.3%	7.6%
Other Hermès Métiers	281	7%	247	7%	13.7%	15.1%
Fragrances	231	5%	210	6%	10.1%	10.4%
Watches	148	3%	167	4%	(11.4)%	(10.6)%
Other Products	201	5%	200	5%	0.3%	0.7%
Consolidated revenue	4,119	100%	3,755	100%	9.7%	11.1%



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- 1. *Mini-Convoyeur* wallet in Evercolor calfskin.
- 2. *Verrou* clutch in Doblis calfskin.
- 3. Clutches in Swift calfskin.
- 4. *Halzan* bag in Clémence bullcalf.
- 5. *Plume 32* bag in *En désordre* printed Toile H and Togo calfskin.
- 6. *Alleretour Messenger 34* bag in dip dye Toile H and Sombrero calfskin.
- 7. *Étrivière* messenger bag in Sombrero calfskin and Hunter cowhide.

LEATHER GOODS- SADDLERY

Leather Goods-Saddlery, the original métier of Hermès, encompasses bags for men and women, clutches, briefcases, luggage, small leather goods, diaries and writing objects, saddles, bridles and a full range of equestrian products and clothing.

In 2014, its activity represented 45% of the group's sales, with a turnover of €1,842 million, an increase of 15% at constant exchange rates.

Saddlery and leather goods articles are born of an alchemy of authentic materials, selected according to rigorous standards, and the skilled hands of the saddler-leatherworkers, who apply traditional know-how passed down from generation to generation. The daily, patient dialogue with raw leather that the artisans bend to their will and fashion into shape endows these objects with the extra measure of soul that makes them exceptional.

Today, production is ensured by over 2,500 saddler-leatherworkers spread over fourteen manufactures located in Paris, Pantin and various regions across France. In the face of ever-increasing demand, Hermès recruited over 230 artisans in 2014 and completed the construction of two production sites in Charente and Isère, whilst also pursuing plans to establish two new manufactures in Franche-Comté. At the same time, the house perpetuated its historic know-how of harness-maker and saddler, ensuring its craftsmen perfect their technique on an ongoing basis, particularly through its training and professional qualification programmes.

Underpinned by creativity in a state of perpetual renewal, the collections of bags and luggage, small leather goods and equestrian products again met with great success in 2014.

In leather goods, many models confirmed their status as key sellers, from the *Lindy* to the *Jypsière*, the *Toolbox* to the *Constance*, the *Bolide* to the *So Kelly*, the *Double Sens* to the *Victoria*, the *Plume* to the *Picotin*... not to mention the *Kelly* and the *Birkin*, which continue to be reinvented in different colours and leathers.

Finally, a wealth of new items arrived throughout the year, bringing plenty of surprises and firing the imagination.

BAGS AND LUGGAGE

Leather goods responded to the 2014 theme, “Metamorphosis, an Hermès Story”, by creating new models of versatile bags, equipped with original folding and zip systems.

The *Oxer* bag, for example, its sides echoing the curves of saddle flaps, can be carried in three different ways thanks to its ingenious folds. *Halzan*, a bag with an equestrian character and simple lines can also be transformed to suit every whim with five possible carrying options. The *Passe-Passe* messenger and shopping bags bring to mind bag and luggage covers, whose size can be changed in an instant. As for the canvas and leather *Allerretour Messenger*, part messenger bag, part satchel, it makes a modern, laid-back companion for the adventurous city-dweller.

The métier also produced detailed and contemporary reinterpretations of several emblematic Hermès bags.

The *Bolide Paddock* bag has a surprising graphic aspect, with its streamlined shape consisting of a raw-edged leather “shell” paired with H Tech canvas to make it supple and light. The *Plume* collection was enhanced by a model in printed or entirely hand-embroidered Toile H canvas. Practical and user-friendly with its removable strap, the *Steve Meeting* briefcase is a bag with an urban look for the busy man. Finally, the *Étrivière* line of messenger bags and briefcases welcomed a new men's folder in a lengthened format: the *Étrivière Folder*.

The evening bag collection saw the addition of a new line, the *Collection Précieuse*, which draws on the most exceptional know-how and materials. Several pieces featuring lizard and crocodile skin designed for “petit soir” and “grand soir” evening events were also created, as well as a highly sophisticated, ultra-feminine bag, the *Poudrier* with the pure faceted lines of a diamond.

DIARIES, SMALL LEATHER GOODS AND WRITING OBJECTS

Since the 1930s, Hermès has been offering its customers diaries, notebooks and briefcases as loyal companions. In September 2014 the story continued with the launch of new product family – writing objects – adapted to today’s practices, and reliable and easy to use in all circumstances.

The new line’s key piece is the *Nautilus* ballpoint or fountain pen, created in collaboration with designer Marc Newson and equipped with a solid aluminium and stainless steel body, a retractable tip and a rotating soft-close mechanism. It is complemented by a Box calfskin case and a Box calfskin-sheathed steel cartridge holder.

A large number of accessories enrich the collection alongside *Ulysse* diaries and notebooks, including the Box calfskin writing set, airmail paper pads, writing pads, envelopes, *Grain d’H* notebooks, silk-covered notebooks, silk postcards, etc.

Thus Hermès offers its contemporary vision of writing, demonstrating a fresh, creative, innovative perspective that embraces both functionality and poetry.

The métier also continued to develop its collections of small leather goods, to ensure products are adapted to the way customers want to use them. Inspired by the *Convoyeur* bag with its characteristic clasp, the *Mini-Convoyeur* is the answer to travelling light with passport, cards and money, while hands are kept free thanks to a removable strap. The *Smart* pouches are designed to stretch the boundaries of the possible, their ingenious system of inner pockets accommodating every size of mobile phone. For men, the *Manhattan* wallets and card holders combine various leathers placed edge to edge, slipping easily into a jacket or trouser pocket, while the flat *Tohu-Bohu* pencil cases, in lambskin and available in various formats, can be carried in a bag.

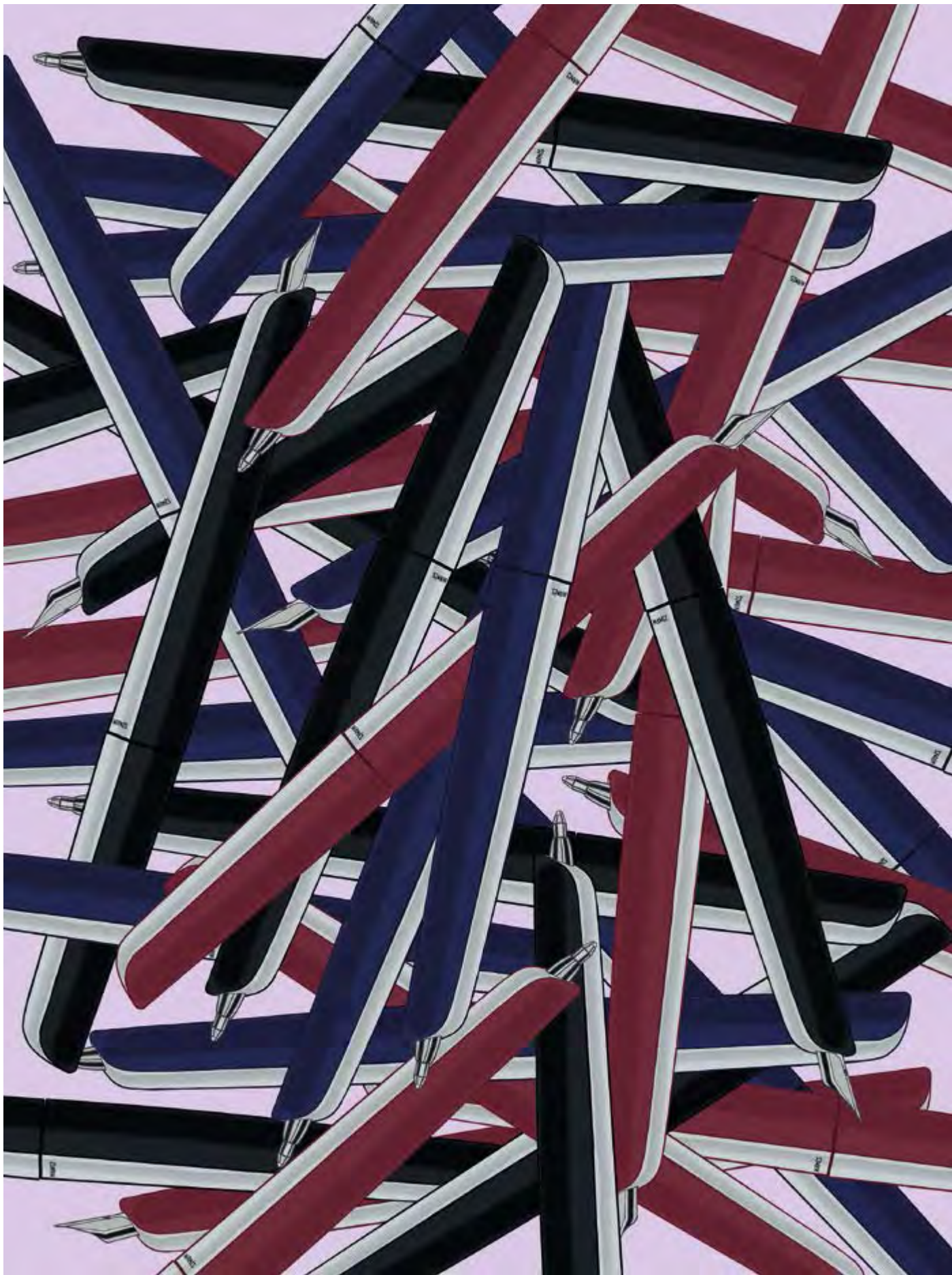
EQUESTRIAN

The major event of the Equestrian year was that Hermès became the official partner of the United States Equestrian Federation (USEF), since the World Equestrian Games in 2014, equipping both horses and riders in eight disciplines.

This new partnership with one of the top international teams confirms the quality, technicality and elegance of the collection, adopted by the US teams for all competitive events entered by nation, such as the World Cup and the Nations Cup.

Staying true to its value of supporting young talent and commitment for the long term, Hermès initiated new partnerships with talented young hopefuls in the equestrian world. The following partner riders all joined the Hermès team in 2014: Lillie Keenan from the United States (age 18, double gold medallist at the US Young Rider Championships); Laetitia du Couëdic from Switzerland (age 18, individual gold medallist at the 2013 Junior European Championships); Laura Klein from France (age 13, twice French pony champion); and Victor Levecque, also from France (age 16, individual and team Eventing gold medallist at the European Championships for Ponies, CCE 2014).

Finally, the *Hermès Cavale* jumping saddle continued to reinforce Hermès’ firm footing in equestrian circles; it is now used by an increasing number of international riders such as Simon Delestre (France), Dan Neilson (United Kingdom), Pilar Lucrecia Cordon Muro (Spain) and Daniel Bluman (Colombia).



Nautilus pens in aluminium and steel.

READY-TO-WEAR AND ACCESSORIES

The Ready-to-Wear and Fashion Accessories métier is the Hermès group's second largest sector, with 23% of consolidated sales. In 2014, it generated €934 million in sales, a rise of 12% at constant exchange rates.

WOMEN'S READY-TO-WEAR

Following four years of fruitful collaboration, Hermès and Christophe Lemaire decided to part ways after the presentation of the 2015 spring-summer collection, as the artistic director wished to focus fully on his own brand. Over his four year tenure, Christophe Lemaire made an elegant contribution to defining the style of women's ready-to-wear and skilfully highlighted the superior materials and expertise involved. Under his artistic direction, the métier adopted a renewed aesthetic and recorded highly satisfactory sales results. For the two 2014 collections, Christophe Lemaire continued to provide a wardrobe of loose, fluid pieces.

The spring-summer collection proposed a discreetly elegant, romantic silhouette, the colours drawn from a plant-inspired palette of deep tones lifted with vivid touches. Beautifully supple leathers were worked in shades of chlorophyll, and the collection included many prints – floral or symbolic – the *Nénuphars* motif finding its counterpart in the *Quadriges* design embroidered on silk.

The autumn-winter collection continued to celebrate materials and colour harmonies, alternating trouser suits inspired by menswear with intensely feminine draped dresses. Leather, worked to become a second skin, was transformed into sleeveless dresses of moiré calfskin with blue-toned reflections, or ultra-supple liquorice black deerskin. A sleeveless coat in soft ecru sheepskin revealed a silk back printed with the *Selle d'apparat marocaine* motif.

Nadège Vanhée-Cybulski, who was appointed women's ready-to-wear designer in July, unveiled her first collection in March 2015.



Women's ready-to-wear, spring-summer 2014 collection.

MEN'S READY-TO-WEAR

The year 2014 marked Véronique Nichanian's 25th anniversary at the head of men's collections. Season after season she casts a fresh eye over menswear, playing on the direction of lines, a taste for detail, a mix of materials and the concept of the "clothing object".

Continuing in this vein, the summer collection married grey tones with intense, calming colours – blue, sienna and emerald – to create a relaxed, carefree look full of supple movement. The theme of the year was revealed through multiple trompe l'œil effects, such as the perforations on a peacoat, an illusive *Cheval ombré* design on a sweatshirt or shirt, and the lambskin/nubuck dégradé on a leather jacket. Light, natural or technical materials gave a bohemian feel to the collection, illustrated by shirts with removable scarf collars, short-sleeved shell tops, belted overalls and tie print jackets and trousers.

In contrast, the winter collection revelled in a palette of dark tones, worn together or contrasted with deep red or ice blue. They graced suits with elemental lines, generously proportioned overcoats and parkas, joggers in lambskin and knitwear with a spider motif or "vanishing" cable knits. Metamorphosis was concealed in the effects created by the materials, such as combinations of matt and shiny textures, the transformation of a fabric into "phantom leather" or trompe l'œil *Jockey* panels. A synergy of expertise and innovation created an element of surprise – crocodile skin on a down jacket made an unexpected pairing, or wool ratine on coats.

Through these two "anniversary" collections, Véronique Nichanian pursued her vision of a contemporary menswear with passion and enthusiasm.



Men's ready-to-wear, autumn-winter 2014 collection.



- 1. Shapka in merino wool.
- 2 and 5. Women's gloves in glazed lambskin.
- 3. Bracelets in enamel.
- 4. Printed hat in crepe weave.
- 6. Bracelets in Ikat lacquer.

ACCESSORIES

The Accessories department comprises jewellery in leather, enamel, metal, horn and wood, men's jewellery, and belts, gloves and hats.

JEWELLERY ACCESSORIES

To illustrate the theme of metamorphosis, jewellery accessories embraced a wealth of innovations and effects produced by different materials. Specialist skills were explored for leather bracelets, such as waterjet cutting to give leather the form of the *Chaîne d'ancre* link in a light, summery reworking. Paired with a palladium-plated buckle on a *Java* bracelet, it encircles the wrist like a stirrup leather.

The men's collection also gave pride of place to metal, and introduced the *Tournis tressé*, a woven leather variation of the *Tournis* bracelet.

Wood bracelets were decorated either with Ikat lacquer, skilfully polished to allow the depth of jet black to show through the luminous radiance of white lacquer, or paired with horn and covered with gold leaf for a precious gleam.

Pattern, colour, and style of wear were variously expressed in printed enamel, with the *Della Cavalleria*, *Voyages en étoffes*, *Perspective cavalière* and *Concours d'étriers* designs brought to life in precious metals and woods in hues of gilt, gold, and bronze. Laser engraved, the enamel on the *Circuit 24 Faubourg* bracelet describes a *Chaîne d'ancre* link reworked in a graphic play on matt and shiny finishes.

GLOVES

New models designed to suit every purpose and season – whether city wear, driving or cold weather – enhanced the glove collection, showcasing the house's materials and know-how.

Women's long and mid-length gloves combined glazed lambskin and warm materials, such as bouclette, mink, orytag, nubuck and goatskin.

The men's models in leather or cashmere featured ingenious clasps borrowed from other métiers, such as the press stud of the *Ulysse* notebook and the saddle nail cuff link.

HATS

The hat collections capitalised on materials and prints to offer a wide range of models with an emphasis on easy daily wear.

The summer models in woven paper or straw were trimmed with a plain or printed silk band. Lightweight hats featured *Mythique Phœnix* or *Folklore* designs in part or in whole. Men's flat caps and baseball caps adopted colours to match the ready-to-wear ranges.

For ultimate softness in winter, the cloche-shaped felt hat took on an array of hues from red to blue to green, while mink or raccoon fur provided insulation for leather or gabardine shapkas and toques. Also for men were cashmere and zibeline knitted hats coordinated with masculine silk and a new merino shapka.



Belt in Epsom calfskin.

BELTS

In 2014, inspiration for the belt was provided by the Hermès Conservatory of Creations, where every model created by the house for each collection is stored. Thus the *lcône* belt, inspired by the *Ring* bag created in 1958, made a comeback in an exceptional new version, with lizard or crocodile paired with Box calfskin, the buckle unchanged in appearance but with perfected functionality. Similarly, the *Piano* belt is a re-edition of a 1954 model with a retro look, the three metal features concealing an ingenious clasp. The more masculine *Initiale* belt kit with its H set horizontally is reversible so can be worn in two ways. And for winter, the buckle of the slim *James* belt subtly expresses its identity.

SHOES

A year of metamorphoses saw form, material and type intersect giving rise to new styles. Under the impetus of creative director Pierre Hardy, classic models were reinvented, materials brought into harmony and motifs passed from one universe to another.

The women's autumn-winter collection featured nods to other Hermès métiers: the design of the *Brides de gala* silk scarf was printed on the leather of the *Joan* boot, the *Kelly* clasp added a feminine touch to the *Jules* moccasin and highlighted the ankle of *Joueuse*, a riding boot transformed into a heeled boot. Opposites merged in the *Joey* and *Jeep* models, which are both masculine and feminine, urban and country-style.

For summer, an elongated *Chaîne d'ancre* on the *lcône* and *Infini* models became a jewel resting on the foot, in permabrass for the day and rhinestone for the evening. The *Instant* and *Image* sandals draped the foot in the supple, light materials of suede goatskin and nappa calfskin. And in an extrapolation of form, the *Impulsion* model turned the essential ghillie shoe into a "superghillie".

The men's autumn-winter collection also played with established icons, bringing the city into the sporting world with the *Jackson* trainer sole in orange rubber, or giving more urban models like the *Joey* derby a sportier look with a new ridged rubber sole. For summer, there was a new rubber sole for the classic perforated *Ingénieux* brogue, and the *Itaca* sandal's two-tone rope sole became its outstanding feature. Last but not least, a fugitive from the world of jewellery, the *Mini-Dog* buckle, found a home on the *Irving* moccasin.



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- 1 and 2. Pumps in suede goatskin.
3. Belt in crocodile and Box calfskin.
4. Derby in calfskin.
5. Derby in nubuck.



1. *Perspective cavalière* scarf in silk twill (design by Anamorphée).
2. *Le Bal masqué* scarf 70 in vintage silk (design by Saw Keng).
3. *Minuit au Faubourg* scarf 70 in vintage silk (design by Dimitri Rybaltchenko).
4. Scarf 140 in cashmere and silk for men.

SILK AND TEXTILES

Silk and Textiles is Hermès' third largest sector and accounts for 12% of sales. In 2014, sales of scarves and ties totalled €482 million, up 8% at constant exchange rates.

WOMEN'S SILK

In 2014, women's silk mined the rich seam of expression provided by the theme of metamorphosis. The *Faune lettrée* silk scarf features an animal alphabet with a unique cast of creatures: horse, bear and fennec, shrimp and squirrel deep in conversation... each yields its form to the game, striking a pose with poetry and extravagance. The *Zebra Pegasus* silk scarf gave a fantastical twist to the myth of the winged horse, taking it on a journey to southern Africa. The mythological beast wears the striped coat of its cousin, the zebra, and its wings borrow the shimmering hues of a parrot's plumage. A new flag-like graphic identity was devised for the masqué silk scarfs, with the *Étriers* and *Couvertures et tenues de jour* designs half-concealed beneath a bright block of solid colour.

2014 also prompted an encounter between two icons: the Hermès silk twill scarf and the bandana worn by the cowgirls of the great American West. The collection of silk bandanas creates a new illustrative universe, where original artistic principles govern the treatment of design and colour. The 55 cm silk scarves (the original bandana size) reinterpreted two great classics – *Ex-libris* and *Peuple du vent* – as well as two new Far West-inspired designs: *Hermès Ranch* and *Les Canyons étoilés*. The *Peuple du vent* design was also printed in giant size on 140 × 140 cm silk twill.

Large scarves continued to enrich the collections. Building on its success, the range of giant silk squares in plume twill in particular was enhanced for the autumn-winter season. It now comprises four designs, including an original one, *Tapis persans*.

MEN'S SILK

The heavy silk twill tie offered a poetic and quirky take on the details of contemporary life. The narrow end of *Listen to the music*, for example, reveals the secret of the tie's polka-dot motif, which is actually made up of hundreds of tiny earphones.

The *dip tie*, a newcomer, also played the transformation card, its monochrome design dissolving into a dip dye effect, for a “visible-invisible” look.

In another nod to the brand's identity, the new *Faubourg* (spring-summer collection) and *Madison* (autumn-winter collection) ties feature a mischievous groom on their narrow end, telling the story of the city in colours, with fireman red and midnight blue for Paris, and milkshake pink, Broadway red and pumpkin orange for New York.

The *Follow You* scarf was endowed with two distinct sides, one in silk printed with the *Anneaux de brides* design, the other plain and studded with polka dots. Modern yet timeless, this new, generously sized scarf can be worn in multiple ways.

Finally, the scarf family welcomed a new member in the form of *Naoshima*, woven in Japan and remarkable for its light, fine and soft quality.

OTHER HERMÈS MÉTIERS

Other Hermès Métiers covers Jewellery, the Art of Living and La Table Hermès. In 2014, they achieved sales of €281 million, representing a 15% rise at constant exchange rates and accounting for 7% of the group's total turnover.

JEWELLERY

The year was marked by the launch of a new collection of haute bijouterie; the third chapter in a story that began in 2010.

In the first two chapters, Pierre Hardy, director of jewellery collections, tapped into Hermès' roots, initially drawing inspiration from horse riding, for the *Fouet* and *Centaure* collections, then leather goods for the "Sac-Bijoux" collection.

This new chapter introduced three exceptional sets of jewellery designed by Pierre Hardy and inspired by the equestrian world and the composition of the silk scarves. *Brides de gala* reinterprets the functionality of harnesses in a sophisticated, endlessly versatile, articulated piece, its elements – based on throatlatch, bit and bridle – a harmony of leather, rose gold, diamonds and orange, blue and yellow sapphires. *Della Cavalleria*, a geometric composition characterised by pure lines, pairs a bracelet and bib necklace of fluid and supple woven yellow gold, with earrings and a headpiece adorned with grey pearls. Last but not least, a sense of airy volume and the use of white gold enhanced with diamonds, and pink, blue, and green sapphires, give *Grand Apparat* a dreamlike appearance. The pieces were presented at an exhibition staged by Leïla Menchari at the Faubourg Saint-Honoré store last September.

2014 also saw the arrival of the *Sangles Hermès* line, which honours the house's harness-making origins and its jewellery know-how in chain-making. A utilitarian object par excellence, the bridle is transformed into yellow gold straps whose chains, assembled then adjusted by hand, form a gold, fabric-like mesh of astonishing suppleness and fluidity. The rings and the clasp, inspired by harness buckles, are entirely diamond-set.

Meanwhile, the *Galop Hermès* collection, launched in silver in the spring of 2013, donned a rose and white gold apparel. The emblematic Hermès horse lends the strong, clean lines of its profile to sculptural pieces, accented with diamonds or entirely diamond-paved. The collection was complemented by two new models, imbued with finesse: a ring and bracelet, both adorned with a diamond.



1. Haute bijouterie collection: *Grand Apparat* set in white gold, diamonds and sapphires.
2. Lighting collection: *Harnais* floor lamp.
3. The *Curiosités d'Hermès*: the *Dressoir à thé*s.

ART OF LIVING

Hermès Art of Living endeavours to provide our everyday living spaces with an extra touch of soul through numerous unique creations including furniture and lighting, furnishing fabrics and wallpapers, decorative objects and tableware. Born of exceptional know-how combining superior craftsmanship and innovative techniques, these pieces reconcile exacting standards on questions of form, intelligent functionality, the finest materials and high quality production methods to express their magic to its fullest effect.

In 2014, Art of Living took its first exploratory steps into the realm of lighting with two collections, *Pantographe* and *Harnais*, created by Italian architect-designer Michele De Lucchi, and a portable, modular lamp, the *Lanterne d'Hermès*, conceived by French visual artist Yann Kersalé. These two understated lighting lines, useful, ingenious and equipped with LED technology, embody the Hermès vision of light in the home.

The success of existing furniture collections provided the momentum for continuing and highly creative development in this area. Following the successful launch of *Les Nécessaires d'Hermès*, a collection of valet pieces and occasional seating, the métier confirmed its desire to put the enchantment back into daily life with the *Curiosités d'Hermès*, unexpected creations inspired by the charming disorder of the curiosity cabinets of days gone by. The *Club Bar*, the *Coffre à chaussures* and the *Dressoir à thé*s reflect an art of living associated with the pleasure of inviting and sharing.

During the year, Hermès also reproduced three pieces in wrought iron and bridle leather, with the support of the Frank family and the Jean-Michel Frank Committee. Banquette, armchair or console, furniture becomes sculptural, combining simplicity with the demands of fine craftsmanship.

The collections of objects and fabrics for the home made a strong contribution to the dynamism of Art of Living. Woven, embroidered, engraved or carved, noble materials were transformed into exceptional pieces, including woven lambskin throws lined with tartan-patterned cashmere, rugs embroidered with motifs inspired by the silk scarves such as *Brazil*, hand-cut obsidian paperweights, and decorative boxes for watches or jewellery in solid hard-carved palisander.

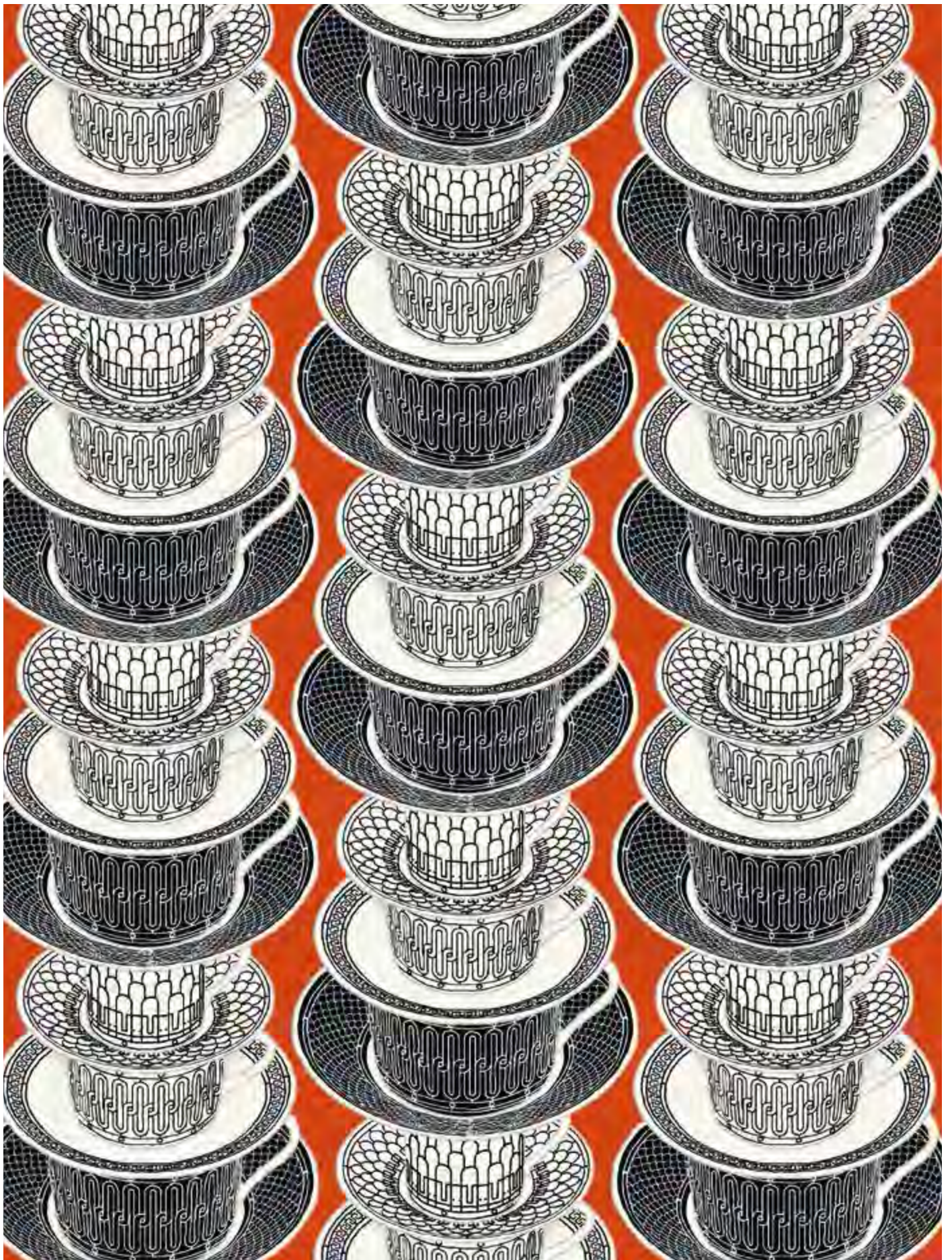
Fabrics and wallpapers, which reinforce and differentiate the stylistic identity of Hermès' home universe, saw increased sales. The 2014 collection drew inspiration from the "tea road" theme, giving rise to fabrics with highly narrative motifs, such as *Les Arbres du jardin d'osier* and *Arbre de vie impression chaîne*, which evoke the beauty of nature and the garden, and *Chevaux d'apparat*, which suggests a more nomadic art of living.



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H-Déco tea and dessert service.

LA TABLE HERMÈS

The introduction of new creations and the enrichment of existing lines set the tempo for the year. The new *H-Déco* tea and dessert service was received very positively. Its graphic decoration, in variations of black and white, is inspired by the Art Deco architectural features gracing the 24 Faubourg and Rue de Sèvres stores. The *Mosaïque au 24* dinner service, whose gold version was created in 2009, this year presented its abstract decoration in the iridescent, shifting reflections of platinum. Finally, new exceptional pieces in majestic sizes continued the tale of the Persian riders of the *Cheval d'Orient*. Embellished with 24-carat matt gold applied with a brush, a very large vase, a bowl and a platter are numbered and signed by the artist, Nathalie Rolland Huckel.



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1. *Mosaïque au 24 platine* tableware.
2. *Cheval d'Orient* porcelain vase.

FRAGRANCES

2014 was a year abundant in creation and innovation. Sales of Fragrances continued their dynamic upward trend with a rise of 10% at constant exchange rates, to €231 million. The year also marked a turning point: echoing Hermès' Art of Living, the *métier* pushed its boundaries and enhanced its mission, which developed from the art of wearing fragrance to the art of experiencing fragrance.



1

Two previously unexplored fields of expression represented the initial milestones of this new approach.

With *Le Bain d'Hermès*, launched during the first semester, the Garden-Fragrances and Colognes became part of the bathtime ritual in the form of new soaps, gels, milks and balms with colourful and festive notes.



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In the second semester, *Le Parfum de la Maison* opened the doors to a new olfactory and sensory space. This collection comprises five fragrances named *Reveries* by their creator, the perfumer Céline Ellena. They find expression in three families of scented objects, static or mobile, and take the art of experiencing fragrance into every room of the house.

Three major launches also fed a growth in activity for Fragrances. Fostering the uniqueness of its approach, a twelfth creation – *Cuir d'Ange* – was added to the *Hermessence* collection. For this supremely delicate scent, a tribute to working and transforming leather, Jean-Claude Ellena was inspired by the work of writer Jean Giono, who describes the workshop of his father, a cobbler, in his novel *Jean le Bleu*: “I remember my father's workshop [...] making shoes in angel leather for some god with a thousand feet...”



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Terre d'Hermès continued its two-figure growth, taking a further step forwards with the launch of *Terre d'Hermès Eau très fraîche*. This olfactory initiative produced a scent with a strong, impertinent freshness that built on the success of the line and raised it to a leading position among men's fragrances in France.



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The *Jour d'Hermès* fragrance for women, epitomising fine French perfumery, was enriched by a new dimension in the form of *Jour d'Hermès Absolu*. This voluptuous reworking on a floral theme was very well received.

Finally, 2014 saw creator-perfumer Christine Nagel take charge of developing new projects, alongside Jean-Claude Ellena, who continues in his mission to create and assert Hermès' olfactory style.

1. *Jour d'Hermès Absolu* women's fragrance.
- 2 et 3. *Cuir d'Ange* from the *Hermessence* collection.
4. *Terre d'Hermès Eau très fraîche* fragrance for men.
5. *Le Bain d'Hermès*.

WATCHMAKING

In 2014, watchmaking achieved a turnover of €148 million, a decrease of 11% at constant exchange rates, in a difficult environment.

2014 brought a wealth of new models, and the January launch of the *Faubourg* watch for women was the year's first landmark event. An ode to simplicity, this small timepiece has all the charm and presence of a precious miniature. Its round, ultra-slim case with a diameter reduced to 15.5 mm houses a white lacquered dial adorned with a discreet diamond at 12 o'clock. It is available in gold only, whether rose, white or yellow, with or without diamonds, and combined with a gold bracelet or satin or leather strap.

Baselworld provided the occasion to unveil *Dressage L'heure masquée*, its new mechanical complication showing another facet of "Time to Dream".

The hour hand, hidden beneath the minute hand, appears only at the press of a push-button integrated into the crown, and the second time zone plays the same game of hide-and-seek in its aperture. Developed entirely with Vaucher Manufacture Fleurier, this watch reinforces Hermès' position when it comes to the creation of original products with unusual complications.

Finally, an unprecedented innovation in watchmaking was provided by the *Arceau Millefiori* collection in the form of crystal dials made by Les Cristalleries de Saint-Louis using the same technique as for *millefiori* paperweights. Two unique *Arceau Pocket* models with engraved crystal covers completed the collection in all its radiant transparency.



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1. *Faubourg* watch in rose gold and diamonds, bracelet in rose gold.
2. *Faubourg* watch in rose gold, strap in black Box calfskin.
3. *Dressage L'heure masquée* watch in stainless steel, strap in matt alligator.
4. *Arceau Pocket Millefiori* pocket watch in white gold.

OTHER PRODUCTS AND BRANDS

LES CRISTALLERIES DE SAINT-LOUIS

In 2014, Les Cristalleries de Saint-Louis continued to highlight the quality of their craftsmanship. The beginning of the year was devoted to decoration. The trio of *Diamantic* vases, created by Benoît-Pierre Emery, paid tribute to the skill of artisan cutters in an infinitely precise diamond-cut decoration inspired by the compass work of glassmakers. The *Botticelli* line, with its *millefiori*-inlaid floral decoration, was enhanced by a vase, a pair of candlesticks and a votive.

In tableware, the *Oxymore* collection was also expanded. Created by the Hot and Cold workshops working in symbiosis, this line, with geometric shapes reminiscent of Art Deco, was supplemented by a bar and decanter service. In addition, the use of colour, a defining Saint-Louis signature and hitherto reserved exclusively for hocks, was extended to a second glass.

Saint-Louis continued expanding its ranges of lighting objects. Godefroy de Virieu and Stefania Di Petrillo pursued their modern narrative, based on a play on the bowl of the *Apollo* glass, with a delicate votive inspired by a liqueur glass. Fitted with an LED system, this votive is available in three colours: clear crystal, chartreuse and amethyst. Meanwhile, Florence Bourel's *Plein Phare* collection adopted a playful approach, distorting an ice bucket to create a table lamp with an entirely bevel-cut surface.

As every year, the spherical paperweights, introduced by Saint-Louis in the mid-19th century, took on new forms in creations born of the imagination and dexterity of specialist master glassmakers. Limited editions produced in 2014 included a sumptuous sulphide paperweight featuring a horse medallion, a hypnotic mandala and two speedwell flowers seemingly suspended in equilibrium in the crystal. Saint-Louis also invited the artist couple Perrin & Perrin to create three pieces of art: *Rift*, *Mesa* and *Lapilli*.

The paperweight collections were the subject of a touring exhibition presented in Asia, from Japan to Korea and China, then the United States.

Finally, 2014 was marked by the renovation of the Rue Royale store in Paris, and the opening of a second Maison Saint-Louis in Hong Kong's Causeway Bay district.



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1. *Apollo* votive in amethyst colour.
2. Candlestick from the *Botticelli* line.
3. Crystal paperweights.

PUIFORCAT

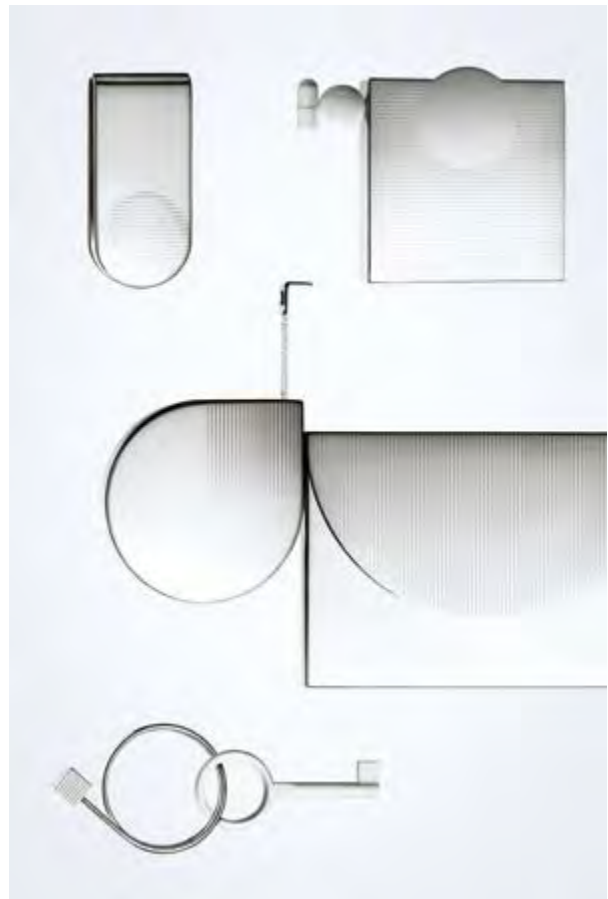
Puiforcat, experts in silversmithing since 1820, asserted its position as an exceptional brand and continued to extend its collections with the focus on an all-embracing art of living, celebrating in particular a wider vision of tableware – the art of tasting – and moving into the area of functional and decorative objects.

The *Fluidité* service, launched as a limited edition, attests to the workshop's unique know-how and stands out with its off-beat style. And the Dutch designer Aldo Bakker wielded his pencil with complicit understanding to give the traditional silver tea or coffee service an entirely original futuristic dimension.

The new *Argent de Poche* collection, an assortment of small objects and personal accessories in solid silver, rejoiced in the art of “fine functionality” and was Puiforcat's first collaborative project with designer Pauline Deltour. As elegant gifts or opportunities to treat oneself – these examples of pure design evoke the codes cherished by Jean Puiforcat.

This year, the silversmith set out to win over a Chinese clientele, opening two retail outlets in Beijing and Shanghai, and creating the bar La Timbale in the new Hermès Maison in Shanghai.

Finally, Puiforcat implemented several digital media campaigns to support its internet presence.



1. *Argent de poche* collection.

JOHN LOBB BOOTMAKER

In 2014, John Lobb Bootmaker prioritised the control and development of its network of own-name stores, thus aligning its distribution strategy with the group's policy. This intention was illustrated by the move of the Tokyo store, spearhead of John Lobb's presence in Japan, to a new location in the Marunouchi commercial district. In China, the first branch opened in Shanghai, reinforcing visibility in Asia.

The American market showed strong dynamism, linked especially to the growth in online sales. In Paris, the opening of an exclusive retail concession for travellers in Terminal 2E of Roissy-Charles de Gaulle airport confirmed the bootmaker's appeal amongst an international clientele.

John Lobb continued to stand out by its capacity to respond to the most exacting customer requirements thanks to its special order service. The opportunity to personalise footwear, representative of the Northampton manufacture's know-how, enjoyed increasing success across the network over the year. Similarly, the Paris bespoke workshop reported a noticeably fuller order book.

TEXTILES

The Hermès Textile Holding company unites the group's textile production skills, from creation to fabrication, including weaving, engraving, printing, dyeing and finishing, under one umbrella structure. It supplies not only the group's various métiers, but also external markets such as clothing and home furnishings, in particular for the brands Bucol, Métaphores, Vérel de Belval and Le Crin.

2014 saw the continued increase in production capacities in order to provide a better service to stores, with several significant projects, including:

- commissioning a second large-width printing facility, to supplement the one established in 2012;
- intensifying the activity of the printing workshop dedicated to small print runs;
- enlarging the weaving site to give it complementary capacities to handle cashmere and new silk fabrics;
- modernising the dyeing and finishing facility, with the aim of supporting the development of new products.

As well as structuring its development in this way, the textile division also pays special attention to maintaining and passing on know-how, through an incubator for textile engineers, the promotion of apprentices and the creation of an innovation think-tank.

TANNING AND PRECIOUS LEATHERS

The Tanning sector handles the purchasing, tanning, dyeing and finishing of precious skins destined for high quality fashion and leather goods brands and manufacturers (bags, small leather goods, shoes, belts, clothing, etc), as well as for the high-end watchmaking industry (watch straps).

In 2014, the sector consolidated its position on the precious skins market, especially in the leather goods, shoes and watch straps segments. It maintained its innovation-based approach, applied particularly to leather finishes, across collections that were well received by brands and manufacturers alike.

A major investment programme supported the development of the quality of raw materials. Also, a new tannery established in Cuneo in Italy contributed to increasing the production capacities of the sector, at the same time improving quality and performance.

In this way, the Tanning sector is acquiring the means to meet its objective to assert its position of excellence on the precious skins market as a supplier to high-quality manufacturers. This will be achieved by ensuring supply reliability, optimising production capacities and prioritising innovation and creativity, while remaining exemplary in terms of respecting ethical and environmental standards.

HERMÈS HORIZONS

With Hermès Horizons, Hermès has extended its traditional sheathing know-how, creativity and sense of innovation to encompass all bespoke orders for private customers.

These orders include creating an object from scratch (such as a bag, an item of luggage, a garment, a piece of furniture, or a saddle), sheathing an object from Hermès collections (the art of living, accessories, etc) or otherwise, and fitting out and upholstering the interior of a boat, aeroplane, car, etc.

There was a considerable increase in bespoke project work in 2014, with double the number of orders.

In particular, the year was marked by significant activity in the boating sector, involving the interior fitting of a 25-metre boat, undertaken by Hermès. Several months of work were required to create a unique space, complete the sheathing work in leather and fabric, and integrate items of furniture and decoration specially designed for the boat. In the motor vehicle sector, a prestigious collector's car was entrusted to the Hermès Horizons workshop at the end of the year for an initial assessment of upholstery work. Finally, in the aviation world, a new project was launched to custom fit a helicopter.

To enable stores to respond efficiently to bespoke requests, sales assistants were provided with a touchscreen tablet application, developed specifically, along with inspiration books.

Finally, the collection of bicycles, developed in the Hermès Horizons workshops, was supplemented by the arrival of a sporty model, the *Flâneur sportif d'Hermès*. This collection is now available across all regions.

PETIT H

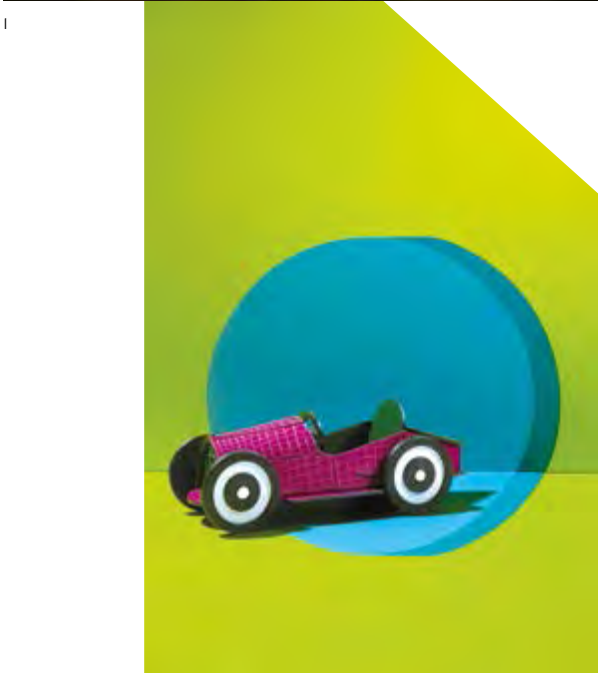
A “laboratory” dreamt up by Pascale Mussard, petit h brings together under one roof all the skills and materials represented by the Hermès group and its brands (Puiforcat, Les Cristalleries de Saint-Louis, etc.), making them available to artists in a unique creative venture.

With the assistance of guest designers, materials that have not been used by the house’s métiers and the production workshops – leather, silk, horsehair, porcelain, crystal and fabric – become precious “nuggets”, reborn in the hands of saddler-leatherworkers, silversmiths, couturiers, and master glass- and porcelain-makers.

This interaction between ideas and skilled hands, taking the material as its source of inspiration, leads to the design and production of some surprising or innovative objects. Thus, year after year, petit h continues to develop and assert its identity, while staying true to its maxim: “When I grow up, I want to stay small!”.

In 2014, petit h set off once more to meet Hermès customers around the world for two temporary sales events. The Hermès stores at South Coast Plaza (California), in June, and in Taiwan, in November, were transformed for three weeks, featuring a unique scenography each time. In September, an original creation by Christian Astuguevieille (a cabin incorporating desk, chandelier and stool) was displayed in the space furnished by architects Gilles & Boissier for the *AD Intérieurs* exhibition at the Musée des Arts Décoratifs in Paris.

Petit h, though nomadic in essence, has a permanent home at the entrance to the Hermès store in the Rue de Sèvres, Paris, where a selection of creations is on display throughout the year.



2

1. Petit h cabin at the *AD Intérieurs* exhibition at the Musée des Arts Décoratifs in Paris.

2. Petit h trinket tray.

SHANG XIA

True to its positioning, Shang Xia offers a contemporary Chinese art of living expressed through sophisticated, timeless objects. In 2014, Shang Xia took its development a step further with the October opening of its flagship store in Shanghai, just next door to the new Hermès Maison. Covering three floors, the new space enables a far wider public to explore the world of Shang Xia.

Throughout the year, a number of new products were introduced to enhance existing collections. Firstly the new *Lan Yue* line of woven leather bags, modern and minimalist, was inspired by the traditional bamboo basket.

The *Da Tian Di* collection was enriched by a walnut screen demonstrating a subtle interplay of open and closed, each red fabric panel rolling up or down to fashion the space as the moment dictates.

Finally, the *Twilight* collection combined wood with bamboo marquetry in a series of precious boxes.

At the end of October, Shang Xia took part in an auction in Shanghai organised by Christie's, who was launching a new department: contemporary Chinese art. The twenty exceptional objects created for the occasion were all sold. Among them, a pair of chairs from the *Da Tian Di* collection made of a combination of carbon fibre and traditional lacquer. They exude a lightness and grace that illustrate the Shang Xia philosophy of weaving links between tradition and modernity, between yesterday and tomorrow.



1

1. Pair of *Bo Luo* imperial lacquered chairs, Shang Xia.



Oxa bag in Barénia calfskin and Clémence bullcalf.

PARTNERSHIPS

FAUBOURG ITALIA

In addition to its tableware and art of living collections, Hermès is currently developing a complete range for the home that now includes upholstery fabrics and wallpapers. The latter are developed in partnership with the Italian fabric producer Dedar, which also controls international distribution. A joint subsidiary, named Faubourg Italia, was created in 2011. Hermès International holds 60% of its capital.

J3L

Hermès holds a 30% share in the capital of J3L, a long-standing French supplier of the group, specialising in metal parts destined principally for leather goods and fashion accessories.

PERRIN & FILS

Holding Textile Hermès has a 39.5% stake in the capital of Perrin & Fils. The Perrin Group specialises in weaving for a range of sectors as diverse as lingerie, furnishing fabrics, ready-to-wear and accessories.

VAUCHER MANUFACTURE FLEURIER

La Montre Hermès holds a 25% share in the capital of Vaucher, the watchmaking manufacture. Located in the heart of traditional watchmaking territory, between Neuchâtel in Switzerland and the French border, the Vaucher Manufacture offers superior know-how in high-end and prestige watch movements.

BETTINA

During the 2014 financial year, the group acquired a 40% share in the capital of Bettina, a long-standing partner. The company specialises in the production of *willaine* and operates in the ready-to-wear sector, but also in silk and textiles and the art of living.



Faubourg Saint-Honoré store, in Paris.

ACTIVITY BY REGION

In 2014, the Hermès group's turnover totalled €4,119 million, a rise of 11.1% at constant exchange rates and of 9.7% at current exchange rates.

	2014 (Revenue in €M)	2014 (Mix in %)	2013 (Revenue in €M)	2013 (Mix in %)	Evolutions at current exchange rates	Evolutions at constant exchange rates
Europe	1,444	35%	1,350	36%	6.9%	7.0%
France	644	16%	613	16%	5.0%	5.0%
Europe (excl. France)	800	19%	737	20%	8.5%	8.6%
Asia-Pacific	1,889	46%	1,711	45%	10.4%	13.0%
Japan	484	12%	463	12%	4.6%	12.9%
Asia-Pacific (excl. Japan)	1,405	34%	1,248	33%	12.6%	13.1%
Americas	711	17%	627	17%	13.3%	14.5%
Other	74	2%	66	2%	12.7%	12.6%
Consolidated revenue	4,119	100%	3,755	100%	9.7%	11.1%



3

4

1. Hermès faubourg Saint-Honoré store window display in Paris.
2. Hermès George-V store window display in Paris.
3. Hermès store window display in London.
4. Hermès Madison store window display in New York.

EUROPE

In 2014, the Hermès Group generated 35% of its sales in Europe. Turnover for this sector totalled €1,444 million, up 7% at constant exchange rates. Sales increased by 5% in France and 9% in other European countries.

In France, the Faubourg Saint-Honoré store in Paris remains the heart of Hermès, where all its creations are widely represented. 2014 was marked by the arrival of a new Decoration Director, Antoine Platteau, who brilliantly staged the year's highlights. The Faubourg was also the backdrop for a spectacular scenography designed by Leila Menchari for the third haute bijouterie collection.

At Roissy-Charles de Gaulle airport, the store in Terminal 2E reopened following its refurbishment. Behind a backlit wooden latticework façade, a 180m² space was revealed with multiple entrances allowing access from both departure and transit areas. The completely renovated Saint-Tropez store reopened its doors to customers in May, while the Marseille store moved to a new home on Rue Grignan in June.

The Saint-Louis boutique on Rue Royale, which has been renovated throughout, now offers an exceptional new setting for both heritage pieces and collections characterised by their innovative design.

In Spain, the Marbella and Madrid Ortega stores were renovated and extended. Meanwhile in Italy, the Milan store confirmed the warm reception it has enjoyed since opening at the end of 2013, and the Venice store demonstrated a very healthy performance. Europe also recorded extremely dynamic sales in Turkey, Russia and the Czech Republic, as well on its website.

Lastly, the Bond Street store in London, which is currently undergoing significant renovation and extension work, is due to reopen in the first semester of 2015.

AMERICAS

In 2014, the Americas region represented 17% of group sales, with a turnover of €711 million, up 15% at constant exchange rates.

In the United States, September saw the opening of a new store in Atlanta, in the heart of the elegant Buckhead district. The store offers welcoming spaces where the Hermès collections are displayed, together with a private salon dedicated to watches. At the opening event, guests were plunged into the typically French atmosphere of a Provençal market, with authentic entertainment and a veritable feast of artisanal produce. In New York, the women's universe was honoured during the *All About Women* event held in May. And finally, the US reaped the rewards of the success of the Beverly Hills store, which was entirely redesigned in 2013.

Canada confirmed its dynamism with the excellent performance of the Vancouver store and strong sales via the website launched in 2012. In October, it was to Toronto that the Canadian subsidiary welcomed customers and journalists for the *Masculine Spirit* event organised to reveal the rich and unique world of the Hermès men's universe.

In South America, Hermès took over the concession of the São Paulo store, located in the Cidade Jardim shopping centre. In Argentina meanwhile, the Buenos Aires store, which had moved to the famous Alvear Avenue in 2013, consolidated its success in a difficult economic context.

ASIA-PACIFIC

In 2014, the Asia-Pacific region represented 46% of Hermès group total sales. It generated turnover of €1,889 million, up 13% at constant exchange rates.

In Japan, an increase in sales of 13% at constant exchange rates confirmed the success of the qualitative development of the distribution network. An enlarged store in Shinjuku Isetan in Tokyo reopened in the last quarter, offering a wider choice of products in a comfortable, convivial space.

The other Asia-Pacific region countries recorded 13% growth at constant exchange rates.

In Australia, the Melbourne store moved to the neo-classical style Harley House building on Collins Street, a prestigious city centre location.

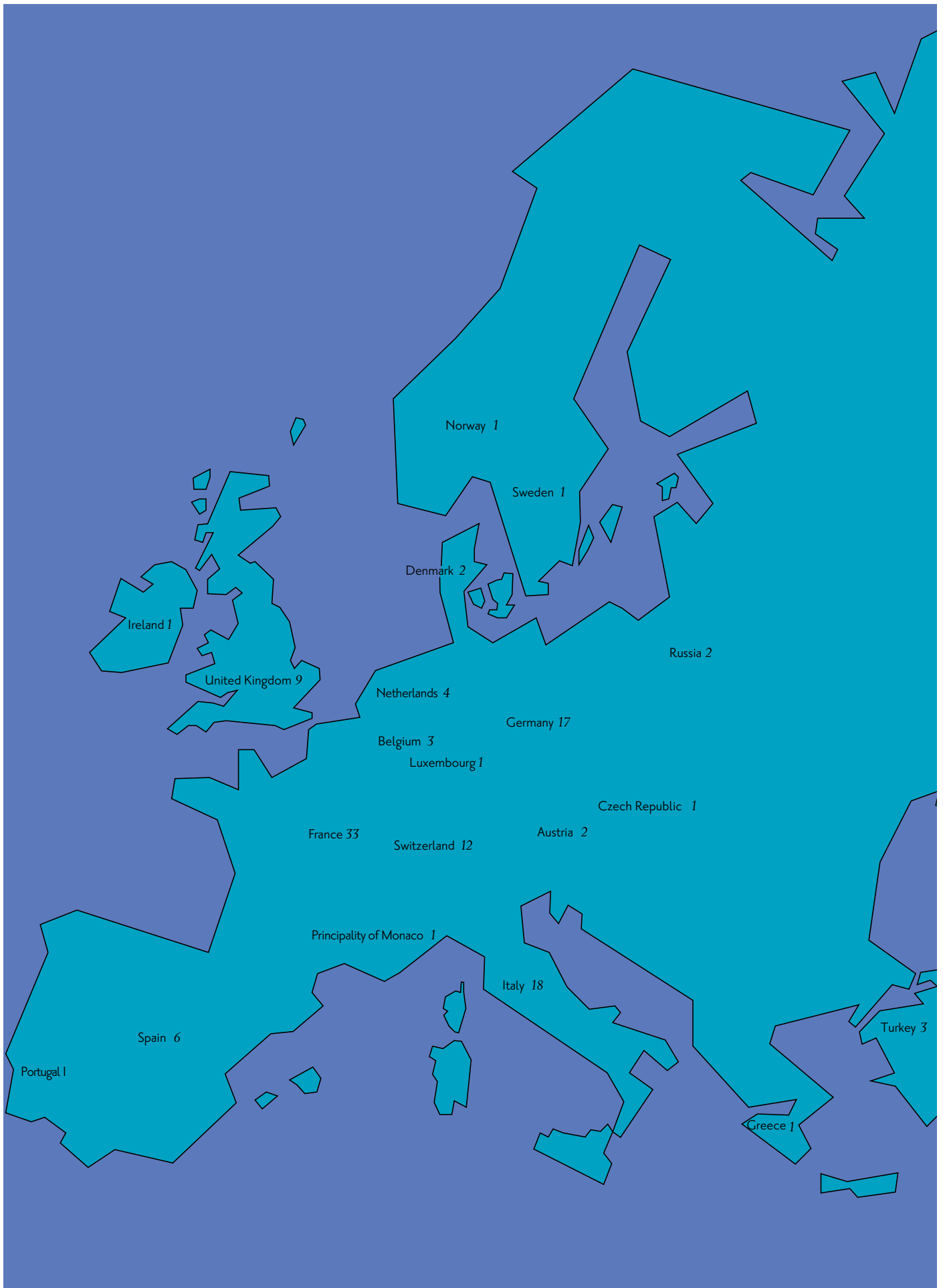
In South Korea, the Dosan Park Maison in Seoul was partially refurbished, eight years after its inauguration, and now offers an entire floor dedicated to the Hermès home universe. The refit of the exhibition space for contemporary art, L'Atelier Hermès, reasserted the status of the Maison Hermès at Dosan Park as a cultural benchmark where clients can enjoy exploring the myriad aspects of the Hermès world. Seoul also saw a new store established in the recently opened Lotte World Mall C2.

In Malaysia, a new store opened in Kuala Lumpur, while in Thailand, the Bangkok store moved into the new Central Embassy shopping centre.

In China, one of the year's highlights was without question the Shanghai opening of the world's fifth Maison Hermès, after those in Paris, New York, Tokyo and Seoul. Situated in the historic heart of the town, the building was completely redeveloped – posing a real technical and architectural challenge. It has a double frontage and covers over 1,000m² on four levels. On its roof, a “firework-maker on horseback” statue brings to mind the one that looks out over the Faubourg Saint-Honoré store in Paris. The first two floors of the building display the women's and men's collections, while the third floor is dedicated to the home. The top floor provides 210m² of new exhibition space. Elsewhere, Hermès opened its fourth store in Beijing, and confirmed its ambition to develop its activities in mainland China with the opening of a 700m² store in Chengdu, capital of Sichuan province. The brand has thus strengthened the momentum of its presence in China.



1. Hermès Ginza store window display in Tokyo.
2. Hermès store window display in Osaka.
3. Hermès store window display in Sydney.
4. Hermès Dosan Park store window display in Seoul.



HERMÈS AROUND THE WORLD

311 RETAIL OUTLETS

Hermès products are available worldwide through a network of 311 exclusive stores. Hermès watches, fragrances and tableware are also sold through networks of specialised stores and in airport duty-free stores.

EUROPE

- AUSTRIA: 2**
2 stores (concessionaires)
- BELGIUM: 3**
3 stores (branches):
Antwerp
Brussels
Knokke-le-Zoute
- CZECH REPUBLIC: 1**
1 store (branch):
Prague
- DENMARK: 2**
2 stores (concessionaires)
- FRANCE: 33**
15 stores (branches):
Aix-en-Provence
Biarritz
Bordeaux
Cannes
Deauville
Lille
Lyon
Marseille
Paris faubourg Saint-Honoré
Paris George-V
Paris Sèvres
Rennes
Rouen
Saint-Tropez
Strasbourg
18 stores (concessionaires)
- GERMANY: 17**
10 stores (branches):
Baden-Baden
Berlin KaDeWe
Berlin West
Cologne
Düsseldorf
Frankfurt
Hamburg
Hanover
Munich
Nuremberg
7 stores (concessionaires)
- GREECE: 1**
1 store (branch):
Athens
- IRELAND: 1**
1 store (branch):
Dublin
- ITALY: 18**
11 stores (branches):
Bologna
Capri
Florence
Milan
Naples
Padua
Palermo
Rome
Rome Campo Marzio
Turin
Venice
7 stores (concessionaires)
- LUXEMBOURG: 1**
1 store (concessionaire)
- NETHERLANDS: 4**
2 stores (branches):
Amsterdam De Bijenkorf
Amsterdam PC Hoofstraat
2 stores (concessionaires)
- NORWAY: 1**
1 store (concessionaire)
- PORTUGAL: 1**
1 store (branch):
Lisbon
- PRINCIPALITY OF MONACO: 1**
1 store (branch):
Monte-Carlo
- RUSSIA: 2**
2 stores (branches):
Moscow Gum
Moscow Stoleshnikov
- SPAIN: 6**
6 stores (branches):
Barcelona Diagonal
Barcelona Paseo de Gracia
Madrid Castellana
Madrid Ortega y Gasset
Marbella
Valencia
- SWEDEN: 1**
1 store (concessionaire)
- SWITZERLAND: 12**
9 stores (branches):
Basel
Bern
Crans
Geneva
Gstaad
Lausanne
Lugano
Saint-Moritz
Zurich
3 stores (concessionaires)
- TURKEY: 3**
2 stores (branches):
Istanbul
Istanbul Istinye
1 store (concessionaire)
- UNITED KINGDOM: 9**
8 stores (branches):
Glasgow
London Bond Street
London Harrods
London Royal Exchange
London Selfridges
London Sloane Street
Manchester
Manchester Selfridges
1 store (concessionaire)



AMERICAS

ARGENTINA: 1

1 store (branch):
Buenos Aires

BRAZIL: 1

1 store (branch)
Cidade Jardim

CANADA: 5

4 stores (branches):
Calgary
Montreal
Toronto
Vancouver
1 store (concessionaire)

CARIBBEAN: 1

1 store (branch):
Saint-Barthélemy

CHILE: 1

1 store (concessionaire)

MEXICO: 5

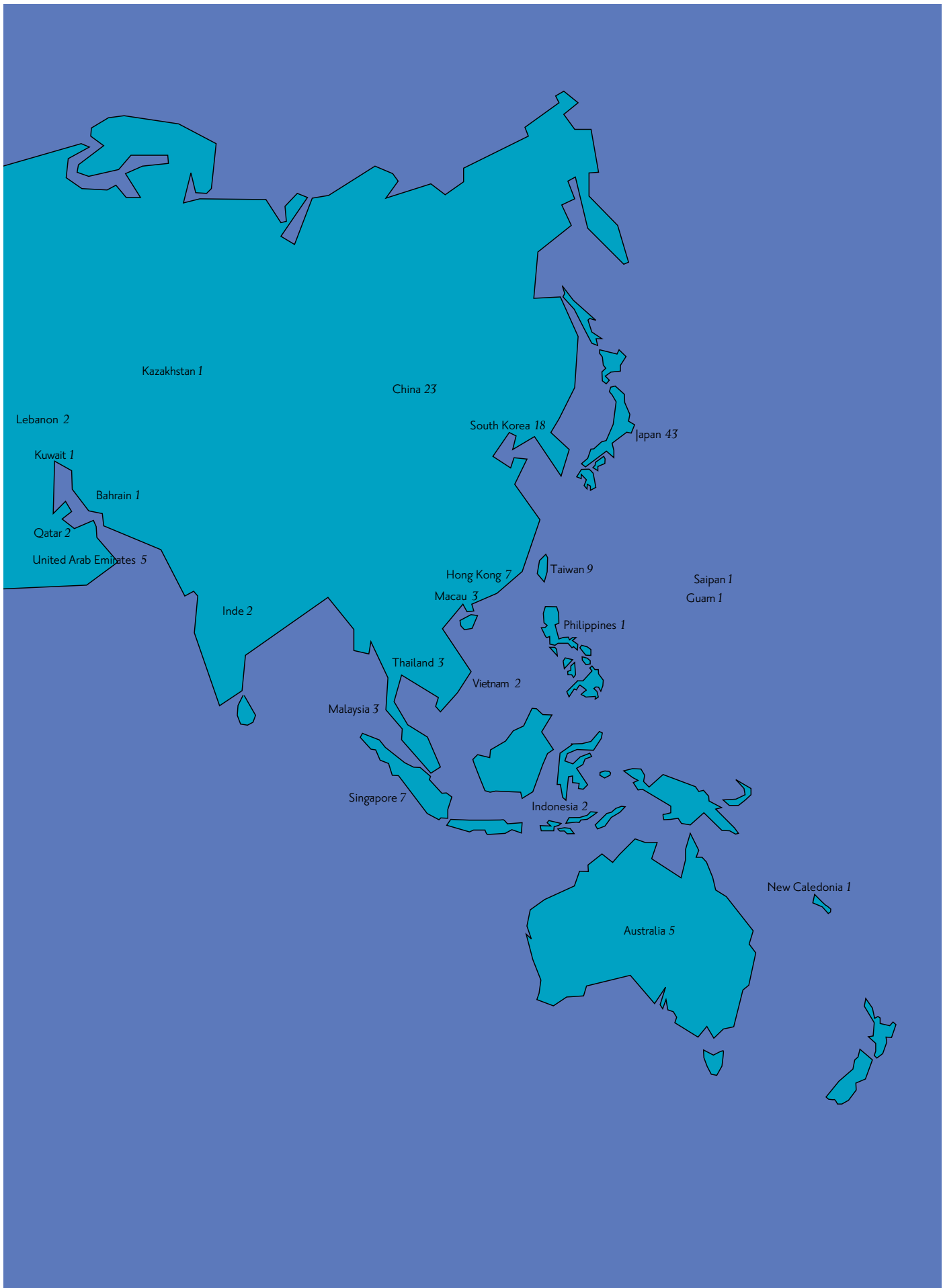
3 stores (branches):
Mexico City Masaryk
Mexico City Palacio Perisur
Mexico City Santa Fe
2 stores (concessionaires)

PANAMA: 1

1 store (concessionaire)

USA: 34

27 stores (branches):
Atlanta
Bergen County
Beverly Hills
Boston
Charlotte
Chicago
Dallas
Denver
Greenwich
Hawaii Ala Moana
Hawaii Duty Paid Waikiki
Houston
King of Prussia
Las Vegas Bellagio
Las Vegas CityCenter
Las Vegas Wynn
Miami
New York Madison
New York Man on Madison
New York Wall Street
Palm Beach
San Diego
San Francisco
Seattle
Short Hills
South Coast Plaza
Washington Fairfax
7 stores (concessionaires)



ASIA

CHINA: 23

22 stores (branches):
Beijing China World
Beijing Park Life
Beijing Peninsula Palace Hotel
Beijing Shin Kong
Chengdu Swire
Dalian Furama Hotel
Guangzhou La Perte
Guangzhou Taikoo Hui
Hangzhou Hubin Store
Hangzhou Tower
Harbin Mykal
Kunming Golden Eagle
Nanjing Deji
Ningbo Heyi Avenue
Qingdao Hisense Plaza
Shanghai IFC
Shanghai Maison
Shanghai Plaza 66
Shenyang Mixc
Shenzhen City Crossing
Suzhou Matro
Wuhan International Plaza
1 store (concessionaire)

HONG KONG: 7

7 stores (branches):
Galleria
Harbour City
Kowloon Elements
Lee Gardens
Pacific Place
Peninsula Hotel
Sogo

INDIA: 2

2 stores (branches):
Mumbai
New Delhi

INDONESIA: 2

2 stores (concessionaires)

JAPAN: 43

30 stores (branches):
Chiba Sogo
Fukuoka Hakata Hankyu
Kobe Daimaru
Kyoto Takashimaya
Matsuyama Iyotetsu Takashimaya
Nagoya JR Takashimaya
Nagoya Matsuzakaya
Nagoya Mitsukoshi
Okayama Takashimaya
Osaka Hilton
Osaka Midotsuji

Osaka Pisa Royal
Osaka Takashimaya
Osaka Umeda Hankyu
Sapporo Daimaru
Sendai Fujisaki
Tachikawa Isetan
Tokyo Ginza
Tokyo Ikebukuro Seibu
Tokyo Marunouchi
Tokyo Nihombashi Mitsukoshi
Tokyo Nihombashi Takashimaya
Tokyo Shibuya Seibu
Tokyo Shibuya Tokyu
Tokyo Shinjuku Isetan
Tokyo Shinjuku Takashimaya
Tokyo Tamagawa Takashimaya
Urawa Isetan
Yokohama Sogo
Yokohama Takashimaya
13 stores (concessionaires)

KAZAKHSTAN: 1

1 store (concessionaire)

MACAU: 3

3 stores (branches):
Four Seasons
One Central
Wynn

MALAYSIA: 3

2 store (branch):
Kuala Lumpur Pavilion
The Gardens
1 store (concessionaire)

PHILIPPINES: 1

1 store (concessionaire)

SINGAPORE: 7

6 stores (branches):
Liat Tower
Marina Bay Sands
Scotts Square
Singapore Changi Airport T1
Singapore Changi Airport T2
Takashimaya
1 store (concessionaire)

SOUTH KOREA: 18

10 stores (branches):
Busan Shinsegae
Daegu Hyundai
Lotte Seoul
Seoul Dosan Park
Seoul Galleria
Seoul Hyundai
Seoul Hyundai Coex
Seoul Shilla
Seoul Shinsegae
Seoul Shinsegae Gangnam
8 stores (concessionaires)

TAIWAN: 9

6 stores (branches):
Kaohsiung Hanshin
Taichung FE2I
Tainan Mitsukoshi
Taipei Bellavita
Taipei Regent
Taipei Sogo Fuxing
3 stores (concessionaires)

THAILAND: 3

2 stores (branches):
Bangkok Siam Paragon
Central Embassy
1 store (concessionaire)

VIETNAM: 2

2 stores (concessionaires)

MIDDLE EAST

BAHRAIN: 1

1 store (concessionaire)

KUWAIT: 1

1 store (concessionaire)

LEBANON: 2

2 stores (concessionaires)

QATAR: 2

2 stores (concessionaires)

UNITED ARAB EMIRATES: 5

5 stores (concessionaires)

OCEANIA

AUSTRALIA: 5

5 stores (branches):
Brisbane
Marina Mirage, Gold Coast
Melbourne
Surfers Paradise, Gold Coast
Sydney

GUAM: 1

1 store (branch)

NEW CALEDONIA: 1

1 store (concessionaire)

SAIPAN: 1

1 store (branch)



1. *Leather Forever* exhibition in Hong Kong.
2. Spring-summer 2014 advertising campaign.
3. The *A Man's World* event in Singapore.
4. The *All About Women* event in New York.

COMMUNICATION

In 2014, Hermès' communication maintained a steady rate of investment, consistent with its long-term objectives: to inspire dreams, to express the uniqueness of the house, to convey the richness of its collections, to nurture a strong relationship with customers and attract new ones.

The annual theme, "Metamorphosis, an Hermès story", placed the house itself at the heart of its activity: transforming materials into objects through the know-how of craftsmen. Throughout the year, Hermès illustrated this metamorphosis in its communication.

Two advertising campaigns accompanying the new season collections interpreted the theme, both using images by photographer Hans Silvester, making his first foray into advertising. By choosing this highly talented photographer acclaimed for his ethnographic reportages, Hermès once again confirmed the originality of its approach. Hans Silvester's eye brought spontaneity, freshness and new emotion to the images. The spring-summer collection inspired a chiaroscuro of people and objects merging with lush Balinese vegetation. For winter, the magic of a harsh Icelandic landscape populated by horses was softened by a mist-suffused golden light.

Of all our métiers, leather goods is the most emblematic and last year it was given special recognition with the

Leather Forever exhibition, which travelled to Taiwan, Hong Kong and Tokyo, drawing over 150,000 visitors in total. The exhibition, previously presented in London, Rome and Madrid, is a showcase for creativity and craftsmanship in leather working. It offered visitors an imaginative journey through its history as well as some of Hermès' rarest creations, such as a wealth of *Kelly* bags in all types of material, or exceptional objects that once had famous owners. Above all, *Leather Forever* created a stage for the spirit of Hermès: a marriage of rigour and precision, fantasy and lightness of touch.

Hermès' success in the United States continued unabated, and what better way to demonstrate its extent than an evening dedicated to women? New York was the location for this year's *All About Women* event, at which, in addition to an autumn-winter collection runway show, clothes, shoes, bags, jewellery and silk accessories, hats, gloves and more were displayed with playfulness and originality. The occasion enjoyed significant press coverage and an enthusiastic reception on social media.

Meanwhile, *A Man's World*, first introduced in 2013, travelled to Singapore then Geneva, where it continued to be a great success. It is staged in a way that enables an exploration of all aspects of the Hermès men's universe – both intensely contemporary and mindful of tradition.



Haute bijouterie collection: *Brides de gala* set in rose gold and sapphires.

At the same time, during the Milan Furniture Fair, Hermès unveiled its first lighting collection, developed in collaboration with Michele De Lucchi, among others. Displayed in a spectacular scenography conceived by the designer himself, these creations were highly praised in the international press covering the Milan event.

In October, the new online home for women's silk was launched. La Maison des Carrés offers an immersive experience that combines an exhaustive presentation of the collection with fun and informative content. The project was also the subject of specific events in stores in Japan, Taiwan and Italy.

The *Tie Break* application, launched in July, gave new impetus to the Hermès tie by targeting potential customers less spontaneously attracted by tie-wearing. Full of humour, playfulness and fantasy, *Tie Break* presents the tie as a fun, unconventional accessory.

The fifth *Saut Hermès at the Grand Palais* continued to see its reputation grow in France and internationally, and now features among the unmissable dates in the equestrian calendar. As well an entirely redesigned look, 2014's *Saut Hermès* took another innovative step by broadcasting the action to the outside world. On the Sunday, a giant screen was set up in front of the Hôtel de Ville in Paris for viewers to watch a replay of the previous day's events and follow a live broadcast of the Grand Prix. There were also free pony rides for children throughout the afternoon.

Furthermore, Hermès became the official partner of the US Olympic Equestrian Team.



2

1. Lighting collection showcased at the Milan Furniture Fair
2. The *Saut Hermès at the Grand Palais* event, in Paris.

FONDATION D'ENTREPRISE HERMÈS



Simple Shapes, the first exhibition curated with a public institution,
the Centre Pompidou-Metz. Photo: Susanna Fritscher, *Souffle* (2014),
a Fondation commission in partnership with Saint-Louis.

2014: BREATHING NEW LIFE!

Life-giving breath is certainly in abundant supply for the men and women supported by the Fondation d'Entreprise Hermès. Working with them means giving them the chance to take this vital momentum further so that they can develop and thrive freely. In the spring of 2014, Susanna Fritscher, a visual artist who has enjoyed a long relationship with the Fondation, wanted to produce a piece of work at the Cristalleries de Saint-Louis. Her vision was to encase a breath in crystal – the delicacy of which would no doubt pose a technical challenge for the artisans involved – thus creating a fleeting moment of poetry. Meanwhile, Jean de Loisy was organising the *Simple Shapes* exhibition with a section dedicated to “breath”. From their meeting resulted the commission that Susanna had dreamed of, which found a natural showcase in *Simple Shapes*, held at the Centre Pompidou-Metz. The piece will also feature in the Asian version of this exhibition to be held at Tokyo's Mori Art Museum in April 2015. Breathing new life! Is this not a perfect illustration of listening carefully, enabling encounters and opportunities for sharing?

SUPPORTING PROJECT IMPLEMENTATION

There is little doubt that the day and age demands results, but this uncompromising requirement should not detract from the conditions in which they are achieved, allowing time for experimentation, deeper exploration, daring... All the Fondation's initiatives are motivated by the importance attached to questioning existing methods as areas of inventive potential. In 2014, it was involved at a very early stage in projects instigated by craftsmen, designers, visual artists and scenographers, as well as by social development and environment professionals, so that each could embark on a new adventure with the wind in their sails.

SPREADING THE WORD

Projects are undertaken in the privacy of a workshop or a rehearsal space, deep in the heart of a region amongst its people. This clandestine work produces objects, tangible or intangible, that it is then the Fondation's duty to reveal to the public to effectively complete its mission of support. In 2014, this time for sharing, a genuine catalyst for recognition, was given greater emphasis. When the outcome of projects – especially those related to transmission or biodiversity – is measurable only by their impact on a given population or environment, the “spreading the word” phase has just as much importance. For this reason, the Fondation increased its presence on social media sites in 2014 to capitalise on a key contemporary communication channel.

CREATING SYNERGIES

The Fondation d'Entreprise Hermès focuses its activities on projects which it considers justified, both because they respond to needs “on the ground” and because they are consistent with its identity. Additionally, the vocation of this patronage is to support the work of general interest organisations. The alignment of the Fondation's beliefs with those of public institutions leads to the creation of “cooperative” patronage and the joining of forces on common issues. This model of public/private collaboration became a reality with the Centre Pompidou-Metz in 2014, as it has done with the Théâtre de la Cité Internationale in Paris since 2010, and will do with future ventures. 2014: a year of intense commitment to breathing new life into our projects!

This text by Catherine Tsekenis, Director of the Fondation d'Entreprise Hermès, appears in her complete Activity Report available at: www.fondationdentreprisehermes.org, in the “press” section.



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1. In 2014, the Fondation saw the development of projects following its call for submissions on the theme of “Biodiversity and local knowledge”.

Photo: FloreS, wild plant gatherers.

2. A new programme was initiated: The Skills Academy.

The first Academy was devoted to wood.

3. The fourth New Settings resulted in five shows being produced and performed in Paris and New York. Photo: Jessica Mitrani and Rossy de Palma, *Traveling Lady*.

4. H³, another programme calling for project submissions, this time from Hermès staff, was set up and 19 projects were supported. Photo: Association Canova.



5



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5. The Fondation continued its programme of exhibitions across the world.
Photo: Ran Hwang, *Becoming Again*, Third Floor, Singapore.
6. The 3rd Prix Émile Hermès for design on the theme of "Time to yourself".
Photo: Exhibition of finalist prototypes, Paris.

SUSTAINABLE DEVELOPMENT AND THE ENVIRONMENT



The Tardoire leather goods Manufacture.

When it comes to sustainable development, Hermès' mission is to strengthen our corporate project around the authenticity of each product and the application of our house's ethics to all aspects of our business. In particular, product authenticity means respecting natural raw materials and developing artisanal know-how, essentially in France, and taking the time to do things well. The company's ethics, formalised in a charter, nourishes Hermès' relations with its employees, suppliers, customers and shareholders.

Hermès is an attentive, concerned and committed company which conducts its business in a way that respects its ecological, social, economic and cultural environment. The group selects suppliers who are at the forefront of their speciality, and who are exemplary not only in terms of the quality of their products and services but also in their social and environmental policies.

For some years now, the company's efforts in this respect have been coordinated by a Sustainable Development Committee in which members of the Executive Committee actively participate. The Committee has notably published an ethics charter and set up an intranet site intended to share information and good practice with staff. The group has progressively strengthened its commitment by creating a Sustainable Development Department and setting up a group Operations Committee (involving regular meetings of the house's managers of the key cross-disciplinary functions). The "Ambitions" internal standard, which constitutes a common language and supports the actions of operational teams, is now established in the majority of the group's entities. It contributes to the coherence of everyone's roles, in the same way as the ethics charter and the business code of conduct. Local Sustainable Development Committees formed to guide and assist initiatives undertaken at a local level now share good practices at regional meetings or via a good practice observatory on the intranet.

In June 2012, as part of its voluntary carbon compensation strategy, Hermès also joined the Livelihoods Fund, a group of companies financing carbon compensation projects with high social and environmental value. Livelihoods supports projects in Africa, India and Indonesia, where the goal is to replant over a hundred million trees and ensure long-term economic development for local populations. The Livelihoods Fund has developed in accordance with its initial aims and, in 2014, delivered the first carbon credits to its investors, contributing to offsetting part of the group's emissions.

Lastly, Hermès' founding values are also expressed through the Fondation d'Entreprise Hermès. Created in 2008, this foundation supports philanthropic projects that focus on know-how, transmission of knowledge and biodiversity.

Many sustainable development initiatives were set up in the house's various entities. Whether social, environmental or corporate, these initiatives are described in the corresponding sections of this report. A correspondence table at the end of volume 2 summarises all of the group's initiatives, as required by law. They are covered by a specific report issued by an independent outside body on pages 281-282 of volume 2. Hermès International is also included in the FTSE4Good¹ index.

THE GROUP'S INDUSTRIAL ACTIVITY

EVOLVING SCOPE

In 2014, Hermès pursued its strategy to consolidate and strengthen production capacity: the house now operates 47 production units, 36 of which are in France, spread over 41 geographical locations (30 in France, 3 in Switzerland, 2 in the United States, 4 in Australia, one in Great Britain and one in Italy), in addition to the Bobigny logistics platform. The regular increase in the number of production facilities, which goes hand-in-hand with the development in activity, is undertaken in close consultation with local authorities and the various stakeholders. Industrial employment amounted to 5,285 jobs at the end of 2014, representing an increase of 312 jobs in France and 19 worldwide compared to 2013.

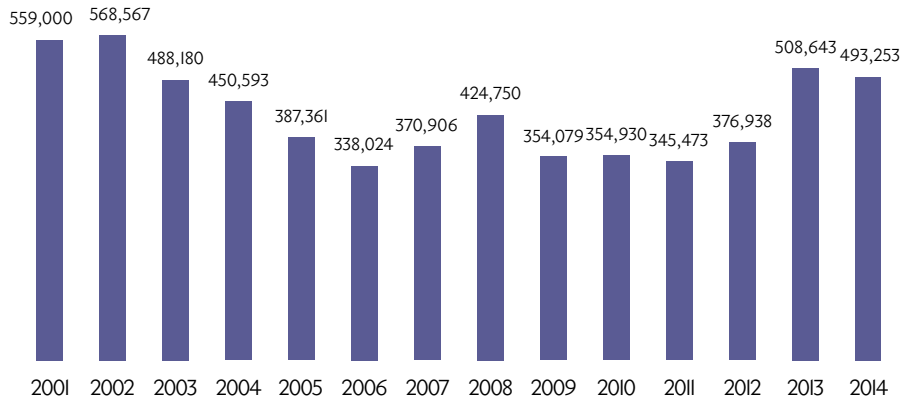
METHODOLOGY

The scope of the environmental data in this report encompasses all the production and logistics entities controlled by the group. Consolidation data in water and energy consumption is shown below, while the detailed figures relating to each sector, the amount of waste and qualitative information about each métier's specific issues are given on pages 119-145 of volume 2. To collect data about consumption on each site, Hermès has used reporting software accessible as a web resource since 2012. This software also provides access to documentation explaining how the indicators for the data collected are organised and defined. A consistency check is carried out automatically when the figures are entered and then again at the time of overall consolidation by the Industrial Division.

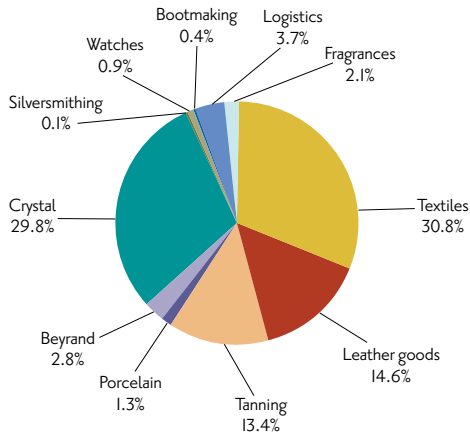
The figures published do not yet include data from the new Australian and American entities of the Tanneries

1. FTSE4Good is a stock market index listing companies with the best practices in the area of corporate social responsibility, evaluated independently by FTSE, a partner of Euronext and the London Stock Exchange.

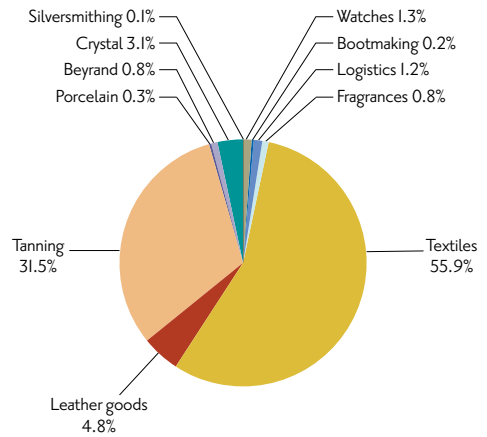
CHANGE IN WATER CONSUMPTION (M³)



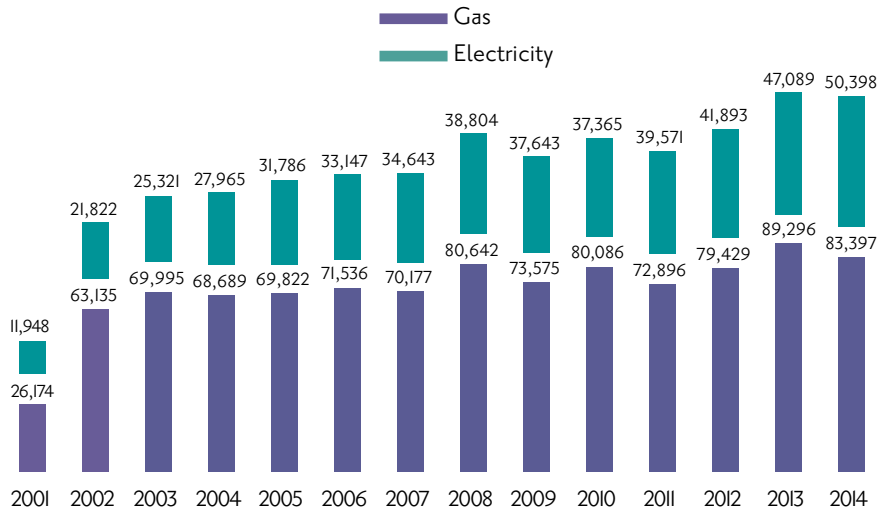
ENERGY CONSUMPTION (GAS AND ELECTRICITY) BY MÉTIER IN 2014



WATER CONSUMPTION BY MÉTIER IN 2014



CHANGE IN ENERGY CONSUMPTION (MWh)



and Precious Leathers division. This information will gradually be included in the environmental measuring and monitoring process at a pace determined by the technical characteristics and local constraints specific to each entity concerned. The consumption figures for certain rented sites are not available (water for the Montbron and Saint-Antoine leather goods manufacturing sites, and water and energy for the John Lobb Mogador workshop in Paris); however, given the size of the workshops and the absence of industrial use of water, these represent a negligible proportion of the consolidated total.

OUR GOALS

Working with the métiers and all those involved in our production sites, the Industrial Division is pursuing an environmental programme whose goals have remained unchanged since 2003:

- to comply with environmental and workplace health and safety (EHS) regulations and to prepare for changes in these regulations whenever possible;
- to respect natural resources, particularly water, and conserve energy;
- to enhance production processes by choosing the cleanest possible technologies and the most environmentally friendly materials available;
- to minimise waste production and to reuse and recycle whenever possible;
- to reduce the carbon footprint of our business operations.

Everyone's efforts are needed on each site if we are to achieve these goals. An environment, health and safety network, created in 2003 and coordinated by the Industrial Division, organises Hermès' initiatives in these areas. The network comprises some twenty members, who meet several times a year not only to share results and best practices but also to undergo training: in 2014, for example, the emphasis was on arduous working conditions, to prepare sites for changes in legislation in 2015 and 2016. Since 2002, three-year EHS audit cycles at our various units have been conducted by an external specialist consulting firm. In 2014, the fourth audit cycle began at the first five sites. As previously, it will check the regulatory compliance of sites, but also assess their position in terms of a "safety culture". Audits are also conducted at the time of construction or acquisition of new sites, enabling full coverage of Hermès' industrial assets over the three-year period.

The information system deployed on the sites to carry out the group's environmental reporting can also be used to coordinate the follow-up of these audits and monitor changes in regulations in the environment, health and safety fields.

The group's intranet site continued to build awareness about sustainable development among Hermès employees, both in and outside of France. The issues addressed by Hermès, relating both to the environment and to health and safety, are explained on the site, which also reports regularly on activities organised by the EHS network and local initiatives addressing biodiversity, energy saving, Sustainable Development Week, and more.

The investments made in environmental risk prevention are detailed in volume 2.

A lot of equipment is replaced each year to improve the systems for the treatment of waste discharged into water and into the air, in order to comply with all applicable regulations. Similarly, noise measurements are regularly made around the sites to check that they comply with the standards applicable to them.

REDUCING OUR WATER CONSUMPTION

While none of its production sites are located in a water stress region, the group is convinced of the vital importance of water resources and launched a programme in 2002 to reduce water consumption. The programme was continued in 2014 and saw a 3% drop in consumption compared to 2013, despite a 9% increase in production activity. This performance is the result of a number of initiatives, involving almost all our production sites, which are detailed in the analysis by métier in volume 2 (pages 119-145). Between 2002 and 2014, the house's industrial activity has more than trebled, while water consumption has fallen by approximately 14%.

MANAGING OUR ENERGY CONSUMPTION

Despite the increase in activity, overall energy consumption decreased by 2% in 2014. Gas consumption fell by just over 7%. This result can be explained partly by the mild winter, but also by major renovation and insulation work, especially at the Ardennes and Vaudreuil sites. The rise in electricity consumption was limited to 7%, or two percentage points below that of activity, demonstrating improved management of electricity use.

RESPECTING THE LAND

The group's industrial activity does not contribute to artificial use of land, given the small surface area occupied by its sites and the negligible rate of change in land use which may be caused by the cattle and sheep farms in Europe, where the sources of supply of raw hides are located. However, any new industrial site is the subject of an impact study incorporating issues relating to animal and plant life and the preservation of natural environments.

OPTIMISING OUR CONSUMPTION OF RAW MATERIALS

The raw materials used for manufacturing Hermès products undergo a rigorous selection process to identify those which meet stringent quality and sustainability requirements. Each métier works to constantly improve the use of these rare and precious materials.

LIMITING OUR IMPACT ON THE CLIMATE

In compliance with the requirements of the applicable regulations (article 75 of law 2010-788 of 12 July 2010), on 27 December 2012 Hermès published its Bilan Carbone®, as per the method and scope indicated by the legislation (direct emissions generated by fixed and mobile sources, and indirect emissions associated with the consumption of electricity, heat or steam). In 2013, the group acquired the tools to enable the overall assessment of greenhouse gas emissions from its production and distribution sites to be updated each year. This work is carried out with the help of two independent external specialists, using the Bilan Carbone® method. The results of this study provide more precise data for debates focused on the group's environmental impacts and enable action plans to be drawn up within the framework of our Water-Energy-Carbon-Waste plan, which has been in place since 2010. Because our activities are highly diverse and emissions vary widely from one division to another, each métier drew up a plan addressing its own issues. A major concern for the Leather Goods division, for example, is focusing attention on the consumption of fine, rare raw materials of exceptional quality. This consumption is optimised by jointly implementing best practices and taking steps to keep rejects down and re-use offcuts. All of the measures taken as part of the Water-Energy-Carbon-Waste programme are

aimed at reducing Hermès' impact on climate change. The particular care taken with raw material supply channels limits the risks of being threatened by the consequences of this phenomenon.

PRESERVING BIODIVERSITY

Biodiversity protection is addressed not only at group level but also by each individual métier depending on its own specific issues. For example, Hermès abides by laws intended to combat illegal logging, such as the Lacey Act in the United States or the EUTR (European Union Timber Regulation), and the guidelines of the Washington Convention (CITES) which protects endangered plant and animal species threatened with extinction worldwide. Furthermore, the sheepskins and cowhides used at Hermès come exclusively from European countries, and we have established partnerships with our tanners.

SECURING RELATIONSHIPS WITH OUR PARTNERS

The majority of the group's production is integrated. Most of our subcontractors and suppliers have been partners for many years, and these stable relationships enable close collaboration on numerous matters to be established on a lasting basis. All of these subcontractors and suppliers undertake to comply with the group's fair trade and social and environmental responsibility charters, whose requirements go beyond the regulations applicable locally. Internal and external audits are conducted as part of pre-referencing procedures and regular inspections. Improvement plans are drawn up for them as part of a partnership and progress policy. All Hermès' production and distribution sites maintain constant dialogue with local authorities and stakeholders to ensure full integration within the local community and nurture relationships based on responsible trust and good neighbourliness.

MAKING PROVISION FOR AND UNDERWRITING OUR ENVIRONMENTAL RISKS

No constitution of provisions was required for environmental risks in the financial statements for 2014. No company in the group was required to pay compensation in 2014 as a result of a court ruling concerning the environment.

THE GROUP'S PROPERTY DEVELOPMENT ACTIVITY

GENERAL POLICY

Organisation of Hermès regarding environmental issues in the property field

Since 2008, the group's Property Development Department has been operating an environmental policy based on the following principles:

- the systematic adoption of an environmentally friendly stance during building work;
- helping to protect the environment by ensuring that building projects are properly suited to their setting and the local architecture, while simultaneously preserving the ecosystem;
- the use of renewable energy sources whenever possible;
- employing energy-saving methods;
- putting quality first in terms of architecture, functionality and sustainability, in a constant effort to ensure users' well-being;
- striving for flexible, adaptable construction geared towards future developments, and integrating running costs into the project from the very earliest stages;
- anticipating, whenever possible, regulatory and technical developments and incorporating them into our projects;
- ensuring the safety of all those present on our major construction sites through the systematic appointment of a health and safety coordinator, working independently from the project management team, and by organising construction site audits.

This policy applies to all tertiary sector and production sites. It is implemented in cooperation with the group's project managers and external partners (architects, builders, service providers and suppliers) selected by the Property Development Division. In 2014, the construction of the Tardoire leather goods manufacture in Montbron illustrated the policy's application through:

- exemplary building site management, including the drawing up of a "minimal environmental impact construction site" charter;
- the integration of the building into its immediate environment, especially by means of its low height, its façade made of regionally sourced dry stones (salvaged from north Charente) and significant landscaping designed to preserve the local ecosystem;
- the particular importance attached to insulation and airtightness to reduce energy consumption;
- the use of plant species adapted to the location and rainwater collection to reduce water consumption.

Organisation of environmental reporting 2014

Our environmental reporting primarily measures the energy consumption of stores and the offices of distribution branches around the world. The consumption data for exclusive concession stores are not included as the group does not handle their running costs, likewise the data for certain branches located in shopping centres where there is no individual sub-metering. In 2014, the scope of the reporting was extended to all tertiary sites in Pantin and Paris. The new sites were factored in from the date of opening or when they joined the group. Sites that closed or left the group over the year covered by the reporting were also taken into account. Primary data are collected from contributors from each distribution subsidiary (in a network of over thirty contributors worldwide) and are centralised by the Property Development Department, which goes on to run various checks (comparison with the previous year's figures and with similar sites) before consolidating it. For energy consumption, only the electricity consumption indicator is published, publication of the residual levels of consumption of other forms of energy having been ruled out. Electricity consumption data concern nearly 70% of Hermès branches across the world, as well as John Lobb, Les Cristalleries de Saint-Louis and Puiforcat branches.

In France, data for 100% of stores are included in the reporting. For Faubourg Saint-Honoré, it is estimated that the store accounts for 41% of total consumption in a building that also houses offices and workshops.

In Europe, excluding France, almost 90% of stores are covered. In Asia, over 90% of stores in Greater China (mainland China, Hong Kong and Macao) and 100% of stores in Thailand, Malaysia and Australia are covered. In Japan, the four main stores are also included. In the Americas region, 80% of stores are covered, including 93% of stores in the US. The publication of water consumption figures for stores was ruled out due to the lack of information received and the insignificant proportion represented by this consumption (mainly water used in toilets) in the group's overall water consumption.

Changes in regulations

In the property development field, changes in regulations are monitored in liaison with the various parties involved (from architects to building trades).

SUSTAINABLE USE OF RESOURCES

In 2014, the provisional store concept with re-use of furniture, progressively implemented during 2012 and 2013 in Europe and the United States, was extended across all regions.

Use of local materials

In partnership with suppliers, a systematic effort is being made to give preference to locally sourced materials whenever possible. For example, in 2014, Japanese cedar wood wall cladding was fitted in the Isetan Shinjuku store in Japan. Similarly, leather from the leather goods workshops was recycled and used in the Madrid and Atlanta stores to cover checkout counter tops.

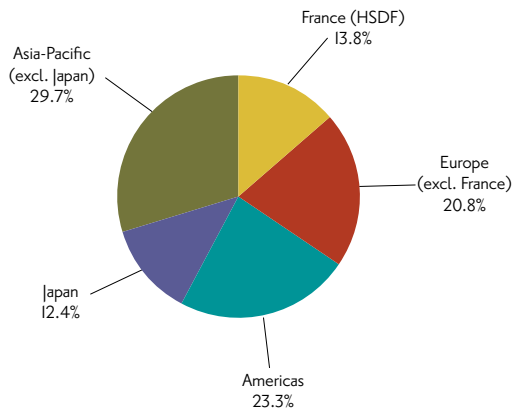
Energy consumption

Stores consumed 31,496 MWh of electricity in 2014. These figures represent a rise of approximately 5% compared to 2013. This was essentially due to an increase in sales surface areas, mainly in Asia and the United States where some stores were enlarged and new boutiques opened, and to the expanded scope and improvement of reporting from subsidiaries. We should however note that the kWh/m² ratios show a downward trend, especially in France and the United States, mainly due to the increase in LED lighting, which continued to become more widely used in 2014. Office and ancillary premises consumed 13,357 MWh in 2014, 11,486 MWh of which were consumed by the Paris and Pantin sites that were not included in the scope of the 2013 reporting.

Measures to improve energy efficiency

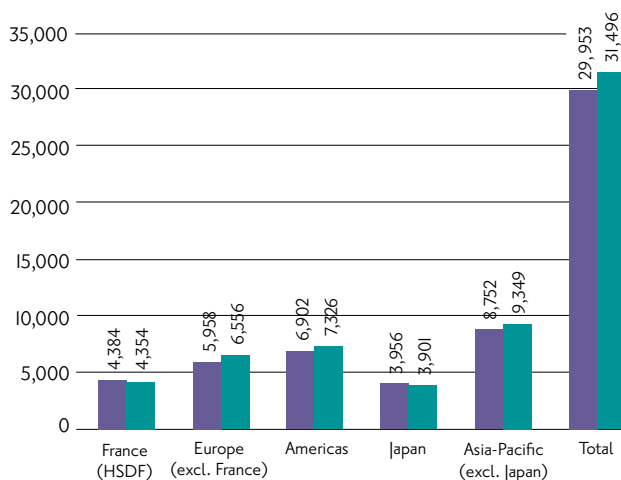
Improving energy efficiency in our boutiques means optimising the main centres of energy consumption, i.e. lighting and air conditioning. The choice of materials, a reduction in their weight and an effort to source supplies locally also improve our Bilan Carbone® assessments at construction sites and during refurbishments. Confirming Hermès' commitment to energy efficiency with its customers and staff, the Marseille and Saint-Tropez stores obtained Energy Savings Certificates in 2014.

ELECTRICITY CONSUMPTION BY REGION IN 2014



ELECTRICITY CONSUMPTION OF STORES BY REGION (MWh)

2013 2014



Lighting

Since 2013, an “all LED” lighting solution for our watch and jewellery window displays, shelves and ceiling lighting has been extended to all new store projects. In 2014, the Property Development Department introduced a range of LED bulbs specially developed for Hermès and suitable for all existing installations and equipment. As a trial measure, all the lighting in the George-V store windows has been replaced. Other initiatives (installation of sub-metering and movement detector systems in fitting rooms, toilets and back offices) were also continued for all new store projects. Ever more efficient new technical solutions are constantly being evaluated for progressive incorporation in existing stores, and, notably, a new lighting concept aiming to reduce the number of light sources was analysed in 2014 with initial application planned for 2015.

Air conditioning

The reduction in electricity consumption coupled with the fact that LED lighting generates much less heat than traditional lighting has enabled us to consider downsizing air conditioning devices in stores. Starting in 2014, this approach has been adopted for all new store projects.

Certification

In 2014, the Beverley Hills store in the United States obtained LEED Silver certification, while the Cité des Métiers in Pantin was HQE and BBC certified (French High Environmental Quality and Low Energy Consumption Building respectively).



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1 and 2. The Cité des Métiers in Pantin.

HERMÈS: A RESPONSIBLE, COMMITTED EMPLOYER



Illustrations from the hermesemployeur.com website.

A MORE VISIBLE PRESENCE, USEFUL FOR JOB APPLICANTS AND HUMAN RESOURCES PROFESSIONALS

In 2014, Hermès launched its online recruitment website: hermesemployeur.com. Its purpose is to give an overview of Hermès, provide information on the métiers with significant recruitment needs or requiring rare skills, and list job offers open to external candidates. Available in two languages, French and English, the HRDs of all subsidiaries use it on a daily basis and have seen an improvement in staff sourcing and Hermès' proximity to the local employment market.

In just one year, a large number of permanent and temporary posts, internships and work-study placements have been filled through the site. It reveals a key aspect of Hermès in the attractive light of an employer in tune with the brand's values and business plan. Hermès is a discreet house, but its internet presence has enabled the company to take a significant step forward in communicating its reality as an employer more effectively.

In parallel, a LinkedIn page in French and English gives Hermès greater visibility on this professional networking site, which is also used to post employment offers from all subsidiaries.

INTERNAL COMMUNICATION TO CONNECT EMPLOYEES WITH THE VITALITY OF HERMÈS

All of the boutique managers in our global distribution network came together for the first time at an event organised by Hermès in Berlin, at which 270 store managers, sector heads and e-commerce managers from 44 countries and representing 203 branch stores exchanged views on the concept of service. The seminar was an opportunity to reflect on ways to continually raise the quality of service to match that of the product. Workshops were held to share good practice and design new services, while strong direction for the coming years gave general momentum to the idea of the service becoming even more distinctive and providing the enchantment that every Hermès customer seeks when visiting our retail spaces. The event gave rise to enriching discussions and brought the house's ambassadors closer together on the subject of its values of multicultural diversity and openness. It was a memorable occasion that generated positive energy, each participant leaving with the desire to promote the best possible service in their own countries.

CONTROLLING AND SIMPLIFYING HR PROCESSES

In 2014, Human Resources teams worked together to implement an HR IT system designed to comply with the obligations set out in the NRE/Grenelle declaratory and make information related to workforce management and training more reliable. The new system enables the management of recruitment and internal mobility with the aim of facilitating the handling of internal and external candidates and monitoring recruitment. Training, support and guidance was given as the change was made to ensure the system is a genuine source of progress and efficiency in the management of key HR processes.

FURTHER DEVELOPING OUR SOCIAL AWARENESS

In October 2014, over fifty employees from the Human Resources community got together for two days to focus on the issue of Hermès' social responsibility. The company's ambition as a responsible employer, and the key role played by the HR community contribute to the continuity and consolidation of measures implemented in the fields of diversity, disability, dependence, societal influence and well-being. These themes fall within the framework of initiatives taken by the house's sustainable development department and communicated via the Harmonie Hermès intranet site. They have been developed with input from experts, diversity managers and visits from social integration companies, and attest to a common awareness and sense of responsibility with regard to subjects that have the potential to contribute to quality of life at Hermès.

SUSTAINABLE INTEGRATION AND RECRUITMENT

Recruitment at Hermès continued at a steady pace, welcoming 681 new employees in 2014. The house rose to the challenge of harmoniously integrating these young recruits by reinforcing existing integration programmes with a scheme for mentoring new employees.

To continue the professionalisation of our HR teams and support sustained recruitment activity, the new Hermès HRDs in France benefitted from recruitment training delivered by internal experts and external trainers.

Internal mobility is also a strategic focus for the house, which aims to guide and support the development of every individual to build the Hermès of tomorrow with today's employees. Available posts are systematically published on the "My Way in Hermès" internal mobility portal, accessible to all employees. A significant number of posts have been filled internally in this way, via horizontal, vertical, intra- or inter-subsiary mobility. Additionally, numerous employees took advantage of internal mobility opportunities during 2014 thanks to the active role played in this area by operational staff, HRDs and employees.

EDUCATIONAL INITIATIVES: HELPING STAFF TO GROW AND LEARN INTERNALLY



In 2014, the group's Université Ex-Libris largely focused its efforts on disseminating the company's culture. Mosaïque, the integration programme for new employees in Europe, benefitted over 370 individuals who, over the course of three days, were introduced to the identity and history of Hermès, its essence of creativity and its industrial and commercial dimensions. In a spirit of sharing, participants were able to experience the culture of excellence and family of the company that they have recently joined. The IFH (Hermès Training Institute) programme continued to offer participating managers clarification on the business plan and an in-depth understanding of the company's vision and strategies.

The design and implementation of the Happy Culture programme was a response to the ambition to involve a larger number of employees in the development of the house by sharing its realities. In 2014, 180 employees participated in this new programme that aims to refresh their knowledge of Hermès and rally them to the common cause of the business plan. A highly diverse range of themes was illustrated by a large number of internal players called upon to share their expertise, knowledge and know-how. Leadership development programmes for team leaders gave almost 250 employees the opportunity to reflect on their practices and get to know themselves better in order to support change and motivate and develop their teams in the spirit of Hermès management culture.

Training programmes in cross-disciplinary skills such as project management, training, and finance for non-financial staff, and vertical skills, such as those required for supply chain and industry fulfilled the professional training expectations of more than 150 employees.

Seminar in Berlin for store managers
from the international distribution network.

Sales skills were strengthened through the local roll-out of the Hermès École des Marchands programmes across various markets: Benelux, France, Germany, Switzerland, Asia (travel retail). The goal: to cultivate an ethos of generous service to exceed the promises we make to our customers. The Northern Asia region demonstrated a dynamic response to training rolled out by the Hermès Greater China Academy, with 97 sessions involving 975 participants.

In a similar vein, in 2014 more than 80 employees benefitted from the textile sector's Au Fil d'HTH programme, designed both to integrate new staff and to involve existing staff in the sustained development of the sector. The HTH Artes course, also delivered by the École du Textile, dispenses in-depth knowledge of textile crafts for managers with cross-disciplinary responsibility.

FORGING LINKS BY EXPLORING DIFFERENT "UNIVERSES"

The exchange scheme between craftsmen and sales staff continues. The Tandem programme, launched at the end of 2008, opens the doors to two complementary worlds within Hermès: stores and production sites. By spending a week immersed in the life of a workshop or a boutique, artisans and sales staff, teamed together in pairs, discover another métier. Every year, the programme grows to cater to ever greater demand and the opening up of new areas of craftsmanship such as watchmaking, porcelain and enamel. In 2014, 53 exchanges enabled 106 individuals to seize the magic that occurs when two people meet and make the most of the incredibly rich experience derived from sharing the values of the house.

In 2014, the Parcours d'Adresse programmes were delivered to 80 production site employees. During these week-long programmes, a craft specialism is explored in its entirety, from raw material to finished article and final quality control. Thus groups of ten artisans shared in the reality of a sector through a process of discovery interspersed with visits, demonstrations of techniques, explanations and encounters, designed to immerse them in the daily life of a métier and bring know-how. Inspired by the quest for excellence at every stage, the beauty of manual techniques, the diversity of tools and the strong bond with the artisanal spirit shared by all those involved in the métiers, participants took away a reinforced sense of energy and belonging.

EXPANSION OF THE HERMÈS LEATHER GOODS-SADDLERY SECTOR

The end of 2014 saw two new leather goods manufactures established in permanent premises: the Maroquinerie Iséroise and the Maroquinerie de la Tardoire.

With a hundred or so employees each, these two leather goods manufactures will continue to grow progressively throughout 2015; their main objectives being to develop know-how and preserve product quality. Measures including action and communication plans aimed at production teams (craftsmen, workshop managers, production managers, site directors) were put in place to preserve the health of artisans working in the leather goods sector and allow them to apply their know-how over time without adverse effects to their health. With this in mind, a large number of programmes have been developed and implemented by all the leather goods manufactures. These deal with posture and the ergonomics of tools, working on the body using warm-up and relaxation exercises, a reminder of correct technique, etc. The École du Cuir continues to offer support and guidance to craftsmen and has initiated a wider programme for initial training by developing participatory learning tools. In 2014, 738 people followed a training programme developed by the École du Cuir. The programme targeted an enhanced understanding of the Hermès Leather Goods-Saddlery activity and the development of métier expertise.

The École du Cuir has a clear vocation to recognise and promote know-how craftsmanship. As a result of this, a number of cutters from the Pierre-Bénite Manufacture were given the opportunity to obtain a CQP (certificate of professional qualification) in leather cutting. Also, 45 artisans undergoing training at the Manufacture de Haute Maroquinerie and the Maroquinerie Iséroise gained their CAP diplomas (certificate of vocational studies) for leather craftsmen.



Hats in felt and Swift calfskin.

RISK MANAGEMENT

PURSUING AN ACTIVE APPROACH TO RISK MANAGEMENT

The group has implemented a system to anticipate and control risk. This system is constantly updated to allow for regulatory, economic, geopolitical and competitive developments. The main risk factors for the group, taking its business model into account, are described in this chapter. A detailed description of the group's risk management system is set out in the chairman's report on internal control and risk management procedures on page 28 of volume 2.

I. RISKS ASSOCIATED WITH STRATEGY AND OPERATIONS

LIMITING RISKS AND RESPECTING THE ENVIRONMENT

The Industrial Division implements and coordinates the initiatives designed to protect our manufacturing assets, our employees and the environment on all Hermès production sites. It relies on the industrial departments in the métiers and site directors to have internal diagnostics or audits carried out by specialised third parties and to prepare operational improvement plans. The recommendations resulting from these analyses in the areas of organisation, procedures, training or investment are subject to careful follow-up. Safety-related expenditure and investment are considered to be a priority when making budget choices. Hermès' initiatives and accomplishments with regard to the environment are presented in the Sustainable Development and the Environment section (page 78 of volume I) of this report.

CONTROL OVER SOURCING

Hermès retains control of its production, with over two-thirds of its products being manufactured in-house. Hermès has developed long-term relationships with its partners and suppliers, thereby better protecting its supplies and critical know-how. Hermès carries out targeted audits to ascertain that its suppliers' operations meet the group's expectations. In some cases, it will buy into carefully selected companies to ensure the stability of these relationships. Significant work has also been carried out to optimise and secure the supply chain. Finally, the group is strengthening supply protection, implementing a policy of diversification and limitation of supplier dependence, and building up strategic stocks.

BALANCING AND SAFEGUARDING OUR DISTRIBUTION

Hermès holds a unique position in the luxury market, of which it represents only a small fraction (around 1.8% of a market valued at €223 billion in 2014). The group thus has relatively little exposure to general trends in the sector. Its broad portfolio of products reduces the risk of dependence on any particular range and its distribution is well balanced geographically. With over 311 sales outlets, including 207 branches (representing just over 80% of turnover), Hermès relies on a distribution structure that significantly reduces customer risk. The stores owned by the group are listed on page 116 of volume 2.

In addition to this, the exposure of sales to seasonal phenomena is limited: 54% of total sales were generated in the second semester of 2014 (compared with 53% in 2013, and 54% in 2012 and 2011). In each country where the group operates, products are distributed through a selective distribution network specific to each house, in keeping with applicable local laws, compliance with which Hermès ensures via a number of initiatives.

MINIMISING RISKS TO OUR PROPERTY ASSETS

All property-related transactions are handled and centralised by the Property Development Department.

This helps to control critical processes, including:

- identifying and assessing the viability of retail store locations, production facilities and administrative offices based on qualitative and technical criteria;
- directly or indirectly overseeing key construction projects in France to ensure the work is properly carried out;
- supervising inspection plans for the group's main sites, to ensure they conform to structural and fire safety regulations. These inspections are supplemented by prevention system reviews carried out by the group's insurers.

In addition, the Property Safety Committee is responsible for overseeing potential risks and for ascertaining that group safety rules are duly applied. It also systematically follows up on all action plans.

IT RISK MONITORING AND PREVENTION

Hermès' expenditure on IT systems (equipment and maintenance) is comparable with that of its peers in the sector. The aim is to bring the technology infrastructure and systems in line with the increasing needs of users and the group's métiers, to guarantee good operational performance, to keep IT-related risks under control and to prepare systems for the future, especially for new digital services.

The group's IT Systems Department works under an information technology governance charter and has drawn up a corpus of procedures that apply to all group companies. IT systems security audits have been carried out within the major subsidiaries to verify compliance with the group's procedures. Work to further enhance the security of IT systems also entailed continuing to harmonise the different systems in use using a standard ERP system.

As regards IT risk prevention, work carried out in 2014 focused mainly on enhancing the security of central systems, ensuring the security of internal and external access, protecting workstations, preventing leaks of confidential data and improving backup and breakdown tolerance mechanisms for critical systems to ensure continued operation in the event of any incidents. As is the case each year, network intrusion testing and computer crash simulations were carried out.

COMPLIANCE WITH APPLICABLE LAWS IN ALL AREAS

The group keeps abreast of changes in legislation and case law in all relevant areas to ensure that it complies with French and foreign laws and regulations. This monitoring is carried out by in-house and external firms.

Internally, to address the growing complexity of all areas of the law, the Legal Department is organised by centres of expertise specialising in the major branches of the law: intellectual property, corporate law, securities law, property law, and business law (contracts of all kinds, competition, distribution, consumption). Labour and tax matters are respectively handled by the group Human Resources and Tax Departments, which work in conjunction with the Legal Department.

Externally, in each region where the group operates, Hermès is advised by leading local independent law firms, renowned and specialised in each of the numerous areas covered. The group continues to be involved in ongoing litigation, but there are no pending settlements that are expected to have an impact on its business or on its financial results. The company is not aware of any other pending or potential governmental, legal or arbitration proceedings that may have, or that over the last twelve months have had, a significant impact on its financial condition or profitability and/or on the financial situation or profitability of the group.

PROTECTING THE HEALTH AND SAFETY OF CONSUMERS

Our products are regularly tested by laboratories in Europe, Asia and the United States, in order to verify that they conform to the most exacting regulations in the world, as well as to ensure their safety. We continuously monitor and analyse the development of regulations before drawing up our product specifications.

PROTECTING AND DEFENDING OUR INTELLECTUAL PROPERTY RIGHTS

The group places great importance on the protection and defence of its intellectual property rights. It owns a particularly large number of brands and domain names which is regularly growing to include new indications, new classes of products and services, and new geographical areas. For this reason a specific team within the Legal Department is dedicated to these issues. The group also ensures that all its new and existing creations are protected, with numerous design patents filed both in France and elsewhere. Obtaining three-dimensional trademarks in several countries allows the company to protect some of its products, such as the *Kelly* and *Birkin* bags.

Finally, the group ensures that its rights are respected and pursues an active anti-counterfeiting policy involving both preventive measures (training and lobbying) and coercive measures (administrative, civil and criminal proceedings) across the world and particularly on the Internet. These measures are led by the Legal Department with the support of external advisers and in collaboration with the competent local authorities as regards intellectual property and the fight against counterfeiting. They enable several hundreds of thousands of counterfeit products to be seized and destroyed every year, the group's rights to be recognised, and the payment of damages to redress the loss suffered.



Sports shoe in technical toile and calfskin.

2. FINANCIAL RISKS

CONSERVATIVE TREASURY AND CURRENCY MANAGEMENT

As the group has a positive cash flow, it is not exposed to liquidity risk and applies a conservative policy in managing market risks, such as exchange rates, interest rates and counterparty risks. Because the bulk of its production is in the eurozone but receives a significant percentage of its sales revenue in US dollars, Japanese yen and other Asian currencies, the group is naturally exposed to currency risks. Exposure to operational currency risk is systematically hedged on an annual basis, based on projected cash flows. In parallel, exposure to non-operational currency risk is hedged as soon as the commitment is firm and definitive.

In this respect, treasury and currency management is centralised by the group's Treasury Department and adheres to strict management and monitoring rules. Administrative management and operational control are ensured by the Middle & Back Office Department, notably via the use of integrated cash flow software. Furthermore, the Audit and Risk Management Department oversees proper compliance with risk monitoring and management procedures.

On a monthly basis, the Treasury Security Committee ascertains that these procedures have been followed and that any risks identified have been addressed. The group follows a conservative investment policy, designed to avoid the risk of capital loss and maintain liquidity in order to be able to implement rapid and independent strategic changes. The group deals with leading banks and financial institutions only. In addition, counterparty risks on financial transactions are monitored on an ongoing basis by Hermès International's Treasury Management Department. Most available cash is invested for the short term, mainly in money-market mutual funds offered by leading financial institutions and in deposit certificates issued by top-rated banks, with very low sensitivity.

The Treasury Department constantly monitors changes in legal regulations with regard to investment and derivative transactions to ensure that the group conforms to current regulations. Furthermore, the Finance Department adjusts its procedures and tools on an ongoing basis to accommodate changes in its environment.

3. INSURANCE POLICY

PROTECTING OUR ASSETS THROUGH A PRUDENT INSURANCE PROGRAMME

The group holds policies from leading insurers to provide property, operating loss and civil liability cover, as described in the Insurance section on page 117 of volume 2.

In addition to this insurance cover, Hermès has adopted an active risk prevention policy and carefully follows up on recommendations issued by insurers.

CONSOLIDATED RESULTS

CONSOLIDATED RESULTS

In 2014, the Hermès group recorded sales revenue of €4,118.6M, an increase of 9.7% on the previous year at current exchange rates (of 11.1% at constant exchange rates). The gross margin reached 66.8%, a decrease of 2.0 points versus 2013, a consequence particularly of the negative impact of currency conversion. Selling, marketing and administrative expenses, which represented €1,291.7M versus €1,215.2M in 2013, include €207.4M of communication expenditure. Other income and expenses came to €162.0M. This figure includes €118.4M of depreciation and amortisation charges, which reflects the rapid pace of investments in the development and renovation of the distribution network.

Operating income increased by 6.7%, to reach €1,299.3M versus €1,218.0M in 2013. The operating margin represented 31.5% of sales, a slight fall compared to the group's best performance achieved in 2013, due to the negative impact of exchange rates. Net financial income represented an expense of €24.7M versus €23.5M recorded in 2013. Net income attributable to non-controlling interests totalled €4.5M versus €8.6M the previous year. After taking into account tax payable of €423.7M and the results of associated companies (€12.4M income), the group's net income increased by 8.7% to €858.8M.

INVESTMENTS

In 2014, Hermès pursued the qualitative development of the distribution network and the strengthening of its production capacities, with €322.2M in investments (excluding financial investments). In September, the group inaugurated the first Maison Hermès in China, located in Shanghai, and either opened, refurbished or extended over 15 branches. Furthermore, the Leather Goods-Saddlery métier continued its capacity investments, with notably the growth of its two new sites in Isère and in Charente.

FINANCIAL POSITION

Operating cash flow totalled €1,048.7M, an increase of 3.2%. Restated for the impact of fair value adjustments of financial instruments, operating cash flow increased by 8.0%. It enabled the financing of the entirety of the operating investments (€322.2M), the working capital (€105.1M), and the dividend payment (€285.1M). The net cash position reached €1,421.6M as at 31 December 2014 versus €1,022.0M as at 31 December 2013, an increase of nearly €400M.

Restated net cash (after taking into account non-liquid financial investments and borrowings) totalled €1,493.6M at 31 December 2014, versus €1,091.0M as at 31 December 2013. Strong earnings growth drove up shareholders' equity to €3,449.0M (Group share) as at 31 December 2014, versus €2,825.6M as at 31 December 2013.

VALUE CREATION

The notions of economic value added and return on capital employed were implemented within Hermès several years ago as performance indicators for the Group's investments. Economic value added is calculated according to the method of the firm Stern Stewart & Co. It represents the difference between adjusted operating income (excluding the financial result and exceptional elements) after operating tax¹, and the average cost of capital employed during the year² multiplied by the weighted average cost of capital employed by the group³. Return on capital employed is the adjusted operating income after operating tax¹ on the average cost of capital employed during the year². Economic value added (€723M in 2014 versus €679M in 2013) increased by 6.5% thanks to the increase in the operating result. Return on capital employed remains very high and reached 39% in 2014.

EXCEPTIONAL EVENTS

No exceptional events occurred in 2014.

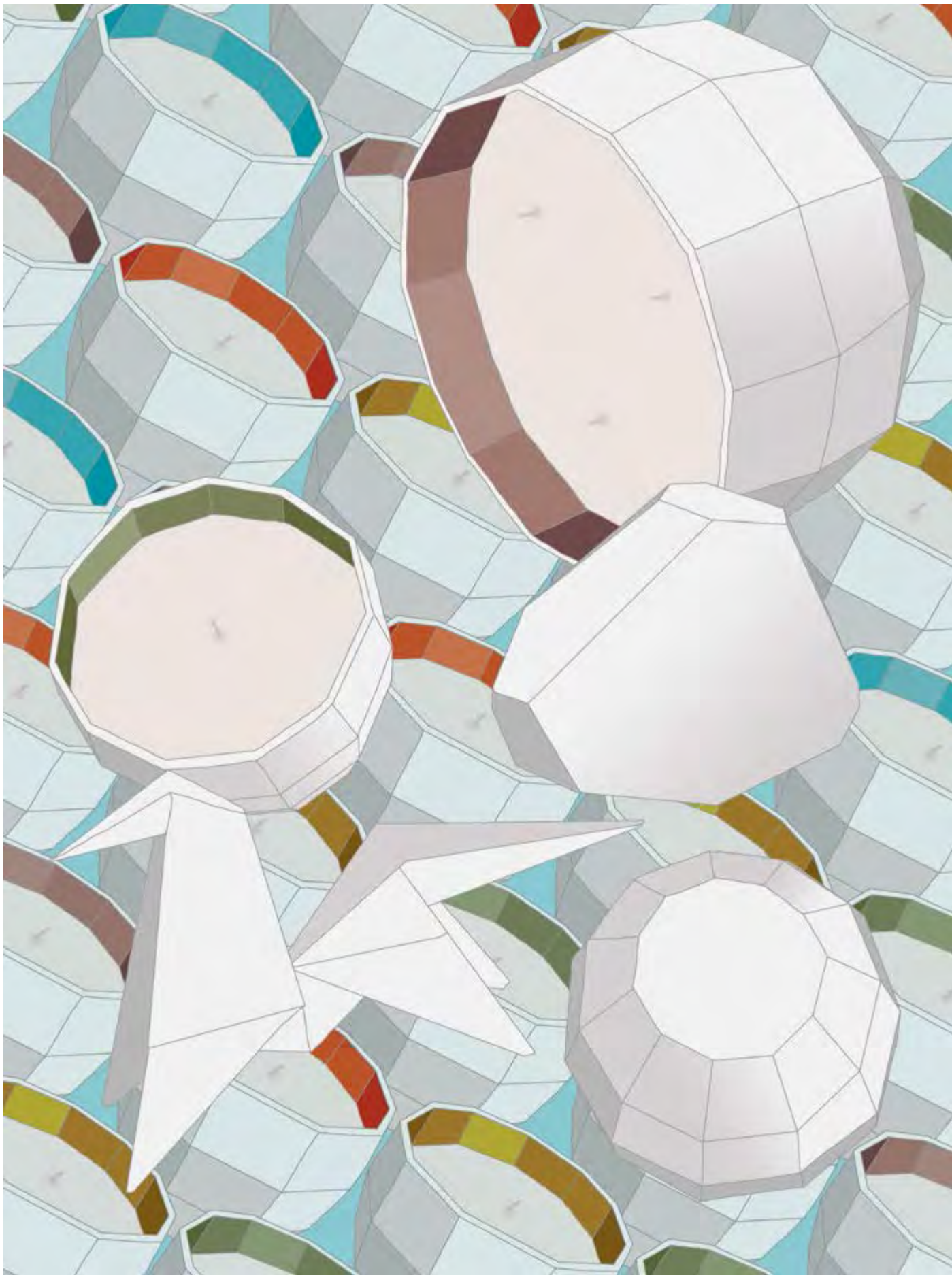
1. €901M in 2014 versus €859M in 2013.

2. €2,300M in 2014 versus €2,083M in 2013.

3. 7.73% in 2014 versus 8.66% in 2013.

millions of euros	2014	2013
Operating investments	279	211
Investments in financial assets	43	21
Subtotal – Investments (excluding financial investments)	322	232
Financial investments ¹	3	51
Total investments	325	283

1. Financial investments correspond to the investments for which the sensitivity and maturity require that they be classified as financial assets in accordance with IFRS.



Le Parfum de la maison.

OUTLOOK

Hermès will pursue its long-term development strategy based on creativity, maintaining control over its know-how, developing its distribution network, boosting its production capacities and protecting its supply sources.

Staying true to its Parisian roots, the house is inviting us to see 2015 through the eyes of the flâneur. The flâneur masters the art of escaping out into the world. Guided by instinct, his senses alert, he watches and waits for an opportunity, the better to grasp it as it passes.

The network of stores will continue to grow, following a year marked by the opening of the Hermès Maison in Shanghai, in a historic building that further anchors Hermès in a country that has welcomed it with enthusiasm. In 2015, priority will be given to the qualitative development of the distribution network with over twenty store refurbishment and extension projects.

To meet high demand, Hermès will continue to increase its production capacities, but without comprising the training of its craftsmen. The two leather goods manufacturing sites opened in Isère and Charente in 2012 will continue to

increase production, and plans are underway for manufactures in Franche-Comté, scheduled to be operational in 2016.

In the field of communication, digital activity will be stepped up, especially in advertising and social media. The events strategy will remain extremely dynamic with the *Saut Hermès at the Grand Palais*, events inspired by our universes (men, women and home), the *Leather Forever* and the *Wanderland* exhibitions, not to mention the *Festival des Métiers*.

Meanwhile, the house's other métiers will continue to draw on their know-how to design and produce exceptional objects.

For 2015, despite the economic, geopolitical and monetary uncertainties around the world, the target rise in revenue at constant exchange rates is around 8%.

Thus Hermès will continue to grow, underpinned by its unique business model and based on a shared vision that combines the excellence of its craftsmanship with its imagination and creativity.



Faubourg watch in rose gold and diamonds.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME 2014

millions of euros	2014	2013
Revenue (note 3)	4,118.6	3,754.8
Cost of sales (note 4)	(1,365.6)	(1,170.3)
Gross profit	2,753.0	2,584.4
Selling, marketing and administrative expenses (note 5)	(1,291.7)	(1,215.2)
Other income and expense (note 6)	(162.0)	(151.1)
Recurring operating income (note 3)	1,299.3	1,218.0
Other non-recurring income and expense	-	-
Operating income	1,299.3	1,218.0
Net financial income (note 7)	(24.7)	(23.5)
Pre-tax income	1,274.6	1,194.6
Income tax expense (note 8)	(423.7)	(397.6)
Net income from associates (note 15)	12.4	2.0
CONSOLIDATED NET INCOME	863.3	798.9
Net income attributable to non-controlling interests (note 21)	(4.5)	(8.6)
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT (note 3)	858.8	790.3
Earnings per share (in euros) (note 9)	8.24	7.59
Diluted earnings per share (in euros) (note 9)	8.19	7.54

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

millions of euros	2014	2013
Consolidated net income	863.3	798.9
Variation of translation differences (note 20.4)	82.1	(80.6)
Cash flow hedging ¹ (note 20.4)	(44.0)	4.5
– fair value variation	(13.5)	30.5
– recycling through profit or loss	(30.5)	(26.0)
Assets available for sale ¹	-	-
– fair value variation	-	-
– recycling through profit or loss	-	-
Gains and losses recorded in equity and transferable through profit or loss	38.1	(76.1)
Other elements ¹ (note 20.4)	-	0.3
Commitments to personnel: value change linked to actuarial gains and losses ¹ (note 20.4)	(19.9)	(8.3)
Gains and losses recorded in equity and not transferable through profit or loss	(19.9)	(8.0)
Comprehensive income	881.5	714.9
attributable to owners of the parent	876.0	707.4
attributable to non-controlling interests	5.5	7.5

1. Net of tax.

The note numbers refer to the appendix to the 2014 consolidated financial statements in volume 2 of the annual report.

N. B. The values shown in the tables are generally expressed in millions of euros. In certain cases, the effect of rounding up/down can lead to slight discrepancies in the level of the totals or variations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

ASSETS

millions of euros	31/12/2014	31/12/2013
Non-current assets	1,976.6	1,688.4
<i>Goodwill</i> (note 10)	37.4	51.4
Intangible assets (note 11)	117.5	108.9
Property, plant and equipment (note 12)	1,181.5	1,025.1
Investment property (note 13)	97.5	94.1
Financial assets (note 14)	61.0	59.1
Investments in associates (note 15)	91.3	44.5
Loans and deposits (note 16)	43.5	41.8
Deferred tax assets (note 8.3)	335.8	242.5
Other non-current assets (note 18)	11.3	21.1
Current assets	2,791.7	2,249.2
Inventories and work-in-progress (note 17)	912.0	813.4
Trade and other receivables (note 18)	249.3	193.6
Current tax receivables (note 18)	8.7	5.8
Other current assets (note 18)	140.7	115.7
Derivative financial instruments (note 22.4)	39.4	67.0
Cash and cash equivalents (note 19)	1,441.6	1,053.7
TOTAL ASSETS	4,768.2	3,937.6

The note numbers refer to the appendix to the 2014 consolidated financial statements in volume 2 of the annual report.

EQUITY AND LIABILITIES (BEFORE REPARTITION)

millions of euros

	31/12/2014	31/12/2013
Equity	3,458.5	2,841.2
Share capital (note 20)	53.8	53.8
Share premium	49.6	49.6
Treasury shares (note 20)	(266.9)	(313.9)
Reserves	2,719.5	2,248.7
Foreign currency adjustments (note 20.2)	47.7	(33.4)
Financial instruments included in equity (note 20.3)	(13.5)	30.5
Net income attributable to owners of the parent (note 3)	858.8	790.3
Non-controlling interests (note 21)	9.5	15.6
Non-current liabilities	265.8	216.4
Borrowings and debt (note 22.3)	19.5	24.6
Provisions (note 23)	2.7	14.7
Post-employment and other employee benefit obligations (note 25)	123.8	83.2
Deferred tax liabilities (note 8.3)	31.2	25.7
Other non-current liabilities (note 26)	88.6	68.2
Current liabilities	1,043.9	880.0
Borrowings and debt (note 22.3)	21.8	32.0
Provisions (note 23)	36.9	26.6
Post-employment and other employee benefit obligations (note 25)	5.1	5.3
Trade and other payables (note 26)	398.6	362.1
Derivative financial instruments (note 22.4)	73.1	15.6
Current tax liabilities (note 26)	121.4	94.8
Other current liabilities (note 26)	387.0	343.6
TOTAL EQUITY AND LIABILITIES	4,768.2	3,937.6

The note numbers refer to the appendix to the 2014 consolidated financial statements in volume 2 of the annual report.

CONSOLIDATED STATEMENT OF CASH FLOWS 2014

millions of euros

	Note	2014	2013
CASH FLOWS LINKED TO OPERATING ACTIVITIES			
Net income attributable to owners of the parent	3	858.8	790.3
Depreciation and amortisation	11, 12 & 13	145.9	135.3
Impairment losses	10, 11 & 12	22.7	23.6
Mark-to-Market value of derivatives		1.4	5.4
Currency gains/(losses) on fair value adjustments		(20.4)	21.6
Change in provisions		9.6	(0.2)
Net income from associates	15	(12.4)	(2.0)
Net income attributable to non-controlling interests	21	4.5	8.6
Capital gains/(losses) on disposals		(1.0)	0.6
Deferred tax		1.1	(9.5)
Accrued expenses and income related to share-based payments	30	38.5	42.5
Others		0.0	(0.3)
Operating cash flows		1,048.7	1,015.9
Dividend income		(1.7)	-
Interest paid/received		0.5	(3.5)
Current tax expense		460.4	429.6
Operating cash flows before interest, dividends and tax		1,508.0	1,442.0
Change in working capital		(105.1)	(73.8)
Interest paid/received		(0.5)	3.5
Income tax paid		(435.6)	(474.9)
Net cash from operating activities		966.8	896.9
CASH FLOWS LINKED TO INVESTING ACTIVITIES			
Purchase of intangible assets	11	(34.2)	(26.0)
Purchase of property	12 & 13	(244.7)	(185.2)
Investments in associates		(43.3)	(21.1)
Purchase of other financial assets	14	(2.5)	(50.5)
Amounts payable relating to fixed assets		8.2	2.3
Proceeds from sales of operating assets		1.2	0.7
Proceeds from sales of other financial assets	14	0.2	19.3
Dividends received		0.4	-
Net cash used in investing activities		(314.8)	(260.6)
CASH FLOWS LINKED TO FINANCING ACTIVITIES			
Dividends paid		(294.9)	(273.3)
Net purchase of treasury shares		(3.5)	(0.6)
Borrowings		0.0	0.1
Reimbursements of borrowings		(1.5)	(9.9)
Other equity rises/(reductions)		0.0	3.1
Net cash used in financing activities		(299.9)	(280.7)
Effect of changes in the scope of consolidation		0.0	0.1
Effect of foreign currency exchange on intragroup transactions		17.4	(9.7)
Effect of foreign currency exchange	19	30.0	(10.1)
CHANGE IN NET CASH POSITION	19	399.6	335.9
Net cash position at beginning of period	19	1,022.0	686.1
Net cash position at end of period	19	1,421.6	1,022.0



Étrivière messenger bag in Sombrero calfskin and Hunter cowhide.

SHAREHOLDER'S GUIDE

2015 CALENDAR (FOR INFORMATION ONLY)

Publication of Q1 2015 consolidated sales:	29/04/2015
Combined General Meeting of shareholders:	02/06/2015
Publication of Q2 2015 consolidated sales:	21/07/2015
Publication of H1 2015 consolidated net income:	28/08/2015
Publication of Q3 2015 consolidated sales:	05/11/2015

FINANCIAL INFORMATION

The Hermès financial website is consultable at:

<http://finance.hermes.com>

On this website, shareholders and investors can access the following information, available in French and English.

GENERAL PRESENTATION OF THE GROUP

Group Overview

Hermès métiers

Stores and manufactures

Key figures

CORPORATE GOVERNANCE

Group Management

Executive management

Executive committee

Management bodies

Supervisory board

Composition

Rules of procedure

Ethics charter

Special committees of the Supervisory board

Audit Committee

Composition

Rules of procedure

The Compensation, Appointments and Governance Committee

Composition

Rules of procedure

The Active Partner

PRESS RELEASES

All press releases

Sales

Results

Other press releases

REPORTS AND PRESENTATIONS

Half-year reports

Annual reports/Shelf-registration document

Presentations

Other reports

SHAREHOLDER'S GUIDE

The Hermès shareholder

Financial calendar

The Hermès share

Dividends

General meetings

LIVE SHARE PRICE

REGULATED INFORMATION

OTHER LEGAL INFORMATION

Share buy-back

Monthly information relating to total number of shares and voting rights comprising the share capital

Liquidity contract

Articles of association

Others

SHAREHOLDER INFORMATION

Shareholders and investors may obtain information on the Hermès Group by contacting:

Mme Carole Dupont-Pietri

Group Financial Operations and Investor

Relations Director

Hermès International

24, rue du Faubourg Saint-Honoré – 75008 Paris

Tel.: +33 (0)1 40 17 49 26

E-mail: contact.finance@hermes.com

HOW TO BECOME A HERMÈS INTERNATIONAL SHAREHOLDER

REGISTERED SHARES

These shares are registered in a securities account held by:

BNP PARIBAS SECURITIES SERVICES

Services aux Émetteurs

LES GRANDS MOULINS DE PANTIN

9, rue du Débarcadère

93761 Pantin Cedex

Tél.: +33 (0)8 26 10 91 19

Shareholders who opt for this method of administration automatically receive notices of General Meetings and a form to complete if they wish to receive a hard copy of the Annual Report. They may place orders to buy or sell shares with BNP Paribas Securities Services after signing a service agreement.

Fully registered shares are handled directly by BNP Paribas Securities Services. You must sign a service agreement to open a fully registered share account, setting out the terms and conditions for buying and selling shares via BNP Paribas. The company covers the custody fees.

Administered registered shares are handled by another financial institution, of the shareholder's choice, that may charge custody fees.

BEARER SHARES

Bearer shares are handled by another financial institution that may apply custody fees. Shareholders who opt for this form of administration are not known to the Company and must make themselves known if they wish to obtain documents and attend General Meetings.

HOW TO PARTICIPATE IN GENERAL MEETINGS OF SHAREHOLDERS

All shareholders or representatives of shareholders are entitled to attend the meeting and participate in the proceedings, regardless of the number of shares they hold. However, in order to attend the meeting, to be represented at the meeting or to vote by mail, shareholders must be shareholders of record as evidenced by the registration of shares in their name (or in the name of the financial intermediary registered on their behalf if they are not residents of France) by 12:00 midnight (Paris time)

on the second business day preceding the meeting:
– in the register of registered shares held on behalf of the Company by its agent BNP Paribas Securities Services;
– or in a securities account held by the financial intermediary with which their shares are registered if the shares are bearer shares.

Shareholders may choose to participate in the General Meeting in one of three different ways:

- by attending the meeting and voting in person;
- by voting by post : by casting their vote online or by giving a proxy to the Chairman of the General Meeting or to another authorised representative;
- by voting online : by casting their vote online or by giving a proxy to the Chairman of the General Meeting or to another authorised representative.

IF YOU WISH TO ATTEND THE GENERAL MEETING OF HERMÈS INTERNATIONAL

To expedite admittance to the General Meeting, shareholders are asked to obtain an admission card prior to the meeting, which they will receive by post or which may be downloaded by following these instructions:

- If you did not opt to receive the meeting notice by e-mail, and your shares are *registered shares*, you will automatically receive the meeting notice together with the attendance form by post; you should complete the form and return it in the enclosed postage-paid envelope. In addition, all registered shareholders may now obtain an admission card online. Simply log on to the GISPROXY site using your access code, as described in the “Voting online” section below;
- If you hold *bearer shares*, you should request a certificate from your financial intermediary proving your status as a shareholder as of the date of the request. Your financial intermediary will then forward this certificate to BNP Paribas Securities Services, who will send you an admission card.

If you have not received your admission card by the second business day before the General Meeting and if you hold bearer shares, you should request a shareholding certificate from your custodian institution; if you hold registered shares, you may make yourself known on arrival at the General Meeting.

On the day of the meeting, all shareholders will be asked to provide evidence of their status as shareholder and proof of identity at the registration desk.

IF YOU ARE UNABLE TO ATTEND THE GENERAL MEETING OF HERMÈS INTERNATIONAL

Shareholders who are unable to attend the General Meeting may vote by post or online, either directly or by giving their proxy to the Chairman of the Meeting, or any other representative authorised for this purpose.

Voting by post:

If you hold *registered shares*, you will automatically receive the voting form together with the meeting notice.

If you hold bearer shares, you should send a request to your custodian institution, which will forward the voting form together with a shareholding certificate to BNP Paribas Securities Services. Requests for voting forms will be honoured only if received by no later than Wednesday 27 May 2015. The duly completed form should be returned using the enclosed postage-paid envelope and must be received by BNP Paribas Securities Services by no later than 12:00 midnight (Paris time) on Friday, 29 May 2015.

Voting online:

Shareholders may now vote online before the General Meeting via a dedicated secure website, by following the instructions below:

If you hold *registered shares*:

If you hold fully registered shares and wish to vote online, you should log on to the website at the address given below before the Meeting, using the login and password that was sent to you.

If you hold administered registered shares, you may request that your password be sent to you by post, by logging onto the GISPROXY website, using the login shown in the upper right-hand corner of the voting form enclosed with the meeting notice sent to you by post.

If you hold *bearer shares*:

If you hold bearer shares and wish to vote online before the General Meeting, you should request a shareholding certificate from the financial institution that is the custodian of your shares and provide your e-mail address. The custodian will send the shareholding certificate, together with your email address, to BNP Paribas Securities Services, the manager of the online voting site. BNP Paribas Securities will use this email address to send you a login and a password, which will enable you to log on to the site at the address shown below.

In both cases, simply follow the instructions that appear on screen. The secure voting website will open on 12 May 2015. Shareholders may vote online before the General Meeting up to 3:00 p.m. (Paris time) on Monday, 1st June 2015, i.e. the day before the meeting. To avoid possible bottlenecks on the dedicated secure website, it is recommended that you do not wait until the day before the meeting to cast your vote.

Address of the secure dedicated website:

<https://gisprox.y.bnpparibas.com/hermesinternational.pg>

It is specified that:

Shareholders who have already voted, applied for an admittance card or requested a voting form

(Article R.225-85 of the Code de commerce):

- may not choose another method of participation;
- may opt to sell some or all of their shares.

However, if the sale is concluded before 12:00 midnight (Paris time) on Friday, 29 May 2015, the Company shall invalidate or apply any relevant changes to the postal vote, online vote, proxy, admission card or voting form, as appropriate. The authorised intermediary acting as custodian shall notify the Company or its agent of any such sale and shall forward the necessary information. Any sale or other transaction completed after 12:00 midnight (Paris time) on Friday, 29 May 2015, by any means whatsoever, shall not be notified by the authorised financial intermediary or taken into consideration by the Company, notwithstanding any agreement to the contrary.

Proxies:

In accordance with the provisions of Article R 225-79 of the French Code de Commerce, notice of the appointment or revocation of a proxy may be given by post, in the same conditions as those applicable to the appointment of a proxy, and must be sent to the General Meeting Department (Service Assemblées Générales) of BNP Paribas Securities Services.

Such notice may also be made online, and will be processed more rapidly, by following the instructions below:

If you hold *fully registered shares*:

- The shareholder should send an email to:

paris.bp2s.france.cts.mandats@bnpparibas.com

This email must contain the following information: company name and date of the general meeting, first name, surname, address, bank references of the shareholder, as well as the first name, surname and, if possible, the address of the proxy.

If you hold *bearer shares or administered registered shares*:

- The shareholder should send an email to:

paris.bp2s.france.cts.mandats@bnpparibas.com

This email must contain the following information: company name and date of the general meeting, first name, surname, address, bank references of the shareholder, as well as the first name, surname and, if possible, the address of the proxy.

- Shareholders must ask the financial intermediary that manages their securities account to send written confirmation to the General Meeting Department of BNP Paribas Securities Services – CTS Assemblées Générales – Les Grands Moulins de Pantin, 9, rue du Débarcadère, 93761 Pantin Cedex.

Only instructions pertaining to the appointment or revocation of proxies should be sent to the above e-mail

address; any requests or instructions pertaining to other matters will not be considered and/or processed.

In order for instructions on the appointment or revocation of proxies submitted by e-mail to be duly taken into consideration, the confirmation notice must be received by no later than 3:00 p.m. (Paris time) on the day before the meeting. Instructions to appoint or revoke a proxy sent by post must be received by no later than three calendar days before the date of the meeting.

OWNERSHIP THRESHOLD DISCLOSURE REQUIREMENTS

STATUTORY OWNERSHIP THRESHOLDS (ARTICLES L.233-7 ET SEQ. OF THE FRENCH CODE DE COMMERCE AND ARTICLES L.433-3 ET SEQ. OF THE FRENCH MONETARY AND FINANCE CODE)

Any natural or legal person, acting alone or jointly, coming into possession of more than 5% of Hermès International's share capital or voting rights (see table below) is required to disclose to the Company the total number of shares or voting rights held.

Such disclosure must also be made whenever the percentage of share capital or voting rights held falls below one of the thresholds indicated opposite.

Any person who is subject to this requirement must also disclose these facts to the AMF.

Owing to the existence of double voting rights, in practice, twenty-two thresholds must be monitored.

The thresholds may be attained after shares are acquired or sold, regardless of the means (purchase, transfer, merger, demerger, scrip dividends or by any other means) or following a change in the apportionment of voting rights (gain or loss of double voting rights). The shares to be taken into account include not just newly acquired shares, but the shares that the shareholder has the right to acquire at his or her sole initiative pursuant to an agreement (contract of sale, option, etc.) and those that the shareholder can acquire at his or her sole initiative, immediately or in the future, as a result of holding a financial instrument (bond redeemable for shares, equity swap, warrant, etc.). Share ownership threshold disclosures must be filed no later than the close of business on the fourth trading day following attainment of the threshold. By the 15th of each month, the Company publishes a report on its website (www.hermes-international.com) disclosing the total number of shares,

the total number of theoretical voting rights (including shares disqualified from voting) and the total number of exercisable voting rights (excluding shares disqualified from voting) that make up the share capital on the last day of the previous month.

OWNERSHIP THRESHOLDS, NOMINATIVE REGISTRATION REQUIREMENT

Any natural or legal person, acting alone and/or jointly, coming into possession, in any manner whatsoever, within the meaning of Articles L 233-7 et seq. of the French Code de Commerce, of a number of shares representing 0.5 % of the share capital and/or of the voting rights in General Meetings (or any multiple of this percentage), at any time, even after attaining one of the thresholds provided for by Articles L. 233-7 et seq. of the Code de Commerce, must, within five Stock Exchange days from the date this threshold is exceeded, request the registration of his or

her shares in nominative form. This nominative registration requirement applies to all shares already owned, as well as any that come into ownership beyond this threshold. A copy of the nominative registration application, sent by registered post with acknowledgement of receipt to the registered office within ten Stock Exchange days from the date on which the threshold is attained, shall constitute a declaration of attaining the ownership threshold in question. The registration requirement for securities also applies to any natural or legal person, acting alone and/or jointly, coming into possession, in any manner whatsoever according to the meaning of Articles L 233-7 et seq. of the French Code de Commerce, of a number of shares representing 0.5 % of the share capital and/or of the voting rights in General Meetings.

In the event of failure to comply with the above requirements, the shares that exceed the threshold subject to disclosure or having been subject to disclosure shall be disqualified from voting rights.

In the event of an adjustment, the corresponding voting rights can only be exercised once the period stipulated by law and current regulations has expired.

THRESHOLD	EQUIVALENT (%)	RELATED OBLIGATIONS
1/20	5.00%	
1/10	10.00%	Statement of intent
3/20	15.00%	Statement of intent
1/5	20.00%	Statement of intent
1/4	25.00%	Statement of intent
3/10	30.00%	File a public takeover bid or offer of exchange ¹
1/3	33.33%	
1/2	50.00%	
2/3	66.66%	
18/20	90.00%	

¹ This requirement is also applicable in the event of an increase within a period of 12 consecutive months of over 1% of capital or voting rights for persons holding, alone or in concert, between 30 and 50% of capital or voting rights.

IMAGE CREDITS

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HERMÈS
PARIS



**REGISTRATION DOCUMENT
FILED WITH THE AUTORITÉ DES MARCHÉS FINANCIERS
(FINANCIAL MARKETS AUTHORITY)**

In accordance with Article 212-13 of the AMF General Regulations, this shelf-registration document, which contains the annual financial report and comprises volume 1 and volume 2 of the Annual Report, was filed with the AMF on 16 April 2015. This document may be used in support of a financial transaction only if it is supplemented by an offering circular approved by the AMF. This document has been drawn up by the issuer and implies the responsibility of its authorised signatories.

This document is a free translation into English of the “Document de Référence”, originally prepared in French, and has no other value than an informative one. Should there be any difference between the French and the English version, only the French-language version shall be deemed authentic and considered as expressing the exact information published by Hermès.



**2014 ANNUAL REPORT
OTHER INFORMATION CONTAINED IN THE SHELF-REGISTRATION DOCUMENT
CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS**

VOLUME 2

Hermès International

Partnership limited by shares with share capital of €53,840,400.12 - Commercial and Company Register of Paris no. 572 076 396
Registered office: 24, rue du Faubourg-Saint-Honoré - 75008 Paris - Tel.: + 33 (0)1 40 17 49 20 - Fax: + 33 (0)1 40 17 49 94 - Legal filing, 2nd quarter of 2015 - ISBN 978-2-35102-056-2

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OVERVIEW OF HERMÈS INTERNATIONAL

Role

Hermès International is the Group's parent company. Its purpose is:

- to define the Group's strategy and its focuses for development and diversification;
- to oversee the operations of its subsidiaries and to provide corporate, financial, legal and commercial assistance;
- to manage the Group's real estate assets;
- to protect and defend its trademarks, designs, models, and patents;
- to maintain a documentation centre and make it accessible to the subsidiaries;
- to ascertain that the style and image of each brand name is consistent throughout the world and, for this purpose, to design and orchestrate advertising campaigns, actions and publications to support the various business activities;
- to provide guidance in design activities and to ensure that the Hermès spirit is consistently applied in each business sector.

Hermès International derives its funds from:

- dividends received from subsidiaries;
- royalties from trademarks, licensed exclusively to Group subsidiaries, to wit, Hermès Sellier, Comptoir Nouveau de la Parfumerie, La Montre Hermès, Hermès Horizons and Faubourg Italia (amounts concerning the 2014 financial year are presented on page 270).

Hermès brands, which belong to Hermès International, are protected by trademarks in many countries, for all categories of products in each of the group's business sectors.

Hermès International's scope of consolidation encompasses 139 subsidiaries and sub-subsidiaries.

A simplified presentation of the Group appears on page 24 of Volume 1.

Legal form

Hermès International was converted into a *société en commandite par actions* (partnership limited by shares) by a decision of the Extraordinary General Meeting held on 27 December 1990, in order to preserve its identity and culture and thus ensure its sustainability over the long term, in the interests of the Group and all shareholders. In this form of partnership, the share capital is divided into shares and there are two classes of partners: one or more Active Partners, with the status of "*commerçant*", who actively engage in operating the business and are jointly and severally liable for all the Company's debts for an indefinite period of time, and limited partners, who are not actively engaged in the business and are liable only up to the amount of their contribution.

The rules governing the operation of a *société en commandite par actions* are the following:

- the Active Partner or partners, who carry on the business, are jointly and severally liable for all the Company's debts, for an indefinite period of time;
- the limited partners (or shareholders), who contribute capital, are liable in this capacity only up to the amount of their contribution;
- the same party maybe both an Active Partner and a limited partner;
- a Supervisory Board is appointed by the Ordinary General Meeting of Shareholders as a supervisory body (Active Partners, even if they are also limited partners, cannot vote on the appointment of Supervisory Board members);
- one or more Executive Chairmen, selected from among the Active Partners or from outside the Company, are chosen to manage the Company.

Limited partners (shareholders)

The limited partners:

- appoint the Supervisory Board members, who must be selected from among the limited partners, and the Statutory Auditors, at the General Meetings of Shareholders;
- vote on the accounts approved by the Executive Management; and
- appropriate earnings (including the distribution of dividends).

The main limited partners (shareholders) are listed on page 101.

Active Partner

Since 1 April 2006, Émile Hermès SARL has been the sole Active Partner of Hermès International.

The Active Partner:

- has the authority to appoint or revoke the powers of any Executive Chairman, on the considered recommendation of the Supervisory Board;
- takes the following decisions for the Group, on the Supervisory Board's recommendation:
 - determines the Group's strategic options;
 - determines the Group's consolidated operating and investment budgets; and
 - decides on any proposal submitted to the General Meeting pertaining to the allocation of share premiums, reserves or retained earnings;
- may formulate recommendations to the Executive Management on any matter of general interest to the Group;
- authorises any loans of Hermès International whenever the amount of such loans exceeds 10% of the amount of the consolidated net worth of the Hermès Group, as determined based on the consolidated financial statements drawn up from the latest approved accounts (the "Net Worth");

- authorises any sureties, endorsements or guarantees and any pledges of collateral and encumbrances on the Company's property, whenever the claims guaranteed amount to more than 10% of the Net Worth;

- authorises the creation of any company or the acquisition of an interest in any commercial, industrial or financial operation, movable or immovable property, or any other operation, in any form whatsoever, whenever the amount of the investment in question amounts to more than 10% of the Net Worth.

In order to maintain its status of Active Partner, and failing which it will automatically lose such status ipso jure, Émile Hermès SARL must maintain in its articles of association clauses in their original wording or in any new wording as may be approved by the Supervisory Board of Hermès International by a three-quarter majority of the votes of members present or represented, stipulating the following:

- the legal form of Émile Hermès SARL is that of a société à responsabilité limitée à capital variable (limited company with variable capital);
- the exclusive purpose of Émile Hermès SARL is:
 - to serve as Active Partner and, if applicable, as Executive Chairman of Hermès International,
 - potentially to own an equity interest in Hermès International; and
 - to carry out all transactions in view of pursuing and accomplishing these activities and to ascertain that any liquid assets it may hold are appropriately managed;
- only the following may be partners in the Company:
 - descendants of Mr. Émile-Maurice Hermès and his wife, born Julie Hollande; and
 - their spouses, but only as beneficial owners of the shares; and
- each partner of Émile Hermès SARL must have deposited, or arrange to have deposited, shares in the present Company in the corporate accounts of

Émile Hermès SARL in order to be a partner of this company.

The Active Partner, Émile Hermès SARL, has transferred its business know-how to the Company, in consideration for its share of the profits in the Company, which amounts to 0.67% of distributable profits and is payable to the Active Partner on a priority basis (before dividends are paid to the limited partners).

Executive Management

The Executive Management ensures the management of Hermès International. In accordance with the articles of association, the Company is administered by one or two Executive Chairmen, each having the same powers and duties, who are physical persons and active partners, or they can be from outside the Company.

The Executive Chairmen are appointed by the Active Partner, after consultation with the Supervisory Board.

On 4 June 2013, the General Meeting had modified article 15.1 of the articles of association in order to allow the Active Partner to temporarily appoint a third Executive Chairman.

Effective on 5 June 2013, the Active Partner of Hermès International appointed Mr. Axel Dumas as Executive Chairman of Hermès International alongside Mr. Patrick Thomas, and of Émile Hermès SARL for an unspecified duration. This triple Executive Management was intended solely to prepare the succession of Mr. Patrick Thomas, which is why it was only set up temporarily. On 29 August 2013, Mr. Patrick Thomas informed the Management Board of Émile Hermès SARL, Active Partner, and the Supervisory Board of his resignation from his position as Executive Chairman of Hermès International, effective 31 January 2014.

On 31 January 2014, the Executive Management took

note of the end of the term as Executive Chairman of Mr. Patrick Thomas and removed the temporary indication from the articles of association.

The Company is therefore administered by two Executive Chairmen:

- the company Émile Hermès SARL (represented by Mr. Henri-Louis Bauer), appointed by decision of the Active Partner on 14 February 2006 (effective on 1 April 2006);
- Mr. Axel Dumas, appointed by decision of the Active Partner, on 4 June 2013 (effective on 5 June 2013).

The term of office of the Executive Chairmen is open-ended.

Supervisory Board

The Company is governed by a Supervisory Board, which currently comprises 11 members who are appointed for a term of three years. The members are selected from amongst shareholders who are not Active Partners, legal representatives of an Active Partner, or an Executive Chairman.

As the provisions of article L 225-79-2 of the Commercial code are applicable to the company, one natural person member representing the employees was appointed on 19 November 2014 for 3 years, by the group committee.

The Supervisory Board exercises ongoing control over the Company's management.

For this purpose, it has the same powers as the Statutory Auditors and receives the same documents as the Statutory Auditors, at the same time as the Statutory Auditors. In addition, the Executive Management must submit a detailed report to the Supervisory Board on the Company's operations at least once a year.

The Supervisory Board submits its considered recommendation to the Active Partners:

- on the nomination and dismissal of any executive Chairman of the Company; and

– in case of the Executive Chairman’s resignation, on reducing the notice period.

The Supervisory Board:

- determines the proposed allocation of net income to be submitted to the General Meeting each year;
- approves or rejects any proposed new wording of certain clauses of the articles of association of Émile Hermès SARL.

The Active Partner must consult the Supervisory Board prior to making any decisions on the following matters:

- strategic options;
- consolidated operating and investment budgets; and
- any proposal submitted to the General Meeting pertaining to the allocation of share premiums, reserves or retained earnings.

Each year, the Supervisory Board presents to the Annual Ordinary General Meeting of Shareholders a report in which it comments on the Company’s management and draws attention to any inconsistencies or inaccuracies identified in the financial statements for the year.

The functions exercised by the Supervisory Board do not entail any interference with the Executive Management, or any liability arising from the Management’s actions or from the results of such actions.

Joint Council

The Executive Management of Hermès International or the Chairman of the Supervisory Board of Hermès International shall convene a joint council meeting of the Management Board of Émile Hermès SARL and the Supervisory Board of Hermès International whenever they deem it appropriate.

The Joint Council is an institution designed to enable broad collaborative efforts between the Active

Partner’s Management Board, an internal body with a need to know the main aspects of Hermès International’s management, and the Supervisory Board, which is appointed by shareholders.

The joint council has knowledge of all matters that it addresses or that are submitted thereto by the party who convened the conference, but does not, in the decision-making process, have the right to act as a substitute for those bodies to which such powers are ascribed by law or by the articles of association of Hermès International or of Émile Hermès SARL. The Joint Council of the Management Board and Supervisory Board does not in itself have decision-making powers as such. It acts exclusively as a collaborative body. At their discretion, the Management Board and Supervisory Board may make all decisions or issue all recommendations within their jurisdiction in a joint council meeting.

Registered office – Principal administrative establishment

The registered office of Hermès International is located at 24, rue du Faubourg-Saint-Honoré, 75008 Paris, France.

The Company’s principal administrative establishment is located at 13-15, rue de la Ville-l’Évêque, 75008 Paris.

The Legal Department is located at 20, rue de la Ville-l’Évêque, 75008 Paris.

Date created – Commercial and Company Register, APE Code

Hermès International was created on 1 June 1938. It is registered with the Paris Commercial and Company Register under number 572 076 396, APE code 7010Z.

Date of initial public offering

Hermès International was taken public on the Second Marché of the Paris Stock Market on 3 June 1993. It has been listed on the Eurolist by Euronext (Compartment A) since 2005.

PRESENTATION OF ÉMILE HERMÈS SARL

Page 96 describes the control exercised by the Émile Hermès SARL company over Hermès International. The operation of Émile Hermès SARL, Active Partner, was not affected by the set-up of the H51 SAS company in 2011, as presented on page 102 of volume 2 of the 2013 reference document.

Legal form

Émile Hermès SARL is a société à responsabilité limitée à capital variable (limited company with variable capital) and was created on 2 November 1989. Its partners are the direct descendants of Mr. Émile-Maurice Hermès and his spouse.

In companies with variable capital, the share capital can increase or decrease constantly, as existing partners or new “incoming” partners contribute additional funds, or as “outgoing” partners withdraw their funds.

Corporate purpose

The sole purpose of Émile Hermès SARL is:

- to serve as Active Partner and, if applicable, as Executive Chairman of Hermès International;
- potentially to own a direct or indirect equity interest in Hermès International; and
- to carry out all transactions in view of pursuing and accomplishing these activities and to ascertain

that any liquid assets it may hold are appropriately managed.

Partners

Only the following may be partners in Émile Hermès SARL:

- descendants of Mr Émile-Maurice Hermès and his wife, born Julie Hollande; and
- their spouses, but only as beneficial owners of shares.

In the light of the Company’s purpose, no person shall be a partner if, for each share he owns in the Company, he does not have on deposit in the corporate accounts (draft resulting from the split that occurred on 1 March 2013):

- a number of non-dismembered Hermès International shares undivided and free from any encumbrance or commitment to third parties equal to 2,250 (two thousand two hundred and fifty); or
- the beneficial or legal ownership of a number of Hermès International shares undivided and free from any encumbrance or commitment to third parties equal to 4,500 (four thousand five hundred).

To 31 December 2014, all partners of Émile Hermès SARL are direct descendants Mr. Émile-Maurice Hermès and his spouse.

Executive Chairman

Since 1 July 2012, the Executive Chairman of Émile Hermès SARL has been Mr. Henri-Louis Bauer, a great-grandson of Émile-Maurice Hermès.

Management Board

The Company is governed by a Management Board comprising three to twelve members, including the Executive Manager, who serves as Board Chairman.

Management Board members must be natural persons. The Executive Chairman is an ex-officio member thereof. The other members of the Management Board are chosen from amongst the company partners (draft resulting from the modification of the articles of association taking effect on 1 January 2014).

The Executive Manager of Émile Hermès SARL shall act in accordance with the Management Board's recommendations in exercising its powers as Active Partner of Hermès International.

Date created – Commercial and Company Register – Registered office

Émile Hermès SARL was created on 2 June 1989. It is registered with the Paris Commercial and

Company Register under number 352 258 115. Its registered office is located at 23, rue Boissy-d'Anglas, 75008 Paris.

Share capital – Balance sheet – Net income

The authorised share capital is €343,840 and the share capital under the articles of association was €111,004 as at 31 December 2014.

It is divided into 27,751 shares with a par value of €4 each. As at 31 December 2014, Émile Hermès SARL had total assets of €36,840,368, including net income for the year of €4,231,721.38.

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- 80 Tables prepared in accordance with AMF recommendation n° 2009-16 amended on 17 December 2013 pertaining to information on executive compensation to be disclosed in shelf-registration documents

Corporate governance – Report from the Chairman of the Supervisory Board on the corporate governance principles applied by the Company, on the composition of the Supervisory Board and on the application of the principle of gender parity within it, on the conditions for preparation and organisation of the Supervisory Board’s work and on the internal control and risk management procedures instituted by the Company

In accordance with the regulatory provisions and with the recommendations issued by the Autorité des Marchés Financiers, we hereby submit our report on the corporate governance principles applied by the Company, on the composition of the Supervisory Board (hereinafter “the Board”) and the application of the principle of balanced representation of women and men within the Board, on the conditions for preparation and organisation of the Supervisory Board’s work and on the internal control procedures instituted by the Executive Management.

The present report has been prepared by the Chairman of the Supervisory Board with the help of the Compensation, Appointments and Governance Committee, hereinafter the “CAG Committee” (part relative to corporate governance), of the Audit Committee (part relative to internal control), of the Board secretary and of the functional departments in question. It was approved by the Board during its meeting on 24 March 2015.

CORPORATE GOVERNANCE CODE

• Corporate governance principles

In 2009, the Supervisory Board officially adopted the AFEP/MEDEF recommendations on corporate governance, as it deemed these recommendations to be entirely in keeping with the Group’s corporate governance policy.

The guidelines include the AFEP-MEDEF corporate governance code for listed companies, revised in

June 2013, and the recommendations from the HCGE (Corporate governance high committee), that further elaborate this code’s recommendations.

With each revision of the AFEP-MEDEF code, the CAG Committee performs an exhaustive comparative analysis of the company’s applications of the AFEP-MEDEF code, and reports to the Supervisory Board. Below is a table of the provisions of the AFEP-MEDEF code that the company is not applying, with the corresponding explanations.

Provisions of the AFEP/MEDEF corporate governance code, revised in June 2013, that were set aside	
	Explanations
<p><i>Board assessment (art. 10.4)</i> It is recommended that the non-executive directors should meet on a periodic basis without the presence of the executive or internal directors, at least once each year in order to assess the performance of the executive directors.</p>	<p>In view of the role assigned to the Supervisory Board (described on pages 10 and 11), this provision of the AFEP-MEDEF code does not apply within a <i>société en commandite par actions</i> (partnership limited by shares).</p>
<p><i>Proportion of independent members on the Audit Committee (art. 16.1)</i> The share of independent directors on the Audit Committee should be <u>at least two thirds</u>.</p>	<p>The Board determined that while slightly less than two-thirds (60%, i.e. 3 out of 5 members) of Audit Committee members are independent directors, this situation was not detrimental to the Committee’s operation. Indeed, in the Audit Committee rules of procedures, which were adopted on 24 March 2010, the Supervisory Board stipulates that at least one-half of the seats on the Audit Committee should be held by directors who qualified as independent at the time of their appointment and throughout their term of office. In its 2014 report, the HCGE considers that an audit committee with, for example, three independent members out of five remains compliant with the spirit of the Code, provided that the chairman is an independent member, as in the company’s case.</p>

Provisions of the AFEP/MEDEF corporate governance code, revised in June 2013, that were set aside	
	Explanations
<p><i>Composition of the compensation committee (art. 18.1)</i> It is recommended that an employee member of the Supervisory Board should be a committee member.</p>	<p>The company's CAG Committee (description on pages 46 <i>et seq.</i>) does not have the authority to set the compensation of the Executive Chairmen, which is part of the Active Partner's remit; accordingly, the Supervisory Board has decided that it was not relevant for the employee representative to be a member.</p>
<p><i>Severance pay (art. 23.2.5)</i> The payment of severance pay to a director must only be authorised <u>in case of a forced departure</u>, irrespective of the form of this departure, <u>while being related to a change of control or strategy</u>.</p>	<p>The company had agreed to pay severance pay to Mr. Axel Dumas under the conditions described in the presentation of the reasons on page 255. In view of the importance of the Active Partner's role within a partnership limited by shares, and of a legal representative in the event of a legal person, it was considered that the cessation of the functions as Executive Chairman of Axel Dumas that would result from the replacement of the Executive Chairman of Émile Hermès SARL, should be viewed as a forced departure. The Supervisory Board nevertheless considered that the deferred compensation commitment made for the benefit of Mr. Axel Dumas complied with the requirements of the AFEP/MEDEF corporate governance code.</p>

• Corporate governance prize

- On 24 September 2014, during the 11th edition of the Corporate Governance Grand Prizes, the Agefi financial media group awarded the silver governance prize to Hermès International in the category "Operation of management bodies".
- In the 2014 edition of the "Best shareholder relations trophies", the economic magazine *Le Revenu* awarded Hermès International the bronze trophy for the best general meeting of the SBF 120, on 1 December 2014.

• Activity of the Supervisory Board

Group activity and finance

In 2014, the Supervisory Board was informed of the group's activities during each of its meetings, and it notably:

- heard the Executive Management's presentation on the parent company and consolidated financial statements;
- examined the 2014 budget;
- examined the projected management documents;
- decided on the proposed allocation of earnings to be submitted to the General Meeting of 3 June 2014;

- examined the situation of certain equity interests;
- formally noted proposals for acquisitions, disposals and equity investments by the Group;
- formally noted proposed investment projects;
- examined the reports and work of the Audit committee, described on page 27.

Recommendations, authorisations and other items

In 2014, the Supervisory Board notably:

- authorised and reclassified related-party agreements (see the Supervisory Board's report on page 264);
- issued a favourable opinion on the resolutions submitted to the Combined general meeting of 3 June 2014 and reviewed the reports prepared by the Management;
- formally noted the summary statement of services provided by Hermès International to Émile Hermès SARL in 2013 and projections for 2014;
- renewed the global authorisation to the Executive Management to grant sureties, endorsements and guarantees on behalf of subsidiaries for 2014, subject to a ceiling;
- discussed the company's policy with regard to professional and wage equality;

- approved the wording of the prudential rules applicable by the subsidiaries, together with updated lists of the authorised signatories and banks of Hermès International;
- performed an annual review of the related-party agreements for which the effects are continuing over time;
- recalled the responsibility inherent to the fact of holding inside information as well as the Stock market ethics charter.

Governance – Appointments – Compensation

In 2014, the Supervisory Board examined and/or approved the CAG Committee reports on works described on page 25.

During each meeting, the CAG Committee informed the Supervisory Board of current events relating to governance (AMF reports, AFEP/MEDEF reports, IFA studies, etc.).

Major annual topics – Site visits

Each year, at least one detailed presentation on a specific or general topic regarding the group's activities is provided by the relevant management team.

Since 2011, the Board has occasionally been required to travel to various sites in order to further its knowledge of one of the Group's particular subsidiaries.

The visits carried out from 2011 to 2013 are described in the 2013 shelf-registration document (volume 2, page 26).

In 2014, the Board:

- reviewed the vertical integration of the business lines after the recent acquisitions;
- took part in a presentation of the new collections of Hermès products;
- travelled to the Gordon Choisy subsidiary, where it was given a presentation of the activity, of the results of the Hermès Cuirs Précieux division, and a tour of the tannery.

CONDITIONS FOR PREPARING AND ORGANISING THE BOARD'S WORK

• **Composition of the Supervisory Board** – **Application of the principle of balanced representation of women and men within the Board – Proportion of employee representatives**

The Supervisory Board currently has 11 members: Mr. Éric de Seynes, chairman, Mrs. Dominique Senequier and Mrs. Monique Cohen, deputy chairmen, Mr. Charles-Éric Bauer, Mr. Matthieu Dumas, Mr. Blaise Guerrand, Mrs. Julie Guerrand, Mr. Denis Marmonier (employee representatives), Mr. Renaud Momméja, Mr. Robert Peugeot and Mrs. Florence Woerth. All of the Supervisory Board members are of French nationality.

From amongst its members, the Supervisory Board appoints two deputy chairmen, currently Mrs. Dominique Senequier and Mrs. Monique Cohen. The articles of association indicate that in case of the chairman's absence, his duties will be performed by the older of the two deputy chairmen. Mrs. Nathalie Besombes, company law and stock market director, provides the Board's secretariat under the chairman's control.

Mr. Nicolas Puech resigned from his position as Supervisory Board member as of 8 August 2014.

The Supervisory Board currently includes a member representing the employees, Mr. Denis Marmonier, who was appointed by the group committee as of 19 November 2014 after the modification of the articles of incorporation during the General Meeting on 3 June 2014.

In 2011, the CAG Committee was directed to provide the Supervisory Board with recommendations regarding the change of the Board's composition, with the objective of reaching a proportion of at least

40% from each sex within the composition of the Supervisory Board by 2017.

The works completed from 2011 to 2013 are described in the shelf-registration document, 2013 (volume 2, page 21).

Progress of the assignment in 2014 and in 2015

Based on a detailed report and an oral presentation from the firm, the CAG Committee provided a new list of candidates, and several CAG Committee members were directed to meet with them individually, along with the chairman of the Supervisory Board.

In March 2014, the CAG Committee discussed the results of these interviews and decided to recommend the application of Mrs. Monique Cohen.

This application was submitted to the Émile Hermès SARL Management board and to the Supervisory Board, which unanimously decided to propose her appointment to the General Meeting.

The appointment of Mrs. Monique Cohen by the General Meeting on 3 June 2014 served to increase the percentage of women on the Board to 36.36%.

In view of the resignation of Mr. Nicolas Puech from his position as Supervisory Board member as of 8 August 2014, this proportion automatically attained the threshold of 40.00%.

• Criteria for qualifying a Supervisory Board member as an “independent” – management of conflicts of interest - plurality of offices

The criteria for qualifying a Supervisory Board member as an “independent”, which were formally adopted by the Supervisory Board in 2009, are the following:

- they may not be a partner or member of the Management Board of Émile Hermès SARL, Active Partner;
- they must comply with the criteria set out in Article 9.4 of the AFEP/MEDEF Corporate Governance Code,

including the criterion pertaining to length of service.

In 2014, the Board examined the situation of each of its members in the light of the aforesaid criteria, on a case-by-case basis, and determined that four directors qualified as “independent”: Mrs. Monique Cohen, Mrs. Dominique Senequier, Mrs. Florence Woerth and Mr. Robert Peugeot.

A summary table describing each Supervisory Board member’s situation is provided on page 21.

The Board resolved that one-third of the Supervisory Board members should be independent members.

This proportion is observed.

In particular, the Board identified no significant business relationship between these people and the Company. This analysis is performed each year on the basis of a detailed questionnaire that is sent to all Supervisory Board members, in which they are asked to make a sworn statement regarding any situations that could constitute a potential conflict of interest.

Moreover, the Supervisory Board ethics charter indicates that “a Supervisory board member must strive to avoid any conflict that could exist between his/her moral or material interests, and those of the company. He shall inform the Supervisory Board of any conflict of interests in which he might be involved. In cases in which he cannot avoid being in a position of conflict of interests, he shall refrain from taking part in the discussions and any decision on the matters concerned”.

The analysis of the individual situation of each of the Supervisory Board members and of the Executive Chairmen with regard to the rules on the plurality of offices indicated that no Board member or Executive Chairman holds multiple offices, both with regard to the legal rules and the principles set down by article 19 of the AFEP/MEDEF corporate governance code (not holding more than 4 other corporate offices in companies outside of the Group, with the exception of

companies for which the main activity is the acquisition and management of equity interests).

• Duration and staggering of the terms of office

Article 18.2 of the articles of association stipulates that Supervisory Board members are appointed for a term of 3 years. Since the General Meeting of 2 June 2009, the Company has established a provision whereby one-third of Supervisory Board members stand for re-election each year.

• Operation of the Supervisory Board – Rules of procedure – Ethics charter

The Supervisory Board's rules of procedure, that have existed since 18 March 2009, and the last version of which were approved by the Supervisory Board on 28 August 2014, is provided in its entirety on page 36. These rules of procedure include an obligation for the Supervisory Board members (except for the employee representatives) to own a relatively significant number of registered shares (200 shares). Using the Hermès International share price on 31 December 2014 (€294.80), this represents more than two and a half years of directors' fees.

On 22 January 2015, the Supervisory Board determined that all Board members were still meeting this obligation.

The Supervisory Board ethics charter, that has existed since 26 January 2011, and the last version of which was approved by the Supervisory board on 25 January 2012, is reproduced in its entirety on page 42.

Since 2011, a "master file" has been provided to the Supervisory Board. This master file currently contains the following headings:

– list and contact details of the Executive committee members, of the Supervisory Board members and of the Board's committees and secretary;

– professional background of the Supervisory Board members;

– summary table of the ending dates of the terms of office;

– Supervisory Board rules of procedure;

– Audit Committee rules of procedure;

– Compensation, Appointments and Governance Committee rules of procedure;

– Supervisory Board ethics charter;

– explanatory memo on the list of insiders;

– calendar of blackout periods;

– regulations relative to the declaration and direct registration obligations of the directors;

– rules on the reimbursement of expenses;

– presentations of Hermès International and Émile Hermès SARL;

– articles of association with comments;

– summary of the civil liability of the corporate officers.

This master file is updated on a regular basis.

The Statutory Auditors and the Works Council representatives are systematically invited to attend all Supervisory Board meetings. According to the articles of association, the Supervisory Board meets at least twice each year.

In fiscal 2014, the Supervisory Board met 8 times with the regular presence of almost all of its members, resulting in an average attendance rate of 93%, as shown in the table on page 22.

Furthermore, as in previous years, the Chairman of the Supervisory Board was invited to attend all meetings of the Management Board of Émile Hermès SARL.

To ensure that Supervisory Board meetings are held in due and proper form, a file containing background documents on matters appearing on the agenda is sent out to each Supervisory Board member prior to each meeting and, since 2011, at least 48 hours beforehand, insofar as possible.

Persons who are not Board members, in particular

Summary table describing the situation (compliance or not) on 31/12/2014 of the Supervisory Board members in view of the criteria contained in the AFEP/MEDEF corporate governance code in order to define the independence of Supervisory Board members											
	Charles-Éric Bauer	Monique Cohen	Matthieu Dumas	Blaise Guerrand	Julie Guerrand	Denis Marmonier	Renaud Momméja	Robert Peugeot	Éric de Seynes	Dominique Senequier	Florence Woerth
Independence criteria of the AFEP/MEDEF corporate governance code, revised in June 2013 (art. 9.4)											
Not being an employee or corporate officer of the Company, an employee or board member of its parent company or of a company that it consolidates, and not having been one in the previous five years.	No	Yes	No	No	No	No	No	Yes	No	Yes	Yes
Not being a corporate officer director of a company in which the Company directly or indirectly holds a board member's position or in which an employee designated as such or a corporate officer of the Company (currently or having served as one within the last five years) is serving as a board member.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Not being a customer, or, business banker or financing banker: – that is significant for the company or its group; – or for which the company or its group represents a significant share of the business.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Not having close family ties with a corporate officer.	No	Yes	No	No	No	Yes	No	Yes	No	Yes	Yes
Not having been the company's auditor during the previous five years.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Not having been a board member of the company for more than twelve years.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hermès International additional independence criterion											
Not being a partner or member of the Management Board of Émile Hermès SARL, Active Partner.	No	Yes	No	No	No	Yes	No	Yes	No	Yes	Yes
Conclusion	Non-independent	Independent	Non-independent	Non-independent	Non-independent	Non-independent	Non-independent	Independent	Non-independent	Independent	Independent

Attendance at Supervisory Board meetings in 2014			
Board member	Attendance	Applicable number of meetings	Individual attendance rate
Mr. Éric de Seynes	8	8	100%
Mr. Maurice de Kervénoaël	2	2	100%
Mrs. Monique Cohen	6	6	100%
Mr. Charles-Éric Bauer	8	8	100%
Mr. Matthieu Dumas	8	8	100%
Mr. Blaise Guerrand	8	8	100%
Mrs. Julie Guerrand	8	8	100%
Mr. Denis Marmonier	1	1	100%
Mr. Renaud Momméja	8	8	100%
Mr. Robert Peugeot	6	8	75%
Mr. Nicolas Puech	0	4	0%
Mrs. Dominique Senequier	8	8	100%
Mrs. Florence Woerth	8	8	100%
Average			93%

members of the Executive Committee and of the Management Committee, may be invited to attend Board meetings at the Chairman's discretion to provide any information that members of the Board might require to reach a full understanding of matters on the agenda that are technical in nature or require special expertise.

Since 2011, the Board has occasionally been required to travel to sites in order to further its knowledge of one of the Group's particular subsidiaries.

The visits carried out from 2011 to 2013 are described in the 2013 shelf-registration document (volume 2, page 26).

The visits carried out in 2014 are listed on page 18.

Minutes are drawn up at the end of each meeting and sent to all Board members, who are invited to comment.

Any comments are discussed at the next Supervisory Board meeting, which approves the final text of the minutes of the previous meeting.

• Role of the Supervisory Board

The primary role of the Supervisory Board of a limited partnership with share capital is to maintain on-going control over the Company's management in accordance with the law and with the articles of association. In this respect, the Supervisory Board is responsible for assessing the advisability of strategic choices; monitoring the correctness of Executive Management's actions, ensuring equal treatment of all shareholders, and verifying the procedures implemented by the Company to ensure the fairness and accuracy of the parent company and consolidated financial statements.

To fulfil these obligations, every year, the Supervisory Board presents any comments it may have on the parent-company and consolidated financial statements, decides on the proposed allocation of net income, and provides all recommendations and authorisations.

The Supervisory Board has delineated the due diligence procedures it carried out during the year ended 31 December 2014 in a report presented to the Annual

General Meeting called to approve the financial statements (page 264).

The functions exercised by the Supervisory Board do not entail any interference with the Executive Management, or any liability arising from the Management's actions or from the results of such actions.

As an extra-statutory mission, the rules of procedure call for the Supervisory Board to approve or refuse an executive chairman's acceptance of any new appointment within a listed company.

• Assessment of the Supervisory Board

Given the progress made by the Company in recent years in governance terms, in 2011, the Supervisory Board decided to only carry out a questionnaire-based self-assessment every 3 years, in addition to an annual review of the Board's work that would be included in the agenda of a Board meeting.

The conditions and provisions for the last formal 3-year self-assessment, carried out in 2013, are described in the 2013 shelf-registration document (volume 2, pages 26 and 27).

In late 2014, the CAG Committee reviewed the axes for improvement that had been identified by the Board in 2013.

All of them were implemented in 2014, namely:

- continuation of the evolution of the Board's composition, notably by increasing the percentage of women members;
- creation of an integration and training program for new Board members;
- monitoring the integration plans for new takeovers;
- improvement of the Audit committee's information regarding the main risks.

The improvements made in recent years have been confirmed by external assessments, which indicate that the governance within Hermès can

already be considered as one of the best within the marketplace.

For 2015, the CAG Committee nevertheless decided that a reflection was needed in order to refine the "corporate governance" part of the shelf-registration document, in order to account for the latest recommendations with regard to governance.

In view of the works undertaken by the CAG Committee, the Board considered that its overall operation remained very satisfactory.

The Board's next formal self-assessment will be in 2016.

• Training for Supervisory board members – Integration program

The Supervisory Board members can make use of the company's grouped membership in the IFA, and thereby take advantage of all of its services. Mrs. Julie Guerrand was certified as a certified company board member (ASC France) in 2013. Other Board members will likely be taking part in this company governance certification programme carried out by the IFA in partnership with Sciences-Po.

Also, in 2014, the CAG Committee set up an integration and training program for new Board members, which included:

- the issuing of an orientation kit for new Supervisory Board members (legal / governance documents) including:
 - the Supervisory board's master file,
 - the latest shelf-registration document,
 - the meeting notice for the last General meeting,
 - a USB key for accessing the company's financial site,
 - the booklet "20 years on the stock market" (2013),
 - the business code of conduct (Hermès group guidelines),

- the Supervisory Board's dashboard for the current year,
 - the calendar of Supervisory board meetings for the next 3 years,
 - the vademecum of the IFA board member (2014);
- registration for 3 days of the in-house "Mosaic" immersion training with the employees;
 - presentation of the capital distribution and of Émile Hermès SARL, Active Partner;
 - "catch-up" relative to the site visits since 2011 (if necessary);
 - participation in governance IFA training (if necessary);
 - presentation of the new collections of Hermès products.

• **Expense reimbursements**

Supervisory Board members are reimbursed for travel, accommodation and restaurant expenses incurred in order to attend the Supervisory Board meetings, upon presentation of substantiating documents or receipts. These reimbursements are capped (see rules of procedure, page 38) and inspired by the rules applicable to the Group's employees.

• **Directors' fees and compensation**

Based on a proposal from the CAG Committee and in order to apply the AFEP/MEDEF corporate governance code revised in June 2013, that indicates that the distribution provisions for director's fees must include a preponderant part based on actual attendance, on 20 November 2013, the Supervisory Board decided to modify the provisions for the distribution of director's fees.

The resulting changes to the previously applicable principles are described in the 2013 shelf-registration document (volume 2, page 28).

As of 2014, the overall amount of the directors' fees was increased from €480,000 to €500,000 in view of

the new distribution provisions and in anticipation of the evolution of the Board's composition. The distribution principles for directors' fees applicable as of 2015 with regard to 2014 are indicated in the Supervisory Board rules of procedure (page 38).

In keeping with these principles, on 22 January 2015, the Supervisory Board apportioned directors' fees and compensation of €392,800 in respect of 2014 out of a total of €500,000 approved by a resolution adopted by the Shareholders at the Ordinary General Meeting of 3 June 2014. The amounts allocated to each Board member for 2013 and 2014 are indicated on page 82.

• **Special committees**

Since 2005, two special committees have been created:

- the Audit Committee (26 January 2005);
- the Compensation Committee (26 January 2005), to which the Board subsequently decided to assign new duties and responsibilities; it was renamed "Compensation and Appointments Committee" on 18 March 2009 and "Compensation, Appointments and Governance Committee" on 20 January 2010.

These committees act under the collective and exclusive responsibility of the Supervisory Board. Their role is to research and to prepare for certain deliberations of the Board, to which they submit their opinions, proposals or recommendations.

Compensation, Appointments and Governance Committee (CAG Committee)

• *Composition and operation of the CAG Committee*

The CAG Committee consists of the following members:

- Mrs. Dominique Senequier, chairwoman;
- Mr. Matthieu Dumas, member;
- Mr. Robert Peugeot, member.

The composition rules, duties and operating provisions of the CAG Committee are described in detail in the rules of procedure approved by the Supervisory board, and that have existed since 24 March 2010. Version n° 3 of these rules of procedure, dated 28 August 2014, is reproduced in its entirety on page 46. The Chairman of the Supervisory Board can be invited to certain meetings of the CAG Committee in order to provide his opinion regarding appointments or governance, which was not the case in 2014.

The Executive Chairmen are only invited for that part of the meetings relating to the compensation of Executive committee members (excluding the Executive Chairmen).

• *Activity of the CAG Committee*

The CAG Committee met five times in 2014 (versus 6 times in 2012 and in 2013), with virtually all of its members attending the meetings (average attendance rate of 93%).

In 2014, the CAG Committee was notably required to examine and/or issue recommendations on many subjects.

With regard to governance, the CAG Committee covered the following topics in 2014:

- change of the composition of the Board;
- analysis of the individual situation of the Supervisory Board members (independence, conflicts of interest, plurality of offices, number of shares) and of the committee members (special skills with regard to finance or accounting);
- informal annual assessment of the Board's works;
- self-assessment of the work of the CAG Committee;
- update and distribution of documents to the Supervisory Board (master file, rules of procedure, 2014 calendar of blackout periods);
- review of the report from the chairman of the

Supervisory Board on the corporate governance principles implemented by the Company, and reporting on the composition of the Board and the application of the principle of balanced representation of women and men within the Board, on the conditions for preparing and organising the work of the Supervisory Board as well as on the internal control and risk management procedures implemented by the Company;

- creation of an integration and training program for new Board members;
- analysis of the results of the informal annual assessment of the work of the Board and of the CAG Committee.

The CAG Committee reviewed the current events in the area of governance:

- preparation guide for the AMF shelf-reference documents updated on 17 December 2013;
- recommendations on the AFG corporate governance code of January 2014;
- corporate governance and compensation of company directors with reference to the AFEP/MEDEF code- consolidated presentation of the recommendations contained in the AMF annual reports of 4 December 2013;
- application guide for the AFEP-MEDEF corporate governance code for listed companies of June 2013, published in January 2014 by the HCGE (Corporate governance high committee);
- AFEP - Appraisal of the 2014 General Meetings;
- LA FABRIQUE - Successful introduction of employee directors (Note + Guide);
- TM PARTENAIRES - The employee director: first appraisal after the 2013 law;
- IFA - Board assessment: a progress initiative (September 2014);
- AMF 2014 report on corporate governance and compensation of directors;

- 2014 annual report of the AFEP-MEDEF Corporate governance high committee: analysis of the Hermès International practices and follow-up actions;
- IMAGE SEPT 2014 study on the Governance of CAC 40 companies;
- France Board Index 2014 – SpencerStuart;
- JSS file on the governance of family companies;
- EY-LABRADOR 2014 governance overview - rating of Hermès International;
- October 2014 IFA study: "Governance, human resources and performance";
- September 2014 IFA study: "Assessment of the board, a progress initiative";
- VOTRE ADMINISTRATEUR survey "Assessment of the boards of directors / supervisory boards: very positive feedback from directors".

With regard to appointments, the CAG Committee covered the following topics in 2014:

- examination of the Active Partner's proposals relative to the appointment / renewal of the Supervisory board members during the Hermès International General meeting on 3 June 2014;
- appointment of the Chairman and Vice-Chairman of the Supervisory Board, composition of the Audit committee and of the CAG Committee;
- resignation of Mr. Nicolas Puech from his position as Supervisory Board member as of 8 August 2014;
- preparation for the arrival of Mr. Denis Marmonier, appointed as Supervisory Board member representing the employees as of 19 November 2014.

In 2014, the CAG Committee covered the following topics relating to compensation:

- review of the chapters of the shelf-registration document on corporate governance and executive compensation (management report) and of the description of the proposed resolutions relative to the advisory

opinion ("Say on Pay") regarding the compensation of directors;

- increase of the total amount and projected apportionment of directors' fees and compensation payable to the Board members and committee members in respect of 2013;
- examination of the fiscal 2013 performance and consequences on the number of bonus shares allocated to each beneficiary as part of the 2012 selective bonus shares plan;
- 2014 compensation of the Hermès International Executive Chairmen and press release to be published on the financial Internet site;
- review of the compensation of the Executive committee members.

The CAG Committee reviewed the current events in the area of compensation:

- IFA study (November 2013): Say on pay: international comparisons and best practices;
- AFEP - Study on directors' fees (July 2014);
- AFEP - Summary of the Say on Pay study.

Certain of these subjects are further discussed in this report.

Audit Committee

• *Composition and operation of the Audit committee*

The Audit Committee is composed of the following members:

- Mrs. Monique Cohen, chairwoman;
- Mr. Charles-Éric Bauer, member;
- Mr. Renaud Momméja, member;
- Mr. Robert Peugeot, member;
- Mrs Florence Woerth, member.

The composition rules, duties and operating provisions of the Audit Committee are described in detail in the rules of procedure approved by the Supervisory Board,

that have been in existence since 24 March 2010 and that remain unchanged. These rules of procedure are reproduced in their entirety on page 50.

In 2014, the Supervisory Board:

- appointed Mrs. Monique Cohen as chairwoman of the Audit Committee, as replacement for Mr. Maurice de Kervénoaël, whose term of office as a Supervisory Board member expired in 2014 and who did not wish to stand again;
- renewed the composition of the Audit Committee, for its other members, after the renewal of the terms of the Supervisory Board members by the General meeting on 3 June 2014;
- identified the Audit committee members who can be qualified as “independent”, i.e. Mrs. Monique Cohen and Florence Woerth, and Mr. Robert Peugeot;
- considered that all Audit committee members have special skills in the areas of finance or accounting in view of their professional experience, as described in pages 59, 63, 68, 69 and 70.

During 2014, the Audit Committee met 5 times. Nearly all of its members attended the meetings (the average attendance rate was 88%). Before each meeting of the Audit Committee, members of the Audit Committee receive in due time, with reasonable prior notice and subject to confidentiality requirements, documentation concerning points of the agenda which require prior analysis and reflection.

• *Activity of the Audit committee*

In 2014, the Audit Committee carried out its assignment, notably concerning the following subjects:

- review of financial statements and of the budget:
 - parent company and consolidated financial statements for the year ended 31 December 2013;
 - consolidated financial statements to 30 June 2014,
 - statutory auditors’ report on the consolidated financial statements,

- review of the press release on half-year and full-year results,
 - presentation of the 2014 budget,
 - new publication structure of the revenue by métier;
- presentation of the consensus of financial analysts;
 - Hermès International bank delegations;
 - compilation of the audit report situation at the group Treasury Department;
 - presentation of the main projects in progress;
 - new criteria for the choice of bank counterparties;
 - review of the cash situation;
 - examination of the internal control and risk management systems:
 - appraisal of the activities related to risk management, audit and internal control in 2013, and audit plan for 2014.

As part of its missions, the Audit committee heard from the Group finance director both with regard to the accounting data and the cash data, the consolidation director, the audit and risk director, and the statutory auditors.

Compensation of Committee members

As indicated on page 24 above, the calculation provisions for the compensation of the members of specialised committees were modified in 2013 in order to implement a predominating variable part based on attendance.

These new provisions, applied for the first time relative to 2014, are indicated in the Supervisory Board rules of procedure (page 38).

• **Factors liable to affect the outcome of a public offering**

Factors liable to affect the outcome of a public offering are described in the Management Report (page 90).

• **Special terms and conditions for participating in general meetings**

The terms and conditions for participating in general meetings are set out in volume 1 (page 108).

TERMS AND CONDITIONS OF INTERNAL CONTROL AND RISK MANAGEMENT IN THE COMPANY

Pursuant to Articles L 225-37, L 225-68, L 823-19 and L 823-20 of the Code de Commerce, below is the report on the principal risk management and internal control procedures instituted within the Company, using the new “Reference Framework “ published by the AMF in 2010, AMF recommendation n° 2013-17 updated in January 2015, and the AFEP/MEDEF code of corporate governance of June 2013. The present report was prepared by the Supervisory Board chairman, with the help of the Audit committee and of the relevant functional departments. It was approved by the Board during its meeting on 24 March 2015.

• **Objectives of risk management and internal control system at Hermès International**

Risk management systems are designed to frequently examine the major risks. They include methods for identifying and prioritising internal and external risks and for handling the main risks at the appropriate operating level in order to reduce the Company’s exposure, for instance by strengthening internal control procedures.

Internal control systems rely on on-going, recurring actions that are integrated into the Company’s operating processes. They apply to all functions and processes, including those associated with the production of financial and accounting information.

The Hermès internal control objectives are to ensure:

- compliance with the laws and regulations;

- the application of the instructions and orientations determined by the general management;

- that the Company’s internal procedures, particularly those that help to protect its assets as well as the safety and security of property and persons, are operating effectively; and;

- the reliability of the financial information;

In general, the internal control system enables the Company to maintain control over its businesses, to enhance the efficiency of its operations and to optimise the use of its resources.

• **Control environment**

While Hermès has attained the stature of an international group, it has also retained its human dimension and its family values. The Company is dedicated to a culture and spirit of craftsmanship and seeks to cultivate strong values among its staff members.

Among these values, quality is paramount. The Group’s commitment to quality – the very essence of Hermès’ business – applies not only to its products and services but also to its management methods. Hermès attaches great importance to its senior executives’ managerial skills.

The Hermès culture, which is propagated mainly through integration programmes for new managers and special training, imparts to each individual a thorough understanding of his or her role in the organisation and of the need to abide by the Group’s Code of Conduct and rules of behaviour. The quality-oriented values and mentality shared by all employees serve as a solid foundation to underpin acceptance and observance of stringent internal control policies and procedures. The way in which the two systems work together and their balance are contingent on the control environment which forms their common base, and more specifically, on the Company’s ingrained risk management and internal control culture, management style and corporate values. In this area,

to underpin the risk management culture promoted by the Group, in 2009, the Group adopted a formal Code of Conduct and has disseminated it to further strengthen this culture. In 2013, it was completed by the business code of conduct, that sets out the behaviours expected from the Group’s employees. However, no risk management and internal control system, no matter how well-designed and applied, can provide absolute certainty that the Company will achieve its objectives.

• Perimeter of the risk management and internal control system

The Group’s risk management and internal control mechanisms are applicable to the parent company and to the controlled subsidiaries, as they are presented in the notes to the consolidated financial statements.

• Parties responsible for management and internal control system

Senior management

The senior management designs risk management and internal control procedures commensurate with the Company’s size, business operations, geographical footprint and organisation. In addition to procedures for delegating authority established at different hierarchical levels, senior management has ultimate responsibility for guaranteeing the effectiveness of the risk management system and its adequacy for meeting the Group’s strategy objectives. To this end, it is provided with activity reports and regularly meets with the audit and risk management department (A&RMD). Senior management therefore oversees the system as a whole to safeguard its integrity and, where applicable, to initiate any corrective measures needed to remedy any failures.

Audit Committee

The Audit Committee was created in 2005 within the Supervisory Board. In accordance with Article L 823-19 of the Code de Commerce, the Audit Committee, “acting under the exclusive and collective responsibility of the members of the Supervisory Board, is responsible for ensuring controls over:

- the process for preparing financial information;
- the effectiveness of the internal control and risk management systems;
- the statutory audit of parent company financial statements and consolidated financial statements by the Statutory Auditors;
- the independence of the statutory auditors”.

2014 was marked by the arrival of a new chairwoman for the Audit Committee, appointed for a duration of 3 years during the Combined general meeting on 3 June 2014, and independent member of the Supervisory board. The roles and duties of the Audit Committee were formally documented in rules of procedure drawn up by the Supervisory Board in 2010. It regularly reports to the Board with regard to the domains within its remit. The Committee meetings result in written and approved minutes.

In 2014, the Supervisory board prepared an overview of the areas requiring improvement that were identified in late 2013, notably with regard to the Audit committee’s practices, and it takes note of satisfactory improvement.

Audit and Risk Management Department

The Audit and Risk Management Department performs three main roles for the Group:

- it identifies and analyses risks;
- it performs internal audits and monitors the implementation of the recommendations;
- it ensures the deployment of internal control suited to the Group’s stakes.

The A&RMD implements a continuous initiative

intended to improve the internal control and risk management system. It notably monitors the practices of other companies in this regard. In 2014, it also submitted its risk mapping methodology to a review by a specialised external firm, and then implemented the suggested improvement proposals.

The A&RMD coordinates the work of a team of internal auditors and of a growing network of employees responsible for internal control, in France and in other countries, within the business lines and within the distribution and support activities.

It works with the group's departments in order to promote the upstream handling of the main risks, and of the emerging risks. The Department reports to the Group's senior management, which guarantees its independence, and has unlimited authority to review any matter at its discretion.

It also participates in the group training sessions in order to promote an awareness of internal control best practices amongst the management.

Since 2010, an audit charter setting out the duties and responsibilities of the internal auditors and their professional conduct and providing a formal procedure for their audit assignment operations has been carried out. In 2013, the system was completed by a risk charter that formalizes the principles and rules implemented with regard to risk management, and by an internal control charter that formalizes the roles and responsibilities of the people involved in internal control.

The Head of Audit and Risk Management attends Audit Committee meetings. He meets in a private session with the Audit Committee at least once each year, as well as with its Chairman several times a year.

The Group's operational staff

The senior executives, the major functional and operating departments, and members of the Management Committees of the Group's various entities serve as

the main centre of internal control; they are the main beneficiaries of the system and also key contributors to its proper operation.

Control activities carried out at the level of each entity fall under the joint responsibility of the chief executive officer and chief financial officer, as evidenced by the signature of a letter of affirmation relating to the knowledge of the Hermès internal control objectives and of the quality of the controls implemented within the entity. To this end, they rely on the results of an annual self-assessment questionnaire on the implementation of the internal control system.

• Risk management system

The Group's risk management process is based on the preparation of risk maps and on the existence of specialised committees.

Initiated in 2004, the mapping initiative has been rolled out to the main entities under the supervision of the A&RMD. The maps produced by the entities take into account the risk prioritization prepared by the Group management. In its turn, the risk analysis carried out by the Group management is enhanced by the risk maps individually prepared by each of the entities.

The internal control managers within the entities are the local relays for the mapping initiative. They participate in the initial risk analysis, while updating and monitoring the action plans.

This mapping is used to systematically identify and assess the main risks. It is a lever for improving the performance, since it contributes to protecting the company's value and assets, and to defining action plans as well as the responsibilities of the stakeholders.

The A&RMD coordinates this initiative within the main business lines, distribution subsidiaries and support functions. The risk maps can also be deployed on a case-by-case basis, for certain projects. They are

presented dynamically, while stressing the effect of the actions plans having to be implemented.

Hermès International has also deployed specific processes for monitoring certain risks, by means of specialised committees or working groups. These committees meet on a periodic basis.

For example, committees focusing on real estate risks, transportation safety, IT risks and cash risks analyse the stakes, study the appropriate corrective measures and verify that the existing control systems correspond with the Group procedures. The main involved operational contacts take part in these committees, as well as the A&RMD, whose role is to facilitate the identification of risks and of the associated action plans.

The A&RMD has also set up risk and control committees involving the general managers and finance directors from each of the subsidiaries.

The A&RMD can also modify its action plan and carry out ad hoc assignments in order to deal with new risks, notably in the event that an alarm is issued by a Group department.

• Internal control system

Organisation

The Company's management is organised into an Executive Committee, a Management Committee and several special Committees, and ensures that strategic directions are followed consistently and that information is disseminated effectively. Detailed organisational charts and memoranda outlining strategic directions give staff members a thorough understanding of their role in the organisation and a way periodically to evaluate their performance by comparing it with stated targets.

The Group organisation is based on an approach designed to foster a high level of accountability amongst the local teams, whose duties are clearly defined.

In its human resources processes, Hermès has established hiring, training and skills development programmes designed to enable each individual effectively to perform his or her duties, now or in the future. Within Hermès International, the Finance Department has primary responsibility for preparation and control of financial information (see below).

Information systems

Hermès International uses effective IT tools tailored to its requirements in preparing and controlling information. Integrated applications are used to centralise data reported to Hermès International by the subsidiaries, for account consolidation and for cash management.

Managers have access to data generated the management systems on a weekly and monthly basis, giving them the information they need to manage business operations effectively, to monitor performance consistently, and to identify any irregularities in internal control processes.

The information systems are designed to ensure that the accounting and financial information produced complies with security, reliability, availability and relevance criteria. Specific rules on the organisation and operation of all IT systems have been defined, applying to system access, validation of processing and year-end closing procedures, data archiving and record verification.

Furthermore, procedures and controls have been set up to ensure the quality and security of operation, maintenance and upgrading of accounting and management systems and all systems that directly or indirectly send data to these systems.

As a supplement to the detailed reviews performed with the information systems department within the main subsidiaries, the A&RMD verifies the implementation of the general IT controls during the audits.

Internal control system procedure

The internal control processes are described in the group procedures. They are defined on the Group level, then extended and adapted to the context and to the local regulations, by each division. All Group employees have access to them via a secure intranet site.

The Group procedures cover the company's main cycles (purchases, sales, cash, inventory management, fixed assets, human resources, information systems...). The audit and risk department updates them on a regular basis, in collaboration with the various experts in their respective domains.

The financial manual includes the Group chart of accounts and the consolidation system's usage manual.

The Group chart of accounts, prepared according to the international accounting standards (IFRS) and available on the Internet, provides details of the accounting rules. Moreover, the Group finance department periodically issues instructions for the subsidiaries, at the time of the closings or on an isolated basis, on any subject related to financial information. The usage manual for the consolidation system (Magnitude) presents all of the rules having to be followed for the financial reporting. It presents all of the applicable procedures in accounting and financial terms, and also contains details on the accounting operations. The Investment Project Management Manual describes the applicable rules within the Group. The Business Development and Investment Department (DPEI) is in charge of keeping these procedures up to date, circulating them and ascertaining that they are applied. The DPEI verifies each investment project by coordinating the preliminary business and financial analyses and issuing opinions on investment return calculations. The procedure is carried out in stages. The managers involved issue recommendations, which are summarised by the DPEI. Depending on

the scale of the projects, the Executive Management reviews the summary recommendations and takes the ultimate decision on whether or not to approve the project.

Moreover, extremely stringent cash management procedures have been put in place. The Treasury Security Rules Manual details the following procedures:

- a cash management procedure that defines the roles and responsibilities between the group cash and the subsidiaries;
- rules for opening and operating bank accounts, called Prudential Rules, for each of the Group's companies, which are constantly updated and include monitoring of the authorised signatories, inter alia;
- a change policy approved by the Group's Supervisory Board (this policy describes all authorised financial instruments and sets limits on their use by members of the Hermès International Treasury Management Department);
- a foreign exchange risk management agreement with each relevant subsidiary, which provides a framework for the relationships between the Hermès Group and its subsidiaries, sets out cash management policy and rules, and defines the terms and conditions for calculating and applying the annual guaranteed exchange rates; and;
- a Group cash investment policy, which is approved by the Supervisory Board of Hermès International and sets out the criteria for investing the Group's cash and limits on its use by members of the Hermès International Treasury Management Department.

The internal control self-assessment work

Self-assessment of the internal control is based on questionnaires to be completed by all controlled subsidiaries. This system helps to disseminate an internal control-oriented culture throughout the Group and serves as a tool for assessing the level of internal control within the subsidiaries and determining how

operational and functional risks are handled at the appropriate level. If the control processes assessed are found to be ineffective, the subsidiaries are required to draw up an action plan to remedy the situation.

Each year, the subsidiaries perform self-assessment using three questionnaires available on the intranet, in the “CHIC” (“Check your Hermès Internal Control”) IT tool administered by the A&RMD. The self-assessment uses a general internal control questionnaire (CHIC Practices) for which the repository is linked with the AMF “Reference framework”, a specific cash management questionnaire (CHIC Treasury) and a questionnaire on the operational procedures within the distribution network (CHIC Boutique). These questionnaires are updated on an annual basis, in order to include any new risks and controls identified as key on the Group level.

The A&RMD is in charge of the consolidation and analysis of the action plans. The consolidation of the questionnaires is now automated. The self-assessment summary is drafted by the A&RMD. It recommends the internal control priorities set for the following year. The CHIC Boutique questionnaire is monitored on the level of the country directors within the distribution network. The results are also analysed on a centralised basis, in order to identify areas for improvement and control priorities for the stores for the coming year.

The internal control managers are involved in the self-assessment, and are in charge of monitoring the action plans. The A&RMD checks the questionnaires during its audits. It checks that the controls have been correctly appropriated, as well as the implementation of the corrective action plans.

Internal control system monitoring

Internal control performs periodic reviews on the local level, that are completed by the A&RMD on the basis of each entity’s stakes.

The responsibility of the network of internal control managers is to ensure that the main risks related to the distribution and production operations as well as the support functions are covered by suitable controls, notably regarding the safety of the assets. This network has become more dense and now provides fine-meshed internal control within the main entities. As part of its role to coordinate the network of internal control managers, the A&RMD is involved in their appointment, it validates each subsidiary’s annual plans, it disseminates best practices, notably through an information sharing tool, it communicates the internal control priorities, and it encourages the sharing of experiences between all network members. The audit assignments represent the third control level. The auditors work on the basis of an annual audit plan, validated by the Executive Management and the Audit committee, and that is adapted every six months, if necessary. The A&RMD also carries out support missions for the internal control roll-out within newly acquired entities. The A&RMD may call on outside firms to conduct specialised audits. Each year, the A&RMD presents a report on its work to the Audit Committee. Upon completion of the audits, reports are prepared containing the audit findings, identifying risks and recommending solutions to remedy any problems. Proper implementation of the recommendations is verified during follow-up audits. All of the recommendations and results from the audit follow-ups are included within a dedicated tool. The audit reports are sent to the managers of the audited subsidiaries or departments and to the Group’s general management.

• Internal control system for accounting and financial information

The internal control system applicable to accounting and financial information is a key component of Hermès International’s overall management system.

It is designed to ensure stringent financial oversight of the Company's business activities. It encompasses all processes involved in producing and reporting accounting and financial information for the parent company and the companies integrated into the consolidated accounts. It meets the following objectives:

- the prevention and identification of any accounting or financial fraud or inconsistencies, inasmuch as this is possible;
- the reliability of information circulated and used in-house by the senior management;
- the reliability of the published accounts and of other information reported to investors.

Oversight of the accounting and financial organisation

Hermès has set up an organised, documented system to ensure the consistency of reported consolidated accounting and financial data. This system is based on a strict division of responsibilities and on Hermès International's tight controls on information produced by the subsidiaries.

The internal control process for accounting and financial information involves the following parties:

- the Group's executive management, which includes the Executive Chairmen and the Executive Committee. As part of the parent company and consolidated financial statement review and approval process, the Executive Management receives all information that it deems to be useful, such as: information on the main options applied for the reporting period, accounting estimates and changes in accounting methods, etc). It analyses the subsidiaries' accounts on a regular basis and meets with their senior executives from time to time, particularly during the budget preparation and account closing periods. Lastly, it reviews the findings of the Statutory Auditors;
- the Supervisory Board, which exercises on-going control over the Company's management. By

consulting the Executive Management, the Board can verify that oversight and control systems are adequate to ensure that the financial information published by the Company is reliable;

- the managing directors and finance directors of the subsidiaries, who have primary responsibility for the quality of the financial information preparation processes applied by the entities they oversee. They are also responsible for circulating procedures drawn up and issued by Hermès International and for ensuring that these are properly applied;
- the Managing Director for Finance and Administration, who is a member of the Executive Committee, is in charge of internal control for accounting and financial information at the Group level. He is responsible for implementing an appropriate accounting policy oversight system, together with adequate resources (organisation, human resources, tools). He also ascertains that the year-end account closing process is carried out properly;
- the Group Finance Department, which carries out the controls needed to monitor operations and to ensure the reliability of financial information. These controls are performed primarily during reviews conducted when the year-end and half-year accounts are closed, when estimates are updated and budgets are prepared.

Procedures for preparing published accounting and financial information

The procedures that Hermès has implemented in drawing up the financial statements aim to ensure the following:

- that published accounting and financial information is impartial, objective and relevant in the light of user requirements; that reporting deadlines are met (via a timetable for closing the accounts), and that such information is understandable;
- that year-end consolidated account closing procedures that meet these criteria are drawn up and

circulated to all consolidated entities, namely via the Group Chart of Accounts, the Manual of Financial Procedures, and instructions sent to the subsidiaries);

- the traceability of closing accounting entries within the information systems;
- that individual accounts are controlled to ascertain that they comply with Group accounting standards and practices and to verify their consistency prior to integration of the consolidation packages, inter alia...);
- that systems are in place for analysing the accounts, such as reviews conducted by the auditors, verification of consolidation transactions, ascertaining that

IFRS have been properly applied, analysis of internal transactions, etc.

The reporting and consolidation procedures call for the controls required to ensure the reliability of financial information. Reliability in preparation of the consolidated accounts is ensured by the use of the same information for both financial management and financial reporting, which is available through a common tool. Finally, as part of its audits, the A&RMD coordinates its efforts with the statutory auditors in order to ensure the consistency and efficiency of their mutual interventions.

The Chairman of the Supervisory Board

Supervisory Board rules of procedure (version n° 6 of 28 August 2014)

PREAMBLE

These rules of procedure define the terms and conditions of organisation and operation of the Supervisory Board of Hermès International (hereinafter referred to as the “Board”) and its Committees. They supplement the provisions set out by the applicable laws and by the articles of association (an extract of the articles of association is attached to this report).

Their purpose is to enhance the quality of the Board’s work by promoting the application of good corporate governance principles and practices, in the interests of ethics and greater effectiveness.

SECTION I – SUPERVISORY BOARD

A - COMPOSITION OF THE BOARD

ARTICLE 1 - Ownership of a minimum number of Company’s shares by Board members

All Board members shall own 200 Hermès International shares registered in their own name during the year in which they are appointed. The directors’ fees they receive may be applied towards purchasing these shares. This obligation does not apply to the Board members representing the employees.

ARTICLE 2 - Independence of the Board members

A Board member is independent if he or she has no relationship of any kind whatsoever with the Company, its Group or its management that is liable to compromise the exercise of his or her freedom of judgement in any way.

• Independence criteria

The independence criteria applicable to Board members are as follows:

- they may not be a partner or member of the Management Board of Émile Hermès SARL, Active Partner;
- they must comply with the criteria set out in Article 9.4 of the June 2013 AFEP/MEDEF Corporate Governance Code, except for the criterion pertaining to length of service, which is expressly excluded.

• Procedure for qualifying members as “independent directors”

The qualification of a Board member as independent is discussed each year by the Compensation, Appointments and Governance Committee, which draws up a report on this matter and submits it to the Board.

Each year, in the light of this report, the Board reviews the situation of each member to determine whether he or she qualifies as an “independent director”.

The Board is required to report the findings of its review to the shareholders in the Annual report.

• Proportion of independent members on the Board

One-third of the Board members must be independent members. The Board members representing the employees are not taken into account when determining this proportion.

ARTICLE 3 - Professional conduct of members of the Board and their permanent representatives

Members of the Supervisory Board undertake to abide by the rules contained in the Supervisory Board Code of Conduct and to apply them.

B - OPERATION OF THE BOARD

ARTICLE 1 - Meetings of the Supervisory Board

• Frequency of meetings

The Board meets at least four times per year and whenever required by the Company’s best interests or operations.

The duration of each meeting shall be sufficient to properly review all business on the agenda.

The procedures for calling a meeting and participating therein and the quorum and majority requirements are those stipulated by law and by the articles of association.

The schedule of Board meetings other than special meetings is drawn up from one year to the next.

• Attendance by persons who are not Board members

The Statutory Auditors and the Works Council representatives are invited to attend all Supervisory Board meetings.

Certain persons who are not Board members – and notably the members of the Executive Committee and the Management Committee – may be invited to attend Board meetings at the Chairman’s discretion to provide any information that members of the Board might require to reach a full understanding of matters on the agenda that are technical in nature or require a particular presentation or explanation.

• Minutes

Minutes are drawn up following each meeting and sent to all Board members, who are invited to comment. Any comments are discussed at the next Supervisory Board meeting, which approves the final text of the minutes of the previous meeting.

ARTICLE 2 - Information of Board members

Board members are entitled to receive all information required to fulfil their duties and responsibilities and may request any documents that they deem to be useful.

Before each Board meeting, members are sent in good time, with reasonable lead time and subject to confidentiality requirements, a file containing

documentation on items on the agenda requiring prior analysis and review.

Between scheduled Board meetings, members receive all important information pertaining to the Company on a regular basis and are notified of any event or change with a material impact on transactions or information previously disclosed to the Board. Board members shall send requests for additional information to the Chairman of the Board, who is responsible for assessing the usefulness of the documents requested.

Board members have a duty to request any information that they deem to be useful and essential to carry out their duties.

ARTICLE 3 - Continuing education for Board members

Each Board member may receive additional education on the special attributes of the Group, its organisation and its business lines, and in the areas of accounting, finance or corporate governance.

ARTICLE 4 - Supervisory Board assignment not covered by the articles of association

The Supervisory Board approves or rejects the acceptance of any new office in a listed company by an Executive Chairman.

C - ASSESSMENT OF THE BOARD BY ITS MEMBERS

The Board periodically – i.e. every three years – carries out assessments of its performance covering its areas of responsibility and its commitment, by using an assessment matrix proposed by the Compensation, Appointments and Governance Committee. During the other years, a review of the Board’s work is included in the agenda of a Board meeting.

As part of this process, the different areas of responsibility and commitment of the Board and its members are reviewed and assessed; and any applicable recommendations for improving performance are issued.

SECTION II – SPECIAL COMMITTEES OF THE SUPERVISORY BOARD

The Board may create special Board Committees, to which it appoints members and the chairman. These Committees act under the collective and exclusive responsibility of the Supervisory Board. Their role is to research and to prepare for certain deliberations of the Board, to which they submit their opinions, proposals or recommendations.

Two committees have been created:

- the Audit Committee (26 January 2005);
- the Compensation Committee (26 January 2005), to which the Board subsequently decided to assign new duties and responsibilities; it was renamed “Compensation and Appointments Committee” on 18 March 2009 and “Compensation, Appointments and Governance Committee” on 20 January 2010.

The rules applying to the composition, duties and responsibilities and operating procedures for each Board Committee are set out in rules of procedure proposed by the said Committee and approved by the Supervisory Board.

SECTION III – COMMON PROVISIONS

ARTICLE 1 - Compensation of Board members and directors' fees

The principles for allotting directors' fees and other compensation adopted by the Board are as follows:

- €100,000 fixed component for the Supervisory

Board Chairman's compensation, with no variable component since he is required to chair all meetings;

- €8,000 for the fixed component and €14,000 for the variable component on the basis of attendance, for each Vice-Chairman of the Board;

- €8,000 for the fixed component and €14,000 for the variable component on the basis of attendance, for the other Board members;

- €20,000 for the fixed component and no variable component for the Chairmen of the Audit Committee and the Compensation, Appointments and Governance Committee;

- €4,000 for the fixed component and €6,000 for the variable components based on meeting attendance, for the other members of the Audit Committee and of the Compensation, Appointments and Governance Committee;

- if a member is appointed during the year, the outgoing member and his successor will share the fixed component and the variable component will be allotted based on their attendance at meetings;

- members of Hermès International's Executive Committee do not receive any directors' fees;

- Supervisory Board members representing the employees do not receive any directors' fees.

The fixed and variable components are determined by the Board at its first meeting of the year following the year for which compensation and directors' fees are paid.

ARTICLE 2 - Rules governing reimbursement of accommodation and travel expenses

Supervisory Board members are reimbursed for travel (from their principal residence), accommodation and restaurant expenses incurred to attend the Supervisory Board meetings, upon presentation of substantiating documents or receipts.

The Board determines the applicable policy for the reimbursement of expenses that will have to

be inspired by the rules applicable to the Group's employees. This policy lists the eligible transportation classes and the ceilings for expenses incurred for each meeting of the Supervisory Board, of the Audit Committee and of the Compensation, Appointments and Governance Committee.

These reimbursements only pertain to meetings of the Board and of the committees, and in no way apply to the General Meetings.

APPENDIX: ARTICLES 18, 19 AND 20 OF THE ARTICLES OF INCORPORATION

18 - Supervisory Board

18.1 - The Company is governed by a Supervisory Board consisting of 3 to 15 members (not including the members representing the employees appointed pursuant to the conditions of article 18.6 below), selected from amongst shareholders who are not Active Partners, legal representatives of an Active Partner, or executive Chairmen. When appointments to the Supervisory Board come up for renewal, the number of Supervisory Board members is fixed by a decision adopted by the Active Partners by unanimous vote.

Supervisory Board members may be natural persons or legal entities.

At the time of their appointment, legal entities must designate a permanent representative who is subject to the same terms, conditions and obligations and incurs the same liabilities as if he were a Supervisory Board member in his own name, without prejudice to the joint and several liability of the legal entity he represents. The permanent representative serves for the same term of office as the legal entity he represents. If the legal entity revokes its representative's appointment, it is required to notify the Company thereof

forthwith by registered letter, and to state the identity of its new permanent representative.

This requirement also applies in the event the permanent representative should die, resign, or become incapacitated for an extended period of time.

18.2 - Supervisory Board members are appointed or reappointed by the Ordinary General Meeting of Shareholders. The Active Partners may, at any time, propose that one or more new Supervisory Board members be nominated.

The Supervisory Board is renewed in its entirety every three years, during the annual Ordinary General Meeting. Every appointment, whether occurring as a replacement for a member of the Supervisory Board or not, applies until the next renewal of the Supervisory Board.

18.3 - No person over the age of seventy-five shall be appointed to the Supervisory Board if, as a result of such appointment, more than one-third of the Board members would be over that age.

18.4 - The appointments of Supervisory Board members can be revoked by a resolution adopted by the Ordinary General Meeting only for cause, on the joint recommendation of the Active Partners, acting by unanimous consent, and the Supervisory Board.

18.5 - In the event of a vacancy or vacancies caused by the death or resignation of one or more Supervisory Board members, the Supervisory Board may appoint an interim replacement member within three months as from the effective date of the vacancy.

However, if no more than two Supervisory Board members remain in office, the member or members in office, or, in his or their absence, the executive Chairman, or in his absence, the Statutory Auditor or Auditors, shall immediately call an Ordinary General Meeting of Shareholders for the purpose of filling the vacancies to bring the number of Board members up to the required minimum.

18.6 - When the provisions of article L 225-79-2 of

the Commercial code are applicable to the Company, a natural person member representing the Group's employees must be appointed. When the Supervisory Board consists of 13 members and more (not including the employee representatives), a second natural person member representing the Group's employees must be appointed. The number of Supervisory Board members taken into account when determining the number of Supervisory Board members representing the employees is assessed on the date of the appointment of the employee representatives to the Board. Neither the Supervisory Board members elected by the employees under article L 225-27 of the Commercial code, nor the employee shareholder Supervisory Board members appointed in accordance with article L 225-23 of the Commercial code are therefore taken into account.

Like the other Supervisory Board members, the term of the Supervisory Board members representing the employees will be as indicated in article 18.2 of the present articles of association.

A reduction to twelve or fewer than twelve Supervisory Board members will have no effect on the term of all Supervisory Board members representing the employees, that will come to an end upon its normal expiry.

The Supervisory Board members representing the employees are appointed by the company's group committee. The Supervisory Board members representing the employees must, at least two years beforehand, have signed an employment contract with the company or one of its direct or indirect subsidiaries having its registered office in France or abroad. Notwithstanding the rule contained in article 18.1 of the present articles of association, the Supervisory Board members representing the Group's employees are not required to be shareholders.

18.7 - Every Supervisory Board member must comply with the Supervisory Board rules of procedure.

19 - Deliberations of the Supervisory Board

19.1 - The Supervisory Board elects a Chairman, who is a natural person, and two Vice-Chairmen, from amongst its members.

It appoints a secretary who may be but is not required to be a Supervisory Board member.

If the Chairman is absent, the older of the two Vice-Chairmen acts as Chairman.

19.2 - The Supervisory Board meets when convened by its Chairman or by the executive Management, whenever required for the Company's best interest but no less than twice per year, at the Company's registered office or at any other place specified in the notice of meeting.

Notices are served by any means providing legally valid proof in business matters, at least 7 business days before the meeting. This period of time may be shortened by unanimous consent of the Chairman or a Vice-Chairman of the Supervisory Board, the Active Partners and the executive Management.

Any member of the Supervisory Board may give a proxy to one of his colleagues to represent him at a Board meeting, by any means providing legally valid proof in business matters. Each member may hold only one proxy during a given meeting. These provisions are applicable to the permanent representative of a legal entity that is a member of the Supervisory Board.

The Supervisory Board is duly convened only if a quorum consisting of at least half of its members is present or represented.

Resolutions are adopted by a majority of the votes of members present or represented. However, the Supervisory Board must approve or reject any proposed new wording of certain clauses of the articles of association of Émile Hermès SARL by a three-quarters majority of members present or represented, in accordance with the stipulations of the article entitled "Responsibilities and Powers of the Active Partners".

Supervisory Board members who participate in the meeting by videoconferencing or telecommunications means that enable them to be identified and effectively to participate in the meeting through the use of technology providing for continuous and simultaneous transmission of discussions are deemed to be present for purposes of calculating the quorum and majority, except at Supervisory Board meetings convened for the review and verification of the Annual Report and consolidated and parent company financial statements. The Supervisory Board defines the conditions and procedures for using videoconferencing or other telecommunications means when applicable.

The Executive Management must be convened to Supervisory Board meetings and may attend such meetings, but it does not have the right to participate in the discussion and to vote.

19.3 - The deliberations of the Supervisory Board are recorded in minutes, which are entered in a special initialled register and signed by the Chairman and the secretary.

20 - Powers of the Supervisory Board

20.1 - The Supervisory Board exercises ongoing control over the Company’s management.

For this purpose, it has the same powers as the Statutory Auditors and receives the same documents as the Statutory Auditors, at the same time as the Statutory Auditors. In addition, the Executive Management must submit a detailed report to the Supervisory Board on the Company’s operations at least once a year.

20.2 - The Supervisory Board submits to the Active Partners for their consideration its considered recommendation:

- on the nomination and dismissal of any executive Chairman of the Company; and

– in case of the Executive Chairman’s resignation, on reducing the notice period.

20.3 - Each year, the Supervisory Board determines the proposed allocation of net income to be submitted to the General Meeting.

20.4 - The Supervisory Board approves or rejects any proposed new wording of certain clauses of the articles of association of Émile Hermès SARL in accordance with the stipulations of the article entitled “Responsibilities and Powers of the Active Partners”.

20.5 - The Active Partners must consult the Supervisory Board prior to taking any decisions concerning:

- strategic options;
- consolidated operating and investment budgets; and
- any proposal submitted to the General Meeting pertaining to the allocation of share premiums, reserves or retained earnings.

20.6 - Each year, the Supervisory Board presents to the Annual Ordinary General Meeting of Shareholders a report in which it comments on the Company’s management and draws attention to any inconsistencies or inaccuracies identified in the financial statements for the year.

This report, together with the Company’s balance sheet and a list of its assets and liabilities, is made available to the Shareholders and may be consulted at the Company’s registered office as from the date of the notice of the General Meeting.

The Supervisory Board may convene a General Meeting of Shareholders whenever it deems this appropriate.

The functions exercised by the Supervisory Board do not entail any interference with the Executive Management, or any liability arising from the Management’s actions or from the results of such actions.

Supervisory Board rules of procedure (version n° 2 of 25 January 2012)

PREAMBLE

The purpose of this Charter is to contribute to the quality of the work of the members of the Supervisory Board by favouring the application of the corporate governance principles and best practices mandated by ethical and efficiency considerations.

ARTICLE 1 – MANDATE AND CORPORATE INTEREST

A member of the Supervisory Board must act under all circumstances in the company's corporate interest. He must, whatever his mode of appointment, consider himself to be a representative of all the shareholders, and must also take into account the requirements of the other stakeholders.

ARTICLE 2 – COMPLIANCE WITH LAWS AND ARTICLES OF ASSOCIATION

A member of the Supervisory Board must fully understand his rights and obligations. He must in particular be familiar with and comply with the legal and regulatory provisions relating to his position, the applicable governance codes and best practices, and the rules specific to the company resulting from its articles of association and the Supervisory Board rules of procedure.

ARTICLE 3 – PREVENTION OF INSIDER TRADING – STOCK MARKET ETHICS – OBLIGATIONS TO ABSTAIN – OBLIGATION TO DECLARE

• Principles

Inside information must be used by a member of the Supervisory Board only for the fulfilment of his mandate. It must in no case be communicated to a third party outside the framework of fulfilment of the mandate as a member of the Supervisory Board, and for other purposes, or for an activity other than those on account of which it is held.

Holding inside information creates an obligation to refrain from carrying out transactions on Hermès International shares for each member of the Supervisory Board. In particular, when he holds information on the company which has not been made public, he undertakes not to use it to carry out transactions on the company's shares, or to have such transactions carried out by a third party.

Each member of the Supervisory Board thus has the duty to refrain from carrying out transactions on the securities (shares) of Hermès International on the basis of such information, or from causing or allowing others to do so, until this information is made public. Each member is personally responsible for appraising the "inside" nature of any information they hold, and for deciding accordingly whether they may or may not use or pass on this information or carry out any transaction on the company's shares or have such transactions carried out by others.

• Lists of insiders

Under the terms of article L 621-18-4 of the Monetary and Financial Code, listed companies must draw up, update and send the Financial Markets Authority a list of persons working within them who have access to inside information directly or indirectly concerning them, and of third parties who have access to such

information in the context of their professional relationships with them.

Hermès International updates this list at least twice a year.

All members of the Supervisory Board are automatically included in this list as permanent insiders and are personally informed of this by a letter which they must send back countersigned.

Members of the Supervisory Board must familiarise themselves with the explanatory document prepared, presented and updated by the legal department concerning the regulations and applicable penalties relating to holding inside information and insider training: article L 465-1 of the Monetary and Financial Code and articles 621-1 et seq. of the General Regulations of the Financial Markets Authority (AMF), a copy of which is supplied to them as soon as they are included in the list of insiders and which include in particular a reminder of the definition of inside information.

• Prudential regulations

Members of the Supervisory Board must comply with the following prudential regulations:

AS REGARDS WRITTEN DOCUMENTS

- mark all “sensitive” documents with the word “Confidential”;
- avoid over-wide dissemination (e-mail/common network);
- keep paper documents under lock and key and lock electronic documents with passwords;
- get third parties receiving inside information to sign a confidentiality commitment;

AS REGARDS ORAL EXCHANGES

- be discrete in relations with others;
- be watchful of people around them in public places.

• “Blackout” periods

In addition to the period preceding the publication of any inside information of which they have knowledge, during which members of the Supervisory Board must

refrain, in accordance with the law, from any transaction on the company’s shares, members of the Supervisory Board are advised to refrain from any transaction on shares during the “blackout periods” applicable to the company, which are detailed in a timetable drawn up and circulated each year.

• Obligation to provide information

A member of the Supervisory Board must familiarise himself with the summary notes prepared, presented and updated by the legal department concerning the regulations and applicable penalties relating to:

- the provisions in force concerning the holding of inside information and insider training: article L 465-1 of the Monetary and Financial Code and articles 621-1 et seq. of the General Regulations of the AMF;
- declarations concerning exceeding of thresholds;
- directors’ declaration obligations.

• Declarations to the AMF

In accordance with the applicable regulations, members of the Supervisory Board and persons closely associated with them, as defined by decree, must declare to the AMF any acquisitions, transfers, subscriptions or exchanges of financial instruments of the company together with any transactions carried out on instruments which are associated with them, whenever the total amount of these transactions exceeds 5,000 euros for the current calendar year.

Members of the Supervisory Board and persons closely associated with them must send their declaration to the AMF, by electronic means (declarationdirigeants@amf-france.org), within a period of five trading days following the conducting of the transaction.

The declarations are then placed on line on its website by the AMF and are the subject of an annual summary statement in the company’s management report.

ARTICLE 4 – PERFORMING OF DUTIES: GUIDING PRINCIPLES

A member of the Supervisory Board performs his duties with independence, integrity, fairness and professionalism.

ARTICLE 5 – INDEPENDENCE, COURAGE AND DUTY OF NOTIFICATION

A member of the Supervisory Board must be careful to maintain under all circumstances his independence of judgement, decision and action. He shall not be influenced by any factor that is not in keeping with the corporate interests that he is responsible for defending.

He shall alert the Supervisory Board to any information known to him which appears to him to be liable to affect the company's interests. He has a duty to express his questions and opinions clearly. He shall endeavour to convince the Supervisory Board of the appropriateness of his positions. In the event of disagreement, he shall be careful to ensure that these positions are explicitly recorded in the minutes of the proceedings.

ARTICLE 6 – INDEPENDENCE AND CONFLICT OF INTERESTS

A member of the Supervisory Board shall endeavour to avoid any possible conflict between his moral and material interests and those of the company. He shall inform the Supervisory Board of any conflict of interests in which he might be involved. In cases in which he cannot avoid being in a position of conflict of interests, he shall refrain from taking part in

the discussions and any decision on the matters concerned.

ARTICLE 7 – INTEGRITY AND FAIRNESS

A member of the Supervisory Board acts in good faith under all circumstances and does not take any initiative which could be detrimental to the company's interests.

He makes a personal commitment to maintain complete confidentiality concerning the information he receives, the discussions in which he participates and the decisions taken.

He undertakes not to use the inside information to which he has access for his personal benefit or for the benefit of any other person. In particular, when he holds information on the company which has not been made public, he undertakes not to use it to carry out transactions on the company's shares, or to have such transactions carried out by a third party.

ARTICLE 8 – PROFESSIONALISM AND COMMITMENT

A member of the Supervisory Board undertakes to devote the necessary time and attention to his duties. He shall make sure that the number and workload of his mandates as a director or as a member of the Supervisory Board leave him sufficiently available, particularly if he also performs executive duties.

He shall obtain information on the company's lines of business and specificities, together with its aims and values, including by consulting its main directors. He shall regularly and diligently take part in the meetings of the Supervisory Board and the specialised committees of which he is a member.

He shall attend the General Meetings of shareholders. He shall make efforts to obtain in due time any information that he considers necessary for him to participate in meetings of the Board in full knowledge of the facts.

He shall endeavour to update the knowledge he requires and ask the company to provide him with the training necessary for the correct fulfilment of his duties.

ARTICLE 9 – PROFESSIONALISM AND EFFECTIVENESS

A member of the Supervisory Board shall contribute to the collegiality and effectiveness of the work of the Supervisory Board and of any specialised committees constituted within it. He shall make any recommendation which he believes may improve the methods of operation of the Board, particularly at the time of its periodic evaluation. He agrees to the evaluation of his own action within the Supervisory Board.

He shall endeavour, with the other members of the

Supervisory Board, to ensure that the missions of guidance and control are accomplished effectively and without hindrance. In particular, he shall make sure that procedures are set up within the company to check that the letter and spirit of laws and regulations are adhered to. He shall make sure that the positions adopted by the Supervisory Board lead without exception to duly justified formal decisions recorded in the minutes of its meetings.

ARTICLE 10 – APPLICATION OF THE CHARTER

If a member of the Supervisory Board ceases to be in a position to perform his duties in accordance with the charter, either for reasons attributable to him or for any other reason, including reasons pertaining to the rules specific to the company, he must inform the Chairman of the Supervisory Board of this, seek solutions to remedy this situation and, if he is unable to do so, accept the resulting personal consequences regarding the fulfilment of his mandate.

Compensation, Appointments and Governance Committee rules of procedure (version n° 3, effective 28 August 2014)

PREAMBLE

These rules of procedure define the composition, missions and methods of organisation and operation of the Compensation, Appointments and Governance Committee of Hermès International, which acts under the collective and exclusive responsibility of the Supervisory Board.

Their purpose is to contribute to the quality of the work of the Compensation, Appointments and Governance Committee by favouring the application of corporate governance principles and best practices for ethical reasons and to improve efficiency.

A. COMPOSITION OF THE COMPENSATION, APPOINTMENTS AND GOVERNANCE COMMITTEE

• Chairmanship - Number of members

The Chairman of the Compensation, Appointments and Governance Committee is appointed by the Supervisory Board.

The Compensation, Appointments and Governance Committee comprises at least three members of the Supervisory Board.

• Proportion of independent members

At least half of the members of the Compensation, Appointments and Governance Committee must, at the time of their appointment and for the whole period for which they occupy this position, be qualified as independent under the Supervisory Board rules of procedure.

• Term of appointment to the Compensation, Appointments and Governance Committee

The members of the Compensation, Appointments and Governance Committee are appointed by the

Supervisory Board for the duration of their term of office as a member of the Supervisory Board or for any other period defined by the Supervisory Board. They may be reappointed indefinitely.

B. MISSIONS OF THE COMPENSATION, APPOINTMENTS AND GOVERNANCE COMMITTEE

The Compensation, Appointments and Governance Committee studies and prepares certain proceedings of the Supervisory Board and submits to the Board its opinions, proposals or recommendations.

Without prejudice to the powers of the Supervisory Board, which it does not replace, the missions of the Compensation, Appointments and Governance Committee are:

IN THE AREA OF COMPENSATION

- to be consulted and prepare the recommendations of the Executive Management Supervisory Board on the terms of remuneration of the members of the Executive Committee;
- to be consulted and prepare the recommendations of the Executive Management Supervisory Board on the procedures for possible allocation of share purchase options and free shares to the members of the Executive Committee;
- to express any proposal and any opinion on the overall amount and distribution, particularly according to the regularity of attendance of members of the Supervisory Board at meetings, of the directors' fees or other payments and benefits of members of the Supervisory Board, and its representative study committees;
- to examine draft plans for share subscription or purchase options and free allocation of shares to directors in order to enable the Supervisory Board to define the overall or individual number of options or shares

- allocated and the procedure for their allocation;
- to examine draft plans for share subscription or purchase options and free allocation of shares to employees and make proposals to the Executive Management;
 - to assist the Supervisory Board in determining the conditions and performance criteria to be applied in the allocation of share subscription or purchase options, performance shares and/or additional pensions to Executive Chairmen;
 - to make sure that the remuneration and other commitments made to the Executive Chairmen are in line with the statutory provisions and the decisions of the Active Partner;
 - to remain informed and to make recommendations to the management or supervisory bodies of the main French subsidiaries within the Hermès group, relative to executive compensation;
 - to remain informed and to make recommendations to the management or supervisory bodies of the main French subsidiaries within the Hermès group, relative to granting options to purchase shares to corporate officers;
 - to perform specific assignments entrusted to it by the management or supervisory bodies of the main French subsidiaries within the Hermès group;

IN THE AREA OF APPOINTMENTS

- to prepare the Board's proposals to the Active Partner after examining all the elements which he must take into account in his deliberation: balance to be sought in the composition of the Board in the light of the composition of and changes in the company's shareholders, search for and appraisal of possible candidates and advisability of reappointments;
- to organise a procedure to select the future independent members of the Board and carry out its own studies on potential candidates;
- to draw up a plan for replacement of the executive directors (the Executive Chairmen) so that the Board is

in a position to propose replacement solutions to the Active Partner;

IN THE AREA OF GOVERNANCE

- to propose updating of the governance rules whenever necessary;
- to periodically check that the independent members of the Supervisory Board meet the criteria of objectivity and independence defined by the Supervisory Board rules of procedure;
- to examine the composition of the specialised committees;
- to steer the annual process of evaluation of the operation of the Supervisory Board;
- to check in particular that the Supervisory Board rules of procedure and the governance recommendations of the AFEP/MEDEF consolidated code in force are properly taken into account in the operation of the company's management bodies.

C. OPERATION OF THE COMPENSATION, APPOINTMENTS AND GOVERNANCE COMMITTEE

The Compensation, Appointments and Governance Committee meets as many times as necessary and at least once a year, before the remuneration of the Executive Chairmen is defined by the Active Partner. The Compensation, Appointments and Governance Committee meets when called by its Chairman, who sets the agenda of the meeting in writing or verbally, in any place indicated in the notice of meeting. Before each meeting of the Compensation, Appointments and Governance Committee, members of the Compensation, Appointments and Governance Committee receive in due time, with reasonable prior notice and subject to confidentiality requirements, documentation concerning points of the agenda which require prior analysis and reflection.

The role of secretary of the meetings of the Compensation, Appointments and Governance Committee is performed, if he is present, by the Group Human Resources Director, or by a member of the Compensation, Appointments and Governance Committee appointed as rapporteur by the Chairman.

The proceedings are noted in minutes which are entered in a special register and signed by the Chairman or a member of the Compensation, Appointments and Governance Committee and the secretary of the meeting.

Certain persons who are not members of the Compensation, Appointments and Governance Committee – in particular the “Compensation and Benefits” Director and the Executive Management – may be invited to meetings of the Compensation, Appointments and Governance Committee.

Meetings of the Compensation, Appointments and Governance Committee are validly held when at least half of the members participate in them, it being specified that members who participate in a meeting of the Compensation, Appointments and Governance Committee by videoconferencing or telecommunication means under the conditions stipulated for meetings of the Supervisory Board are deemed to be present. Decisions of the Compensation, Appointments and Governance Committee are taken by majority vote of the members present.

D. REPORTS TO THE SUPERVISORY BOARD

The Compensation, Appointments and Governance Committee reports regularly in writing on its activities and the performance of its work to the Supervisory Board, and informs it without delay of any difficulties encountered.

The reports of the Compensation, Appointments and

Governance Committee must enable the Supervisory Board to be fully informed by the Compensation, Appointments and Governance Committee on the performing of its work.

E. INFORMATION OF THE COMPENSATION, APPOINTMENTS AND GOVERNANCE COMMITTEE

The Compensation, Appointments and Governance Committee must receive all documents necessary for the performing of its work, particularly from Hermès International employees.

In particular, the Compensation, Appointments and Governance Committee must be informed of the policy for remuneration of the main nonexecutive directors (particularly for members of the Executive Committee).

The Compensation, Appointments and Governance Committee may contact the main directors of the group as part of its remit, after the Chairman of the Supervisory Board has informed the Executive Management.

It may, if necessary, request the intervention of an external expert to carry out additional studies.

F. REMUNERATION OF THE COMPENSATION, APPOINTMENTS AND GOVERNANCE COMMITTEE

The remuneration of the members of the Compensation, Appointments and Governance Committee is defined by the Supervisory Board and deducted from the overall amount of directors’ fees.

G. SELF-ASSESSMENT OF THE COMPENSATION, APPOINTMENTS AND GOVERNANCE COMMITTEE

The Compensation, Appointments and Governance Committee periodically assess its performance, covering the points of its assignments and its commitment by means of an assessment table.

This serves as an opportunity for review and appraisal of the various points of the assignment and commitment of the Compensation, Appointments and Governance Committee and its members, and recommendations for improving its operation are made if necessary.

Audit Committee rules of procedure (version n° 1 of 24 March 2010)

PREAMBLE

These rules of procedure define the composition, missions and methods of organisation and operation of the Audit Committee of Hermès International, which acts under the collective and exclusive responsibility of the Supervisory Board.

Their purpose is to contribute to the quality of the work of the Audit Committee by favouring the application of corporate governance principles and best practices for ethical reasons and to improve efficiency.

A. COMPOSITION OF THE AUDIT COMMITTEE

• Chairmanship - Number of members

The Chairman of the Audit Committee is appointed by the Supervisory Board.

The Audit Committee comprises at least four members of the Supervisory Board.

• Proportion of independent members

At least half of the members of the Audit Committee must, at the time of their appointment and for the whole term for which they occupy this position, be qualified as independent under the Supervisory Board rules of procedure.

At least one of the members of the Audit Committee must be appointed from among the independent members of the Supervisory Board who have particular expertise in financial or accounting matters.

• Term of appointment to the Audit Committee

The members of the Audit Committee are appointed by the Supervisory Board for the duration of their term of office as a member of the Supervisory Board or for any other term defined by the Supervisory Board. They may be reappointed indefinitely.

B. MISSIONS OF THE AUDIT COMMITTEE

The Audit Committee studies and prepares certain proceedings of the Supervisory Board and submits to the Board its opinions, proposals or recommendations.

In application of article L 823-19 of the Commercial Code, and without prejudice to the powers of the Supervisory Board, which it does not replace, the missions of the Audit Committee are:

- to examine and comment on the company's consolidated corporate accounts before they are closed by the Executive Management;
- to make sure that the accounting methods adopted are appropriate and permanent;
- to check that the internal procedures for collecting and checking data guarantee the quality of the information supplied;
- to examine the work programme and the results of the internal and external audit missions;
- to carry out the specific missions entrusted to it by the Supervisory Board;
- to monitor the effectiveness of the internal control and risk management systems and of the statutory audit of the annual accounts and, if necessary, the consolidated accounts by the statutory auditors;
- to ensure compliance with the rules guaranteeing the independence and objectivity of the statutory auditors;
- to participate in the procedure for selection of the statutory auditors.

In the performance of these missions, the Audit Committee may carry out field trips to obtain complete information on the group and to appraise the overall consistency of the internal control and risk management system.

C. OPERATION OF THE AUDIT COMMITTEE

The Audit Committee meets as many times as necessary and at least twice a year, before the annual accounts are closed by the Executive Management and before the half-yearly accounts are examined by the Supervisory Board.

The Audit Committee meets when convened by its Chairman, who sets the agenda of the meeting in writing or verbally, in any place indicated in the notice of meeting.

Before each meeting of the Audit Committee, members of the Audit Committee receive in due time, with reasonable prior notice and subject to confidentiality requirements, documentation concerning points of the agenda which require prior analysis and reflection. The role of secretary of the meetings of the Audit Committee is performed, if he is present, by the Audit and Risk Director, or if not by a member of the Audit Committee appointed as rapporteur by the Chairman. The proceedings are noted in minutes which are entered in a special register and signed by the Chairman of the Audit Committee and the secretary of the meeting.

Certain persons who are not members of the Audit Committee – particularly the statutory auditors, the Audit and Risk Director, the Financial Director and the Executive Management – may be invited to meetings of the Audit Committee.

Meetings of the Audit Committee are validly held when at least half of the members participate in them, it being specified that members who participate in a meeting of the Audit Committee by videoconferencing or telecommunication means under the conditions stipulated for meetings of the Supervisory Board are deemed to be present.

Decisions of the Audit Committee are taken by majority vote of the members present.

D. REPORTS TO THE SUPERVISORY BOARD

The Audit Committee reports regularly in writing on its activities and the performance of its work to the Supervisory Board, and informs it without delay of any difficulties encountered.

The reports of the Audit Committee must enable the Supervisory Board to be fully informed by the Audit Committee on the performing of its work.

E. INFORMATION OF THE AUDIT COMMITTEE

The Audit Committee must receive all documents necessary for the performing of its work, particularly from Hermès International employees and the statutory auditors. In particular, it must receive a periodic summary of the work of the Audit and Risk Division. At the time of examination of the accounts by the Audit Committee, this examination must be prepared and accompanied by a presentation by the statutory auditors underlining the essential points not only of the results but also of the chosen accounting options, together with a presentation by the Financial Director describing the company's exposure to risks and its significant off-balance sheet commitments.

The Audit Committee examines the Group's budgets in a final summary before presentation to the Supervisory Board in order to understand and validate the strategy underlying them.

The Audit Committee may contact the main directors of the group as part of its remit, after the Chairman of the Supervisory Board has informed the Executive Management.

It may, if necessary, request the intervention of an external expert to carry out additional studies.

**F. REMUNERATION
OF THE AUDIT COMMITTEE**

The remuneration of the members of the Audit Committee is defined by the Supervisory Board and deducted from the overall amount of directors' fees.

**G. SELF-ASSESSMENT
OF AUDIT COMMITTEE**

The Audit Committee periodically assess its performance, covering the points of its assignments and its commitment by means of an assessment table.

This serves as an opportunity for review and appraisal of the various points of the assignment and commitment of the Audit Committee and its members, and recommendations for improving its operation are made if necessary.

Corporate Governance

The corporate governance principles established by the Company are described in the Report from the Chairman of the Supervisory Board, on pages 16 to 35.

COMPOSITION AND OPERATION OF THE ADMINISTRATIVE, EXECUTIVE AND SUPERVISORY BODIES

The composition of the management bodies appears in volume 1, pages 11 to 13 of the Annual Report. Their operation is described on pages 8 to 11.

Changes during financial year 2014 and early 2015

The General meeting on 3 June 2014:

- appointed Mrs. Monique Cohen as a new Supervisory Board member as replacement for Mr. Maurice de Kervénoaël for a period of 3 years, expiring at the end of the Annual ordinary general meeting called in order to approve the financial statements of the financial year ending on 31 December 2016;
- renewed the terms as Supervisory Board members of Mr. Éric de Seynes and Mr. Renaud Momméja, for a period of 3 years expiring at the end of the Annual Ordinary General Meeting called in order to approve

the financial statements of the financial year ending on 31 December 2016.

The Supervisory Board meeting on 3 June 2014 appointed Mrs. Monique Cohen as Deputy Chairwoman of the Supervisory Board and as chairwoman of the Compensation, appointments and governance committee, as replacement for Mr. Maurice de Kervénoaël, for the duration of his term as a Supervisory Board member.

After having received a favourable opinion from the Supervisory Board members, the Active Partner of Hermès International appointed – as of 5 June 2013 – Mr. Axel Dumas as Executive Chairman of Hermès International alongside Mr. Patrick Thomas, and of Émile Hermès SARL for an unspecified duration. This triple Executive Management has been set up as a temporary measure in order to prepare the succession of Mr. Patrick Thomas.

During its meeting on 29 August 2013, the Supervisory Board took note of the resignation of Mr. Patrick Thomas from his position as Executive Chairman, as of 31 January 2014. On 31 January 2014, the Executive Management took note of the end of the term as Executive Chairman of Mr. Patrick Thomas.

During its meeting on 5 September 2014, the Supervisory Board took note of the resignation of Mr. Nicolas Puech from his position as Supervisory Board member as of 8 August 2014.

Summary table of the changes occurring in the composition of the Supervisory board during 2014

	Departures	Appointments	Renewals
Changes that have occurred	Mr. Maurice de Kervénoaël, whose term of office expired (03/06/2014) Mr. Nicolas Puech, resignation (08/08/2014).	Mrs. Monique Cohen (03/06/2014) Mr. Denis Marmonier, representing the employees (19/11/2014).	Mr. Éric de Seynes Mr. Renaud Momméja
Modifications involving a diversification (in terms of feminization or international experience) or governance-related change	Since 03/06/2014, no one has been a member of the Supervisory board for more than 12 years.	The proportion of women in the composition of the Supervisory Board increased from 27.27% to 36.36% on 03/06/2014, and then to 40.00% on 08/08/2014.	–

On 19 November 2014, the Supervisory Board took note of the group committee's appointment Mr. Denis Marmonier as a member of the Supervisory Board representing the employees for a term of office of three years, ending on 19 November 2017.

INFORMATION ON CORPORATE EXECUTIVE OFFICERS AND SUPERVISORY BOARD MEMBERS

The Executive Chairmen, Active Partner and Supervisory Board members are domiciled at the Company's registered office.

Summary information on corporate executive officers (term of office, years of office and age)

Name	Date of birth (dd/mm/yy)	Age in 2015	Office	Date first appointed	Term of office/ Expiry date	Years in office in 2015
Axel Dumas	03/07/1970	45 years	Co-Executive Chairman	05/06/2013	Open-ended	2 years
Émile Hermès SARL	–	–	Co-Executive Chairman	01/04/2006 (and from 1990 to 1994)	Open-ended	8 years
Éric de Seynes	09/06/1960	55 years	Chairman of the Supervisory Board	03/03/2011	2017 GM	4 years
			Supervisory Board Member	07/06/2010 (and from 2005 to 2008)	2017 GM	5 years
Charles-Éric Bauer	09/01/1964	51 years	Supervisory Board Member	03/06/2008	2016 GM	7 years
			Audit Committee member	26/01/2005	2016 GM	10 years
Monique Cohen	28/01/1956	59 years	Vice-Chairwoman of the Supervisory Board	03/06/2014	2017 GM	1 year
			Supervisory Board Member	03/06/2014	2017 GM	1 year
			Audit Committee Chairwoman	03/06/2014	2017 GM	1 year
Matthieu Dumas	06/12/1972	43 years	Supervisory Board Member	03/06/2008	2015 GM	7 years
			Member of the Compensation, Appointments and Governance Committee	03/06/2008	2015 GM	7 years
Blaise Guerrand	04/06/1983	32 years	Supervisory Board Member	29/05/2012	2015 GM	3 years
Julie Guerrand	26/02/1975	40 years	Supervisory Board Member	02/06/2005	2016 GM	10 years
Denis Marmonier	01/09/1957	58 years	Member of the Supervisory Board representing the employees	19/11/2014	19/11/2017	1 year
Renaud Momméja	20/03/1962	53 years	Supervisory Board Member	02/06/2005	2017 GM	10 years
			Audit Committee member	03/06/2008	2017 GM	7 years
Robert Peugeot	25/04/1950	65 years	Supervisory Board Member	24/01/2007	2015 GM	8 years
			Member of the Compensation, Appointments and Governance Committee	03/06/2008	2015 GM	7 years
			Audit Committee member	03/06/2008	2015 GM	7 years
Dominique Senequier	21/08/1953	62 years	Vice-Chairwoman of the Supervisory Board	04/06/2013	2016 GM	2 years
			Supervisory Board Member	04/06/2013	2016 GM	2 years
			Chairwoman of the Compensation, appointments and governance committee	04/06/2013	2016 GM	2 years
Florence Woerth	16/08/1956	59 years	Supervisory Board Member	07/06/2010	2016 GM	5 years
			Audit Committee member	07/06/2010	2016 GM	5 years

GM: general meeting.

Executive chairmen

AXEL DUMAS

A direct descendant of Mr Émile-Maurice Hermès, Axel Dumas joined the Hermès group in 2003. He served as sales director in France and directed the Jewellery division from 2006 to 2008, then the Leather goods and saddlery division from 2008 to 2011. He was appointed as managing director of operations in 2011, before being appointed as Executive Chairman of Hermès International as of 5 June 2013, for an unspecified duration.

Date of appointment as Executive Chairman

5 June 2013

Term of office expires

Open-ended

Age in 2015

45 years

Nationality

French

Shares held in Hermès International

Legal owner of 6,358 shares as at 31 December 2014

Address

Hermès International
 24, rue du Faubourg-Saint-Honoré
 75008 Paris

EXECUTIVE CHAIRMAN OF HERMÈS INTERNATIONAL

Expertise and additional professional experience

Axel Dumas is a graduate of the Institut d'études politiques de Paris and of Harvard Business School (AMP 179). He also has a bachelor's degree in philosophy and of a master's degree in business law. He began his career at BNP Paribas, in China from 1995 to 1997, and then in the United States from 1999 to 2003.

Offices and positions held during 2014

Company name		Country	Office
Hermès International	H ♦	France	Executive Chairman
Ateliers A.S.	H C	France	Permanent Representative of Hermès International, board member
Boissy Mexico	H	Mexico	Acting Director
Castille Investissements	H	France	Permanent Representative of Hermès International, Chairman
Compagnie Hermès de participations	H	France	Permanent Representative of Hermès International, Chairman
Comptoir Nouveau de la Parfumerie	H C	France	Permanent Representative of Hermès International, board member
Créations Métaphores	H	France	Permanent Representative of Hermès International, Member of the Management Board
Faubourg Middle East	H	United Arab Emirates	Director
Grafton Immobilier	H	France	Chairman
Herlee	H	Hong Kong	Chairman and Director
Hermès Asia Pacific	H	Hong Kong	Director
Hermès Australia	H	Australia	Chairman of the Board and Director
Hermès Benelux Nordics	H	Belgium	Director
Hermès Canada	H	Canada	Chairman and Director
Hermès China	H	China	Chairman of the Board and Director
Hermès China Trading	H	China	Chairman of the Board and Director
Hermès de Paris (Mexico)	H	Mexico	Acting Director
Hermès do Brasil	H	Brazil	Consultative Board member
Hermès GB	H	Great Britain	Chairman and Director
Hermès Grèce	H	Greece	Director
Hermès Horizons	H	France	Chairman
Hermès Iberica	H	Spain	Director
Hermès Immobilier Genève	H	Switzerland	Director
Hermès India	H	India	Director
Hermès Italie	H	France	Chairman of the Board and Director
Hermès Japon	H	Japan	Director
Hermès Korea	H	South Korea	Director
Hermès Latin America	H	United States	Director
Hermès Monte-Carlo	H	Principality of Monaco	Permanent representative of Hermès International, vice-chairman, permanent representative of Hermès International, board member and permanent representative of Hermès Sellier, board member
Hermès of Hawaii	H	United States	Chairman and Director
Hermès of Paris	H	United States	Chairman and Director
Hermès Prague	H	Czech Republic	Supervisory Board member (until 28/12/2014)
Hermès Retail (Malaysia)	H	Malaysia	Chairman and Director

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

AXEL DUMAS (CONTINUED)

Company name		Country	Office
Hermès Sellier	H	France	Chairman, Managing Director - Hermès Leather goods and Saddlery division, Managing Director - Hermès Commercial division, Managing Director - Hermès Silk & Textiles division, Managing Director - Hermès Travel Retail division, Managing Director - Hermès Jewellery division, Managing Director of Hermès Homme division and Managing Director Hermès Services Group division
Immauger	H	France	Permanent Representative of Hermès International, Executive Chairman
Immobilière du 5 rue de Furstemberg	H	France	Permanent Representative of Hermès International, Chairman
Isamyol 25 (now Immobilière de la Maroquinerie de Montbéliard)	H	France	Permanent Representative of Hermès International, Chairman (until 20/10/2014)
Isamyol 26	H	France	Permanent Representative of Hermès International, Chairman
Isamyol 27	H	France	Permanent Representative of Hermès International, Chairman
Isamyol 28	H	France	Permanent Representative of Hermès International, Chairman
Isamyol 29	H	France	Permanent Representative of Hermès International, Chairman
La Montre Hermès	H	Switzerland	Director
Motsch-George V	H	France	Permanent Representative of Hermès International, Chairman
SCI Auger Hoche	H	France	Permanent Representative of Hermès International, Executive Chairman
SCI Boissy les Mûriers	H	France	Permanent Representative of Hermès International, Executive Chairman
SCI Boissy Nontron	H	France	Permanent Representative of Hermès International, Executive Chairman
SCI Edouard VII	H	France	Permanent Representative of Hermès International, Executive Chairman
SCI Honossy	H	France	Permanent Representative of Hermès International, Executive Chairman
SCI Les Capucines	H	France	Permanent Representative of Hermès International, co-Executive Chairman
Axam 2		France	Executive Chairman
Maia		France	Executive Chairman
Mathel		France	Executive Chairman
H51		France	Director

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2014

Member of the Management Board of Hermès Sellier (France) and managing director - Hermès Distribution Europe division of Hermès Sellier (France), Executive Chairman of AXAM (France) and Member of the Management Board of Hermès Rus (Russia).

ÉMILE HERMÈS SARL, REPRESENTED BY ITS EXECUTIVE CHAIRMAN, HENRI-LOUIS BAUER

Émile Hermès SARL has been Active Partner of Hermès International since 27 December 1990. Émile Hermès SARL was appointed Executive Chairman on that date and held that office until 31 December 1994. On 1 April 2006, it was again appointed as Executive Chairman of Hermès International for an open-ended term. It does not currently serve nor has it served as a corporate officer for any other company.

Date of appointment as Executive Chairman

1 April 2006

Term of office expires

Open-ended

Shares held in Hermès International

Legal owner of 2 shares as at 31 December 2014

Address

Hermès International
24, rue du Faubourg-Saint-Honoré
75008 Paris

ACTIVE PARTNER AND EXECUTIVE CHAIRMAN OF HERMÈS INTERNATIONAL

Expertise and additional professional experience

Émile Hermès SARL is a limited company with variable capital under French law. Its partners are the direct descendants of Émile-Maurice Hermès and his spouse. Émile Hermès SARL's Executive Chairman is Mr. Henri-Louis Bauer (appointment effective as of 1 July 2012), a direct descendant of Mr. Émile-Maurice Hermès, and it has a Management board. Émile Hermès SARL's main purpose is to be the Active Partner of Hermès International. The Company's modus operandi is described on pages 11 and 13.

ÉMILE HERMÈS SARL

Offices and positions held during 2014

Company name	Country	Office
Hermès International	H ♦ France	Active partner and Executive Chairman

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2014

None.

HENRI-LOUIS BAUER

Offices and positions held during 2014

Company name	Country	Office
Émile Hermès SARL	France	Executive Manager and Chairman of the Management Board
Aucleris	France	Executive Chairman
Aucleris 2	France	Executive Chairman
Fondation d'entreprise Hermès	France	Director
H2	France	Director
Sabarots	France	Executive Chairman
Samain B2	France	Executive Chairman

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2014

Executive Committee Member de Pollux et Consorts (until 2011) and chairman of Pollux et Consorts (until 2009).

Active Partner

ÉMILE HERMÈS SARL

(Refer to the paragraph above concerning Executive Managers.)

Supervisory Board

No service contract exists between the Supervisory Board members and the company or any of its subsidiaries that would result benefits being granted pursuant to such a contract.

ÉRIC DE SEYNES

Éric de Seynes is a direct descendant of Mr. Émile-Maurice Hermès. He has been a member of the Supervisory Board since 7 June 2010. He previously held this office from 2005 until 2008. He also served as Audit Committee member from 2005 to 2008 and as member of the Management Board of Émile Hermès from 2008 to 2010. He was appointed Chairman of the Supervisory Board on 3 March 2011.

Date of appointment to the Board

7 June 2010

Term of office expires

2017 GM

Age in 2015

55 years

Nationality

French

Shares held in Hermès International

Legal owner of 203 shares as at 31 December 2014, at least 200 of which are registered

Address

Hermès International
24, rue du Faubourg-Saint-Honoré
75008 Paris

CHAIRMAN AND MEMBER OF THE SUPERVISORY BOARD OF HERMÈS INTERNATIONAL

Expertise and additional professional experience

Éric de Seynes is a graduate of Ecole Supérieure Libre des Sciences Commerciales Appliquées (ESLSCA) with a specialisation in marketing. Until 2014, he successively served as: marketing manager for Mobil Oil Française, director of sponsoring for Seita, marketing director for Sonauto-Yamaha, director of marketing and sales for Yamaha Motor France, Chairman of Groupe Option and chief executive officer of Yamaha Motor France. Since 2014, he has served as Operational Director (COO) of Yamaha Motor Europe NV, while also being chairman of Yamaha Motor France, member of the Global Executive Committee of Yamaha Motor Corporation Japan and chairman of the Chambre syndicale internationale de l'automobile et du motocycle.

Offices and positions held during 2014

Company name	Country	Office
Hermès International	H ♦ France	Chairman and Member of Supervisory Board
Brame et Lorenceau	C France	Director
Groupe Option SAS	France	Chairman
H51	France	Director
Hermès Sellier	H France	Member of the Management Board
Les Producteurs	C France	Director
Naturéo Finance SAS	France	Member of the Management Board
Sféric SAS	France	Chairman
Yamaha Motor France	C France	Director and Chief Executive officer
Yamaha Motor Turkey	Turkey	Director
MBK	France	Director
Motori Minarelli	Italy	Director

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2014

Member of Management Board of Émile Hermès SARL (France), Supervisory board and Audit committee member of Hermès International (France).

MONIQUE COHEN

Not related to the Hermès family and an independent director based on the criteria applied by the Company.

Date of appointment to the Board

3 June 2014

Term of office expires

2017 GM

Age in 2015

59 years

Nationality

French

Shares held in Hermès International

250

Address

Hermès International
24, rue du Faubourg-Saint-Honoré
75008 Paris

VICE-CHAIRWOMAN AND MEMBER OF THE SUPERVISORY BOARD CHAIRWOMAN OF THE HERMÈS INTERNATIONAL AUDIT COMMITTEE

Expertise and additional professional experience

Monique Cohen is a graduate of the Polytechnic Institute (X76), with a Masters degree in mathematics and a degree in business law.

She began her career in 1979 at Paribas as a senior banker then as the world-wide manager for equity-related business lines. Starting in 2000, she served as associate director in charge of investments in the sector of services for companies, financial and health services at Apax Partners.

She is also the Chief Operating Officer of Altamir Gérance.

Monique Cohen is a director of the Safran group and Supervisory Board member of JCDecaux.

She was also co-opted to join the board of directors of BNP Paribas on 12 February 2014. The ratification of her appointment will be proposed to the meeting held on 14 May 2014.

Until September 2014, she was a member of the panel of the Financial Markets Authority. Since then, she has been a member of the European Commission group of experts on venture capital and risk capital.

Offices and positions held during 2014

Company name	Country	Office
Hermès International	H ♦ France	Vice-Chairwoman and a member of the Supervisory Board, Chairwoman of the Audit Committee
Altamir Gérance	France	Chief operating officer
Altitude	France	Director
Altran Technologies	♦ France	Director (term ended on 12/03/2014)
Apax Partners & Cie Gérance	France	Chief operating officer
Apax Partners MidMarket	France	Director
BNP Paribas	♦ France	Director
Buy Way Personal Finance Belgium	Belgium	Director (term ended on 03/04/2014)
Buy Way Tech	Belgium	Director (term ended on 03/04/2014)
Financière MidMarket	France	Director (term ended on 12/12/2014)
Global Project	France	Supervisory committee member
JCDecaux	♦ C France	Supervisory Board Member
Proxima Investissement	Luxembourg	Director and Chairwoman of the Board of Directors
Safran	♦ C France	Director
SC Fabadari	France	Assistant manager
Société de Financement Local (SFIL)	France	Director (term ended on 04/06/2014)
Trocadéro Participations	France	Chairwoman and Supervisory Board member
Trocadéro Participations II	France	Chairwoman
Wallet	Belgium	Chairwoman of the Board of Directors and director (until 03/04/2014)
Wallet Investment I	Belgium	Chairwoman of the Board of Directors and director (until 03/04/2014)
Wallet Investment II	Belgium	Chairwoman of the Board of Directors and director (until 03/04/2014)

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

MONIQUE COHEN (CONTINUED)

Other offices and positions held during the previous four years and ending before 1 January 2014

Executive Chairwoman of SC Equa, Director of Finalliance, member of the Supervisory board of Financière Famax, Director of Equalliance, Chairwoman of Financière Duchesse I, Director of B Capital, Director of Global Project, Chairwoman of Trocadéro Participations, Chairwoman and Supervisory board member of Texavenir II, manager of Santamedia Group Holding.

DOMINIQUE SENEQUIER

Not related to the Hermès family and an independent director based on the criteria applied by the Company.

Date of appointment to the Board

4 June 2013

Term of office expires

2016 GM

Age in 2015

62 years

Nationality

French

Shares held in Hermès International

Legal owner of 200 shares as at 31 December 2014, all of which are registered

Address

Hermès International
24, rue du Faubourg-Saint-Honoré
75008 Paris

VICE-CHAIRWOMAN AND MEMBER OF SUPERVISORY BOARD,
CHAIRWOMAN OF THE COMPENSATION, APPOINTMENTS AND GOVERNANCE
COMMITTEE OF HERMÈS INTERNATIONAL

Expertise and additional professional experience

Dominique Senequier is a graduate of the Ecole polytechnique (X72) and also holds a DEA (postgraduate qualification) in “Finance Bank Currency” from the Sorbonne University. At GAN, where she began her career, she created and developed the GAN Participations subsidiary from 1987 to 1995, after having served as group acquisitions manager and having spent five years as a member of the insurance control body. In 1996, she joined the AXA Group and set up AXA Private Equity. In 2013, she founded the company Ardian Holding, of which she is currently the chairwoman.

Offices and positions held during 2014

Company name	Country	Office
Hermès International	H ♦ France	Vice-Chairwoman and Member of Supervisory Board, chairwoman of the Compensation, Appointments and Governance Committee member
ARDIAN France SA	C France	Chairwoman of the Board (until 08/04/2014) Chairwoman of the Supervisory Board (since 08/04/2014)
ARDIAN SA	C France	Chairwoman of the Board (until 24/06/2014)
ARDIAN Germany GmbH	Germany	Chairwoman of the Supervisory Board
ARDIAN Investment Singapore Pte Ltd	Singapore	Member of the Board of directors
ARDIAN Investment Switzerland AG	Switzerland	Chairwoman of the Board of Directors
ARDIAN Investment Switzerland Holding AG	Switzerland	Chairwoman of the Board of Directors
ARDIAN Investment UK Ltd	United Kingdom	Member of the Board of directors, member of the ASF V, AESF V and ASF VI committees
ARDIAN Italy Srl	Italy	Chairwoman of the Supervisory Board (until 02/06/2014)
ARDIAN US LLC	United States	Chairwoman of the Supervisory Board, member of the investment committees ASF III-2, AESF III-2 and AESF IV
ARDIAN Beijing Consulting Limited Company (formerly called AXA Beijing Consulting Limited Company)	China	Member of the Board of directors
AXA Infrastructure Investissement SAS	France	Chairwoman, member of the Management Board and Coordination Committee (until 27/05/2014)
Compagnie Industriale Reunite SpA	♦ Italy	Member of the Board of directors (until 30/06/2014)
Escouf Properties Corp.	United States	Chairwoman
Fondation Valentin Haüy	France	Member of the Board of directors
SCI 30 rue Jacob SCI	France	Chairwoman
SENEQ SA	Belgium	Director
SENUM SAS	France	Chairwoman
Théâtre des Champs-Élysées SA	C France	Director

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

DOMINIQUE SENEQUIER
(CONTINUED)

**Other offices and positions held during the previous four years
and ending before 1 January 2014**

Chairwoman of ARDIAN Holding, formerly called Holding PE (France), member of the United Nations Investment committee (United States), Chairwoman of the Supervisory Board of AXA Private Equity Eastern Europe GmbH (Austria), observer on the Board of directors of the Bourbon group (France), member of the Supervisory board and observer on the Supervisory board of Schneider Electric SA (France), manager of Vendôme GSG (France), Chairwoman, member of the Management board and of the Investment committee of Matignon Développement 1 (France), Chairwoman, member of the Management board and of the Investment committee of Matignon Développement 2 (France), Chairwoman, member of the Management board and of the Investment committee of Matignon Développement 3 (France), Chairwoman, member of the Management board and of the Investment committee of Matignon Développement 4 (France), Chairwoman of the Board of directors of AXA Private Equity Switzerland Finance AG (Switzerland), observer on the Board of directors of Nakama (France), Chairwoman of Pikanter 9 (France), Chairwoman of Pikanter 10 (France), member of the Board of directors and of the Audit committee of Hewlett-Packard Company (United States).

CHARLES-ÉRIC BAUER

MEMBER OF THE SUPERVISORY BOARD AND OF THE AUDIT COMMITTEE OF HERMÈS INTERNATIONAL

A direct descendant of Mr Émile-Maurice Hermès, Charles-Eric Bauer has been a member of the Supervisory Board since 3 June 2008. Mr. Bauer has also served as member of the Audit Committee since its inception on 26 January 2005.

Date of appointment to the Board

3 June 2008

Term of office expires

2016 GM

Age in 2015

51 years

Nationality

French

Shares held in Hermès International

Legal owner of 73,648 shares as at 31 December 2014, at least 200 of which are registered

Address

Hermès International
 24, rue du Faubourg-Saint-Honoré
 75008 Paris

Expertise and additional professional experience

Charles-Eric Bauer holds a degree in technical analysis from Institut des Techniques de Marchés. He is also a graduate of Ecole d'Administration et Direction des Affaires (EAD) business school, option: finance. He served as Co-Managing Director of the Company and Head of Mutual Fund Management at CaixaGestion from 2000 to 2005, and as Director, Corporate and Institutional Clients, CaixaBank France, from 2005 to 2007. Since March 2007, he has been Associate Director of Hem-Fi Conseil, a consulting firm active in the allocation and selection of financial assets.

Offices and positions held during 2014

Company name	Country	Office
Hermès International	H ♦ France	Supervisory Board and Audit Committee member
H51	France	Director
Almareen	France	Executive Chairman
Sabarots	France	Executive Chairman
Yundal	France	Executive Chairman
Samain B2	France	Executive Chairman
Hem-Fi Conseil	France	Associate Director
Zumsee	France	Executive Chairman
Almareen 2	France	Executive Chairman

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2014

Executive Committee Member of Pollux et Consorts (until 2013).

MATTHIEU DUMAS

A direct descendant of Mr. Émile-Maurice Hermès, Matthieu Dumas has been a member of the Supervisory Board and of the Compensation, Appointments and Governance Committee since 3 June 2008.

Date of appointment to the Board

3 June 2008

Term of office expires

2015 GM

Age in 2015

43 years

Nationality

French

Shares held in Hermès International

Legal owner of 213 shares as at 31 December 2014, at least 200 of which are registered

Address

Hermès International
24, rue du Faubourg-Saint-Honoré
75008 Paris

MEMBER OF THE SUPERVISORY BOARD AND OF THE COMPENSATION, APPOINTMENTS AND GOVERNANCE COMMITTEE OF HERMÈS INTERNATIONAL

Expertise and additional professional experience

Matthieu Dumas holds a Master of Law degree from Université Paris II-Assas and a Master of Management degree majoring in strategic marketing, development and corporate communication from the Institut Supérieur de Gestion. From 2001 to 2003, he served as Head of Promotion and Partnerships at Cuisine TV (Canal+ Group), then as Marketing and Business Development Director from 2003 to 2006. In 2008, he served as Head of Brands at 13^e Rue, NBC Universal Group, then as Deputy Managing Director for all PureScreens brands in 2010, then marketing and communication director for the Discovery Channel in France in 2011.

Offices and positions held during 2014

Company name	Country	Office
Hermès International	H ♦ France	Member of the Supervisory Board and of the Compensation, Appointments and Governance Committee
Comptoir Nouveau de la Parfumerie	H C France	Director
Eaque	France	Executive Chairman
L.D.M.D.	France	Executive Chairman
ASOPE	France	Executive Chairman
AXAM 2	France	Executive Chairman
MATHEL	France	Executive Chairman
H2	France	Director

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2014

Marketing and Business Development Director at Cuisine TV, Canal + Group (France), Head of Brands at 13^e Rue, NBC Universal Group (France), Deputy Managing Director at PureScreens, manager of AXAM (France), Marketing and Communication Director of Discovery Networks (France).

BLAISE GUERRAND

Blaise Guerrand is a direct descendent of Mr. Émile-Maurice Hermès. He has been a Supervisory Board member since 29 May 2012.

Date of appointment to the Board

29 May 2012

Term of office expires

2015 GM

Age in 2015

32 years

Nationality

French

Shares held in Hermès International

Legal owner of 200 shares as at 31 December 2014, all of which are registered.

Address

Hermès International
24, rue du Faubourg-Saint-Honoré
75008 Paris

SUPERVISORY BOARD MEMBER OF HERMÈS INTERNATIONAL

Expertise and additional professional experience

Blaise Guerrand is a graduate of HEC Paris. He began his career as an analyst within the Equity capital markets department of the NM Rothschild & Sons bank in London, between 2005 and 2006. From 2007 to 2010, he was an Associate and then director of equity interests for the Indian subsidiary of Ashmore Investment Management, one of the worldwide leaders in investments in emerging countries, with more than \$75 billion under management and listed on the London Stock Exchange. Since 2011, he has been the asset management director of Avest Capital, based in London and Bombay. Since 2007, he has also been the Director of the ACCESS Health International foundation that, in partnership with the Rockefeller Foundation, works to improve access to healthcare for the underprivileged classes in certain developing countries.

Offices and positions held during 2014

Company name	Country	Office
Hermès International	H ♦ France	Supervisory Board Member
Hermès Sellier	H France	Member of the Management Board
SCI Sèvres SCIFAH	France	Executive Chairman
Jakyval	Luxembourg	Director
ACCESS Health International	United States	Director
Avest Capital	Mauritius	Asset management director

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2014

Director of equity interests of Ashmore Investment Advisors India (India), Vice-Chairman for development for Haseltine Global Health (USA) and Director of Dravor (United Kingdom).

JULIE GUERRAND

Julie Guerrand is a direct descendant of Mr Émile-Maurice Hermès. She has been a member of the Supervisory Board since 2 June 2005. She also served as member of the Audit Committee from its inception on 26 January 2005 until 2 March 2011, when she withdrew from the Audit Committee to take on the new position she now holds as a salaried employee of the Company.

Date of appointment to the Board

2 June 2005

Term of office expires

2016 GM

Age in 2015

40 years

Nationality

French

Shares held in Hermès International

Legal owner of 4,805 shares as at 31 December 2014, at least 200 of which are registered

Address

Hermès International
24, rue du Faubourg-Saint-Honoré
75008 Paris

MEMBER OF THE SUPERVISORY BOARD OF HERMÈS INTERNATIONAL

Expertise and additional professional experience

Julie Guerrand holds a DEUG advanced degree in applied mathematics and the social sciences and a Master of Economics and Industrial Strategy from université Paris IX-Dauphine. From 1998 until 2006, she served in the Financial Affairs Department (mergers and acquisitions counsel) at the Rothschild & Cie investment bank. From 2007 until 2011, she was Director of Equity Investments at Paris Orléans, a holding company listed on Euronext and controlled by the Rothschild family. She returned to the group in March 2011 as Director of Corporate Development of Hermès International; since October 2014, she had been the Deputy Managing Director – finance and organisation of the Hermès Cuir Précieux division. She is a company director (ASC France) that has been certified by IFA and Sciences-Po since 2014.

Offices and positions held during 2014

Company name	Country	Office
Hermès International	H ♦ France	Supervisory Board Member Director of Corporate Development
Hermès Cuir Précieux	H France	Member of the Management Board
28-30-32 Faubourg Saint-Honoré	France	Director
Antonino	France	Executive Chairwoman
H51	France	Chairwoman
Jakyval	Luxembourg	Director
Jerocar	France	Executive Chairwoman
La Mazarine-SCIFAH	France	Executive Chairwoman
SCI Apremont	France	Executive Chairwoman
SCI Briand Villiers I	France	Executive Chairwoman
SCI Briand Villiers II	France	Executive Chairwoman
SCI 8 Drouot	France	Executive Chairwoman
Société Immobilière du Faubourg Saint-Honoré «SIFAH»	France	Executive Chairwoman
Société Immobilière du Dragon	France	Executive Chairwoman
Val d'Isère Carojero	France	Executive Chairwoman

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2014

Director of Equity Investments at Paris Orléans (France) and member of the Audit Committee of Hermès International (France).

DENIS MARMONIER

Not related to the Hermès family.

Date of appointment to the Board

19 November 2014

Term of office expires

19 November 2017

Age in 2015

58 years

Nationality

French

Shares held in Hermès International

Legal owner of 55 shares as at 31 December 2014

Address

Hermès International
24, rue du Faubourg-Saint-Honoré
75008 Paris

MEMBER OF THE SUPERVISORY BOARD REPRESENTING THE EMPLOYEES

Expertise and additional professional experience

On 13 November 2014, the Group committee elected Denis Marmonier as Supervisory Board Member representing the employees as of 19 November 2014.

He joined the staff at Siegl on 1 June 1977 (Hermès Group company since 2002), after having received qualifications in the mechanical construction (F1 secondary school diploma).

He began his career in the kitchen workshop (preparation of colours before printing), and then as a colour cutter, prior to being assigned as the gateway manager within the same workshop.

He is now the reference trainer within his workshop, and is recognised for his expertise.

Before being appointed as a Supervisory board member, he previously served 4 terms as personnel representative: elected official on the Works council, trade union delegate and trade union representative to the CHSCT within Siegl, as well as trade union representative on the Group committee.

Offices and positions held during 2014

Company name	Country	Office
Hermès International	H ♦ France	Member of the Supervisory Board representing the employees
Siegl	H France	Gateway manager

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2014

None.

RENAUD MOMMÉJA

A direct descendant of Mr. Émile-Maurice Hermès, Renaud Momméja has been a member of the Supervisory Board since 2 June 2005. He has also served as Audit Committee member since 3 June 2008.

Date of appointment to the Board

2 June 2005

Term of office expires

2017 GM

Age in 2015

53 years

Nationality

French

Shares held in Hermès International

Legal owner of 120,314 shares as at 31 December 2014, at least 200 of which are registered

Address

Hermès International
24, rue du Faubourg-Saint-Honoré
75008 Paris

MEMBER OF THE SUPERVISORY BOARD AND OF THE AUDIT COMMITTEE OF HERMÈS INTERNATIONAL

Expertise and additional professional experience

He is a graduate of Ecole Supérieure Libre des Sciences Commerciales Appliquées (ESLSCA). Since 2004, he has been the Executive Chairman of SARL Tolazi, rental management, a corporate organisation and strategy consulting firm. Since 2006, he has been the representative of the SC Lor on the executive management committee of the SC du Château Fourcas Hosten.

Offices and positions held during 2014

Company name	Country	Office
Hermès International	H ♦ France	Supervisory Board and Audit Committee member
28-30-32 Faubourg Saint-Honoré	France	Chairman
Altizo	France	Executive Chairman
Binc	France	Executive Chairman
Comptoir Nouveau de la Parfumerie	H C France	Director
GFA Château Fourcas Hosten	France	Co-Executive Chairman
H2	France	Chairman
HUSO	C France	Director
J.L. & Co	H United Kingdom	Director
Lor	France	Co-Executive Chairman
Rose Investissement	France	Executive Chairman
SARL Tolazi	France	Executive Chairman
SCI Briand Villiers I	France	Executive Chairman
SCI Briand Villiers II	France	Executive Chairman
SCI de l'Univers	France	Executive Chairman
Société Civile du Château Fourcas Hosten	France	Permanent Representative of Lor, Executive Manager
SCI du 74 rue du Faubourg-Saint-Antoine	France	Co-Executive Chairman
Société immobilière du Faubourg Saint-Honoré « SIFAH »	France	Executive Chairman

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2014

Supervisory Board member of Comptoir Nouveau de la Parfumerie (France) and Chairman of SAS Pollux et Consorts (France).

ROBERT PEUGEOT

Mr Robert Peugeot is not related to the Hermès family and is deemed to be an independent director based on the criteria adopted by the Company. He has been a member of the Supervisory Board of Hermès International since 24 January 2007. Since 3 June 2008, he has also served on the Audit Committee and on the Compensation, Appointments and Governance Committee.

Date of appointment to the Board

24 January 2007

Term of office expires

2015 GM

Age in 2015

65 years

Nationality

French

Shares held in Hermès International

Legal owner of 200 shares as at 31 December 2014, all of which are registered

Address

Hermès International
24, rue du Faubourg-Saint-Honoré
75008 Paris

MEMBER OF THE SUPERVISORY BOARD, OF THE AUDIT COMMITTEE AND OF THE COMPENSATION, APPOINTMENTS AND GOVERNANCE COMMITTEE OF HERMÈS INTERNATIONAL

Expertise and additional professional experience

After his studies at the Ecole centrale de Paris and the INSEAD, Robert Peugeot held various positions of responsibility within the PSA Peugeot Citroën Group and was a member of the Group's executive committee between 1998 and 2007, in charge of the innovation and quality functions. He is permanent representative of FFP at the supervisory board of Peugeot SA, member of the Finance and audit committee and chair its Strategic committee. He has directed the development of FFP since late 2002.

Offices and positions held during 2014

Company name	Country	Office
Hermès International	H ♦ France	Member of the Supervisory Board, of the Audit committee and of the Compensation, Appointments and Governance Committee
CHP Gestion	France	Executive Chairman
DKSH	♦ Switzerland	Director
Établissements Peugeot Frères-EPF	♦ France	Director
Faurecia	♦ France	Director
Financière Giraud SAS	France	Permanent Representative of FFP Invest, Chairman
Imerys	♦ C France	Director
PSA Peugeot Citroën (Peugeot SA)	♦ France	Permanent Representative of FFP, Supervisory Board Member
SCI Rodom	France	Executive Chairman
FFP	♦ C France	Chairman and Chief Executive Officer
Sofina	♦ Belgium	Director
Zodiac Aerospace	♦ C France	Permanent Representative of FFP Invest, Supervisory Board member (until 16/07/2014)
FFP Invest	France	Permanent Representative of FFP Invest, Chairman
Holding Reinier	France	Director
IDI EM	Luxembourg	Permanent Representative of FFP Invest at the supervisory Board

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2014

Director of Alpine Holding (Austria), Director of B-1998, SL (Spain), Director of FCC Construcción, SA (Spain), Director of Fomentos de Construcciones y Contratas, SA (Spain), Director of Immeubles and Participations de l'Est (France), Director of LFPF - La Française de Participations Financières (France), Chairman and Chief Executive Officer of Simante S.L. (Spain), Director of WRG - waste Recycling Group Ltd (United Kingdom), Supervisory Board member of Peugeot SA, Supervisory Board member of IDI EM, Director of Sanef, Permanent representative of FFP Invest on the Supervisory Board of Peugeot SA.

Robert Peugeot holds 7 other terms of office in listed companies, but 5 of these terms of office are held as a result of being the chairman and chief executive officer of the company FFP, the main activity of which is to acquire and manage such equity interests.

FLORENCE WOERTH

Florence Woerth is not related to the Hermès family and is an independent director based on the criteria applied by the Company. She has been a member of the Supervisory Board since 7 June 2010. Since that date, she has also been an Audit Committee member.

Date of appointment to the Board

7 June 2010

Term of office expires

2016 GM

Age in 2015

59 years

Nationality

French

Shares held in Hermès International

Legal owner of 250 shares as at 31 December 2014, 200 of which are registered. She has made it known that since 25 January 2014, all of her shares are registered.

Address

Hermès International
24, rue du Faubourg-Saint-Honoré
75008 Paris

MEMBER OF THE SUPERVISORY BOARD AND OF THE AUDIT COMMITTEE OF HERMÈS INTERNATIONAL

Expertise and additional professional experience

Florence Woerth holds degrees from Société française des analystes financiers (SFAF) and Ecole des Hautes Etudes Commerciales (HEC). From February 2006 until October 2007, She was Senior Private Banker for development and management of high net worth accounts, in charge of wealth management at La Compagnie 1818, the private banking arm of Groupe Caisse d'Épargne. She also served as Portfolio and wealth Management Director and Manager, then as Executive Manager in charge of advertising and marketing for the private bank, Head of Business Development for very high net worth customers, and member of the Private Banking Executive Committee at Rothschild & Cie Gestion. She was Head of Investments and Research in charge of financial asset management at Clymène from November 2007 until June 2010. Since December 2010, she has been a financial investment consultant. Since November 2012, she has also been director of the FIA (Fédération internationale de l'automobile) site, reporting to the chairman.

Offices and positions held during 2014

Company name	Country	Office
Hermès International	H ♦ France	Supervisory Board and Audit Committee member
Association Jean-Bernard	France	Member of the Board of directors
Expert Isi Conseil	France	Chairwoman
Écurie Dam's	France	Chairwoman
Fondation Conde	France	Director on the board and treasurer
SC Conde	France	Executive Chairwoman

H Hermès Group company ♦ Listed company C Office taken into account in the calculation of multiple offices

Other offices and positions held during the previous four years and ending before 1 January 2014

Head of Investments and Research at Clymène (France).

STATEMENTS BY CORPORATE EXECUTIVE OFFICERS AND SUPERVISORY BOARD MEMBERS

According to the statements made to the Company by the corporate executive officers and Supervisory Board members:

- no corporate executive officer or Supervisory Board member has been convicted of fraud within the last five years;
- no corporate executive officer or Supervisory Board member has been involved in any bankruptcy, sequestration or liquidation within the last five years in his or her capacity as a member of an administrative, management or supervisory body or as a senior executive;
- no corporate executive officer or Supervisory Board member has been barred by a court from acting as a member of an administrative, management or supervisory body of a listed company or from participating in the management or in conducting the business of a listed company over the past five years;
- no corporate executive officer or Supervisory Board member has been the subject of any official public

accusation or penalty issued by the statutory or regulatory authorities (including designated professional bodies).

CONFLICTS OF INTEREST

Each year since 2010, the Company has been sending out a very detailed questionnaire to all Supervisory Board members, asking them to indicate any potential conflicts of interest that may exist due to their office as member of the Supervisory Board of Hermès International.

This questionnaire covers all possible situations, with specific examples, and asks the Board members to report all situations that could present a potential conflict of interest.

In 2014, Compensation, Appointments and Governance Committee analysed each of these situations and found that none of them constituted a conflict of interest as such for the relevant parties. It also found that none of the independent Board members were directly or maintaining significant business relations with the Company or its group.

TRANSACTIONS ON HERMÈS INTERNATIONAL SHARES BY CORPORATE OFFICERS AND THEIR IMMEDIATE FAMILY MEMBERS

In accordance with Article L 621-18-2 of the Code Monétaire et Financier and Article 223-22 of the AMF General Regulation, we hereby report to you transactions in the Company's shares carried out by the Company's senior executives and their immediate family members during the past year.

Declaration N°	Transaction date	Name and office held	Description of transaction	Type of Instrument	Unit price	Transaction amount
2014DD284794	15 January 2014	FOR 4, a legal entity related to Sandrine Brekke, born Dumas, member of the Management Board of Émile Hermès SARL, Active Partner and Executive Chairman	Sale	Shares	€226.85	€11,342,500
2014DD296956	21 March 2014	FOR 4, a legal entity related to Sandrine Brekke, born Dumas, member of the Management Board of Émile Hermès SARL, Active Partner and Executive Chairman	Securities lending	Other types of financial instruments	€0.00	€0.00
2014DD296970	21 March 2014	TEMPIO, a legal entity related to Pierre-Alexis Dumas, Executive Committee Member	Securities lending	Other types of financial instruments	€0.00	€0.00
2014DD296964	24 March 2014	AFEA, a legal entity related to Pierre-Alexis Dumas, Executive Committee Member	Securities lending	Other types of financial instruments	€0.00	€0.00
2014DD314372	11 June 2014	Guillaume de Seynes, member of the Management Board of Émile Hermès SARL, Active Partner and Executive Chairman	Exercise of stock options	Shares	€82.40	€72,924
2014DD315923	13 June 2014	Natural person related to SIRANO, Agnès Harth, member of the Management Board of Émile Hermès SARL, Active Partner and Executive Chairman	Purchase	Shares	€256.40	€226,914
2014DD317190	27 June 2014	Jean-Baptiste Puech, member of the Management Board of Émile Hermès SARL, Active Partner and Executive Chairman	Sale	Shares	€256.00	€1,024,000
2014DD317198	27 June 2014	POSETTES, a legal entity related to Jean-Baptiste Puech, member of the Management Board of Émile Hermès SARL, Active Partner and Executive Manager	Purchase	Shares	€256.00	€1,024,000
2014DD329254	22 September 2014	SAGAIE, a legal entity related to Frédéric Dumas, member of the Management Board of Émile Hermès SARL, Active Partner and Executive Chairman	Purchase	Shares	€246.50	€443,700
2014DD340586	1 December 2014	Hubert Guerrand, member of the Management Board of Émile Hermès SARL, Active Partner and Executive Chairman	Sale	Shares	€248.28	€7,200,120
2014DD340589	1 December 2014	H51, legal person linked to the Executive Chairman Axel Dumas, to members of the Executive committee, to members of the Supervisory Board and to members of the Management Board of Émile Hermès SARL, Active Partner and Executive Manager	Purchase	Shares	€248.28	€7,200,120
2014DD343866	15 December 2014	H51, legal person linked to the Executive Chairman Axel Dumas, to members of the Executive committee, to members of the Supervisory Board and to members of the Management Board of Émile Hermès SARL, Active Partner and Executive Manager	Purchase	Shares	€275.03	€13,205,923
2014DD343867	16 December 2014	H51, legal person linked to the Executive Chairman Axel Dumas, to members of the Executive committee, to members of the Supervisory Board and to members of the Management Board of Émile Hermès SARL, Active Partner and Executive Manager	Purchase	Shares	€275.92	€98,145,252
2014DD343868	17 December 2014	H51, legal person linked to the Executive Chairman Axel Dumas, to members of the Executive committee, to members of the Supervisory Board and to members of the Management Board of Émile Hermès SARL, Active Partner and Executive Manager	Purchase	Shares	€298.03	€102,815,675

Declaration N°	Transaction date	Name and office held	Description of transaction	Type of Instrument	Unit price	Transaction amount
2014DD343869	18 December 2014	H51, legal person linked to the Executive Chairman Axel Dumas, to members of the Executive committee, to members of the Supervisory Board and to members of the Management Board of Émile Hermès SARL, Active Partner and Executive Manager	Purchase	Shares	€295.69	€57,607,314
2014DD343870	19 December 2014	H51, legal person linked to the Executive Chairman Axel Dumas, to members of the Executive committee, to members of the Supervisory Board and to members of the Management Board of Émile Hermès SARL, Active Partner and Executive Manager	Purchase	Shares	€301.85	€20,822,174
2014DD344405	22 December 2014	H51, legal person linked to the Executive Chairman Axel Dumas, to members of the Executive committee, to members of the Supervisory Board and to members of the Management Board of Émile Hermès SARL, Active Partner and Executive Manager	Purchase	Shares	€295.63	€115,196,488
2014DD344406	23 December 2014	H51, legal person linked to the Executive Chairman Axel Dumas, to members of the Executive committee, to members of the Supervisory Board and to members of the Management Board of Émile Hermès SARL, Active Partner and Executive Manager	Purchase	Shares	€294.89	€140,772,355
2014DD344407	24 December 2014	H51, legal person linked to the Executive Chairman Axel Dumas, to members of the Executive committee, to members of the Supervisory Board and to members of the Management Board of Émile Hermès SARL, Active Partner and Executive Manager	Purchase	Shares	€293.79	€19,058,639
2014DD344408	29 December 2014	H51, legal person linked to the Executive Chairman Axel Dumas, to members of the Executive committee, to members of the Supervisory Board and to members of the Management Board of Émile Hermès SARL, Active Partner and Executive Manager	Purchase	Shares	€288.86	€66,785,298
2014DD344409	30 December 2014	H51, legal person linked to the Executive Chairman Axel Dumas, to members of the Executive committee, to members of the Supervisory Board and to members of the Management Board of Émile Hermès SARL, Active Partner and Executive Manager	Purchase	Shares	€292.43	€11,969,440
2015DD345145	31 December 2014	H51, legal person linked to the Executive Chairman Axel Dumas, to members of the Executive committee, to members of the Supervisory Board and to members of the Management Board of Émile Hermès SARL, Active Partner and Executive Manager	Purchase	Shares	€292.24	€9,962,856
2015DD346286	31 December 2014	FOR 4, a legal entity related to Sandrine Brekke, born Dumas, member of the Management Board of Émile Hermès SARL, Active Partner and Executive Chairman	Sale	Shares	€294.80	€7,370,000
2015DD346287	31 December 2014	TEMPIO, a legal entity related to Pierre-Alexis Dumas, Executive Committee Member	Sale	Shares	€294.80	€7,370,000

No other corporate executive officer (executive Chairman or Supervisory Board member) of Hermès International reported any trades in Hermès International shares in 2014.

No other member of senior management (executive Committee member) of Hermès International reported any trades in Hermès International shares in 2014.

Neither did the Company receive any other reports of such trades from any of their immediate family members.

OWNERSHIP INTERESTS OF CORPORATE EXECUTIVE OFFICERS, SENIOR EXECUTIVES AND SUPERVISORY BOARD MEMBERS IN THE COMPANY

As of 31 December 2014, the corporate executive officers, senior executives and Supervisory Board members' interests in the Company's share capital, as reported to the Company, were as follows:

	Shares held by legal owners and beneficial owners ⁽¹⁾ (OGM called to vote on allocation of earnings)				Shares held by legal owners and reversionary owners ⁽¹⁾ (votes at other general meetings)			
	Number of shares	%	Number of vote	%	Number of shares	%	Number of vote	%
Share capital as at 31/12/2014	105,569,412	100.00%	150,664,450	100.00%	105,569,412	100.00%	150,664,450	100.00%
Executive chairmen								
Émile Hermès SARL	2	0.00%	4	0.00%	2	0.00%	4	0.00%
Axel Dumas	6,358	0.00%	6,361	0.00%	6,358	0.00%	6,361	0.00%
Supervisory Board members								
Éric de Seynes	203	0.00%	206	0.00%	203	0.00%	206	0.00%
Charles-Éric Bauer	73,648	0.07%	147,296	0.10%	73,648	0.07%	147,296	0.10%
Monique Cohen ⁽²⁾	250	0.00%	250	0.00%	250	0.00%	250	0.00%
Matthieu Dumas	213	0.00%	426	0.00%	213	0.00%	426	0.00%
Blaise Guerrand	200	0.00%	400	0.00%	200	0.00%	400	0.00%
Julie Guerrand	4,805	0.00%	9,610	0.01%	4,805	0.00%	9,610	0.01%
Denis Marmonier ⁽³⁾	55	0.00%	55	0.00%	55	0.00%	55	0.00%
Renaud Momméja	120,314	0.11%	240,628	0.16%	120,326	0.11%	240,652	0.16%
Robert Peugeot	200	0.00%	400	0.00%	200	0.00%	400	0.00%
Dominique Senequier	200	0.00%	200	0.00%	200	0.00%	200	0.00%
Florence Woerth	250	0.00%	450	0.00%	250	0.00%	450	0.00%
Executive Committee (excluding Executive Chairmen and Supervisory Board members)								
Patrick Albaladejo	4,055	0.00%	4,055	0.00%	4,055	0.00%	4,055	0.00%
Florian Craen	3,030	0.00%	3,030	0.00%	3,030	0.00%	3,030	0.00%
Guillaume de Seynes	7,555	0.00%	7,755	0.00%	7,555	0.00%	7,755	0.00%
Pierre-Alexis Dumas	89,087	0.08%	170,819	0.11%	84,964	0.08%	162,573	0.11%
Mireille Maury	4,055	0.00%	4,055	0.00%	4,055	0.00%	4,055	0.00%
Wilfried Guerrand	3,085	0.00%	3,115	0.00%	3,085	0.00%	3,115	0.00%

(1) Voting rights exercisable at General Meetings. In accordance with Article 12 of the Company's Articles of Association, voting rights attached to the shares are exercised by the legal owners for all decisions taken by all general meetings, with the exception of decisions concerning the allocation of net income, in which case the beneficial owner shall exercise the voting rights. The method of reporting and allocating voting rights is detailed on page 90.

(2) Supervisory Board member since 3 June 2014.

(3) Member of the Supervisory Board representing the employees since 19 November 2014.

COMPENSATION AND BENEFITS PAID TO CORPORATE EXECUTIVE OFFICERS

The tables cited and presented on pages 80 to 87 have been numbered by reference to the AMF's recommendation of 22 December 2008 on information on executive compensation to be disclosed in shelf-registration documents, except tables 11 and 12, which were numbered by the Company.

The Executive Chairmen, the Active Partner and the members of the Supervisory Board are shareholders and as such, they received an ordinary dividend of €2.70 per share in 2014.

Executive chairmen

• Compensation elements

A detailed presentation of the principles and amount (or valuation) of each Executive Chairman's compensation elements is provided in the presentation of the reasons for the resolutions, on page 253.

This presentation covers the following elements:

- gross annual variable compensation under the articles of association;
- gross annual supplemental compensation;
- deferred variable compensation;
- multi-year variable compensation;
- exceptional compensation;
- share options, performance shares or any other long-term compensation element;
- signing bonus;
- severance pay;
- non-competition indemnity;
- supplementary pension scheme;
- directors' fees;
- valuation of benefits in kind.

All potential or required compensation elements of the Executive Chairmen are immediately released to the

public after the meeting of the Management Board that determined them, in a press release published on the company's financial Internet site <http://finance.hermes.com>.

The following table summarizes the press releases relating to the compensation elements of the Executive Chairmen published during the last two financial years:

Publication date	Press releases
2014	
21 March 2014	Potential or acquired compensation elements of the Executive Chairmen.
2013	
25 March 2013	Potential or acquired compensation elements of the Executive Chairmen.
7 June 2013	Potential or acquired compensation elements of the new Executive Chairman, Mr. Axel Dumas.
21 November 2013	Potential or acquired compensation elements of the Mr. Patrick Thomas, Executive Chairman.

Each year, the Active Partner decides on the actual compensation of each of the Executive Chairmen.

Both the compensation provided by the articles of association and the additional compensation are in the nature of "variable" salaries, since the calculation methods provided merely constitute ceilings subject to which the Active Partner is free to set the actual compensation of the Executive Chairmen as it sees fit. Article 17 of the Articles of incorporation described in the calculation method for the compensation provided according to the terms thereof.

In order to make it easier to understand the manner of calculation of the compensation of the Executive Chairmen, the Company has always described their additional compensation, before indexation, as "fixed compensation", by analogy with market practices.

The ceiling of the additional compensation is indexed each year, but it can only be adjusted upwards. Since

1 January 2002, this amount has been indexed to growth in the Company's consolidated revenue for the previous financial year at constant exchange rates and on the same scope of consolidation, by comparison with revenue for the next to last financial year.

Mr. Henri-Louis Bauer, legal representative of the company Émile Hermès SARL, Executive Chairman, does not personally receive any compensation from Hermès International. He is paid by the company Émile Hermès SARL for his duties as this company's Executive Chairman, that is unrelated to the position as Executive Chairman of the company Émile Hermès SARL in Hermès International.

The Executive Chairmen receive no compensation or benefits in kind from the subsidiaries of Hermès International.

A breakdown of effective compensation paid to the Executive Chairmen set by the Management Board of Émile Hermès SARL for the last two years is provided in [Table 2](#) on page 81. Each year, the Compensation, Appointments and Governance Committee of the Supervisory Board of Hermès International is responsible for ascertaining that compensation paid to the Executive Chairmen complies with the provisions of the articles of association and the decisions made by the Active Partner.

In order to totally comply with the AFEP/MEDEF corporate governance code, on 5 June 2013 Mr. Axel Dumas decided, with immediate effect, to waive his employment contract at the time of his appointment as the Executive Chairman of Hermès International.

• Services agreement

No Executive Chairman directly or indirectly invoices the company for providing services.

By means of a service contract dated 1 September 2005, amended several times since then, the Émile

Hermès SARL wished to rely on the services of Hermès International for the performance of current or non-recurring assignments in the legal (legal secretariat, monitoring of the shareholding, etc.) and financial (accounting, tax declarations, cash management, etc.) fields, as well as secretarial services. Any change to the entrusted assignments or anticipated re-invoicing (excluding annual indexing) must be the subject of an amendment. This contract and its existing or future amendments must undergo the procedure for related-party agreements, as indicated in the special report from the statutory auditor, page 269.

• Director's fees within the Group's subsidiaries

The rules for distributing directors' fees from Group subsidiaries indicate that the members of the Hermès International Executive committee who are board members of subsidiaries do not receive directors' fees in this regard.

Active Partner

Under the terms of Article L 26 of the articles of association, the Company pays 0.67% of the distributable profits to the Active Partners. The amounts paid in respect of the last two financial years are shown in the table below:

Compensation of the Active Partner	Distribution of the profits paid with regard to the previous financial year	
	2014	2013
Émile Hermès SARL	€3,937,502.77	€3,646,826.73

Supervisory Board, Audit Committee and Compensation, Appointments and Governance Committee

• **Directors' fees and compensation**

Supervisory Board members receive directors' fees and compensation in a total amount that is approved by the shareholders at the General Meeting and that is apportioned by the Supervisory Board.

Compensation paid to members of the Audit Committee and of the Compensation, Appointments and Governance Committee is deducted from the total amount of directors' fees.

The principles for apportioning directors' fees are set out in the report from the Chairman of the Supervisory board, page 24.

Table 3 on pages 82 and 83 provides details of the director's fees and other compensation received by Supervisory Board members from Hermès International and companies that it controls according to article L 233-16 of the Commercial code over the course of the last two financial years.

The members of the Supervisory Board of a *société en commandite par actions* may be bound to the Company by an employment agreement with no condition other than that resulting from the existence of a relationship of subordination with the Company and the recognition of effective employment.

Two Supervisory Board members have an employment contract with Hermès International or one of its subsidiaries:

- Julie Guerrand (Hermès International Corporate Development director from 7 March 2011 to 30 September 2014 and Deputy Managing Director - finance and organisation of the Hermès Cuir Précieux division since 1 October 2014);
- Denis Marmonier (Gateway manager of Siegl). For confidentiality reasons, the wages paid to them are not communicated.

• **Options to subscribe for and/or to purchase shares – Free share distributions**

No options to subscribe for or to purchase shares were allotted to Supervisory Board members during 2014, nor were any such options exercised by those persons.

No free shares were granted to Supervisory Board members during 2014.

OPTIONS TO SUBSCRIBE FOR SHARES AS AT 31 DECEMBER 2014

All share subscription option plans lapsed in 2009. The General meeting did not provide the Executive Management with any authorisation to grant share purchase options.

OPTIONS TO PURCHASE SHARES, DISTRIBUTIONS OF FREE SHARES AND OTHER COLLECTIVE MECHANISMS INVOLVING THE EMPLOYEES IN THE GROUP'S PERFORMANCES AS AT 31 DECEMBER 2014

General policy on the allocation of options and free shares

Distributions of share purchase options and of free shares are part of the long-term compensation policy of the Hermès group. However, these distributions have historically been carried out at a multi-year rhythm (cf. comments below on current plan); they are of an exceptional nature and were provided to a much broader population than the Group's corporate officers and managing directors.

With regard to allocation of free shares, such allocations

were carried out in 2007, 2010 and 2012, for the benefit of all Group personnel members (subject to minimum seniority on the allocation date), both in France and abroad.

In compliance with the provisions of articles L 225-197-1 *et seq* of the Commercial code, these allocations were systematically subject to conditions relating to presence, and to performance conditions for certain plans. With the aim of long-term retention, these plans included a vesting period of 4 years for the participants in France and 6 years for the participants abroad, and a mandatory holding period for the acquired shares of 2 years for the participants residing in France.

Current share purchase option plans

The Executive Management was authorised to grant options to purchase shares to certain employees and corporate officers of Hermès International and of affiliated companies by the Extraordinary General Meeting. These grants of authority were not used in 2014. After the three-for-one stock split on 10 June 2006, by a decision of 12 June 2006, the Executive Management made the following adjustments for plans remaining in effect as of that date:

- the number of shares to which all outstanding share purchase options entitle the holders was tripled;
- the exercise price of all outstanding stock options was divided by 3.

Information on the terms and conditions applying to stock option plans that remained in effect at 1 January 2012 and reflecting these adjustments is shown in [Table 8](#) on page 85. [Table 9](#) on page 86 shows the number of options to purchase shares granted to the non-executive employees who received the largest number of options and options exercised by such employees.

Current plans for the allocation of free shares

In accordance with Article L 225-197-4 of the Commercial code, we hereby report to you on operation on free shares plans during 2014.

The Extraordinary general meeting provided the Executive Management with authorisation to allot free shares, on one or more occasions, to some or all employees and/or senior executives of the Company or companies affiliated therewith, by granting existing shares in the Company for no consideration. The conditions for the grants of authority still in effect are shown on page 92.

The total number of shares allotted for no consideration relative to each of these authorisations and the total number of share purchase options that were allotted and not yet exercised is capped at 2% of the number of shares in the Company as of the allotment date, without considering the ones already allotted pursuant to previous authorisations.

These grants of authority were not used by the Executive Management in 2014.

Information on the terms and conditions applying to bonus share plans appears in [Table 11](#) on page 87 (and notably the vesting period, the holding period and the performance conditions, if relevant). Information on free shares granted to the ten non-executive employees who received the largest number of shares appears in [Table 12](#) on page 87.

Free share distributions do not dilute the share capital because they consist exclusively of existing shares in the Company. Their valuation at the time of their allocation and according to the method adopted for the consolidated financial statements is indicated in the appendix thereto (Note 30.2, page 212).

A proposal is made to the General Meeting of 2 June 2015 for the renewal of the authorisations for the Executive Management to apply the legal provisions

applicable at the time of the allocation decision with regard to the mandatory vesting of holding periods for the shares allocated pursuant to articles L225-197-1 *et seq* of the Commercial code.

OTHER MECHANISMS INVOLVING THE EMPLOYEES IN THE GROUP'S PERFORMANCES

An exceptional profit-sharing agreement was signed in 2012 with all of the representative trade unions, in

order to uniformly involve all of the employees of the companies in France in the group's profits.

Moreover, incentive agreements have also been implemented on the level of the companies. These agreements are for 3 years and are intended to involve the employees in the development of locally determined indicators that are relevant in view of the activity and environment of each of the entities, such as quality, security and productivity.

**TABLES PREPARED IN ACCORDANCE WITH THE AMF RECOMMENDATION
N° 2009-16 AMENDED ON 17 DECEMBER 2013 PERTAINING
TO INFORMATION ON EXECUTIVE COMPENSATION TO BE DISCLOSED
IN SHELF-REGISTRATION DOCUMENTS**

Table n° 1

Summary of compensation, stock all options and shares granted to each Executive Chairman	2014	2013
Émile Hermès SARL	From 1 January to 31 December 2014	From 1 January to 31 December 2013
Compensation due in respect of the year (detailed in Table 2)	€4,082,383	€3,694,050
Value of stock options granted during the year (detailed in Table 4)	n/a	n/a
Value of multi-year variable compensation allocated during the year	n/a	n/a
Value of performance shares granted during the year (detailed in Table 6)	n/a	n/a
Total	€4,082,383	€3,694,050
Total legal person executive chairman	€4,082,383	€3,694,050
Mr. Axel Dumas	From 1 January to 31 December 2014	From 1 January to 31 December 2013
Compensation due in respect of the year (detailed in Table 2)	€2,100,000	€862,500
Value of stock options granted during the year (detailed in Table 4)	n/a	n/a
Value of multi-year variable compensation allocated during the year	n/a	n/a
Value of performance shares granted during the year (detailed in Table 6)	n/a	n/a
Total	€2,100,000	€862,500
Mr. Patrick Thomas ⁽¹⁾	From 1 January to 31 December 2014	From 1 January to 31 December 2013
Compensation due in respect of the year (detailed in Table 2)	€198,000	€3,262,800
Value of stock options granted during the year (detailed in Table 4)	n/a	n/a
Value of multi-year variable compensation allocated during the year	n/a	n/a
Value of performance shares granted during the year (detailed in Table 6)	n/a	n/a
Total	€198,000	€3,262,800
Total natural person executive chairmen	€2,298,000	€4,125,300

n/a: not applicable.

(1) The term of office as executive chairman of Mr. Patrick Thomas ended on 31 January 2014.

Table n° 2

Gross annual compensation of the Executive Chairmen	2014			2013		
	Ceilings approved by the Articles of Association or by the General Meeting	Amounts due (or granted) by the Management Board ⁽¹⁾	Amounts paid	Ceilings approved by the Articles of Association or by the General Meeting	Amounts due (or granted) by the Management Board ⁽²⁾	Amounts paid
Émille Hermès SARL	<i>Management Board decision of 18 March 2014</i>			<i>Management Board decision of 20 March 2013</i>		
Variable compensation under the articles of association ⁽⁴⁾	€2,393,104	€2,393,104	€2,393,104	€2,199,205	€2,199,205	€2,199,205
Additional remuneration ⁽⁴⁾	€1,689,279	€1,689,279	€1,689,279	€1,494,845	€1,494,845	€1,494,845
<i>Fixed component</i>	€1,494,845	€1,494,845	€1,494,845	€1,284,559	€1,284,559	€1,284,559
<i>Percentage indexed to revenue growth</i>	€194,434	€194,434	€194,434	€210,286	€210,286	€210,286
Exceptional compensation	–	–	–	–	–	–
Directors' fees	n/a	n/a	n/a	n/a	n/a	n/a
Benefits in kind	n/a	n/a	n/a	n/a	n/a	n/a
Mr. Axel Dumas	<i>Management Board decision of 18 March 2014</i>			<i>Management Board decision of 31 May 2013 ⁽²⁾</i>		
Variable compensation under the articles of association ⁽⁴⁾	€2,393,104	€1,050,000	€1,050,000	€2,199,205	€431,250	€431,250
Additional remuneration ⁽⁴⁾	€1,689,279	€1,050,000	€1,050,000	€1,494,845	€431,250	€431,250
<i>Fixed component</i>	€1,494,845	€929,146	€929,146	€1,284,559	€431,250	€431,250
<i>Percentage indexed to revenue growth</i>	€194,434	€120,854	€120,854	€210,286	€0	€0
Exceptional compensation	–	–	–	–	–	–
Bonus relative to 2013 ⁽²⁾	n/a	n/a	€166,667	n/a	n/a	n/a
Directors' fees	n/a	n/a	n/a	n/a	n/a	n/a
Benefits in kind	n/a	n/a	car/ representation	n/a	n/a	car/ representation
Mr. Patrick Thomas ⁽³⁾	<i>Management Board decision of 18 March 2014</i>			<i>Management Board decision of 20 March 2013</i>		
Variable compensation under the articles of association ⁽⁴⁾	€2,393,104	€102,348	€102,348	€2,199,205	€1,228,176	€1,228,176
Additional remuneration ⁽⁴⁾	€1,689,279	€95,652	€95,652	€1,494,845	€1,147,824	€1,147,824
<i>Fixed component</i>	€1,494,845	€84,643	€84,643	€1,284,559	€986,354	€986,354
<i>Percentage indexed to revenue growth</i>	€194,434	€11,009	€11,009	€210,286	€161,469	€161,469
Variable compensation under the articles of association ⁽⁴⁾				<i>Management Board decision of 19 November 2013</i>		
Additional remuneration ⁽⁴⁾				n/a	€539,779	€539,779
<i>Fixed component</i>				n/a	€347,021	€347,021
<i>Percentage indexed to revenue growth</i>					€298,205	€298,205
Exceptional compensation					€48,817	€48,817
Directors' fees				–	–	–
Benefits in kind			car	n/a	n/a	n/a

n/a : not applicable.

(1) A detailed presentation of the principles and amount (or valuation) of each Executive Chairman's compensation elements is provided in the presentation of the reasons for the resolutions, on page 254. If there are more than 2 Executive Chairmen, the combined total gross annual compensation of all Executive Chairmen, according to the articles of association, shall not be more than 0.40% of the Company's consolidated income before tax (i.e. €4,786,208 for 2014).

(2) Mr. Axel Dumas was appointed Executive Chairman as of 5 June 2013, these amounts correspond with his compensation as Executive Chairman from 5 June to 31 December 2013. In 2013, Mr. Axel Dumas also received compensation relative to his employment agreement as managing director of operations from 1 January to 4 June 2013, before he was appointed as a company director. In 2014, on a prorated basis, he received the bonus that he was entitled to claim in this regard, on the basis of the objectives that had been set for him.

(3) The term of office as executive chairman of Mr. Patrick Thomas ended on 31 January 2014.

(4) These amounts take into account the ceilings granted on an individual and collective basis by the articles of association and the General Meeting.

Table n° 3

Director's fees and other compensation received by the Hermès International Supervisory Board members Director's fees received by the non-managing corporate officers in the companies controlled by Hermès International	Amounts paid in 2015 in respect of 2014	Amounts paid in 2014 in respect of 2013
Total amount of directors' fees and compensation approved by the shareholders of Hermès International	€500,000	€480,000
Total amount of directors' fees and compensation actually paid by Hermès International	€392,800	€399,000
Mr. Eric de Seynes		
Compensation as Chairman of the Supervisory Board	€100,000	€100,000
Directors' fees - Hermès International	n/a	n/a
- fixed component	-	-
- variable component based on attendance	-	-
Directors' fees - Hermès Sellier	€3,000	€3,000
Mrs. Monique Cohen (appointment on 3 June 2014)		
Compensation as Chairwoman of the Audit Committee	€10,000	n/a
Directors' fees - Hermès International	€14,500	n/a
- fixed component	€4,000	n/a
- variable component based on attendance	€10,500	n/a
Mr. Maurice de Kervénoaël (term of office ended on 3 June 2014)		
Compensation as Chairman of the Audit Committee	€10,000	€20,000
Directors' fees - Hermès International	€7,500	€20,000
- fixed component	€4,000	€15,000
- variable component based on attendance	€3,500	€5,000
Directors' fees - Comptoir Nouveau de la Parfumerie	€10,000	€10,000
Mrs. Dominique Senequier (appointment on 4 June 2013)		
Compensation as Chairwoman of the Compensation, Appointments and Governance Committee	€20,000	€10,000
Directors' fees - Hermès International	€22,000	€12,500
- fixed component	€8,000	€7,500
- variable component based on attendance	€14,000	€5,000
Mr. Ernest-Antoine Seillière (term of office ended on 4 June 2013)		
Compensation as Chairman of the Compensation, Appointments and Governance Committee	n/a	€10,000
Directors' fees - Hermès International	n/a	€9,500
- fixed component	n/a	€7,500
- variable component based on attendance	n/a	€2,000
Mr. Charles-Éric Bauer		
Compensation as Audit Committee Member	€10,000	€10,000
- fixed component	€4,000	€10,000
- variable component based on attendance	€6,000	€0
Directors' fees - Hermès International	€22,000	€20,000
- fixed component	€8,000	€15,000
- variable component based on attendance	€14,000	€5,000
Mr. Matthieu Dumas		
Compensation as member of the Compensation, Appointments and Governance Committee	€10,000	€10,000
- fixed component	€4,000	€10,000
- variable component based on attendance	€6,000	€0
Directors' fees - Hermès International	€22,000	€20,000
- fixed component	€8,000	€15,000
- variable component based on attendance	€14,000	€5,000
Directors' fees - Comptoir Nouveau de la Parfumerie	€3,000	€2,250

n/a : not applicable.

Table n° 3 (continued)

Director's fees and other compensation received by the Hermès International Supervisory Board members Director's fees received by the non-managing corporate officers in the companies controlled by Hermès International	Amounts paid in 2015 in respect of 2014	Amounts paid in 2014 in respect of 2013
Mr. Blaise Guerrand		
Directors' fees - Hermès International	€22,000	€20,000
- <i>fixed component</i>	€8,000	€15,000
- <i>variable component based on attendance</i>	€14,000	€5,000
Directors' fees - Hermès Sellier	€3,000	€1,500
Mrs. Julie Guerrand		
Directors' fees - Hermès International	€22,000	€20,000
- <i>fixed component</i>	€8,000	€15,000
- <i>variable component based on attendance</i>	€14,000	€5,000
Mr. Renaud Momméja		
Compensation as Audit Committee Member	€8,500	€10,000
- <i>fixed component</i>	€4,000	€10,000
- <i>variable component based on attendance</i>	€4,500	€0
Directors' fees - Hermès International	€22,000	€20,000
- <i>fixed component</i>	€8,000	€15,000
- <i>variable component based on attendance</i>	€14,000	€5,000
Directors' fees - Comptoir Nouveau de la Parfumerie	€3,000	€3,000
Mr. Robert Peugeot		
Compensation as Audit Committee Member	€7,000	€10,000
- <i>fixed component</i>	€4,000	€10,000
- <i>variable component based on attendance</i>	€3,000	€0
Compensation as member of the Compensation, Appointments and Governance Committee	€8,800	€10,000
- <i>fixed component</i>	€4,000	€10,000
- <i>variable component based on attendance</i>	€4,800	€0
Directors' fees - Hermès International	€18,500	€20,000
- <i>fixed component</i>	€8,000	€15,000
- <i>variable component based on attendance</i>	€10,500	€5,000
Mr. Nicolas Puech (term of office ended on 8 August 2014)		
Directors' fees - Hermès International	€4,000	€17,000
- <i>fixed component</i>	€4,000	€15,000
- <i>variable component based on attendance</i>	€0	€2,000
Mrs. Florence Woerth		
Compensation as Audit Committee Member	€10,000	€10,000
- <i>fixed component</i>	€4,000	€10,000
- <i>variable component based on attendance</i>	€6,000	€0
Directors' fees - Hermès International	€22,000	€20,000
- <i>fixed component</i>	€8,000	€15,000
- <i>variable component based on attendance</i>	€14,000	€5,000

n/a : not applicable.

Table n° 4

Options to subscribe for or to purchase shares granted during the year to the Executive Chairmen and by all subsidiaries of the Group						
Name of corporate executive officer	Plan no. and date	Option type	Value of options based on method adopted for consolidated financial statements	Number of options granted during the year	Exercise price	Exercise period
Mr. Axel Dumas	n/a	n/a	n/a	–	n/a	n/a
Mr. Patrick Thomas	n/a	n/a	n/a	–	n/a	n/a

n/a : not applicable.

Table n° 5

Options to subscribe for or to purchase shares exercised during the year by the Executive Chairmen of Hermès International			
Name of corporate executive officer	Plan no. and date	Number of options exercised during the year	Exercise price
Mr. Axel Dumas	n/a	n/a	n/a
Mr. Patrick Thomas	Plan n° 7 of 02/01/2008	11,000	€82.40
Total	n/a	11,000	n/a

n/a : not applicable.

Table n° 6

Performance shares allocated to each corporate officer						
Performance shares granted by the shareholders during the year to each corporate officer by the issuer and all Group companies (list of names)	Plan no. and date	Number of options exercised during the financial year	Value of shares based on method adopted for consolidated financial statements	Acquisition date	Vesting date	Performance criteria
Mr. Axel Dumas	n/a	n/a	n/a	n/a	n/a	n/a
Mr. Patrick Thomas	n/a	n/a	n/a	n/a	n/a	n/a
Total	n/a	n/a	n/a	n/a	n/a	n/a

n/a : not applicable.

Table n° 7

Performance shares that have become available for each corporate officer			
Name of corporate executive officer	Plan no. and date	Number of shares that became available during the year	Vesting conditions
Mr. Axel Dumas	plan b of 31/05/2010 ⁽¹⁾	3,000	Presence and performance conditions
	plan c of 31/05/2010 ⁽¹⁾	30	Presence condition
Mr. Patrick Thomas	n/a	–	n/a
Total	n/a	3,030	n/a

n/a : not applicable.

(1) This attribution have been made before the nomination of Axel Dumas as an Executive Chairman, when he served as a member of the Executive Committee.

Table n° 8

History of stock option grants or stock purchase Information on stock options or purchase options	
General Meeting of 25/05/1998 (6 th resolution) – Subscription or purchase options	Plans n° 1 to 4 expired
General Meeting of 03/06/2003 (15 th resolution) – Purchase options	Plans n° 5 and 6 expired
General Meeting of 06/06/2006 (9 th resolution) – Purchase options	Plan n° 7
Date of executive Management decision	02/01/2008
Total number of shares that may be purchased	244,420
<i>Number of shares that may be purchased by Executive Chairmen and Supervisory Board members in office on option grant date</i>	14,300
Mr. Patrick Thomas	11,000
Mr. Guillaume de Seynes	3,300
Starting point for exercising options	03/01/2012
Expiration date	02/01/2015
Purchase price	€82.40
Terms for exercising options (if plan comprises several tranches)	n/a
Aggregate number of shares purchased to 02/01/2015 ⁽¹⁾	216,370
Aggregate number of share purchase options cancelled or expired as at 02/01/2015 ⁽¹⁾	28,050
Remaining share purchase options at the end of the financial year	0
General Meeting of 02/06/2009 (14 th resolution) – Purchase options	No plan established in 2009, 2010 and 2011
General Meeting of 30/05/2011 (21 st resolution) – Purchase options	No plan established in 2011 and 2012
General Meeting of 29/05/2012 (13 th resolution) – Purchase options	No plan established in 2012 and 2013
General Meeting of 04/06/2013 (18 th resolution) – Purchase options	No plan established in 2013 and 2014
General Meeting of 03/06/2014 (16 th resolution) – Purchase options	No plan established in 2014

n/a : not applicable.

(1) Expiration date of the Plan.

Table n° 9

Number of options to subscribe for or to purchase shares granted to the 10 non-executive employees who received the largest number of options and options exercised by such employees	Total number of options granted/ number of shares purchased or subscribed	Weighted average price	Plans n° 1 to 6	Plan n° 7
Options granted, during the year, by the issuer and any company included in the option allocation perimeter, to the 10 employees of the issuer and any company included in this perimeter, with the largest number of options granted (aggregate information)	–	–	Plans expired	–
Options held in the issuer and the aforesaid companies that were exercised during the year by the 10 employees of the issuer and of such companies who purchased or subscribed for the largest number of shares under these options (aggregate information)	–	–		19,800

Table n° 10

Directors (natural persons)	Employment agreement	Supplementary pension scheme	Compensation or benefits due or liable to be due upon termination or change in function ⁽⁴⁾	Indemnities relative to a non-competition clause ⁽⁴⁾
Mr. Axel Dumas, Executive Chairman Term began: 05/06/2013 Term ends: Open-ended	no ⁽¹⁾	yes	yes	no
Mr Patrick Thomas, Executive Chairman Term began: 15/09/2004 Term ends: 31/01/2014	no ⁽²⁾	yes	yes	yes ⁽³⁾

(1) Since 05/06/2013.

(2) Since 16/07/2012.

(3) Since 20/11/2013.

(4) The details of these commitments can be found in the 2013 shelf-registration document, volume 2, page 259.

Table n° 11

Information on free share distribution plans in effect as at 1 January 2014				
Authorisation date by the Extraordinary general meeting	02/06/2009 (15 th resolution)	02/06/2009 (15 th resolution)	30/05/2011 (29 th resolution)	30/05/2011 (29 th resolution)
Date of executive Management decision	31/05/2010 (plan b)	31/05/2010 (plan c)	15/05/2012 (plan d)	15/05/2012 (plan e)
Total number of shares granted	188,500 ⁽³⁾	229,860	515,280	302,000
Shares granted to senior executives ⁽¹⁾	24,000	180	420	70,000
Number of senior Executives concerned ⁽¹⁾	6	6	7	7
Share relative to the capital of share allocations to senior Executives	0.02%	n.s.	n.s.	0.06%
French tax residents on the allocation date:			3 tranches of 20 shares	
– vesting period	4 years	4 years	4/5/6 years	4 years
– ownership transfer date of shares	01/06/2014	01/06/2014	16/05/2016	16/05/2016
– end of the holding period	02/06/2016	02/06/2016	16/05/2017 16/05/2018	17/05/2018
Non-French tax residents on the allocation date:			3 tranches of 20 shares	
– vesting period	6 years	6 years	6/7/8 years	4 years
– ownership transfer date of shares	01/06/2016	01/06/2016	16/05/2018	16/05/2016
– end of the holding period	02/06/2016	02/06/2016	16/05/2019 16/05/2020	17/05/2018
Performance criteria	Yes	No	No	Yes
Number of shares vested ⁽²⁾ as at 31/12/2014	128,000	133,830	1,260	0
Number of shares forfeited as at 31/12/2014	10,000	37,830	50,580	5,500

n.s. : not significant.

(1) For purposes of Table 11, "senior executives" include the executive Chairmen, the members of the Supervisory Board and the members of the executive Committee as of the grant date.

(2) Including through early release and compliance with the plan's regulations (death, disability).

(3) Maximum.

Table n° 12

Employees who received the largest number of shares	Total number of shares granted	Date of plan
Shares granted during the year to the 10 employees of the issuer and any company included in the issuer's scope of consolidation who received the largest number of shares (aggregate information)	n/a	n/a

n/a : not applicable.

Tables 1-10 above were numbered by reference to the AMF's recommendation of 22 December 2008 pertaining to information on executive compensation to be disclosed in shelf-registration documents.

Tables 11 and 12 were numbered by Hermès International.

Information on the share capital and on the Shareholders

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 - 90 Share capital
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- 102 Change in ownership and voting rights
- 103 Shareholders' agreements
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Information on the share capital

SHARE CAPITAL

	Amount	Number of shares	Par value
As at 01/01/2014	€53,840,400.12	105,569,412	€0.51
As at 31/12/2014	€53,840,400.12	105,569,412	€0.51
As at General Meeting date	€53,840,400.12	105,569,412	€0.51

All shares are fully paid.

VOTING RIGHTS

By the 15th of each month, the Company issues a report on the total number of voting rights and shares that make up the share capital on the last day of the previous month and publishes it on its website (<http://finance.hermes.com>).

On 28 February 2015, there were 151,835,197 voting rights in circulation.

Each share gives the holder the right to at least one vote in General Meetings of shareholders, except for treasury shares held by the Company, which have no voting rights.

Ownership of certain shares is split between a beneficial owner and a legal owner.

In accordance with the articles of association, voting rights attached to the shares are exercised by the legal owners at all general meetings (ordinary, extraordinary or special meetings), save for decisions regarding the allocation of net income, in which case the beneficial owner exercises the voting rights.

Furthermore, double voting rights are allocated to:

- any fully-paid registered share which has been duly recorded on the books in the name of the same shareholder for a period of at least four years from the date of the first general meeting following the fourth anniversary of the date when the share was registered on the books; and
- any registered share allotted for no consideration

to a shareholder, in the event of a capital increase effected by capitalisation of sums in the share premium, reserve or retained earnings accounts, in proportion to any existing shares which carry double voting rights.

Double voting rights are automatically eliminated under the conditions stipulated by law, notably for any shares that have been converted to bearer shares or transferred, with the exception of shares transferred to another shareholder due to inheritance or due to an inter vivos gift.

Failure to disclose attainment of certain ownership thresholds as provided by law or by the articles of association may disqualify the shares for voting purposes (see Article 11 of the articles of association on page 307).

INFORMATION ON FACTORS LIABLE TO AFFECT THE OUTCOME OF A PUBLIC OFFERING

As a société en commandite par actions (partnership limited by shares), Hermès International is governed by certain provisions specific to this corporate form, stipulated by law or by the articles of association, and which are liable to have an effect in case of a takeover bid, namely:

- the Executive Chairmen may only be appointed or dismissed by the Active Partner;
- Émile Hermès SARL, the Active Partner, must retain in its Articles of association certain provisions concerning its legal form, corporate purpose and the conditions to be met to qualify as a partner (see Article 14.3 of the articles of association of Hermès International on page 309);
- the Company may be converted into a SARL (limited liability company) or SA (corporation) only with the consent of the Active Partner;

– and – decisions taken by the general meetings of partners (shareholders) are valid only if approved by the Active Partner no later than by the end of the same meeting.

Hermès International's articles of association also contain stipulations that are liable to produce an impact on the outcome of a public offering, namely:

- voting rights are exercised by the legal owners at all general meetings, except for decisions regarding the allocation of net income, in which case the beneficial owner shall exercise the voting rights;
- double voting rights are allocated to each share registered on the books in the name of the same shareholder for a period of 4 consecutive years;
- any shareholder who comes to hold 0.5% of the

shares and/or voting rights, or any multiple of that fraction, must disclose this fact (article 11 of the articles of association);

– the priority acquisition right to Hermès International shares that the company H51 has declared holding under the conditions shown on page 103.

Lastly, the Executive Management has a grant of authority to carry out capital increases.

CHANGES IN SHARE CAPITAL OVER THE PAST THREE YEARS

There have been no changes to the share capital during the three preceding financial years.

Information on the share capital

SUMMARY OF THE USE OF FINANCIAL AUTHORISATIONS

In accordance with the provisions of Article L 225-100, paragraph 7 of the Code de Commerce, the table below summarises the delegations of authority and powers granted to the executive Management by the General Meeting, in financial matters, differentiating: all authorisations currently in effect; any authorisations used during 2014, if relevant; new authorisations to be submitted to the shareholders at the General Meeting of 2 June 2015.

	Resolution N°	Term of authorisation Expires ⁽¹⁾	Characteristics		Used during 2014
General meeting on 4 June 2013					
Share buyback	11 th	18 months 3 June 2014	Ceiling 10% of share capital Maximum purchase price €400 Maximum amount of funds committed €800 million		See page 107
Cancellation of shares purchased (general cancellation programme)	13 th	24 months 3 June 2014	Ceiling 10% of share capital		None
Capital increase by capitalisation of reserves	14 th	26 months 4 August 2015	The face value of the capital increases likely to be carried out immediately and/or in the future pursuant to the present delegation cannot be greater than 20% of the issued capital on the meeting date, with the capital increases carried out pursuant to the present delegation not being applied to the common cap of the delegations granted in resolutions 15, 16 and 17.		None
Issues with pre-emptive subscription rights all securities giving access to equity	15 th	26 months 4 August 2015	The face value of the capital increases likely to be carried out immediately and/or in the future pursuant to the present delegation cannot be greater than 20% of the issued capital, with this cap being common to all capital increases carried out pursuant to the delegations granted in the 15 th , 16 th and 17 th resolutions.	The face value of the debt instruments likely to be issued pursuant to the present delegation cannot be greater than 20% of the issued capital, with this cap being common to all issues carried out pursuant to the delegations granted in the 15 th and 16 th resolutions.	None
Issues without pre-emptive subscription rights all securities giving access to equity	16 th	26 months 4 August 2015			None
Capital increase without pre-emptive subscription right in favour of members of a savings plan	17 th	26 months 4 August 2015	The face value of the capital increases likely to be carried out immediately and/or in the future pursuant to the present delegation cannot be greater than 1% of the issued capital, with this cap being applied to the 20% ceiling that is common to the delegations granted in the 15 th , 16 th and 17 th resolutions. Discount set at 20% of the average of the listed prices of the Company's shares during the twenty Stock market sessions preceding the day of the decision establishing the subscription opening date.		None
Options to purchase existing shares	18 th	38 months 4 August 2016	The number of purchase options granted pursuant to resolution 18 and the number of shares allotted at no cost in accordance with resolution 19 cannot represent a number of shares greater than 2% of the total number of shares existing at the time of the allotment, without taking into account the ones granted pursuant to the preceding authorisations.	The Management will set the share purchase price within the limits and pursuant to the provisions of article L 225-177 sub-paragraph 4 of the Commercial code, and it will be at least equal to the average listed prices on the twenty Stock market sessions preceding the option allotment, without being less than 80% of the average purchase price of the shares held. In the event that free shares are granted to one or more Executive Chairmen: – the Company must meet one or more of the conditions listed in article L 225-186-1 of the Commercial Code; and – call options cannot be exercised by the executive Chairman or Chairmen until after they have left office, unless an amount has been decided regarding a number of shares resulting from the exercise of options they must hold in registered form until after they have left office; and – the granted options will be subject to performance conditions defined at the time of the grant.	None
Bonus share distribution to employees	19 th	38 months 4 August 2016			In the event that free shares are granted to one or more Executive Chairmen: – the Company must meet one or more of the conditions listed in article L 225-197-6 of the Commercial Code; and – the allotted shares cannot be sold before the cessation of functions of the Executive Chairman/Chairmen in question, unless an amount has been decided regarding such shares that the aforesaid person(s) will have to hold as registered shares until ending his/their functions; and – the granted free shares shall be contingent upon meeting serious and demanding performance criteria defined at the time of the grant.

	Resolution N°	Term of authorisation Expires ⁽¹⁾	Characteristics	Used during 2014
General meeting on 3 June 2014				
Share buyback	14 th	18 months 3 December 2015	Ceiling 10% of share capital Maximum purchase price €400 Maximum amount of funds committed €800 million	See page 107
Cancellation of shares purchased (general cancellation programme)	15 th	24 months 3 June 2016	Ceiling 10% of share capital	None
Options to purchase existing shares	16 th	38 months 3 August 2017	<p>The Management will set the share purchase price within the limits and pursuant to the provisions of article L 225-177 sub-paragraph 4 of the Commercial code, and it will be at least equal to the average listed prices on the twenty Stock market sessions preceding the option allotment, without being less than 80% of the average purchase price of the shares held.</p> <p>In the event that free shares are granted to one or more Executive Chairmen:</p> <ul style="list-style-type: none"> - the Company must meet one or more of the conditions listed in article L 225-186-1 of the Commercial Code; and - call options cannot be exercised by the executive Chairman or Chairmen until after they have left office, unless an amount has been decided regarding a number of shares resulting from the exercise of options they must hold in registered form until after they have left office; - the granted options shall be contingent upon meeting serious and demanding performance criteria over the course of several years, that will be defined at the time of the grant; - the maximum percentage of purchase options that can be granted will be 0.05%, with this cap being applied against the 2% cap common to the delegations listed in the 16th and 17th resolutions. <p>The number of call options granted pursuant to resolution 16 and the number of shares allotted at no cost in accordance with resolution 17 cannot represent a number of shares greater than 2% of the total number of shares existing at the time of the allotment, without taking into account the ones granted pursuant to the preceding authorisations.</p>	None
Free share distribution to employees	17 th	38 months 3 August 2017	<p>In the event that free shares are granted to one or more Executive Chairmen:</p> <ul style="list-style-type: none"> - the Company must meet one or more of the conditions listed in article L 225-197-6 of the Commercial Code; and - the allotted shares cannot be sold before the cessation of functions of the executive Chairman/Chairmen in question, unless an amount has been decided regarding such shares that the aforesaid person(s) will have to hold as registered shares until ending his/their functions; - the granted free shares shall be contingent upon meeting serious and demanding performance criteria over the course of several years, that will be defined at the time of the grant; - the maximum percentage of free shares that can be granted will be 0.05%, with this cap being applied against 2% cap common to the delegations listed in the 16th and 17th resolutions. 	None
Grants proposed to the Combined General Meeting of 2 June 2015				
Share buyback	11 th	18 months 2 December 2016	Ceiling 10% of share capital Maximum purchase price €500 Maximum amount of funds committed €850 million	-
Cancellation of treasury shares (general cancellation programme)	13 th	24 months 2 June 2017	Ceiling 10% of share capital	-
<p>In compliance with article L 233-32 of the Commercial code, the delegations proposed below by virtue of the 14th (purchase options), 15th (free shares), 16th (issue by capitalisation of reserves), 17th (issue with continuation of the pre-emptive subscription right), 18th (issue with elimination of the pre-emptive subscription right), 19th (capital increase reserve for members of a company or group savings plan), 20th (issue by private investment) and 21st (issue in order to compensate contributions in kind) resolutions will be implemented during a period of a public offering of the company's shares.</p>				

Information on the share capital

	Resolution N°	Term of authorisation Expires ⁽¹⁾	Characteristics		Used during 2014
Allotment of Options to purchase existing shares	14 th	38 months 2 August 2018	The individual and common ceilings of the proposed financial authorisations are indicated in the foreword on page 262.	<p>The Management will set the share purchase price within the limits and pursuant to the provisions of article L 225-177 sub-paragraph 4 of the Commercial code, and it will be at least equal to the average listed prices of the Company's shares on the Euronext Paris regulated market on the twenty Stock market sessions preceding the option allotment, without being less than 80% of the average purchase price of the shares held.</p> <p>In the event that free shares are granted to one or more Executive Chairmen:</p> <ul style="list-style-type: none"> - the Company must meet one or more of the conditions listed in article L 225-186-1 of the Commercial Code; and - call options cannot be exercised by the executive Chairman or Chairmen until after they have left office, unless an amount has been decided regarding a number of shares resulting from the exercise of options they must hold in registered form until after they have left office; - the granted options shall be contingent upon meeting serious and demanding performance criteria over the course of several years, that will be defined at the time of the grant; - the maximum percentage of shares that can be provided by the purchase options granted to the Executive Chairmen under the present resolution will be 0.05% of the issued capital on the date of the granting decision by the Executive Management, with this cap being applied against the 2% cap common to the delegations listed in the 14th and 15th resolutions. 	-
Allotments of existing ordinary shares of the Company for no consideration	15 th	38 months 2 August 2018		<p>In the event that free shares are granted to one or more Executive Chairmen:</p> <ul style="list-style-type: none"> - the Company must meet one or more of the conditions listed in article L 225-197-6 of the Commercial Code; and - the allotted shares cannot be sold before the cessation of functions of the executive Chairman/ Chairmen in question, unless an amount has been decided regarding such shares that the aforesaid person(s) will have to hold as registered shares until ending his/their functions; - the granted free shares shall be contingent upon meeting serious and demanding performance criteria over the course of several years, that will be defined at the time of the grant; - the maximum percentage of free shares that can be granted will be 0.05%, with this cap being applied against 2% cap common to the delegations listed in the 14th and 15th resolutions. 	-
Capital increase by capitalisation of reserves, profits and/or premiums and allotment of free shares and/or increase of the face value of existing shares	16 th	26 months 2 August 2017	The face value of the capital increases likely to be carried out immediately and/or in the future pursuant to the present delegation cannot be greater than 40% of the issued capital on the meeting date, with the capital increases carried out pursuant to the present delegation not being applied to the common cap of the delegations granted in the 17 th , 18 th , 19 th , 20 th and 21 st resolutions.	-	
Issues of shares and/or all securities giving access to equity with continuation of the pre-emptive subscription right	17 th	26 months 2 August 2017	The individual and common ceilings of the proposed financial authorisations are indicated in the foreword on page 262.	-	
Issue of shares and/or all securities giving access to equity with continuation of the pre-emptive subscription right but with the possibility of establishing a priority time limit, by public offering	18 th	26 months 2 August 2017	The individual and common ceilings of the proposed financial authorisations are indicated in the foreword on page 262.	-	

	Resolution N°	Term of authorisation Expires ⁽¹⁾	Characteristics	Used during 2014
Capital increase without pre-emptive subscription right in favour of members of a savings plan	19 th	26 months 2 August 2017	The face value of the capital increases likely to be carried out immediately and/or in the future pursuant to the 19th resolution (capital increase reserved for the members of a company or group savings plan) cannot be greater than 1% of the issued capital, with this ceiling applying against the 40% ceiling common to the delegations granted in the 17 th , 18 th , 19 th , 20 th and 21 st resolutions. Discount set at 20% of the average of the listed prices of the Company's shares during the twenty Stock market sessions preceding the day of the decision establishing the subscription opening date.	–
Issue of shares and/or all other securities giving access to equity, with cancellation of the pre-emptive subscription right, by private investment indicated in article L 411-2, II of the Monetary and Financial Code	20 th	26 months 2 August 2017	The individual and common ceilings of the proposed financial authorisations are indicated in the foreword on page 262.	–
Issue of shares and/or all securities giving access to equity, with cancellation of the pre-emptive subscription right, in order to compensate for contributions in kind granted to the company and involving equity securities or marketable securities giving access to equity	21 st	26 months 2 August 2017	The individual and common ceilings of the proposed financial authorisations are indicated in the foreword on page 262.	–

(1) For the indication of the expiration dates that are currently valid before the General meeting on 3 June 2014, consideration was given to the authorisations that cancelled the authorisations granted for similar purposes, for the remainder of the initial term and the unused fraction thereof.

Information on the share capital

APPROXIMATE NUMBER OF SHAREHOLDERS

At least once each year, the Company uses the Euroclear France “identifiable bearer shares” procedure to identify its shareholders. At the time of the request on 31 December 2014, there were approximately 107,000 shareholders, compared with some 23,000 as at 31 December 2013 and 25,000 as at 31 December 2012.

The strong increase in the number of shareholders seen in 2014 results from (i) the exceptional distribution in kind of Hermès International shares by the LVMH Moët Hennessy Louis Vuitton company, (ii) the payment of an interim dividend in the form of Hermès International shares by Financière Goujon, and (iii) the exceptional distribution in kind of Hermès International shares and the payment of an interim dividend in the form of Hermès International shares by Christian Dior, that were successively carried out by these companies for the benefit of their respective shareholders in late 2014.

MAIN SHAREHOLDERS TO 31 DECEMBER 2014 – CONTROL OF THE COMPANY

The Hermès International company is controlled – through the company Émile Hermès SARL, its Active Partner – by the Hermès family group, that also holds, notably through the company H51 SAS, a majority interest (both share capital and voting rights) in the company’s capital in the capacity of limited partner. This control is considered to be exclusive control for the purposes of article L 233-16 of the Commercial code. The companies H51 SAS, H2 SAS (formerly THÉODULE) are held exclusively by members of the Hermès family group.

To the Company’s knowledge, no shareholder, other than those listed in the tables on page 102, directly holds 5% or more of the share capital or voting rights. The ownership interests of corporate officers, senior executives and Supervisory Board members are listed on page 74.

Material changes in ownership of the share capital over the past three years are described below, under “Ownership threshold disclosures”. To the best of the Company’s knowledge, the organisation of the Hermès family group has not changed significantly since the creation of the company H51 SAS.

Changes since the closing of the fiscal year

To the Company’s knowledge, there occurred no significant change in the Hermès International shareholding between 31 December 2014 and the filing date of this shelf-registration document with the AMF, other than the transactions described below, in the “Share ownership threshold disclosures” section.

Measures taken to prevent abusive control

Please refer to the sections on “Corporate governance” on page 15 and “Conflicts of interest” on page 71.

SHARE OWNERSHIP THRESHOLD DISCLOSURES

Surpassing of legal thresholds occurring after the closing of the 2014 financial year

- **AMF Notice n° 215C0070.** The Arnault family company disclosed that, on 6 January 2015, it had dipped below the 10% threshold of the capital of the Hermès International company, and that it held directly and indirectly, through the companies that it controls, 10,444,636 Hermès International shares representing

an equal number of voting rights, i.e. 9.89% of the capital and 6.88% of the voting rights, distributed as follows:

	Shares	% capital	Voting rights	% of voting rights
Semyrhamis	8,771,914	8.31%	8,771,914	5.78%
LVMH	1,197,451	1.13%	1,197,451	0.79%
Christian Dior	333,080	0.32%	333,080	0.22%
Arnault family	142,191	0.13%	142,191	0.09%
Group total Arnault family	10,444,636	9.89%	10,444,636	6.88%

This dip below the threshold resulted from the exceptional distributions of Hermès International shares to shareholders of the LVMH Moët Hennessy - Louis Vuitton (exceptional distribution in kind) and Christian Dior (exceptional distribution in kind and interim dividend in kind) companies, in keeping with the completion of the distribution operations.

It is further stipulated that, in compliance with the indications contained in the aforesaid AMF notice, the 1,197,451 Hermès International shares held by LVMH Moët Hennessy - Louis Vuitton and the 330,080 Hermès International shares held by Christian Dior correspond with the balance of shares not yet delivered within the framework of the exceptional distribution in kind operations involving shares or that are intended to be sold.

By letter dated 2 April 2015, the Arnault family group declared that it held, on 31 March 2015, 8,972,665 shares representing 8.5% of the capital and 5.95% of the voting rights.

This decline results from the sale by LVMH Moët Hennessy - Louis Vuitton, controlled by the Arnault family group, of Hermès International shares representing rights forming fractional shares pursuant to the exceptional distribution in kind paid on 17 December 2014.

Share ownership threshold disclosures in 2014

In 2014, the following reports on the attainment of share ownership thresholds were filed:

- *AMF Notice n° 214C2722*. The Arnault family company disclosed that, on 18 December 2014, it had dipped below the thresholds of 20% of the capital and 15% of the voting rights of the Hermès International company and, on 22 December 2014, the thresholds of 15% of the capital and 10% of the voting rights of this company and, on that latter date, that it held directly and indirectly, through the companies that it controls, 13,938,737 Hermès International shares representing an equal number of voting rights, i.e. 13.20% of the capital and 9.18% of the voting rights, distributed as follows:

	Shares	% capital	Voting rights	% of voting rights
Semyrhamis	8,771,914	8.31%	8,771,914	5.78%
LVMH	4,018,561	3.81%	4,018,561	2.65%
Christian Dior	1,006,071	0.95%	1,006,071	0.66%
Arnault family	142,191	0.13%	142,191	0.09%
Group total Arnault family	13,938,737	13.20%	13,938,737	9.18%

These changes with regard to the thresholds resulted from (i) the exceptional distribution in kind of Hermès International shares by the LVMH Moët Hennessy Louis Vuitton company, (ii) the payment of an interim dividend in the form of Hermès International shares by the Financière Goujon company, and (iii) the exceptional distribution in kind of Hermès International shares and the payment of an interim dividend in the form of Hermès International shares by the Christian Dior company, that were successively carried out by these companies for the benefit of their respective shareholders.

At the time of the transactions:

- LVMH Moët Hennessy - Louis Vuitton declared having dipped below (i) on 17 December 2014, the thresholds of 20% of the capital, 15% of the capital and of the voting rights and 10% of the voting rights of the Hermès International company, (ii) on 18 December 2014, the threshold of 10% of the capital of the Hermès International company, (iii) on 19 December 2014, the threshold of 5% of the voting rights of the Hermès International company, and (iv) on 22 December 2014, the threshold of 5% of the capital of the Hermès International company, after the exceptional distribution in kind of Hermès International shares for the benefit of its shareholders;
- the Financière Jean Goujon company declared having surpassed, on 17 December 2014, after an exceptional distribution of Hermès International shares performed by LVMH Moët Hennessy - Louis Vuitton for the benefit of its shareholders, the thresholds of 5% of the capital and voting rights of the Hermès International company, and then dipping below, that same day, after a distribution of Hermès International shares in the form of an interim dividend in kind by Financière Jean Goujon for the benefit of its sole shareholder, the same thresholds and thereafter no longer holding any of this company's shares;
- the Christian Dior company declared having surpassed, on 17 December 2014, after a distribution to its benefit of Hermès International shares previously held by the Financière Jean Goujon company, the thresholds of 5% of the capital and voting rights of the Hermès International company, then dipping below, that same day, after an exceptional distribution in kind of Hermès International shares and the payment of an interim dividend in kind in the form of Hermès International shares performed by Christian Dior for the benefit of its shareholders, the same thresholds;
- the Semyrhamis company declared having surpassed, on 17 December 2014, after the aforesaid

transactions involving the distribution of Hermès International shares performed by the Christian Dior company for the benefit of its shareholders, the threshold of 5% of the capital of the Hermès International company and, that same day, after purchases from other companies controlled by the Arnault family group, the threshold of 5% of the voting rights of the Hermès International company.

Ownership threshold disclosures during the past two financial years

Share ownership threshold disclosures in 2013

No surpassing of a legal threshold was declared in 2013.

Share ownership threshold disclosures in 2012

In 2012, the reports on the attainment of share ownership thresholds were filed:

- **AMF Notice n° 212C0320.** The company H2 SAS (formerly THÉODULE) disclosed that, on 20 February 2012, it had surpassed the 5% threshold of company voting rights and that it individually held 6,196,102 Hermès International shares representing 7,366,102 voting rights, i.e. 5.87% of the capital and 5.03% of the voting rights.

EXEMPTION DECISION – DISPUTES

At its meeting of 6 January 2011, the AMF (Autorité des Marchés Financiers) granted an exemption to the requirement to file a proposed public offer to buy out the shares of Hermès International, following a petition filed by 52 natural persons and their family companies

that are direct shareholders of Hermès International (see decision n° 211C0024, the full text of which is available on the AMF website – www.amffrance.org).

This decision was twice appealed by minority shareholders, with both appeals being rejected by the Paris Court of Appeal in September 2011 and by the Court of Cassation in 2013.

A certain number of disputes existed between Hermès International and LVMH Moët Hennessy - Louis Vuitton. Mr. Frank Gentin, president of the Paris Commercial Court, proposed a conciliation effort in order to resolve the disputes and return to a climate of positive relations between the two groups.

As this proposal was supported by the two parties, a settlement was signed on 2 September 2014, which called for the distribution (or failing that, the sale) by LVMH Moët Hennessy - Louis Vuitton to its shareholders, of all of the shares that it held in Hermès International, followed by the distribution by the Financière Jean Goujon and Christian Dior companies to their own shareholders of the shares accordingly received from LVMH Moët Hennessy - Louis Vuitton. As part of this settlement, LVMH Moët Hennessy - Louis Vuitton, Christian Dior and the Arnault family group further undertook not to acquire new Hermès shares for a period of 5 years.

The share distributions, approved by the LVMH Moët Hennessy - Louis Vuitton and Christian Dior boards of directors, were carried out, with LVMH Moët Hennessy - Louis Vuitton and Christian Dior thereafter only holding a remainder of Hermès International shares that they must sell at the latest by 2 September 2015. At the end of these transactions, the Arnault family group would hold approximately 8.5% of the Hermès International capital.

The various disputes existing between LVMH Moët Hennessy - Louis Vuitton and Hermès International were brought to an end with the fulfilment of this settlement.

EMPLOYEE OWNERSHIP OF SHARE CAPITAL

To the best of the company's knowledge, the proportion of capital represented by the shares held by Group employees (excluding directors and corporate officers) to 31 December 2014 is not significant.

No shares are owned by employees of the Company or any affiliated entities via the corporate employee share savings scheme or dedicated employee investment fund.

PLEDGING OF SHARES

Duly registered shares are not encumbered by any material pledges.

TREASURY SHARES

As at 31 December 2014, Hermès International held 1,167,745 of its own shares, representing 1.11% of its capital, purchased under the terms of the share buy-back programme described on page 107.

STOCK MARKET ETHICS CHARTER

In 2011, the Hermès Group adopted a stock market ethics charter.

The purpose of this charter is to formalize the measures implemented by the Hermès Group with regard to preventing offences and violations by insiders, and to inform the directors and certain employees of the Hermès group possibly having access to privileged information with regard to the obligations incumbent upon them, and the possible penalties.

In particular, this charter indicates that, in addition

to the period preceding the publication of any privileged information of which they may be aware, during which employee insiders must refrain - pursuant to the law - from any operation involving the company's shares, it is recommended that employee insiders, and notably directors and permanent insiders, should refrain from any operation involving the shares during the "blackout periods" applicable to the company, as described in detail in a calendar that is prepared and disseminated each year.

This calendar indicates the mandatory, legal (article L 225-197-1 of the Commercial code respectively for stock options and for assignment of shares distributed at no cost) or internal abstention periods applicable to all operations involving the company's shares (purchase, sale, purchase option exercise, etc.).

As indicated in AMF recommendation 2010-07, the abstention obligation applies as of the moment when the persons in question are in possession of privileged information, and notably when the release of accounting elements would make it possible to sufficiently determine the results upstream of the following abstention periods:

- period of 30 calendar days before the publication of the annual or interim financial statements;
- period of 15 calendar days before the publication of the quarterly information.

DIVIDEND POLICY

Subject to the investments needed for the Company's development and the corresponding financing requirements, the Company's current intention is to continue the ordinary dividend policy it has conducted over the past several years. The amount of dividends paid in each of the years included in the historical financial information is shown on page 253. In order to partially distribute the strong cash position that existed, an "exceptional" dividend of €5.00 per share was distributed in 2012 in addition to the ordinary dividend.

For the same reasons, the General Meeting on 2 June 2015 will be asked to decide on an exceptional dividend of €5.00 per share.

Owing to the strong cash position at the end of 2014, on 5 March 2015, the Executive Management decided to pay an interim dividend for the fourth time, equal to €1.50 per share. In the future, the Executive Management will decide, in view of the group's situation and its prospects, whether it is appropriate to pay an interim dividend before the General Meeting.

The time limit after which entitlement to dividends on Hermès International shares ends is the time limit laid down by the law in this respect, to wit, 5 years as from the dividend payment date.

After the five-year time limit expires, the Company pays over any unclaimed dividends to the tax centre to which it reports.

OWNERSHIP OF SHARE CAPITAL AND VOTING RIGHTS AS AT 31 DECEMBER 2014

On 31 December 2014, to the best of the Company's knowledge and based on the disclosures that it has received, the Company capital and voting rights are distributed as shown below:

	Capital		Voting rights ⁽¹⁾			
			Allocation of net income		Other	
	Number	%	Number	%	Number	%
H51 SAS	55,388,437	52.47	87,423,522	58.03	87,423,522	58.03
H2 SAS (formerly THÉODULE)	6,876,102	6.51	12,165,192	8.07	12,165,192	8.07
Other members of the Hermès Family group	6,393,776	6.06	7,279,983	4.83	11,359,983	7.54
Sub-total Hermès family group⁽²⁾	68,658,315	65.04	106,868,697	70.93	110,948,697	73.74
LVMH Moët Hennessy - Louis Vuitton	1,547,569 ⁽³⁾	1.47	1,547,569	1.03	1,547,569	1.03
Christian Dior	437,079 ⁽⁴⁾	0.41	437,079	0.29	437,079	0.29
Arnault family	142,191	0.13	142,191	0.09	142,191	0.09
Semyrhamis	8,771,914	8.31	8,771,914	5.82	8,771,914	5.82
Sub-total Arnault family group⁽⁵⁾	10,898,753	10.32	10,898,753	7.23	10,898,753	7.23
Public	18,761,984	17.77	26,814,385	17.80	22,734,385	15.09
Mr. Nicolas Puech	6,082,615 ⁽⁶⁾	5.76	6,082,615	4.04	6,082,615	4.04
Treasury shares ⁽⁷⁾	1,167,745	1.11	0	0.00	0	0.00
Total	105,569,412	100.00	150,664,450	100.00	150,664,450	100.00

(1) Voting rights exercisable at General Meetings. In accordance with Article 12 of the Company's Articles of Association, voting rights attached to the shares are exercised by the legal owners for all decisions taken by all general meetings, with the exception of decisions concerning the allocation of net income, in which case the beneficial owner shall exercise the voting rights. The method of reporting and allocating voting rights is detailed on page 90.

(2) The Hermès family group comprises the partners of Émile Hermès SARL, their spouses, children and grandchildren, and their family holding companies that are direct and indirect shareholders of Hermès International and Émile Hermès SARL.

(3) This balance of shares corresponds with the shares not yet delivered on 31 December 2014 by LVMH Moët Hennessy - Louis Vuitton to its shareholders as part of the exceptional distribution in kind or that are intended to be sold.

(4) This balance of shares corresponds with the shares not yet delivered on 31 December 2014 by Christian Dior to its shareholders as part of the exceptional distribution in kind or that are intended to be sold.

(5) According to the disclosure of 28 January 2015. See the disclosure on surpassing of the threshold n° 215C0070 detailed on page 96.

(6) According to the declaration on honour of 14 January 2015, confirmed on 13 March 2015. Including 900,000 shares held in the name of the Fondation Nicolas Puech.

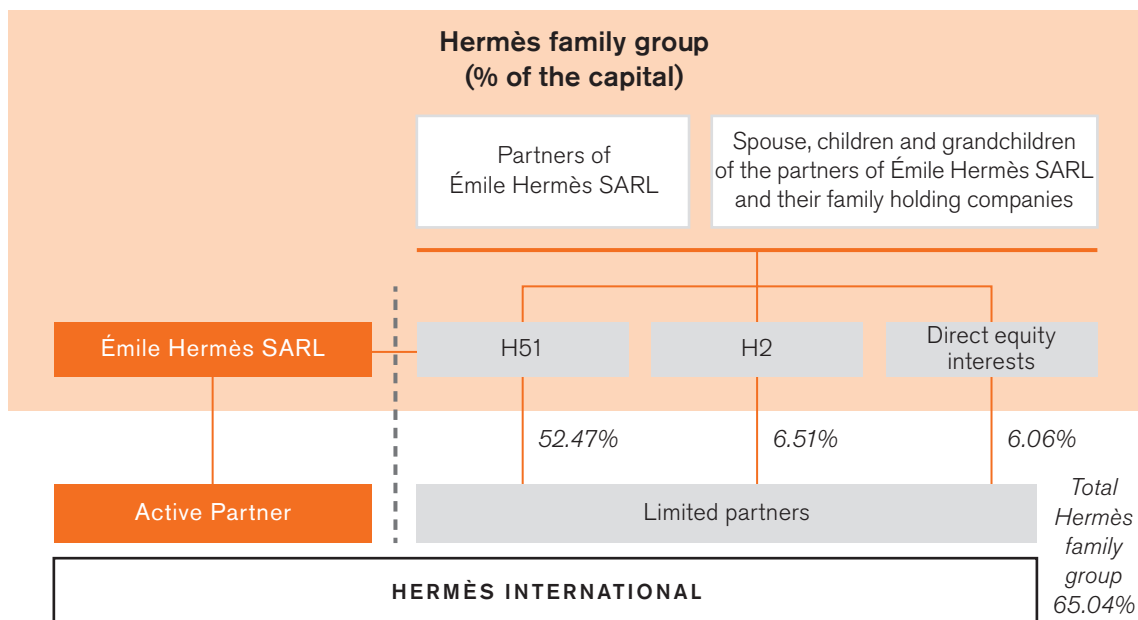
(7) Without counting 481 shares corresponding with transactions that are being processed by the BP2S securities department, but which were already accounted for by the company as at 31 December 2014.

These figures have been calculated on the basis of registered shares from the records kept by the BP2S securities department and for the bearer shares from the declarations, if applicable, of interested parties.

The significant change in the number of voting rights between 31/12/2013 (indicated on page 106 of the 2013 shelf-registration document, volume 2) and 31/12/2014 can be explained by acquisitions of double voting rights.

The changes since the closing of the financial year are presented on page 96.

Information on the share capital



CHANGE IN OWNERSHIP AND VOTING RIGHTS VOTE

During the last three financial years, to the best of the Company's knowledge and based on the disclosures that it has received, the Company capital and voting rights are distributed as shown below:

Shareholders with more than 5% of the share capital or the voting rights	31/12/2014			31/12/2013			31/12/2012		
	Capital	Voting rights ⁽¹⁾		Capital	Voting rights ⁽¹⁾		Capital	Voting rights ⁽¹⁾	
		Allocation of net income	Other		Allocation of net income	Other		Allocation of net income	Other
H51 SAS	52.47%	58.03%	58.03%	50.31%	58.19%	58.19%	50.20%	57.07%	57.10%
H2 SAS	6.51%	8.07%	8.07%	6.51%	5.50%	5.50%	5.87%	5.16%	5.16%
Other members of the Hermès Family group	6.06%	4.83%	7.54%	6.13%	5.34%	8.13%	6.80%	6.01%	8.86%
Sub-total Hermès family group ⁽²⁾	65.04%	70.93%	73.74%	62.95%	69.03%	71.82%	62.87%	68.23%	71.09%
LVMH Moët Hennessy - Louis Vuitton	1.47% ⁽³⁾	1.03%	1.03%	23.14%	16.70%	16.70%	22.64%	16.74%	16.74%
Christian Dior	0.41% ⁽⁴⁾	0.29%	0.29%				n/a		
Arnault family	0.13%	0.09%	0.09%				n/a		
Semyrhamis	8.31%	5.82%	5.82%				n/a		
Sub-total Arnault family group	10.32%	7.23%	7.23%				n/a		
Public	17.77%	17.80%	15.09%	6.78%	10.11%	7.33%	7.33%	10.77%	7.91%
Mr. Nicolas Puech	5.76%	4.04%	4.04%	5.76%	4.16%	4.16%	5.76%	4.26%	4.26%
Treasury shares	1.11%	0.00%	0.00%	1.37%	0.00%	0.00%	1.40%	0.00%	0.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

(1) Voting rights exercisable at General Meetings. In accordance with Article 12 of the Company's Articles of Association, voting rights attached to the shares are exercised by the legal owners for all decisions taken by all general meetings, with the exception of decisions concerning the allocation of net income, in which case the beneficial owner shall exercise the voting rights. The method of reporting and allocating voting rights is detailed on page 90.

(2) The Hermès family group comprises the partners of Émile Hermès SARL, their spouses, children and grandchildren, and their family holding companies that are direct and indirect shareholders of Hermès International and Émile Hermès SARL.

(3) This balance corresponds with the shares not yet delivered by LVMH Moët Hennessy - Louis Vuitton to its shareholders as part of the exceptional distribution in kind or that are intended to be sold.

(4) This balance corresponds with the shares not yet delivered by Christian Dior to its shareholders as part of the exceptional distribution in kind or that are intended to be sold.

n/a: not applicable.

SHAREHOLDERS' AGREEMENTS

A priority right for acquisition of Hermès International shares (AMF notice 211C2288) took effect on 13 December 2011. This priority acquisition right is for the benefit of the simplified joint stock company with variable capital H51 and was initially granted by 102 natural persons and 33 legal persons (all members, owned by the members or of which a parent is a member of the Hermès family group), representing approximately 12.3% of the Hermès International share capital.

By amendment (AMF notice 213C0716), that took effect on 17 June 2013, the price at which the H51 company could acquire Hermès International shares from members of the Hermès family group, pursuant to this priority acquisition right, will be equal to the average of the prices weighted by the volumes (on any trading platform) of the Hermès International shares during the 30 Market days preceding the notification date of the transfer, except in the event that such shares are insufficiently liquid (as defined in the amendment), in which case an expertise procedure will be implemented.

To the best of the Company's knowledge:

- the organisation of the Hermès family group has not changed significantly since the creation of the company H51 SAS;
- the priority acquisition right for the benefit of the company H51 SAS relates to the bulk of the company's shares otherwise held by members of the Hermès family group;
- the acquisition right was granted by the members of the Hermès family group and by descendants of these members who do not yet directly or indirectly hold company shares.

Moreover, the following shareholders' agreements, falling within the framework of the Dutreil law and still in effect in 2014, were brought to the Company's attention:

	Dutreil ISF wealth tax agreement 2010.3	Dutreil ISF wealth tax agreement 2010.4	Dutreil ISF wealth tax agreement 2010.5
Governed by	CGI - Article 885 I <i>bis</i>	CGI - Article 885 I <i>bis</i>	CGI - Article 885 I <i>bis</i>
Date of signature	28 December 2010	29 December 2010	28 December 2010
Term of parties commitment	Six years from the registration date (i.e., from 29 December 2010)	Six years from the registration date (i.e., from 30 December 2010)	Six years from the registration date (i.e., from 30 December 2010)
Contractual term of agreement			
Renewal terms	Renewable by amendment	Renewable by amendment	Renewable by amendment
Percentage of share capital covered by agreement as of signature date	58.79%	53.82%	42.56%
Percentage of voting rights covered by agreement as of signature date	67.55%	61.59%	49.29%
Signatory parties with senior executive status (within the meaning of L621-18-2-a)	<i>As of the date of signature of the agreement:</i> – Émile Hermès SARL, Executive Manager and Active Partner – Jérôme Guerrand, Chairman of the Supervisory Board – Patrick Thomas, Executive Chairman	<i>As of the date of signature of the agreement:</i> – Émile Hermès SARL, Executive Manager and Active Partner – Jérôme Guerrand, Chairman of the Supervisory Board – Patrick Thomas, Executive Chairman	<i>As of the date of signature of the agreement:</i> – Émile Hermès SARL, Executive Manager and Active Partner – Jérôme Guerrand, Chairman of the Supervisory Board – Patrick Thomas, Executive Chairman
Signatory parties with close personal ties with senior executives (within the meaning of Articles L 621-18-2 c and R 621-43-1 of the Code Monétaire et Financier)	All signatory parties	All signatory parties	All signatory parties
Names of signatory parties holding at least 5% of the share capital and/or voting rights in the Company on 31 December 2014	AXAM SC ⁽¹⁾ FALAISES SAS ⁽¹⁾ FLÈCHES SAS ⁽¹⁾ JAKYVAL SA ⁽¹⁾ POLLUX & Consorts SAS ⁽¹⁾ SDH SAS ⁽¹⁾ THÉODULE SC (renamed H2 SAS)	AXAM SC ⁽¹⁾ FALAISES SAS ⁽¹⁾ FLÈCHES SAS ⁽¹⁾ JAKYVAL SA ⁽¹⁾ POLLUX & Consorts SAS ⁽¹⁾ SDH SAS ⁽¹⁾ THÉODULE SC (renamed H2 SAS)	AXAM SC ⁽¹⁾ FALAISES SAS ⁽¹⁾ FLÈCHES SAS ⁽¹⁾ JAKYVAL SA ⁽¹⁾ POLLUX & Consorts SAS ⁽¹⁾ SDH SAS ⁽¹⁾ THÉODULE SC (renamed H2 SAS)

(1) H51 SAS since 12 December 2011.

Information on the share capital

	Dutreil ISF wealth tax agreement 2011.4	Dutreil Transmission agreement 2012.1
Governed by	CGI - Article 885 I <i>bis</i>	CGI - Article 787 B
Date of signature	28 December 2011	27 December 2012
Term of parties commitment	Six years from the registration date (i.e., from 28 December 2011)	Two years from the registration date (i.e., from 29 December 2012)
Contractual term of agreement		Two years from the registration date
Renewal terms	Renewable by amendment	By formal notification to the tax department before 15 December 2014
Percentage of share capital covered by agreement as of signature date	61.81%	56.40%
Percentage of voting rights covered by agreement as of signature date	68.38%	61.23%
Signatory parties with senior executive status (within the meaning of L621-18-2-a)	<i>As of the date of signature of the agreement:</i> – Émile Hermès SARL, Executive Manager and Active Partner – Éric de Seynes, Chairman of the Supervisory Board – Patrick Thomas, Executive Chairman	<i>As of the date of signature of the agreement:</i> – Émile Hermès SARL, Executive Manager and Active Partner – Éric de Seynes, Chairman of the Supervisory Board
Signatory parties with close personal ties with senior executives (within the meaning of Articles L 621-18-2 c and R 621-43-1 of the Code Monétaire et Financier)	All signatory parties	All signatory parties
Names of signatory parties holding at least 5% of the share capital and/or voting rights in the Company	H51 SAS H2 SAS	H51 SAS H2 SAS

	Dutreil Transmission agreement 2013.1	Dutreil Transmission agreement 2013.2	Dutreil wealth tax agreement 2013.3
Governed by	CGI - Article 787 B	CGI - Article 787 B	CGI - Article 885 I bis
Date of signature	8 October 2013	18 December 2013	27 December 2013
Term of parties commitment	Two years from the registration date (i.e. from 8 October 2013)	Two years from the registration date (i.e. from 18 December 2013)	Two years from the registration date (i.e. from 27 December 2013)
Contractual term of agreement			
Renewal terms	Non-renewable	By formal notification to the tax department before 20 December 2015	By formal notification to the tax department before 20 December 2015
Percentage of share capital covered by agreement as of signature date	50.42%	56.81%	56.83%
Percentage of voting rights covered by agreement as of signature date	56.09%	63.06%	63.07%
Signatory parties with senior executive status (within the meaning of L621-18-2-a)	<i>As of the signing date of the agreement:</i> – Émile Hermès SARL, Executive Manager and Active Partner – Axel Dumas, Executive Chairman	<i>As of the signing date of the agreement:</i> – Émile Hermès SARL, Executive Manager and Active Partner – Axel Dumas, Executive Chairman – Éric de Seynes, Chairman of the Supervisory Board	<i>As of the signing date of the agreement:</i> – Émile Hermès SARL, Executive Manager and Active Partner – Axel Dumas, Executive Chairman – Éric de Seynes, Chairman of the Supervisory Board
Signatory parties with close personal ties with senior executives (within the meaning of Articles L 621-18-2 c and R 621-43-1 of the Code Monétaire et Financier)	All signatory parties	All signatory parties	All signatory parties
Names of signatory parties holding at least 5% of the share capital and/or voting rights in the Company	H51 SAS	H51 SAS H2 SAS	H51 SAS H2 SAS

Information on the share capital

	Dutreil Transmission agreement 2014.1	Dutreil Transmission agreement 2014.2	Dutreil wealth tax agreement 2014.3
Governed by	CGI - Article 787 B	CGI - Article 787 B	CGI - Article 885 I bis
Date of signature	13 June 2014	28 November 2014	30 December 2014
Term of parties commitment	Two years from the registration date (i.e. from 16 June 2014)	Two years from the registration date (i.e. from 16 June 2014)	Two years from the registration date (i.e. from 30 December 2014)
Contractual term of agreement			
Renewal terms	Non-renewable	Non-renewable	By formal notification to the tax department before 20 December 2016
Percentage of share capital covered by agreement as of signature date	56.82%	56.93%	52.42%
Percentage of voting rights covered by agreement as of signature date	64.06%	64.21%	57.55%
Signatory parties with senior executive status (within the meaning of L621-18-2-a)	<i>As of the signing date of the agreement:</i> – Émile Hermès SARL, Executive Manager and Active Partner – Axel Dumas, Executive Chairman – Éric de Seynes, Chairman of the Supervisory Board	<i>As of the signing date of the agreement:</i> – Émile Hermès SARL, Executive Manager and Active Partner – Axel Dumas, Executive Chairman	<i>As of the signing date of the agreement:</i> – Émile Hermès SARL, Executive Manager and Active Partner – Axel Dumas, Executive Chairman – Éric de Seynes, Chairman of the Supervisory Board
Signatory parties with close personal ties with senior executives (within the meaning of Articles L 621-18-2 c and R 621-43-1 of the Code Monétaire et Financier)	All signatory parties	All signatory parties	All signatory parties
Names of signatory parties holding at least 5% of the share capital and/or voting rights in the Company	H51 SAS H2 SAS	H51 SAS H2 SAS	H51 SAS

Share buyback programme

In accordance with the provisions of Article L 225-209 of the Code de Commerce, we hereby present our report on the Company's share buyback programme for 2014, pursuant to the authorisations granted by the shareholders at the General Meetings indicated below:

Programme authorised by General Meeting of	4 June 2013 (effective until 3 June 2014)	3 June 2014 (effective since 4 June 2014)
Date of executive Management decision	20 March 2013	15 May 2014
Maximum number of shares	10% of the share capital	10% of the share capital
Maximum authorised amount	€800 million	€800 million
Maximum purchase price	€400	€400

During the year ended 31 December 2014, the Executive Management carried out the transactions listed in the tables below under the share buyback programmes authorising the Executive Management to trade in the Company's own shares under the terms of Article L 225-209 of the Code de Commerce.

	From 01/01/2014 to 03/06/2014	From 04/06/2014 to 31/12/2014	Total
Not covered by liquidity contract			
Number of shares registered in the Company's name as at 31 December 2013	1,434,819		1,434,819
Number of shares bought	12,832	25,564	38,396
Reason for purchase	External growth	External growth	-
Average purchase price	€248.53	€264.51	€259.17
Number of shares sold	266,130	48,661	314,791
Average selling price	€191.73	€87.42	€175.60
Net transaction costs, excluding VAT			€0
Number of cancelled shares			0
Average price of cancelled shares			-
Number of shares registered in the Company's name as at 31 December 2014	1,181,521	-23,097	1,158,424
Appropriation			
– Employee shareholding	1,157,943	-48,661	1,109,282
– External growth	23,578	25,564	49,142
Net value at purchase cost	€261,843,989	€2,507,993	€264,351,983
Net value at closing price	€348,312,391	-€6,808,996	€341,503,395
Par value	€602,576	-€11,779	€590,797
Percentage of share capital involved	1.12%	-0.02%	1.10%
Covered by liquidity contract			
Number of shares registered in the Company's name as at 31 December 2013	16,923	0	16,923
Funds allocated (liquidity account)	€5,000,000	€5,000,000	€5,000,000
Number of shares bought	50,658	77,836	128,494
Average purchase price	€244.22	€260.56	€254.12
Number of shares sold	51,766	84,811	136,577
Average selling price	€229.61	€261.56	€249.45
Number of shares registered in the Company's name as at 31 December 2014	15,815	-6,975	8,840
Net value at purchase cost	€4,000,113	-€1,429,316	€2,570,797
Net value at closing price	€4,662,262	-€2,056,230	€2,606,032
Par value	€8,066	-€3,557	€4,509
Percentage of share capital involved	0.01%	-0.01%	0.01%

A report on any such transactions since 1 January 2015 will be submitted to you at the Annual General Meeting called in 2016 to approve the financial statements for the year ending 31 December 2015.

The Executive Management

Share price trend over the past five years

2010				
Month	Share price (en €)			Monthly average daily trading volume on Euronext
	High	Low	Closing average	
January	100.50	92.00	96.13	68,702
February	100.40	93.80	97.39	56,061
March	105.95	98.88	103.22	54,517
April	103.50	97.53	100.20	52,133
May	110.45	97.54	103.90	95,700
June	114.35	105.00	110.31	88,705
July	132.85	106.15	118.27	112,613
August	150.00	131.80	139.16	152,411
September	168.85	140.95	156.74	82,063
October	207.75	152.35	172.84	205,924
November	168.00	136.30	149.06	359,308
December	167.35	143.30	154.22	155,551

2011				
Month	Share price (en €)			Monthly average daily trading volume on Euronext
	High	Low	Closing average	
January	163.05	142.55	153.76	71,324
February	157.75	143.30	149.37	194,549
March	161.40	142.05	152.14	93,915
April	160.00	148.50	153.32	40,937
May	180.55	157.20	170.17	87,207
June	206.00	178.70	190.66	149,829
July	242.30	199.50	222.29	81,561
August	269.55	210.50	246.10	100,819
September	272.50	221.80	256.50	74,367
October	251.60	212.45	235.85	54,550
November	258.40	218.25	239.85	41,140
December	237.00	210.00	226.12	41,675

2012				
Month	Share price (en €)			Monthly average daily trading volume on Euronext
	High	Low	Closing average	
January	269.00	228.15	249.74	35,177
February	290.90	260.00	275.58	37,711
March	286.25	243.50	259.88	86,877
April	270.00	243.85	253.81	47,566
May	279.85	255.00	266.00	37,084
June	267.55	241.40	253.67	47,515
July	244.25	219.00	230.45	41,304
August	235.10	212.50	223.64	33,339
September	232.85	209.00	218.87	36,319
October	220.90	207.70	213.85	29,922
November	238.50	210.75	227.86	30,710
December	238.50	222.90	231.08	22,432

2013				
Month	Share price (en €)			Monthly average daily trading volume on Euronext
	High	Low	Closing average	
January	245.15	224.15	235.90	32,326
February	257.00	238.75	250.86	29,817
March	271.90	255.10	259.98	24,659
April	278.45	247.80	259.42	23,370
May	283.20	255.40	271.66	18,238
June	273.90	235.50	254.75	20,517
July	265.00	245.20	254.32	15,831
August	264.80	243.00	257.57	12,973
September	274.50	253.15	263.17	18,623
October	268.70	246.70	257.74	13,554
November	257.90	246.10	251.64	15,648
December	265.40	244.50	251.64	18,276

2014				
Month	Share price (en €)			Monthly average daily trading volume on Euronext
	High	Low	Closing average	
January	265.35	261.50	245.655	21,872
February	243.00	240.65	238.178	15,387
March	243.50	241.50	235.569	16,869
April	257.90	254.50	249.248	16,737
May	260.45	258.25	256.343	10,276
June	269.50	263.95	259.110	14,543
July	272.00	269.50	265.652	11,130
August	264.85	263.05	260.038	9,683
September	263.00	260.55	245.264	38,269
October	247.30	244.95	236.265	29,487
November	269.50	265.55	257.408	27,387
December	317.40	298.45	288.883	165,440

Information on the parent company financial statements, on accounts payable maturities, on subsidiaries and associates

113 Information on parent company financial statements

113 Information on accounts payable maturities

113 Information on subsidiaries and associates

INFORMATION ON THE PARENT COMPANY FINANCIAL STATEMENTS

The parent company financial statements as presented were approved by the Executive Management on 11 February 2015 and will be submitted to the General Meeting on 2 June 2015 for approval. The parent company financial statements were also reviewed by the Audit Committee at its meeting of 19 March 2015.

Revenue

Revenue amounted to €161.9 million in 2014, versus €189.9 million recorded in 2013.

The Company's revenue consists of sales of services that are charged back to Group subsidiaries for advertising and public relations, rent, staff provided on secondment, insurance and professional fees and of royalties on the sales of the production subsidiaries.

Statement of financial position and statement of income

Hermès International's statement of financial position and statement of income appear on pages 221 to 245. The parent company financial statements are drawn up in accordance with the provisions of French laws and regulations and with generally accepted accounting principles.

As at 31 December 2014, total assets amounted to €2,560.6 million compared with €2,221.0 at 31 December 2013. The statement of income shows net income of €587.7 million, compared with €544.3 million in 2013.

As at 31 December 2014, the share capital amounted to €53,840,400.12, made up of 105,569,412 shares with a par value of €0.51 each.

INFORMATION ON ACCOUNTS PAYABLE MATURITIES

Pursuant to Article L 441-6-1 of the Commercial code and of Decree No. 2008-1492 of 30 December 2008, a breakdown of trade accounts payable by due date is provided on page 236.

INFORMATION ON SUBSIDIARIES AND ASSOCIATES

A list of companies whose registered office is located in French territory and in which the Company owns a material interest, whether directly or indirectly, is provided in the notes to the parent company financial statements (pages 244 and 245).

Activities of the subsidiaries

The activities of the group's main subsidiaries are shown on page 31 of volume 1.

Significant acquisitions of equity interests in companies having their registered office in France (art. L 233-6 of the Commercial code)

In 2014, Hermès International acquired a 10% interest in the company Maroquinerie de Senlis.

Property and insurance

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117 Insurances

Property

In Paris, the Group currently occupies a surface of offices of approximately 23,000 m², primarily near its historical registered office at 24, rue du Faubourg-Saint-Honoré and near 19-21, rue Boissy-d'Anglas, which it owns. The staff also occupies office premises located in the rue de la Ville-l'Evêque, that are rented to third parties under commercial leases, and a site located in the rue du Faubourg-Saint-Antoine, that is also home to a leather goods manufacturer.

In 2014, the group began extension works on the 21,000 m² logistics site that it owns in Bobigny.

Hermès is also increasing its establishment in the community of Pantin, with the completion of the construction of the Espace Jean-Louis Dumas in 2014. With 8,800 m² in the city center, this set of buildings in the immediate vicinity of the Cité des Métiers, delivered the previous year, was recognised with the Silver Set Square prize in 2014.

The Group owns 42 of the 47 production units that it operates. These production units are spread across 41 sites, 30 of them in France, 3 in Switzerland, 2 in the United States, 4 in Australia, 1 in Great Britain

and 1 in Italy (for a detailed list, please see page 122). Two new leather goods production sites, respectively in Charente and in the Rhône-Alpes region, were built in 2014, while work on a third has begun in the Franche-Comté region. The construction work on a new tannery in Italy was also completed in September 2014.

Hermès products are available worldwide through a network of 311 exclusive stores. A detailed list of these appears in Volume 1, pages 65 to 69 of the Annual Report. Of the 311 exclusive Hermès retail outlets worldwide, 207 are operated as branches. Most of these are rented under commercial leases intended primarily to ensure the continuity of operations over time. The Group also owns the buildings that accommodate certain stores, including those in Paris, Ginza in Tokyo, Dosan Park in Seoul, The Galleria in Hong Kong, in Beverly Hills and in Geneva. The branches are located in the following regions: 74 in Europe (including 17 in France), 36 in the Americas (including 27 in the United States), 90 in Asia (including 30 in Japan), and 7 in Oceania.

Insurances

The Hermès Group's policy regarding insurance is to transfer any exposure that is liable to produce a material impact on profits to the insurance market. The group insurance programmes represent the bulk of the insurance coverage of the subsidiaries. They are placed with leading insurance companies, via several of the top ten brokers in France. The main international insurance programmes favour an "all risks except" approach and cover:

1) property damage and operating losses that may affect the production sites, logistics centres, distribution centres or administrative offices, in France and in other countries. The policy underwritten by FM Global was renewed for a one-year term. The upper cover limit is €500 million. The deductibles for direct damage vary from €15,000 to €250,000, and from €70,000 to three days of gross margin for operating losses. In Japan, the Group has an earth-quake insurance policy covering €40 million in direct damage and operating losses. It secured this policy several years ago. Prevention inspections were carried out at 62 production and distribution sites in 2014. Implementation of the main issued recommendations is monitored through a formally documented system.

2) financial liability for damages to persons, property and intangibles caused to third parties in the conduct of our business operations or by the products. This policy is underwritten by AIG Europe. The amount of coverage under this policy takes into account the nature of that Group's operations. The upper cover limit per occurrence is €30 million and deductibles range from €1,000 to €10,000;

3) transportation of the products between production sites and to the distribution network. A policy was taken out from ACE Europe;

4) responsibilities concerning the environment. This policy was renewed with AIG Europe on 1 May 2013 for a period of 20 months. The upper cover limit per claim is €7.5 million and €15 million for the period, and the deductibles are set at €25,000.

Other contracts have been arranged in order to meet specific needs, notably in connection with construction operations (new works or renovations) carried out as the project owner.

In 2014, no material claims for damages were filed under these policies.

CSR appendices: Environmental information

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122 Production sitesProduction sites

Results by business line

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140 Porcelain and enamel

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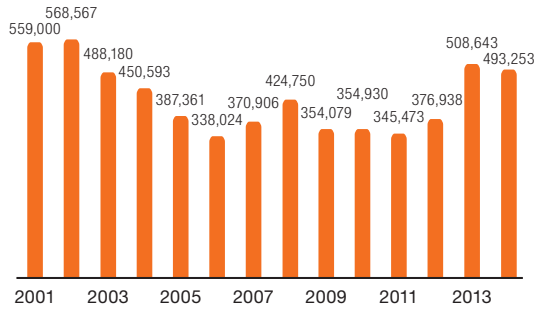
143 Bootmaking

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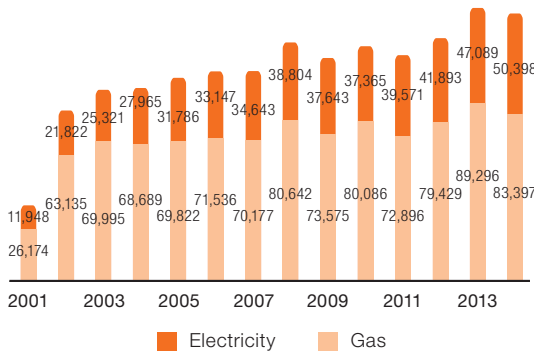
Environmental information

CONSUMPTION OF NATURAL RESOURCES

• Evolution of water consumption ⁽¹⁾ (in m³)

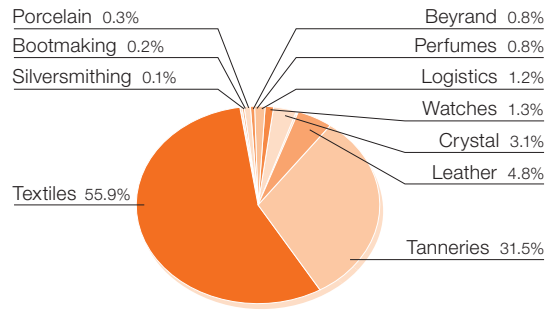


• Evolution of energy consumption ⁽¹⁾ (in MWh)

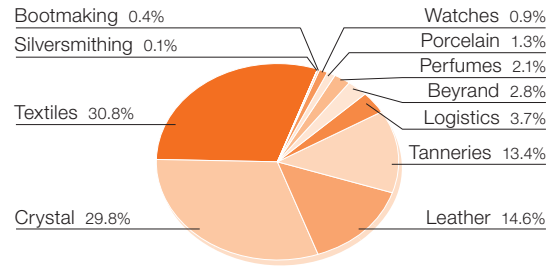


(1) With the integration of Hermès Cuir Précieux as of 2008, Natéber, ITH and AEI as of 2012, Tannerie d'Annonay, Beyrand and Joseph Erard as of 2013.

• Breakdown of the water consumption by business line in 2014 (in m³)



• Breakdown of the energy consumption by business line in 2014 (in MWh)



Environmental information

PRODUCTION SITES

The Hermès Group controls 47 production units, including 36 in France, on 41 geographical sites

(30 in France, 3 in Switzerland, 2 in the United States, 4 in Australia, 1 in Great-Britain and 1 in Italy), plus the Bobigny logistics platform.

Business line	Company name (<i>production site</i>)
Leather goods	Hermès Sellier (<i>Paris Faubourg Saint-Honoré, Pantin-Pyramide, Pantin-CIA, Pierre-Bénite</i>)
	Maroquinerie de Saint-Antoine (MSA) (<i>Paris Faubourg Saint-Antoine</i>)
	Maroquinerie de Belley (<i>Belley</i>)
	Maroquinerie des Ardennes (<i>Bogny-sur-Meuse</i>)
	Maroquinerie de Sayat (<i>Sayat</i>)
	Manufacture de Seloncourt (<i>Seloncourt and Étupes</i>)
	Manufacture de Haute Maroquinerie (<i>Aix-les-Bains</i>)
	Maroquinerie Nontronnaise (<i>Nontron</i>)
	Ganterie de Saint-Junien (<i>Saint-Junien</i>)
	Comptoir Nouveau de la Parfumerie (<i>Le Vaudreuil</i>)
	Maroquinerie Iséroise (<i>Fitilieu and Les Abrêts</i>)
Maroquinerie de la Tardoire (<i>Montbron</i>)	
Tanneries and fine leather goods	Gordon-Choisy (<i>Montereau</i>)
	Tanneries des Cuirs d'Indochine et de Madagascar (TCIM) (<i>Vivoin</i>)
	Michel Rettili (<i>Cuneo/Italy</i>)
	Tannerie d'Annonay (<i>Annonay</i>)
	United States division, including Reptile Tannery of Louisiana (RTL) (<i>Lafayette</i>) Australia division
Perfumes	Comptoir Nouveau de la Parfumerie (CNP) (<i>Le Vaudreuil</i>)
Textiles	Créations Métaphores (<i>Bourgoin-Jallieu</i>)
	Société d'Impression sur Étoffes du Grand-Lemps (SIEGL) (<i>Le Grand-Lemps</i>)
	Ateliers A.S. (<i>Pierre-Bénite</i>)
	Holding Textile Hermès (HTH) (<i>Pierre-Bénite, Bourgoin-Jallieu</i>)
	Établissements Marcel Gandit (Gandit) (<i>Bourgoin-Jallieu</i>)
	Ateliers de Tissage de Bussières et de Challes (ATBC) (<i>Bucol, Le Crin</i>) (<i>Bussières, Challes</i>)
	Société Nontronnaise de Confection (SNC) (<i>Nontron, Bourgoin-Jallieu</i>)
Ateliers d'Ennoblement d'Irigny (AEI) (<i>Irigny</i>)	
Crystal	Compagnie des Cristalleries de Saint-Louis (<i>Saint-Louis-lès-Bitche</i>)
Silversmithing	Puiforcat (<i>Pantin-CIA</i>)
Porcelain and enamel	Compagnie des Arts de la Table et de l'Émail (CATE) (<i>Nontron</i>) Beyrand (<i>Saint-Just-le-Martel</i>)
Watches	La Montre Hermès (LMH) (<i>Bienne/Switzerland</i>)
	Natéber (<i>La Chaux-de-Fonds/Switzerland</i>)
	Joseph Érad (<i>Noirmont/Switzerland</i>)
Bootmaking	John Lobb (<i>Paris Mogador, Northampton/United Kingdom</i>)
Logistics	Hermès Sellier (<i>Bobigny</i>)

The information on the environmental impacts of the activity of the Hermès production units and distribution site is presented by business line (leather goods, textiles, tanning, perfumes, crystal, watches, porcelain and enamel, silversmithing, bootmaking and logistics), each time using the most appropriate indicators, in accordance with the provisions of Article 225 of the Grenelle 2 Law of 12 July 2010. The areas examined include the organisation and means implemented in order to prevent environmental risks, the use of resources, pollution control and waste management issues, climate change and biodiversity. Additional information is provided in order to present the main actions undertaken in the health and safety fields, as well as the societal commitments and relations with the stakeholders specific to each business line.

LEATHER GOODS

The Hermès Leather Goods (PAHMS) division comprises 16 production facilities, including a workshop at the site in Le Vaudreuil (Comptoir Nouveau de la Parfumerie), and a saddlery shop in Rue du Faubourg-Saint-Honoré. In 2014, the Maroquinerie de la Tardoire took up its new premises in Montbron. A new leather goods site has been temporarily installed in Etupes, pending the construction of a new building in Héricourt.

2014 was marked by increased production, estimated in production hours as more than +6.8% relative to 2013, and by the hiring of 150 new craftsmen. The division included more than 3,000 personnel members at year-end.

1. HEALTH, SAFETY AND ENVIRONMENT POLICY

The objective is to make the house's plants into sites that are respectful of both people and the

environment, while maintaining the tradition of excellence, work well done and innovation.

Each plant has a dedicated EHS manager, whose daily tasks include coordinating the plans related to working conditions, occupational safety and environmental protection, with the support of the site directors, of a multi-disciplinary and active HSE network made up of the various people involved in "health and safety at work", and of central coordination.

The division's HSE-SD coordination was enhanced this year with the hiring of a health, safety and environment engineer, whose role is to define the priority work axes and objectives, to ensure the support and means needed in order to reach these objectives, to ensure the consistency of the progress plans and to implement common operational procedures and tools.

• Environment

The main Leather goods objective is to stabilise the water and energy consumption figures in a context of strong growth, which means reducing them with a constant perimeter. The "Water Energy Carbon" project resulted in 19 action plans, 14 of which were completed in 2014. They involved waste management with improved sorting, biodiversity with the installation of beehives and the planting of endemic species, improved energy performance with the implementation of building technical management at the Maroquinerie de Saint-Antoine (MSA) and the completion of significant insulation works at the Maroquinerie des Ardennes, as well as the reduction of carbon emissions with the commissioning of an electric company car within the Savoie-Dauphiné division.

• Health and safe working conditions

The division's stated ambition of ensuring that the topic of occupational health and safety is considered with the same degree of appropriation, excellence and passion as the business lines themselves within

the Hermès Leather goods division led to a significant reduction in the number and severity of workplace accidents in 2014.

Both the frequency and severity rates dropped by 37%. Many actions contributed to the significant results in terms of improved occupational health and safety. These actions included the strong involvement of the general management during its quarterly meetings focusing on these issues, the shared roadmaps and concrete action proposals, along with specific budgets.

For example, the hand protection network has been working in four plants (Pierre-Bénite, Sayat, Belley, Aix-les-Bains), and organised a prevention seminar. All workplace accidents with sick leave are now systematically investigated, and discussed throughout the division.

The local management on two sites (Sayat, Nontron) received safety culture training. Discussions and communication surrounding safety are expanding on all sides by means of dedicated displays, “safety minutes” as well as during collective information sessions. In-depth work has already begun with a focus on the machines, as a result of the renewal of obsolete equipment and increasing the safety of certain hardware on the basis of experience. A common equipment acceptance procedure has been created. Detailed guidelines were drafted for the installation of machines in the new production facilities in La Tardoire, Isère and Etupes. A specific seminar was organised in order to combine practicality in the field and the drafting / validation of procedures.

The prevention and control policy for chemical risks continued in 2014 with the development of 3 fun tools intended to raise the awareness of users, along with a formalized analysis of chemical risks on 5 sites (Pierre-Bénite, MSA, Faubourg, Pantin-CIA, Pantin-Pyramide) and the set-up of shared action plans throughout the division. A close partnership is

maintained with the technical department, with the occupational safety services, with the personnel representative institutions (PRI) and product suppliers in order to assess and eliminate risks prior to initial usage. It should be noted that all sites now have a list of authorised products, and a procedure for incoming chemical products.

Working with health professionals, a tailor-made training module has been developed and implemented. This fun and interactive module provides instruction on physical processes, awareness of the importance of ensuring one’s long-term safety, as well as simple and efficient means for improving one’s actions on a daily basis and over time.

2. FIGURES

	2007	2008	2009	2010	2011	2012	2013	2014
Water (m³)	30,905	23,346	30,202	24,812	24,761	22,234	23,549	23,773
Electricity (MWh)	10,607	11,063	11,297	11,399	11,751	12,468	12,233	12,475
Gas (MWh)	7,755	9,130	7,410	8,572	7,594	8,070	8,276	7,102
Fuel oil (MWh)	1,382	1,037	953	726	0	0	0	-
Wood (MWh)	-	-	70	385	390	377	338	446
OIW (t)	684	670	640	633	638	670	584	503
HIW (t)	15	21	29	37	42	49	69	88.5
Level of activity	100	108	109	110	118	126	138	147

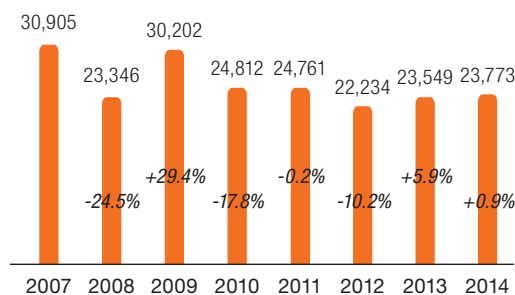
The above figures do not include the Le Vaudreuil workshop and the Faubourg Saint-Honoré Saddlery workshop, which are included elsewhere.

• Water

In the Hermès Leather Goods division, water is only used for domestic purposes, supplying the automatic fire sprinkler system, watering the green areas of certain sites and supplying the back-up air conditioning systems at La Pyramide. There is no industrial use of water.

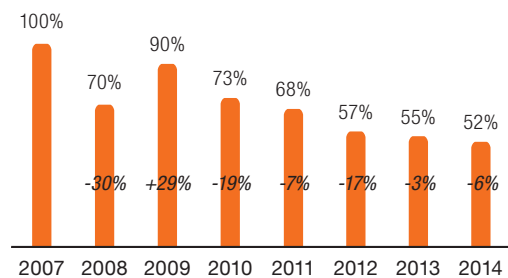
At 23,773 m³, water consumption rose by 0.9% in 2014 relative to 2013, though the increase is lower

than that of the activity (down by 6%), despite the 5.2% personnel increase. Home to the essential services, the house's major events and a company restaurant, the La Pyramide site nevertheless represented less than half of the division's overall water consumption. The quantity of water consumed per employee declined, from 8.31 m³ per person in 2013 to 7.95 m³ in 2014.



EVOLUTION OF THE WATER CONSUMPTION SINCE 2007

The below chart depicts water consumption compared with the division activity level.



WATER CONSUMPTION COMPARED TO ACTIVITY

• **Energy**

Electricity, gas and water are the energies used within the division. Electricity is used in the buildings and in production. Gas is used only to heat sites. The Maroquinerie Nontronnaise site uses wood for the boiler installed in 2009, as does the Maroquinerie de Belley after the connection to the district wood-burning boiler system.

The total energy consumption (electricity, gas and wood) was 20,023 MWh for 2014, meaning a decrease of 4% relative to 2013.

The 2014 results exceeded the objective of stabilising our energy consumption figures within a context of strong growth. This decreased energy consumption can primarily be explained by better control of electricity consumption, lower gas consumption as a result of a mild winter, and the efficiency of the insulation work carried out at the Maroquinerie des Ardennes. With a constant perimeter, total energy consumption has fallen by a third since 2007 (-32%). In 2014, it fell by 8% relative to 2013.

	2007	2008	2009	2010	2011	2012	2013	2014
Total energy consumption Base 100	100	108	100	107	100	106	105	101
Compared with the activity	100	100	92	97	85	83	76	68

Electricity

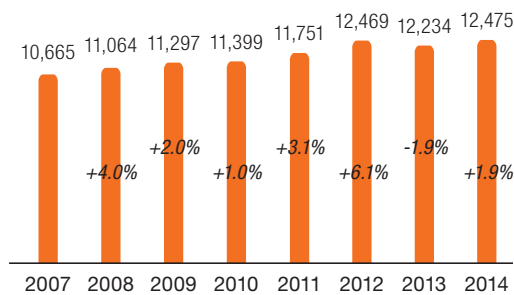
Electricity is used for production equipment (cutting machines, leather marking tools, workstation lighting, etc.) and for the technical installations in the buildings (lighting, hot water, treatment plant, ventilation, extraction systems, cooling units, etc.).

The division's electricity consumption was 12,475 MWh in 2014. It rose by 1.9% relative to 2013, within a context of strong growth and a larger production surface. Compared with the activity, electricity needs fell by 5% relative to 2013. The annual variations per site are modest, which is indicative of the excellent control of the technical management of the buildings and the consideration of this aspect when replacing or improving the production tool. The causes of the variations are identified and brought under control by the sites.

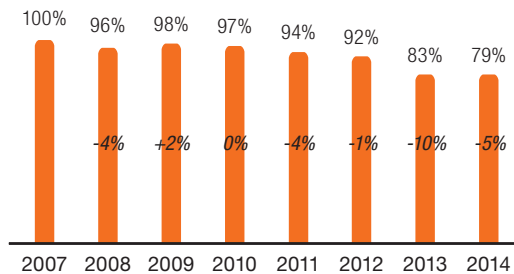
The La Pyramide sites in Pantin and Pierre-Bénite account for half of the division's electricity

Environmental information

consumption. The first site is home to many activities, as well as the essential services, while the Pierre-Bénite leather goods site accommodates the division's largest cutting workshop. In the last 4 years, the plant has been deploying a specific action plan that targets the highly energy-consuming air heating plants, with the twofold objective of improving the perceived comfort and decreasing energy consumption.



EVOLUTION OF ENERGY CONSUMPTION
SINCE 2007 (MWH)



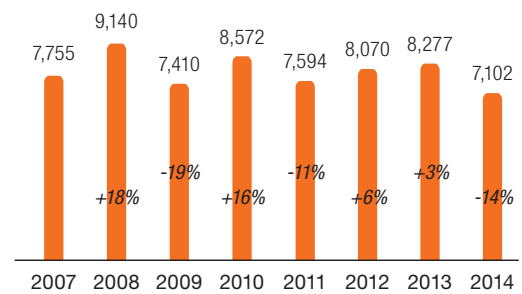
ELECTRICITY CONSUMPTION COMPARED TO ACTIVITY

Fossil fuels

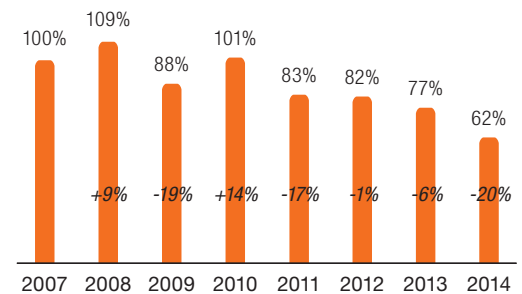
Gas consumption was 7,102 MWh in 2014, down 14% compared to 2013. As a result of a mild winter, consumption was down across all sites. The building insulation efforts at the Maroquinerie des Ardennes helped to improve employee comfort and the energy performance, with a 36% decline of gas consumption. In the first quarter of 2014, the connection of the

Belley site to the district wood-burning system made it possible to eliminate the site's gas supply (75% consumption decline).

Compared to the activity, the consumption of fossil fuels is down by 20% relative to 2013, and has been almost cut in half over 7 years.



EVOLUTION OF THE GAS CONSUMPTION (MWH)



GAS CONSUMPTION IN MWH PER THOUSAND HOURS
OF THEORETICAL PRESENCE

Renewable energies

The usage of renewable energies (i.e. 446 MWh in 2014) on the Maroquinerie de Belley and Maroquinerie Nontronnaise site is proving its efficiency. Since the 1st quarter of 2014, 100% of the heating at the Maroquinerie de Belley has been provided by the district wood-burning boiler system. The heating system within the Nontron is mixed, with a gas boiler supplementing the wood boiler. At Nontron, half of the heating needs were provided by renewable energies

in 2014. Photo-thermal solar panels are used for heating the domestic water, thereby fully accounting for the needs of the plant.

• Effluent water and atmospheric emissions

The leather goods sites represent limited sources of waste due to environmentally friendly and primarily manual manufacturing processes. Since 2008, the sites have been equipped with water-based cleaning tables for washing production tools, eliminating the contamination of water with glue and the clogging of pipes. The air inside the workshops is regularly analysed to check its quality. Water-based glues are now systematically used on all sites in place of solvent-based glues. The air conditioning, ventilation, heating, gluing and sanding machines that generate atmospheric emissions are equipped with filters that guarantee the quality of the released air.

• Waste management

Ordinary industrial waste (OIW) such as leather, cardboard, etc., and hazardous industrial waste (HIW), such as the waste from the water-based cleaning tables and dirty packaging, are sorted and recycled through appropriate channels.

In 2014, a division-wide project was launched in an effort to reduce and better manage our waste. Centrally controlled, its objective is to harmonize practices, to implement common initiatives and to propose alternative and innovative solutions. The first step was an exhaustive and accurate appraisal of the practices, such as to identify the priority actions. Within this framework, a waste specialist participated in a meeting of the HSE network in order to explain the various channels and to respond to the questions put forward by the sites. Clarifications were provided with regard to the classification of certain types of waste. The correct usage of the water-based cleaning tables was identified as a priority focus. These aspects will

be monitored through common and detailed reporting tables.

The division's OIW figures for 2014 amounted to 503 tonnes, versus 584 in 2013. The quantity of HIW stands at 88.5 tonnes in 2014, versus 69 in 2013. The use of water-based glues has now become systematic on the production sites, barring technical requirements, leading to the elimination of all solvent-soaked waste, a source of HIW.

3. SUSTAINABLE DEVELOPMENT

The autumn 2013 presentation of the house's sustainable development initiative to the management committees and HSE managers led to the creation of 7 working groups on all aspects of sustainable development.

As a result of these groups, projects are in place to set up beehives at Sayat and Belley, plantations of flowers or trees from endemic species in the area of 3 plants, as well as the elimination of organic waste and phytosanitary products. Another example, i.e. production management on the Pantin pilot site, is now in the dematerialization phase with the arrival of computerized tablets in order to replace paper. For its part, the Saint-Antoine site is a pioneer in accurate waste calculation, and in improved stock management. Finally, the efforts to decrease scrap leather at Pierre-Bénite are contributing to our permanent efforts to make the best possible use of the hides.

The Sustainable Development Week is now firmly established as part of the culture of the sites. Every year, it includes a considerable number of events focusing on handicaps that include visits with our partners, i.e. sheltered work establishments (ESAT) and adapted companies (EA), biodiversity with events including organic food markets and the involvement of reintegration associations offering baskets of biological products, as well as waste reduction at Pierre-Bénite that included a contest with eco-responsible

prizes. With regard to reducing the carbon footprint, tests using an electronic car and a carpooling challenge were organised at Seloncourt.

• Relations with stakeholders

In the last 6 years, the division has developed close partnership relations with 4 sheltered work establishments (ESAT) and an adapted company (EA), located in the vicinity of the plants. Within these 5 partner establishments, the work, health and safety conditions underwent a formal audit. A favoured contact person provided these workshops with technical and quality support on a day-to-day basis, but also over the long term, as part of development projects as well as in the set-up of future premises or the acquisition of new equipment.

• Usage of materials

The raw materials used in the manufacturing of saddlery products and leather goods primarily consist of hides from cows and pigs, as well as fine leathers (crocodile, alligator, lizard, ostrich), metal material treated for various finishes (gold, palladium, etc.) and textiles (silk, cotton).

The leathers used by Hermès are rare and of exceptional quality. Their very careful usage is one of the main concerns for producers of leather goods. All methods, such as the usage of cutting scraps, the associated cutting technique, the sharing of best practices for cutting are all used and encouraged within the division. They help to increase the expertise of the cutters and to optimise the usage of the leathers.

• Climate change

The Bilan Carbone® initiative was launched within the Pierre-Bénite plant in 2006, and extended to the entire division in 2008. A regular measurement of our carbon emissions serves to verify that our carbon footprint grew more slowly than the activity, and that

the distribution of the contributing stations is stable from one year to the next: half of the emissions come from raw materials, one quarter from personnel commuting and one quarter from energy consumption. It also contributes to the water, energy and carbon progress plans, with concrete actions such as the use of an electric service vehicle, or increasing the share of renewable energies.

TEXTILES

The textile division now includes 11 production entities on 7 geographical sites, after the grouping of several units within the ITH establishment located in Bourgoin-Jallieu. Each site adheres to the EHS policy defined by the division's coordinator, under the authority of the industrial strategy director.

The investments resulting from this policy amounted to €538,000 in 2014, most of which were devoted to preventing environmental risks and pollution.

2014 was marked by a 2.5% activity increase, relative to 2013, and by major industrial investments that notably included:

- a substantial increase of the weaving surface at Bussières and the creation of a materials control laboratory;
- the installation of a new printing line and of a new colour kitchen in Pierre-Bénite;
- the installation of new frame washing machines at SIEGL.

A pilot training initiative focusing on environmental aspects was carried out within the AEI company, that involved the operational management team. This led to the set-up of an action plan, but especially to a greater awareness of these stakes. At SIEGL, visits were carried out and a film was shown in order to increase the awareness of the personnel with regard to water consumption and discharges.

Safety training actions were carried out with the personnel, focusing on topics such as eye relaxation, warming up, chemical risks, workplace accident analysis methods, etc.

Plans targeting the reduction of water, energy, waste and carbon emissions are discussed and revised twice each year. Every 3 months, a safety meeting is scheduled with each site director, the HR manager, the HSE manager and the nurse. As such, the HSE aspects of the various sites are assessed on a regular basis. Finally, HSE criteria are integrated into all new equipment right from the design phase.

• Figures

	2007	2008	2009	2010	2011	2012	2013	2014
Water (m ³)	260,000	241,000	199,000	215,800	198,478	238,760	269,232	275,995
Electricity (MWh)	9,678	10,075	9,267	9,520	9,694	11,673	12,586	14,050
Gas (MWh)	21,897	22,254	20,443	22,810	21,000	26,324	27,115	27,175
OIW (t)	469	306	239	345	346	448	457	507
HIW (t)	334	387	409	488	522	546	696	973

Across the textile division, water consumption increased with the activity, by 2.5%. Gas consumption is stable. The 12% increase of energy consumption reflects the commissioning of new production equipment in 2013 and 2014.

• Water

The division’s water needs increased by 2.5%, in keeping with the activity.

Water consumption at the Ateliers A.S. increased by 4%, despite a nearly 13% production increase. Targeted investments led to this optimisation of water consumption, such as the new printing lines that are equipped with more economical frame washing machines, and the newly commissioned pot washing machines. Water meters connected to the centralised technical management now ensure that anomalies

can be handled on a quicker basis, while providing the managers with a better grasp of the stakes.

At SIEGL, water consumption declined by 2% in 2014 relative to 2013, though production increased in the area of 13%. Better performing frame washing machines were installed while the entire personnel was made aware of the need to optimise water consumption, by means of showing a film dedicated to the site’s water processing equipment, that was followed by a visit to the technical installations.

For AEI, water consumption was stable between 2013 and 2014, while the activity increased by 17%. The optimisation of the stock of machines continued. A working group was created in order to improve the consumption figures and to perpetuate the results.

At Bussières, consumption was heavily impacted in 2014 by the new workshop’s construction site.

• Wastewater

All means helping to control and improve the quality of the effluent are being used: the replacement – whenever possible – of certain chemical products with products that are more respectful of the environment, reduced use of solvents, decreased consumption of chemical products, and improved recovery of products before their transfer to the station. As such, for the printing sites, all new equipment includes the recovery of colours, better stripping of the frames, and recovery of the products resulting from the stripping of tables.

At the Ateliers A.S., wastewater pollution increased by 59% (COD expressed in mg/l). This increase is related to the activity growth, the diversification of the media, the increase in the number of table stripping operations, and the start-up of a new production line with its corresponding stripping machine.

At SIEGL, wastewater pollution increased by 16% (COD expressed in mg/l). This increase primarily

results from the higher activity level. In December 2014, the wastewater treatment station underwent a 5-year operation to clean out sludge from the basin, in order to improve the treatment.

For AEI, wastewater pollution declined by 10% with regard to COD between 2013 and 2014. The products with an impact on pollution were analysed, and substitution solutions were implemented.

• Energy

A small part of the electricity needs at ITH is provided via a limited stock of photovoltaic panels. At the Ateliers A.S., the new printing line had been equipped with more economical lighting. Three air treatment units were replaced with two more economical installations. Energy consumption increased by 13%, as a result of the commissioning of the sampling workshop's air conditioning system and the new printing line. Gas consumption declined by 9%, due to a workshop's improved insulation and a milder winter.

At SIEGL, electricity and gas consumption respectively increased by 9% and 8% between 2013 and 2014, while the activity increased by 13%. The increased electricity consumption primarily relates to the weekend work on the tables workshop. The 8% increase of gas consumption can be explained by the fact of 3 teams using certain equipment components, such as the sprayer.

The water consumption at ATBC Bussières increased by 20%, while the activity rose by 4%. This can notably be explained by the lighting of a new workshop, using LED lights. The milder winter resulted in a 28% decline of gas consumption.

• Raw materials

The main raw materials used for HTH are silk, cashmere and cotton. True partnerships have been set up with suppliers of these materials in order to increase the reliability of the procurement and to

ensure compliance with the ethical and environmental requirements of the Hermès group. Each visit is an occasion for an audit and verifications. A reduction programme for raw materials has been implemented, both for fabrics and for colouring agents. Water and energy are also specifically monitored, since they are considered to be raw materials.

• Waste

The aim is to constantly improve waste management and disposal through approved channels. A division-wide programme has been implemented in order to limit material losses on all sites, which includes work on optimising the fabric widths and reducing losses of colouring agents.

For Ateliers A.S., hazardous and ordinary industrial waste declined by 2%, as a result of a campaign to raise the awareness of the personnel, specifically with regard to coloured waste.

At SIEGL, hazardous industrial waste increased by 80%, with the main cause of being the sludge resulting from the 5-year maintenance of the wastewater treatment system.

A clearance of fabric pieces resulted in an 80% increase of ordinary industrial waste.

At AEI, ordinary industrial waste declined by 33%. The quantities of produced waste are stable, whereas the decline can be explained by stock clearance operations in 2013. In 2004, the cleaning operation on the wastewater tanks resulted in a virtual tripling of the HIW. Henceforth, this operation will be carried out annually.

Within the Gandit company, the frame recycling rate increased by 170%. The frame recycling rate for 2014 is 24%.

• Noise and olfactory pollution

The enlargement at ATBC Bussières was specifically designed in order to limit noise impacts both inside

and outside of the building. No site within the sector has been the subject of complaints for noise or olfactory effects.

• Bilan Carbone®

The Bilan Carbone® for the entire division was updated in 2014. This effort contributed to the sector's "Water, energy, carbon" action plans. The stations producing the most omissions are purchasing (fabrics, chemical products and packaging), upstream freight and commuting.

• Relations with stakeholders

The partnerships set up with ESATs for the recycling of photoengraving frames, fabric sampling for Creations Métaphores, as well as the upkeep of green spaces and the cleaning of the premises continued. In 2014, HTH continued to support the partner company Handysoie, in collaboration with an ESAT that employs disabled personnel for the manufacturing of textile products. The National handicap week was an occasion for considerable experience sharing, as well as workshops and testimonials, notably with the sponsorship for two French handicap athletes, members of the French teams in tennis and skiing.

A "Well-being at work" plan is being consolidated within HTH. It includes the set-up of relaxation areas, coaching proposals and personal development training, a counselling and monitoring service with an occupational psychologist, relayed by social assistants on all HTH sites.

Finally, the partnership set up with the Sport dans la ville association, intended to promote the integration of young people, was as opportunity to successively bring 9 teams together around the "But en or" (Golden goal) operation.

• Health and Safety

In 2004, considerable investments were made while integrating HSE aspects right from the design phase, with a notable focus on ergonomics and noise. As such, an action plan was rolled out for the inspection workshops, in which the increase in the volumes of large-format products is resulting in a risk of musculo-skeletal disorders, with the control actions having to be on a larger scale. Warm-ups and eye relaxation drills are now carried out before starting work on certain HTH sites, in the construction workshops as well as logistics.

TANNERIES AND FINE LEATHER GOODS

• Sites and organisation

The "Tanneries and fine leather goods" division consists of 4 tanneries for exotic leather (primarily crocodiles and alligators) located in France, Italy and the United States, as well as one veal tannery located in Annonay. These production sites report directly to the Hermès Cuir Précieux (HCP) industrial department. The oversight of the Environment, Health and Safety (EHS) actions is provided by the dedicated managers on each production site. The improvement of the environmental impacts of the sites (water, energy, waste) and of the working conditions of the employees are amongst their priority missions. As a result, they receive support from the site directors who are directly involved with regard to these subjects. All of the data are shared within the division and joint improvements are implemented at the instigation of the industrial department.

In order to coordinate the division's cross-functional missions, quarterly meetings were organised in 2014 between the EHS managers within the tanneries. Carried out in alternation on the division's sites or within

Environmental information

other Hermès sites, they provide an opportunity for discussions on the latest regulatory developments, as well as for the sharing of best practices between tanneries.

2014 also included the construction of a new tannery in Cuneo, the production of which began in the last quarter. This tannery's surface area is much larger than the old installation.

It includes an optimised production area, equipment intended to improve its energy performance (photo-voltaic panels, cogeneration plant), while also providing the employees with better working conditions. Finally, €2,765,000 were devoted to preventing environmental risks and pollution in 2014. The bulk of these investments were used to improve the effluent treatment systems at the Annonay and Vivoin tanneries, and for the construction of new purification stations for the new tannery in Cuneo and the one in Lafayette.

• Figures

	2009	2010	2011	2012	2013	2014
Water (m ³)	95,809	85,215	95,036	87,649	180,340	155,455
Electricity (MWh)	3,260	3,256	3,686	3,555	5,529	6,143
Gas (MWh)	7,567	8,104	6,577	7,230	13,541	11,788
Fuel oil (MWh)	–	–	–	–	55	35
OIW (t)	nc	nc	nc	781	1,876	2,269
HIW (t)	nc	nc	nc	159	1,022	1,230
Of which recycled waste (t)	nc	nc	nc	140	1,070	957
Of which reclaimed waste (t)	nc	nc	nc	85	267	225

nc : not communicated.

The reporting perimeter has included the Annonay Tannery since 2013 (acquired in December 2012), but does not include the divisions in the United States and Australia.

• Water

The division's water consumption fell by 14% in 2014. Across the perimeter of exotic leather tanneries, the average ratio of water consumption compared

to activity declined by more than 4%, an indication of the continuing efforts to control and reduce consumption.

This includes a monthly monitoring of water consumption figures, preventive maintenance programmes for the installations, regular verification and sampling of the meters, and programmes to raise employee awareness. Significant discrepancies not related to production differences are also analysed. The necessary verifications are immediately carried out by the maintenance teams, in order to locate and repair any possible leaks.

The actions undertaken in recent years have led to a significant reduction of water consumption. 2014 saw a continuation of the actions carried out in 2013. For example, the Annonay and Lafayette tanneries installed new better performing and more economical production equipment, respectively a continuous flesher as well as kicker machines, whereas the Cuneo tannery installed a rainwater recovery system.

• Energy

The division's energy consumption dropped by 6%, while all of the tanneries have been fitted with additional production equipment. A large part of the decrease can be attributed to the Annonay Tannery, which accounts for 40% of the division's energy consumption, as a result of a milder winter. The consumption figures remained stable across the exotic leather tanneries, with a slight increase of the average ratio of energy consumption over activity, which can be explained by simultaneous production at two tanneries in Cuneo during the last quarter.

In Montereau, the installation of air treatment plants (CTA) in the shaving workshop or at the workstations of the finishing booths had no influence on the site's energy consumption. A second energy-saving air compressor was also installed, while the campaign to install LED lights in place of neon lights continued.

The redevelopment works within the Vivoin workshops were carried out while devoting particular attention to the inside insulation of the buildings and the installation of LEDs and motion detectors. Despite the installation of additional production equipment and of air treatment plants, the tannery stabilised its energy consumption.

Finally, in Cuneo, the first electrical KWh were produced by the photovoltaic panels installed on the tannery's roof (production in the area of 100 MWh during the last quarter of 2014). While entirely intended for the tannery, this production can be injected into the grid if necessary. The tannery also has a gas cogeneration facility that allows for the simultaneous production of hot water and electricity.

• Discharges

Each tannery is equipped with an effluent treatment station and verifies its industrial discharge in compliance with the applicable standards. Regulatory inspection reports are submitted to the local authorities on a regular basis. The division's tanneries continually work on improving the performances of the effluent treatment.

In Montereau, the reduction of water consumption combined with the production increase led to a concentration of pollutants in wastewater. In 2014, the site continued its research efforts intended to optimise treatment, with the initial tests performed in 2013 having led to further treatment improvements. The Vivoin tannery carried out many projects during the year, that notably included the installation of a lamellar clarifier and improved safety of the biological treatment of the effluent. After improvements in 2013 to its chromate removal and purification stations (automated systems, tanks, etc.), the Annonay site continued its works with the installation of 2 lamellar clarifiers, a press filter, and an optimised desulphurisation process. The Cuneo tannery was equipped

with a biological treatment plant as a supplement to the physicochemical treatment.

The tanning division's atmospheric emissions primarily result from the operation of the boilers, the dry degreasing activity and the finishing booths. The verifications of such equipment, as identified in the prefectural orders or site permits, are performed in compliance with the applicable regulations. The thresholds were not exceeded on any site.

Finally, each year, the Montereau site prepares a management plan for its solvents, in keeping with its prefectural order. As part of this, the site continued its efforts to significantly reduce VOC (volatile organic compounds) emissions related to its activity, notably by setting up degreasing of the hides in kicker machines.

• Waste

The increased production of non-hazardous waste (+20%) results from the works carried out at the Vivoin tannery on the biological treatment of the purification station: as such, 575 additional tonnes of sludge were removed.

The increased tonnage of produced non-hazardous waste, for its part, is the consequence of optimised effluent treatment at the Annonay Tannery. The installation of better performing equipment (lamellar clarifiers, press filters, etc.) resulted in an increase of sludge production, which therefore explains a large part of the division's increased production of hazardous waste (+20%). Indeed, the tannery contributed 80% of the sector's overall tonnage in 2014. The rest results from the cleaning of the gutters on the Montereau site.

Waste production on the division's sites is relatively constant from one year to the next.

100% of waste is evacuated through approved channels.

Each site continually strives to seek out the best

recycling or reclamation channels for its waste. Ordinary industrial waste (OIW) and biomedical waste with risks of infection (BWRI) produced on the sites are incinerated with energy recovery, hazardous waste is processed separately on the basis of its characteristics, paper and cardboard materials are recycled through classical paper industry channels, wooden pallets and crates are recycled, while metals are resold in order to be directed towards steel recycling channels. Waste from tripe splitting and gluestock, specific to the Annonay tannery, are reclaimed through transformation, respectively into flour intended for cement works and biofuel.

On-site waste storage was optimised in order to avoid all pollution (sheltered storage areas, retention basins, etc.), and regular actions were undertaken with the employees in order to raise awareness regarding sorting and arranging work areas, using the 5S method.

• Noise and olfactory pollution

In connection with the current production activities, as well as any isolated: maintenance or civil engineering operations, the sites make every effort to avoid and reduce noise and olfactory pollution as much as possible. No complaint was received in 2014.

When required by the regulations, the tanneries can be compelled to take measurements at the edges of the property. The latest measurements in 2014 did not bring to light any excess noise readings.

• Bilan Carbone®

The Bilan Carbone® for the “Tanneries and fine leather goods” division was updated for 2014. The division’s CO₂ emissions increased slightly between 2013 and 2010 (+2%).

The division’s stations producing the most emissions are energy consumption, air freight and the use of chemical products.

In 2010, after repeated tests, a maritime transport system – which consumes from 10 to 20 times less energy than air transport – was set up for Alligator mississippiensis from Florida and Louisiana, for Crocodilus niloticus from Africa and, more recently, for Crocodilus porosus from Asia and Australia.

In 2014, 33% of the procurements for the precious leather tanneries were delivered via maritime shipping, all species taken together, a decline relative to the result in 2013. This is notably explained by production constraints on the farms and within the tanneries, that resulted in the sites preferring air transport on an occasional basis.

• Biodiversity

The procurements of exotic hides is very regulated internationally, and is carried out in strict compliance with the CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) regulations. This international agreement between States is intended to ensure that the trade in animal specimens does not threaten the survival of the species to which they belong.

• Relations with stakeholders

Visits to the tanneries are occasionally organised on their initiative. As part of collaborative efforts with universities, institutes and professional training institutions, the tanneries can open their facilities to visits by students and people undergoing training.

Thanks to partnerships with sheltered work establishments (ESAT), the Montereau and Vivoin tanneries obtain personnel for maintenance of the green spaces. Two people from the same ESAT have been assigned to production operations on the Montereau site.

As part of the division’s commercial relations with its subcontractors and hide suppliers, the industrial department regularly performs audits in order

to check that the group's requirements, notably in terms of quality as well as compliance with social and environmental commitments, are actually being respected. By the end of 2014, one third of partners had been visited. Over the last 3 years, 90% of them have been audited.

• Health and Safety

Risk prevention, protection of the employees and the security of the products are some of the division's priorities. As such, all of the necessary human and material resources have been assigned. For several years, the sites have been working to improve health and safety conditions, and many initiatives have already been undertaken, notably including an assessment of professional risks and prevention measures for hardship resulting from work at the various workstations. Exchanges between dedicated managers on each site are held on a regular basis in order to share best practices within the division.

Two agreements on preventing hardship were signed in 2012, on the Montereau and Vivoin sites. This initiative, shared with the members of the CHSCT (Health and Safety committee), the workplace physicians, human resources and the site managers, led to the preparation of a 3-year action plan to reduce hardship at the exposed workstations. These agreements will respectively be coming to an end in June and July 2015. An assessment of the applicability of the new system, that took effect in October 2014, has begun on the site in question.

Examples of these actions include: the continuation of compliance studies on the extraction systems at Vivoin and Montereau, a machine compliance assessment at Cuneo, Annonay and Montereau, the purchase of machines and equipment to improve safety in most of the tanneries, the installation of a new generation drying system at Lafayette in order to reduce musculo-skeletal disorders when hanging hides, the

development of systems to reduce musculo-skeletal disorders in the drying systems at Cuneo, the securing of hazardous zones and of production operations within the sites, the completion of monthly communication campaigns on the sites, safety improvements on the sites within a context of the redevelopment and creation of buildings, or safety audits performed monthly at Lafayette by an external consultant.

All of the tanneries have also continued to work on optimising the management of chemical products (listing, identification, storage and usage conditions) and on the replacement of certain substances in order to comply with the current regulations while anticipating future changes (REACH regulations, POP [persistent organic pollutants], biocides, etc.).

As such, the Lafayette tannery completely rearranged its storage area for chemical products, while the Vivoin and Montereau tanneries carried out campaigns to measure the exposure of employees to certain chemical agents.

Finally, as part of the safety training of the employees, a considerable number of sessions were given on the sites, in addition to the regulatory training: handling of chemical products, gestures and postures, workplace first aid attendants, management of external companies, consideration of safety during maintenance operations, performance of evacuation and emergency exercises with the fire department, improved orientation of new comers (e.g.: creation of a prototype for a manual framing machine for hides at Vivoin).

• United States and Australia divisions

The United States and Australia divisions consist of four farms. They report to the HCP general management.

PERFUMES

In 2014, the growth of the Perfumes activity continued and resulted in new developments on the Vaudreuil site, as well as an update to the operating authorisation in order to integrate the changes to the activity and the site in recent years. The renovation and insulation works on the buildings undertaken since 2011 are bearing fruit, with a clear decrease of gas consumption as well as improved comfort of the personnel within the buildings.

• Figures

	2007	2008	2009	2010	2011	2012	2013	2014
Water (m ³)	5,426	5,644	5,777	4,359	2,772	2,703	3,756	3,723
Electricity (MWh)	1,422	1,422	1,430	1,446	1,701	1,414	1,533	1579
Gas (MWh)	2,246	2,376	2,331	3,032	2,037	2,161	1,774	1289
Fuel oil (MWh)	8	8	8	8	3	12	4	4
OIW (t)	375	361	341	351	397	557	627	585
HIW (t)	46	59	79	114	140	230	199	278

• Water

The site's water consumption remains stable relative to 2013. Water is used in the manufacturing of perfumes, in the cleaning of the tanks, in the washrooms and company restaurant, for the green spaces and to top up the fire system reservoir. In 2014, attention focused on wastewater discharges that included more in-depth analyses, notably as part of the research campaign on hazardous substances in water that was carried out from January to June, the results of which were communicated to the regional environment, development and housing department (DREAL). These results provide greater knowledge on the site's discharges and will be used to update the spill agreement signed between the Comptoir Nouveau de la Parfumerie (CNP) and the inter-community treatment plant.

• Energy

The consumption of natural gas, used for indoor heating and the restaurant services, fell by 27% in 2014, which was the first complete year of the operation of the buildings after the renovation and insulation works carried out on the roofs and façades starting in 2011.

The decline is equal to 40% relative to 2012, though the 2014 winter was relatively mild. The leather activity represents barely 20% of the site's overall consumption. In 2014, a 3% increase of electricity consumption was recorded. The leather activity represents 5% of the site's overall consumption. This increase is related to increased activity, which notably resulted in the site operating on several Saturdays.

• Air

For 2014, atmospheric emissions of VOCs (Volatile Organic Compounds) were estimated at less than 1% of the total consumption of solvents and therefore remain below the 5% emission limit for perfume industries. These VOCs primarily consist of ethanol, a product that is not bio-accumulable, presents no measurable risk to animal and plant life, and vaporises and biodegrades quickly.

As is the case each year, boiler emissions were also tested and analysed, and are compliant with the regulations.

• Waste

The volume of generated waste increased by approximately 4% relative to 2013, in keeping with the increased volumes of manufactured perfumes. The overall quantity of OIW declined, a reflection of the less extensive works.

The increase of the overall volume of HIW can be explained by residual alcohol or soiled packaging, the quantities of which are increasing in keeping with the growth of the perfume activity. Also, 2014 was

marked by the destruction of stocks of alcoholic finished products.

In 2014, 55% of the waste was recycled and 19% reclaimed, an increase of 11% relative to 2013. In addition to packaged alcoholic products, the reclamation services with an external partner were extended to include point-of-sale advertising and cosmetic products, starting in October 2014. With waste of these types, after unpacking and sorting, an average of 75% of the materials are recycled, with 25% sent for energy recovery.

• Bilan Carbone®

The CNP Bilan Carbone® indicates that, in 2014, the two stations producing most of the CO₂ emissions were downstream freight (most notably airfreight) and packaging. The increased total quantity of CO₂ can be directly related to the increased volumes of manufactured perfumes, and the higher number of points of sale having to be serviced.

The reliability of the data was also improved, notably with regard to packaging, with the data now being more exhaustive. Maritime freight, the emission rate of which is 10 to 20 times lower than that of airfreight, increased from 38% of the downstream freight to 49%, between 2013 and 2014.

• Health and Safety

Large-scale projects related to health and safety were carried out in 2014:

- the update file for the site's operating authorisation was submitted in 2014, and is currently being examined by the DREAL;
- the redevelopment works on the offices, the construction of a new reception pavilion, the improvement of the compressed air production and distribution installation, the addition of new anti-intrusion barriers and of anti-flood barriers, and the set-up of dynamic storage of the quality guidelines were all successfully

completed. The new reception pavilion will now allow the buildings to be accessed by persons with reduced mobility.

CRYSTAL

In 2014, the environment, health and safety team at the Cristallerie de Saint-Louis, under the authority of the industrial director, included a safety coordinator, an environment manager and an EHS technical manager who began in July 2014.

Various projects were successfully completed in order to improve the performances in terms of hygiene, ergonomics, safety and working conditions, such as the installation of an extraction system on the uncapping stations, the replacement of screens around the melting tools, the acquisition of a new washing machine for the final choice workshop, as well as the renovation of the washrooms in the lobby, maintenance and shipping. All of these works represented a budget of €270,000.

• Figures

	2007	2008	2009	2010	2011	2012	2013	2014
Water (m ³)	35,425	30,010	17,558	18,461	17,991	12,992	15,850	15,235
Electricity (MWh)	8,107	8,400	8,118	7,548	8,985	8,563	8,797	8,584
Gas (MWh)	33,962	35,089	31,799	33,028	32,488	32,474	34,428	31,296
Fuel oil (MWh)	82	92	101	168	123	93	101	142
OIW (t)	113	84	84	132	85	92	92	81
Waste DIS + HIW (t)	1,279	1,106	1,228	1,086	1,030	1,032	1,180	1,586
Including recycled + recovered waste (t)	971	818	1,052	935	828	807	860	947
Melted crystal activity (index 100 in 2009)	-	-	100	96	99	92	94	95

• **Water**

Attentive management of water resources as well as the strong motivation of the personnel with regard to this topic resulted in stabilised consumption between 2013 and 2014, despite a higher activity level and an unfavourable mix.

• **Energy**

Electricity consumption is now closely related to the activity level and the control of the main melting tool. The shutdown of the 12-pot oven in 2014, the down-graded operation of which had been maintained with the help of an additional burner, explains the lower gas consumption relative to the previous year. A new pot oven is being built, and will be put into service in 2015.

The heating of the accommodations during the renovation works on the Management House explain the increased consumption of fuel oil.

• **Waste**

The quantity of OIW is down relative to the previous year, that had included a document destruction operation. The partnership with Emmaüs for the removal, recycling and reclamation of all types of wood waste and IT waste continued in 2014.

The increase of HIW/DIS, in the area of 400 tonnes, can be entirely explained by the fire-stones resulting from the demolition of the pot oven. The quantity of cullet recycled within the melting tools is stable.

• **Aqueous effluent and atmospheric emissions**

After the measurements carried out in 2013 as part of the prefectural order, a proposal targeting the definition of a lasting supervisory plan was sent to the DREAL. Discharges of used industrial water, pre-decanted in the respective workshops, are collected

at a single point and, since the first half of 2009, have been treated by phytotreatment.

The 75 m³ sedimentation pond, equipped with lamellar filters and installed upstream of this facility in 2013, led to an appreciable improvement of the facility's performance.

A study pertaining to additional treatment, physico-chemical or other, was carried out in 2014. Since November, a pilot facility has been in operation in order to refine the technical choice. In May 2014, a measurement campaign on atmospheric emissions was carried out with an external institution. The various measured emission points proved to be compliant with the regulatory thresholds, except on the level of the combustion of the pot oven, which was degraded by the additional burner required for its operation. New measurements will be taken once the new installation is put into operation.

The dust removal system in the composition workshop's silos required a complete maintenance operation, and new measurements will be taken during the first half of 2015.

• **REACH**

Within the framework of the ROHS (Restriction of Hazardous Substances) directive, an exemption request was filed for electrified crystal products (lighting fixtures) by the sector's crystal manufacturers, in close cooperation with the Fédération des cristalleries et verreries à la main (Federation of Crystal Glassworks). This request is being examined.

• **Chemical risk**

The assessment of the plant's chemical risk, carried out using the CLARICE method since 2012, was updated in 2014. This update was preceded by awareness-raising that involved all of the workshop's managers.

The initial exposure measurements carried out in 2013 notably served to further refine the analysis in order for the measurement campaign in 2014 to be as representative as possible.

• Health and Safety

In 2014, many actions were taken in an effort to improve working conditions, notably in order to reduce chemical risks (extraction system at the uncapping station, new personal protective equipment (PPE) within the chemical engraving division), as well as projection risks within the “hot glass” workshops.

Awareness-raising regarding the risk of chemical burns was organised during the set-up of first aid solutions within the exposed workshops.

In parallel with the optimisation of the quality system carried out as part of the preparation for CCC certification (needed in order to distribute our electrified products in China), a project was initiated in order to update the operating procedures.

As part of this certification, various means made it possible to ensure the site’s safety in 2014, with systems including video-surveillance, access control, anti-intrusion alarms and guard services for the site.

WATCHES

The watch division consists of La Montre Hermès (LMH) (design, manufacturing and distribution of watch products), the company Joseph Erard (manufacturing of watch cases) and Natéber (manufacturing of dials).

Since 2012, an EHS and general services position was been in place to conduct activities concerning EHS issues in the Watches division. An EHS committee meets once every quarter on each of the three sites, and organises inspection visits. External audits on

issues relating to the environment, health and safety as well as fire are organised on a regular basis. Some €580,000 have been devoted to investments relating to the environment, ensuring machine compliance, ergonomics and safety.

• Figures ⁽¹⁾

	2007	2008	2009	2010	2011	2012	2013	2014
Water (m ³)	746	607	1012	707	860	5,437	6,013	6,539
Electricity (MWh)	350	343	334	357	381	509	1,027	1,141
Gas (MWh)						118	94	93
OIW (t)	20	20	20	20	20	19	22	19

(1) Integration of Joseph Erard as of 1 January 2013.

• Water

Water consumption is monitored on a monthly basis. While water is used only for domestic purposes within LMH, it is used in the electroplating process at Natéber. This entity’s efforts resulted in an 11% decrease of water consumption as part of this process. This fact is unfortunately overshadowed by the increases on the LMH and Erard sites, related to increased activities (working in two shifts).

• Energy

Electrical energy consumption is monitored, with a report published each month as a component of the annual report. As in the case of water, the increase results from the growth of the personnel figures.

• Waste

Waste production is monitored, with a report published each month as a component of the annual report. Personnel members are informed and trained to use the bins provided for each category of waste and are careful to comply with best practices for waste disposal. Departmental managers ensure compliance with the sorting instructions.

All aqueous products, solvents, glues and dies are

placed in sealed containers and collected by a professional chemical disposal company.

• Atmospheric emissions

For LMH, there are no atmospheric emissions, as the heating water is produced by the incineration plant of the city of Brügg, that recycles part of our combustible waste. For Natéber, the heating plant within the factory uses city gas. For Joseph Erard, the central heating system runs on domestic fuel oil.

• Bilan Carbone®

Performed at LMH each year since 2013, the Bilan Carbone® now includes the Erard and Natéber sites in order to provide an overall view of the emissions and to steer the reduction projects throughout the watch division.

PORCELAIN AND ENAMEL

1. COMPAGNIE DES ARTS DE LA TABLE ET DE L'ÉMAIL (CATE)

The activity on the Nontron site is devoted to the decoration of white porcelain parts and the manufacturing of enamel bracelets. The EHS manager reports to the site director. The consumption figures are posted on a display board at its entrance. A total of €456,000 of investments have been devoted to EHS matters.

• Figures

	2007	2008	2009	2010	2011	2012	2013	2014
Water (m³)	875	2136	803	1,196	1,429	1,615	1,883	1,733
Electricity (MWh)	833	918	846	936	922	1,229	1,222	1,208
Gas (MWh)	538	530	478	547	461	547	696	499
Fuel oil (MWh)	62	74	55	55	33	31	31	33
OIW (t)	90	91	75	65	34	82	81	88
HIW (t)	0.3	1.0	1.7	3.9	7.6	8.8	34.2	30.1

• Water

Both for the porcelain decoration activity and for the enamel activity, the Nontron site uses water in its industrial process as well as for domestic purposes. In 2014, water consumption declined by 8% relative to 2013. This decrease results from the renovation of the washrooms, and changes to the product mix.

• Aqueous effluent

After the study carried out in 2013 in order to optimise the station dealing with effluent from the enamel process, regular cleaning of the circuits and of the lift station was implemented. All chemical products are used in retention tanks, thereby preventing any risk of pollution from effluents.

• Energy

The site's overall energy consumption (electricity, gas and fuel oil) fell by 8%. This decline is due exclusively to the lower gas consumption as a result of a milder winter.

• Waste

The company is working to reduce its consumption of raw materials, i.e. with its suppliers by refining the selection of whites according to the decoration, through working groups on improving the internal scrap rates, by implementing preventive maintenance of its ovens and, finally, by recycling materials and metallic frames. The weight of generated OIW is slightly higher, with 63% of these volumes being recycled in 2014. The HIW are stable and dependent on the enamel activity, which requires regular cleaning of the conduits and buffer tank.

• Bilan Carbone®

The update of the Bilan Carbone® in 2014 confirmed that the main source of GHG emissions continues to be transportation. While the data regarding raw

materials have been refined over the years, the reliability of the transport-related data must still be improved, particularly with regard to packaging.

• Health and Safety

Training continues to be an important axis for actions with, in 2014, fire training for some personal members and two training courses on electrical clearances. The set-up of new decoration stations was accompanied by an extraction system for the gluing, and new ventilation systems in the brush and oven sectors.

• Societal commitments

The site, located at the heart of the city of Nontron, is the community’s second largest employer after La Maroquinerie Nontronnaise. Whenever possible, local craftsmen are used for regular works involving plumbing, electricity, roofing or mechanical applications.

2. BEYRAND

The activity on the Beyrand site is devoted to multi-media silkscreen printing.

A QHSE (quality, health, safety and environment) manager looks after the normative and regulatory monitoring, in addition to providing a follow-up of the waste, energy consumption and works in collaboration with the maintenance, purchasing and continuous improvement departments, under the authority of the company’s industrial director.

• Figures

	2010	2011	2012	2013	2014
Water (m ³)	3,514	4,767	4,150	4,243	3,936
Electricity (MWh)	2,396	2,574	2,550	2,425	2,482
Gas (MWh)	2,072	1,611	1,709	1,627	1,218
Fuel oil (l)	3,000	6,000	4,501	3,000	3,000
OIW (t)	36	42	44	38	47
HIW (t)	9	9	11	14	9

• Water

Water is primarily used for domestic purposes, to supply the automatic fire suppression network, and for the washing and development of frames. The lower water consumption in 2014 can be explained by the replacement of the washer / scouring sluice that resulted in better control of the water consumption, but also by a more favourable activity mix.

The site has a water treatment station at the exit from the washer / scouring sluice (physicochemical process). There are also silver recovery units at the output from the film developers. The rain water and wastewater networks are separate.

• Energy

The 2014 gas and electricity consumption figures can be explained by the mild winter temperatures and the relatively high temperatures at year end. Indeed, gas is used primarily for heating and electricity primarily for air conditioning, which is essential for controlling the humidity and temperature in the workshops.

The purchase of fuel oil is also dependent on the climatic conditions and the presence or not of the personnel, since only the maintenance building has a boiler using fuel oil. A project to modernize the cooling production was studied in 2014.

• Waste

The high quantity of OIW in 2014 primarily relates to the sorting carried out within the building that is intended to receive the equipment related to the modernization of the cooling production. Approximately 54% of the OIW were recycled in 2014.

The reduced quantity of HIW can be largely explained by the commissioning of the new washing / scouring machine, which made it possible to reduce the quantities of solvent.

The site has recovery vats for the various types of waste: pasty products, used solvents, soiled

packaging, paper, porcelain scraps, wood, etc. All ink cartridges are also recovered and reused. Colour and paper consumption are calculated as accurately as possible such as to avoid wastage. Screens and colour pots are reused insofar as possible before being destroyed.

• Health and Safety

The main implemented actions from the 2014 EHS plan are the following:

- improvement of the workstations at the end of the printing line and in the printing workshop, in close collaboration with the service personnel. This project resulted in the purchase of ergonomic seats, as well as the production of new work plans;
- new personal protective equipment (PPE) was adopted, training was carried out, such as with regard to chemical risks;
- after a study carried out in 2013, the efforts to ensure compliance of the rotating machines began with the shredders.

SILVERSMITHING

The site manager coordinates the environment, health and safety issues for the production site.

• Figures

	2007	2008	2009	2010	2011	2012	2013	2014
Water (m ³)	719	698	696	853	1,055	486	358	269
Electricity (MWh)	164	173	173	190	168	200	175	178
Gas (MWh)	18.3	18.8	17.9	16.7	11.8	12.7	10.4	8

• Energy

In 2014, the integration of energy consumption figures as part of the incentive criteria provided an opportunity for regular and sustained communications with

all personnel members. Gas consumption continues to decline, whereas the electricity consumption figures are stable despite works on the roof during the second half of the year, that caused an over-consumption of the heating system.

• Water

Water consumption fell by nearly 25% in 2014. This decline results from a renovation of the cleaning line, combined with a change of the detergent product. Monthly communication of the consumption data helps to raise the awareness of the personnel with regard to the usage of water for domestic purposes.

• Discharges

Since 2005, closed-circuit resin-based recycling systems for electroplating baths have been in use within the Puiforcat workshop. Every year, an outside specialist regenerates the filtration resins of the electroplating bath and disposes of the used bath liquids and of waste produced in the process. Instructions were entirely rewritten for using and maintaining the baths and for the alarm system, and posted at all workstations. To prevent accidental pollution, the chemicals are stored in special cabinets and the baths are installed within retention tanks.

• Bilan Carbone®

In 2014, the data on greenhouse gas emissions were updated.

• Health and Safety

A new extraction system for the polishing and brightening workstations was implemented in 2014. The working conditions within these workshops were considerably improved.

Chemical risk training was provided in order to improve the degree of risk prevention regarding this topic. As part of improving the ergonomics, “gestures

and postures” training was provided for all of the personnel required to carry loads. Finally, as part of improving site safety, all personnel members were provided with training regarding risks of attack.

BOOTMAKING

Since 2011, the IT systems and general services manager has provided the oversight of the environment, health and safety issues on the John Lobb site in Northampton, while in Paris, these subjects are looked after directly by the site’s production manager. 2014 was the first year spent in the new logistics and administration building in Northampton.

• Figures

	2007	2008	2009	2010	2011	2012	2013	2014
Water (m ³)	459	809	861	847	767	788	844	823
Electricity (MWh)	227	237	219	233	225	242	275	349
Gas (MWh)	226	206	213	200	193	177	186	203

• Water and energy

Water is primarily intended for domestic purposes and for the weekly tests of the sprinkler system. The manufacturing process represents a marginal part of the water consumption, during the preparation phase for soles. The 2014 consumption rate is virtually stable relative to 2013. The increased electricity consumption results from the presence of an air conditioning system in the new building. Used only for heating, gas consumption remained relatively stable: the slight increase can be explained by the meteorological conditions.

• Bilan Carbone®

Since 2013, the data on greenhouse gas emissions have been updated every year.

• Waste

Selective sorting is in place in the manufacturing process for plastic, cardboard and paper. A contract is still in place with a company that collects waste each day and manages its treatment, ensuring 100% recycling with no burial.

• Health and Safety

The Northampton site is proceeding with its health and safety initiative launched in 2009, while notably continuing to work with an external consultant who specialises in these fields, for the follow-up and update of the plant’s obligations. All new employees are provided with training in the area of hygiene and safe working conditions. Special modules were provided for the relevant personnel, focusing on fire prevention or the usage of the defibrillator.

LOGISTICS

A person reporting to the Management division is responsible for environment, health and safety projects on the site. On a daily basis, the general services team provides the maintenance of the buildings and equipment needed for the site’s operation.

• Figures

	2007	2008	2009	2010	2011	2012	2013	2014
Water (m ³)	2,900	2,529	2,586	2,680	2,324	4,274	4,246	5,771
Electricity (MWh)	2,653	2,728	2,694	2,480	2,059	2,040	2,016	2,209
Gas (MWh)	2,987	3,945	3,316	3,776	2,535	2,224	2,305	2,726

• Water and energy

In 2014, enlargement works and increased activity resulted in a significant increase of water consumption. As a result of these works and isolated intervention needs, the sprinkler networks and the heating

network in the warehouses had to be emptied several times.

The electricity consumption is being significantly impacted by the work on the installation of the mezzanine, and the enlargement of the operational surfaces.

• **Waste**

A paper recycling bin was added to the offices. Initiated in 2009, the generalized usage of reusable containers (rolls, crates, etc.) continued in collaboration with the production sites.

• **Noise**

The site produces only slight noise pollution, resulting primarily from the boiler room and truck traffic. The noise levels were measured in order to verify compliance with the prefectural operation order.

• **Bilan Carbone®**

The calculation of the greenhouse gas emissions was updated in 2014; the station producing the highest level of emissions is naturally the transportation station, the optimisation of which is a daily endeavour.

• **Health and Safety**

In 2014, approximately 30 employees received training in the handling of extinguishers. All of the team members were provided with training as part of the evacuation and/or fire outbreak procedure. Individual hearing protection was provided for certain stations after the noise measurement campaign.

CSR appendices: Human resources

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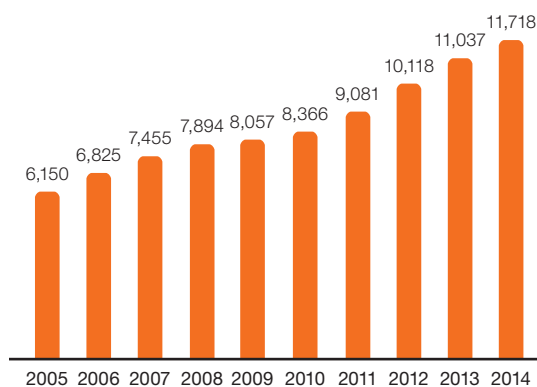
Social information

In accordance with article 225 of the Grenelle 2 law of 10 July 2010, we have outlined information on the way in which Hermès takes social consequences into account in its activities, which we have presented below. The sectors examined include the priorities of employment, organisation of work, social relations, health and safety, training and equal treatment as well as compliance with the fundamental agreements and conventions regarding labour. At this point, it is important to clarify that the organisation of the human resources is decentralised and that a HR presence can be found in all countries or zones where the Group operates.

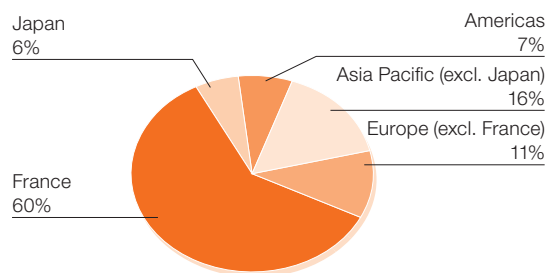
GROUP HEADCOUNT

The headcount within the Hermès Group includes active permanent staff members and people on fixed-term contracts of more than nine months, including apprenticeship contracts. The permanent active staff represent 96% of the total staff.

Increasing by 100% over the last ten years, the Group headcount was equal to 11,718 people on 31 December 2014.

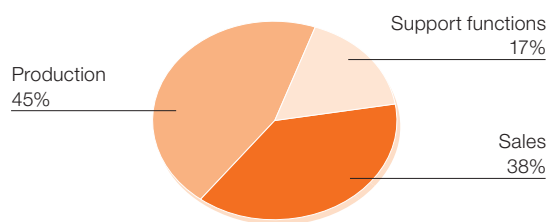


WORKFORCE BY REGION



	2013	2014	Growth	Distribution of the additional jobs
France	6,631	7,051	6%	62%
Europe (excl. France)	1,242	1,257	1%	2%
Asia Pacific (excl. Japan)	1,698	1,859	9%	24%
Japan	748	742	- 1%	- 1%
Americas	718	809	13%	13%
Group total	11,037	11,718	6%	100%

WORKFORCE BY SECTOR



Sales staff includes:

- all people in direct contact with customers in stores, such as sales personnel, cashiers, hostesses, store security staff, etc.;
- specialised networks (perfumes, watches, etc.), and all individuals who work with intermediaries, sales representatives, export managers, etc.;
- all people in direct contact with finished goods and

in indirect contact with customers, that is, employees who work in distribution but who are not directly engaged in selling.

Production staff includes:

- all people taking part in the physical production of finished goods;
- all people in direct contact with finished goods, that is, employees who work in production without taking part in the actual process of physical production.

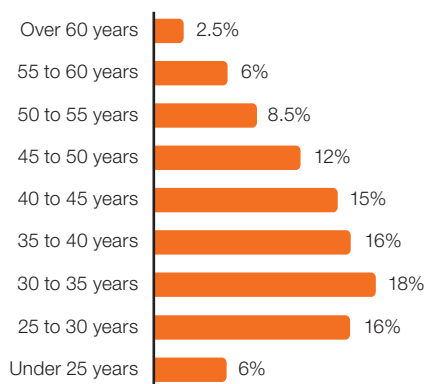
Support staff includes:

- all people who are employed in design or other creative fields, with particular know-how;
- all people who are members of departments such as Executive Management, Finance, Human Resources, General services, Legal, IT, Press, Public Relations, etc.

DEMOGRAPHIC DATA

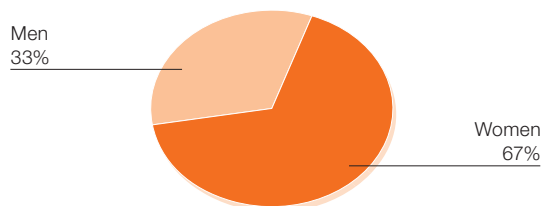
• Age pyramid

The distribution of the Group's workforce by age remained stable. The average employee age is 39.



• Workforce by sex

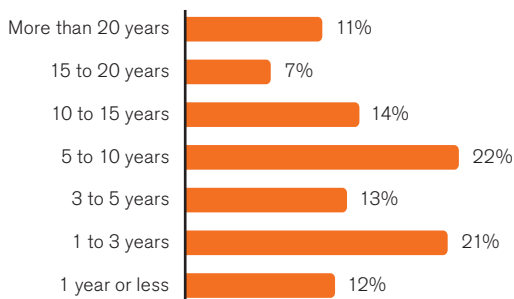
The group is very largely comprised of women (67%) represented at all hierarchical levels and in all sectors.



• Age pyramid

The average length of service is 9 years and 46% of staff members have been with the Group for less than five years.

The group encourages the development of skills and long careers. Nearly one third of the staff has been with the Group for more than ten years.



EMPLOYMENT

Given the group's organic growth, the last 10 years have not required any restructuring efforts for economic reasons that had any consequences with regard to jobs. During development operations (creation of sites), possible transfers are on a voluntary basis.

In France, individual layoffs involved 77 people in 2014.

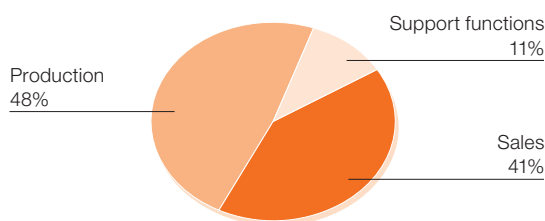
As part of the Hermès group strategy to protect and develop its sources of supply, the group opened two

new production sites in the Doubs region in 2014. In the future, these 2 sites will each employ approximately 250 people.

• Jobs created within the Group

The Group created 681 jobs in 2014, including 648 open-ended contracts. As we have mentioned, the Production sector saw the most growth with the creation of 331 additional jobs in order to increase our production capabilities and to protect our expertise and our sources of supply.

• Distribution of the additional jobs by sector



COMPENSATION

(in €M)	2012	2013	2014
Payroll	431	474	518

The Group’s payroll was €518 million in 2014 versus €474 million in 2013, to which one must also add €177 million of social charges. Also, in France, the payroll includes €63.9 million of incentives and profit-sharing, and €2.2 million for social projects.

Barring exchange effects, the payroll reflects both the growth of the personnel numbers as well as an increase of the wages in all geographical zones.

The desire to recognise both collective and individual performance has, in recent years, resulted in the development of the individual and collective variable shares.

The compensation levels are primarily a reflection of the skills and markets related to the job basins. The compensation policy is based on a desire to recognise growing levels of competence, while maintaining internal and external competitiveness.

Every year, the group provides all of its subsidiaries with the budget guidelines for salary growth, that take inflation and local markets into account. Particular vigilance is required concerning equality between men and women and the market difference (internal and external). Additional budgets can be granted if adjustments are necessary.

The compensation of the corporate officers is shown on page 80 of this document.

EMPLOYEE SUPPORT ACTIVITIES (FRANCE)

The total amount paid to works councils for employee support activities rose by 15.8% in 2014.

(in €M)	2012	2013	2014
Employee support activities	1.6	1.9	2.2

INCENTIVE SCHEMES AND PROFIT-SHARING (FRANCE)

(in €M)	Incentive	Profit-sharing	Total
2012	22.0 ⁽¹⁾	20.5	42.5
2013	20.6	39.3 ⁽²⁾	59.9
2014	24.2 ⁽³⁾	39.7	63.9

(1) An exceptional incentive supplement was paid to most of the Group’s French companies.

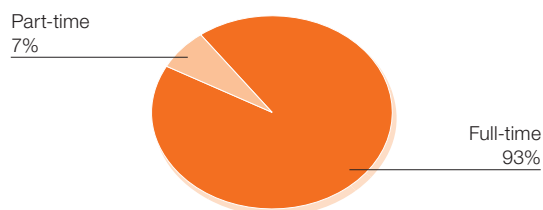
(2) A profit-sharing supplement was paid to all of the Group’s French companies.

(3) Including the signing of new agreements

ORGANISATION OF THE WORKING TIME

Each entity manages its working times in compliance with the regulations in force and on the basis of the particularities of its own activity, in an effort to balance private/professional life, in particular implementing variable working times for French entities.

• Full time – Part time



• Absenteeism

The Management of absenteeism is of key importance to our HRDs present on each production site, which facilitates a very customised follow-up of the population groups. Changes relative to absenteeism are therefore systematically monitored and analysed by entity, in order to identify causes and propose action plans.

In France, the absenteeism rate is 3.4%. This consists of the total number of hours of absence with a duration of less than or equal to 90 consecutive days for the following reasons: illness and occupational illness, sick leave after a workplace accident or commuting accident, and unjustified or unauthorised absences. For example, the tools for combating absenteeism include the usage of return interviews. This type of measure helps to encourage dialogue, leading to better understanding of the causes of the absence while respecting medical secrecy. The managers are also trained in managing returns according to the type of absence, which is a key element for limiting their frequency.

Moreover, this tracking has led certain companies to only establish short and medium-term objectives with regard to absenteeism. These objectives are accompanied by initiatives focusing on an improvement of working conditions, development of versatility or manager training regarding the management of absenteeism.

As such, the adopted measures include communication, awareness-raising and prevention actions (vaccinations, presence of a physician on the sites, etc.), but also verifications in order to increase the accountability of the employees and managers.

Also, based on the demographics of certain sites, specific actions have been implemented in order to support maternity under the best possible conditions. For example, these specific action plans could involve adapting the workstation, or implementing prevention measures intended to allow pregnant women to remain at work, if they so desire, until the start of their maternity leave. As a result, certain of the leatherworks plants have seen their maternity leaves begin 3 weeks later as a result of these measures.

SOCIAL RELATIONS

Within the group, social dialogue is organised by country on the basis of the local laws and regulations. In France, Hermès complies with the relevant obligations. The social dialogue is organised by company in order to comply with the local particularities and to ensure that the discussions will account for the realities of each situation.

A group committee meets once each year in order to discuss and debate the appraisal of the elapsed year and the prospects for coming years. In addition, a follow-up committee for the social dialogue in France was set up in 2008, in application of a social dialogue agreement signed with all representative trade union organisations.

The social relations of the distribution activities are supervised by the human resources directors for each zone (or country, according to the size of the local markets), who ensure compliance with the local regulations and the application of the group's ethics charter.

In France, more than 50 agreements and amendments (group level and companies) were signed in 2014, including a supplementary retirement agreement for the employees of the French companies, and a specific incentive agreement for the HTH sector. During the year, 5 agreements or action plans were tabled in the area of occupational health and safety. A seat on the Supervisory board for a representative of the employees was also created, and filled by appointment by the Group committee.

HEALTH AND SAFETY

The health and safety of the house's employees are priority subjects. The measures that serve to ensure compliance with the regulatory obligations in this regard are implemented and monitored site by site, then consolidated by the business lines, as explained in the chapter on the results of the environment, health and safety policy, on page 119 to 145.

In 2014, the frequency rate ⁽¹⁾ of workplace accidents with sick leave was equal to 18.89, with a severity rate ⁽²⁾ of 0.48.

(1) Number of workplace accidents with sick leave per million hours worked.

(2) Number of days lost after a workplace accident, per 1000 hours worked.

TRAINING

As indicated in volume 1 of this report, the Group recognises the great importance of training its employees, with programmes suited to the various Group's professions and establishments.

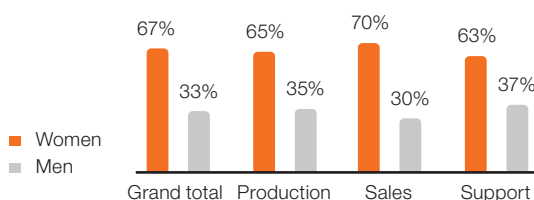
Follow-up training is provided to each employee within each company. At the present time, the follow-up indicators are different, and do not allow for data consolidation on the Group level. In France, 95,316 hours of training were provided in 2014. This number does not reflect the entire training effort, since it does not include on-the-job training directly at the workstation.

EQUAL TREATMENT

The group is very attached to the principles of recognition and respect, irrespective of one's origin, sex, family situation or profession. This respect for differences is presented to the employees in the ethics charter that serves as the guarantor of the objectivity, equal opportunity and promotion of diversity without discrimination as part of the recruiting, career progress and daily management.

• Distribution of men-women by sector

The distribution of men/women indicates a majority of women, which is uniform across the sectors.

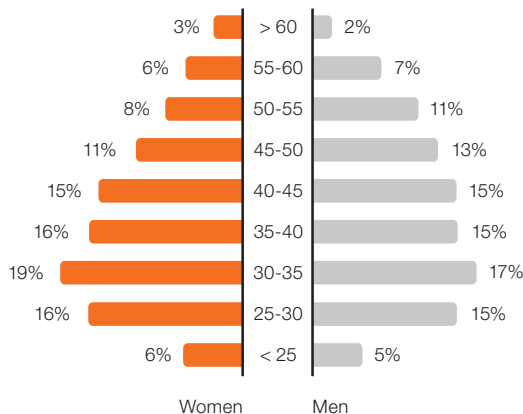


• Distribution men/women by category (managers/non-managers)

We note a majority of women in the various functions, notably in management roles. One of the members of the Group Executive Committee is a woman.



The men/women age pyramid breaks down as follows:



EMPLOYMENT OF DISABLED WORKERS

Through its concrete actions, the Group works to promote the employment of disabled people, notably in the textile sector.

Given that the calendars for the various declarations do not align, we are publishing the figure that corresponds with the number of disabled workers in 2013. As such, the number of workers with disabilities declared in France was equal to 208 people in 2013, i.e. just over 3% of the staff in France.

ADVANCEMENT AND COMPLIANCE WITH THE FUNDAMENTAL CONVENTIONS REGARDING HUMAN RIGHTS

The Hermès Group’s ethics policy aligns with the universal framework set down by the major principles, standards and international agreements, and it notably adheres to:

- the Universal declaration of human rights;
- the European Union charter of fundamental rights;
- the Charter of fundamental rights of the International Labour Organisation ⁽¹⁾, that includes principles grouped according to the following topics: freedom of association, forced labour, child labour, discrimination;
- the OECD guidelines ⁽²⁾;
- the OECD convention on combating bribery of foreign public officials.

It is self-evident that the Hermès Group and its employees strive to comply with the applicable laws and regulations in all countries in which they are active.

These principles are clearly set out in the Group’s ethics charter, that has been published in ten languages, available on the Group Intranet and published since 2009 in more than 12,000 copies (including one for each newcomer).

(1) The International Labour Organisation is the UN agency that brings together the governments, employers and workers of its Member States, in a common effort to promote decent work throughout the world.

(2) The OECD (Organisation for Economic Cooperation and Development) brings together the governments of 30 countries in support of the principles of democracy and the market economy, for the purposes of:

- supporting sustainable economic growth;
- developing employment;
- raising living standards;
- maintaining financial stability;
- helping other countries to develop their economies;
- contributing to the growth of worldwide trade.

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Consolidated income statement for the year ended 31 December 2014

	in millions of euros	
	2014	2013
Revenue (Note 3)	4,118.6	3,754.8
Cost of sales (Note 4)	(1,365.6)	(1,170.3)
Gross profit	2,753.0	2,584.4
Selling, marketing and administrative expenses (Note 5)	(1,291.7)	(1,215.2)
Other income and expenses (Note 6)	(162.0)	(151.1)
Recurring operating income (Note 3)	1,299.3	1,218.0
Other non-recurring income and expense	–	–
Operating income	1,299.3	1,218.0
Net financial income (Note 7)	(24.7)	(23.5)
Pre-tax income	1,274.6	1,194.6
Income tax expense (Note 8)	(423.7)	(397.6)
Net income from associates (Note 15)	12.4	2.0
CONSOLIDATED NET INCOME	863.3	798.9
Net income attributable to non-controlling interests (Note 21)	(4.5)	(8.6)
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 3)	858.8	790.3
Earnings per share (in euros) (Note 9)	8.24	7.59
Diluted earnings per share (in euros) (Note 9)	8.19	7.54

Consolidated statement of other comprehensive income

	in millions of euros	
	2014	2013
Consolidated net income	863.3	798.9
Variation of translation differences (Note 20.4)	82.1	(80.6)
Cash flow hedging (1) (Note 20.4)	(44.0)	4.5
– fair value variation	(13.5)	30.5
– recycling through profit or loss	(30.5)	(26.0)
Assets available for sale ⁽¹⁾	–	–
– fair value variation	–	–
– recycling through profit or loss	–	–
Gains and losses recorded in equity and transferable through profit or loss	38.1	(76.1)
Other elements ⁽¹⁾ (Note 20.4)	–	0.3
Commitments to the personnel: value change linked to actuarial gains and losses ⁽¹⁾ (Note 20.4)	(19.9)	(8.3)
Gains and losses recorded in equity and not transferable through profit or loss	(19.9)	(8.0)
Comprehensive income	881.5	714.9
Attributable to owners of the parent	876.0	707.4
Attributable to non-controlling interests	5.5	7.5

(1) Net of taxes.

NOTE.: the values shown in the tables are generally expressed in millions of euros. In certain cases, the effects of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

Consolidated statement of financial position as at 31 December 2014

ASSETS

	in millions of euros	
	31/12/2014	31/12/2013
Non-current assets	1,976.6	1,688.4
Goodwill (Note 10)	37.4	51.4
Intangible assets (Note 11)	117.5	108.9
Property, plant and equipment (Note 12)	1,181.5	1,025.1
Investment property (Note 13)	97.5	94.1
Financial assets (Note 14)	61.0	59.1
Investments in associates (Note 15)	91.3	44.5
Loans and deposits (Note 16)	43.5	41.8
Deferred tax assets (Note 8.3)	335.8	242.5
Other non-current assets (Note 18)	11.3	21.1
Current assets	2,791.7	2,249.2
Inventories and work in progress (Note 17)	912.0	813.4
Trade and other receivables (Note 18)	249.3	193.6
Current tax receivables (Note 18)	8.7	5.8
Other current assets (Note 18)	140.7	115.7
Derivative financial instruments (Note 22.4)	39.4	67.0
Cash and cash equivalents (Note 19)	1,441.6	1,053.7
TOTAL ASSETS	4,768.2	3,937.6

Note: the values shown in the tables are generally expressed in millions of euros. In certain cases, the effects of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

EQUITY AND LIABILITIES

Before allocation	in millions of euros	
	31/12/2014	31/12/2013
Equity	3,458.5	2,841.2
Share capital (Note 20)	53.8	53.8
Shares premium	49.6	49.6
Treasury shares (Note 20)	(266.9)	(313.9)
Reserves	2,719.5	2,248.7
Foreign currency adjustments (Note 20.2)	47.7	(33.4)
Financial instruments included in equity (Note 20.3)	(13.5)	30.5
Net income attributable to owners of the parent (Note 3)	858.8	790.3
Non-controlling interests (Note 21)	9.5	15.6
Non-current liabilities	265.8	216.4
Borrowings and debt (Note 22.3)	19.5	24.6
Provisions (Note 23)	2.7	14.7
Post-employment and other employee benefit obligations (Note 25)	123.8	83.2
Deferred tax liabilities (Note 8.3)	31.2	25.7
Other non-current liabilities (Note 26)	88.6	68.2
Current liabilities	1,043.9	880.0
Borrowings and debt (Note 22.3)	21.8	32.0
Provisions (Note 23)	36.9	26.6
Post-employment and other employee benefit obligations (Note 25)	5.1	5.3
Trade and other payables (Note 26)	398.6	362.1
Derivative financial instruments (Note 22.4)	73.1	15.6
Current tax liabilities (Note 26)	121.4	94.8
Other current liabilities (Note 26)	387.0	343.6
TOTAL EQUITY AND LIABILITIES	4,768.2	3,937.6

Note: the values shown in the tables are generally expressed in millions of euros. In certain cases, the effects of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

Statement of changes in consolidated equity as at 31 December 2014

Before allocation

	Share capital (Note 20)	Shares premium	Treasury shares (Note 20)
As at 31 December 2012	53.8	49.6	(313.3)
Net income attributable to owners of the parent	–	–	–
Other comprehensive income	–	–	–
<i>Subtotal</i>	–	–	–
Change in share capital and share premium	–	–	–
Purchase or sale of treasury shares	–	–	(0.6)
Share-based payment	–	–	–
Dividends paid	–	–	–
Other	–	–	–
As at 31 December 2013	53.8	49.6	(313.9)
Net income attributable to owners of the parent	–	–	–
Other comprehensive income	–	–	–
<i>Subtotal</i>	–	–	–
Change in share capital and share premium	–	–	–
Purchase or sale of treasury shares	–	–	47.0
Share-based payment	–	–	–
Dividends paid	–	–	–
Other	–	–	–
As at 31 December 2014	53.8	49.6	(266.9)

Note: the values shown in the tables are generally expressed in millions of euros. In certain cases, the effects of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

in millions of euros

Consolidated reserves and net income – owners of the parent	Financial instruments (Note 20.3)	Exchange difference (Note 20.2)	Actuarial gains & losses (Note 20.4)	Equity – group share	Non-controlling equity interests (Note 21)	Equity	Number of shares (Note 20)
2,527.0	26.0	46.0	(44.8)	2,344.4	13.9	2,358.2	105,569,412
790.3	–	–	–	790.3	8.6	798.9	–
0.3	4.5	(79.5)	(8.3)	(82.9)	(1.1)	(84.0)	–
790.7	4.5	(79.5)	(8.3)	707.4	7.5	714.9	–
–	–	–	–	–	–	–	–
–	–	–	–	(0.6)	–	(0.6)	–
42.5	–	–	–	42.5	–	42.5	–
(263.9)	–	–	–	(263.9)	(9.3)	(273.3)	–
(4.1)	–	–	–	(4.1)	3.5	(0.6)	–
3,092.1	30.5	(33.5)	(53.1)	2,825.6	15.6	2,841.2	105,569,412
858.8	–	–	–	858.8	4.5	863.3	–
–	(44.0)	81.1	(19.9)	17.2	1.0	18.2	–
858.8	(44.0)	81.1	(19.9)	876.0	5.5	881.5	–
–	–	–	–	–	–	–	–
(50.5)	–	–	–	(3.5)	–	(3.5)	–
38.8	–	–	–	38.8	–	38.8	–
(285.1)	–	–	–	(285.1)	(9.8)	(294.9)	–
(2.6)	–	0.1	(0.3)	(2.8)	(1.7)	(4.5)	–
3,651.5	(13.5)	47.7	(73.3)	3,449.0	9.5	3,458.5	105,569,412

Table of consolidated cash flows as at 31 December 2014

	in millions of euros	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income attributable to owners of the parent (Note 3)	858.8	790.3
Depreciation and amortisation (Notes 11, 12 and 13)	145.9	135.3
Impairment losses (Notes 10, 11 and 12)	22.7	23.6
<i>Marked-to-market value of financial instruments</i>	1.4	5.4
Currency gains/(losses) on fair value adjustments	(20.4)	21.6
Change in provisions	9.6	(0.2)
Net income from associates (Note 15)	(12.4)	(2.0)
Net income attributable to non-controlling interests (Note 21)	4.5	8.6
Capital gains/(losses) on disposals	(1.0)	0.6
Deferred tax	1.1	(9.5)
Accrued expenses and income related to share-based payments (Note 30)	38.5	42.5
Other	0.0	(0.3)
Operating cash flows	1,048.7	1,015.9
Dividend income	(1.7)	–
Financial expenses and interest income	0.5	(3.5)
Current tax expense	460.4	429.6
Operating cash flow before financial interest, dividends and taxes	1,508.0	1,442.0
Change in working capital	(105.1)	(73.8)
Financial expenses and interest income	(0.5)	3.5
Income tax paid	(435.6)	(474.9)
Net cash from operating activities	966.8	896.9
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of intangible assets (Note 11)	(34.2)	(26.0)
Purchase of property, plant and equipment (Notes 12 and 13)	(244.7)	(185.2)
Investments in associates	(43.3)	(21.1)
Purchase of other financial assets (Note 14)	(2.5)	(50.5)
Amounts payable relating to fixed assets	8.2	2.3
Proceeds from sales of operating assets	1.2	0.7
Proceeds from sales of other financial assets (Note 14)	0.2	19.3
Dividends received	0.4	–
Net cash used in investing activities	(314.8)	(260.6)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividends paid	(294.9)	(273.3)
Buybacks of treasury shares net of disposals	(3.5)	(0.6)
Borrowings	0.0	0.1
Reimbursements of borrowings	(1.5)	(9.9)
Other increases/(decreases) in equity	0.0	3.1
Net cash used in financing activities	(299.9)	(280.7)
Change in the scope of consolidation	0.0	0.1
Effect of foreign currency exchange on intragroup transactions	17.4	(9.7)
Effect of foreign currency exchange (Note 19)	30.0	(10.1)
CHANGE IN NET CASH POSITION (Note 19)	399.6	335.9
Net cash position at the beginning of period (Note 19)	1,022.0	686.1
Net cash position at end of period (Note 19)	1,421.6	1,022.0

Note: the values shown in the tables are generally expressed in millions of euros. In certain cases, the effects of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

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Hermès International is a société en commandite par actions (partnership limited by shares) established under French law. It is listed on the eurolist (Compartment A) and governed by all laws applicable to commercial companies in France. Its registered office is located at 24, rue du Faubourg-Saint-Honoré, 75008 Paris (France). Hermès International will be dissolved automatically as at 31 December 2090, except in the event of early dissolution or unless the term is extended.

The consolidated financial statements present the financial position of Hermès International and its subsidiaries

(the "Group"), together with interests in associates (see Note 1.2). They are prepared on the basis of annual financial statements for the period ended 31 December, expressed in euros.

The consolidated financial statements as presented were approved by the executive Management on 24 March 2015 and will be submitted to the shareholders for approval at the Annual General Meeting on 2 June 2015. The consolidated financial statements were also reviewed by the Audit Committee at its meeting on 19 March 2015.

NOTE 1 - ACCOUNTING PRINCIPLES AND METHODS

1.1 - Accounting standards

The Hermès Group's consolidated financial statements have been prepared in accordance with International Financial

Reporting Standards (IFRS) as adopted by the European Union as of 31 December 2014. Under European Regulation n° 1606/2002 of 19 July 2002 (available on the www.eur-lex.europa.eu website), companies listed on a regulated stock exchange in one of the European Union Member States are required to present their consolidated financial statements prepared in accordance with IFRS for financial years commencing on or after 1 January 2005.

1.1.1 - Mandatory standards, amendments and interpretations applicable as at 1 January 2014

The applicable texts that must be applied to financial years beginning as of 1 January 2014 are the following:

- ◆ the consolidation standards IFRS 10, IFRS 11, IFRS 12 and the amendments to the IAS 28 R standard;
- ◆ amendments IFRS 10, 11, 12 and IAS 27 – Investment entities;
- ◆ amendments to IFRS 10, 11 and 12 – Transition guidance;
- ◆ amendments to IAS 32 – Presentation – Offsetting financial assets and liabilities;
- ◆ amendments to IAS 36 – Recoverable amount disclosures for non-financial assets;
- ◆ amendments to IAS 39 – Novation of derivatives and continuation of hedge accounting.

These texts had no significant impact on the group's consolidated financial statements.

1.1.2 - Non-mandatory standards and interpretations as at 1 January 2014

The Group has opted for early application of the amendments to IAS 19 – Defined benefit plans, contributions from personnel members. This text had no significant impact on the Group's consolidated financial statements.

Moreover, the Group did not opt for early application of the following standards and interpretations:

- ◆ annual improvements, cycle 2010-2012 and 2011-2013;
- ◆ IFRIC 21 – Levies.

The future impacts of the application of the IFRIC 21 interpretation are not significant. This text, that indicates the date on which the taxes levied by the public authorities must be provisioned, has been approved by the European Union.

Moreover, the Group is monitoring the following standards, that have not yet been adopted by the European Union:

- ◆ amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortisation;
- ◆ amendments to IFRS 10 and IAS 28 – Sale or contribution of assets to an investor and an associated enterprise or a joint venture;
- ◆ amendments to IFRS 11 – Recognition of acquisitions of interests in joint ventures;

- ◆ IFRS 9 standard – Financial instruments;
- ◆ IFRS 15 standard – Earnings from ordinary activities obtained from contracts signed with customers;
- ◆ annual improvements, cycle 2012-2014.

1.2 - Scope and methods of consolidation

The consolidated financial statements include the financial statements of Hermès International and material subsidiaries and associates over which Hermès International directly or indirectly exerts exclusive control, joint control or significant influence.

1.2.1 - Exclusive control

Exclusive control is presumed to exist when the Group holds more than 50% of the voting rights. Nevertheless, it can be considered that a company is under exclusive control when less than 50% is held, provided that the Group holds the power to govern a company's financial and operational policies in order to derive benefits from its business activities.

The financial statements of companies under exclusive control are fully consolidated. Under the full consolidation method, assets, liabilities, income and expenses are combined in full on a line by-line basis. Equity and net income attributable to non-controlling interests are identified separately under "Non-controlling interests" in the consolidated statement of financial position and the consolidated statement of income.

1.2.2 - Joint control

Entities owned by the Group in which the power to govern financial and operating policies is contractually shared with one or more other parties, none of which exercises effective control, are accounted for using the equity method. On the present date, the Group does not hold any company under joint control.

1.2.3 - Significant influence

The financial statements of "associates", or other companies over which the Group has significant influence (which is presumed to exist when the Group's percentage of control exceeds 20%, or proven if the control percentage is below 20%), are accounted for using the equity method.

1.2.4 - Newly consolidated and deconsolidated companies

Subsidiaries are included in the consolidation from the date on which control is effectively transferred to the Group. Divested subsidiaries are excluded from the scope of consolidation from the date on which the Group ceases to have control.

1.3 - Conversion of foreign-currency items

1.3.1 - Foreign-currency transactions

Foreign-currency transactions are recorded on initial recognition in euros, by using the applicable exchange rate at the date of the transaction (historical rate). Monetary assets and liabilities denominated in foreign currencies are converted using the closing exchange rate. Foreign currency adjustments are recognised in income or expenses. Non-monetary assets and liabilities denominated in foreign currencies are converted using the exchange rate at the transaction date.

1.3.2 - Conversion of foreign companies' financial statements

Financial statements expressed in foreign currencies are converted in accordance with the following principles:

- ◆ statement of financial position items are converted at the year-end exchange rate for each currency;
- ◆ statement of income items are converted at the average annual exchange rate for each currency;
- ◆ statement of cash flows items are converted at the average annual exchange rate for each currency;
- ◆ the foreign currency adjustment attributable to owners of the parent arising from the impact on equity of the difference between historical exchange rates and year-end exchange rates, and from the use of different exchange rates for the statement of income and statement of financial position, is shown separately in consolidated equity. The same principle is applied to non-controlling interests.

Any goodwill and any fair value adjustments arising on the acquisition of a foreign entity are considered to be assets and liabilities of that foreign entity. Therefore, they are expressed in the entity's functional currency and converted at closing rates.

1.4 - Eliminations of intragroup transactions

The effect on the statement of income of intragroup transactions such as margins on inventories, gains or losses on disposals, impairment of shares in consolidated companies, and impairment of loans to consolidated companies, has been eliminated.

These transactions are subject to corporate income tax. Dividends and interim dividends received by the Group from consolidated companies are eliminated on consolidation.

A matching amount is recorded in consolidated reserves.

In the case of companies accounted for using the full consolidation method, reciprocal payables and receivables as well as reciprocal income and expenses are fully eliminated.

1.5 - Structure of the consolidated statement of financial position

In accordance with IAS 1 – *Presentation of Financial Statements*, the Group classifies its assets and liabilities on its statement of financial position as current and non-current. An asset or liability is classified as current:

- ◆ when the Group plans to realise an asset or pay a liability within twelve months or within the Group's normal operating cycle;
- ◆ when the relevant asset or liability is held for the purpose of being traded.

IAS 12 – *Income Taxes* specifies that deferred tax balances shall not be classified as non-current.

1.6 - First-time consolidation and goodwill

1.6.1 - Subsidiaries

Business combinations, in the event that the Group gains control over one or several other activities, were accounted for using the purchase method.

Business combinations carried out from 1 January 2010 were evaluated and accounted for in accordance with the provisions of the amended IFRS 3 standard: the transferred counterparty (acquisition costs) was measured at fair value of the assigned assets, the equity issued and the liabilities incurred on the date of the swap. The identifiable assets and liabilities of the company that were acquired were measured at fair value on the acquisition date. The costs that can be directly

attributed to the acquisition are recorded as an expense.

The resulting valuation adjustments are recognized under the related assets and liabilities, including the share attributable to non-controlling interests, and not just the share of net assets acquired. The residual difference, which is the difference between the transferred counterparty and the share of net assets measured at fair value, is recognised under goodwill.

This valuation is carried out within no more than a year following the date of acquisition and in the currency of the acquired entity. This period is applicable to the valuation of identifiable assets and liabilities, to the transferred counterparty and to the non-controlling interests. Purchases or sales of non-controlling interests that do not lead to a change in control are recorded as equity transactions among shareholders. Consequently, any difference between the fair value of the counterparty paid or received and the corresponding book value of the equity interest acquired or sold (without resulting in a loss of control), but that does not provide control, is directly recorded in equity.

The valuation of identifiable intangible assets recognized upon first-time consolidation is based mainly on the work of independent experts, taking into account sector-specific criteria that enable such valuations to be subsequently monitored.

In accordance with amended IFRS 3, goodwill is not amortised. Goodwill is reviewed annually, when the budget is drawn up, to ensure that the residual net value does not exceed the recoverable amount in respect of the expected return on the investment in the related subsidiary (determined on the basis of discounted future cash flows). If internal or external events or circumstances bring to light indications of lost value, the frequency of the impairment tests may be revised (see Note 1.8).

Impairment of the goodwill of subsidiaries is not reversible. Any impairment charge is included in "Other income and expenses" of the operating income.

1.6.2 - Associated companies

Goodwill of associates is recognised under "Investments in associates". When impairment criteria as defined by IAS 39 – *Financial Instruments: Recognition and Measurement* indicate that these investments may be impaired, the amount of such impairment is determined

in accordance with the rules defined by IAS 36 – *Impairment of assets*.

Goodwill impairment is reversible.

1.7 - Intangible assets and property, plant and equipment

In accordance with IAS 16 – *Property, Plant and Equipment* and IAS 38 – *Intangible Assets*, only those items whose cost can be reliably determined and from which it is probable that future economic benefits will flow to the Group are recognised as fixed assets.

1.7.1 - Intangible fixed assets

Intangible assets, valued at amortised historical cost, consist primarily of:

- ◆ leasehold rights;
- ◆ patents, models and brands other than internally generated brands;
- ◆ computer software.

Leasehold rights are generally deemed to be fixed assets with an indefinite life if their residual value at the end of the lease term is positive. In this case, they are subject to impairment testing to ensure that their net carrying amount is higher than their probable realizable value.

Other intangible assets are amortised on a straight-line basis over periods ranging from 1 to 5 years maximum and are deemed to be fixed assets with a finite life.

It is specified that internally generated brands and items that are similar in substance are not recognised under intangible assets, in accordance with IAS 38. All costs incurred in this respect are recognised as expenses.

1.7.2 - Tangible fixed assets

Property, plant and equipment is recorded at historical acquisition cost, less accumulated depreciation and recognised impairment losses, and is depreciated, generally using the straight-line method, over the following average estimated useful lives:

- ◆ buildings: 20 to 50 years;
- ◆ leasehold improvements, furniture and fixtures: 10 to 20 years depending on the expected useful life of the related asset and the term of the lease (in particular in the case of store fixtures);
- ◆ machinery, plant and equipment: 10 to 20 years;
- ◆ other: 3 to 10 years maximum.

Total depreciation and amortisation of property, plant and equipment are presented in “Other income and expense”, except for allocations relative to fixed assets used for production, that are included in “Cost of sales”. The different components of an asset are recorded as separate items when their estimated lives, and therefore the periods over which they are depreciated, differ significantly. Where an asset is made up of components with different useful lives, these components are recorded as separate items under “Property, plant & equipment”. Gains or losses on disposals of assets represent the difference between the sale proceeds and the net carrying amount of the divested asset, and are included in “Other operating income and expense”.

1.7.3 - Finance lease agreements

Property acquired under finance lease agreements is capitalised when the lease effectively transfers to the lessee virtually all risks and rewards incident to ownership of such property. The criteria for evaluating these agreements as provided by IAS 17 - *Leases* are based primarily on:

- ◆ the lease term as a proportion of the life of the leased assets;
- ◆ the total future minimum payments in proportion to the fair value of the asset financed;
- ◆ the transfer of ownership at the end of the lease;
- ◆ the existence of an attractive purchase option;
- ◆ the specific nature of the leased asset.

Finance leases identified in this way, if they are material, are restated in order to show:

- ◆ on the asset side of the statement of financial position, the original value of the relevant property and the theoretical depreciation thereon (wherein the original value is the lower of the present value of the minimum lease payment amounts or the fair value of the leased asset at the inception of the lease;
- ◆ on the liabilities side of the statement of financial position, the corresponding financial liability;
- ◆ under financial expense and depreciation, the minimum lease payments under the agreement, such that the financial expense is allocated to periods during the lease term so as to produce a constant periodic interest rate on the remaining balance of the liability for each fiscal year.

Leases that do not meet the criteria of finance leases are treated as operating leases, in which case the rents are recorded under income on a straight-line basis over the lease term.

1.7.4 - Investment property

In accordance with IAS 40 – *Investment Property*, property held by the Group to earn rental income is recognised under “Investment property”. For property that is held for use both for the supply of goods and services and as investment property, the two components are identified separately and recognised in accordance with IAS 16 – *Property, Plant and Equipment*, and IAS 40, respectively.

As in the case of property, plant and equipment, investment property is recognised at historical acquisition cost less accumulated depreciation and recognised impairment losses, over the same depreciation periods as those applicable to other property, plant and equipment.

1.8 - Impairment of fixed assets – Impairment losses

In accordance with IAS 36 – *Impairment of Assets*, when events or changes in the market environment indicate that there is the risk of an impairment loss on:

- ◆ intangible assets;
- ◆ property, plant and equipment;
- ◆ investment property;
- ◆ goodwill,

these assets are required to undergo a detailed review in order to determine whether their net carrying amount is lower than their recoverable amount, which is defined as the higher of fair value (less disposal cost) or value in use. Value in use is the present value of the future cash flows expected to be derived from an asset and from its disposal.

If the recoverable amount is lower than the net carrying amount, an impairment loss equal to the difference between these two amounts is recognised. Impairment losses on intangible assets and property, plant and equipment with a finite life may subsequently be reversed if the recoverable amount rises above the net carrying amount (up to the amount of the impairment loss initially recognised).

The Group tests for impairment of assets with an

indefinite life every year during the budget preparation period in order to take the most recent data into account. If internal or external events or circumstances indicate impairment losses, the frequency of impairment testing may be revised.

1.8.1 - Model

In determining the value in use of assets, assets to which independent cash flows cannot be directly allocated are grouped within a cash-generating unit (CGU) to which they are attached. The recoverable amount of the CGU is measured using the discounted cash flow (DCF) method, applying the following principles:

- ◆ cash flow (after tax) figures are derived from a medium-term (5 years) business plan developed by the relevant entity;
- ◆ the discount rate is determined based on WACC for the Group (7.73% in 2014) adjusted for local inflation and any country risks;
- ◆ the recoverable amount is calculated as the sum of cash flows generated each year and the terminal value, which is determined based on normative cash flows by applying a zero growth rate to infinity.

The Hermès Group has defined the following CGUs:

- ◆ sales units (branches), distribution, which are treated independently from one another;
- ◆ separate production activities (leather production, silk production);
- ◆ businesses centred on production or distribution of one type of product (including Perfumes, Watches, HCP, etc.);
- ◆ investment property;
- ◆ associated companies.

1.9 - Financial assets and liabilities

In accordance with IFRS standards, financial assets include non- consolidated and other investment securities, loans and financial receivables, and the positive fair value of financial derivatives.

Financial liabilities include borrowings and debt, bank lines of credit and the negative fair value of financial derivatives.

Financial assets and liabilities are presented in the statement of financial position under current or non- current assets or liabilities, depending on whether they come due within one year or more, with the exception of

trading derivatives, which are recorded under current assets or liabilities.

Operating payables and receivables and cash and cash equivalents fall within the scope of IAS 39 – *Financial Instruments: Recognition and Measurement*, and are presented separately on the statement of financial position.

1.9.1 - Classification of financial assets and liabilities and valuation methods

A. Financial assets and liabilities stated at fair value with changes in fair value recorded in the statement of income

These assets are initially recognised at acquisition cost excluding incidental acquisition expenses. For each closing period, they are measured at fair value. Changes in fair value are recorded in the statement of income under “Other financial income and expense”.

Dividends and interest received on these assets are also recognised in the statement of income under “Other financial income and expense”.

B. Held-to-maturity financial assets

This category covers fixed-term financial assets, bought with the intention and ability of holding them until maturity. These items are recognised at amortised cost.

Interest is calculated at the effective interest rate and recorded in the statement of income under “Other financial income and expense”.

C. Loans and financial receivables

Loans and financial receivables are valued and recognised at amortised cost less any impairment.

Interest is calculated at the effective interest rate and recorded in the statement of income under “Other financial income and expense”.

D. Available-for-sale financial assets

Available-for-sale financial assets include non-consolidated investments and investment securities. For each closing period, they are stated at fair value.

Unrealised gains or losses on available-for-sale financial assets are recorded under other comprehensive income in “Derivatives included in shareholders’ equity”.

For available-for-sale financial assets represented by debt securities, interest is calculated at the effective interest rate and credited to the statement of income under “Other financial income and expense”.

E. Financial liabilities

Financial debts are recorded at amortised cost, with separate reporting of embedded derivatives where applicable.

Interest is calculated at the effective interest rate and recorded in the statement of income under “Gross cost of debt” over the duration of the financial debt.

F. Derivative financial instruments

Scope

The scope of derivative financial instruments applied by the Group corresponds to the principles set out in IAS 39 – *Financial Instruments: Recognition and Measurement*. According to Group rules, consolidated subsidiaries may not take any speculative financial positions.

In compliance with IAS 39, the Group analyses all its contracts, of both a financial and non-financial nature, to identify the existence of any “embedded” derivatives. Any component of a contract that affects the cash flows of a given contract in the same way as a stand-alone derivative corresponds to the definition of an embedded derivative.

If they meet the conditions set out by IAS 39, embedded derivatives are accounted for separately from the “host” contract at the inception date.

Measurement and recognition

Derivatives are initially recorded at fair value.

Changes in the fair value of these derivatives are recorded in the statement of income, unless they are classified as cash flow hedges, as described below. Changes in the fair value of such hedging instruments are recorded directly under other comprehensive income in “derivatives included in shareholders’ equity”, excluding the ineffective portion of the hedge, which is recorded in the statement of income under “Other financial income and expense”. The ineffective portion of the hedge corresponds to the changes in the fair value of the hedging instrument in excess of changes in the fair value of the hedged item. When the hedged cash flows materialise, the amounts previously recognised in equity are transferred to the statement of income in the same way as for the hedged item.

Derivatives classified as hedges

The Group uses derivatives to hedge its foreign exchange risks.

Hedge accounting is applicable, in accordance with standard IAS 39 – *Financial Instruments: Recognition and Measurement*, when the following conditions have been met:

- 1) the hedge must be supported by appropriate documentation from its inception;
- 2) the effectiveness of the relationship of the hedge must be demonstrated both prospectively and retrospectively. The income obtained in this way must be between 80% and 125%.

G. Cash and cash equivalents

Cash and cash equivalents comprise liquid assets and short-term investments, usually maturing within three months or less of the acquisition date, and with negligible risk of fluctuation in value. Investments in listed shares, investments for a term of over 3 months that are not redeemable before the maturity date and bank accounts covered by restrictions (frozen accounts) other than restrictions due to country- or sector-specific regulations (e.g. currency controls) are not included in cash in the statement of cash flows. Bank overdrafts that are deemed to be financing arrangements are also excluded from the cash position.

Shares in funds held for the short term and classified as “Cash equivalents” are recorded at fair value, with changes in fair value recorded in the statement of income.

1.9.2 - Impairment of financial assets

For each closing period, the Group assesses whether there is any objective evidence of an asset’s impairment. If so, the Group estimates the asset’s recoverable value and records any necessary impairment as appropriate for the category of asset concerned.

A. Financial assets recorded at amortised cost

Impairment is equal to the difference between the asset’s net carrying amount and the discounted value of projected future cash flows expected to be generated as determined using the original effective interest rate of the financial instrument. Any impairment loss is included in the statement of income under “Other financial income and expense”. If the impairment loss

decreases in a subsequent period, it is reversed and recorded as income.

B. Available-for-sale financial assets

If there is a significant long-term decrease in the fair value of available-for-sale financial assets, the unrealised loss is reclassified from equity to income. If, in a subsequent period, the fair value of an available-for-sale financial asset increases, the increase in value is recorded in equity for equity instruments, while for debt instruments, the impairment previously recorded is reversed and transferred to the statement of income.

1.10 - Inventories

Inventories and work in progress held by Group companies are valued at the lower of cost (including indirect production costs) or net realisable value. Cost is generally calculated at weighted average cost or standard cost adjusted for variances.

The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, as specified by IAS 2 – *Inventories*. In particular, discounts and collection costs are included in the measurement of inventories.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Impairment is booked to reduce inventories to net realisable value if this is lower than the carrying amount. These impairments are included in the cost of sales.

1.11 - Treasury shares

Shares held in treasury are recorded at acquisition cost and are deducted from equity. Gains or losses on the disposal of these shares are recognised directly in equity, with no impact on net income.

1.12 - Revenue and trade receivables

Revenue consists of sales of retail goods, sales of goods and services produced by the Group’s main business operations, and income from royalties, licences and operating subsidies.

Revenue is recognised:

- ◆ when the major risks and benefits incident to ownership of goods are transferred to the buyer;
- ◆ when the amount of revenue can be measured reliably;
- ◆ when any volume or trade discounts and other benefits on sales are deducted from revenue (separability principle);
- ◆ when, at the transaction date, it is probable that the amount of the sale will be recovered.

In general, sales of goods are accounted for on delivery, sales of services are accounted for on completion.

Credit risk arises from the potential inability of customers to meet their payment obligations.

when there is objective evidence of impairment, the value of these obligations is adjusted at each closing period.

An impairment expense is recognised in the statement of income when the carrying amount of the asset is higher than its recoverable amount.

1.13 - Other non-recurring income and expense

“Other non-recurring operating income and expense” relates to major events which occurred during the year and produced a material financial impact. This item is presented separately from recurring operating income because it could give a misleading view of the Group’s performance.

This line item therefore includes significant amounts of income and expense items generated by unusual or infrequent events.

1.14 - Operating segments

In accordance with IFRS 8 – *Operating Segments*, the presented segment information is based on internal reporting used by management to assess the performance of the different business sectors.

The activity of the Hermès Group is monitored by the main operational decision-maker (“Executive committee”) by geographical area and trades.

Given the Group’s current structure, organised into geographical areas placed under the responsibility of operational managers in charge of applying the strategy defined by the Executive committee, the Group has determined that the geographical areas constitute the operating segments with reference to the fundamental principle of IFRS 8.

1.15 - Put options granted to non-controlling interest holders

Pursuant to IAS 32 – *Financial instruments: presentation* when the non-controlling interest holders hold the put options of their share in the Group, a financial debt that corresponds to the price of the exercise of an option is recorded, corresponding with the option exercise price.

This debt is posted through shareholders equity:

- ◆ as a deduction from the “Non-controlling equity interests”, equal to the book value of the securities that are the subject of the put option;
- ◆ for the remainder, as a deduction against the equity of the Group.

This entry is adjusted at the end of each period in accordance with the trend of the exercise price and the book value of the non-controlling equity interests. In the absence of specific IFRS rules, the Group has applied the AMF recommendations issued in November 2009, that involve recording fair value variations directly in shareholders equity.

1.16 - Provisions

A provision is a liability of uncertain timing or amount. It is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. In addition, a reliable estimate of the amount of the obligation is made based on the information available to the Group when the consolidated financial statements are prepared.

1.17 - Pension plans and other long-term benefits

In keeping with the laws and practices in each country where it operates, the Group participates in post-employment and other retirement benefit schemes for employees and in top-up schemes for executives and senior managers.

1.17.1 - Defined contribution pension plans

For basic post-employment and other defined-contribution plans, the Group recognises contributions to be paid as expenses when they are due and when no provision was booked in this respect, as the Group has no obligations other than the contributions paid.

1.17.2 - Defined benefit pension plans

For defined-benefit plans, the Group's obligations are calculated annually by an independent actuary using the projected credit unit method. This method is based on actuarial assumptions and takes into account the employee's probable future length of service, future salary and life expectancy as well as staff turnover.

The present value of the obligation is calculated by applying an appropriate discount rate for each country where the obligations are located. It is recognised on a basis pro-rated to the employee's years of service.

When benefits are partly funded in advance by external funds (insurance companies, foundations or other entities), the assets held are measured at fair value, and taken into account in the assessment of the liabilities.

The expense recognised in the consolidated statement of income is the sum of:

- ◆ the past service cost, which constitutes the increase in obligations arising from the vesting of one additional year of rights;
- ◆ the past service cost, namely the variation in the present fair value of the obligation that originates from the modification of a plan or the reduction of a plan;
- ◆ the profit or the loss resulting from liquidation, if applicable;
- ◆ the interest cost, which reflects the increase in the present value of the obligations during the period;
- ◆ the financial income on hedge assets.

Changes in actuarial assumptions and experience effects give rise to actuarial gains or losses, the total of which is recorded under "Other comprehensive income" over the period during which they were recognised.

1.17.3 - Other long-term benefits

Certain other post-employment benefits, such as life insurance and health insurance benefits (primarily in Japan), or long-term benefits such as long-service awards (bonuses paid to employees, mainly in France, based on length of service), are also covered by provisions, which are determined using an actuarial calculation that is comparable to that used to calculate provisions for post-employment benefit obligations.

The actuarial gains and losses that result from experience adjustments and changes in actuarial assumptions

adopted for calculation of these obligations are entered in the consolidated financial statement for the financial year during which they were recognised.

1.18 - Income tax expense

Income tax expense includes:

- ◆ the current tax for the year of the consolidated companies;
- ◆ deferred tax resulting from timing differences:
 - between the taxable earnings and accounting income of each consolidated company,
 - arising from adjustments made to the financial statements of consolidated companies to bring them into line with Group accounting principles;
 - arising from consolidation adjustments.

1.18.1 - Deferred tax

Deferred tax is calculated on all timing differences existing at year-end (full reserve) at the tax rate in force on that date, or at the enacted tax rate (or nearly enacted rate) for the subsequent fiscal year. Previous deferred tax is revalued using the same rate (liability method).

The main categories of deferred tax apply to restatements of internal margins on inventories, impairment on inventories and timing differences.

Deferred tax assets are recorded to the extent that their future use is probable given the expected taxable profits.

If a recovery risk arises on some or all of a deferred tax asset, an impairment is recorded.

Foreign currency differences arising from the conversion of deferred tax income or expense are recognised in the statement of income in deferred tax income or expense.

Discounting is not applied to deferred tax.

1.18.2 - Group tax election

Since 1 January 1988, the Company has opted for a group tax election under French tax law. Under the terms of an agreement between the parent company and the subsidiaries included in the group tax integration, projected and actual tax savings or liabilities generated by the Group are recognised in the parent company's statement of income in the year in which they arise.

1.19 - Adjustment of depreciation, amortisation and impairment

The impact of accounting entries booked net of deferred tax solely to comply with tax legislation is eliminated from the consolidated financial statements.

These adjustments mainly relate to restricted provisions and accelerated tax depreciation in French companies, and to impairment of inventories and doubtful receivables in foreign companies.

1.20 - Earnings per share

In accordance with IAS 33 – *Earnings per Share*, basic earnings per share is calculated by dividing the net income attributable to owners of the parent by the average number of ordinary shares outstanding during the period.

The net earnings per share are calculated on the basis of the weighted average number of circulating shares during the fiscal year.

The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, less the treasury shares, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighting factor.

The weighted average number of circulating shares during the fiscal year as well as those from previous fiscal years are adjusted in order to account, if relevant, for operations involving the free distribution of shares and the reduction of the share's face value occurring during the fiscal year, as well as of treasury shares.

Diluted earnings per share is adjusted for the effects of all potentially dilutive ordinary shares that may be created as a result of the conversion of convertible instruments, the exercise of stock options or share warrants, or the issuance of new shares.

The diluted earnings per share are restated for the shares that are to be created as part of the share subscription plans decided upon by the Chairmen.

1.21 - Option plans and similar

Share subscription option plans/share purchase option plans or free share allotment plans are recognised as expenses at fair value, with a corresponding increase in equity, over the term of the vesting period.

The fair value of stock options is determined using a binomial model, which takes into account the attributes of the plan (exercise price, exercise period), market data at the time of allotment (risk-free rate, share price, volatility, expected dividends) and assumptions on the beneficiaries' behaviour.

For the free share allotment plans, the estimate of the fair value is calculated on the basis of the share price on the date that the corresponding management decision is made and subject to the deduction of the amount of the advance dividends over the vesting period, as well as a non-assignability discount, where relevant.

1.22 - Use of estimates

The preparation of the consolidated financial statements under IFRS sometimes requires the Group to make estimates in valuing assets and liabilities and income and expenses recognised during the year. The Group bases these estimates on comparative historical data and on a variety of assumptions, which it deems to be the most reasonable and probable under the circumstances. Accounting principles that require the use of assessments and estimates are also described in the relevant notes.

Furthermore, IAS 1 - *Presentation of Financial Statements* requires that the main assumptions and sources of uncertainty underlying such estimates be described, whenever there is a significant risk that the estimated amounts of assets and liabilities will be materially adjusted during the following period. In this case, the notes include information which, by its nature or scope, helps users of the financial statements to understand the judgments management has made, including but not limited to:

- ◆ the nature of the assumption or estimate;
- ◆ the sensitivity of carrying amounts to the methods, assumptions and estimates underlying their calculation;
- ◆ the expected resolution of any uncertainty and the range of reasonably possible outcomes within the next financial year;
- ◆ an explanation of any changes made to past assumptions if the uncertainty remains unresolved.

The main items that require the use of assessments and estimates are as follows.

1.22.1 - Depreciation and amortisation periods for property, plant & equipment and intangible assets

Estimates and assumptions are used to calculate the estimated useful life of these assets in order to determine the period over which they should be depreciated or amortised and to recognise any impairment in value. This useful life is determined in accordance with the Group's accounting principles, which are applied uniformly and systematically by all subsidiaries. These periods are shown in Note 1.7.

1.22.2 - Impairment of fixed assets

The value of fixed assets has been reviewed in detail in order to determine whether any impairment loss must be recognised in accordance with the model described in Note 1.8. The impairment testing model and the assumptions used are estimates based on management's judgment, past events and, whenever available, information from external sources. These have been applied in determining discount rates, terminal values, sales projections, and operating margins.

1.22.3 - Provisions

A provision is a liability of uncertain timing or amount. Estimates and assumptions are used in calculating

provisions and may be a source of uncertainty. When there is significant uncertainty, which may in particular be the case in analysing provisions for risks and litigation, the provision is assessed on the basis of the scenario that is deemed to be the most probable and/or the most conservative, in accordance with the principles set forth in Note 1.16.

1.22.4 - Post-employment and other employee benefit obligations

Obligations under defined-benefit plans are calculated based on assumptions provided by an independent actuary, in accordance with the principles described in Note 1.17.

1.22.5 - Deferred tax

Deferred tax assets and liabilities are recognised in accordance with the principles described in Note 1.18. When an entity has recognised tax losses in the recent past, no deferred tax asset is recognised until there is a reasonable certainty that it will return to profits.

1.23 - Events after the closing

No significant event has occurred since the closing as at 31 December 2014.

NOTE 2 - ANALYSIS OF THE MAIN CHANGES IN THE SCOPE OF CONSOLIDATION

No significant change in the scope of consolidation occurred during financial year 2014.

NOTE 3 - SEGMENT INFORMATION

The information below is shown after consolidation adjustments and eliminations (see Note 1.14).

3.1 - Statement of income by segment

in millions of euros

2014	France	Europe (Excl. France)	Japan	Asia- Pacific (Excl. Japan)	Americas	Other	Holding	Total
Revenue	643.9	799.8	484.4	1,405.0	711.1	74.5	-	4,118.6
Selling, marketing and administrative expenses	(168.0)	(242.9)	(179.4)	(364.4)	(234.2)	(25.2)	(77.4)	(1,291.7)
Depreciation	(16.8)	(22.0)	(10.8)	(34.4)	(23.6)	(0.8)	(9.9)	(118.4)
Operating provisions	(6.2)	(3.9)	(7.4)	(3.2)	(2.6)	4.3	(5.5)	(24.4)
Impairment losses	(5.0)	(2.8)	-	(0.7)	-	-	(1.0)	(9.4)
Other income / (expenses)	(0.2)	3.6	(0.1)	(13.6)	0.7	(0.1)	(0.1)	(9.8)
Operating result	219.0	218.8	149.3	567.4	221.5	17.4	(94.0)	1,299.3
<i>Operating margin by segment</i>	34.0%	27.4%	30.8%	40.4%	31.2%	23.4%		31.5%
Net financial income							(24.7)	(24.7)
Net income from associates							12.4	12.4
Income tax expense							(423.7)	(423.7)
Net income attributable to non-controlling interests							(4.5)	(4.5)
Net income	219.0	218.8	149.3	567.4	221.5	17.4	(534.5)	858.8

in millions of euros

2013	France	Europe (Excl. France)	Japan	Asia- Pacific (Excl. Japan)	Americas	Other	Holding	Total
Revenue	613.1	737.0	463.2	1,248.1	627.4	66.1	-	3,754.8
Selling, marketing and administrative expenses	(186.7)	(222.0)	(175.7)	(340.1)	(194.0)	(21.7)	(75.0)	(1,215.2)
Depreciation	(15.3)	(24.2)	(10.5)	(34.7)	(20.6)	(0.7)	(9.2)	(115.2)
Operating provisions	(3.6)	(4.2)	(2.5)	(2.7)	(2.5)	(1.1)	(0.4)	(16.9)
Impairment losses	(3.1)	(0.1)	-	-	-	-	-	(3.2)
Other income / (expenses)	(1.2)	(0.2)	0.2	(9.6)	(4.7)	-	(0.3)	(15.9)
Operating result	208.0	202.8	178.1	490.3	210.6	12.0	(83.7)	1,218.0
<i>Operating margin by segment</i>	33.9%	27.5%	38.5%	39.3%	33.6%	18.1%		32.4%
Net financial income							(23.5)	(23.5)
Net income from associates							2.0	2.0
Income tax expense							(397.6)	(397.6)
Net income attributable to non-controlling interests							(8.6)	(8.6)
Net income	208.0	202.8	178.1	490.3	210.6	12.0	(511.4)	790.3

3.2 - Revenue by business line

The breakdown of revenue by business line is as follows:

	in millions of euros	
	2014	2013
Leather Goods & Saddlery	1,842.1	1,633.8
Ready-to-wear & Accessories	933.6	843.1
Silk & Textiles	482.3	453.9
Other Hermès business lines ⁽¹⁾	280.9	247.0
Perfumes	230.8	209.7
Watches	148.1	167.2
Other products ⁽¹⁾	200.8	200.1
Revenue	4,118.6	3,754.8

(1) The sales of "Tableware" products are henceforth presented in the "Other Hermès business lines" (for La Table Hermès) and in "Other products" (for Saint-Louis and Puiforcat). The effect of this reclassification is presented retrospectively.

3.3 - Non-current assets by geographical area

The breakdown of the non-current assets ⁽¹⁾ by geographical area is as follows:

	in millions of euros	
	31/12/2014	31/12/2013
France	784.6	710.3
Europe (Excl.France)	176.4	173.6
Japan	150.9	153.5
Asia-Pacific (Excl.Japan)	271.4	222.4
Americas	155.7	125.1
Rest of the world	40.9	-
Non-current assets ⁽¹⁾	1,580.0	1,384.9

(1) Non-current assets other than financial instruments and deferred tax assets.

NOTE 4 - COST OF SALES

All commissions are included in the cost of sales. Impairment of inventories, losses on inventories, and the

portion of depreciation that is allocated to the production cost of goods sold are included in the cost of sales.

NOTE 5 - SELLING, MARKETING AND ADMINISTRATIVE EXPENSES

	in millions of euros	
	2014	2013
Advertising and marketing expenses	(207.4)	(211.2)
Other selling and administrative expenses	(1,084.3)	(1,004.1)
Total	(1,291.7)	(1,215.2)

NOTE 6 – OTHER INCOME AND EXPENSES

	in millions of euros	
	2014	2013
Depreciation (Note 3)	(118.4)	(115.2)
Net change in recurring provisions	(11.0)	(2.4)
Cost of defined benefit plans (Note 25.1)	(13.4)	(14.4)
<i>Sub-total</i>	<i>(24.4)</i>	<i>(16.8)</i>
Reversible impairment losses (Note 3)	(9.4)	(3.2)
Other expense (including depreciation of goodwill)	(13.0)	(19.3)
Other income	3.2	3.4
<i>Sub-total</i>	<i>(19.2)</i>	<i>(19.0)</i>
Total	(162.0)	(151.1)

Total depreciation and amortisation of tangible and intangible assets included in operating expenses (other income and expense and cost of sales) amounted to

€145.9 million in 2014, compared with €135.3 million in 2013. The other expenses include depreciation of goodwill (refer to Note 10).

NOTE 7 - NET FINANCIAL INCOME

	in millions of euros	
	2014	2013
Income from cash and cash equivalents	6.7	6.2
Cost of gross debt	(0.4)	(1.0)
– of which: income from hedging instruments	0.2	(0.2)
Cost of net debt	6.3	5.2
Other financial income and expenses	(31.1)	(28.6)
– of which: ineffective portion of cash flow hedges (Note 22)	(33.2)	(29.1)
Total	(24.7)	(23.5)

NOTE 8 – INCOME TAX EXPENSE

8.1 – Breakdown of income tax expense

	in millions of euros	
	2014	2013
Current tax	(460.2)	(429.6)
Deferred tax	36.6	32.0
Total	(423.7)	(397.6)

8.2 - Rationalisation of income tax expense

The effective tax rate was 33.2% as at 31 December 2014, compared with 33.3% as at 31 December 2013. This tax rate includes, for €8.9 million, the effect of the 3% tax on dividend distributions resulting from the

second rectifying finance law for 2012 (compared with €7.9 million in 2013).

The difference between the theoretical tax and the actual tax is explained as follows:

	in millions of euros	
	2014	2013
Net income attributable to owners of the parent	858.8	790.3
Net income from associates	12.4	2.0
Net income attributable to non-controlling interests	(4.5)	(8.6)
Tax expense	(423.7)	(397.6)
Pre-tax income	1,274.6	1,194.6
Effective tax rate	33.2%	33.3%
Current tax rate in France ⁽¹⁾	38.0%	38.0%
Theoretical tax charge	(484.3)	(453.9)
<i>Reconciliation items</i>		
– differences relating to foreign tax (primarily the tax rate)	105.2	80.0
– permanent timing differences and transactions taxed at a reduced rate	(44.5)	(23.7)
Total	(423.7)	(397.6)

(1) The tax rate applicable in France is the basic rate of 33.33% plus the social contribution of 3.3% and an exceptional surcharge of 10.7% for French companies with sales revenue of more than €250 million, i.e. 38%.

8.3 - Deferred tax

The net change in deferred tax assets and liabilities is broken down as follows:

	in millions of euros	
	2014	2013
Deferred tax assets as at 1 January	242.5	217.8
Deferred tax liabilities as at 1 January	25.7	23.0
Net deferred tax assets as at 1 January	216.8	194.8
Impact on the statement of income	36.6	32.0
Impact on the scope of consolidation	(0.2)	(0.5)
Impact of foreign currency movements	13.5	(14.2)
Other ⁽¹⁾	37.7	4.8
Net deferred tax assets at period end	304.4	216.8
Balance of deferred tax assets at period end	335.8	242.5
Balance of deferred tax liabilities at period end	31.3	25.7

(1) Other items primarily involve deferred taxes resulting from changes in the portion of revaluation of financial instruments recorded under equity (transferable portion) and in actuarial gains and losses on employee benefit obligations. These changes had no impact on net income for the year (see Note 20.4).

Deferred taxes mainly related to the following adjustments:

	in millions of euros	
	2014	2013
Internal margins on inventories and impairment on inventories	198.9	163.1
Employee obligations	51.5	62.6
Derivatives	16.6	(7.4)
Impairment losses	7.9	5.4
Restricted provisions	(40.5)	(35.2)
Other	70.0	28.4
Total	304.4	216.8

As at 31 December 2014, tax loss carry-forwards and other temporary differences that did not give rise to the recognition of deferred tax assets represented potential tax savings of €16.8 million (compared with €9.1 million in 2013).

NOTE 9 - NET EARNINGS PER SHARE

In accordance with the definitions set out in Note 1.20, the calculation and reconciliation of basic earnings per share and diluted earnings per share is as follows:

	2014	2013
Numerator (in millions of euros)		
Basic net income	858.8	790.3
Adjustments	–	–
Diluted net income	858.8	790.3
Denominator (in number of shares)		
Weighted average number of ordinary shares	104,267,723	104,118,188
Basic earnings per share	8.24	7.59
Weighted average number of shares under option	–	40,655
Weighted average number of shares under free share allotment plans	555,618	698,713
Weighted average number of diluted ordinary shares	104,823,341	104,857,556
Diluted earnings per share	8.19	7.54
Annual average price per share	€252.40	€255.74

NOTE 10 - GOODWILL

10.1 – Change during the year

in millions of euros

	31/12/2013	Increases	Decreases	Currency impact	Other	31/12/2014
Goodwill	122.9	–	–	4.0	–	127.0
Total gross values	122.9	–	–	4.0	–	127.0
Amortisation booked before 1 January 2004	27.9		–	1.0		28.9
Impairment losses	43.6	15.2	–	1.9	–	60.7
Total depreciation and impairment losses	71.6	15.2	–	2.9	–	89.6
Total net value	51.4	(15.2)	–	1.2	–	37.4

On 31 December 2014, the net value of the goodwill was equal to €37.4 million, primarily relating to the CGUs of the distribution entities (€26.9 million) and the group's various production CGUs (€10.5 million). The change over the period primarily corresponds with the impairment of the goodwill allocated to the HCP CGU, resulting from the implementation of the following impairment tests.

10.2 - Impairment tests

HCP CGU

The goodwill of the HCP CGU has a nil value as at 31 December 2014. The recoverable value of the CGU was determined on the basis of its value in use. This was determined in relation to the forecasts of the expected future cash flows, taking into account the time value

and the specific risks linked to the CGU. The expected cash flow forecasts over 5 years were updated at the end of 2014. For the calculation of the value in use, a terminal value equivalent to the capitalisation to infinity of annual normative cash flows is added to the value of the expected flows.

The growth rate used to project the cash flow forecasts to infinity is 2.9%.

The pre-tax discount rate applied to the cash flow forecasts is 7.73%.

In 2014, the annual asset impairment test resulted in the Group registering a goodwill value loss of €11.7 million, entered in the income statement on the line "Other income and expenses" of the recurring operating income.

As part of this test, an analysis was performed on the sensitivity of the value in use to the key hypotheses. The hypotheses that are part of the valuation model used by the Group are (i) the long-term growth rate for the calculation of the terminal value, (ii) the discounting rate, (iii) the change of working capital requirements.

The results of the sensitivity analyses are presented below:

- ◆ long-term growth rate: a change of -0.5 points would

lower the recoverable value by €5 million;

- ◆ discounting rate: a change of -1 rate point would result in an increase of the recoverable value of +€67 million, a change of +1 point would lower the recoverable value by €45 million;

- ◆ working capital requirements: a positive/negative change of 5 points of the WCR/turnover ratio would have an impact of +/- €16 million on the CGU's recoverable value.

CGUs of the distribution entities

Within this CGU, the main goodwill is that of Hermès Japan, which stands at €13.7 million. The pre-tax discount rate applied to the cash flow forecasts for Japan is 10.54%; for the other countries, it varies from 9.34% to 13.04%. The annual asset impairment test of this asset as well as those of the other non-significant goodwill of this CGU do not bring to light any probable scenario according to which the CGU's recoverable value becomes lower than the net carrying amount.

Other CGUs

Individually, the above goodwill figures are not significant and do not bring to light any probable depreciation scenario.

NOTE 11 – INTANGIBLE FIXED ASSETS

	in millions of euros					
	31/12/2013	Increases ⁽¹⁾	Decreases	Currency impact	Other	31/12/2014
Leasehold rights	68.7	3.0	(1.6)	(1.3)	–	68.8
Concessions, patents, licences and software	45.8	3.7	(1.3)	0.4	0.7	49.2
Other intangible assets	141.0	13.9	(10.5)	(7.3)	4.2	141.2
Fixed assets under construction	5.3	13.7	–	(0.0)	(6.5)	12.5
Total gross values	260.8	34.2	(13.5)	(8.2)	(1.7)	271.7
Amortisation of leasehold rights	37.0	2.8	(1.2)	(1.8)	–	36.8
Amortisation of concessions, patents, licences and software	30.7	4.2	(1.3)	0.3	(0.9)	33.0
Amortisation of other intangible assets	83.1	15.5	(10.5)	(4.5)	(1.4)	82.3
Impairment losses ⁽²⁾	1.0	0.3	(0.2)	(0.0)	1.0	2.0
Total depreciation and impairment losses	151.9	22.8	(13.3)	(6.0)	(1.3)	154.1
Total net value	108.9	11.4	(0.2)	(2.2)	(0.4)	117.5

(1) The completed investments mainly related to setting up integrated management software applications within certain of our subsidiaries.

(2) Impairment losses relate to production operations and stores deemed not to be sufficiently profitable according to the criteria set out in IAS 36 - *Impairment of Assets*.

Notes to the consolidated financial statements

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

in millions of euros

	31/12/2013	Increases ⁽¹⁾	Decreases	Currency impact	Other	31/12/2014
Lands	142.8	8.4	(0.0)	2.1	0.0	153.3
Buildings	632.5	31.1	(5.1)	15.7	45.3	719.6
Machinery, plant and equipment	222.9	30.7	(7.2)	2.4	8.5	257.3
Store fixtures and furnishings	375.4	26.1	(11.0)	39.6	54.4	484.6
Other tangible assets	375.6	34.7	(30.8)	3.7	14.6	397.7
Fixed assets under construction	90.6	113.6	(0.0)	2.6	(131.2)	75.6
Total gross values	1,839.7	244.7	(54.1)	66.1	(8.3)	2,088.1
Depreciation of buildings	203.1	28.6	(5.0)	3.1	(3.2)	226.7
Depreciation of machinery, plant and equipment	142.6	16.6	(7.0)	1.3	0.0	153.5
Depreciation of store fixtures and furnishings	224.3	39.0	(9.9)	21.7	(6.5)	268.7
Depreciation of other tangible assets	225.7	36.0	(30.6)	2.2	(1.4)	231.9
Impairment losses ⁽²⁾	19.0	9.2	(2.5)	0.3	–	25.9
Total depreciation and impairment losses	814.6	129.4	(55.0)	28.6	(11.0)	906.6
Total net value	1,025.1	115.3	0.9	37.5	2.7	1,181.5

(1) Investments made during the year related mainly to the opening and renovation of stores and capital expenditure to expand production capacity.

(2) Impairment losses relate to production operations and stores deemed not to be sufficiently profitable according to the criteria set out in IAS 36 - *Impairment of Assets*. It is noted that the cash generating units on which impairment losses have been recognised are not individually material when compared with the Group's overall business.

No item of property, plant or equipment has been pledged as debt collateral. Furthermore, the amount of such assets in temporary use is not material when compared with the total value of property, plant and equipment.

NOTE 13 – INVESTMENT PROPERTY

in millions of euros

	31/12/2013	Increases	Decreases	Currency impact	Other	31/12/2014
Lands	31.6	(0.1)	–	2.0	–	33.5
Buildings	74.0	0.1	–	4.6	–	78.7
Total gross values	105.6	(0.0)	–	6.6	–	112.2
Depreciation	11.5	2.2	–	1.0	–	14.7
Total net value	94.1	(2.2)	–	5.6	–	97.5

It is stipulated that the Group and its subsidiaries are not bound by any contractual obligation to buy, build or develop investment properties, existing or not.

Moreover, the costs incurred for the upkeep, maintenance and improvement of the investment assets are not significant nor likely, as far as we know, to change materially in the coming fiscal years.

The rental proceeds coming from investment properties were equal to €4.9 million in 2014 (compared with €4.2 million in 2013).

As at 31 December 2014, the fair value of the investment properties was greater than €110 million. This estimate is based on evaluation works performed by independent experts, with a satisfactory frequency.

The evaluations are notably based on real estate operations involving comparable assets and on indicators established by professionals or recognised institutions.

NOTE 14 – FINANCIAL ASSETS

	in millions of euros					
	31/12/2013	Increases	Decreases	Currency impact	Other	31/12/2014
Investments in financial assets and accrued interest ⁽¹⁾	51.9	0.3	(0.1)	–	–	52.1
Liquidity contract	7.8	2.4	–	–	–	10.2
Other financial assets	0.7	–	(0.2)	0.0	(0.5)	0.0
Other non-consolidated investments ⁽²⁾	0.2	0.0	–	–	(0.0)	0.3
Participating/convertible loan	–	–	–	–	–	–
Total gross values	60.6	2.7	(0.3)	0.0	(0.5)	62.6
Impairments	1.5	0.1	(0.0)	–	–	1.6
Total net value	59.1	2.6	(0.3)	0.0	(0.5)	61.0

(1) Financial investments correspond with investments that do not meet the cash equivalent criteria notably as a result of their original maturity of more than 3 months.

(2) Other available-for-sale non-consolidated investments do not include any listed securities.

NOTE 15 – INVESTMENTS IN ASSOCIATES

The change in investments in associates is broken down as follows:

	in millions of euros	
	2014	2013
Balance as at 1 January	44.5	25.8
Impairments	–	–
Impact of changes in the scope of consolidation	31.1	19.3
Net income from associates	12.4	2.0
Dividends paid	(0.2)	(0.2)
Change in foreign exchange rates	3.5	(2.4)
Other	(0.1)	–
Balance as at 31 December	91.3	44.5

The change in the scope of consolidation during the period primarily corresponds with a minority equity

interest acquired in a company held by one of the group's historical distributors.

NOTE 16 – LOANS AND DEPOSITS

	in millions of euros					
	31/12/2013	Increases	Decreases	Currency impact	Other	31/12/2014
Loans and deposits ⁽¹⁾	44.0	3.6	(2.5)	2.1	0.5	47.8
Impairments	2.3	2.0	(0.1)	0.1	0.1	4.3
Total	41.8	1.6	(2.4)	2.0	0.5	43.5

(1) Security deposits amounted to €27.3 million as at 31 December 2014, compared with €24.9 million as at 31 December 2013.

NOTE 17 – INVENTORIES AND WORK IN PROGRESS

in millions of euros

	31/12/2014			31/12/2013		
	Gross	Impairment	Net	Gross	Impairment	Net
Retail, semi-finished and finished goods	846.7	308.1	538.6	681.7	233.8	447.9
Raw materials and work in progress	509.7	136.3	373.4	477.5	112.1	365.5
TOTAL	1,356.4	444.4	912.0	1,159.3	345.9	813.4
Net income/expense from the impairment of retail, intermediate and finished goods	-	(59.6)	-	-	(51.6)	-
Net income/expense from the impairment of raw materials and work in progress	-	(23.6)	-	-	(20.6)	-

No inventories were pledged as debt collateral.

NOTE 18 – TRADE AND OTHER RECEIVABLES

in millions of euros

	31/12/2014			31/12/2013
	Gross	Impairment	Net	Net
Trade and other receivables	254.8	5.5	249.3	193.6
<i>of which: – amount not yet due</i>	<i>207.3</i>	<i>0.3</i>	<i>207.0</i>	<i>113.8</i>
<i>– amount payable⁽¹⁾</i>	<i>47.5</i>	<i>5.2</i>	<i>42.3</i>	<i>79.8</i>
Current tax receivables	8.7	-	8.7	5.8
Other current assets	140.9	0.2	140.7	115.7
Other non-current assets	11.3	-	11.3	21.1
Total	415.6	5.7	409.9	336.3

(1) The amount of trade and other receivables payable is broken down as follows:

in millions of euros

	31/12/2014			31/12/2013
	Gross	Impairment	Net	Net
Less than 3 months	36.2	0.3	35.8	76.8
Between 3 and 6 months	4.7	0.7	4.1	2.9
Above 6 months	6.6	4.2	2.5	0.1

Except for other non-current assets, all accounts receivable are due within one year. There were no significant payment deferrals that would justify the discounting of receivables.

The Group's policy is to recommend securing accounts receivable insurance cover, inasmuch as local conditions

permit it. Consequently, the risk of non-recovery is low, as evidenced by accounts receivable impairment, which amounted to approximately 2% of the gross value at the end of 2014 (compared with 3% in 2013). There is no significant concentration of credit risk.

Notes to the consolidated financial statements

NOTE 19 – CASH AND CASH EQUIVALENTS

19.1 – Change in net cash position

in millions of euros

	31/12/2013	Cash flows	Currency impact	Impact on the scope of consolidation	Other ⁽¹⁾	31/12/2014
Cash and cash equivalents	306.3	99.0	15.7	0.7	1.4	423.1
Marketable securities ⁽²⁾	747.6	258.1	14.5	–	–	1,020.2
<i>Sub-total</i>	<i>1,053.9</i>	<i>357.1</i>	<i>30.2</i>	<i>0.7</i>	<i>1.4</i>	<i>1,443.3</i>
Bank overdrafts and current accounts in debit	(31.9)	10.4	(0.2)	–	–	(21.7)
Net cash position	1,022.0	367.5	30.0	0.7	1.4	1,421.6

(1) Corresponds with the mark-to-market on cash and cash equivalents.

(2) Primarily invested in money market UCITS and cash equivalents with a duration of less than 3 months.

All of the cash and cash equivalents have a maturity of less than 3 months and a sensitivity of less than 0.5%. The gains and losses generated during the financial year and recorded through profit or loss were equal to €1.1 million in 2014 (versus €0.5 million in 2013). No unrealised gain or loss existed as at 31 December 2014.

19.2 - Change in working capital

in millions of euros

	31/12/2013	Change in working capital	Other cash flows	Currency impact	Impact from revaluation of financial and hedging instruments	Other	31/12/2014
Net inventories and work in progress	813.4	74.4	–	23.6	–	0.6	912.0
Trade and other receivables	193.6	16.3	–	4.9	32.9	1.7	249.3
Other current assets	115.7	18.9	–	3.1	0.0	1.6	139.3
Other non-current assets	21.1	(0.4)	–	0.0		(19.7)	1.0
Available-for-sale securities (excluding liquidity contract and forward investments)	1.0	0.0	–	0.0		(0.7)	0.4
Accrued interest on investments	–	–	–	–		–	–
Held-to-maturity securities	–	–	–	–		0.0	0.0
Loans and deposits	44.0	1.1		2.1		(0.4)	46.8
Deferred tax assets	163.2	34.2	–	11.6		2.8	211.7
Trade payables (excluding amounts payable relating to fixed assets)	(313.8)	(17.1)	–	(6.8)	(2.2)	(0.2)	(340.2)
Other liabilities and miscellaneous items (excluding current tax expense)	(426.2)	(21.2)	–	(11.5)	(1.0)	(0.5)	(460.4)
Net financial derivatives	51.3	(1.1)	–	(0.1)	(89.9)	5.9	(33.8)
Change in working capital	663.3	105.1	–	26.9	(60.3)	(8.9)	726.2

NOTE 20 – SHAREHOLDERS EQUITY

As at 31 December 2014, Hermès International’s share capital consisted of 105,569,412 fully-paid shares with a par value of €0.51 each.

1,167,264 of these shares are treasury shares. In fiscal year 2014, the following treasury movements occurred:

- buyback of 38,396 shares at a face value of €0.51;
- exercise of 53,971 share purchase options reserved for Hermès group employees;
- allotment of 260,820 free shares to Hermès group employees;
- sale of 8,083 shares as part of the liquidity contract.

It is specified that no shares are reserved for issuance under put options or agreements to sell shares.

For management purposes, the Hermès Group uses the notion of “shareholders’ equity” as shown in the consolidated statement of changes in equity. More specifically, shareholders’ equity includes the part of financial instruments that has been transferred to equity as well as actuarial gains and losses, as defined in Notes 1.9 and 1.17.

The Group’s objectives, policies and procedures in the area of capital management are in keeping with sound

management principles designed to ensure that operations are well-balanced financially and to minimise the use of debt. As its surplus cash position gives it some flexibility, the Group does not use prudential ratios such as “return on equity” in its capital management. During the current year, the Group made no change in its capital management policy and objectives.

Lastly, the parent company, Hermès International, is governed by French laws on capital requirements. Shareholders’ equity must be greater than or equal to at least half of the share capital. If it drops below this level, an extraordinary General Meeting must be called to approve the measures required to remedy this situation. Hermès International has never been in this position and has always met this requirement.

20.1 - Dividends

An ordinary dividend of €2.70 per share was paid in June 2014, representing an amount of €281 million, after having been approved by the General Meeting held on 3 June 2014 and that voted on the annual financial statements closed as on 31 December 2013.

20.2 - Foreign currency adjustments

The change in foreign currency adjustments in 2014 is analysed below:

	in millions of euros	
	31/12/2014	31/12/2013
Balance as at 1 January	(33.5)	46.0
Japanese yen	(2.0)	(33.2)
US dollar	33.2	(8.8)
Yuan	5.9	(0.3)
Australian dollar	0.8	(16.3)
Pound sterling	4.5	(2.7)
Macao pataca	6.1	(2.5)
Swiss franc	1.5	(0.7)
Singapore dollar	20.0	(11.4)
Hong Kong dollar	14.1	(2.9)
Other currencies	(2.9)	(0.7)
Balance as at 31 December	47.7	(33.5)

Notes to the consolidated financial statements

20.3 - Financial instruments

In 2014, changes in derivatives and financial investments were broken down as follows (after tax):

	in millions of euros	
	2014	2013
Balance as at 1 January	30.5	26.0
Amount transferred to equity during the year for derivatives	(32.3)	(19.8)
Amount transferred to equity during the year for financial investments	0.0	0.0
Adjustments in the value of derivatives at closing	(17.5)	32.3
Other deferred gains on exchange in the comprehensive income	5.8	(8.0)
Balance as at 31 December	(13.5)	30.5

20.4 - Other comprehensive income

In 2014, other comprehensive income was broken down as follows:

	in millions of euros		
	Gross impact	Tax effect	Net impact
Actuarial gains and losses (Note 25.3)	(30.1)	10.2	(19.9)
Foreign currency adjustments (Note 20.2)	82.1	–	82.1
Financial instruments included in equity (Note 20.3)	(71.4)	27.4	(44.0)
Other elements	–	–	–
Balance as at 31 December 2014	(19.4)	37.6	18.2

And for 2013:

	in millions of euros		
	Gross impact	Tax effect	Net impact
Actuarial gains and losses (Note 25.3.4)	(12.6)	4.3	(8.3)
Foreign currency adjustments (Note 20.2)	(84.9)	4.4	(80.6)
Financial instruments included in equity (Note 20.3)	8.7	(4.2)	4.5
Other elements	0.5	(0.2)	0.3
Balance as at 31 December 2013	(88.3)	4.3	(84.0)

NOTE 21 – NON-CONTROLLING EQUITY INTERESTS

	in millions of euros	
	2014	2013
Balance as at 1 January	15.6	13.9
Net income attributable to non-controlling interests	4.5	8.6
Dividends paid to non-controlling interests	(9.8)	(9.3)
Exchange rate adjustment on foreign entities	1.0	(1.1)
Other changes	(1.7)	3.5
Balance as at 31 December	9.5	15.6

NOTE 22 – EXPOSURE TO MARKET RISKS

22.1 - Counterparty risk

Pursuant to the applicable internal control procedures, the Group only deals with leading banks and financial institutions that have signed FBF and ISDA agreements on trading in forward financial instruments, and it is not exposed to any material counterparty risk. In addition, counterparty risks on financial transactions are monitored on an ongoing basis by Hermès International's Treasury Management department. Lastly, the Group has no exposure to any material risk of dependence on a single counterparty.

Moreover, the impact of the credit risk as recommended by IFRS 13 in the fair value of derivative instruments is close to 0 for the Group, given that all of the derivative instruments have a maturity of under 12 months.

22.2 - Currency risk

Most of the Group's currency exposure comes from sales denominated in foreign currencies. It hedges this exposure in order to minimise the impact of currency fluctuations on the Group's profits.

The Group's currency exposure management policy is based on the following principles:

- the manufacturing subsidiaries invoice the distribution subsidiaries in their local currency, which automatically concentrates the currency risk on the manufacturing subsidiaries;
- the Group's net currency exposure is systematically hedged by Hermès International according to annual budgets, based on highly probable future operating

cash flows, through firm foreign exchange transactions and/or optional ones eligible for hedge accounting;

– no speculative transactions in the economic sense of the term are authorised;

– all other non-operating transactions are hedged against currency risk as soon as the commitment is firm and definitive. It corresponds to financial risks arising from intercompany loans and dividends in foreign currencies.

These management rules have been validated by the executive Committee and have also been endorsed by the Supervisory Board.

The administrative management and control of these transactions are provided by the middle & back office department, notably by means of an integrated cash software program. In addition, Hermès International's Internal Audit department ascertains compliance with the risk control and management procedures.

Within this set of rules, management's decisions are validated by the executive Committee, via a Treasury Security Committee that meets on a regular basis.

The Group's currency exposure is hedged annually by Hermès International, based on highly probable future cash flows derived from budget projections. In practice, as at 31 December, nearly 100% of the Group's annual requirements for the previous year had been hedged.

As part of its currency risk management procedure, the Group uses purchases and sales of put and call options and currency swaps to hedge future cash flows and firm commitments made in foreign currencies.

22.2.1 - Net currency positions

in millions of euros

Currency	Monetary assets/ (liabilities) ⁽¹⁾	Future cash flows	Net position before hedging	Derivatives ⁽²⁾	Net position after hedging	Hedging ratio
As at 31/12/2014						
US dollar	70.7	367.6	438.3	(423.4)	14.9	97%
Yuan	119.4	198.9	318.3	(313.1)	5.2	98%
Japanese yen	23.0	191.9	214.9	(210.2)	4.7	98%
Singapore dollar	17.7	148.7	166.4	(167.6)	(1.2)	101%
Hong Kong dollar	(55.8)	215.1	159.3	(165.5)	(6.2)	104%
Pound sterling	(2.6)	73.2	70.6	(70.5)	0.2	100%
Euro ⁽³⁾	10.7	54.1	64.8	(64.6)	0.2	100%
Swiss franc	6.9	33.1	40.0	(39.3)	0.7	98%
Canadian dollar	0.6	29.1	29.7	(29.3)	0.4	99%
Thai baht	2.4	20.9	23.2	(22.4)	0.8	96%
Rouble	2.3	8.7	11.0	(8.7)	2.3	79%
South Korean won	(0.0)	(8.8)	(8.8)	8.8	(0.0)	100%
Australian dollar	(0.0)	8.4	8.4	(5.8)	2.6	69%
Mexican peso	1.3	5.5	6.8	(6.9)	(0.1)	102%
New Turkish lira	0.4	5.6	6.0	(5.6)	0.4	93%
Brazilian real	1.2	3.3	4.5	(3.3)	1.2	73%
Czech koruna	0.4	3.3	3.7	(3.7)	0.1	98%
United Arab Emirates dirham	(0.1)	(0.5)	(0.7)	0.5	(0.2)	77%
Argentine peso	0.6	–	0.6	–	0.6	
Total	199.0	1,358.0	1,557.0	(1,530.5)	26.5	98%
As at 31/12/2013						
US dollar	50.7	294.5	345.2	(344.6)	0.6	100%
Yuan	79.4	167.7	247.1	(240.8)	6.2	97%
Japanese yen	54.9	166.7	221.6	(221.5)	0.1	100%
Hong Kong dollar	(33.9)	184.1	150.2	(151.6)	(1.4)	101%
Singapore dollar	6.3	135.7	142.0	(144.0)	(2.0)	101%
Swiss franc	49.0	36.7	85.7	(79.6)	6.1	93%
Pound sterling	(1.2)	70.1	68.9	(67.1)	1.8	97%
Euro ⁽³⁾	11.1	42.2	53.3	(51.5)	1.7	97%
Canadian dollar	2.7	21.6	24.3	(22.6)	1.8	93%
Thai baht	2.4	15.1	17.5	(15.2)	2.3	87%
Rouble	4.0	12.4	16.5	(15.2)	1.3	92%
Australian dollar	2.7	9.4	12.0	(11.1)	1.0	92%
South Korean won	0.4	(7.1)	(6.7)	7.1	0.4	106%
Mexican peso	0.8	4.6	5.3	(5.0)	0.3	93%
New Turkish lira	0.3	4.1	4.4	(4.5)	(0.1)	103%
Czech koruna	0.3	2.9	3.2	(3.0)	0.1	95%
United Arab Emirates dirham	(0.0)	(1.3)	(1.3)	1.2	(0.1)	91%
Taiwan dollar	0.9	–	0.9	–	0.9	
Total	230.8	1,159.3	1,390.1	(1,369.0)	21.1	98%

(1) The monetary assets are recognised from receivables and loans as well as from bank balances, investments and cash equivalents dated less than 3 months from the acquisition date. Monetary liabilities are recognised from financial debts as well as operating liabilities and miscellaneous liabilities. (2) (Purchase)/Sale. (3) Euro exchange risk for subsidiaries having a different functional currency.

22.2.2 - Sensitivity to currency fluctuations

The sensitivity of equity to currency risk is analysed for the cash flow hedge reserve. The impact on equity corresponds to the change in the market value of cash flow hedging derivatives relative to the current variance in exchange rates, ceteris paribus.

A 10% rise in the currencies to which the Group is exposed as of the closing date would lead to a

–€94.5 million decrease in equity (before tax) in the cash flow reserve, a 10% depreciation would lead to an increase of +€80.8 million (before tax).

Moreover, a 10% rise in the currencies to which the Group is exposed as of the closing date would lead to an increase of +€2.9 million in net income, while a depreciation to the same extent would lead to a decrease of –€2.4 million.

22.2.2 – Analysis of currency contracts

in millions of euros

Contracts	Nominal amounts of the derivative instruments	Nominal amounts of the derivative instruments used for currency risk hedging	Market value of contracts as at 31 December 2014 ⁽¹⁾			
			Future cash flow hedge	Fair value hedge	Unallocated	Total
Options purchased						
US dollar put	129.3	50.6	0.0	–	0.0	0.0
US dollar collar	135.0	135.0	(3.2)	–	–	(3.2)
Chinese yuan put	60.5	29.9	0.3	–	0.1	0.4
Chinese yuan collar	79.9	79.9	(1.0)	–	–	(1.0)
Japanese yen put	99.8	31.8	2.3	–	2.9	5.2
Japanese yen call	(21.2)	–	–	–	0.0	0.0
Japanese yen collar	97.1	97.1	6.5	–	–	6.5
Singapore dollar put	77.9	33.6	0.4	–	0.1	0.4
Singapore dollar collar	89.5	89.5	0.8	–	–	0.8
Hong Kong dollar put	94.9	37.7	0.2	–	0.0	0.2
Hong Kong dollar collar	100.6	100.6	(2.8)	–	–	(2.8)
	943.3	685.8	3.6	–	3.1	6.6
Forward currency contracts ⁽²⁾						
US dollar	182.0	182.0	(13.5)	–	(0.0)	(13.5)
Yuan	89.1	89.1	(8.2)	–	(0.1)	(8.3)
Japanese yen	63.0	63.0	3.4	–	–	3.4
Singapore dollar	18.9	18.9	(6.3)	–	(0.0)	(6.3)
Hong Kong dollar	76.5	76.5	(10.1)	–	0.0	(10.0)
Pound sterling	73.2	73.2	(2.7)	–	0.0	(2.7)
Euro ⁽³⁾	53.8	53.8	2.6	–	(0.0)	2.6
Swiss franc	33.1	33.1	(0.3)	–	–	(0.3)
Canadian dollar	29.1	29.1	(1.1)	–	–	(1.1)
Thai baht	20.9	20.9	(0.9)	–	(0.0)	(0.9)
Rouble	8.7	8.7	4.2	–	–	4.2
South Korean won	(8.8)	(8.8)	0.0	–	–	0.0
Australian dollar	8.4	8.4	0.2	–	–	0.2
Other	17.2	17.2	(0.0)	–	0.0	0.0
	665.0	665.6	(32.6)	–	(0.1)	(32.7)
Treasury swaps ⁽²⁾						
US dollar	55.8	54.4	(1.0)	–	(0.0)	(1.0)
Yuan	114.2	114.2	(2.6)	–	(0.0)	(2.6)
Japanese yen	18.4	17.9	(0.3)	–	(0.0)	(0.3)
Singapore dollar	25.5	25.6	(0.4)	–	(0.0)	(0.4)
Hong Kong dollar	(49.3)	(50.4)	1.2	–	(0.0)	1.1
Pound sterling	(2.7)	(2.9)	0.1	–	(0.0)	0.1
Euro ⁽³⁾	10.8	10.8	0.1	–	0.0	0.1
Swiss franc	6.3	6.3	0.0	–	–	0.0
Canadian dollar	0.2	(0.0)	(0.0)	–	(0.0)	(0.0)
Thai baht	1.5	1.5	(0.0)	–	–	(0.0)
Rouble	(0.1)	2.2	0.0	–	(0.0)	0.0
Australian dollar	(2.6)	(2.9)	0.0	–	0.0	0.0
Other	1.8	1.7	(0.0)	–	(0.0)	(0.0)
	179.7	178.3	(2.9)	–	(0.1)	(3.0)
Options sold						
US dollar put	(78.7)	–	–	–	(0.0)	(0.0)
Chinese yuan put	(30.6)	–	–	–	(0.1)	(0.1)
Japanese yen put	(68.0)	–	–	–	(2.9)	(2.9)
Japanese yen call	21.2	–	–	–	(0.0)	(0.0)
Singapore dollar put	(44.3)	–	–	–	(0.1)	(0.1)
Hong Kong dollar put	(57.2)	–	–	–	(0.0)	(0.0)
	(257.5)	–	–	–	(3.0)	(3.0)
Total	1,530.5	1,529.1	(31.9)	–	(0.2)	(32.1)

(1) Gain/(Loss). (2) Sale/(Purchase). (3) Euro exchange risk for subsidiaries having a different functional currency.

Notes to the consolidated financial statements

in millions of euros

Contracts	Nominal amounts of the derivative instruments	Nominal amounts of the derivative instruments used for currency risk hedging	Market value of contracts as at 31 December 2013 ⁽¹⁾			
			Future cash flow hedge	Fair value hedge	Unallocated	Total
Options purchased						
US dollar put	39.2	39.2	2.0	–	–	2.0
US dollar collar	104.6	104.6	5.2	–	–	5.2
Chinese yuan put	24.8	24.8	1.1	–	–	1.1
Chinese yuan collar	65.7	65.7	2.8	–	–	2.8
Japanese yen put	24.7	24.7	3.0	–	–	3.0
Japanese yen collar	90.6	89.4	9.9	–	0.1	10.0
Hong Kong dollar put	28.7	28.7	1.5	–	–	1.5
Hong Kong dollar collar	76.4	76.4	3.9	–	–	3.9
Singapore dollar put	28.6	28.6	1.6	–	–	1.6
Singapore dollar collar	76.1	76.1	4.0	–	–	4.0
	559.4	558.2	35.2	–	0.1	35.3
Forward currency contracts ⁽²⁾						
US dollar	157.1	157.2	3.2	–	0.0	3.2
Yuan	77.2	77.2	0.8	–	–	0.8
Japanese yen	57.8	57.8	6.5	–	0.4	6.8
Hong Kong dollar	86.1	86.1	4.4	–	0.0	4.4
Singapore dollar	34.6	34.1	1.2	–	(0.0)	1.1
Swiss franc	36.8	36.8	(0.3)	–	(0.0)	(0.3)
Pound sterling	70.1	70.1	(1.2)	–	0.0	(1.2)
Euro ⁽³⁾	41.7	41.7	(2.6)	–	(0.0)	(2.6)
Canadian dollar	21.6	21.6	1.4	–	–	1.4
Thai baht	15.1	15.1	0.6	–	0.0	0.6
Rouble	12.4	12.4	0.5	–	–	0.5
Australian dollar	9.4	9.4	1.2	–	–	1.2
Other	3.1	3.1	1.2	–	0.0	1.2
	623.1	622.5	16.7	–	0.4	17.0
Treasury swaps ⁽²⁾						
US dollar	43.7	42.7	(0.0)	–	0.1	0.1
Yuan	73.1	73.1	(0.1)	–	(0.0)	(0.1)
Japanese yen	49.6	49.6	0.2	–	1.0	1.2
Hong Kong dollar	(39.6)	(40.3)	0.0	–	0.0	0.1
Singapore dollar	4.7	3.9	0.2	–	(0.4)	(0.2)
Swiss franc	42.8	42.8	0.0	–	0.1	0.1
Pound sterling	(3.0)	(3.0)	(0.1)	–	0.1	0.0
Euro ⁽³⁾	9.9	9.7	(0.1)	–	(0.0)	(0.1)
Canadian dollar	0.9	0.6	0.0	–	(0.0)	(0.0)
Rouble	2.7	2.7	0.0	–	–	0.0
Australian dollar	1.7	1.7	0.0	–	(0.0)	0.0
Other	1.2	1.0	0.0	–	0.0	0.0
	187.7	184.5	0.3	–	0.8	1.1
Options sold						
Japanese yen put	–	–	–	–	–	–
Japanese yen collar	(1.2)	–	–	–	(0.1)	(0.1)
	(1.2)	–	–	–	(0.1)	(0.1)
Total	1,369.0	1,365.2	52.1	–	1.2	53.3

(1) Gain/(Loss). (2) Sale/(Purchase). (3) Euro exchange risk for subsidiaries having a different functional currency.

22.2.4 - Ineffective portion of cash flow hedges

The ineffective portion of cash flow hedges recorded in net income was -€33.2 million (including +€1.1 million from over-hedging), compared with -€29.1 million (including +€0.7 million from over-hedging) in 2013 (see Note 7). The impact of the effective portion of the hedges recorded in equity is shown in Note 20.3.

22.3 - Interest rate and liquidity risks

The Hermès Group's policy is to maintain a positive treasury position and to have cash available in order to be able to finance its growth strategy independently. The Group's treasury surpluses and needs are directly managed or overseen by Hermès International's Treasury Management department in accordance with a conservative policy designed to avoid the risk of capital loss and to maintain a satisfactory liquidity position. Cash surpluses are invested mainly in money-market mutual funds and cash equivalents with a sensitivity of less than 0.5% and a recommended investment period of less than 3 months.

The items recognised by the Group as "Cash and cash equivalents" strictly correspond with the criteria used in the AMF position, as updated in 2011. The investments are regularly reviewed in accordance with Group procedures and in strict compliance with the qualification criteria as defined by standard IAS 7 *Cash flow statement* and the recommendations of the AMF. As at 31 December 2014, these analyses had not led to changes in the previously adopted accounting classification.

From time to time, the Group uses financial instruments such as swaps and interest rate derivatives to hedge part of its payables and receivables against interest rate fluctuations.

It applies the same risk monitoring and management procedures as for currency transactions.

The following interest rate risks involve the only items of the net cash position. Moreover, the interest rate risks are not material as concerns the financial assets and liabilities not included in the net cash position.

Notes to the consolidated financial statements

As at 31/12/2014

in millions of euros

	< 1 year	1 to 5 years	> 5 years	Total	Variable rate	Fixed rate
Financial assets	1,441.6	–	–	1,441.6	1,316.6	125.0
Euro	1,043.1	–	–	1,043.1	918.1	125.0
Yuan	29.2	–	–	29.2	29.2	–
US dollar	132.0	–	–	132.0	132.0	–
Japanese yen	13.8	–	–	13.8	13.8	–
Other	223.5	–	–	223.5	223.5	–
Financial liabilities ⁽¹⁾	21.8	0.8	3.4	26.0	21.9	4.1
Euro	10.8	0.5	0.3	11.7	11.0	0.7
Japanese yen	8.3	–	–	8.3	8.3	–
Other ⁽²⁾	2.6	0.3	3.1	6.0	2.6	3.4
Net cash before hedging	1,419.8	(0.8)	(3.4)	1,415.6	1,294.6	120.9
Net cash after hedging	1,419.8	(0.8)	(3.4)	1,415.6	1,294.6	120.9

in millions of euros

	< 1 year	1 to 5 years	> 5 years	Total	Variable rate	Fixed rate
Financial assets	1,441.6	–	–	1,441.6	1,316.6	125.0
Cash and cash equivalents	1,441.6	–	–	1,441.6	1,316.6	125.0
Financial liabilities ⁽¹⁾	21.8	0.8	3.4	26.0	21.9	4.1
Medium and long term debt	–	0.8	3.4	4.2	0.2	4.0
Bank overdrafts and short-term debt	21.6	–	–	21.6	21.5	0.1
Current accounts in debit	0.2	–	–	0.2	0.2	–
Net cash before hedging	1,419.8	(0.8)	(3.4)	1,415.6	1,294.6	120.9
Net cash after hedging	1,419.8	(0.8)	(3.4)	1,415.6	1,294.6	120.9

(1) Excluding commitments to buy out non-controlling interests (€15.3 million as at 31 December 2014).

(2) Consists of long-term amortisable fixed-rate loans contracted by Hermès India Retail and Distributors to finance investments related to the Mumbai store (opened in October 2011) and the bank overdrafts of foreign subsidiaries.

As at 31/12/2013

in millions of euros

	< 1 year	1 to 5 years	> 5 years	Total	Variable rate	Fixed rate
Financial assets	1,053.7	-	-	1,053.7	953.7	100.0
Euro	715.7	-	-	715.7	615.7	100.0
Yuan	36.4	-	-	36.4	36.4	-
US dollar	62.8	-	-	62.8	62.8	-
Japanese yen	17.9	-	-	17.9	17.9	-
Other	220.8	-	-	220.8	220.8	-
Financial liabilities ⁽¹⁾	32.0	4.9	0.4	37.3	32.2	5.1
Euro	18.8	0.6	0.4	19.8	19.0	0.8
Japanese yen	12.8	-	-	12.8	12.8	-
Other ⁽²⁾	0.4	4.3	-	4.7	0.4	4.3
Net cash before hedging	1,021.6	(4.9)	(0.4)	1,016.3	921.4	94.9
Net cash after hedging	1,021.6	(4.9)	(0.4)	1,016.3	921.4	94.9

in millions of euros

	< 1 year	1 to 5 years	> 5 years	Total	Variable rate	Fixed rate
Financial assets	1,053.7	-	-	1,053.7	953.7	100.0
Cash and cash equivalents	1,053.7	-	-	1,053.7	953.7	100.0
Financial liabilities ⁽¹⁾	32.0	4.9	0.4	37.3	32.2	5.1
Medium and long term debt	-	4.9	0.4	5.3	0.3	5.0
Bank overdrafts and short-term debt	31.8	-	-	31.8	31.7	0.1
Current accounts in debit	0.2	-	-	0.2	0.2	-
Net cash before hedging	1,021.6	(4.9)	(0.4)	1,016.3	921.4	94.9
Net cash after hedging	1,021.6	(4.9)	(0.4)	1,016.3	921.4	94.9

(1) Excluding commitments to buy out non-controlling interests (€19.3 million as at 31 December 2013).

(2) Primarily consists of long-term amortisable fixed-rate loans contracted by Hermès India Retail and Distributors to finance investments related to the Mumbai store (opened in October 2011).

22.3.1 - Equity risk

The Group does not invest its cash in equities. Hence, it has no exposure to equity risk.

22.3.2 - Sensitivity to changes in interest rates

A uniform 1 percentage point increase in interest rates would have had a positive impact of €12.9 million on

consolidated income before tax (€9.2 million in 2013).

The market value of marketable securities is equivalent to their carrying amount.

Financial liabilities do not include the debt associated with employee profit-sharing, which is included under "Other liabilities".

22.4 - Fair value of the financial assets and liabilities

2014	Assets at fair value	Loans and accounts receivables	Held-to- maturity assets
Investments in financial assets (Note 14)	–	20.2	–
Liquidity contract (Note 14)	10.2	–	–
Other financial assets (Note 14)	–	–	0.0
Other non-consolidated investments (Note 14)	–	–	–
Held-to-maturity securities (Note 14)	–	–	–
Financial assets (Note 14)	–	–	–
Loans and deposits (Note 16)	–	43.5	–
Trade and other receivables (Note 18)	–	409.9	–
Active foreign exchange derivatives (Note 22.2.3)	39.4	–	–
Cash and cash equivalents (Note 19)	692.6	749.0	–
Bank overdrafts (Note 22)	–	–	–
Loan - India (Note 22)	–	–	–
Other loans (Note 22)	–	–	–
Current accounts in debit (Note 22)	–	–	–
Financial debts (Note 22)	–	–	–
Trade payables and other liabilities (Note 26)	–	–	–
Liability derivative instruments (Note 22.2.3)	–	–	–
Other liability derivative instruments	–	–	–

* Interest rates are variable rates.

In compliance with the IFRS 7 – *Financial instruments - disclosures*, the assets and liabilities recorded at fair value are classified according to the three following fair value levels:

- *level 1*: prices listed on an active market. If listed prices in an active market are available, they are used as a priority in order to determine market value;
- *level 2*: internal model with parameters that can be observed on the basis of internal valuation techniques.

These techniques require the use of the usual mathematical calculation methods that include data that can be observed within the markets (future prices, yield curve...). The calculation of most derivative financial instruments traded within markets is performed on the basis of models that are commonly used by participants in order to assess these financial instruments;

- *level 3*: internal model with non-observable parameters.

in millions of euros

Assets available for sale	Liabilities at fair value	Liabilities at amortised cost	Carrying amount	Fair value	Evaluation level	Interest rate	Effective interest rate
30.5	-	-	50.6	50.6		-	-
-	-	-	10.2	10.2	1	-	-
-	-	-	0.0	0.0	-	-	-
0.1	-	-	0.1	0.1	-	-	-
-	-	-	-	-	-	-	-
-	-	-	61.0	61.0			
-	-	-	43.5	43.5	-	-	-
-	-	-	409.9	409.9	-	-	-
-	-	-	39.4	39.4	2		
-	-	-	1,441.6	1,441.6	1	-	-
-	-	(21.6)	(21.6)	(21.6)	-	*	-
-	-	(3.3)	(3.3)	(3.3)	-	10.7%	10.7%
-	-	(0.9)	(0.9)	(0.9)	-	4.0%	4.0%
-	-	(0.2)	(0.2)	(0.2)	-	*	-
-	-	(26.0)	(26.0)	(26.0)		-	-
-	-	(995.6)	(995.6)	(995.6)	-	-	-
-	(71.5)	-	(71.5)	(71.5)	2	-	-
-	(1.6)	-	(1.6)	(1.6)	2	-	-

Notes to the consolidated financial statements

2013	Assets at fair value	Loans and accounts receivables	Held-to- maturity assets
Investments in financial assets (Note 14)	–	20.1	–
Liquidity contract (Note 14)	7.8	–	–
Other financial assets (Note 14)	–	–	0.7
Other non-consolidated investments (Note 14)	–	–	–
Vaucher equity loan (Note 14)	–	0.0	–
Joseph Erard Holding convertible loan (Note 14)	–	0.0	–
Held-to-maturity securities (Note 14)	–	0.0	–
Financial assets (Note 14)	7.8	20.1	0.7
Loans and deposits (Note 16)	–	41.8	–
Trade and other receivables (Note 18)	–	336.3	–
Active foreign exchange derivatives (Note 22.2.3)	67.0	–	–
Cash and cash equivalents (Note 19)	572.3	481.3	–
Bank overdrafts (Note 22)	–	–	–
Loan - India (Note 22)	–	–	–
Other loans (Note 22)	–	–	–
Current accounts in debit (Note 22)	–	–	–
Financial debts (Note 22)	–	–	–
Trade payables and other liabilities (Note 26)	–	–	–
Liability derivative instruments (Note 22.2.3)	–	–	–
Other liability derivative instruments	–	–	–

* Interest rates are variable rates.

For FY 2014 and 2013, there were no transfers between levels 1 and 2 for financial assets and liabilities recognised at fair value.

in millions of euros

Assets available for sale	Liabilities at fair value	Liabilities at amortised cost	Carrying amount	Fair value	Evaluation level	Interest rate	Effective interest rate
30.5	-	-	50.5	50.5	-	-	-
-	-	-	7.8	7.8	1	-	-
-	-	-	0.7	0.7	-	-	-
0.1	-	-	0.1	0.1	-	-	-
-	-	-	0.0	0.0	-	-	-
-	-	-	0.0	0.0	-	-	-
-	-	-	0.0	0.0	-	-	-
30.6	-	-	59.1	59.1			
-	-	-	41.8	41.8	-	-	-
-	-	-	336.3	336.3	-	-	-
-	-	-	67.0	67.0	2		
-	-	-	1,053.7	1,053.7	1	-	-
-	-	(31.6)	(31.6)	(31.6)	-	*	-
-	-	(4.3)	(4.3)	(4.3)	-	10.3%	10.3%
-	-	(1.2)	(1.2)	(1.2)	-	3.8%	3.8%
-	-	(0.2)	(0.2)	(0.2)	-	*	-
-	-	(37.3)	(37.3)	(37.3)	-	-	-
-	-	(868.7)	(868.7)	(868.7)	-	-	-
-	(13.7)	-	(13.7)	(13.7)	2	-	-
-	(1.9)	-	(1.9)	(1.9)	2	-	-

Notes to the consolidated financial statements

NOTE 23 - PROVISIONS

in millions of euros

	31/12/2013	Accruals	Reversals ⁽¹⁾	Currency impact	Other and reclassifications	31/12/2014
Current provisions	26.5	18.5	(10.8)	0.9	1.7	36.9
Non-current provisions	14.7	1.0	(11.6)	0.0	(1.4)	2.7
Total	41.2	19.5	(22.4)	0.9	0.3	39.6

(1) Of which €9.6 million reversed and used.

As at 31 December 2014, the provisions involve provisions for returns (€13.7 million) as well as other risks concerning legal, financial and tax matters not specified

in terms of their amount or due date (€25.9 million). No class of provision is individually significant.

NOTE 24 - EMPLOYEES

The geographical breakdown of the total number of employees is as follows:

	31/12/2014	31/12/2013
France	7,051	6,631
Europe (Excl.France)	1,257	1,234
Rest of the world	3,410	3,172
Total	11,718	11,037

By category, the breakdown is as follows:

	31/12/2014	31/12/2013
Production	5,285	4,954
Sales	4,474	4,197
Supports (design, communication, administration)	1,959	1,886
Total	11,718	11,037

Total personnel costs amounted to €904.6 million in 2014, compared with €836.1 million in 2013.

NOTE 25 - POST-EMPLOYMENT AND OTHER EMPLOYEE BENEFIT OBLIGATIONS

25.1 - Description of plans

Hermès Group employees are eligible for short-term benefits (paid leave, sick leave, profit-sharing), long-term benefits (long-service awards) and post-employment benefits under defined contribution/defined benefit plans (mainly retirement benefits, and supplemental pension schemes).

Post-employment benefits are awarded either through defined contribution plans or through defined benefit plans.

25.1.1 - Defined contribution plans

Under these plans, regular payments are made to outside organisations, which are responsible for their administrative and financial management. These plans release the employer from any subsequent obligation, as the outside organisation takes responsibility for paying amounts due to employees (basic Social Security old-age plan, ARRCO/AGIRC supplemental pension plans, defined contribution pension funds).

25.1.2 - Defined benefit plans

Under these plans, the employer assumes an obligation vis-à-vis its employees. If these plans are not entirely funded in advance, a provision is recorded.

Post-employment and similar benefit obligations (Defined Benefit Obligations or DBOs) are measured using the projected credit units method, based on actuarial assumptions that take into consideration specific conditions, primarily macroeconomic conditions, in the different countries in which the Group operates.

Changes to actuarial assumptions and experience effects give rise to actuarial gains and losses which are all recorded in the equity over the period during which they were recognised.

For the Group, the main defined benefit plans apply mainly to:

- retirement benefits in France, Italy, Turkey, Greece, Japan and Taiwan: these are calculated based on

employee length of service and annual salary upon reaching retirement age.

These obligations are partially or entirely externalised depending on the country;

- long-service awards in France: these are awards for longstanding service or outstanding initiatives taken by employees or persons treated as employees during their careers, or for skills enhancement. The awards are issued with a bonus, under the terms of a collective agreement, company-wide agreement or decision by the relevant company or works council;

- long-term bonuses in Japan, Asia Pacific, in Switzerland and in England: within certain foreign subsidiaries, seniority is rewarded by means of bonuses on specific anniversary dates;

- a supplementary plan for the directors in France or abroad (Switzerland, Canada).

	in millions of euros					
	< 1 year	> 1 year	2014	< 1 year	> 1 year	2013
Post-employment and similar benefit obligations	5.1	123.8	128.9	5.3	83.2	88.5
Total	5.1	123.8	128.9	5.3	83.2	88.5

25.2 - Actuarial assumptions as at 31 December 2014

Actuarial assumptions are reviewed annually. For 2014, the following actuarial assumptions were used for the countries to which the Hermès group's main commitments apply:

	France	Italy	Switzerland	Japan	Taiwan	Rest of Asia
Retirement age (in years)	62/65 years	62/66 years	63/64 years	60 years	60/65 years	50/65 years
Increase in salaries	3.0%	2.0% - 2.5%	2.2%	2.5%	3.5%	5.0% - 9.0%
Increase in Social Security ceiling	2.75%	n/a	n/a	n/a	2.0%	n/a
Discounting rates	1.7% - 1.4%*	1.7%	1.5%	1.0%	2.0%	0.4% - 2.9%

n/a: not applicable.

* Rates according to the duration of the plans.

2013 assumptions

	France	Italy	Switzerland	Japan	Taiwan	Rest of Asia
Retirement age (in years)	62/65 years	62/66 years	63/64 years	60 years	60/65 years	50/65 years
Increase in salaries	3.0%	2.0% - 2.5%	2.2%	2.5%	3.5%	5.0% - 9.0%
Increase in Social Security ceiling	2.75%	n/a	n/a	n/a	2.0%	n/a
Discounting rates	2.8% - 1.8%*	2.8%	2.1%	1.4%	1.9%	0.6% - 2.9%

n/a: not applicable.

* Rates according to the duration of the plans.

The discount rate retained has been obtained by means of correspondence with the rate of return of the corporate (AA) bond yields with the same maturity as that of the obligation. In accordance with amended standard IAS 19, the rates of return on the assets are determined in correspondence with the discount rate of the obligations.

An increase or decrease of 0.50 point in the discount rate would respectively entail a decrease of the pension provision of the Hermès Group of €11.9 million or an increase of €13.2 million, the counterparty of which would be accounted for in equity.

More specifically, for pension plans in Switzerland, an increase or a decrease of 0.50 point of the applied interest rate would respectively entail an increase in the pension provision of €1.1 million or a decrease of €0.9 million, the counterparty of which would be accounted for in equity.

To 31 December 2014, the contributions paid for the coming year (including contributions paid to a fund and benefits paid directly by the employer) amounted to €5.1 million versus €5.3 million paid in 2013.

25.3 - Change in provisions recognised in the statement of financial position

in millions of euros

	Defined benefit pension plans	Other defined benefit plans	2014	Defined benefit pension plans	Other defined benefit plans	2013
Provisions to 1 January	82.0	6.5	88.5	63.4	5.9	69.3
Foreign currency adjustments	0.0	0.2	0.2	(5.9)	(0.1)	(6.0)
Pension expense	11.9	2.0	13.9	13.4	1.1	14.5
Benefits/contributions paid	(3.2)	(0.5)	(3.7)	(3.5)	(0.4)	(3.9)
Actuarial gains and losses/Limits on plan assets	30.1	–	30.1	12.7	–	12.7
Change in the scope of consolidation	–	–	–	0.3	–	0.3
Adjustment of opening equity	–	–	–	–	–	–
Other	(0.1)	–	(0.1)	1.6	–	1.6
Provisions to 31 December	120.7	8.2	128.9	82.0	6.5	88.5

25.3.1 Reconciliation of the value of post-employment and other employee benefit obligations

in millions of euros

	Defined benefit pension plans	Other defined benefit plans	2014	Defined benefit pension plans	Other defined benefit plans	2013
Present value of obligations on 1 January	151.0	6.5	157.5	119.5	5.9	125.3
Foreign currency adjustments	0.8	0.2	1.0	(6.3)	(0.1)	(6.4)
Service cost	10.1	0.7	10.8	8.5	0.6	9.1
Interest cost	3.1	0.2	3.3	2.8	0.1	2.9
Benefits paid	(11.3)	(0.5)	(11.8)	(1.8)	(0.4)	(2.3)
Employee contributions	1.6	–	1.6	1.1	–	1.1
Experience gains and losses	12.1	0.3	12.4	5.2	0.1	5.3
Actuarial gains & losses from demographic assumptions	0.1	–	0.1	0.5	0.1	0.7
Actuarial gains & losses from financial assumptions	18.6	0.7	19.3	6.6	0.1	6.8
Changes of plan	(0.1)	0.1	0.0	(0.1)	(0.1)	(0.2)
Change in the scope of consolidation	–	–	–	13.5	0.2	13.7
Other	0.0	0.0	0.0	1.5	–	1.5
Present value of bonds on 31 December	186.0	8.2	194.2	151.0	6.5	157.5

25.3.2 – Fair value of pension plans

in millions of euros

	2014	2013
Fair value of the assets on 1 January	69.1	56.1
Employer contributions	3.2	3.5
Employee contributions	1.6	1.1
Benefits paid	(11.3)	(1.8)
Financial income	1.4	1.4
Financial expense	(0.2)	(0.1)
Foreign currency adjustments	0.7	(0.4)
Actuarial gains & losses	0.8	(0.4)
Change in the scope of consolidation	–	9.7
Other	–	–
Fair value of plan assets on 31 December	65.3	69.1

25.3.3 – Analysis of provision for post-employment and similar benefit obligations

in millions of euros

	Defined benefit pension plans	Other defined benefit plans	31/12/2014	Defined benefit pension plans	Other defined benefit plans	31/12/2013
Present value of funded obligations	146.1		146.1	117.6	–	117.6
Fair value of plan assets	(65.3)		(65.3)	(69.1)	–	(69.1)
Excess of obligations/(assets) in funded plans	80.8	–	80.8	48.5	–	48.5
Present value of unfunded obligations	39.9	8.2	48.1	33.5	6.5	40.0
Unrecognised net assets			–	–	–	–
Net defined benefit obligations	120.7	8.2	128.9	82.0	6.5	88.5
Breakdown of obligations - assets	–	–	–	–	–	–
Breakdown of obligations – liabilities	120.7	8.2	128.9	82.0	6.5	88.5
Net obligations	120.7	8.2	128.9	82.0	6.5	88.5

25.3.4 - Évolution des écarts actuariels

in millions of euros

Actuarial gains and losses recognised in equity as at 1 January 2012	69.2
Experience gains and losses	5.2
Actuarial gains & losses from changes in demographic assumptions	0.5
Actuarial gains & losses from changes in financial assumptions	6.6
Impact of limits on plan assets	–
Other actuarial gains and losses	0.3
Actuarial gains and losses recognised in equity as at 31 December 2013	81.8
Experience gains and losses	12.1
Actuarial gains & losses from changes in demographic assumptions	0.1
Actuarial gains & losses from changes in financial assumptions	18.6
Impact of limits on plan assets	–
Other actuarial gains and losses	(0.2)
Actuarial gains and losses recognised in equity as at 31 December 2014	112.4

25.3.5 – Analysis of expenses recognised in the statement of income

in millions of euros

	Defined benefit pension plans	Other defined benefit plans	2014	Defined benefit pension plans	Other defined benefit plans	2013
Service costs	10.1	0.7	10.8	8.5	0.6	9.1
Interest costs	3.1	0.2	3.3	2.8	0.1	2.9
Financial income on assets	(1.4)	–	(1.4)	(1.4)	–	(1.4)
(Gains)/loss resulting from change in plan	(0.1)	0.1	0.0	(0.1)	(0.1)	(0.2)
Change in the scope of consolidation	0.0	0.0	(0.0)	3.5	0.2	3.7
Net actuarial (gains)/losses recognised during the year	–	1.0	1.0	–	0.3	0.3
Administrative expenses	0.2	–	0.2	0.1	–	0.1
Cost of defined benefit plans	11.9	2.1	13.9	13.4	1.1	14.5

25.4 – Plan assets

The average breakdown by asset type is as follows:

in millions of euros

	31/12/2014		31/12/2013	
	Value	Breakdown	Value	Breakdown
Shares	6.0	9%	6.3	9%
Bonds	47.1	72%	50.8	73%
Other	12.2	19%	12.0	17%
Total	65.3	100%	69.1	100%

25.5 – Information by geographical area

in millions of euros

	31/12/2014		31/12/2013	
	Value	Breakdown	Value	Breakdown
France	113.6	58%	87.6	56%
Europe (Excl.France)	49.7	26%	44.6	28%
Japan	27.4	14%	22.4	14%
Asia-Pacific (Excl. Japan)	3.2	2%	2.7	2%
Americas	0.3	0%	0.2	0%
Present value of bonds	194.2	100%	157.5	100%
France	31.5	48%	37.2	54%
Europe (Excl.France)	33.5	52%	31.6	46%
Asia-Pacific (Excl. Japan)	0.3	0%	0.3	0%
Fair value of plan assets	65.3	100%	69.1	100%
France	–	–	–	–
Asia-Pacific (Excl. Japan)	–	–	–	–
Unrecognised net assets	–	–	–	–
France	82.1	64%	50.5	57%
Europe (Excl.France)	16.2	13%	13.0	15%
Japan	27.4	21%	22.4	25%
Asia-Pacific (Excl. Japan)	2.9	2%	2.4	3%
Americas	0.3	0%	0.2	0%
Provisions for post-employment and similar benefit obligations	128.9	100%	88.5	100%

NOTE 26 – TRADE PAYABLES AND OTHER LIABILITIES

	in millions of euros	
	31/12/2014	31/12/2013
Suppliers	340.2	313.8
Amounts payable relating to fixed assets	58.4	48.3
Trade and other payables	398.6	362.1
Current tax liabilities	121.4	94.8
Other current liabilities	387.0	343.6
Other non-current liabilities	88.6	68.2
Trade payable and other liabilities	995.6	868.7

The other current and non-current liabilities primarily consist of tax and social security debts.

NOTE 27 - UNRECOGNISED COMMITMENTS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

27.1 - Financial commitments

	in millions of euros				
	< 1 year	1 to 5 years	> 5 years	31/12/2014	31/12/2013
Bank guarantees given	–	–	8.1	8.1	12.7
Bank guarantees received			0.3	0.3	–
Irrevocable purchase commitments for financial assets	–	1.9	20.2	22.1	22.7
Other commitments	19.6	–	–	19.6	8.1

Future non-cancellable commitments for minimum payments on lease agreements for all stores operated by the Group worldwide are as follows:

	in millions of euros				
	< 1 year	1 to 5 years	> 5 years	Total	Annual discounting rate
Minimum payments to be made on rental agreements in 2014	122.7	357.5	107.1	587.3	7.73%
Minimum payments to be made on rental agreements in 2013	84.4	230.2	99.5	414.1	8.66%

27.2 - Other unrecognised commitments

The Group has no knowledge of any commitments other than those mentioned elsewhere herein and that would not be reflected in the financial statements for the year ended 31 December 2014. To date, there is no exceptional event or dispute that would be liable to have a likely and material impact on the Group's financial position.

Furthermore, in the normal course of its business operations, the Group is involved in legal actions and is subject to controls. A provision is recorded when a risk is identified and when its cost can be estimated.

NOTE 28 – RELATED-PARTY TRANSACTIONS

In 2014, transactions with equity-accounted associates were not material relative to the Group's overall business activities.

Relationships with other related parties, within the meaning of IAS 24 – *Related Party Disclosures* can be summarised as follows:

– RDAI firm: RDAI was commissioned to undertake a design assignment for the application of the architectural concept to all Hermès Group stores. Fees paid by the Hermès Group amounted to €6.7 million before tax in 2014. The RDAI firm, as well as the above-mentioned SCI, are considered to be related parties given that certain members of the Group's management or members of the Supervisory Board have personal interests therein and exercise significant influence;

– Émile Hermès SARL, Active Partner: Émile Hermès SARL is a société à responsabilité limitée à capital variable (limited company with variable capital). Its partners are the direct descendants of Mr. Émile-Maurice

Hermès and his spouse. Émile Hermès SARL's Executive Manager is Mr Henri-Louis Bauer. The Company is governed by a Management Board. Each year, Hermès International pays 0.67% of the distributable profits to the Active Partner.

In addition, Hermès International charges Émile Hermès SARL for certain expenses incurred. Hermès International charged back €0.2 million in this respect in 2014;

– ARDIAN Holding: as part of the diversification of its investments, Hermès International acquired a 16.74% equity interest in the company ARDIAN Holding, in which a member of the Supervisory Board has responsibilities. This commitment had been assumed prior to this person's appointment.

Certain of the above transactions constitute related-party agreements according to the definition contained in the Commercial code. For further details, see the description of the proposed resolutions on page 253 to 262.

Lease agreements with related parties

Address	Lessor	Lessee	Lease type	Duration	Start date	End date	Security deposit
Building 28/30/32, rue du Faubourg-Saint-Honoré	SAS 28/30/32 rue du Faubourg- Saint-Honoré	Hermès International	Commercial lease	9 years	01/01/ 2007	31/12/ 2015	3 months
Building 28/30/32, rue du Faubourg-Saint-Honoré	SAS 28/30/32 rue du Faubourg- Saint-Honoré	Hermès Sellier	Commercial lease	9 years	01/01/ 2007	31/12/ 2015	3 months
Building 26, rue du Faubourg-Saint-Honoré	SAS 28/30/32 rue du Faubourg- Saint-Honoré	Hermès International	Commercial lease	9 years	01/01/ 2005	31/12/ 2013 ⁽¹⁾	3 months
Building 26, rue du Faubourg-Saint-Honoré	SAS 28/30/32 rue du Faubourg- Saint-Honoré	Hermès International	Commercial lease	9 years	01/01/ 2008	31/12/ 2016	3 months
Building 23, rue Boissy-d'Anglas	SAS 28/30/32 rue du Faubourg- Saint-Honoré	Hermès Sellier	Commercial lease	9 years	01/01/ 2009	31/12/ 2017	3 months
Building 74, rue du Faubourg-Saint-Antoine	SCI 74 rue du Faubourg- Saint-Antoine	Hermès International	Commercial lease	9 years	01/07/ 2008	30/06/ 2017	3 months
4, rue du Pont-Vert 27400 Le Vaudreuil	Briand Villiers I	Comptoir Nouveau de la Parfumerie	Commercial lease	9 years firm	01/07/ 2005	30/06/ 2014 ⁽¹⁾	3 months

(1) Renewal in progress.

Total lease expenses related to the above agreements amounted to €9 million in 2014, compared with €8.9 million in 2013. All of the transactions described were

carried out on an arm's length basis, i.e. on terms that would apply if the transactions had occurred between unrelated parties.

NOTE 29 – EXECUTIVE COMPENSATION

The overall compensation paid to members of the Executive committee and of the Supervisory board,

with regard to their functions within the group, can be analysed in the following manner:

	in millions of euros	
	2014	2013
Short-term benefits	10.5	11.5
Post-employment benefits	2.1	1.8
Other long-term benefits	0.1	0.2
Share-based payments	2.4	4.5
Total	15.0	18.0

The short-term benefits include compensation and bonuses paid during the year to the Executive committee members, as well as the directors' fees paid

to the Supervisory Board members. The share-based payments correspond with the amounts booked as expenses for the year.

NOTE 30 - SHARE-BASED PAYMENTS

30.1 - Share purchase option plans

	en actions	
	2014	2013
Outstanding as at 1 January	60,021	84,370
<i>exercisable</i>	60,021	84,370
Options issued	–	–
Options exercised	(53,971)	(24,349)
Options cancelled	–	–
Options forfeited	(6,050)	–
Outstanding as at 31 December	–	60,021
<i>exercisable</i>	–	60,021
<i>Weighted average exercise price</i>	<i>n/a</i>	€82.51

n/a : not applicable.

The information relative to the share purchase plans is provided on page 85 (Table n° 8).

30.2 – Free share allotment plans

	in shares	
	2014	2013
Outstanding as at 1 January	1,152,740	1,182,620
<i>exercisable</i>	–	–
Options issued	–	–
Options exercised	(260,820)	(1,020)
Options cancelled	–	–
Options forfeited	(23,280)	(28,860)
Outstanding as at 31 December	868,640	1,152,740
<i>exercisable</i>	–	–

The information relative to the free share allotment plans is provided on page 87 (Table n° 11).

30.3 – Expense for the year

	in millions of euros	
	2014	2013
Free share allotment plans	38.5	42.5
Share purchase option plans	–	–
Expense for the year	38.5	42.5

NOTE 31 - INFORMATION ON FEES PAID

For FY 2014, the fees paid to the statutory auditors and members of their networks were the following:

in millions of euros

	PricewaterhouseCoopers				Crowe Horwath, Didier Kling & Associés firm			
	2014	Distrib.	2013	Distrib.	2014	Distrib.	2013	Distrib.
Audit								
Statutory audits	1.6	72%	1.6	74%	0.5	100%	0.5	95%
<i>Hermès International (parent company)</i>	0.2	11%	0.2	11%	0.2	32%	0.2	34%
<i>Fully consolidated subsidiaries</i>	1.4	62%	1.4	63%	0.3	68%	0.3	61%
Other due diligence reviews and services directly related to the mission of the statutory auditors	0.1	3%	0.2	10%	–	–	0.0	5%
<i>Hermès International (parent company)</i>	0.0	0%	0.1	4%	–	–	0.0	–
<i>Fully consolidated subsidiaries</i>	0.1	2%	0.1	6%	–	–	–	–
<i>Sub-total</i>	1.7	75%	1.8	84%	0.5	100%	0.5	100%
Other services provided by the networks to the foreign subsidiaries								
Legal, tax and corporate matters ⁽¹⁾	0.6	25%	0.4	16%	–	–	–	–
<i>Sub-total</i>	0.6	25%	0.4	16%	–	–	–	–
Total	2.3	100%	2.2	100%	0.5	100%	0.5	100%

(1) Fees paid to auditors for tax matters are related to foreign subsidiaries which require such services to ensure local and international tax compliance, including the review of tax matters on financial statements.

The observed imbalance can be explained by the fact that the PwC network is in charge of nearly all of the auditing of the foreign subsidiaries of the Hermès group.

NOTE 32 – SCOPE OF CONSOLIDATION

List of the main consolidated companies as at 31 December 2014 (manufacturing and holding subsidiaries of the divisions)

Company	Head office	2014 percentage			Registered n° (France)
		Control	Interest	Method*	
Hermès International	24, rue du Faubourg-Saint-Honoré, 75008 Paris	Parent	Parent	Parent	572 076 396
Boissy Les Mûriers	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	351 649 504
Boissy Mexico	Avenida Presidente Mazaryk 422, Local "A", Col Polanco, 11560 Mexico D.F. (Mexico)	54.20	54.20	Full	–
Castille Investissements	24, rue du Faubourg-Saint-Honoré, 75008 Paris	100.00	100.00	Full	352 565 451
Compagnie des Cristalleries de Saint-Louis	Saint-Louis-lès-Bitche, 57620 Lemberg (France)	99.97	99.97	Full	353 438 708
Compagnie Hermès de Participations	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	413 818 147
Compagnie Hermès de Participations 2	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	789 925 534
Comptoir Nouveau de la Parfumerie	23, rue Boissy-d'Anglas, 75008 Paris	99.67	99.67	Full	542 053 285
Faubourg Italia	1/A Piazza della Repubblica, 20121 Milan (Italy)	60.00	60.00	Full	–
Faubourg Guam	C/Co Calvo Fisher & Jacob LLP, 259 Martyr Street, Suite 100, Hagatna Guam 96910 (United States)	100.00	100.00	Full	–
Faubourg Middle East	LB13002, Jebel Ali Free Zone, Dubai	40.00	40.00	EA	–
Financière Saint-Honoré	1, rue Robert-Céard, 1204 Geneva (Switzerland)	100.00	100.00	Full	–
Full More Group	25/F, Chinachem Leighton Plaza, 29 Leighton Road, Causeway Bay (Hong Kong)	90.00	90.00	Full	–
Ganterie de Saint-Junien	18, rue Louis-Codet, 87200 Saint-Junien (France)	100.00	100.00	Full	391 581 196
Grafton Immobilier	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	440 256 444
Hermès Argentina	Avenida Alvear 1981, 1129 Buenos Aires (Argentina)	100.00	99.99	Full	–
Hermès Asia Pacific	25/F Chinachem Leighton Plaza, 29 Leighton Road, Causeway Bay (Hong Kong)	100.00	100.00	Full	–
Hermès Australia	Level 11, 70 Castlereagh Street, Sydney NSW 2000 (Australia)	100.00	100.00	Full	–
Hermès Benelux Nordics	50, boulevard de Waterloo, 1000 Brussels (Belgium)	100.00	100.00	Full	–
H Brasil	Avenida Magalhaes de Castro, n° 12.000, Loja 32, Piso Terreo, Jardim Panarama, São Paulo (Brazil)	80.00	80.00	Full	–
Hermès Canada	131 Bloor Street West, Toronto, Ontario M5S 1R1 (Canada)	100.00	100.00	Full	–
Hermès (China) Co. Ltd	Unit 130, Shanghai Piazza 66, n° 1266 West Nanjing Road, 200040 Shanghai (China)	100.00	100.00	Full	–
Hermès China Trading	Building n° 12, n° 211, 213, 215 and 227, Middle Huaihai Road, 200021 Shanghai (China)	100.00	100.00	Full	–
Hermès Cuir Précieux	3, avenue Hoche, 75008 Paris	100.00	100.00	Full	398 142 695

* Consolidation method Full: Fully consolidated – EA: Equity-accounted.

Company	Head office	2014 percentage			Registered n° (France)
		Control	Interest	Method*	
Hermès de Paris (Mexico)	Avenida Presidente Mazaryk 422, Local "A", Col Polanco, 11560 Mexico D.F. (Mexico)	54.21	54.21	Full	-
Hermès GB	1 Bruton Street, Londres W1J 6TL (United Kingdom)	100.00	100.00	Full	-
Hermès GmbH	Marstallstrasse 8, 80539 Munich (Germany)	100.00	100.00	Full	-
Hermès Grèce	Rue Stadiou 4 et rue Voukourestiou 1, City Link, 10564 Syntagma Athens (Greece)	100.00	100.00	Full	-
Hermès Iberica	Paseo de la Castellana n° 28, 28046 Madrid (Spain)	100.00	100.00	Full	-
Hermès Horizons	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	480 011 527
Hermès Immobilier Genève	1, rue Robert-Céard, 1204 Geneva (Switzerland)	100.00	100.00	Full	-
Hermès India Retail and Distributors Private Ltd	G/5-9 Shopping Arcade, The Oberoi, Dr Zakir Hussain Marg, 110003 New Delhi (India)	51.01	51.01	Full	-
Hermès Internacional Portugal	Largo do Chiado 9, 1200-108 Lisbon (Portugal)	100.00	100.00	Full	-
Hermès Istanbul	Abdi Ipekçi Cad. No:79 Nisantasi, Sisli, Istanbul (Turkey)	100.00	100.00	Full	-
Hermès Italie	Via Gastone Pisoni 2, 20121 Milan (Italy)	100.00	100.00	Full	-
Hermès Japon	4-1, Ginza 5-Chome, Chuo-ku, Tokyo 104-0061 (Japan)	100.00	100.00	Full	-
Hermès Korea	630-26 Shinsa-Dong Gangnam-gu, Séoul 135-895 (South Korea)	94.59	94.59	Full	-
Hermès Latin America Inc.	703 Waterford Way, Suite 195, Miami, Floride 33126 (United States)	100.00	100.00	Full	-
Hermès Middle East South Asia	1 Marina Boulevard, #28-00, Singapour 018989 (Singapore)	100.00	100.00	Full	-
Hermès Monte-Carlo	11-13-15, avenue de Monte-Carlo, 98000 Monaco	100.00	100.00	Full	-
Hermès of Paris	55 East, 59th Street, 10022 New York (United States)	100.00	100.00	Full	-
Hermès Prague	Parizska 12/120, 11000 Prague (Czech Republic)	100.00	100.00	Full	-
Hermès Retail (Malaysia)	Level 16, Menara Asia Life, 189 Jalan Tun Razak, 50400 Kuala Lumpur (Malaysia)	70.00	70.00	Full	-
Hermès Rus	Nizhniy Kisely Pereulok, 4, 107031 Moscow (Russia)	99.90	99.90	Full	-
Hermès Sellier	24, rue du Faubourg-Saint-Honoré, 75008 Paris	99.77	99.77	Full	696 520 410
Hermès Singapore (Retail)	1 Marina Boulevard, #28-00, Singapour 018989 (Singapore)	100.00	100.00	Full	-
Hermès Suisse	1, rue Robert-Céard, 1204 Geneva (Switzerland)	100.00	100.00	Full	-
Hermès South East Asia	1 Marina Boulevard, #28-00, Singapour 018989 (Singapore)	100.00	100.00	Full	-
Holding Textile Hermès	16, chemin des Mûriers, 69310 Pierre-Bénite (France)	96.17	96.17	Full	592 028 542
Honossy	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	393 178 025
Immauger	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	377 672 159

* Consolidation method Full: Fully consolidated – EA: Equity-accounted.

Notes to the consolidated financial statements

Company	Head office	2014 percentage			Registered n° (France)
		Control	Interest	Method*	
Immobilière du 5 rue de Furstemberg	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	440 252 849
Immobilière Charentaise de la Tardoire	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	440 252 567
Immobilière de la Cotonnière	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	535 205 728
J. L. & Company Limited	Westminster Works, 1 Oliver Street, Northampton NN2 7JL (United Kingdom)	100.00	100.00	Full	–
John Lobb	23, rue Boissy-d'Anglas, 75008 Paris	99.99	99.99	Full	582 094 371
La Manufacture de Seloncourt	18, rue de la Côte, 25230 Seloncourt (France)	100.00	100.00	Full	407 836 329
La Maroquinerie Nontronnaise	Route de Saint-Martin-le-Pin, 24300 Nontron (France)	100.00	100.00	Full	403 230 436
La Montre Hermès	Erlenstrasse 31 A, 2555 Brügg (Switzerland)	100.00	100.00	Full	–
Leica Camera Japan Co	1-7-1 Yurakucho Chiyoda-ku, Tokyo 100-0006 (Japan)	49.00	49.00	EA	–
Manufacture de Haute Maroquinerie	ZAE Les Combaruches, 825, bd Jean-Jules-Herbert, 73100 Aix-les-Bains (France)	100.00	100.00	Full	409 548 096
Maroquinerie de Belley	Lieu-dit Le Pontet ou la Rodette, VC7 des Ecassaz et 5 de Charignin, 01300 Belley (France)	100.00	100.00	Full	428 128 425
Maroquinerie de la Tardoire	Route de chez Marvaud, 16220 Montbron (France)	100.00	100.00	Full	480 011 568
Maroquinerie de Saint-Antoine	74, rue du Faubourg-Saint-Antoine, 75012 Paris	100.00	100.00	Full	409 209 202
Maroquinerie de Sayat	Route de Volvic, 63530 Sayat (France)	100.00	100.00	Full	411 795 859
Maroquinerie des Ardennes	Avenue des Marguerites, 08120 Bogny-sur-Meuse (France)	100.00	100.00	Full	428 113 518
Maroquinerie Iséroise	Lieu-dit Nétrin-Ouest, rue Victor-Hugo, 38490 Les Abrêts (France)	100.00	100.00	Full	480 011 451
Maroquinerie Thierry	ZI Les Bracots, rue des Fougères, 74890 Bons-en-Chablais (France)	43.82	43.82	EA	312 108 368
Motsch-George V	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	440 252 476
Perrin & Fils	ZA Les Chaumes, 38690 Le Grand-Lemps (France)	39.52	38.22	EA	573 620 143
Saint-Honoré (Bangkok)	Unit 1207, 12th floor, Park Venture Ecoplex, 57 Wireless Road, Lumpini Pathumwan, Bangkok 10330 (Thailand)	80.00	80.00	Full	–
SCI Auger-Hoche	12-22, rue Auger, 93500 Pantin (France)	100.00	100.00	Full	335 161 071
SCI Boissy Nontron	23, rue Boissy-d'Anglas, 75008 Paris	100.00	100.00	Full	442 307 021
SCI Les Capucines	ZI les Bracots, 74890 Bons-en-Chablais (France)	60.00	77.53	Full	408 602 050

* Consolidation method Full: Fully consolidated – EA: Equity-accounted.

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Statement of income for the year ended 31 December 2014

	in millions of euros	
	2014	2013
Operating income	256.8	243.9
Revenue (Note 2)	161.9	189.9
Other revenue	0.6	0.5
Reversals of provisions and expense reclassifications	94.3	53.4
Operating expenses	275.2	266.6
Other purchases and external expenses	101.7	88.9
Taxes and duties (other than income tax)	5.3	9.2
Salaries	37.5	38.1
Social security and similar expense (Note 3)	71.8	65.1
Depreciation, amortisation, provisions and impairment	54.1	55.9
Other expenses	4.8	9.3
OPERATING INCOME	(18.4)	(22.7)
Financial income	686.6	669.3
Income from subsidiaries and associates	668.9	653.6
Other interest and similar income	6.5	7.8
Reversals of provisions and impairment (Note 11)	10.1	7.3
Foreign exchange gains	-	-
Net income from disposals of marketable securities	1.1	0.5
Financial expense	80.3	107.3
Accruals to provisions and impairment (Note 11)	67.9	91.4
Foreign exchange losses	11.4	13.7
Interest and similar expenses	1.0	2.1
NET FINANCIAL INCOME	606.3	562.0
RECURRING OPERATING INCOME	587.9	539.3
Exceptional income	51.1	1.0
Exceptional expenses	50.8	0.6
EXCEPTIONAL INCOME (Note 4)	0.3	0.4
INCOME BEFORE TAX AND EMPLOYEE PROFIT-SHARING	588.1	539.7
Employee profit-sharing	(4.4)	(4.1)
Income tax expenses (Note 5)	4.0	8.7
NET INCOME	587.7	544.3

Note: the values shown in the tables are generally expressed in millions of euros. In certain cases, the effects of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

Statement of financial position as at 31 December 2014

ASSETS

	in millions of euros	
	31/12/2014	31/12/2013
FIXED ASSETS	625.2	619.8
Intangible assets (Note 6)	8.1	6.5
Concessions, patents, brands	2.3	2.0
Other	5.8	4.5
Property, plant and equipment (Note 6)	13.7	14.3
Lands	0.2	0.2
Buildings	–	–
Other	12.5	14.0
Fixed assets under construction	1.0	0.1
Financial assets (Note 7)	603.4	599.0
Investments in subsidiaries and associates	552.3	558.6
Other long-term securities	2.6	2.6
Other financial assets	48.5	37.7
CURRENT ASSETS	1,929.4	1,596.8
Trade receivables (Note 8)	140.2	148.7
Other receivables (Note 8)	515.7	446.8
Marketable securities (Note 9)	1,077.9	971.7
Derivatives	30.0	24.1
Cash	165.6	5.5
PREPAYMENTS (Note 8)	6.0	4.4
TOTAL ASSETS	2,560.6	2,221.0

Note: the values shown in the tables are generally expressed in millions of euros. In certain cases, the effects of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

LIABILITIES

Before allocation	in millions of euros	
	31/12/2014	31/12/2013
EQUITY	2,113.2	1,810.4
Share capital (Note 10)	53.8	53.8
Issuance, merger and investment premiums	49.6	49.6
Other reserves	401.0	400.7
Legal reserve	5.7	5.7
Retained earnings	1,015.1	756.1
Results of the financial year	587.7	544.3
Restricted provisions (Note 11)	0.4	0.2
PROVISIONS FOR CONTINGENCIES AND LOSSES (Note 11)	160.6	133.9
DEBTS	286.8	276.6
Financial debts (Note 12)	25.0	30.9
Derivatives	5.9	5.0
Operating liabilities (Note 12)	74.5	58.7
Other liabilities (Note 12)	181.3	182.1
TOTAL LIABILITIES	2,560.6	2,221.0

Note: the values shown in the tables are generally expressed in millions of euros. In certain cases, the effects of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

Changes in equity in 2014

	in millions of euros						
	Share capital (Note 10)	Share premium	Legal reserve, other reserves and retained earnings	Profit or loss for the financial year	Restricted provisions (Note 11)	Equity	Number of shares outstanding (Note 10)
Balance as at 31 December 2012 before allocation of the earnings	53.8	49.6	883.5	542.9	0.1	1,530.0	105,569,412
Allocation of 2012 net income	–	–	278.9	(278.9)	–	–	–
Dividends paid in respect of the year	–	–	–	(263.9)	–	(263.9)	–
Net income for 2013	–	–	–	544.3	–	544.3	–
Other changes	–	–	–	–	0.1	0.1	–
Balance as at 31 December 2013 before allocation of the earnings	53.8	49.6	1,162.5	544.3	0.2	1,810.4	105,569,412
Allocation of 2013 net income	–	–	544.3	(544.3)	–	–	–
Dividends paid in respect of the year	–	–	(285.1)	–	–	(285.1)	–
Net income for 2014	–	–	–	587.7	–	587.7	–
Other changes	–	–	–	–	0.2	0.2	–
Balance as at 31 December 2014 before allocation of the earnings	53.8	49.6	1,421.7	587.7	0.4	2,113.2	105,569,412

Note: the values shown in the tables are generally expressed in millions of euros. In certain cases, the effects of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

Cash flow statement for 2014

	in millions of euros	
	2014	2013
Net income	587.7	544.3
Depreciation allowance	4.9	3.9
Change in provisions and impairment (Note 11)	56.2	133.0
Capital gains/(losses) on disposals	50.3	4.2
Operating cash flows	699.1	685.4
Variation of intra-group current accounts	(66.4)	52.9
Variation of the other receivables	1.8	(59.5)
Variations of trade payables and other liabilities	17.9	(13.9)
CHANGE IN WORKING CAPITAL	(46.7)	(20.4)
NET CASH FLOWS FROM OPERATING ACTIVITIES	652.4	665.0
Purchase of intangible assets (Note 6)	(3.7)	(3.3)
Purchase of property, plant & equipment (Note 6)	(2.1)	(1.6)
Investments in subsidiaries and associates (Note 7)	(25.1)	(195.9)
Purchase of other financial assets (Note 7)	(2.6)	(20.1)
Disposals	0.0	19.6
Change in receivables and payables relating to fixed assets	(0.5)	0.6
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(34.0)	(200.8)
Dividends paid	(285.1)	(263.9)
Buybacks of treasury shares net of disposals	(3.3)	(0.3)
CASH FLOWS USED IN FINANCING ACTIVITIES	(288.4)	(264.2)
NET CASH VARIATION	330.0	200.0
Net cash position at the beginning of period (Note 13)	654.2	454.2
Net cash position at end of period (Note 13)	984.1	654.2
NET CASH VARIATION	330.0	200.0

Liabilities related to employee profit sharing have been reclassified into other liabilities.

Note: the values shown in the tables are generally expressed in millions of euros. In certain cases, the effects of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

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Note: the values shown in the tables are generally expressed in millions of euros. In certain cases, the effects of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

The financial year covers the 12 months from 1 January through 31 December 2014.

The following notes are an integral part of the financial statements.

NOTE 1 - ACCOUNTING POLICIES AND PRINCIPLES

Generally accepted accounting conventions have been applied, in line with the principle of prudence, according to the following accounting assumptions and principles:

- ◆ the Company's status as an ongoing concern;
 - ◆ the consistency of accounting policies from one financial year to another;
 - ◆ the accruals and matching principle;
 - ◆ the historical cost convention;
- and in accordance with ANC regulation 2014-03 relative to the general chart of accounts.

1.1 - Intangible assets

Intangible assets include the purchase of original works of arts by living artists, which allows the Company to benefit from a tax deduction that is set aside in a reserve, as well as software and the cost of websites, which are amortised on a straight-line basis over 1 to 6 years.

1.2 - Property, plant and equipment

Property, plant and equipment are valued at acquisition cost (purchase price plus incidental expenses, excluding acquisition costs), except for assets acquired before 31 December 1959, which are shown in the statement of financial position at their value in use on that date. Depreciation is calculated using the straight-line or declining-balance method, on the basis of the following expected useful lives:

- ◆ buildings: straight-line method over 20 to 30 years;
- ◆ building fixtures and fittings: straight-line method over 10 to 40 years;
- ◆ office furniture and equipment: straight-line or declining-balance method over 4 to 10 years;
- ◆ computer equipment: declining-balance method over 3 years;
- ◆ vehicles: straight-line method over 4 years.

1.3 - Financial assets

Investments in subsidiaries and associates are shown in the statement of financial position at acquisition cost, excluding incidental expenses. Where the balance sheet value at closing is lower than the carrying

amount, a provision for impairment is recorded for the difference.

The balance sheet value is determined based on criteria such as the value of the share of net assets or the earnings prospects of the relevant subsidiary. These criteria are weighted by the effects of owning these shares in terms of strategy or synergies, in respect of other investments held.

1.4 - Trade receivables

Trade receivables are recorded at face value. A provision for impairment is recognised where there is a risk of non-recovery.

1.5 - Marketable securities

The gross value of marketable securities is their acquisition cost less incidental expenses. Marketable securities are valued at the lower of acquisition cost or market value, calculated separately for each category of securities.

In the event that part of a line of securities is sold, proceeds on disposals are calculated using the first-in, first-out method (FIFO).

Treasury shares that are specifically allocated to covering employee share allotments or options to purchase shares are recorded under "Marketable securities". A provision is accrued in an amount representing the difference between the purchase price of the shares and the option exercise price, if the purchase price is more than the exercise price.

In the event of a decrease in the stock market price, a provision for impairment is recognised for treasury shares that are not specifically allocated. It is calculated as the difference between the net carrying amount of the shares and the average stock market price for the month immediately preceding the closing date, weighted by the exchanged volumes.

1.6 - Treasury management

Income and expense items expressed in foreign currencies are converted into euros at the hedged exchange rate. Payables, receivables, and cash expressed in

currencies outside of the euro zone are shown on the statement of financial position at the hedged exchange rate or at the closing rate if they are not hedged. In this case, differences arising from the reconversion of payables and receivables at the closing exchange rate are recorded in the statement of financial position under "Foreign currency adjustments". A provision for contingencies is established for unrealised foreign exchange losses.

Premiums on foreign currency options are recorded through profit or loss on the maturity date.

In addition, financial instruments are used in connection with the management of the Company's treasury investments. Gains and losses on interest rate differentials and any corresponding premiums are recognised on an accrual basis.

1.7 - Income tax expense

Since 1 January 1988, the Company has opted for a group tax election under French tax law. Under the terms of an agreement between the parent company and the subsidiaries included in the group tax election, projected and actual tax savings or liabilities generated by the Group are recognised in income (temporary or definite) in the year in which they arise. The tax expense borne by the subsidiaries is the expense they would have incurred if there had been no group tax election.

The companies included in the group tax election are Hermès International, Ateliers d'Ennoblement d'Irigny, Ateliers de Tissage de Bussières et de Challes, Castille Investissements, Compagnie des Arts de la Table et de l'Émail, Compagnie des Cristalleries de Saint-Louis, Compagnie Hermès de Participations, Compagnie Hermès de Participations 2, Comptoir Nouveau de la Parfumerie, Créations Métaphores, SCI Edouard VII, Établissements Marcel Gandit, Ganterie de Saint-Junien, Gordon-Choisy, Grafton Immobilier, Hermès Cuir Précieux, Hermès Horizons, Hermès Sellier, Hermès Voyageur, Holding Textile Hermès, Immauger, Immobilière du 5 rue de Furstemberg, Immobilière Charentaise de la Tardoire, Immobilière de la Cotonière, Immobilière Iséroise, Immobilière Textile Honoré, John Lobb, La Manufacture de Seloncourt, La Maroquinerie

Nontronnaise, Manufacture de Haute Maroquinerie, Maroquinerie de Belley, Maroquinerie des Ardennes, Maroquinerie de Sayat, Maroquinerie de Saint-Antoine, Maroquinerie de la Tardoire, Maroquinerie Iséroise, Motsch-George V, SC Honossy, Puiforcat, SCI Auger-Hoche, SCI Boissy Les Mûriers, SCI Boissy Nontron, Société d'Impression sur Étoffes du Grand-Lemps, Société Novatrice de Confection, Tannerie d'Annonay, Tanneries des Cuir d'Indochine et de Madagascar and Immobilière de la Maroquinerie de Montbéliard.

1.8 - Post-employment and other employee benefit obligations

For basic pension and other defined-contribution plans, Hermès International recognises contributions to be paid as expenses when they come due and no provision is accrued in this respect, as the Company has no obligation other than the contributions paid.

For defined-benefit plans, Hermès International's obligations are calculated annually by an independent actuary using the projected credit unit method. This method is based on actuarial assumptions and takes into account the employee's probable future length of service, future salary and life expectancy as well as staff turnover. The present value of the obligation is calculated by applying an appropriate discount rate. It is recognised on a basis pro-rated to the employee's years of service.

Benefits are partly funded in advance by external funds (insurance companies). Assets held in this way are measured at fair value.

The expense recognised in the statement of income is the sum of:

- the past service cost, which reflects the increase in obligations arising from the vesting of one additional year of benefits;
- the interest cost, which reflects the increase in the present value of the obligations during the period.

Accrued actuarial gains and losses are amortised when they exceed 10% of the obligation amount, gross of dedicated investments, or of the market value of these investments at year-end ("corridor" method), starting from the year following the year in which they were initially recognised and continuing over the average residual duration of employment of the employee.

NOTE 2 – REVENUE

	in millions of euros	
	2014	2013
Sales of services	60.2	95.8
Royalties	101.7	94.1
REVENUE	161.9	189.9

Sales of services are primarily amounts charged back to subsidiaries for advertising and public relations services, rent, staff provided on secondment, insurance and professional fees. They also include the accrued income pursuant to a re-invoicing agreement for free share allotment expenses concerning the Group's French companies for €18.2 million in 2014 versus €27.7 million in 2013. Moreover, the May 2010 free share allotment plans matured

on 1 June 2014 for the French employees. As such, the cost of the shares provided to employees was invoiced to each subsidiary as additional income resulting in the cancellation of the accrued revenues posted as sales of services at the end of December 2013 for €31.7 million. Royalties are calculated based on the production subsidiaries' revenue. Their increase results from the increase in the sales revenue of the companies subject to this royalty.

NOTE 3 – SOCIAL SECURITY AND SIMILAR EXPENSE

	in millions of euros		
	2014	2013	Variation
Cost of shares provided to employees of Hermès International	13.8	–	13.8
2010 share allotment plans	9.8	17.3	(7.6)
2012 share allotment plans	33.5	33.1	0.4
Social charges	14.7	14.8	(0.0)
SOCIAL SECURITY AND SIMILAR EXPENSE	71.8	65.1	6.6

The social charges and other personnel costs include the expenses relative to the free share allotment plans for all beneficiaries.

The costs for the free shares allotment for personnel of the French entities resulted in accrued income (refer to Note 2 relative to the revenue).

NOTE 4 - NET EXCEPTIONAL INCOME

	in millions of euros	
	2014	2013
Exceptional income	51.1	1.0
Reversal of provisions for accelerated depreciation	0.0	0.0
Disposals of property, plant and equipment and financial assets	51.1	1.0
Exceptional expenses	(50.8)	(0.6)
Provisions for accelerated depreciation	(0.2)	(0.1)
Disposals of property, plant and equipment and financial assets	(50.6)	(0.5)
NET EXCEPTIONAL INCOME	0.3	0.4

The income includes, for €36.8 million, the cost of the plans for the free share allotment plans for the employees as decided in 2010 and that have matured, as well as the transfer of expenses for the cost of the shares provided to Hermès International employees, €13.8 million. It also includes a gain of €0.3 million on the disposals of treasury shares related to the liquidity contract.

The disposals of financial fixed assets primarily correspond with the cost of the shares provided to French employees for €50.5 million within the framework of the above-mentioned free share allotment plans.

NOTE 5 – INCOME TAX EXPENSE

5.1 – Breakdown of income tax expense

	in millions of euros	
	2014	2013
Pre-tax income	583.7	535.6
Income before tax and employee profit-sharing	588.1	539.8
Employee profit-sharing	(4.4)	(4.1)
Income tax expense	4.0	8.7
Tax (parent company only)	(15.5)	(10.9)
<i>incl. tax on net exceptional income</i>	<i>(0.1)</i>	<i>(0.2)</i>
<i>incl. tax on other items</i>	<i>(15.4)</i>	<i>(10.8)</i>
Tax arising from group tax election	19.5	19.6
NET INCOME	587.7	544.3

Hermès International recognised a tax credit of €4.0 million in 2014, compared with a tax credit of €8.7 million in 2013. In addition, Hermès International is jointly liable for payment of the tax of the fiscally consolidated group, which amounted to €211.4 million in 2014 compared with €176.7 million in 2013.

The income tax expense takes into account the additional tax contributions of 3.30% and 10.7%, and the tax on dividends.

Hermès International's corporate income tax expense only includes applicable exemptions under the terms of the parent-daughter regime for income from investments in subsidiaries. The income tax credit takes into account the effect of the group tax election arising from tax losses for certain subsidiaries and from offsetting the share of fees and expenses on income and the capital gains on disposals of property, plant and equipment and financial assets, where relevant.

5.2. – Increases or decreases in future tax liability

As at 31 December 2014, the future tax liability was equal to €1.6 million, versus €15.7 million as at 31 December 2013. This corresponded to a €9.2 million temporarily non-deductible expense, versus €7.1 million as at 31 December 2013, and, a €10.8 million taxation

deferral on temporarily non-taxable accrued income, versus €22.8 million as at 31 December 2013. The increases or reductions of the future tax debt were calculated while taking into account additional contributions of 3.30% and 10.7%.

NOTE 6 – FIXED ASSETS

	in millions of euros						
	Gross value as at 31/12/2013	Increases	Decreases	Other	Gross value as at 31/12/2014	Depreciation	Net value as at 31/12/2014
Intangible assets	18.7	3.7	–	–	22.4	(14.4)	8.1
Concessions, patents, brands	2.0	0.3	–	–	2.3	–	2.3
Other	16.8	3.3	–	–	20.1	(14.4)	5.8
Property, plant and equipment	29.6	2.1	–	–	31.7	(18.1)	13.7
Lands	0.2	–	–	–	0.2	–	0.2
Buildings	0.5	–	–	–	0.5	(0.5)	–
Other	28.9	2.1	–	–	31.0	(17.6)	13.5
INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT	48.3	5.8	–	–	54.2	(32.4)	21.7

NOTE 7 – FINANCIAL ASSETS

in millions of euros

	Gross value as at 31/12/2013	Purchases/ Subscriptions	Disposals	Gross value as at 31/12/2014	Provisions for impairment (Note 11)	Net value as at 31/12/2014
Investments in subsidiaries and associates	859.1	25.1	-	884.2	(331.9)	552.3
John Lobb ⁽¹⁾	10.6	8.7	-	19.3	(16.0)	3.3
Manufacture de Haute Maroquinerie ⁽¹⁾	3.1	7.0	-	10.1	(4.9)	5.3
Manufacture de Seloncourt ⁽¹⁾	11.1	6.0	-	17.1	(16.5)	0.7
H Brasil ⁽²⁾		3.0	-	3.0	-	3.0
Hermès de Paris (Mexico) ⁽³⁾	1.1	0.3	-	1.4	-	1.4
Other equity interests ⁽⁴⁾	833.1	0.1	-	833.2	(294.6)	538.6
Other financial assets	39.0	12.6	(1.7)	50.0	(1.4)	48.5
Investments in financial assets	29.2	2.6	-	31.8	(1.4)	30.4
Treasury shares (including liquidity contract) ⁽⁵⁾	6.9	10.0	(1.7)	15.2	-	15.2
Deposits and guarantees	2.9	0.0	(0.0)	2.9	-	2.9
Other long-term securities	2.8	0.0	-	2.9	(0.2)	2.6
FINANCIAL ASSETS	901.0	37.7	(1.7)	937.0	(333.6)	603.4

The list of equity investments is presented at the end of the notes to the financial statements.

(1) Namely share capital increases of Hermès group subsidiaries.

(2) H Brasil is 80% held by Hermès International.

(3) Hermès de Paris (Mexico) is 54% held by Hermès International, versus 51% at the end of 2013.

(4) Other provisions for impairment mainly relate to the subsidiaries Castille Investissements, Compagnie Hermès de Participations, Hermès Cuir Précieux, Hermès Horizons, Maroquinerie de Saint-Antoine, Faubourg Italia, Hermès Argentina, Hermès India, La Maroquinerie Nontronnaise, Maroquinerie de Belley, Maroquinerie de Sayat, Maroquinerie de la Tardoire, Ganterie de Saint-Junien and Maroquinerie Iséroise.

(5) As at 31 December 2014, Hermès International held 57,982 treasury shares (liquidity contract and unallocated shares intended for external growth operations). These shares were valued on the basis of their stock market price when they were purchased, i.e. €262.37 per share.

NOTE 8 – ANALYSIS OF ASSETS BY MATURITY

in millions of euros

	31/12/2014				31/12/2013	
	< 1 year	> 1 year and < 5 years	Gross amount	Impairment	Net amount	Net amount
Other financial assets (Note 7)	-	50.0	50.0	(1.4)	48.5	37.7
Outstanding loans and advances	-	-	-	-	-	-
Other	-	50.0	50.0	(1.4)	48.5	37.7
Current assets	634.4	49.5	683.9	(27.9)	656.0	595.4
Trade and other receivables	70.3	-	70.3	(0.1)	70.2	60.4
Other operating receivables	20.5	49.5	70.0	-	70.0	88.3
Other receivables ⁽¹⁾	543.5	-	543.5	(27.8)	515.7	446.8
Prepayments	6.0	-	6.0	-	6.0	4.4
Advertising and marketing fees	2.7	-	2.7	-	2.7	2.8
Rents	3.0	-	3.0	-	3.0	1.3
Other	0.3	-	0.3	-	0.3	0.3
TOTAL	640.3	99.5	739.8	(29.3)	710.5	637.6

(1) Other receivables mainly comprise financial current accounts with subsidiaries.

in millions of euros

	31/12/2014	31/12/2013
Other financial assets		
Within 1 year	-	-
Between 1 and 5 years	50.0	39.0
Current assets		
Within 1 year	634.4	595.3
Between 1 and 5 years	49.5	30.0
Prepayments		
Within 1 year	6.0	4.4
Between 1 and 5 years	-	-

Notes to the financial statements

NOTE 9 – MARKETABLE SECURITIES

in millions of euros

	Gross value as at 31/12/2014	Provisions for impairment	Net value as at 31/12/2014	Net value as at 31/12/2013
MUTUAL FUNDS	376.2	–	376.2	264.9
Negotiable debt securities	450.0	–	450.0	400.0
Treasury shares ⁽¹⁾	251.7	–	251.7	306.8
MARKETABLE SECURITIES	1,077.9	–	1,077.9	971.7

(1) Includes 1,109,282 Hermès International treasury shares acquired under free share allotment plans or employee stock option plans, and valued at the acquisition price. These shares are to be added to the 57,982 other treasury shares held as financial assets (see Note 7).

NOTE 10 – EQUITY

As at 31 December 2014, Hermès International's share capital amounted to €53,840,400.12, made up of 105,569,412 shares with a par value of €0.51 each, or the same as at 31 December 2013.

NOTE 11 - PROVISIONS

in millions of euros

	31/12/2013	Accruals	Reversals		31/12/2014
			Provisions used	Provisions unused	
Provisions for impairment	332.1	38.5	(0.2)	(8.9)	361.5
Financial assets (Note 7)	302.0	31.8	–	(0.2)	333.6
Trade and other receivables	29.9	6.8	–	(8.8)	27.9
Marketable securities	0.2	–	(0.2)	–	0.0
Restricted provisions	0.2	0.2	(0.0)	–	0.4
Accelerated depreciation	0.2	0.2	(0.0)	–	0.4
Provisions for contingencies and losses	133.9	78.6	(51.0)	(0.9)	160.6
Provisions for contingencies ⁽¹⁾	21.7	31.9	(0.2)	(0.9)	52.5
Provisions for losses ⁽²⁾	112.2	46.7	(50.8)	(0.0)	108.1
TOTAL	466.2	117.4	(51.3)	(9.9)	522.5

(1) Provisions for contingencies include: provisions for risks arising on the Company's subsidiaries, to cover the Company's share of negative net equity, in accordance with accounting principles and policies, and provisions for ongoing litigation.

(2) Provisions for losses mainly include the cost of free share allotment plans granted in May 2010 and 2012 as well as with retirement benefits and expenses associated with the supplementary pension scheme for executives and senior managers. These amounts are periodically paid over to pension funds.

NOTE 12 – ANALYSIS OF LIABILITIES BY MATURITY

in millions of euros				
	31/12/2014		31/12/2013	
	< 1 year	> 1 year and < 5 years	Net amount	Net amount
Financial liabilities	9.4	15.7	25.0	30.9
Bank borrowings ⁽¹⁾	7.7	–	7.7	16.2
Other borrowings and debt ⁽²⁾	1.7	15.7	17.4	14.6
Operating liabilities	71.8	2.7	74.5	58.7
Trade payables and related accounts ⁽³⁾	35.2	–	35.2	20.0
Tax and employee-related liabilities ⁽⁴⁾	36.6	2.7	39.3	38.7
Other liabilities	179.7	1.6	181.3	182.1
Amounts payable relating to fixed assets	1.4	–	1.4	1.9
Other ⁽⁵⁾	178.3	1.6	179.9	180.2
TOTAL	260.9	20.0	280.9	271.7

(1) Bank overdrafts.

(2) Funds held in trust for employees under the statutory employee profit-sharing scheme.

(3) Including €22.6 million in invoices not yet received.

(4) Including €24.6 million in tax and employee-related provisions payable.

(5) Mainly comprise financial current accounts with subsidiaries.

in millions of euros		
	31/12/2014	31/12/2013
Financial liabilities		
Within 1 year	9.4	18.1
Between 1 and 5 years	15.7	12.7
Operating liabilities		
Within 1 year	71.8	54.6
Between 1 and 5 years	2.7	4.1
Other liabilities		
Within 1 year	179.7	179.7
Between 1 and 5 years	1.6	2.4

Notes to the financial statements

Information on accounts payable due dates

in millions of euros

	31/12/2014		
	Group	Non-group	Total
Trade payables	3.4	31.7	35.2
Total not yet due	1.1	0.4	1.5
less than 30 days	0.0	0.2	0.2
30 to 90 days	1.1	0.1	1.2
over 90 days	0.0	0.1	0.1
Total payable	2.3	31.4	33.7
within 30 days	2.1	31.0	33.1
within 30 to 60 days	0.2	0.4	0.6

in millions of euros

	31/12/2013		
	Group	Non-group	Total
Trade payables	4.1	15.9	20.0
Total not yet due	0.5	1.0	1.5
less than 30 days	0.2	0.6	0.8
30 to 90 days	0.0	0.2	0.3
over 90 days	0.3	0.1	0.5
Total payable	3.5	14.9	18.5
within 30 days	3.5	14.9	18.5
within 30 to 60 days	–	–	–

NOTE 13 – CHANGE IN NET CASH POSITION

in millions of euros

	2014	2013	Variation
Marketable securities	826.2	664.9	161.2
Cash	165.6	5.5	160.1
Bank overdrafts	(7.7)	(16.2)	8.6
NET CASH POSITION	984.1	654.2	330.0

For the cash variation, treasury shares are excluded from the marketable securities.

NOTE 14 - RELATED-PARTY TRANSACTIONS

Transactions with companies accounted for by the equity method were not material by comparison with the overall business activities of Hermès International in 2014.

The companies mentioned above are considered related parties insofar as certain members of management of the company or certain members of the Supervisory Board have personal interests therein and exercise significant influence. Relationships with related parties are summarised as follows:

- RDAI: RDAI was commissioned to undertake a design assignment for the application of the architectural concept to all Hermès Group stores. Fees paid by Hermès International amounted to less than €0.1 million (excluding VAT) in 2014 and in 2013;
- Émile Hermès SARL, Active Partner: Émile Hermès

SARL is a *société à responsabilité limitée à capital variable* (limited company with variable capital). Its partners are the direct descendants of Mr. Émile-Maurice Hermès and his spouse. Émile Hermès SARL's Executive Manager is Mr Henri-Louis Bauer. The Company is governed by a Management Board. Each year, Hermès International pays 0.67% of the distributable profits to the Active Partner. In addition, Hermès International charges Émile Hermès SARL for certain expenses incurred. Hermès International charged back €0.2 million in this respect in 2014, versus €0.3 million in 2013;

- SAS 28/30/32 rue du Faubourg Saint Honoré and SCI 74 rue du Faubourg-Saint-Antoine: total rental expense for the leases mentioned above amount to €5.3 million versus €5.2 million in 2013.

Lease agreements with related parties

Address	Lessor	Lessee	Lease type	Duration	Start date	End date	Security deposit
Building 28/30/32, rue du Faubourg-Saint-Honoré	SAS 28/30/32 rue du Faubourg- Saint-Honoré	Hermès International	Commercial lease	9 years	01/01/ 2007	31/12/ 2015	3 months
Building 26, rue du Faubourg-Saint-Honoré	SAS 28/30/32 rue du Faubourg- Saint-Honoré	Hermès International	Commercial lease	9 years	01/01/ 2005	31/12/ 2013 ⁽¹⁾	3 months
Building 26, rue du Faubourg-Saint-Honoré	SAS 28/30/32 rue du Faubourg- Saint-Honoré	Hermès International	Commercial lease	9 years	01/01/ 2008	31/12/ 2016	3 months
Building 74, rue du Faubourg-Saint-Antoine	SCI 74 rue du Faubourg- Saint-Antoine	Hermès International	Commercial lease	9 years	01/07/ 2008	30/06/ 2017	3 months

(1) Lease with automatic extension, pending a new lease.

All of the transactions described were carried out on an arm's length basis, i.e. on terms that would apply if the transactions had occurred between unrelated parties.

NOTE 15 - EXPOSURE TO MARKET RISKS AND FINANCIAL COMMITMENTS

15.1 - Currency risk

Most of the company's currency exposure comes from sales denominated in foreign currencies. These risks are

generally fully hedged, based on highly probable future cash flows, using forward currency sales or options that are eligible for hedge accounting.

15.1.1 - Net currency positions

As at 31/12/2014

in millions of euros

Currency	Monetary assets/ (liabilities)	Future cash flows	Net position before hedging	Derivatives ⁽¹⁾	Net position after hedging	Hedging ratio	10% sensitivity
Hong Kong dollar	(79.4)	1.4	(77.9)	79.2	1.3	102%	0.1
Pound sterling	(13.8)	1.1	(12.7)	12.5	(0.2)	98%	(0.0)
Japanese yen	8.1	1.4	9.5	(8.8)	0.7	93%	0.1
Swiss franc	1.5	4.8	6.3	(6.6)	(0.3)	105%	(0.0)
Singapore dollar	(8.9)	2.6	(6.3)	5.7	(0.6)	90%	(0.1)
US dollar	(0.1)	5.6	5.4	(8.6)	(3.2)	159%	(0.4)
Yuan	2.9	1.1	4.0	(3.0)	1.0	75%	0.1
Australian dollar	(4.0)	1.1	(2.9)	2.4	(0.5)	82%	(0.1)
Rouble	0.1	0.1	0.2	(0.3)	(0.0)	112%	(0.0)
Mexican peso	0.1	0.1	0.2	(0.3)	(0.1)	152%	(0.0)
Canadian dollar	0.0	0.2	0.2	0.1	0.3	(58)%	0.0
Czech koruna	0.0	0.0	0.1	(0.1)	0.0	85%	0.0
Total	(93.4)	19.5	(73.9)	72.3	(1.6)	98%	(0.2)

As at 31/12/2013

in millions of euros

Currency	Monetary assets/ (liabilities)	Future cash flows	Net position before hedging	Derivatives ⁽¹⁾	Net position after hedging	Hedging ratio	10% sensitivity
Hong Kong dollar	(51.5)	1.2	(50.3)	49.5	(0.8)	98%	(0.1)
Swiss franc	40.7	7.0	47.7	(48.4)	(0.7)	101%	(0.1)
Japanese yen	40.9	1.3	42.2	(43.0)	(0.7)	102%	(0.1)
Singapore dollar	(26.7)	1.9	(24.8)	23.6	(1.2)	95%	(0.1)
US dollar	14.6	3.2	17.8	(19.0)	(1.3)	107%	(0.1)
Pound sterling	(9.6)	1.2	(8.4)	8.1	(0.3)	97%	(0.0)
Yuan	(0.5)	1.5	1.0	(1.0)	(0.0)	101%	(0.0)
Australian dollar	0.3	0.3	0.6	(0.1)	0.5	22%	0.1
Rouble	0.2	0.2	0.4	(0.4)	(0.0)	107%	(0.0)
New Turkish lira	(0.3)	-	(0.3)	0.3	0.0	101%	0.0
Mexican peso	0.0	0.2	0.2	(0.3)	(0.1)	147%	(0.0)
Canadian dollar	0.2	0.0	0.2	(0.0)	0.2	6%	0.0
Czech koruna	0.0	0.0	0.1	(0.1)	0.0	78%	0.0
Thai baht	(0.0)	0.0	0.0	(0.1)	(0.1)	297%	(0.0)
Total	8.3	18.0	26.3	(30.9)	(4.5)	117%	(0.5)

(1) Purchase/(Sale).

15.1.2 - Analysis of currency contracts

Hedging operations are performed over-the-counter, exclusively with leading banks.

The company therefore does not incur any significant counterparty risk.

in millions of euros

	Nominal amounts of the derivative instruments	Nominal amounts of the derivative instruments used for currency risk hedging	Market value of the contracts as at 31/12/2014 ⁽¹⁾
Options purchased			
US dollar put	129.3	50.6	0.0
US dollar collar	135.0	135.0	(3.2)
Japanese yen put	99.8	31.8	5.2
Japanese yen call	(21.2)	–	0.0
Japanese yen collar	97.1	97.1	6.5
Hong Kong dollar put	94.9	37.7	0.2
Hong Kong dollar collar	100.6	100.6	(2.8)
Singapore dollar put	77.9	33.6	0.4
Singapore dollar collar	89.5	89.5	0.8
Chinese yuan put	60.5	29.9	0.4
Chinese yuan collar	79.9	79.9	(1.0)
	943.3	685.8	6.6
Forward currency contracts ⁽²⁾			
US dollar	(180.1)	(180.1)	11.9
Japanese yen	(127.5)	(127.5)	(7.9)
Hong Kong dollar	(137.2)	(137.2)	9.5
Singapore dollar	(120.5)	(120.5)	3.0
Yuan	(108.7)	(108.7)	7.4
Swiss franc	4.8	4.8	(0.0)
Pound sterling	1.1	1.1	(0.0)
Australian dollar	1.0	1.0	0.0
Other	0.5	0.5	0.1
	(666.6)	(666.6)	23.9
Treasury swaps ⁽²⁾			
US dollar	3.0	1.6	(0.1)
Japanese yen	7.3	6.9	(0.1)
Hong Kong dollar	(80.4)	(81.4)	1.7
Singapore dollar	(8.3)	(8.1)	0.1
Yuan	1.9	1.8	(0.0)
Swiss franc	1.8	1.8	0.0
Pound sterling	(13.6)	(13.7)	0.2
Australian dollar	(3.4)	(3.7)	0.0
Other	0.0	1.9	(0.0)
	(91.5)	(92.9)	1.8
Options sold			
US dollar put	(78.7)	–	(0.0)
Japanese yen put	(68.0)	–	(2.9)
Japanese yen call	21.2	–	(0.0)
Hong Kong dollar put	(57.2)	–	(0.0)
Singapore dollar put	(44.3)	–	(0.1)
Chinese yuan put	(30.6)	–	(0.1)
	(257.5)	–	(3.0)
Total	(72.3)	(73.7)	29.3

(1) Gain/(Loss). (2) (Purchase)/Sale.

Notes to the financial statements

in millions of euros

	Nominal amounts of the derivative instruments	Nominal amounts of the derivative instruments used for currency risk hedging	Market value of the contracts as at 31/12/2013 ⁽¹⁾
Options purchased			
US dollar put	39.2	39.2	2.0
US dollar collar	104.6	104.6	5.2
Japanese yen put	24.7	24.7	3.0
Japanese yen collar	90.6	89.4	10.0
Hong Kong dollar put	28.7	28.7	1.5
Hong Kong dollar collar	76.4	76.4	3.9
Singapore dollar put	28.6	28.6	1.6
Singapore dollar collar	76.1	76.1	4.0
Chinese yuan put	24.8	24.8	1.1
Chinese yuan collar	65.7	65.7	2.8
	559.4	558.2	35.3
Forward currency contracts ⁽²⁾			
US dollar	(140.6)	(140.6)	(5.6)
Japanese yen	(112.8)	(112.8)	(11.8)
Hong Kong dollar	(103.9)	(103.9)	(4.4)
Singapore dollar	(102.8)	(103.3)	(4.6)
Yuan	(89.0)	(89.0)	(1.0)
Swiss franc	7.0	6.9	(0.0)
Pound sterling	1.2	1.2	(0.0)
Australian dollar	0.3	0.3	0.0
Other	0.5	0.5	0.0
	(540.1)	(540.7)	(27.4)
Treasury swaps ⁽²⁾			
US dollar	15.8	14.8	0.1
Japanese yen	41.6	41.6	1.0
Hong Kong dollar	(50.7)	(51.3)	0.0
Singapore dollar	(25.5)	(26.2)	(0.4)
Yuan	(0.5)	(0.5)	(0.0)
Swiss franc	41.4	41.3	0.1
Pound sterling	(9.3)	(9.3)	0.1
Australian dollar	(0.2)	(0.2)	(0.0)
Other	0.2	(0.5)	0.0
	12.9	9.7	0.9
Options sold			
Chinese yuan put	–	–	–
Chinese yuan collar	(1.2)	–	(0.1)
	(1.2)	–	(0.1)
Total	30.9	27.1	8.7

(1) Gain/(Loss).

(2) (Purchase)/Sale.

15.2 – Other financial commitments as at 31 December 2014

in millions of euros

	31/12/2014	31/12/2013
Bank guarantees ⁽¹⁾	3.0	6.0
Irrevocable purchase commitments for financial assets	22.8	22.7
Other commitments ⁽²⁾	58.1	194.0
TOTAL	84.0	222.8

(1) The guarantees assumed on behalf of subsidiaries are re-invoiced to the beneficiary subsidiaries.

(2) The other commitments primarily relate to lease payments by Hermès International or by subsidiaries, for which Hermès International is the guarantor. The decline relative to 2013 is explained by the signing of new leases that do not require a guarantee from the parent company.

Moreover, two “umbrella” sureties have been granted to the HSBC and BNP Paribas banks for a maximum amount of €75 million and €100 million to give subsidiaries designated by Hermès International access to an aggregate Group banking facility. The amounts drawn by the subsidiaries are re-invoiced on the basis of a rate that aligns with the market banking conditions.

As at 31 December 2014, the amounts drawn on these credit facilities amounted to €11 million and €10 million, respectively.

Also, the amount of the subsidiaries’ tax losses that Hermès International is liable for refunding to its subsidiaries under the Group tax election agreement amounted to €90.3 million as at 31 December 2014, versus €75.7 million as at 31 December 2013.

NOTE 16 – EMPLOYEES

The Company’s average number of employees is broken down as follows:

	31/12/2014	31/12/2013
Executive/managerial staff	317	308
Support staff	30	23
TOTAL	347	331

In compliance with opinion n° 2004-F CU from the National Accounting Council, the total number of training hours corresponding with the rights acquired

pursuant to the individual training entitlement is equal to 25,291 hours as at 31 December 2014, versus 23,545 hours as at 31 December 2013.

NOTE 17 - POST-EMPLOYMENT BENEFIT OBLIGATIONS

As at 31 December 2014, the value of post-employment benefit obligations amounted to €64.2 million versus €47.9 million as at 31 December 2013. Amounts due in respect of statutory retirement benefits and supplemental pension schemes have been paid over to an insurance company; the value of the funds is €22.4 million. A provision of €5.9 million has been accrued to cover the remainder of these obligations.

For 2014, the following actuarial assumptions were used:

– retirement age (in years):	62 to 65 years
– increase in salaries:	3 to 4%
– discount rate:	1.4 to 1.7%
– expected rate of return on plan assets:	3.2%

After applying the “corridor” method, actuarial differences amounted to €58.2 million as at 31 December 2014 compared with €44.2 million as at 31 December 2013.

NOTE 18 - COMPENSATION OF CORPORATE OFFICERS

Gross aggregate remuneration paid to corporate officers and directors in respect of 2014 amounted to €6.8 million, including €0.4 million in directors’ fees.

List of investments in subsidiaries and associates as at 31 December 2014

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES AND OTHER LONG-TERM SECURITIES

	in thousands of euros	
	Number of shares	Net values
Carrying value greater than €100,000		
ARDIAN Holding	30,500,000	30,500
Compagnie Hermès de Participations	4,200,000	26,065
Comptoir Nouveau de la Parfumerie	753,501	27,146
ERM Warenhandels GmbH	1	1,263
ERM-WHG Warenhandels GmbH	1	1,235
Faubourg Italia	60	1,477
Financière Saint-Honoré	3,000	1,694
Ganterie de Saint-Junien	224,000	155
Grafton Immobilier	5,174,500	82,792
H Brasil	6,723,718	3,044
Herlee	50,000,000	19,511
Hermès Argentina	37,747	816
Hermès Asia Pacific	314,999,999	43,483
Hermès Australia	6,500,000	4,409
Hermès Benelux Nordics	57,974	3,164
Hermès Canada	1,000	1,501
Hermès Cuirs Précieux	6,400,000	48,712
Hermès de Paris (Mexico)	6,218,525	1,440
Hermès GmbH	1	7,218
Hermès Grèce	566,666	1,700
Hermès Holding GB	7,359,655	10,535
Hermès Iberica	69,311	4,952
Hermès Immobilier Genève	70,000	44,457
Hermès Internacional Portugal	799,200	999
Hermès Istanbul	259,999	2,996
Hermès Italie	412,200	13,196
Hermès Japon	4,400	13,727
Hermès Middle East South Asia	2,100	103
Hermès Monte-Carlo	13,198	201
Hermès of Paris	114,180	10,903
Hermès Prague	38,000	1,090
Hermès Sellier	310,279	4,788
Hermès South East Asia	1,000,000	2,201
Holding Textile Hermès	45,151,350	90,685
John Lobb	3,773,566	3,289
La Maroquinerie Nontronnaise	366,250	1,731
Maroquinerie de Belley	647,172	3,679
Maroquinerie de Sayat	295,649	2,061
Maroquinerie des Ardennes	284,063	10,527
Manufacture de Seloncourt	100,000	681
Manufacture de Haute Maroquinerie	3,600,000	5,252
SC Honossy	210,099	3,203
SCI Auger-Hoche	4,569,401	11,242
SCI Boissy Les Mûriers	8,699	1,326
SCI Boissy Nontron	99,999	657
SCI Les Capucines	24,000	366
SCI Immauger	1,375	2,096
Stoleshnikov 12	1	277
Carrying value less than €100,000		375
TOTAL		554,919

Table of subsidiaries and equity interests to 31 December 2014

COMPANIES OR GROUPS OF COMPANIES

A – Detailed information on investments in subsidiaries and associates with a gross carrying value exceeding 1% of the share capital of Hermès International

		Share capital [in '000 of local currency]	Equity [in '000 of local currency]
1. SUBSIDIARIES (AT LEAST 50% OF THE SHARE CAPITAL HELD BY THE COMPANY)			
Castille Investissements	Paris	EUR 9,650	EUR (29,806)
Compagnie Hermès de Participations	Paris	EUR 42,000	EUR 26,065
Comptoir Nouveau de la Parfumerie	Paris	EUR 9,072	EUR 29,928
ERM Warenhandels Gmbh	Vienna (Austria)	EUR 35	EUR 85
ERM-WHG Warenhandels Gmbh	Vienna (Austria)	EUR 35	EUR 56
Faubourg Italia	Milan (Italy)	EUR 100	EUR 2,462
Financière Saint-Honoré	Geneva (Switzerland)	CHF 3,000	CHF 72,311
Ganterie de Saint-Junien	Saint-Junien (France)	EUR 224	EUR 110
Grafton Immobilier	Paris	EUR 82,792	EUR 87,658
H Brasil	São Paulo (Brazil)	BRL 8,404	BRL 11,540
Herlee	Causeway Bay (Hong Kong)	HKD 65,000	HKD 509,874
Hermès Argentina	Buenos Aires (Argentina)	ARS 3,974	ARS 8,932
Hermès Asia Pacific	Causeway Bay (Hong Kong)	HKD 315,000	HKD 2,163,731
Hermès Australia	Sydney (Australia)	AUD 6,500	AUD 24,640
Hermès Benelux Nordics	Bruxelles (Belgium)	EUR 2,665	EUR 6,835
Hermès Canada	Toronto (Canada)	CAD 2,000	CAD 20,408
Hermès Cuirs Précieux	Paris	EUR 6,400	EUR 38,214
Hermès de Paris (Mexico)	Mexico (Mexico)	MXN 1,705	MXN 104,431
Hermès GmbH	Munich (Germany)	EUR 7,200	EUR 25,833
Hermès Grèce	Athens (Greece)	EUR 1,700	EUR 3,014
Hermès Holding GB	London (United Kingdom)	GBP 7,360	GBP 42,496
Hermès Horizons	Paris	EUR 460	EUR (3,541)
Hermès Iberica	Madrid (Spain)	EUR 4,228	EUR 10,707
Hermès Immobilier Genève	Geneva (Switzerland)	CHF 70,000	CHF 65,807
Hermès India Retail and Distributors	New Delhi (India)	INR 94,355	INR (7,207)
Hermès Internacional Portugal	Lisbon (Portugal)	EUR 800	EUR 1,527
Hermès Istanbul	Istanbul (Turkey)	TRY 6,500	TRY 18,320
Hermès Italie	Milan (Italy)	EUR 7,786	EUR 27,004
Hermès Japon	Tokyo (Japan)	JPY 220,000	JPY 22,825,924
Hermès of Paris	New York (United States)	USD 11,418	USD 371,501
Hermès Prague	Prague (Czech Republic)	CZK 8,018	CZK 38,841
Hermès Sellier	Paris	EUR 4,976	EUR 347,999
Hermès South East Asia	Singapore (Singapore)	SGD 1,000	SGD 220,049
Holding Textile Hermès	Lyon (France)	EUR 46,686	EUR 110,593
John Lobb	Paris	EUR 3,774	EUR 3,275
La Manufacture de Seloncourt	Seloncourt (France)	EUR 100	EUR (807)
La Maroquinerie Nontronnaise	Nontron (France)	EUR 5,860	EUR 721
Manufacture de Haute Maroquinerie	Aix-les-Bains (France)	EUR 3,600	EUR 3,341
Maroquinerie de Belley	Paris	EUR 7,766	EUR 2,581
Maroquinerie de la Tardoire	Montbron (France)	EUR 37	EUR (2,490)
Maroquinerie de Saint-Antoine	Pantin	EUR 1,680	EUR (3,071)
Maroquinerie de Sayat	Pantin	EUR 4,730	EUR 413
Maroquinerie des Ardennes	Paris	EUR 4,545	EUR 10,586
Maroquinerie Iséroise	Fitilleu	EUR 487	EUR (193)
SC Honossy	Paris	EUR 3,151	EUR 3,404
SCI Auger-Hoche	Pantin	EUR 6,946	EUR 12,849
SCI Boissy Les Mûriers	Paris	EUR 1,322	EUR 6,186
SCI Boissy Nontron	Paris	EUR 1,000	EUR 657
SCI Immauger	Paris	EUR 2,269	EUR 3,140
Stoleshnikov 12	Moscow (Russia)	RUB 14,469	RUB 387,229
2. ASSOCIATES (10% TO 50% OF THE SHARE CAPITAL HELD BY THE COMPANY)			
ARDIAN Holding ⁽¹⁾	Paris	EUR 182,252	EUR 178,422

B - Aggregate information on other subsidiaries and associates

1. SUBSIDIARIES (not included in A)

- France (aggregate)

- Other countries (aggregate)

2. ASSOCIATES (not included in A)

- France (aggregate)

- Other countries (aggregate)

TOTAL

(1) Accounts as on 31/12/2013 (latest published figures).

Percentage of capital held [%]	Gross value of shares held [€'000]	Net value of shares held [€'000]	Outstanding loans/ advances [€'000]	Guarantees given [€'000]	Revenue [€'000]	Profit or loss on the period [€'000]	Dividends received during the period [€'000]
100.00%	160,407	-	-	-	-	(15,234)	-
100.00%	42,013	26,065	-	-	-	(205)	-
99.67%	27,146	27,146	-	-	215,764	19,304	20,931
100.00%	1,263	1,263	-	-	258	42	150
100.00%	1,235	1,235	-	-	136	18	70
60.00%	2,000	1,477	-	-	3,867	429	95
100.00%	1,694	1,694	-	-	-	17,480	-
100.00%	1,457	155	-	-	2,874	14	-
100.00%	82,792	82,792	-	-	-	731	-
80.00%	3,044	3,044	-	-	5,368	(275)	-
76.92%	19,511	19,511	-	-	-	43,168	24,773
94.99%	3,760	816	-	2,471	5,060	452	1,494
100.00%	43,483	43,483	-	-	505,911	178,027	146,818
100.00%	4,409	4,409	-	-	49,859	11,718	7,724
100.00%	3,164	3,164	-	-	48,155	3,841	3,699
100.00%	1,501	1,501	-	-	51,388	12,456	10,494
100.00%	110,134	48,712	-	-	-	(664)	-
54.21%	1,440	1,440	-	-	10,994	1,397	582
100.00%	7,218	7,218	-	10	113,670	18,169	15,000
100.00%	1,700	1,700	-	-	6,206	929	623
100.00%	10,535	10,535	-	-	-	19,276	-
100.00%	15,337	-	-	-	4,009	(1,397)	-
100.00%	4,952	4,952	-	-	41,395	5,065	3,743
100.00%	44,457	44,457	-	-	-	1,097	-
51.01%	822	-	-	-	8,965	504	-
99.90%	999	999	-	-	4,417	649	394
100.00%	2,996	2,996	-	-	10,344	2,630	725
90.00%	13,196	13,196	-	-	116,454	15,878	9,110
100.00%	13,727	13,727	-	-	455,686	69,396	35,406
100.00%	10,903	10,903	-	3,532	578,928	79,021	14,520
100.00%	1,090	1,090	-	-	5,699	1,016	730
99.77%	4,788	4,788	-	261	2,000,142	334,154	290,111
100.00%	2,201	2,201	-	-	238,491	82,497	72,350
96.71%	90,685	90,685	-	-	163,606	4,176	-
100.00%	19,275	3,289	-	233	6,226	(2,358)	-
100.00%	17,143	681	-	-	14,661	(4,046)	-
100.00%	9,167	1,731	-	-	12,173	(1,059)	-
100.00%	10,111	5,252	-	-	14,832	(1,643)	-
100.00%	10,165	3,679	-	-	13,097	(817)	-
100.00%	3,037	-	-	-	5,557	(2,043)	-
100.00%	7,098	-	-	-	7,511	(1,442)	-
100.00%	9,118	2,061	-	-	14,291	(1,976)	-
100.00%	10,527	10,527	-	-	16,775	496	-
100.00%	3,537	4	-	-	4,526	(1,317)	-
100.00%	3,203	3,203	-	-	-	166	-
99.99%	11,242	11,242	-	-	-	2,230	-
99.99%	1,326	1,326	-	-	-	817	-
100.00%	1,000	657	-	-	-	(77)	-
92.34%	2,096	2,096	-	-	-	(125)	-
3.13%	781	277	-	-	29,444	6,441	97
16.74%	30,500	30,500	-	-	69,621	2,991	-
	1,335	821	-	-		9,710	8,847
	230	105	-	-		179	-
	65	65	-	-		270	-
	52	52	-	-		1,672	-
	887,067	554,922	-	6,507		668,486	

Five-year summary of the Company's financial data

	2014	2013	2012	2011	2010
Share capital at year-end					
Share capital (in millions of euros)	53.8	53.8	53.8	53.8	53.8
Number of shares outstanding	105,569,412	105,569,412	105,569,412	105,569,412	105,569,412
Aggregate results of operations (in millions of euros)					
Revenue excluding VAT	161.9	189.9	155.2	126.7	90.9
Income before tax, employee profit-sharing, depreciation, amortisation, provisions, and impairment	605.8	626.2	593.6	462.9	344.1
Corporate income tax (income)	(4.0)	(8.7)	(1.1)	(14.0)	(6.1)
Employee profit-sharing (expense)	4.4	4.1	4.2	3.2	3.1
Income after tax, employee profit-sharing, depreciation, amortisation, provisions, and impairment	587.7	544.3	542.9	481.6	325.2
Profits distributed as dividends (including treasury shares)	843.2 ⁽¹⁾	288.7	267.6	742.2	160.5
Earnings per share (in euros)					
Income after tax and employee profit-sharing but before depreciation, amortisation, provisions and impairment	5.73	5.98	5.59	4.49	3.29
Income after tax, employee profit-sharing, depreciation, amortisation, provisions, and impairment	5.57	5.16	5.14	4.56	3.08
Net dividend paid per share	7.95 ⁽¹⁾	2.7	2.5	7.0 ⁽²⁾	1.5
Personnel					
Average number of employees	347	331	306	282	260
Total payroll (in millions of euros)	37.5	38.1	38.5	29.1	25.3
Employee benefits paid during the year (in millions of euros)	71.8	65.1	55.7	42.3	28.3

(1) Subject to approval by the Ordinary General Meeting of 2 June 2015. A proposal will be made for a dividend of €2.95, for which an interim dividend of €1.50 was paid on 5 March 2015, and for an exceptional dividend of €5.00.

(2) Ordinary dividend of €2.00 and exceptional dividend of €5.00.

Combined General Meeting of 2 June 2015

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266 Statutory Auditors' reports

- *Statutory Auditors' report on the financial statements*
- *Statutory Auditors' report on the consolidated financial statements*
- *Statutory Auditors' special report on related-party agreements and commitments*
- *Statutory Auditors' special report prepared in application of article L 226-10-1 of the Commercial code on the report from the Chairman of the Supervisory board.*
- *Statutory Auditors' report on the capital decrease by cancellation of own shares purchased (thirteenth resolution)*
- *Statutory Auditors' report on the authorisation to grant share purchase options (fourteenth resolution)*
- *Statutory Auditors' report on the allocation of existing free shares (fifteenth resolution)*
- *Statutory Auditors' report on the issue of shares and/or of various marketable securities with continuation and/or cancellation of the pre-emptive subscription right (seventeenth and eighteenth resolutions)*
- *Statutory Auditors' report on the issue of shares and/or of various marketable securities giving access to company equity, reserved for members of a company or group savings plan (nineteenth resolution)*
- *Statutory Auditors' report on the issue of shares and of various marketable securities with cancellation of the pre-emptive subscription right (twentieth resolution)*
- *Statutory Auditors' report on the issue of shares and/or of marketable securities giving access to company equity, in order to compensate contributions in kind (twenty-first resolution)*
- *Report from one of the Statutory Auditors, designated as the independent third party organisation, on the consolidated social, environmental and societal information contained in the management report*

283 Resolutions submitted to the Combined General Meeting of 2 June 2015

Agenda of the Combined General Meeting of 2 June 2015

I – ORDINARY BUSINESS

[1] Presentation of reports to be submitted to the Ordinary General Meeting

Executive Management's reports:

- on the financial statements for the year ended 31 December 2014 and on the Company's business operations for the period;
- on the management of the Group and on the consolidated financial statements for the year ended 31 December 2014;
- on resolutions relating to ordinary business.

Report from the Chairman of the Supervisory Board:

- on the corporate governance principles applied by the Company, on the composition of the Supervisory Board and on the application of the principle of gender parity within it, on the conditions for preparation and organisation of the Supervisory Board's work and on the internal control and risk management procedures instituted by the Company.

Supervisory Board's report

Statutory Auditors' reports:

- on the annual financial statements;
- on the consolidated financial statements;
- on related-party agreements and commitments;
- prepared in application of article L 226-10-1 of the Commercial code on the Report from the Chairman of the Supervisory Board.

[2] Vote on resolutions relating to ordinary business

First resolution

Approval of the parent company financial statements.

Second resolution

Approval of the consolidated financial statements.

Third resolution

Discharge of Executive Management.

Fourth resolution

Allocation of net income – Distribution of an ordinary dividend and of an exceptional dividend.

Fifth resolution

Approval of related-party agreements and commitments.

Sixth resolution

Re-election of Mr. Matthieu Dumas as Supervisory Board member for a term of three years.

Seventh resolution

Re-election of Mr. Blaise Guerrand as Supervisory Board member for a term of three years.

Eighth resolution

Re-election of Mr. Robert Peugeot as Supervisory Board member for a term of three years.

Ninth resolution

Opinion on the compensation elements owed or allocated in respect of the year ended 31 December 2014, to Mr. Axel Dumas, Executive Chairman of the Company

Tenth resolution

Opinion on the compensation elements owed or allocated in respect of the year ended 31 December 2014, to the company Émile Hermès SARL, Executive Chairman of the Company

Eleventh resolution

Authorisation to the Executive Management to trade in the Company's shares.

II – EXTRAORDINARY BUSINESS

[1] Presentation of reports to be submitted to the Extraordinary General Meeting

Executive Management’s report:

- on resolutions relating to extraordinary business.

Supervisory Board’s report

Statutory Auditors’ reports:

- on the capital reduction through the cancellation of purchased shares (thirteenth resolution);
- on the authorisation to allocate share purchase options (fourteenth resolution);
- on the allocation of existing free shares (fifteenth resolution);
- on the issue of shares and/or of various marketable securities with continuation and/or cancellation of the pre-emptive subscription right (seventeenth and eighteenth resolutions);
- on the issue of shares and/or marketable securities giving access to company equity, reserved for members of a company or group savings plan (nineteenth resolution);
- on the issue of shares and/or of various marketable securities with cancellation of the pre-emptive subscription right (twentieth resolution);
- on the issue of shares and/or of various marketable securities providing access to the company capital, in order to compensate contributions in kind (twenty-first resolution).

Report from one of the Statutory Auditors, designated as the independent third party organisation, on the consolidated social, environmental and societal information contained in the management report

[2] Vote on resolutions relating to extraordinary business

Twelfth resolution

Modification of article 24.2 of the articles of association in order to bring it into compliance with article R 225-85 of the Commercial code resulting from decree n° 2014-1466 of 8 December 2014 that modified the method for determining the “record date” for participation in general meetings.

Thirteenth resolution

Authorisation to the Executive Management in order to reduce the capital by means of cancelling all or some of the Company’s treasury shares (Article L 225-209 of the Commercial code) - General share cancellation programme.

Fourteenth resolution

Authorisation to the Executive Management to grant share purchase options.

Fifteenth resolution

Authorisation to the Executive Management so as to carry out allotments of existing ordinary shares of the Company for no consideration.

Sixteenth resolution

Delegation of authority to the Executive Management in order to increase the capital by capitalisation of reserves, profits and/or premiums and free share distribution and/or increase of the par value of existing shares.

Seventeenth resolution

Delegation of authority to be granted to the Executive Management in order to decide on the issue of shares and/or any other marketable securities giving access to equity while continuing the pre-emptive subscription right.

Eighteenth resolution

Delegation of authority to be granted to the Executive Management in order to decide on the issue of shares and/or any other marketable securities giving access to equity while cancelling the pre-emptive subscription right but with the possibility of establishing a priority timeframe, by public offering.

Nineteenth resolution

Delegation of authority to be granted to the Executive Management in order to decide on the increase of the issued capital by issuing of shares and/or any other marketable securities giving access to equity, reserved for the members of a company or group savings plan, while continuing the pre-emptive subscription right.

Twentieth resolution

Delegation of authority to be granted to the Executive Management in order to decide on the issue of shares and/or any other marketable securities giving access to equity while cancelling the pre-emptive subscription, by private investment according to article L 411-2, II of the Monetary and Financial Code.

Twenty-first resolution

Delegation of authority to be granted to the Executive Management in order to decide on the issue of shares and/or marketable securities giving access to equity, with cancellation of the pre-emptive subscription right, in order to compensate for contributions in kind granted to the company and involving equity securities or marketable securities giving access to equity.

Twenty-second resolution

Powers.

Description of proposed resolutions

We invite you to approve all of the resolutions proposed to you, which are presented below.

I – ORDINARY BUSINESS

Approval of the parent company and consolidated financial statements – Discharge of Executive Management

In the 1st, 2nd and 3rd resolutions, we ask that you approve the amount of expenses and charges covered by Article 39-4 of the French Tax Code, which totalled €189,182; that you approve the parent company financial statements and consolidated financial statements for the year ended 31 December 2014 as they have been presented to you; and that you grant final discharge to the Executive Management for its management of the Company for the said financial year.

Allocation of net income – Distribution of an ordinary dividend and of an exceptional dividend

In the 4th resolution, we submit for your approval the allocation of net income for the year, in the amount of €587,686,981.05. Of this amount, pursuant to the articles of association, €283,309.03 is to be appropriated to the reserve for purchasing original works of art and, €3,937,502.77 is to be distributed to the Active Partner.

We ask you to allocate €100,000,000 to the other reserves. The Supervisory Board recommends that you fix the ordinary dividend at €2.95 per share. The proposed distribution represents an increase of 9.26% of the dividend relative to the previous year.

You are also asked to decide on an exceptional dividend of €5.00 per share, in order to partly distribute the significant available cash (more than €1.4 billion). In accordance with Article 243 bis of the French Tax Code, for natural person shareholders liable for

income tax in France, this entire dividend will be taken into account ipso jure for the determination of their overall income subject to the income tax schedule, and will be eligible for the 40% allowance as provided by Article 158-3 of the French Tax Code.

After the interim dividend of €1.50 per share paid on 5 March 2015, the remainder of the ordinary dividend, i.e. €1.45 per share, will be detached from the shares on 4 June 2015 and be payable in cash on 8 June 2015 based on closing positions on the evening of 5 June 2015. As Hermès International is not entitled to receive dividends for shares held in treasury, the corresponding sums will be transferred to retained earnings on the date the dividend becomes payable. The gross dividend per share paid in respect of each of the 3 previous financial years is as follows:

In euros

Financial year	2013	2012	2011
Ordinary dividend	2.70	2.50	2.00
Exceptional dividend	–	–	5.00
Amount eligible for tax allowance pursuant to Article 158-3 of the French Tax Code	1.08	1.00	2.80

We note that the five-year summary of the Company's financial data required under Article R225-102 of the Commercial code is presented on page 247.

Related-party agreements and commitments

In the 5th resolution, we ask you to approve the Statutory auditors' special report relative to the agreements and commitments covered by articles L 226-10, L 225-38 to L 225-43 of the Commercial code. This report is provided on pages 268 to 272.

The new agreements, the only ones submitted for a vote by the meeting, involve:

- the granting by Hermès International of sureties and guarantees to certain of its subsidiaries;

Description of proposed resolutions

- the continuation of Mr. Axel Dumas's entitlement to the collective benefits regarding health expenses and the provident fund in effect within the company for the employees and corporate officers (in compliance with the eligible panels);
- the conclusion of an amendment to the trademark licence contracts in order to simplify the procedure for adding new trademarks;
- the new distribution method for the directors' fees by board member as of 2014.

Re-election of Supervisory Board members

The terms of office of three Supervisory Board members (Messrs. Matthieu Dumas, Blaise Guerrand and Robert Peugeot) will be coming to an end at the closing of this meeting.

In the 6th, 7th and 8th resolutions, the Active Partner proposes that you renew the terms of office of the Supervisory Board members that are coming to an end, for the statutory term of 3 years, for:

- Mr. Matthieu Dumas;

- Mr. Blaise Guerrand;
- Mr. Robert Peugeot.

These 3 terms of office will therefore expire at the end of the General meeting called in 2018 in order to vote on the financial statements for the year ending on 31 December 2017.

Pages 64, 65 and 69 contain information on the persons whose re-election is submitted for your approval.

Opinion on the compensation elements owed or allocated to the executive chairmen

In the 9th and 10th resolutions, we ask you to provide a favourable opinion on the compensation elements owed or allocated to the executive chairmen relative to the 2014 financial year, as presented in the two following tables.

Under the terms of Article 26 of the articles of association, the Company pays 0.67% of the distributable profits to the company Émile Hermès SARL (i.e. €3,646,826.73 in 2014, relative to 2013), but this does not constitute a senior executive's compensation.

COMPENSATION ELEMENT	AMOUNT OR ACCOUNTING VALUATION (IN EUROS)	PRESENTATION
9th resolution : Axel Dumas		
Gross annual variable compensation under the articles of association	From 1 January to 31 December 2014 €1,050,000	<p>The gross annual compensation of each Executive Chairman for a given year, as authorised by the articles of association, shall not be more than 0.20% of the Company's consolidated income before tax (i.e. €2,393,104 for 2014) for the previous financial year.</p> <p>However, if there are more than two Executive Chairmen, the combined total gross annual compensation of all Executive Chairmen shall not be more than 0.40% of the Company's consolidated income before tax (i.e. €4,786,208 for 2014) for the previous financial year.</p> <p>Within the ceiling set forth herein, the Management Board of the Active Partner Émile Hermès SARL determines the actual amount of the annual compensation pursuant to the articles of association payable to each Executive Chairman. The compensation paid in 2014 to Mr. Axel Dumas pursuant to the articles of association was determined by the Management Board on 18 March 2014.</p>
Gross annual supplemental compensation	From 1 January to 31 December 2014 €1,050,000 – Fixed component: €929,146 – Percentage indexed to revenue growth: €120,854	<p>The General Meeting of 31 May 2001 decided to allocate to each Executive Chairman gross annual compensation in addition to their compensation pursuant to the articles of association, subject to a ceiling of €457,347.05. This ceiling is indexed each year, but it can only be adjusted upwards. Since 1 January 2002, this amount has been indexed to growth in the Company's consolidated revenue for the previous financial year at constant exchange rates and on the same scope of consolidation, by comparison with revenue for the next to last financial year (i.e. €1,689,279 for 2014). Within the ceiling set forth above, the Management Board of the Active Partner Émile Hermès SARL determines the actual amount of the annual supplemental compensation payable to each Executive Chairman. The supplemental compensation paid in 2014 to Mr. Axel Dumas was determined by the Management Board on 18 March 2014.</p>
Deferred variable compensation	Not applicable	No provision is made for the principle of the allocation of deferred variable compensation.
Multi-year variable compensation	Not applicable	No multi-year compensation mechanism was implemented in 2014.
Exceptional compensation	Not applicable	No provision is made for such compensation.
Share options, performance shares or any other long-term compensation element	Purchase options = n/a Performance shares = n/a Other elements = n/a	No plan for purchase options nor allocation of performance shares for the benefit of the Executive Chairmen occurred during the 2014 financial year.
Signing bonus	Not applicable	No such commitment exists.
Severance pay	€0	<p>The company has agreed to pay Mr. Axel Dumas an amount equal to 24 months of overall compensation (compensation under the articles of association and supplemental compensation) in case of cessation of his duties as Executive Chairman (decision of the Supervisory Board of 4 June 2013 approved by the General meeting on 3 June 2014, 9th resolution, in application of article L 225-42-1 of the Commercial code).</p> <p>The payment of severance is subject to the fact that the cessation of the Executive Chairman's duties results:</p> <ul style="list-style-type: none"> – either from a decision taken by Mr. Axel Dumas by reason of a change of control over the Company, a change of the Executive Manager of Émile Hermès SARL, i.e. the Company's Executive Chairman, or a change of the Company's strategy; – or from a decision taken by the Company. <p>Moreover, the payment of such compensation is also subject to the realisation of the following performance conditions, in order for the conditions of his departure to be in line with the Company's situation: achieving budget targets in at least four out of the five previous years (with revenue and operating profit growth measured at constant rates), without deterioration in the Hermès brand and corporate image.</p> <p>The Supervisory Board considered that the deferred compensation commitment made for the benefit of Mr. Axel Dumas complies with the requirements of the AFEP/MEDEF corporate governance code.</p>

Description of proposed resolutions

COMPENSATION ELEMENT	AMOUNT OR ACCOUNTING VALUATION (IN EUROS)	PRESENTATION
Non-competition indemnity	Not applicable	Mr. Axel Dumas is not subject to a non-competition commitment, meaning that there are no provisions for such an indemnity.
Supplementary pension scheme	No amount is owed for the 2014 financial year	<p><i>Defined contribution pension plan (art. 83 of the French Tax Code)</i> Mr. Axel Dumas is covered by the defined contribution supplementary pension plan set up for all personnel members of the Group's French companies (decision of the Supervisory Board of 4 June 2013 approved by the General meeting on 3 June 2014 – 4th resolution – in application of article L 225-40 of the Commercial code).</p> <p><i>Defined benefits pension plan (art. 39 of the French Tax Code)</i> Mr. Axel Dumas is also eligible for the supplementary pension plan set up in 1991 for the benefit of all company directors (decision of the Supervisory Board of 4 June 2013 approved by the General meeting on 3 June 2014 – 4th resolution – in application of article L 225-40 of the Commercial code). This retirement plan is not closed.</p> <p>As a fundamental condition of the pension regulations, in order to be eligible for the scheme, beneficiaries must have reached the end of their professional career with the Company, have at least 10 years of seniority, and be eligible to draw pension benefits under the basic state Social Security regime.</p> <p>The annual benefit under this plan, if all eligibility conditions are met, will be calculated according to the average of the 3 last annual salaries, and cannot exceed a ceiling of 8 times the Social security ceiling.</p>
Directors' fees	Not applicable	The Executive Chairmen do not receive any directors' fees.
Valuation of benefits in kind	€3,325	The only benefits in kind provided to Mr. Axel Dumas are a company car and a representation policy. Mr. Axel Dumas is covered by the health expenses plan and provident fund set up by the group for all of the personnel of the entities in France (decision of the Supervisory Board of 19 March 2014).

10th resolution: Émile Hermès SARL

Gross annual variable compensation under the articles of association	From 1 January to 31 December 2014 €2,393,104	<p>The gross annual compensation of each Executive Chairman for a given year, as authorised by the articles of association, shall not be more than 0.20% of the Company's consolidated income before tax (i.e. €2,393,104 for 2014) for the previous financial year.</p> <p>However, if there are more than two Executive Chairmen, the combined total gross annual compensation of all Executive Chairmen shall not be more than 0.40% of the Company's consolidated income before tax (i.e. €4,786,208 for 2014) for the previous financial year.</p> <p>Within the ceiling set forth herein, the Management Board of the Active Partner Émile Hermès SARL determines the actual amount of the annual compensation pursuant to the articles of association payable to each Executive Chairman. The compensation paid in 2014 to the company Émile Hermès SARL pursuant to the articles of association was determined by the Management Board on 18 March 2014.</p>	Each Executive Chairman has the right to receive certain compensation under Article 17 of the articles of association, and may also receive additional compensation, the maximum amount of which is determined by the Ordinary General Meeting with the unanimous approval of the Active Partners. Both the compensation provided by the articles of association and the additional compensation are in the nature of "variable" salaries, since the calculation methods provided merely constitute ceilings subject to which the Active Partner is free to set the actual compensation of the Executive Chairmen as it sees fit. Thus, Executive Chairmen are not guaranteed any minimum compensation. In order to make it easier to understand the manner of calculation of the compensation of the Executive Chairmen, the Company has always described their additional compensation, before indexation, as "fixed compensation", by analogy with market practices.
Gross annual supplemental compensation	From 1 January to 31 December 2014 €1,689,279 – Fixed component: €1,494,845 – Percentage indexed to revenue growth: €194,434	<p>The General Meeting of 31 May 2001 decided to allocate to each Executive Chairman gross annual compensation in addition to their compensation pursuant to the articles of association, subject to a ceiling of €457,347.05. This ceiling is indexed each year, but it can only be adjusted upwards. Since 1 January 2002, this amount has been indexed to growth in the Company's consolidated revenue for the previous financial year at constant exchange rates and on the same scope of consolidation, by comparison with revenue for the next to last financial year (i.e. €1,689,279 for 2014). Within the ceiling set forth above, the Management Board of the Active Partner Émile Hermès SARL determines the actual amount of the annual supplemental compensation payable to each Executive Chairman. The supplemental compensation paid in 2014 to the company Émile Hermès SARL was determined by the Management Board on 18 March 2014.</p>	
Deferred variable compensation	Not applicable	No provision is made for the principle of the allocation of deferred variable compensation.	

COMPENSATION ELEMENT	AMOUNT OR ACCOUNTING VALUATION (IN EUROS)	PRESENTATION
Multi-year variable compensation	Not applicable	No multi-year compensation mechanism was implemented in 2014.
Exceptional compensation	Not applicable	No provision is made for such compensation.
Share options, performance shares or any other long-term compensation element	Purchase options = n/a Performance shares = n/a Other elements = n/a	No plan for purchase options nor allocation of performance shares for the benefit of the Executive Chairmen occurred during the 2014 financial year.
Signing bonus	Not applicable	No such commitment exists.
Severance pay	Not applicable	No such commitment exists.
Non-competition indemnity	Not applicable	No such commitment exists.
Supplementary pension scheme	Not applicable	As a legal person, Émile Hermès SARL is not eligible for a supplementary pension plan.
Directors' fees	Not applicable	The Executive Chairmen do not receive any directors' fees.
Valuation of benefits in kind	Not applicable	Émile Hermès SARL does not receive any benefits in kind.

n/a: not applicable.

Delegation of authority to the Executive Management - Share buyback programme

In the 11th resolution, you are asked to renew the authorisation granted to the Executive Management to trade in the Company's own shares, under the conditions stipulated herein, more specifically:

- purchases and sales of a maximum number of shares representing up to 10% of the share capital would be authorised;
- the maximum purchase price (excluding costs) would be €500 per share. The maximum amount of funds to be committed would be €850 million. It is stipulated that treasury shares on the day of the General Meeting are not taken into account in this maximum amount;
- the shares can be purchased in order to allocate them to the objectives authorised by European regulations (cancellation of shares up to 10% of the capital per period of 24 months, coverage of the commitment to deliver shares, for example as part of the issue of marketable securities giving access to equity or allocations of share purchase options or existing free shares, allocation to employees), or to one or more market practices currently accepted by the Financial

Markets Authority (practices including external growth and the implementation of a liquidity contract by an investment services provider acting independently) or, thereafter, and more generally, to allocate them to the completion of any operation complying with the applicable regulations.

This authorisation would be valid for 18 months from the date of the General Meeting.

II – EXTRAORDINARY BUSINESS

Modification of article 24.2 of the articles of association

In the 12th resolution, you are asked to modify article 24.2 of the articles of association in order to take into account the new clearing / settlement cycle and to bring it into compliance with article R 225-85 of the Commercial code resulting from decree n° 2014-1466 of 8 December 2014 that modified the method for determining the “record date” for participation in general meetings.

The “record date” is henceforth:

Description of proposed resolutions

- calculated relative to the liquidated positions (clearing-settlement date, i.e. transaction D + 2);
- fixed on D - 2 business days at 12 AM (midnight) rather than D - 3 business days relative to the Meeting.

The right to take part in the General meetings is now subject to an “account entry” of the shareholder’s shares on the second business day prior to the Meeting at midnight (Paris time) (and no longer subject to an “accounting entry” on D - 3).

The shareholders who can participate in the Meeting are the ones who will have traded (and notably purchased) their shares at the latest on the fifth day before the Meeting and will therefore be registered in the account on the record date.

Delegations of authority to the Executive Management – Cancellation of shares

In the 13th resolution, you are asked to renew the authorisation granted to the Executive Management to cancel some or all of the shares purchased by the Company on the stock market under the share buy-back programme, on one or more occasions, in the proportions and at the times that it decides, up to a maximum of 10% of the share capital per period of 24 months. This authorisation would enable the Company to cancel shares issued to cover stock options that are no longer exercisable or that have expired. This authorisation would be valid for 24 months from the date of the General Meeting.

Delegations of authority to the Executive Management – Share purchase options

In the 14th resolution, we ask that you renew the authorisation to Executive Management to grant options to purchase shares to employees and corporate officers of the Company and its subsidiaries, so as to continue the Group’s policy of giving employees a stake in the Group’s growth.

The total number of options that may be granted and not yet exercised and the total number of free shares granted under the terms of the 15th resolution shall not represent more than 2% of the total number of ordinary shares on the date on which the options to purchase shares would be granted, not including those options granted under the terms of previous authorisations. The purchase price of the shares would be fixed by the Executive Management within the limitations and in accordance with the terms and conditions stipulated by law.

Given the currently applicable regulations, the purchase price cannot be less than 80% of the average of the share prices during the twenty trading days on the Euronext Paris regulated market preceding the day on which the options would be granted, without being less than 80% of the average purchase price of the shares held by the company, notably acquired through the share buyback programme. This price would not be subject to change during the lifespan of the options unless the Company were to enter into the financial transactions covered by Article L 225-181 of the Commercial code. In this case, the Executive Management would adjust the number of shares and the price in accordance with the applicable statutory provisions.

The options would be exercisable within a maximum term of 7 years from the option grant date.

In compliance with article L 233-32 of the Commercial code, this delegation can be implemented during a period of a public offer involving the company’s shares.

In accordance with the statutory provisions currently in effect, and subject to their possible modification in the future, in the event of a grant of share purchase options to an Executive Chairman, the Company would ensure that it would either:

- also grant such options to all of the Company's employees and to at least 90% of the employees of its French subsidiaries; or;
- distribute free shares to the aforesaid employees; or;
- enhance the terms of employee incentive and/or profit-sharing schemes of the Company and its subsidiaries (or institute such schemes, where applicable). Furthermore, in accordance with the AFEP/ MEDEF Code of Corporate Governance applied by the Company, any options granted to the Executive Management:
 - would be contingent upon meeting serious and demanding performance criteria over the course of several consecutive years, that will be defined at the time of the grant;
 - would be limited to a maximum percentage to which they would apply equal to 0.05% of the issued capital on the date of the allocation decision, with this sub-ceiling applying against the 2% cap common to the authorisations granted in the 14th and 15th resolutions. This authorisation would be valid for 38 months from the date of the General Meeting.

Delegations of authority to the Executive Management – Free share distribution

In the 15th resolution, we ask that you renew the authorisation to the Executive Management to grant existing ordinary Company shares for no consideration.

The total number of shares granted for no consideration and the total number of shares to which the share purchase options granted pursuant to the 14th resolution would apply and not been exercised shall not represent more than 2% of the total number of ordinary Company shares outstanding on the free share allotment date, not including those options allocated under the terms of previous authorisations. The vesting period for the allocated shares cannot

be less than 2 years, with the Executive Management being authorised to reduce the vesting period if so authorised by new legal provisions on the day of the allocation decision. The mandatory holding period for the shares cannot be less than 2 years, with the Executive Management being authorised to reduce or cancel this period, under the conditions and limits established by the prevailing laws on the day of the allocation decision, except in the specific cases listed in the resolution.

In compliance with article L 233-32 of the Commercial code, this delegation can be implemented during a period of a public offer involving the company's shares.

As in the case of share purchase options, in accordance with the statutory provisions currently in effect, and subject to their possible change in the future, in the event of a free share distribution to the Executive Management, the Company would either:

- grant free shares to all of the Company's employees and to at least 90% of the employees of its French subsidiaries;
- grant options to purchase shares to the aforesaid employees; or;
- enhance the terms of employee incentive and/or profit-sharing schemes of the Company and its subsidiaries (or institute such schemes, where applicable). Furthermore, in accordance with the AFEP/MEDEF Code of Corporate Governance applied by the Company, any free shares granted to the Executive Management:
 - would be contingent upon meeting performance criteria defined at the time of the grant;
 - would be limited to a maximum percentage of 0.05%, with this sub-ceiling applying against the 2% cap common to the authorisations granted in the 14th and 15th resolutions.

This authorisation would be valid for 38 months from the date of the General Meeting.

Delegations of authority to the Executive Management – Issues of marketable securities (general case)

In the 16th, 17th and 18th resolutions, we ask you to renew a certain number of authorisations intended to provide the Executive Management with the competence in order to decide, under the control of the company's Supervisory board and of the Management board of the company Émile Hermès SARL, Active Partner, on various issues of the company's marketable securities, with or without a pre-emptive subscription right. As authorised by law, these resolutions are intended to provide the Management with the flexibility needed to act in the best interests of the company, under the control of the company's Supervisory board and of the Management board of the company Émile Hermès SARL, the active partner. The diversity of financial products and the rapid evolution of the markets make it necessary to have the greatest possible flexibility in order to choose the issue provisions that are most favourable for the company and its shareholders, in order to be able to quickly carry out operations on the basis of opportunities that may present themselves.

The Executive Management would then be authorised, in all circumstances, in France and abroad, to issue ordinary shares of the company, as well as:

- marketable securities governed by articles L 228-91 et seq of the Commercial code, which are company equity securities providing access, immediately and/or in the future, to other company equity securities and/or that provide access to an allocation of the company's debt instruments, and/or
- marketable securities representing a public claim, governed or not by articles L 228-91 et seq of the Commercial code, that provide access or that could provide access to equity securities to be issued by the company, with these marketable securities

providing access, where relevant, to existing equity securities and/or company debt instruments, within the limits of the ceilings defined below.

The issue of marketable securities consisting of debt instruments including a right to the allocation of other debt instruments or of existing equity securities could henceforth be decided by the Executive Management under the conditions listed in article L 228-40 of the Commercial code, if this involves issuing bonds or profit participation certificates, without an authorisation from the General meeting being necessary.

These issues can include either the continuation of the shareholders' pre-emptive subscription right (17th resolution), or the cancellation of the shareholders' pre-emptive subscription right (18th resolution). You are asked to cancel the pre-emptive subscription right in order to make it possible, by accelerating the investment process involving these issues, to increase the chances of their successful completion. We nevertheless inform you that in all cases of issues without a pre-emptive right:

- the Management can provide the shareholders with a priority for subscription for the shares;
- the sum obtained or to be obtained by the company for each of the shares that will be issued, after taking into account – in case of the issue of stand-alone warrants – the issue price of the said warrants, will in any event be at least equal to the weighted average of the share prices during the last 3 Market sessions on the Euronext Paris regulated market preceding the setting of the subscription price for the capital increase, possibly decreased by a maximum discount of 5% in compliance with the applicable regulations. You are also asked to renew the usual delegation that allows the company to increase the capital through capitalisation of the reserves (16th resolution), within the limit of the ceilings defined below.

In compliance with article L 233-32 of the Commercial code, the delegations can be implemented during a period of a public offer involving the company's shares.

Delegations of authority to the Executive Management – Capital increase in favour of members of a company savings plan with cancellation of the pre-emptive subscription right

In the 19th resolution, we ask you to delegate to the Executive Management all powers to carry out, under the control of the company's Supervisory board and of the Management board of the company Émile Hermès SARL, active partner, a capital increase reserved for the employees and corporate officers under the conditions indicated in article L 225-129-6 of the Commercial code, provided that these employees are members of a company or group savings plan, within the limit of the ceilings defined below.

The discount is set at 20% of the average of the listed prices of the Company's shares during the 20 Stock market sessions preceding the day of the decision establishing the subscription opening date.

In compliance with article L 233-32 of the Commercial code, this delegation can be implemented during a period of a public offer involving the company's shares.

Delegations of authority to the Executive Management – Issues of marketable securities (by private investment or to compensate for contributions in kind)

In the 20th resolution, we ask you to delegate to the Executive Management, pursuant to the provisions of article L 225-136-3° of the Commercial code and article L. 411-2 II of the Monetary and Financial Code and under the control of the company's Supervisory board and of the Management board of the company

Émile Hermès SARL, Active Partner, the authority to decide on the issue of shares and/or any other marketable securities giving access to equity, with cancellation of the pre-emptive subscription right of the shareholders, by means of a private investment reserved for qualified investors or for a limited circle of investors, as defined in article D 411-1 of the Monetary and Financial Code, within the limit of the ceilings defined below.

This is a new delegation that is not included amongst the delegations usually submitted to your Meeting. It will allow the company to benefit from all opportunities with regard to possibly attracting an investor, or an economic, commercial or financial partner with the capacity of a qualified investor, to join the company capital.

The issue price would be at least equal to the weighted average of the prices during the last 3 Market sessions preceding the issue, less a maximum discount of 5%, where relevant.

In the 21st resolution, we ask you to delegate to the Executive Management, pursuant to the provisions of article L 225-129 et seq, and notably article L 225-147 of the Commercial code, and under the control of the company's Supervisory board and of the Management board of the company Émile Hermès SARL, Active Partner, the authority to issue shares and/or marketable securities giving access to equity, with cancellation of the pre-emptive subscription right, in order to compensate for contributions in kind granted to the company, within the limit of the ceilings defined below.

This is a new delegation that is not included amongst the delegations usually submitted to your Meeting. It would allow the company to benefit from all opportunities to undertake external growth operations in France or abroad, or to buy out minority equity interests within the group with no impact on the

Description of proposed resolutions

company's cash position, within the limit of 10% of the issued capital.

In compliance with article L 233-32 of the Commercial code, the delegations can be implemented during a period of a public offer involving the company's shares.

Delegations of authority to the Executive Management – Ceilings

The individual and common ceilings (caps) of the financial authorisations that you are asked to grant to the Executive Management are the following:

RESOLUTIONS	INDIVIDUAL CEILING OF EACH DELEGATION	CEILING COMMON TO SEVERAL DELEGATIONS
Purchase options / free shares	% of the number of shares on the allocation date	
14 th (purchase options)	2% including a maximum of 0.05% in favour of the Executive Chairmen	2%
15 th (free shares)	2% including a maximum of 0.05% in favour of the Executive Chairmen	
	MAXIMUM NOMINAL AMOUNT TO BE ISSUED IMMEDIATELY AND/OR IN THE FUTURE	
Equity securities	% of the share capital on the meeting date	
16 th (issue by capitalisation of reserves)	40%	n/a
17 th (issue with continuation of the pre-emptive subscription right)	40%	40%
18 th (issue with elimination of the pre-emptive subscription right)	40%	
19 th (capital increase reserved for the members of a company or group savings plan)	1%	
20 th (issued by private investment)	20% per year	
21 st (issue in order to compensate for contributions in kind)	10%	
Debt instruments	Maximum nominal amount	
17 th (issue with continuation of the pre-emptive subscription right)	€1 billion	€1 billion
18 th (issue with elimination of the pre-emptive subscription right)	€1 billion	
20 th (issued by private investment)	€1 billion	
21 st (issue in order to compensate for contributions in kind)	€1 billion	

n/a: not applicable.

To these ceilings will be added, as relevant, the nominal amount of the additional shares to be issued in order to maintain, in compliance with the law, the

rights of the holders of marketable securities providing access to shares.

Information on the people whose re-election is submitted to the Combined general meeting for approval

The information on the people whose terms of office will have to be renewed, i.e. Messrs Matthieu Dumas, Blaise Guerrand and Robert Peugeot, is provided respectively on pages 64, 65 and 69.

Supervisory Board's report to the Combined general meeting of 2 June 2015

In accordance with legal and regulatory requirements, we hereby present our report for the year ended 31 December 2014.

We first wish 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 income 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 will be seen below;
- ◆ 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. Comments on the parent company financial statements 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 2014. We recommend that you approve the financial statements.

2. Allocation of net income

On 11 February 2015, the Executive Management decided to pay an interim dividend of €1.50 per share. This interim dividend was paid on 5 March 2015.

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 an ordinary dividend of €2.95 per share and an exceptional dividend of €5.00 per share.

After deducting the interim dividend, the balance, or €6.45 per share, will be detached from the shares on

4 June 2015 and paid on 8 June 2015, based on the closing positions on 5 June 2015.

3. Work of the Supervisory Board

Related-party agreements and commitments

The Executive Management informed us of the agreements to be entered into during the year ended 31 December 2014 and covered by the combined provisions of Articles L 226-10 and L 225-38 through L 225-43 of the Commercial code, and submitted them for our prior approval. The Statutory Auditors' special report on pages 268 to 272 gives a brief description of the agreements and commitments approved during FY 2014, as well as the ones approved during previous years and that remained in effect during the financial year. In compliance with the provisions of article L 225-38 of the Commercial code via order 2017-863 of 31 July 2014, the authorisation decisions made by the Supervisory Board since 1 August are all justified.

Each year since 2013, the Supervisory Board has reviewed the related-party agreements and commitments in compliance with proposal n° 27 of AMF recommendation n° 2012-05 on the general meetings of the shareholders of listed companies, that was included in the Commercial code (article L 225-40-1) by the aforesaid order.

The Board did not make any observations after the 2014 review.

4. Activity of the Supervisory Board

The report from the chairman of the Supervisory board, on page 16, describes the activities of the Supervisory board in 2014.

5. Composition of the Supervisory Board

By letter dated 8 August 2014, Mr. Nicolas Puech informed the company of his resignation from his position as Board member. The Supervisory board

took note of this during its meeting on 5 September 2014.

We fully support the proposal made to you in order to re-elect the members whose offices are about to expire:

- Mr. Matthieu Dumas;
- Mr. Blaise Guerrand;
- Mr. Robert Peugeot.

The General meeting on 3 June 2014 modified article 18 of the articles of association, for the purposes of determining the provisions for the appointment of Supervisory Board members representing the group's employees in compliance with the provisions of law 2013-504 of 14 June 2013 relative to the safeguarding of employment.

We hereby inform you that, effective 19 November 2014, Mr. Denis Marmonier has been appointed as member of the Supervisory board representing the employees.

On page 16 of the report from the Supervisory board chairman, you will find an update on the task surrounding the change of the composition of the Supervisory board, that has been entrusted to the Compensation, appointments and governance committee since 2011.

6. Recommendations on proposed resolutions submitted to the Combined General Meeting of 2 June 2015

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

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

The Supervisory Board

Statutory Auditors' report on the parent company financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessment of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In compliance with the assignment entrusted to us by your Annual general meeting, we hereby report to you, for the year ended 31 December 2014, on:

- the audit of the annual financial statements of the Hermès International company, as appended to this report;
- the justification of our assessments,
- the specific verifications and information required by law.

The annual financial statements have been approved by the Executive Management. Our role is to express an opinion on these financial statements, based on our audit.

1. Opinion on the annual financial statements

We conducted our audit in accordance with the professional standards applicable in France; these standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the annual financial statements. It also involves evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company during this financial year, and of the results of its operations for the year then ended in accordance with French accounting standards and principles.

2. Justification of our assessments

In accordance with the provisions of article L.823-9 of the Commercial code relative to the justification

of our assessments, we draw your attention to the following matter.

Note 1.3 to the financial statement describes the accounting methods and principles applied in order to determine the value of the financial assets. As part of our assessment, we have examined the appropriate nature of these methods and reviewed the assumptions used.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion that we formed, and which is expressed in the first part of this report.

3. Specific verifications and information

In accordance with the professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the annual financial statements of the information given in the management report of the Executive Management and in the documents sent to shareholders with respect to the financial position and the annual financial statements. Concerning the information given in accordance with the requirements of article L. 225-102-1 of the Commercial code relating to compensation and benefits received by the corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying data used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling it or that are controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with the law, we have ensured that the required information concerning the identity of shareholders and holders of the voting rights has been properly disclosed to you in the management report.

Drafted in Neuilly-sur-Seine and Paris, on 26 March 2015

The Statutory Auditors

PricewaterhouseCoopers Audit
Christine Bouvry

Didier Kling & Associés
Christophe Bonte Didier Kling

Statutory Auditors' report on the consolidated financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessment of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In compliance with the assignment entrusted to us by your Annual general meeting, we hereby report to you, for the year ended 31 December 2014, on:

- the audit of the consolidated financial statements of the Hermès International company, as appended to this report;
- the justification of our assessments,
- the specific verification required by law.

The consolidated financial statements have been approved by the Executive Management. Our role is to express an opinion on these financial statements, based on our audit.

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France; these standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. It also involves evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group, as well as of the results of its operations in accordance with International Financial Reporting Standards as adopted by the European Union.

2. Justification of our assessments

In accordance with the provisions of Article L.823-9 of the Commercial code relative to the basis of our

assessments, we draw your attention to the following matters:

- as part of our assessment of the accounting principles applied by your Group, we reviewed the methods used to apply these principles to intangible assets and property, plant and equipment (Note 1.7 to the consolidated financial statements) and to inventories (Note 1.10 to the consolidated financial statements) and we verified their proper implementation;
- the group tests for impairment of goodwill on an annual basis according to the methods described in Note 1.8 to the consolidated financial statements. We reviewed the methods used to implement these tests and verified the reasonableness of the estimates made by the management;
- Note 1.17 to the consolidated financial statements describes the methods used to measure post-employment and other employee benefit obligations. With regard to defined-benefit plans, these obligations have been assessed by independent actuaries. Our work included reviewing the data and assumptions used.

We also verified that the information provided in the notes to the consolidated financial statements on these matters is appropriate.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information relating to the Group presented in the management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Drafted in Neuilly-sur-Seine and Paris, on 26 March 2015

The Statutory Auditors

PricewaterhouseCoopers Audit
Christine Bouvry

Didier Kling & Associés
Christophe Bonte Didier Kling

Statutory Auditors' special report on related-party agreements and commitments

This is a free translation into English of the Statutory Auditors' special report on related-party agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as Statutory Auditors for your Company, we present to you our report on related-party agreements and commitments.

Our responsibility is to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements and commitments.

Under the provisions of Article R 226-2 of the Commercial code, it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R 226-2 of the Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

I. Agreements and commitments to be submitted for the approval of the General Meeting

Agreements and commitments authorised during the year

In accordance with Article L.226-10 of the Commercial Code, we were informed of the following agreements and commitments authorised by the Supervisory Board.

a) Guarantees granted

PERSONS CONCERNED: subsidiaries of Hermès International, directly or indirectly held at more than 50%.

NATURE, PURPOSE AND PROVISIONS: on 22 January 2014, the Supervisory Board decided to renew the authorisation given to Executive Management to grant endorsements and guarantees during 2014 to subsidiaries in which your company directly or indirectly holds more than 50% of the share capital, throughout 2014, subject to a total net amount of €10,000,000 for all commitments and a net amount of €3,000,000 for each individual commitment.

No guarantees granted within the framework of this authorisation were called upon in 2014.

b) Medical expenses and provident fund for the benefit of a corporate officer

PERSON CONCERNED: Mr. Axel Dumas, Executive Chairman of Hermès International.

NATURE, PURPOSE AND PROVISIONS: On 19 March 2014, the Supervisory Board authorised the continuation, for Mr. Axel Dumas, of the collective benefits regarding health expenses and the provident fund in effect within the company for employees and corporate officers.

c) Amendments to the trademark licence agreements

PERSONS CONCERNED: Hermès Sellier, Comptoir Nouveau de la Parfumerie and La Montre Hermès, companies more than 10% directly or indirectly held by Hermès International.

NATURE, PURPOSE AND PROVISIONS: On 28 August 2014, the Supervisory board authorised the signing of three amendments to the trademark licence agreements between Hermès International and:

- Hermès Sellier,
- Comptoir Nouveau de la Parfumerie,
- La Montre Hermès.

With these amendments, all new trademarks filed by Hermès International in the product classes corresponding with the activities of these three subsidiaries will be automatically included in the contract.

This integration will be duly recorded by a confirming document, and the non-substantial modifications to the said licence agreements can occur without having to be the subject of a systematic amendment.

d) Compensation of members of special committees

PERSONS CONCERNED:

- Mr. Maurice de Kervénoaël;
- Mrs. Monique Cohen;
- Mr. Charles-Éric Bauer;
- Mr. Matthieu Dumas;
- Mr. Renaud Mommeja;
- Mr. Robert Peugeot;
- Mrs. Dominique Sénéquier;
- Mrs. Florence Woerth.

NATURE, PURPOSE AND PROVISIONS: The Supervisory board meeting on 20 November 2013 authorised a new method for the distribution of directors' fees. The compensation of the members of the as of fiscal year 2014 will be the following:

	Audit Committee	
	Chairman	Members
Fixed annual amount	€20,000	€4,000
Maximum variable amount ⁽¹⁾		€6,000
Maximum total	€20,000	€10,000

	Compensation, Appointments and Governance Committee	
	Chairman	Members
Fixed annual amount	€20,000	€4,000
Maximum variable amount ⁽¹⁾		€6,000
Maximum total	€20,000	€10,000

(1) Variable part calculated according to the attendance of the members.

For fiscal year 2014, the total amount owed by Hermès International with regard to their duties was equal to €94,300 for all members of these two special committees.

II. Agreements and commitments already approved by the General Meeting

Agreements and commitments approved in previous years which were implemented during the year

In accordance with Article R 226-2 of the Commercial Code, we have been informed that the following agreements and commitments, approved by the

General Meeting in previous years, remained in effect during the year.

a) Service agreement entered into with Émile Hermès SARL

PERSON CONCERNED: Émile Hermès SARL, Executive Chairman of Hermès International.

NATURE, PURPOSE AND PROVISIONS: At its meetings of 23 March 2005 and 14 September 2005, the Supervisory Board authorised Hermès International to enter into a service agreement with Émile Hermès SARL for the provision of routine legal and financial services. At its meeting of 1 September 2007, the Supervisory Board authorised the signature of an amendment to add secretarial services to this agreement. At its meetings of 25 January 2012 and 30 August 2012, the Supervisory Board authorised two amendments to this agreement to alter the price of the secretarial services and to exceptionally provide for share ownership monitoring.

Hermès International billed €202,378 for services provided under the terms of this agreement in 2014.

b) Design mission contract with the company RDAI

PERSON CONCERNED: Sandrine Brekke, owner of more than 10% of RDAI and member of the Executive Management of Émile Hermès SARL, Executive Chairman.

NATURE, PURPOSE AND PROVISIONS: At its meetings of 20 March 2003 and 15 September 2004, the Supervisory Board authorised an agreement and its amendment between Hermès International and the architectural firm RDAI to undertake an assignment to design Hermès stores. Hermès International paid €86,000 in fees in respect of 2014.

c) Trademark licence agreements

PERSONS CONCERNED (ON THE DAY OF THE AGREEMENT'S APPROVAL):

- Hermès International, direct or indirect shareholder with an interest of more than 10% of the licensed companies;
- for the Comptoir Nouveau de la Parfumerie: Mr. Maurice de Kervénoaël, Supervisory board member of Hermès International and Board member of the Comptoir Nouveau de la Parfumerie (until 3 June 2014);
- For Hermès Sellier: Mr. Eric de Seynes and Mr. Blaise Guerrand, Supervisory Board members of Hermès International and members of the Management board of Hermès Sellier;

– For Hermès Horizons: Mr. Axel Dumas, Executive Chairman and legal representative of Hermès International and Executive Chairman of Hermès Horizons;
 – For La Montre Hermès: Mr. Patrick Thomas, Executive Chairman of Hermès International and Board member of La Montre Hermès (until 31 January 2014) and Mr. Axel Dumas, Executive Chairman of Hermès International and Board member of La Montre Hermès (as of 31 January 2014);

– For Faubourg Italia: Mr. Patrick Thomas, Executive Chairman of Hermès International and Board member of Faubourg Italia.

NATURE, PURPOSE AND PROVISIONS: amendments to the trademark licence agreements were signed in 2011 by Hermès International and Hermès Sellier, Hermès Horizons, Comptoir Nouveau de la Parfumerie, La Montre Hermès and in 2012 with Faubourg Italia.

The current trademark licence agreements in effect provide for the following royalties for a period of 10 years:

Company	Royalties paid in respect of 2014
Hermès Sellier	€87,467,497
Hermès Horizons	€171,916
Comptoir Nouveau de la Parfumerie	€10,726,246
La Montre Hermès	€3,247,173
Faubourg Italia	€131,612

d) Commitments for the benefit of an Executive Corporate officer

PERSON CONCERNED: Mr. Axel Dumas, Executive Chairman of Hermès International.

NATURE, PURPOSE AND PROVISIONS: on 4 June 2013, your Supervisory board made the following commitments with regard to the compensation for Mr. Axel Dumas:

- the benefit of the supplemental defined-contribution pension plan established for all of the personnel of the Group's French companies.
- the benefit of the additional retirement plan set up in 1991 for the benefit of the company's senior managers.

As a fundamental condition of the pension regulations, in order to be eligible for the scheme, beneficiaries must have reached the end of their professional career with the Company, have at least ten years of seniority,

and be eligible to draw pension benefits under the basic state Social Security regime. The annual benefit under this plan will be calculated according to the seniority and annual compensation. Representing a percentage of the compensation per year of seniority, these benefit cannot exceed eight times the Social security ceiling.

• In the event that his appointment as Executive Chairman is terminated, the Company has also agreed to pay Mr. Axel Dumas an amount equal to twenty-four months of compensation (sum authorised by the articles of association and supplemental compensation). This commitment had been made subject to the realisation of the following performance conditions: achieving budget targets in at least four out of the five previous years (with revenue and operating profit growth measured at constant rates), without deterioration in the Hermès brand and corporate image.

The payment of this amount will be subject to termination resulting:

- either from a decision of the Executive Chairman by reason of a change of control of the Company, the replacement of the Executive Chairman of Émile Hermès SARL, or a change in the Company's strategy;
- or from a decision taken by the Company.

e) Non-competition commitment of a former corporate officer

PERSON CONCERNED: Mr. Patrick Thomas.

NATURE, PURPOSE AND PROVISIONS: At its meeting on 20 November 2013, your Supervisory board authorised the signing of a non-competition commitment according to the provisions presented below:

For a period of ten years, Patrick Thomas undertakes not to carry out, whether personally or on behalf of third parties, any activity that competes with that of Hermès International Group, and in particular not to collaborate, in any capacity whatsoever and in any form whatsoever, with a company in the luxury sector that is active in the following geographical zone: Europe and Asia. This non-competition commitment took effect as of the departure of Patrick Thomas from the Group and is compensated in the amount of €966,300 per year for four years, on 1 February 2014, 2015, 2016 and 2017.

In respect of FY 2014, the amount paid by Hermès International is equal to €966,300.

f) Employment contract of a Supervisory board member

PERSON CONCERNED: Mrs. Julie Guerrand.

NATURE, PURPOSE AND PROVISIONS: Mrs. Julie Guerrand has had an employment contract within the framework of her duties as Director Corporate Development. This

agreement was authorised by the Supervisory Board at its meeting on 3 March 2011.

On 1 October 2014, her employment contract was transferred to the Gordon Choisy company, in which she is serving as Finance and Organisation Deputy Managing Director for the Hermès Cuir Précieux division.

Drafted in Neuilly-sur-Seine and Paris, on 10 April 2015
The Statutory Auditors

PricewaterhouseCoopers Audit
Christine Bouvry

Didier Kling & Associés
Christophe Bonte Didier Kling

OVERVIEW OF HERMÈS INTERNATIONAL AND EMILIE HERMÈS SARL
CORPORATE GOVERNANCE
INFORMATION ON THE SHARE CAPITAL AND ON THE SHAREHOLDERS
INFORMATION ON THE FINANCIAL STATEMENTS, AND ON SUBSIDIARIES AND ASSOCIATES
PROPERTY, AND INSURANCE
CSR APPENDICES: ENVIRONMENTAL INFORMATION
CSR APPENDICES: HUMAN RESOURCES
CONSOLIDATED FINANCIAL STATEMENTS
PARENT COMPANY FINANCIAL STATEMENTS
COMBINED GENERAL MEETING OF 2 JUNE 2015
ADDITIONAL LEGAL INFORMATION

Statutory Auditors' special report prepared in application of article L 226-10-1 of the Commercial code on the report from the Chairman of the Supervisory board

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as Statutory Auditors of your Company, and in accordance with Article L 226-10-1 of the Commercial code, we hereby report to you on the report prepared by the Chairman of your Company in accordance with the provisions of the aforesaid article for the year ended 31 December 2014.

It is the Chairman's responsibility to prepare, and submit to the Supervisory Board for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by Article L 226-10-1 of the Commercial code in particular relating to corporate governance.

It is our responsibility:

– to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and
– to attest that the report sets out the other information required by Article L 226-10-1 of the Commercial code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with the professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information

on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

– obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;

– obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;

– determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report. On the basis of our work, we have no matters to report on the information given on the Company's internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Supervisory Board's report, prepared in accordance with Article L 226-10-1 of the Commercial code.

Other information

We attest that the report from the Chairman of the Supervisory board sets out the other information required by Article L 226-10-1 of the Commercial code.

Drafted in Neuilly-sur-Seine and Paris, on 26 March 2015

The Statutory Auditors

PricewaterhouseCoopers Audit
Christine Bouvry

Didier Kling & Associés
Christophe Bonte Didier Kling

Statutory Auditors' report on the capital decrease by cancellation of own shares purchased (thirteenth resolution)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as Statutory Auditors of your Company, and in accordance with the requirements of Article L 225-209 or the Commercial Code concerning share capital decreases by cancellation of repurchased shares, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed share capital decrease.

The Company's Executive Management proposes that the shareholders confer upon it, for a period of twenty-four months as of the date of this Meeting, all necessary powers to cancel, on one or more occasions and up to a maximum of 10% of the Company's share capital per period of twenty-four months, some or all of the shares held or purchased under

the authorisation for your Company to buy back its own shares as provided pursuant to the terms of the aforementioned article.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures involved examining the fairness of the reasons for and the terms and conditions of the proposed share capital decrease, which is not considered to infringe upon the principle of equal treatment of shareholders.

We have no comments on the reasons for or the terms and conditions of the proposed share capital decrease.

Drafted in Neuilly-sur-Seine and Paris, on 10 April 2015

The Statutory Auditors

PricewaterhouseCoopers Audit
Christine Bouvry

Didier Kling & Associés
Christophe Bonte Didier Kling

Statutory Auditors' report on the authorisation to grant share purchase options (fourteenth resolution)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as Statutory Auditors of your Company, and in accordance with the requirements of Articles L 225-177 and R 225-144 of the Commercial Code, we hereby present our report on the authorisation to grant share purchase options to employees and corporate officers of Hermès International and all or some of its affiliated companies or groups, under the conditions stipulated by Article L 225-180 of the Commercial Code, or to certain categories of them, which is submitted to you for approval.

The Company's Executive Management proposes that, on the basis of its report, the shareholders authorise it, for a period of thirty-eight months as of the date of this Meeting, to grant share purchase options on one or several occasions.

The maximum percentage of shares that can be provided by the options granted to the Executive Chairmen under the present resolution will be 0.05% of the share capital on the date of the granting decision by the Executive Management, with this cap being applied against the 2% cap common to the

delegations listed in the fourteenth and fifteenth resolutions.

It is the Executive Management's responsibility to draw up a report on the reasons for granting share purchase options as well as the proposed methods used to set the purchase price. Our responsibility is to express an opinion on the proposed methods used to set the share purchase price.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted, in particular, in verifying that the proposed methods used to set the share purchase price are specified in the Executive Management's report and that they comply with the applicable laws and regulations.

We have no comments to make on the proposed methods used to set the share purchase price.

Drafted in Neuilly-sur-Seine and Paris, on 10 April 2015

The Statutory Auditors

PricewaterhouseCoopers Audit
Christine Bouvry

Didier Kling & Associés
Christophe Bonte Didier Kling

Statutory Auditors' report on the allocation of existing free shares (fifteenth resolution)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as Statutory Auditors of your Company, and in accordance with the requirements of Article L 225-197-1 of the Commercial Code, we hereby present our report on the proposed authorisation to grant existing shares, for no consideration, to employees and/or corporate officers of Hermès International and all or some of its affiliated companies or groups, under the conditions stipulated by Article L 225 197-2 of the Commercial Code, or to certain categories of them, which is submitted to you for approval.

The Company's Executive Management proposes that, on the basis of its report, the shareholders authorise it, for a period of thirty-eight months as of the date of this Meeting, to grant existing shares for no consideration, on one or several occasions.

The maximum percentage of free shares that can be allocated to the Executive Chairmen under the present resolution will be 0.05% of the share capital on the date of the granting decision by the Executive

Management, with this cap being applied against the 2% cap common to the delegations listed in the fourteenth and fifteenth resolutions.

It is the Executive Management's responsibility to draw up a report on this operation that it wishes to carry out. Our responsibility is to make comments on the information that is provided to you on the proposed transaction, as necessary.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted, in particular, in verifying that the proposed methods disclosed in the Executive Management's report comply with the applicable laws and regulations.

We have no comments to make on the information provided in the Executive Management's report on the proposed authorisation to allocate free shares.

Drafted in Neuilly-sur-Seine and Paris, on 10 April 2015

The Statutory Auditors

PricewaterhouseCoopers Audit
Christine Bouvry

Didier Kling & Associés
Christophe Bonte Didier Kling

Statutory auditors' report on the issue of shares and/or of various marketable securities with continuation and/or cancellation of the pre-emptive subscription right (seventeenth and eighteenth resolutions)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as Statutory Auditors of your Company, and in accordance with the requirements of Articles L 228-92 and L 225-135 and seq of the Commercial code, we hereby present our report on the proposals for delegations to the Executive Management for various issues of shares and/or marketable securities, which are submitted to you for approval.

The Company's Executive Management proposes that, on the basis of its report and of the Supervisory Board's report, the shareholders authorise it, under the control of the Supervisory board and of the Management board of the company Émile Hermès SARL, Active Partner, for a period of twenty-six months as of the date of this Meeting, to decide on the following operations and to set the definitive terms for these issues and proposes to you, where relevant, the cancellation of your pre-emptive subscription right:

– issue with continuation of the pre-emptive subscription right (seventeenth resolution) for ordinary shares and/or marketable securities consisting of equity securities giving access to other equity securities or giving access to the allotment of debt instruments and/or marketable securities giving access to subsequently issued equity securities;

– issue with cancellation of the pre-emptive subscription right by means of a public offer (eighteenth resolution) for ordinary shares and/or marketable securities consisting of equity securities giving access to other equity securities or giving access to the allotment of debt instruments, and/or marketable securities giving access to subsequently issued equity securities:

- with the understanding that these securities can be issued in order to compensate for securities provided to the Company as part of a public exchange offer in compliance with the conditions listed in Article L 225-148 of the Commercial code,
- with the understanding that the marketable securities giving access to the company's equity can be issued after the issue, by any company that directly or indirectly holds more than half of the company's capital or of which the latter directly or indirectly holds more than half of its capital, of equity securities giving access to other equity securities or giving access to the allotment of debt instruments

or marketable securities giving access to subsequently issued Company equity securities.

The overall nominal amount of the capital increases likely to be carried out immediately and/or in the future pursuant to the seventeenth and eighteenth resolutions cannot be greater than 40% of the share capital on the meeting date. The maximum nominal amount of the debt instruments likely to be issued pursuant to the seventeenth and eighteenth resolutions cannot exceed €1 billion.

It is the Executive Management's responsibility to draw up a report that complies with articles R 225-13 and seq of the Commercial code. Our responsibility is to express an opinion on the fairness of the quantified information drawn from the financial statements, on the proposal to cancel the pre-emptive subscription right and on certain other information relating to these operations, as provided in this report.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying the content of the Executive Management's report relative to these operations and the provisions for determining the issue price of the equity securities that will be issued.

Subject to a later examination of the issue conditions that may be decided upon, we have no comments to make on the proposed methods used to set the issue price of the equity securities that are to be issued, as contained in the Executive Management's report in respect of the eighteenth resolution.

Also, as this report does not indicate the proposed method used to set the issue price of the equity securities that are to be issued as part of the implementation of the seventeenth resolution, we cannot give an opinion on the choice of the calculation elements for this issue price.

As the final conditions for the performance of the issues have not been determined, we will not express

an opinion thereon and, accordingly, on the proposal to cancel the pre-emptive subscription right that has been put to you in the eighteenth resolution.

Pursuant to Article R 225-116 of the Commercial code, we will prepare an additional report, if necessary, at the time of the usage of these delegations by

the Executive Management in order to issue marketable securities in the form of equity securities giving access to other equity securities or giving access to an allotment of debt instruments, to issue marketable securities giving access to subsequently issued equity securities, and to issue shares with cancellation of the pre-emptive subscription right.

Drafted in Neuilly-sur-Seine and Paris, on 10 April 2015
The Statutory Auditors

PricewaterhouseCoopers Audit
Christine Bouvry

Didier Kling & Associés
Christophe Bonte Didier Kling

Statutory Auditors' report on the issue of shares and/or of various marketable securities giving access to company equity, reserved for members of a company or group savings plan (nineteenth resolution)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as Statutory Auditors of your Company in accordance with the requirements of Articles L 228-92 and L.225-135 and seq of the Commercial code, we hereby report to you on the proposal to delegate to the Executive Management the competence to decide to increase the capital, by issuing shares and/or marketable securities giving access to the Company's equity with cancellation of the pre-emptive subscription right, reserved for the employees participating in one or more company or group savings plans, that would be set up within a group consisting of the Company and the French or foreign companies included within the scope of consolidation of your company's financial statements and application of article L 3344-1 of the Labour Code, for a maximum amount equivalent with 1% of the amount of the company capital on the date of this general meeting. You are asked to vote on this operation.

This capital increase is submitted for your approval in application of the provisions of articles L. 225-129-6 of the Commercial code and L. 3332-18 and seq of the Labour Code.

The Company's Executive Management proposes, based on its report, that the shareholders confer upon it, for a period of 26 months, the authority to decide on a capital increase and to cancel your pre-emptive subscription right with regard to the equity securities that will be issued. As relevant, it will be required to set the final issue conditions for this operation.

It is the Executive Management's responsibility to draw up a report that complies with articles R 225-113

and seq of the Commercial code. Our responsibility is to express an opinion on the fairness of the quantified information drawn from the financial statements, on the proposal to cancel the pre-emptive subscription right and on certain other information relating to the issue, as provided in this report.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying the content of the Executive Management's report relative to this operation and the provisions for determining the issue price of the equity securities that will be issued.

Subject to a later examination of the issue conditions that may be decided upon, we have no comments to make on the proposed methods used to set the issue price of the equity securities that are to be issued, as contained in the Executive Management's report. As the final conditions for the performance of the issue have not been determined, we will not express an opinion thereon and, accordingly, on the proposal to cancel the pre-emptive subscription right that has been put to you.

Pursuant to Article R 225-116 of the Commercial code, we will prepare an additional report, if necessary, at the time of the usage of this delegation by the Executive Management in order to issue marketable securities in the form of equity securities giving access to other equity securities, to issue marketable securities giving access to subsequently issued equity securities, and to issue shares with cancellation of the pre-emptive subscription right.

Drafted in Neuilly-sur-Seine and Paris, on 10 April 2015

The Statutory Auditors

PricewaterhouseCoopers Audit
Christine Bouvry

Didier Kling & Associés
Christophe Bonte Didier Kling

Statutory Auditors' report on the issue of shares and/or of various marketable securities with cancellation of the pre-emptive subscription right (twentieth resolution)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as Statutory Auditors of your Company, and in accordance with the requirements of Articles L 228-92 and L 225-135 and seq of the Commercial code, we hereby present our report on the proposals for delegations to the Executive Management for various issues of shares and/or marketable securities, which are submitted to you for approval. The Company's Executive Management proposes that, on the basis of its report and of the Supervisory Board's report, the shareholders authorise it, under the control of the Supervisory board and of the Management board of the Émile Hermès SARL, Active Partner, for a period of twenty-six months as of the date of this Meeting, to decide on the following operations and to set the definitive terms for these issues and proposes to you, where relevant, the cancellation of your pre-emptive subscription right:

– issue with cancellation of the pre-emptive subscription right by means of the offers indicated in II of Article L 411-2 of the Monetary and Financial Code and within the limits of 20% of the share capital per year, for ordinary shares and/or marketable securities consisting of equity securities giving access to other equity securities or giving access to the allotment of debt instruments, and/or marketable securities giving access to subsequently issued equity securities:

- with the understanding that the marketable securities giving access to the company's equity can be issued after the issue, by any company that directly or indirectly holds more than half of the company's capital or of which the latter directly or indirectly holds more than half of its capital, of equity securities giving access to other equity securities or giving access to the allotment of debt instruments or marketable securities giving access to subsequently issued Company equity securities.

The overall nominal amount of the capital increases likely to be carried out immediately or in the future pursuant to the twentieth resolution cannot be greater

than 20% of the share capital on the meeting date. The overall nominal amount of the debt instruments likely to be issued cannot, pursuant to the twentieth resolution, exceed €1 billion.

It is the Executive Management's responsibility to draw up a report that complies with articles R 225-113 and seq of the Commercial code. Our responsibility is to express an opinion on the fairness of the quantified information drawn from the financial statements, on the proposal to cancel the pre-emptive subscription right and on certain other information relating to these operations, as provided in this report.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying the content of the Executive Management's report relative to these operations and the provisions for determining the issue price of the equity securities that will be issued. Subject to a later examination of the issue conditions that may be decided upon, we have no comments to make on the proposed methods used to set the issue price of the equity securities that are to be issued, as contained in the Executive Management's report in respect of the twentieth resolution.

As the final conditions for the performance of the issues have not been determined, we will not express an opinion thereon and, accordingly, on the proposal to cancel the pre-emptive subscription right that has been put to you in respect of this resolution.

Pursuant to Article R 225-116 of the Commercial code, we will prepare an additional report, if necessary, at the time of the usage of these delegations by the Executive Management in order to issue marketable securities in the form of equity securities giving access to other equity securities or giving access to an allotment of debt instruments, to issue marketable securities giving access to subsequently issued equity securities, and to issue shares with cancellation of the pre-emptive subscription right.

Drafted in Neuilly-sur-Seine and Paris, on 10 April 2015

The Statutory Auditors

PricewaterhouseCoopers Audit
Christine Bouvry

Didier Kling & Associés
Christophe Bonte Didier Kling

Statutory Auditors' report on the issue of shares and/or of marketable securities giving access to the Company equity, in order to compensate for contributions in kind (twenty-first resolution)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as Statutory Auditors of your Company, and in accordance with the requirements of Articles L 228-92 and L 225-135 and seq of the Commercial code, we hereby present our report on the proposal for a delegation to the Executive Management for various issues of shares and/or marketable securities, which is submitted to you for approval.

The Company's Executive Management proposes that, on the basis of its report and of the Supervisory Board's report, the shareholders authorise it, under the control of the Supervisory board and of the Management board of the Émile Hermès SARL, Active Partner, for a period of twenty-six months as of the date of this Meeting, to decide on the issue of ordinary shares and/or marketable securities consisting of equity securities giving access to other equity securities or giving access to an allotment of debt instruments and/or marketable securities providing access to subsequently issued equity securities, with cancellation of the pre-emptive subscription right, in order to compensate for contributions in kind granted to the Company and consisting of equity securities or marketable securities giving access to equity, as indicated in Article L 225-147, within the limit of 10% of the share capital, an operation on which you are asked to vote.

The overall nominal amount of the capital increases likely to be carried out immediately and/or in the future pursuant to the twenty-first resolution cannot be greater than 40% of the share capital on this meeting date. The maximum nominal amount of the debt instruments likely to be issued pursuant to the twenty-first resolution cannot exceed €1 billion.

It is the Executive Management's responsibility to draw up a report that complies with articles R 225-13

and seq of the Commercial code. Our responsibility is to express an opinion on the fairness of the quantified information drawn from the financial statements, on the proposed issue and on certain other information relating to these operations, as provided in this report.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying the content of the Executive Management's report relative to this operation and the provisions for determining the issue price of the equity securities that will be issued.

As this report does not indicate the proposed method used to set the issue price of the equity securities that are to be issued as part of the implementation of this resolution, we cannot give an opinion on the choice of the calculation elements for this issue price.

Also, as this report does not indicate the proposed method used to set the issue price of the equity securities that are to be issued as part of the implementation of this resolution, we cannot give an opinion on the choice of the calculation elements for this issue price.

Pursuant to Article R 225-116 of the Commercial code, we will prepare an additional report, if necessary, at the time of the usage of this delegation by the Executive Management in order to issue marketable securities in the form of equity securities giving access to other equity securities or giving access to an allotment of debt instruments, to issue marketable securities giving access to subsequently issued equity securities, and to issue shares with cancellation of the pre-emptive subscription right.

Drafted in Neuilly-sur-Seine and Paris, on 10 April 2015

The Statutory Auditors

PricewaterhouseCoopers Audit
Christine Bouvry

Didier Kling & Associés
Christophe Bonte Didier Kling

Report from one of the Statutory Auditors, designated as the independent third party organisation, on the consolidated social, environmental and societal information contained in the management report

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In our capacity as Statutory auditor of Hermès International appointed as an independent third party, and certified by COFRAC under the number 3-1060⁽¹⁾⁽¹⁾, we hereby report to you on the consolidated labour, environmental and social information for the financial year ended 31 December 2014, presented in the management report (hereinafter the "CSR Information"), in accordance with Article L 225-102-1 of the Commercial code.

Responsibility of the company

The Executive Management is responsible for preparing a management report including CSR Information, in accordance with the provisions of Article R 225-105-1 of the Commercial code and with the guidelines used by the company (hereinafter the "Guidelines"), summarised in the management report and are available on request at the company's registered office.

Independence and quality control

Our independence is defined by regulatory texts, the code of ethics governing the audit profession and the provisions of Article L 822-11 of the Commercial code. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the codes of ethics, professional auditing standards and applicable legal and regulatory texts.

Statutory auditor's responsibility

On the basis of our work, it is our responsibility to:

- certify that the required CSR Information is presented in the management report or, if omitted, that an explanation is provided in accordance with the third sub-paragraph of Article R.225-105 of the Commercial code (Statement of completeness of CSR Information);
- express limited assurance that the CSR Information, taken as a whole, is fairly presented, in all material respects, in accordance with the Guidelines (Reasoned opinion on the fairness of the CSR Information). Our work was carried out by a team of 6 people, over approximately 8 weeks between early February and late March 2015. We were assisted in our work by our specialists in corporate social responsibility (CSR). We performed our work in accordance with the

(1) The scope of which is available on the site www.cofrac.fr.

professional auditing standards relative to services in the area of social and environmental information falling within the scope of the procedures directly related to the statutory auditor's mission (NEP 9090) and the order of 13 May 2013 that determines the provisions under which the independent third party performs its mission, and regarding the justified opinion of fairness, with the international ISAE 3000 standard.

1. Confirmation of completeness of CSR Information

We conducted interviews with the relevant heads of department to familiarise ourselves with sustainable development policy, according to the impact of the company's activity on labour and the environment, of its social commitments and any action or programmes related thereto .

We compared the CSR Information presented in the management report with the list stipulated in article R. 225-105-1 of the Commercial code.

In case of the absence of certain consolidated information, we verified that explanations were provided in compliance with the provisions of article R 225-105 sub-paragraph 3 of the Commercial code.

We ensured that the CSR Information covers the scope of consolidation, i.e., the company, its subsidiaries as defined by Article L.233-1 and the entities that it controls as defined by Article L.233-3 of the Commercial code, with the perimeter limits indicated in the "Correspondence table (Article 225-105)" contained in the management report.

Based on this work, and given the limitations mentioned above, we attest to the completeness of the required CSR Information in the management report.

2. Reasoned opinion on the fairness of the CSR Information

Nature and scope of our work

We conducted approximately 10 interviews with the people responsible for preparing the CSR Information in the departments charged with collecting the information and, where appropriate, the people responsible for the internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in light of their relevance, completeness, reliability, impartiality and comprehensibility, and taking good market practice into account when necessary;
- verify the implementation of a data collection,

Report from one of the Statutory Auditors, designated as the independent third party organisation, on the consolidated social, environmental and societal information contained in the management report

compilation, processing and control procedure that is designed to produce CSR Information that is exhaustive and consistent, and familiarise ourselves with the internal control and risk management procedures involved in preparing the CSR Information.

We determined the nature and scope of our tests and controls according to the nature and importance of the CSR Information in view of the characteristics of the company, the social and environmental challenges of its activities, its sustainable development policy and good market practices.

For the CSR Information that we considered to be most important ⁽¹⁾:

– on the level of the consolidating entity, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organisation, policy, action), we followed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data and we verified their consistency and concordance with the other information in the management report;

– on the level of a representative sample of sites that we selected ⁽²⁾ on the basis of their activity, contribution to the consolidated indicators, location and a risk analysis, we carried out interviews in order to verify the correct application of the procedures and performed detailed tests on the basis of samples, so as to check the completed calculations and to compare the data with the supporting documentation. As such, the selected sample represents between 24% and 33% of the social quantitative information and between 21% and 45% of the environmental quantitative information.

For the other consolidated CSR Information, we assessed consistency based on our understanding of the company.

Finally, we also assessed the relevance of the explanations given for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes used, based on our professional judgment, allow us to express limited assurance; a higher level of assurance would have required more extensive verification work. As a result of the use of sampling techniques and other limitations intrinsic to the operation of any information and internal control system, we cannot completely rule out the possibility that a material irregularity has not been detected.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly, in all material respects, in accordance with the Guidelines.

(1) Quantitative information: total personnel and distribution of the employees by geographical zone, sex and age; new hires and layoffs (France perimeter); number and severity rate of workplace accidents with sick leave (France perimeter); total number of training hours (France perimeter); energy consumption by energy type; water consumption of the industrial sites.

Qualitative information: policies implemented with regard to training; health and safety conditions on the level of the industrial sites; general policy with regard to environmental matters; measures for preventing, reducing or remedying any discharges into the air, water and soil that would seriously affect the environment; measures taken to safeguard biodiversity; impact of the company regarding employment and regional development; consideration of social and environmental stakes in the purchasing policy; importance of subcontracting and consideration, in relations with suppliers and subcontractors, of their social and environmental responsibility.

(2) Environmental information:

– industrial department, 5 plants: Ateliers d'Ennoblement d'Irigny (Irigny - France, Textiles), Tanneries des Cuirs d'Indochine et de Madagascar (Vivoin - France, HCP), Hermès Sellier (Pantin Pyramide - France, Leather), Hermès Sellier (Pierre-Bénite - France, Leather), Compagnie des Cristalleries de Saint-Louis (Saint-Louis-lès-Bitche - France, Crystal);

– real estate development department, 15 stores: Munich (Germany), Frankfurt (Germany), Antwerp (Belgium), Knokke (Belgium), Brussels (Belgium), HZ-EU (China), SH-66 (China), SZ-CC (China), WH-IP (China), Rouen (France), Ala Moana (United States), Beverly Hills (United States), Madison 691 (United States), New York corporate office (United States), Wall Street (United States), Amsterdam (Netherlands), De Bijenkorf (Netherlands); and 1 local annex: Paddock/Carré (France).

Social information: Cristalleries de Saint-Louis, Hermès Distribution France (Hermès Sellier division), Ateliers de Pantin et Pierre-Bénite (sites of the Hermès Leather goods division within Hermès Sellier).

Drafted in Neuilly-sur-Seine, on 26 March 2015

One of the Statutory Auditors, PricewaterhouseCoopers Audit

Christine Bouvry,
associate

Sylvain Lambert,
associate of the sustainable development department

Resolutions submitted to the Combined General Meeting of 2 June 2015

I - ORDINARY BUSINESS

First resolution

Approval of the parent company financial statements

The General Meeting, voting under the quorum and majority conditions applicable to ordinary general meetings, having heard the Executive Management's report on the Company's operations and situation, the Supervisory Board's report and the Statutory Auditors' report for the year ended 31 December 2014, approves the financial statements, the balance sheet, income

statement and the notes thereto as presented, as well as the transactions that they reflect or that are summarized in these reports.

In application of article 223 quater of the French Tax Code, the General Meeting approves the expenses and charges covered by Article 39-4 of the French Tax Code, that amounted to €189,182 in 2014 and that generated an estimated tax expense of €71,889.

Second resolution

Approval of the consolidated financial statements

The General Meeting, voting under the quorum and majority conditions applicable to ordinary general meetings, having heard the Executive Management's report on the Group's operations and situation, the

Supervisory Board's report and the Statutory Auditors' report for the year ended 31 December 2014, approves the consolidated financial statements as presented to it, namely the balance sheet, profit and loss statement and the notes appended thereto, as well as the transactions that they reflect or that are summarized in these reports.

Third resolution

Discharge of Executive Management

The General Meeting, voting under the quorum and majority conditions applicable to ordinary general

meetings, gives the Executive Management final discharge for its management during the year commencing on 1 January 2014 and ending on 31 December 2014.

Fourth resolution

Allocation of net income – Distribution of an ordinary dividend and of an exceptional dividend

The General Meeting, voting under the quorum and majority conditions applicable to ordinary general meetings, notes that net income for the year

amounted to €587,686,981.05 and retained earnings of €1,015,070,737.34, and having duly noted that the legal reserve has been reached in its entirety, approves the allocation of these sums totalling €1,602,757,718.39 as distributable profits, as proposed by the Supervisory Board:

Resolutions submitted to the Combined General Meeting of 2 June 2015

- ◆ to the reserve for purchasing original works of art: €283,309.03
- ◆ to the Active Partner, pursuant to Article 26 of the articles of association: €3,937,502.77
- ◆ to shareholders, an “ordinary” dividend of €2.95 per share (1), totalling: €311,429,765.40
- ◆ to shareholders, an “extraordinary” dividend of €5.00 per share (1), totalling: €527,847,060.00
- ◆ to the other reserves, the sum of: €100,000,000.00
- ◆ to retained earnings, the balance of: €659,260,081.19
- ◆ **Total amount appropriated:** . . . €1,602,757,718.39

(1) The total amount of the distribution indicated in the above table is calculated on the basis of the number of shares comprising the capital on 31 December 2014, i.e. 105,569,412 shares, and could change if the number of shares entitled to dividends changes between 1 January 2015 and the dividend detachment date, notably according to the evolution of the number of treasury shares and of the final allotments of free shares.

The General Meeting decides that the balance of the ordinary dividend for the financial year (an interim dividend of €1.50 per share having been paid on 5 March 2015), i.e. €1.45, to which an exceptional dividend of €5.00 per share is added, making a total of €6.45 per share, will be detached from the shares on 4 June 2015 and paid in cash on 8 June 2015 based on closing positions on the evening of 5 June 2015.

As Hermès International is not entitled to receive dividends for shares held in treasury, the corresponding

sums will be transferred to retained earnings on the date the dividend becomes payable.

In accordance with Article 243 bis of the French Tax Code, it is stipulated that, for natural person shareholders liable for income tax in France, this entire dividend will be taken into account ipso jure for the determination of their overall income subject to the income tax schedule, and will be eligible for the 40% allowance as provided by Article 158-3 of the General Tax Code.

It is further recalled that, in compliance with article 119 bis of the French Tax Code, the dividend distributed to shareholders not liable for income tax in France is subject to a withholding at the source, at a rate determined according to the country of the shareholder's address for tax purposes.

In accordance with the provisions of Article 47 of Law No. 65-566 of 12 July 1965, the General Meeting duly notes that dividends distributed to the shareholders in respect of the three previous financial years were as follows:

In euros			
Financial year	2013	2012	2011
Ordinary dividend	2.70	2.50	2.00
Exceptional dividend	–	5.00	–
Amount eligible for tax allowance pursuant to Article 158-3 of the French Tax Code	1.08	1.00	2.80

Fifth resolution

Approval of related-party agreements and commitments

The General Meeting, voting under the quorum and majority conditions required for ordinary general meetings, having heard the Statutory Auditors' special report on related-party agreements and commitments

covered by the combined provisions of Articles L 226-10 and Articles L 225-38 through L 225-43 of the Commercial code, approves this report and all of its provisions, as well as the agreements, commitments and transactions entered into or performed during the financial year 2014.

Sixth resolution

Re-election of Mr. Matthieu Dumas as Supervisory Board member for a term of three years

On the recommendation of the Active Partner, the General Meeting, voting under the quorum and majority conditions applicable to ordinary general meetings, re-elects as a member of the Supervisory board

Mr. Matthieu Dumas.

Pursuant to Article 18.2 of the articles of association, his 3-year term of office will expire at the end of the Annual General Meeting convened to vote on the financial statements for the year ended 31 December 2017.

Mr. Matthieu Dumas has indicated that he is prepared to accept this appointment and that he is not legally prohibited from doing so in any manner whatsoever.

Seventh resolution

Re-election of Mr. Blaise Guerrand as Supervisory Board member for a term of three years

On the recommendation of the Active Partner, the General Meeting, voting under the quorum and majority conditions applicable to ordinary general meetings, re-elects as a member of the Supervisory board

Mr. Blaise Guerrand.

Pursuant to Article 18.2 of the articles of association, his 3-year term of office will expire at the end of the Annual General Meeting convened to vote on the financial statements for the year ended 31 December 2017.

Mr. Blaise Guerrand has indicated that he is prepared to accept this appointment and that he is not legally prohibited from doing so in any manner whatsoever.

Eighth resolution

Re-election of Mr. Robert Peugeot as Supervisory Board member for a term of three years

On the recommendation of the Active Partner, the General Meeting, voting under the quorum and majority conditions applicable to ordinary general meetings, re-elects as a member of the Supervisory board

Mr. Robert Peugeot.

Pursuant to Article 18.2 of the articles of association, his 3-year term of office will expire at the end of the Annual General Meeting convened to vote on the financial statements for the year ended 31 December 2017.

Mr. Robert Peugeot has indicated that he is prepared to accept this appointment and that he is not legally prohibited from doing so in any manner whatsoever.

Ninth resolution

Opinion on the compensation elements owed or allocated in respect of the year ended 31 December 2014, to Mr. Axel Dumas, Executive Chairman of the Company

The General Meeting, consulted in application of the recommendation in § 24.3 of the AFEF/MEDEF corporate governance code of June 2013, that constitutes the company's reference code in application of Article

L 225-37 of the Commercial code, voting under the quorum and majority conditions applicable to ordinary general meetings, provides a favourable opinion on the compensation elements owed or allocated, in respect of the year ended 31 December 2014, to Mr. Axel Dumas in his capacity as Executive Chairman, as presented in the description of the reasons for the proposed resolutions.

Tenth resolution

Opinion on the compensation elements owed or allocated in respect of the year ended 31 December 2014, to the company Émile Hermès SARL, Executive Chairman of the Company

The General Meeting, consulted in application of the recommendation in § 24.3 of the AFEF/MEDEF corporate governance code of June 2013, that constitutes the company's reference code in application of Article

L 225-37 of the Commercial code, voting under the quorum and majority conditions applicable to ordinary general meetings, provides a favourable opinion on the compensation elements owed or allocated, in respect of the year ended 31 December 2014, to the company Émile Hermès SARL in its capacity as Executive Chairman, as presented in the description of the reasons for the proposed resolutions.

Eleventh resolution

Authorisation to the Executive Management to trade in the Company's shares

The General Meeting, acting under the quorum and majority requirements applicable to ordinary general meetings, having reviewed the Executive Management's Report:

1) authorises the Executive Management, with the option of sub-delegating such authority under the terms set by law, in accordance with the provisions of Articles L 225-209 and seq. of the Commercial code, to arrange for the Company to buy back its own shares, within the limitations stipulated by the applicable laws and regulations, subject to the following restrictions:

- the number of shares held by the Company during the term of the buyback programme shall not exceed 10% of the total number of Company shares, at any time; this percentage shall apply to share capital adjusted as a function of transactions that will affect it subsequent

to this General Meeting; in accordance with the provisions of Article L 225-209 of the Commercial code, the number of shares used as a basis for calculating the 10% limit is the number of shares bought, less the number of shares sold during the term of the authorisation if the shares are purchased to provide liquidity under the conditions defined by the AMF General Regulation; and

- the Company shall not at any time own more than 10% of its own shares on the date in question.

2) Decides that the shares may be bought with a view to:

- ensuring the liquidity of the secondary market or of the shares by an investment services provider acting entirely independently under a liquidity contract that complies with a code of conduct recognised by the Financial Markets Authority (AMF);
- cancelling all or part of the shares purchased in this manner, in order to increase the return on equity and earnings per share, and/or to neutralize the dilutive

impact of capital increases for shareholders, wherein such purpose is contingent upon adoption of a special resolution by the extraordinary General Meeting;

– retaining the shares, in order subsequently to transfer the shares in payment, in exchange or as other consideration for a takeover bid initiated by the Company, it being specified that the number of shares purchased by the Company in view of retaining them and subsequently delivering them in payment or exchange under the terms of a merger, demerger or partial merger shall not exceed 5% of the share capital;

– allotting or assigning the shares to employees and corporate executive officers of the Company or an affiliated company, under the terms and conditions stipulated by law, as part of share purchase option plans (in accordance with Articles L 225-179 and seq. of the Commercial code), or free share distributions (in accordance with Articles L 225-197-1 et seq. of the Commercial code), or as part of the Company's employee profit sharing schemes or of an employee share ownership or of a company or group savings plan (or any similar plan) under the conditions stipulated by law, notably in articles L 3332-1 et seq of the Labour Code;

– delivering the shares for the exercise of rights attached to securities entitling the holders to an allotment of Company shares, by conversion, exercise, redemption, exchange, presentation of a warrant or by any other means.

This programme will also be intended to enable the Company to trade in its own shares for all other purposes that are or may in the future be authorised by the applicable laws or regulations, notably any market practice that would be accepted by the Financial Markets Authority (AMF) after the date of this General meeting. In such case, the Company would inform its shareholders by publishing a special notice;

3) Decides that, save for shares purchased in order to deliver them under share purchase plans for the Company's employees or corporate executive officers, that the purchase price per share shall be no higher than five hundred euros (€500), excluding incidental expenses;

4) Resolves, however, that the Executive Management may adjust the aforesaid purchase price in the event of a change in the par value per share, a capital increase by capitalisation of reserves, a free share distribution, a stock split or reverse split, a write-off or reduction of the share capital, distribution of reserves or other assets, and any other transactions applying to shareholders'

equity, to take into account the effect of such transactions on the value of the shares;

5) Decides that the maximum amount of funds that may be committed to this share buyback programme shall be eight hundred fifty million euros (€850,000,000);

6) Decides that the shares may be purchased by any means, including partially or entirely by purchase on the regulated markets, multilateral trading systems, from systematic internalisers or over-the-counter, including by block purchase (without limiting the portion of the buyback programme that can be performed using this means), off-market purchase, public offerings to buy or exchange shares, or by the use of options or derivatives (in accordance with the then applicable laws and regulations and excluding the sale of puts), at such times as the Executive Management shall deem appropriate, including times of public offerings involving the company's shares, in compliance with stock market regulations, whether directly or indirectly through an investment services provider. The shares acquired pursuant to this authorisation may be retained, sold, or, more generally, transferred by any means, including by block sales and during times of public offerings;

7) Confers all powers on the Executive Management for the purposes of this authorisation, and in particular:

– to decide upon and effect all transactions anticipated by this authorisation; to determine the terms, conditions and procedures applicable thereto;

– to place all orders, either on or off market;

– to adjust the purchase price of the shares to take into account the effect of the aforesaid transactions on the value of the shares;

– to allocate or reallocate the acquired shares to the various objectives pursued under the applicable legal and regulatory conditions;

– to enter into all agreements, in particular for purposes of maintaining the stock transfer ledgers;

– to file all necessary reports with the Financial Markets Authority (AMF) and any other relevant authority;

– to undertake all necessary formalities, and

– in general, to do whatever is necessary;

8) Decides that this authorisation is granted for a period of eighteen months from the date of this Meeting, and that it supersedes the authorisation granted under the fourteenth resolution adopted by the Combined General Meeting of 3 June 2014 and cancels the unused portion of that authorisation.

II - EXTRAORDINARY BUSINESS

Twelfth resolution

Modification of article 24.2 of the articles of association in order to bring it into compliance with article R 225-85 of the Commercial code resulting from decree n° 2014-1466 of 8 December 2014 that modified the method for determining the “record date” for participation in general meetings

The General Meeting, voting under the quorum and majority requirements applicable to extraordinary general meetings, and having reviewed the Executive Management’s report and the Supervisory Board’s report, decides to amend Article 24.2 of the articles of association in the following way:

“24 – GENERAL MEETING OF SHAREHOLDERS”

– Paragraph 24.2 shall henceforth read (added words are underlined and in bold characters, deleted words are struck):

“24.2 - The right to participate in General Meetings is subordinated to **account registration** ~~registered shares being entered in the Company’s register or bearer shares being registered in a securities account opened with an authorised financial intermediary, no later than **two three** business days before the date of the meeting before 12 AM (midnight), Paris time. Shareholders owning bearer shares must obtain an admittance certificate from the authorised financial intermediary evidencing the registration of their shares, which is attached to the postal vote or proxy form. All shareholders may cast their votes remotely or by proxy, under the conditions set forth in the applicable regulations. Furthermore, on the Executive Management’s decision, shareholders may vote by any telecommunication~~

*or remote transmission means, in accordance with the regulations applicable at the time of the decision. This option shall be indicated in the notice of meeting published in the Bulletin des annonces légales obligatoires (BALO). Votes cast by Shareholders using the electronic ballot form provided on the website created by the meeting coordinator for this purpose are counted in the same way as votes cast by Shareholders present or represented. The electronic ballot may be completed and signed directly on this site by any procedure approved by Executive Management and that complies with the conditions defined by Article L 1316-4 of the Code Civil, in the first sentence of Paragraph 2 (that is, by using a reliable identification procedure that guarantees that the signature is linked to the form), which may consist, inter alia of a login name and a password. Any proxies given or votes cast via this electronic means before the General Meeting, and the acknowledgements of receipt sent in response, will be deemed to be irrevocable instructions that are enforceable in every way, it being specified that in the event that shares are sold before the **second** ~~third~~ business day preceding the Meeting, at 12 AM (midnight), Paris time, the Company will void or amend any proxy or voting instructions sent before that date accordingly. Persons invited by the Executive Management or by the Chairman of the Supervisory Board may also attend General Meetings. The Active Partners may attend General Meetings of Shareholders. Active Partners that are legal entities are represented by a legal representative or by any person, Shareholder or otherwise, designated thereby.”*

Thirteenth resolution

Authorisation to the Executive Management in order to reduce the capital by means of cancelling all or some of the Company's treasury shares (Article L 225-209 of the Commercial code) - General share cancellation programme

The General Meeting, acting under the quorum and majority conditions required for extraordinary general meetings, having reviewed the Executive Management's report, the Supervisory Board's report and the Statutory Auditors' special report, and in accordance with Article L 225-209 of the Commercial code, hereby authorises the Executive Management to reduce the share capital, on one or more occasions, in the proportions and at the times that it decides, by cancelling some or all of the shares held or acquired by the Company in connection with the share buyback programme for its own shares covered by the eleventh resolution submitted to this Meeting and/or pursuant to any authorisation granted by a past or future general meeting, on one or more

occasions, up to a maximum of 10% of the share capital per period of twenty-four months.

The General Meeting delegates to the Executive Management full powers for purposes of this authorisation, and in particular:

- to allocate the difference between the purchase price and the par value of the cancelled shares to whichever reserve account it sees fit, and to record the reductions in share capital resulting from the cancellation operations authorised by this resolution;
 - to amend the Company's articles of association accordingly, and to undertake all necessary formalities.
- This authorisation is granted to the Executive Management for a period of twenty-four months. It supersedes the authorisation granted under the fifteenth resolution adopted by the Combined General Meeting of 3 June 2014 and cancels the unused portion of that authorisation.

Fourteenth resolution

Authorisation to the Executive Management to grant share purchase options

The General Meeting, acting under the quorum and majority requirements applicable to extraordinary general meetings, having reviewed the Executive Management's report, the Statutory Auditors' special report and the Supervisory Board's report:

1) decides to authorise the Executive Management, in accordance with articles L 225-177 to L 225-186-1 of the Commercial code, to allot, up to the limits set by the applicable legislation:

- on one or more occasions;
- to all or some employees and corporate executive officers of Hermès International and companies or groups affiliated therewith under the conditions covered by Article L 225-180 of the Commercial code, options providing the right to buy Hermès International shares that the Company has acquired under statutory conditions;

2) confirms that in accordance with article L 233-32 of the Commercial code, this delegation can be

implemented during a period of a public offer involving the Company's shares.

The Executive Management may use this authorisation, at such time or times as it may deem appropriate, for a period of thirty-eight months as from the date of this meeting.

The total number of options that may be granted under this authorisation shall not be such that the total number of options granted pursuant to this resolution and the total number of free shares distributed pursuant to the fifteenth resolution would amount to more than 2% of the total number of Company ordinary shares, without consideration for those already allocated by virtue of the previous authorisations.

The options may be exercised by the beneficiaries within a maximum of seven years as from the option grant date. The purchase price of the shares shall be set by the Executive Management, within the limits and in accordance with the conditions stipulated in paragraph 4 of Articles L 225-177 and sub-paragraph 2 of L 225-179 of the Commercial code; it shall be equal at least to

the average quoted share price on the Euronext Paris regulated market during the 20 trading days preceding the option grant date, without being less than 80% of the average stock purchase price of the shares held by the Company as purchases carried out under the conditions listed in articles L.225-208 and L.225-209 of the said Code.

The General Meeting grants the broadest of powers to the Executive Management, acting within the limits set forth above, for purposes of this resolution, and in particular:

- ◆ to determine the terms and conditions of the transaction, in particular the conditions under which the options will be granted, the time(s) at which the options may be allotted and exercised, the list of beneficiaries of the options and the number of shares that each beneficiary may acquire;
- ◆ to determine the conditions for exercising the options;
- ◆ to stipulate any lock-up period for the shares resulting from the exercise of the options and/or period during which such shares cannot be converted to bearer shares, it being specified that such lock-up period shall not exceed three years from the option exercise date;
- ◆ to provide for the possibility of temporarily suspending the exercise of options for a maximum of three months in the event of a financial transaction entailing the exercise of a right attached to the shares.

In the event that free shares are granted to one or more Executive Chairmen:

- ◆ decides that the Executive Management shall ascertain that the Company fulfils one or more of the conditions stipulated in Article L 225-186-1 of the Commercial code, and shall take every necessary measure in this respect;
- ◆ decides that the Supervisory Board shall ensure that the relevant Executive Chairman or Chairmen may not

exercise their options until after they have left office, or that it shall set a number of shares resulting from the exercise of options that they must hold in registered form until after they have left office.

◆ decides that, in accordance with the AFEP/ MEDEF Code of Corporate Governance of June 2013, as applied by the Company:

- the granted options shall be contingent upon meeting serious and demanding performance criteria over the course of several consecutive years, that will be defined at the time of the grant,
- the maximum percentage of shares that can be provided by the purchase options granted to the Executive Chairmen under this resolution will be 0.05% of the issued capital on the date of the granting decision by the Executive Management, with this cap being applied against the 2% cap common to the delegations listed in the fourteenth and fifteenth resolutions.

If, during the period in which the options were granted, the Company undertakes one of the operations listed in article L 225-181 or article R 225-138 of the Commercial code, the Company can carry out, under the regulatory conditions and in order to account for the impact of this operation, the measures needed in order to protect the interests of the beneficiaries, and including, if relevant, an adjustment of the number and price of the shares that can be obtained through the exercise of the options granted to the beneficiaries.

Each year, the Executive Management shall report to the Ordinary General Meeting on the operations carried out pursuant to this authority.

This authorisation supersedes the authorisation granted under the sixteenth resolution adopted by the Combined General Meeting of 3 June 2014 and cancels the unused portion of that authorisation.

Fifteenth resolution

Authorisation to the Executive Management so as to carry out allotments of existing ordinary shares of the Company for no consideration.

The General Meeting, acting under the quorum and majority requirements applicable to extraordinary general meetings, having reviewed the Executive Management's report, the Statutory Auditors' report and the

Supervisory Board's report, and in accordance with the provisions of Article L 225-197-1 et seq. of the Commercial code:

- 1) Authorises the Executive Management to grant free shares to some or all employees and/or corporate executive officers of the Company or in affiliated companies or groups under the conditions set out in Article

L 225-197-2 of the Commercial code, by allotting existing ordinary shares of the Company for no consideration. The existing shares that may be distributed pursuant to this resolution must have been purchased by the Company either in accordance with Article L 225-208 of the Commercial code, or as part of the share buy-back programme authorised by the eleventh resolution submitted to this Meeting under the terms of Article L 225-209 of the Commercial code or any share buyback programme applicable previously or in the future;

2) Decides that the Executive Management shall determine the identity of the beneficiaries or the categories of beneficiaries of the free shares as well as the conditions and any criteria applying to distribution of the shares;

3) Decides that the Executive Management shall determine the dates on which the free shares will be distributed, within the conditions and limitations stipulated by law;

4) Decides that the total number of ordinary shares distributed for no consideration under the terms of this authorisation shall not be such that the total number of free shares distributed pursuant to this resolution, and the total number of shares that could be obtained as a result of the share purchase options granted by virtue of the fourteenth resolution and not yet exercised, amounts to more than 2% of the total number of Company ordinary shares as of the free share allotment date, not including those already conferred under authorisations granted by previous General Meetings;

5) Decides that the Executive Management shall determine, for each allotment, the vesting period at the end of which the ordinary shares shall be fully vested, wherein this period shall not be less than two years, unless new provisions of the law reducing the minimum vesting period were to be enacted, in which case the Executive Management would be authorised to reduce the said vesting period; however, in the event of the beneficiary's death, his or her heirs may request that the shares be distributed within six months after the date of death; furthermore, the shares will be distributed before the end of the vesting period in the event that the beneficiary becomes disabled, providing that such disability is a Category 2 or Category 3 disability as defined by Article L 341-4 of the Social Security Code;

6) Decides that the Executive Management can, at the time of each allotment, determine a holding period for the shares by the beneficiaries, with this period that begins as of the final allotment of the ordinary shares not being shorter than a period of two years, unless new legal

provisions were to reduce the minimum holding period, with the Executive Management being authorised in this case to reduce and/or cancel the said holding period, under the conditions and within the limits anticipated in the law in effect on the date of the allotment decision; however, the shares shall be freely assignable in the event of the beneficiary's death, or should the beneficiary become disabled, providing that such disability is a Category 2 or Category 3 disability as defined by Article L 341-4 of the Social Security Code.

7) Authorises the Executive Management to determine any applicable conditions and criteria for distribution of the shares, including but not limited to the number of years of service, conditions with respect to maintaining employment or the term of office during the vesting period, and any other financial condition or condition relating to individual or collective performance;

8) Authorises the Executive Management to record the free shares allotted in a registered account in the name of their owner, showing any lock-up period over the full duration of such period;

9) Authorises the Executive Management to undertake, during the vesting period of the free shares, any adjustments needed to take into consideration the effect of transactions affecting the Company's share capital and, more specifically, to determine the conditions under which the number of ordinary shares granted will be adjusted;

10) confirms that in accordance with article L 233-32 of the Commercial code, this delegation can be implemented during a period of a public offer involving the Company's shares.

11) More generally, grants the broadest of powers to the Executive Management, with the option further to delegate such powers as provided by law, to enter into all agreements, to draw up all documents, to carry out all formalities, and to undertake all filings with all relevant organisations, and, in general, to do all that is necessary.

The period during which the Executive Management may use this authorisation, on one or more occasions, is thirty-eight months from the date of this meeting.

In the event that free shares are granted to one or more Executive Chairmen:

◆ decides that the Executive Management shall ascertain that the Company fulfils one or more of the conditions stipulated in Article L 225-197-6 of the Commercial

code, and shall take every necessary measure in this respect;

◆ decides that the Supervisory Board shall ascertain that the relevant Executive Chairman or Chairmen shall not sell the shares distributed until after they have left office, or shall set a number of such shares that they must retain in registered form until after they have left office;

◆ decides that, in accordance with the AFEP/ MEDEF Code of Corporate Governance of June 2013, as applied by the Company:

– the granted free shares shall be contingent upon meeting serious and demanding performance criteria over the course of several consecutive years, that will be defined at the time of the grant;

– the maximum percentage of free shares that can be allocated to the Executive Chairmen under this resolution will be 0.05%, with this cap being applied against 2% cap common to the delegations listed in the fourteenth and fifteenth resolutions.

Each year, the Executive Management will report to the General Meeting on the number of shares distributed pursuant to this resolution under the conditions provided by law, and more particularly, by Article L 225-197-4 of the Commercial code. This authorisation supersedes the authorisation granted under the seventeenth resolution adopted by the Combined General Meeting of 3 June 2014 and cancels the unused portion of that authorisation.

Sixteenth resolution

Delegation of authority to the Executive Management in order to increase the capital by capitalisation of reserves, profits and/or premiums and free share distribution and/or increase of the par value of existing shares.

The General Meeting, voting pursuant to articles L 225-129-2 and L 225-130 of the Commercial code, under the quorum and majority conditions required for extraordinary general meetings, having reviewed the Executive Management's report and the Supervisory Board report:

1) delegates to the Executive Management, under the control of the Supervisory Board and the Management Board of the company Émile Hermès SARL, Active Partner, the competence to increase the share capital on one or more occasions, at times and under provisions determined by it, through successive or simultaneous capitalisation of all or part of the reserves, profits, share, merger or contribution premiums, to carry out the creation and distribution of free shares or by increasing the par value of the existing shares or by the joint use of these two procedures;

2) decides that in case of a capital increase resulting in the distribution of new free shares, those of these shares allocated with regard to older shares having a double voting right will benefit from this right as of their issue;

3) delegates to the Executive Management the power to decide, in case of a capital increase resulting in the distribution of new free shares, that the rights resulting in share fractions will not be negotiable and that the corresponding shares will be sold; the amount resulting from the sale will be appropriated to the holders of the rights under the conditions of the legal and regulatory provisions;

4) in the event that the Executive Management makes use of this delegation of authority, delegates to the Executive Management the power to carry out all adjustments intended to take into account the incidence of transactions on the company capital, notably involving the modification of the par value of the shares, capital increase by capitalisation of reserves, free share distribution, split or grouping of securities, distribution of reserves or of any other assets, impairment of the capital, or any other transaction involving the shareholders equity, and to determine the provisions, as appropriate, intended to ensure the preservation of the rights of the holders of marketable securities giving access to equity;

5) decides that the nominal amount of the capital increases possibly carried out immediately and/or in the future as a result of this delegation cannot be more than 40% of the issued capital on the date of this meeting, with capital increases performed in compliance with this delegation not being applied against the cap indicated in paragraph 4 of the seventeenth resolution;

6) entrusts the Executive Management with the broadest possible powers for implementing this delegation, and notably to set the provisions and conditions for the operations and to determine the dates and provisions of the capital increases that will be performed under this delegation, to determine the issue conditions and/or amount by which the face value of existing shares will be increased, to set the subscription opening and closing dates, the possession dates, the provisions for paying up the shares, to determine the completion of the capital increases equal to the amount of the shares that have been actually subscribed and, more generally, to undertake all measures so as to ensure the correct completion thereof, to prepare the documents and formalities needed to ensure the definitive nature of the corresponding capital increase(s) and make the corresponding changes to the articles of association, to complete, directly or through an intermediary, all operations and formalities needed for the capital increases at its sole decision and, at its sole discretion, to apply the

expenses for the capital increases against the amount of the premiums relating to these increases and to draw, from this amount, the sums needed to increase the legal reserve to one 10th of the new capital after each increase;
 7) entrusts the Executive Management with all powers in order to request the admission to trading on a regulated market for the shares created as part of this resolution, wherever it recommends;
 8) confirms that, in accordance with article L 233-32 of the Commercial code, this delegation can be implemented during a period of a public offer involving the Company's shares;
 9) decides that this delegation entrusted to the Executive Management is valid for a period of twenty-six months from this meeting. This delegation cancels, for the remaining duration and for the unused fraction, and replaces the delegation provided by the Combined general meeting on 4 June 2013 in its fourteenth resolution.

Seventeenth resolution

Delegation of authority to be granted to the Executive Management in order to decide on the issue of shares and/or any other marketable securities giving access to equity while continuing the pre-emptive subscription right.

The General meeting, voting under the quorum and maturity conditions of an extraordinary general meeting, having reviewed the Executive Management's report, the Supervisory board report and the Statutory auditors' report, prepared in compliance with the law and pursuant to the provisions of articles L 225-129 to L 225-129-6, L 225-132 to L 225-134 and L 228-91 to L 228-93 of the Commercial code:

1) delegates to the Executive Management, under the control of the company's Supervisory board and of the Management board of the company Émile Hermès SARL, Active Partner, the competence to decide on a capital increase, on one or more occasions, in proportions and at times determined by it, whether in France or abroad and/or on the international market, either in euros or in any other currency or monetary unit established with reference to several currencies, while maintaining

the pre-emptive subscription right, by means of issuing, at no cost or in exchange for payment:
 a) new Company ordinary shares,
 b) marketable securities governed by articles L 228-91 et seq of the Commercial code, which are company equity securities providing access, immediately and/or in the future, to other company equity securities and/or that provide access to an allocation of the company's debt instruments, and/or
 c) marketable securities representing a public claim, governed or not by articles L 228-91 et seq of the Commercial code, that provide access or that could provide access to equity securities that would be issued by the company, with these marketable securities providing access, where relevant, to existing equity securities and/or company debt instruments;
 2) decides that the subscription of shares and other marketable securities indicated in paragraph 1) of this resolution can be carried out either in cash, or by set-off against liquid claim due by the Company, or by capitalisation of reserves, earnings or share premiums;
 3) decides that the face value of the capital increases likely to be carried out immediately and/or in the future

pursuant to this delegation cannot be greater than 40% of the issued capital on the date of this meeting (individual cap);

4) decides that the amount of the capital increases likely to be carried out immediately and/or in the future pursuant to the seventeenth (issue with continuation of the pre-emptive subscription right), eighteenth (issue with cancellation of the pre-emptive subscription right), nineteenth (capital increase reserved for members of a company or group savings plan), twentieth (issue by private investment) and twenty-first (issue in order to compensate for contributions in kind) resolutions cannot, for its part, be greater than 40% of the issued capital on the meeting date (common cap), or the equivalent of this amount in case of an issue in a foreign currency or in units of account set with reference to several currencies, to which amount will be added, if relevant, the face value of the additional shares having to be issued in order to maintain the rights of the holders of marketable securities providing rights to shares, in compliance with the legal and regulatory provisions or, if relevant, with the contractual provisions stipulating other adjustment cases;

5) decides that the maximum face value of the debt instruments likely to be issued immediately and/or in the future in accordance with this delegation cannot be greater than one billion euros (€1 billion) (individual cap), or the equivalent of this amount in case of an issue in a foreign currency or in units of account set with reference to several currencies, with this amount being increased, where relevant, by any redemption premium above the par amount;

6) decides that the maximum face value of the debt instruments likely to be issued pursuant to the seventeenth (issue with continuation of the pre-emptive subscription right), eighteenth (issue with cancellation of the pre-emptive subscription right), twentieth (issue by private investment) and twenty-first (issue in order to compensate for contributions in kind) resolutions cannot be greater than one billion euros (€1 billion) (common cap), with the option for the debt instruments to be issued in euros, foreign currencies or units of account set with reference to several currencies;

7) decides that, in case of a subscription offer, shareholders can exercise, under the conditions set down by law, their irreducible pre-emptive subscription right, bearing in mind that the Executive Management will have the right to provide the shareholders with a reducible

right to subscribe for a number of marketable securities in addition to the ones for which they could subscribe on an irreducible basis, in proportion with the subscription rights that they hold and, in any event, within the limits of their request;

8) decides that, if the subscriptions on an irreducible basis and, if relevant, on a reducible basis have not accounted for the entire issue of marketable securities, the Executive Management can, in the order that it considers advisable, use one and/or the other of the possibilities provided by the legal and regulatory provisions then in effect, including a public offering for all or some of the unsubscribed securities;

9) decides that the issues of company stock warrants in application of article L 228- 91 of the Commercial code can take place either through a subscription offer under the conditions indicated above, or by allocation of free shares to the owners of existing shares. For share warrant distribution, the Executive Management will have the right to decide that the allocation rights resulting in share fractions will not be negotiable and that the corresponding warrants will be sold, with the sums resulting from the sale being appropriated to the holders of the rights under the conditions of the legal and regulatory provisions applicable at the time;

10) determines and decides that, insofar as necessary and if relevant, the aforesaid delegation automatically includes, relative to the holders of marketable securities providing access to possibly issued company shares, a waiver by the shareholders of their pre-emptive subscription right to the shares that will be issued upon presentation of these marketable securities;

11) decides that the sum obtained or that will be obtained by the company for each of the shares issued as part of this delegation, after taking into account – in case of the issue of stand-alone warrants – the issue price of the said warrants, will in any event be at least equal to the face value of the share or the quota of the capital that it represents;

12) decides, with regard to marketable securities giving access to equity, having reviewed the Executive Management's report, that the subscription price for such securities will be determined by the Executive Management on the basis of the value of the company's shares as defined in paragraph 11 above;

13) entrusts the Executive Management with the broadest possible powers for implementing this delegation, notably for the purposes of:

- deciding and determining the dates and methods for the issues as well as the form and characteristics of the marketable securities that will be created, determining the issue conditions and prices, and determining the amounts to be issued,
- determining the possession date, with or without retroactive effect, of the shares being issued and, if relevant, the conditions for their buyback, and suspending, if relevant, the exercise of the rights to receive shares to be issued with a timeframe of no more than three months,
- determining the provisions that will ensure, if relevant, the preservation of the rights of the holders of marketable securities giving future access to the issued capital, in compliance with the legal and regulatory provisions,
- generally taking all useful steps, carrying out all necessary formalities and signing all agreements in order to bring about the successful completion of the planned issues, taking note of the capital increase(s) resulting from any issue carried out through the use of this delegation, and accordingly modifying the articles of association;

14) decides that in case of the issue of debt instruments, the Executive Management will have all powers to determine their characteristics and notably to decide if they are subordinate or not, to determine their interest rate, duration, fixed or variable redemption price with or

without a premium, the impairment provisions according to market conditions, the conditions under which these securities will provide rights to company shares and to modify, during the lifespan of the securities in question, the provisions indicated above in keeping with the applicable formalities;

15) decides that the Executive Management can also apply the issue costs for the shares and marketable securities against the amount of the premiums related to the capital increases, and draw from these premiums the amounts needed to increase the legal reserve to one tenth of the amount of the capital resulting from these increases;

16) entrusts the Executive Management with all powers in order to request the admission to trading on a regulated market for the shares created as part of this resolution, wherever it recommends;

17) confirms that, in accordance with article L 233-32 of the Commercial code, this delegation can be implemented during a period of a public offer involving the Company's shares;

18) decides that this delegation entrusted to the Executive Management is valid for a period of twenty-six months from this meeting. This delegation cancels, for the remaining duration and for the unused fraction, and replaces the delegation provided by the Combined general meeting on 4 June 2013 in its fifteenth resolution.

Eighteenth resolution

Delegation of authority to be granted to the Executive Management in order to decide on the issue of shares and/or any other marketable securities giving access to equity while cancelling the pre-emptive subscription right but with the possibility of establishing a priority timeframe, by public offering.

The General meeting, voting under the quorum and maturity conditions of an extraordinary general meeting, having reviewed the Executive Management's report, the Supervisory board report and the Statutory auditors' report, prepared in compliance with the law and pursuant to the provisions of articles L 225-129 to L 225-129-6, L 225-135, L 225-136, L 225-148 and L 228-91 to L 228-93 of the Commercial code:

1) delegates to the Executive Management, under the control of the company's Supervisory board and of the Management board of the company Émile Hermès SARL, Active Partner, the competence to decide on a capital increase while cancelling the pre-emptive subscription right and by public offer, on one or more occasions, in proportions and at times determined by it, whether in France or abroad and/or on the international market, either in euros or in any other currency or monetary unit established with reference to several currencies, by means of issuing, at no cost or in exchange for payment:

- a) new Company ordinary shares,
- b) marketable securities governed by articles L 228-91 and seq of the Commercial code that consist of company equity securities giving access, immediately and/

or in the future, to other company equity securities and/or giving a right to the allocation of company debt instruments, and/or c) of marketable securities representing a public claim governed or not by articles L 228-91 and seq of the Commercial code, that give or could give access to equity securities issued by the company, with these marketable securities possibly also providing, as relevant, access to existing equity securities and/or debt instruments of the company issued in application of article L 228-92 sub. 1 of the Commercial code free of charge or against payment and to be paid in cash or set-off against liquid claim due by the Company:

– consisting of equity securities giving access, immediately and/or in the future, to other equity securities or providing a right to the allotment of debt instruments, – or if they provide access to equity securities that are to be issued;

2) decides that the subscription of shares and other marketable securities indicated in paragraph 1) of this resolution can be carried out either in cash, or by set-off against liquid claim due by the Company;

3) decides that these issues can also be carried out:

– in order to compensate for securities provided to the company as part of a public offer procedure that includes an exchange component in compliance with the provisions of article L 225-148 of the Commercial code,

– after the issue, by one of the companies in which the company directly or indirectly holds, at the time of the issue, more than half of the issued capital, of marketable securities giving access to company shares or to the marketable securities indicated in b) and c) of paragraph 1 above, under the conditions contained in article L 228-93 of the Commercial code. The issue by the said companies of the aforesaid marketable securities will automatically include, for the benefit of the holders of these marketable securities, a waiver by the company's shareholders of their pre-emptive subscription right to the ordinary shares or marketable securities indicated in b) and c) of paragraph 1 above, to which the marketable securities issued in this manner by the companies would provide access, and to the shares to be issued by the company and to which the marketable securities indicated in b) and c) above would provide access;

4) decides to cancel, as part of this delegation, the pre-emptive subscription right of the shareholders to the marketable securities that will be issued, with the

understanding that the Management can provide the shareholders with a priority subscription right to all or part of the issue, during the timeframe and under the conditions that it determines in keeping with the legal and regulatory provisions. This priority subscription will not result in the creation of negotiable rights, but can, if the Management considers this advisable, be exercised on an irreducible or reducible basis. Any securities not subscribed by means of this right can be subject to public investment;

5) decides that the nominal amount of the capital increases possibly carried out immediately and/or in the future pursuant to this delegation, cannot be greater than 40% of the issued capital on the date of this meeting, with the capital increases carried out in compliance with this delegation being applied against the cap indicated in paragraph 4 of the seventeenth resolution, or the equivalent of this amount in case of issue in foreign currency or in units of account determined with reference to several currencies, with this amount being increased, if relevant, by the nominal amount of the additional shares having to be issued in order to maintain the rights of the holders of marketable securities that provide access to shares, in compliance with the legal and regulatory provisions or, as relevant, with the contractual provisions resulting in other adjustment cases;

6) further decides that the maximum face value of the debt instruments likely to be issued pursuant to this delegation cannot be greater than one billion euros (€1 billion) (individual cap), or the equivalent of this amount in case of issue in a foreign currency or in units of accounts that with reference to several currencies, with this amount being increased, as relevant, by any redemption premium above the par amount, and the amount of the issues carried out in compliance with this delegation being applied against the common cap indicated in paragraph 6 of the seventeenth resolution, with the option for the debt instruments to be issued in euros, foreign currencies or units of accounts set with reference to several currencies;

7) determines and decides that, insofar as necessary and if relevant, the aforesaid delegation automatically includes, relative to the holders of marketable securities providing access to possibly issued company shares, a waiver by the shareholders of their pre-emptive subscription right to the shares that will be issued upon presentation of these marketable securities;

8) decides that, in case of an immediate or future issue of shares, (i) the issue price for each of the shares issued pursuant to this delegation will at least be equal to the minimum amount required by the laws and regulations in effect at the time of the delegation's usage (currently, the weighted average of the prices of the last three Market sessions on the Euronext Paris regulated market prior to the setting of the subscription price for the capital increase, possibly decreased by a maximum discount of 5%), and that (ii) the issue price of marketable securities giving access to equity will be such that the sum immediately collected by the company, increased if relevant by the sum likely to be collected by it at a later time, will be at least equal, for each share issued subsequent to the issue of these other marketable securities, to the minimum issue price defined in sub-paragraph (i) above;

9) decides that if the subscriptions by shareholders and the public have not accounted for an entire issue of marketable securities, the Executive Management can use, in the order that it determines, one or the other of the following possibilities:

- limiting the issue to the amount of the subscriptions under the conditions set down by the law in effect at the time of this delegation's usage;

- freely distributing all or part of the unsubscribed securities between the persons of its choosing;

10) entrusts the Executive Management with the broadest possible powers for implementing this delegation, notably for the purposes of:

- deciding and determining the dates and methods for the issues as well as the form and characteristics of the marketable securities that will be created, determining the issue conditions and prices, and determining the amounts to be issued,

- determining the possession date, with or without retroactive effect, of the shares being issued and, if relevant, the conditions for their redemption, and suspending, if relevant, the exercise of the rights to receive shares to be issued with a timeframe of no more than three months,

- in case of the issue of marketable securities intended to compensate for securities provided as part of a public offer with an exchange component (French acronym: OPE), determining the list of marketable securities likely to be provided as exchange, setting the issue conditions, the exchange parity and, as relevant, the amount

of the cash bonus to be paid but without the price determination provisions of paragraph 8 of this resolution having to apply, and determining the provisions for the issue within the framework of an OPE or all of an alternative purchase or exchange offer, or of a single offer proposing the purchase or exchange of the aforesaid securities against a payment in securities or in cash, or of a takeover bid (French acronym: OPA) or exchange offer as the principal offer, including alternatively an OPE or OPA, or of any other form of public offering that complies with the laws and regulations applicable to the said public offering,

- determining the provisions that will ensure, if relevant, the preservation of the rights of the holders of marketable securities giving future access to the issued capital, in compliance with the legal and regulatory provisions,
- generally taking all useful steps, carrying out all necessary formalities, signing all agreements in order to bring about the successful completion of the planned issues, taking note of the capital increase(s) resulting from any issue carried out through the use of this delegation, and accordingly modifying the articles of association;

11) decides that in case of the issue of debt instruments, the Executive Management will have all powers to determine their characteristics and notably to decide if they are subordinate or not, to determine their interest rate, duration, fixed or variable redemption price with or without a premium, the impairment provisions according to market conditions, the conditions under which these securities will provide rights to company shares and to modify, during the lifespan of the securities in question, the provisions indicated above in keeping with the applicable formalities;

12) decides that the Executive Management can also apply the issue costs for the shares and marketable securities against the amount of the premiums related to the capital increases, and draw from these premiums the amounts needed to increase the legal reserve to one tenth of the amount of the capital resulting from these increases;

13) entrusts the Executive Management with all powers in order to request the admission to trading on a regulated market for the shares created as part of this resolution, wherever it recommends;

14) confirms that, in accordance with article L 233-32 of the Commercial code, this delegation can be

implemented during a period of a public offer involving the Company's shares;

15) decides that this delegation entrusted to the Executive Management is valid for a period of twenty-six

months from this meeting. This delegation cancels, for the remaining duration and for the unused fraction, and replaces the delegation provided by the Combined general meeting on 4 June 2013 in its sixteenth resolution.

Nineteenth resolution

Delegation of authority to be granted to the Executive Management in order to decide on the increase of the issued capital by issuing of shares and/or any other marketable securities giving access to equity, reserved for the members of a company or group savings plan, while continuing the pre-emptive subscription right.

The General Meeting, voting under the quorum and majority conditions of an extraordinary general meeting, having reviewed the Executive Management's report and the Statutory auditors' special report, in compliance with the legal provisions, and notably with articles L 225-129 to L 225-129-6 and L 225-138-1 of the Commercial code and L 3332-1 and seq of the Code du Travail:

- delegates to the Executive Management the competence to decide to increase the issued capital on one or more occasions and solely on the basis of its decisions, if relevant in separate tranches, within the limit of one percent (1%) of the issued capital on the date of this Meeting (without considering the consequences on the capital amount of adjustments made in order to protect the holders of rights attached to marketable securities giving access to equity), through the issue of shares or marketable securities giving access to the company capital that are reserved for members of one or more company or group savings plans that might be set up within the group consisting of the company and the French or foreign companies related to it under the conditions of article L. 225-180 of the Commercial code and of article L 3344-1 of the Labour Code;
- decides that the amount of the capital increases resulting from this delegation will be applied against the common cap indicated in paragraph 4 of the seventeenth resolution;
- decides that this delegation results in the cancellation of the pre-emptive subscription right of the shareholders for the benefit of the said company or group savings plan members, relative to the equity securities and

marketable securities issued pursuant to this resolution, and in a waiver of their pre-emptive subscription right to the shares to which the marketable securities issued on the basis of this delegation could provide a right;

- decides, in application of article L 3332-19 of the Labour Code, to set a discount of 20% of the average of the listed prices of the company's shares on the Euronext Paris regulated market during the 20 Market sessions preceding the day of the decision determining the opening date of the subscriptions. However, the Meeting authorises the Executive Management to replace all or part of the discount with the free share distribution or marketable securities providing access to the company capital, to reduce or not grant a discount, and to do so within the legal or regulatory limits;
- decides that the Management can, using the authorisation provided in the fifteenth resolution, and within the limits established by article L 3332-21 of the Labour Code, carry out the allocation of free shares or marketable securities giving access to the company capital as part of the matching contribution;
- confirms that, in accordance with article L 233-32 of the Commercial code, this delegation can be implemented during a period of a public offer involving the Company's shares;
- decides that this authorisation will be valid for 26 months as of the this date;
- grants the broadest possible powers to the Executive Management, with the right to subdelegate, in order to implement this delegation and notably:
 - ◆ to determine all of the conditions and provisions for the future operation(s),
 - ◆ to determine the conditions and provisions for the issues performed pursuant to this authorisation, notably deciding on the amounts proposed for subscription, determining, under the legal conditions, the list of companies whose company savings plan members can subscribe for the issued shares or marketable securities giving access to equity, deciding that the

subscriptions can be carried out directly or through company mutual funds or other structures or entities allowed by the applicable legal or regulatory provisions, determining the conditions, notably with regard to seniority, that will have to be met by the beneficiaries of the capital increase, determining the issue prices, dates, timeframes, provisions and conditions for the subscription, payment, delivery and possession of the shares or marketable securities giving access to the company equity,

◆ in case of the allocation of free shares or marketable securities giving access to equity, to determine the number of issued shares or marketable securities giving access to equity, the number to be allocated to each beneficiary, and to determine the dates, timeframes, provisions and conditions for the allocation of these shares or marketable securities giving access to equity, within the applicable legal and regulatory provisions, and notably to choose to totally or partially replace the allocation of these shares or marketable securities giving access

to equity with the discounts indicated above, or to apply the equivalent of these shares against the total amount of the matching contribution, or to combine these two possibilities;

◆ to charge, based solely on these decisions and after each capital increase, the expenses for the capital increases against the amount of the related premiums and to draw from this amount any sums necessary in order to increase the legal reserve to one tenth of the new capital,

◆ to carry out all actions and formalities needed in order to bring about and take note of the capital increase(s) performed pursuant to this authorisation, to notably modify the articles of association accordingly and, more generally, to do whatever is necessary.

This delegation cancels, for the remaining duration, and replaces the authorisation provided by the Combined general meeting on 4 June 2013 in its seventeenth resolution.

Twentieth resolution

Delegation of authority to be granted to the Executive Management in order to decide on the issue of shares and/or any other marketable securities giving access to equity while cancelling the pre-emptive subscription, by private investment according to article L 411-2, II of the Monetary and Financial Code.

The General meeting, voting under the quorum and maturity conditions of an extraordinary general meeting, having reviewed the Executive Management's report, the Supervisory board report and the Statutory auditors' report, prepared in compliance with the law and pursuant to the provisions of articles L 225-129 to L 225-129-6, L 225-135, L 225-136, and L 228-91 to L 228-93 of the Commercial code:

1) delegates to the Executive Management, under the control of the company's Supervisory board and of the Management board of the company Émile Hermès SARL, Active Partner, the competence to decide on a capital increase while cancelling the pre-emptive subscription right and by public offer indicated in article L 411-2, II of the Monetary and Financial Code, on one or more occasions, in proportions and at times determined by it, whether in France or abroad and/or on the

international market, either in euros or in any other currency or monetary unit established with reference to several currencies, by means of issuing, at no cost or in exchange for payment:

- a) new Company ordinary shares,
- b) marketable securities governed by articles L 228-91 and seq of the Commercial code that consist of company equity securities giving access, immediately and/or in the future, to other company equity securities and/or giving a right to allocation of company debt instruments, and/or c) of marketable securities representing a public claim governed or not by articles L 228-91 and seq of the Commercial code, that give or could give access to equity securities issued by the company, with these marketable securities possibly also providing, as relevant, access to existing equity securities and/or debt instruments of the company;
- 2) decides that the subscription of shares and other marketable securities indicated in paragraph 1) of this resolution can be carried out either in cash, or by set-off against liquid claim due by the Company, or by capitalisation of reserves, earnings or share premiums;
- 3) decides that these issues can also be carried out:

– after the issue, by one of the companies in which the company directly or indirectly holds, at the time of the issue, more than half of the issued capital, of marketable securities giving access to company shares or to the marketable securities indicated in b) and c) of paragraph 1 above, under the conditions contained in article L 228-93 of the Commercial code. The issue by the said companies of the aforesaid marketable securities will automatically include, for the benefit of the holders of these marketable securities, a waiver by the company's shareholders of their pre-emptive subscription right to the ordinary shares or marketable securities indicated in b) and c) of paragraph 1 above, to which the marketable securities issued in this manner by the companies would provide access, and to the shares to be issued by the company and to which the marketable securities indicated in b) and c) above would provide access;

4) decides to terminate, as part of the delegation, the pre-emptive subscription right of the shareholders relative to the marketable securities that will be issued;

5) decides that the nominal amount of the capital increases possibly carried out immediately and/or in the future pursuant to this delegation, cannot be greater than the limit indicated in the regulations applicable on the issue date (currently 20% of the capital per year) (individual cap), with the capital increases carried out in compliance with this delegation being applied against the cap indicated in paragraph 4 of the fifteenth resolution, or the equivalent of this amount in case of issue in foreign currency or in units of account set with reference to several currencies, with this amount being increased, if relevant, by the nominal amount of the additional shares having to be issued in order to maintain the rights of the holders of marketable securities that provide access to shares, in compliance with the legal and regulatory provisions or, as relevant, with the contractual provisions resulting in other adjustment cases;

6) decides that the face value of the debt instruments likely to be issued pursuant to this delegation cannot be greater than one billion euros (€1,000 billion) (individual cap), or the equivalent of this amount in case of issue in a foreign currency or in units of accounts set with reference to several currencies, with this amount being increased, as relevant, by any redemption premium above the par amount, and the amount of the issues carried out in compliance with this delegation being applied against the common cap indicated in paragraph

6 of the seventeenth resolution, with the option for the debt instruments to be issued in euros, foreign currencies or units of accounts that with reference to several currencies;

7) determines and decides that, insofar as necessary and if relevant, the aforesaid delegation automatically includes, relative to the holders of marketable securities providing access to possibly issued company shares, a waiver by the shareholders of their pre-emptive subscription right to the shares that will be issued upon presentation of these marketable securities;

8) decides that, in case of an immediate or future issue of shares, (i) the issue price for each of the shares issued pursuant to this delegation will at least be equal to the minimum amount required by the laws and regulations in effect at the time of the delegation's usage (currently, the weighted average of the prices of the last three Market sessions on the Euronext Paris regulated market prior to the setting of the subscription price for the capital increase, possibly decreased by a maximum discount of 5%), and that (ii) the issue price of marketable securities giving access to equity will be such that the sum immediately collected by the company, increased if relevant by the sum likely to be collected by it at a later time, will be at least equal, for each share issued subsequent to the issue of these other marketable securities, to the minimum issue price defined in sub-paragraph (i) above;

9) decides that if the subscriptions have not accounted for an entire issue of marketable securities, the Executive Management can use, in the order that it determines, one or the other of the following possibilities:

– limiting the issue to the amount of the subscriptions under the conditions set down by the law in effect at the time of this delegation's usage;

– freely distributing all or part of the unsubscribed securities between the persons of its choosing;

10) entrusts the Executive Management with the broadest possible powers for implementing this delegation, notably for the purposes of:

– deciding and determining the dates and methods for the issues as well as the form and characteristics of the marketable securities that will be created, determining the issue conditions and prices, and determining the amounts to be issued,

- determining the possession date, with or without retroactive effect, of the shares being issued and, if relevant, the conditions for their buyback, and suspending,

if relevant, the exercise of the rights to receive shares to be issued with a timeframe of no more than three months,

– determining the provisions that will ensure, if relevant, the preservation of the rights of the holders of marketable securities giving future access to the issued capital, in compliance with the legal and regulatory provisions, – generally taking all useful steps, carrying out all necessary formalities, signing all agreements in order to bring about the successful completion of the planned issues, taking note of the capital increase(s) resulting from any issue carried out through the use of this delegation, and accordingly modifying the articles of association;

11) decides that in case of the issue of debt instruments, the Executive Management will have all powers to determine their characteristics and notably to decide if they are subordinate or not, to determine their interest rate, duration, fixed or variable redemption price with or without a premium, the impairment provisions according to market conditions, the conditions under which these securities will provide rights to company shares and to

modify, during the lifespan of the securities in question, the provisions indicated above in keeping with the applicable formalities;

12) decides that the Executive Management can also apply the issue costs for the shares and marketable securities against the amount of the premiums related to the capital increases, and draw from these premiums the amounts needed to increase the legal reserve to one tenth of the amount of the capital resulting from these increases;

13) entrusts the Executive Management with all powers in order to request the admission to trading on a regulated market for the shares created as part of this resolution, wherever it recommends;

14) confirms that, in accordance with article L 233-32 of the Commercial code, this delegation can be implemented during a period of a public offer involving the Company's shares;

15) decides that this delegation entrusted to the Executive Management is valid for a period of twenty-six months from this meeting.

Twenty-first resolution

Delegation of authority to be granted to the Executive Management in order to decide on the issue of shares and/or marketable securities giving access to equity, with cancellation of the pre-emptive subscription right, in order to compensate for contributions in kind granted to the company and involving equity securities or marketable securities giving access to equity.

The General Meeting, voting under the quorum and majority conditions of an extraordinary general meeting, having reviewed the Executive Management's report, the Supervisory board report and the Statutory auditors' report, prepared in compliance with the law and pursuant to the provisions of articles L 225-129-2 and seq, notably article L 225-147 of the Commercial code:

1) delegates to the Executive Management, under the control of the Company's Supervisory board and of the Management board of the company Émile Hermès SARL, Active Partner, the competence in order to carry out, based on a report from a contributions auditor, on one or more occasions, in the proportions and at

the times that it decides, both in France and abroad and/or on the international market, whether in euros or in any other currency or monetary unit set with reference to several currencies, in order to compensate for contributions in kind granted to the company and consisting of equity securities or marketable securities giving access to equity, when the provisions of article L 225-148 of the Commercial code are not applicable, to the issue of:

- a) new Company ordinary shares,
- b) marketable securities governed by articles L 228-91 and seq of the Commercial code that consist of company equity securities giving access, immediately and/or in the future, to other company equity securities and/or giving a right to allocation of company debt instruments, and/or c) of marketable securities representing a public claim governed or not by articles L 228-91 and seq of the Commercial code, that give or could give access to equity securities issued by the company, with these marketable securities possibly also providing, as relevant, access to existing equity securities and/or debt instruments of the company;

2) decides to terminate, as part of the delegation, the pre-emptive subscription right of the shareholders relative to the marketable securities that will be issued;

3) decides that the nominal amount of the capital increases possibly carried out immediately and/or in the future pursuant to this delegation, cannot be greater than 10% of the issued capital on the date of this meeting (individual cap), with the capital increases carried out in compliance with this delegation being applied against the common cap indicated in paragraph 4 of the seventeenth resolution, or the equivalent of this amount in case of issue in foreign currency or in units of account determined with reference to several currencies;

4) further decides that the maximum face value of the debt instruments likely to be issued pursuant to this delegation cannot be greater than one billion euros (€1 billion) (individual cap), or the equivalent of this amount in case of issue in a foreign currency or in units of accounts that with reference to several currencies, with this amount being increased, as relevant, by any redemption premium above the par amount, and the amount of the issues carried out in compliance with this delegation being applied against the common cap indicated in paragraph 6 of the seventeenth resolution, with the option for the debt instruments to be issued in euros, foreign currencies or units of accounts set with reference to several currencies;

5) determines and decides that, insofar as necessary and if relevant, the aforesaid delegation automatically includes, relative to the holders of marketable securities providing access to possibly issued company shares, a waiver by the shareholders of their pre-emptive subscription right to the shares that will be issued upon presentation of these marketable securities;

6) entrusts the Executive Management with the broadest possible powers for implementing this delegation, notably for the purposes of:

– deciding and determining the dates and provisions for the issues as well as the form and characteristics of the

marketable securities to be created in compensation for the contributions, ruling on the report from the statutory auditor(s), approving the contributions and, with regard to the said contributions, confirming their fulfilment, determining the conditions and prices for the issues, determining the amounts to be issued,

– determining the possession date, with or without retroactive effect, of the shares being issued in compensation of the contributions and, if relevant, the conditions for their buyback, and suspending, if relevant, the exercise date of the rights to receive shares to be issued with a timeframe of no more than three months,

– determining the provisions that will ensure, if relevant, the preservation of the rights of the holders of marketable securities giving future access to the issued capital, in compliance with the legal and regulatory provisions, – generally taking all useful steps, carrying out all necessary formalities, signing all agreements in order to bring about the successful completion of the planned issues, taking note of the capital increase(s) resulting from any issue carried out through the use of this delegation, and accordingly modifying the articles of association;

7) decides that the Executive Management can also apply the issue costs for the shares and marketable securities against the amount of the premiums related to the capital increases, and draw from these premiums the amounts needed to increase the legal reserve to one tenth of the amount of the capital resulting from these increases;

8) entrusts the Executive Management with all powers in order to request the admission to trading on a regulated market for the shares created as part of this resolution, wherever it recommends;

9) confirms that, in accordance with article L 233-32 of the Commercial code, this delegation can be implemented during a period of a public offer involving the Company's shares;

10) decides that this delegation entrusted to the Executive Management is valid for a period of twenty-six months from this meeting.

Twenty-second resolution

Powers of attorney

The General Meeting confers full powers on any bearer of an extract or copy of these minutes recording its

deliberations to carry out all legal publication or other formalities.

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Articles of association of Hermès International (commented)

(updated following the decisions of the Combined General Meeting of 3 June 2014)

Comments are indicated by a vertical line down the left margin.

1 - FORM

The Company is a *société en commandite par actions* (partnership limited by shares) between:

- ◆ its limited partners, and
- ◆ its Active Partner, Émile Hermès SARL, with registered offices located at 23 rue Boissy-d'Anglas in Paris (75008). The Company is governed by the laws and regulations applicable to partnerships limited by shares and by these articles of association.

The company was converted into a *société en commandite par actions* (partnership limited by shares) by a decision of the Extraordinary General Meeting held on 27 December 1990, in order to preserve its identity and culture and thus ensure its sustainability over the long term, in the interests of the Group and all shareholders.

The rules governing the operation of a *société en commandite par actions* are the following:

- the Active Partner or partners, who carry on the business, are jointly and severally liable for all the Company's debts, for an indefinite period of time;
- the limited partners (or Shareholders), who contribute capital, are liable in this capacity only up to the amount of their contribution;
- the same party maybe both an Active Partner and a Limited Partner;
- one or more Executive Chairmen, selected from among the Active Partners or from outside the Company, are chosen to manage the Company; the first Executive Chairman (or chairmen) is appointed by the articles of association;
- the Supervisory Board is appointed by the Ordinary General Meeting of Shareholders (Active Partners, even if they are also limited partners, cannot vote on their appointment). The first members of the Supervisory Board are appointed by the articles of association.

2 - SUBJECT

The Company's purpose, in France and in other countries, is:

- ◆ to acquire, hold, manage, and potentially sell direct or indirect equity interests in any legal entity engaged in the creation, production and/or sale of quality products and/or services, and, in particular, in companies belonging to the Hermès Group;
- ◆ to provide guidance to the Group it controls, in particular by providing technical assistance services in the legal, financial, corporate, and administrative areas;

- ◆ to develop, manage and defend all rights it holds to trademarks, patents, designs, models, and other intellectual or industrial property, and in this respect, to acquire, sell or license such rights;
- ◆ to participate in promoting the products and/or services distributed by the Hermès Group;
- ◆ to purchase, sell and manage all property and rights needed for the Hermès Group's business operations and/or for asset and cash management purposes; and
- ◆ more generally, to engage in any business transaction of any kind whatsoever in furtherance of the corporate purpose.

3 - CORPORATE NAME

The Company's name is "Hermès International".

4 - REGISTERED OFFICE

The Company's registered office is located at 24 rue du Faubourg-Saint-Honoré, 75008 Paris, France.

It may be transferred:

- ◆ to any other location in the same département, by a decision of the Executive Management, subject to ratification of such decision at the next Ordinary General Meeting; and
- ◆ to any other location, by a decision of the extraordinary General Meeting.

5 - DURATION

The Company will be dissolved automatically on 31 December 2090, unless it is dissolved previously or unless its duration is extended.

6 - SHARE CAPITAL - CONTRIBUTIONS

6.1 - The share capital is **€53,840,400.12**.

It is made up of **105,569,412** shares, all of them fully paid, which are apportioned among the Shareholders in proportion to their rights in the Company.

6.2 - The Active Partner, Émile Hermès SARL, has transferred its business know-how to the Company, in consideration for its share of the profits.

The par value of the shares is €0.51 each, after two three-for-one splits since the initial public offering, on 6 June 1997 and 10 June 2006.

7 - CAPITAL INCREASES AND REDUCTIONS

7.1 - The share capital can be increased either by the issue of ordinary shares or preference shares, or by increasing the par value of existing capital.

7.2 - The General Meeting, voting in accordance with the quorum and majority requirements stipulated by law, has the authority to decide to increase the share capital. It may delegate this authority to the Executive Management. The General Meeting that decides to effect a capital increase may also delegate the power to determine the terms and conditions of the issue to the Executive Management.

7.3 - In the event of a capital increase effected by capitalisation of sums in the share premium, reserve or retained earnings accounts, the shares created to evidence the relevant capital increase shall be distributed only among the existing Shareholders, in proportion to their rights to the share capital.

7.4 - In the event of a capital increase for cash, the existing share capital must first be fully paid up. The Shareholders have preferential subscription rights, which may be waived under the conditions stipulated by law.

7.5 - Any contributions in kind or stipulation of special advantages made at the time of a capital increase are subject to the approval and verification procedures applicable to such contributions and instituted by law.

7.6 - The extraordinary General Meeting of Shareholders, or the Executive Management when granted special authority for this purpose, and subject to protecting the rights of creditors, may also decide to reduce the share capital. In no event shall such a capital reduction infringe upon the principle of equal treatment of Shareholders.

7.7 - The Executive Management has all powers to amend the articles of association as a result of a capital increase or reduction and to undertake all formalities in connection therewith.

8 - PAYMENT OF THE SHARES

8.1 - Payment in consideration for newly created shares may be made in cash, including by set-off against liquid claims due by the Company, by contributions in kind, by capitalisation of reserves, earnings or share premiums, or as the result of a merger or demerger.

8.2 - Within the framework of resolutions adopted by the General Meeting, the Executive Chairman calls the funds required to pay for the shares.

Any late payment of amounts due for the shares shall automatically bear interest payable to the Company at the legal interest rate plus three percentage points, and no legal action or formal notice shall be required to collect such interest.

9 - FORM OF THE SHARES

9.1 - All shares issued by the Company are in registered form until they have been fully paid up. Fully-paid shares may be in registered or bearer form, at the Shareholder's discretion. They are registered on a securities account under the terms and conditions provided by law.

The Annual General Meeting held on 29 May 2012 imposed regular form on equity interests above the threshold of 0.5%; non-compliance with this obligation will be sanctioned by the deprivation of voting rights.

9.2 - The Company may, at any time, in accordance with the applicable laws and regulations, request from the central custodian or any securities clearing organisation information to enable it to identify the owners of securities giving immediate or future rights to vote at General Meetings, as well as the number of securities held by each such owner and any restrictions that may apply to the securities.

Clearing and settlement of the shares in France are effected by Euroclear.

Hermès International ordinarily exercises this option once a year, as of 31 December.

10 - TRANSFER OF SHARES

Shares are freely transferable. Transfers are effected under the terms and conditions provided by law.

11 - OWNERSHIP THRESHOLD DISCLOSURES

Any natural or legal person, acting alone and/or jointly, that may own, in any manner whatsoever, according to the terms of articles L 233-7 et seq of the Commercial code, a number of shares representing a fraction equal to 0.5% of the share capital and/or of the voting rights during the Meetings (or any multiple of this percentage), at any time even after surpassing any one of the legal thresholds indicated in article L 233-7 et seq of the Commercial code, must within five market days as of surpassing this threshold, request the recording of the shares in registered form, with this obligation for registered form applying to all shares already in possession as well as any that would be acquired over and above this threshold. The copy of the request for recording in registered form, sent by registered letter with acknowledgment of receipt to the registered office within 10 market days of surpassing the threshold, is equivalent to a declaration of having surpassed the statutory threshold in question. The obligation for these

shares to be in registered form also applies to any natural or legal person, acting alone and/or jointly, owning in any manner whatsoever, for the purposes of articles L 233-7 et seq of the Commercial code, a number of shares representing a fraction equal to 0.5% of the issued capital and/or of the voting rights during Meetings. These people have a period of 20 market days as of the general meeting of 29 May 2012 in order to comply with this obligation.

In the event of failure to comply with the above requirements, the shares exceeding the threshold – i.e. that are subject to disclosure – shall be disqualified from voting. In the event of an adjustment, the corresponding voting rights may be exercised only after expiration of the period stipulated by law and the applicable regulations. Unless one of the thresholds covered by the aforesaid Article L 233-7 is exceeded, this sanction shall be applied only at the request of one or several Shareholders individually or collectively holding at least 0.5% of the Company's share capital and/or voting rights and duly recorded in the minutes of the General Meeting.

12 - RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES

12.1 - The shares are indivisible with regard to the Company.

Co-owners of undivided shares must be represented with regard to the Company and at General Meetings by one of them only or by a single representative; In the event of a disagreement, their representative shall be appointed by the Court at the request of the co-owner who takes the initiative to refer this matter to the Court.

12.2 - Each share shall give the holder the right to cast one vote at General Meetings of Shareholders.

However, double voting rights are allocated to:

- ◆ any fully-paid registered share which has been duly recorded on the books in the name of the same shareholder for a period of at least four years from the date of the first General Meeting following the fourth anniversary of the date when the share was registered on the books; and
- ◆ any registered share allotted for no consideration to a shareholder, in the event of a capital increase effected by capitalisation of sums in the share premium, reserve or retained earnings accounts, in proportion to any existing shares which carry double voting rights.

Double voting rights are automatically eliminated under the conditions stipulated by law.

Double voting rights were instituted by the Shareholders at the Extraordinary General Meeting of 27 December 1990.

Voting rights attached to the shares are exercised by the legal owners at all General Meetings (ordinary, extraordinary or special meetings), save for decisions regarding the allocation of net income, in which case the beneficial owner shall exercise the voting rights.

This allocation was approved by the Extraordinary General Meeting of 6 June 2006.

12.3 - Each share gives the holder a right of ownership in the Company's assets, its profits, and any winding-up surplus, in proportion to the percentage of ownership that it represents.

All shares are of equal par value and are identical in all respects, except with respect the date on which they are eligible for the dividend.

12.4 - Ownership of a share automatically entails compliance with the Company's articles of association and with resolutions duly adopted by the General Meeting of Shareholders.

12.5 - Whenever ownership of a certain number of shares is required in order to exercise any right whatsoever, owners of single shares, or with an insufficient number of shares, may only exercise such rights if they personally arrange to consolidate their shares, or arrange for the purchase or sale of a sufficient number of shares.

13 – DEATH, PROHIBITION, PERSONAL BANKRUPTCY, INSOLVENCY, RECEIVERSHIP OR COMPULSORY LIQUIDATION OF A PARTNER

The Company has two classes of partners:

- shareholders, “limited partners”;
- active partners.

Since 1 April 2006, Émile Hermès SARL has been the sole Active Partner.

13.1 - Shareholders

The Company shall not be dissolved in case of the death, legal prohibition or personal bankruptcy of a Shareholder, or due to the initiation of insolvency, receivership or compulsory liquidation proceedings against that Shareholder

13.2 - Active Partner

13.2.1 - In the event that an Active Partner should be prohibited by law from engaging in a business profession, or in the case of personal bankruptcy, or should

insolvency, receivership or compulsory liquidation proceedings be initiated against him, such Active Partner shall automatically lose his status as Active Partner ipso jure; the Company shall not be dissolved. Neither shall the Company be dissolved if an Active Partner who is a natural person and who was appointed Executive Chairman ceases to hold this office.

If, as a result of this loss of status, the Company no longer has any Active Partners, an extraordinary General Meeting of Shareholders must be called forthwith, either to appoint one or more new Active Partners, or to change the corporate form of the Company.

Such change does not entail the creation of a new legal person.

If an Active Partner loses his status as such, he shall have the right to receive his share of the Company's profits, pro-rated until the day such status is lost, in full settlement of all amounts due.

13.2.2 - The Company shall not be dissolved in the event of the death of an Active Partner. If, as a result of this death, the Company no longer has any Active Partners, an extraordinary General Meeting of Shareholders must be called forthwith, either to appoint one or more new Active Partners, or to change the corporate form of the Company. Such change does not entail the creation of a new legal person.

This also applies if the Company has only one Active Partner and if that Active Partner loses his status as such for any reason whatsoever.

The heirs, assigns or the surviving spouse, if any, of the deceased Active Partner shall have the right to receive the deceased Active Partner's share of the Company's profits, pro-rated until the day such status is lost, in full settlement of all amounts due.

14 - RESPONSIBILITY AND POWERS OF THE ACTIVE PARTNER

14.1 - Active Partners are jointly and severally liable for all the Company's debts, for an indefinite period of time.

14.2 - Each Active Partner has the power to appoint and revoke the appointment of any Executive Chairman, acting on the Supervisory Board's considered recommendation under the conditions provided in the article entitled "Executive Management".

Acting by unanimous consent, the Active Partners:

- ◆ on the Supervisory Board's recommendation:
 - determine the Group's strategic options;
 - determine the Group's consolidated operating and investment budgets; and

– decide on any proposal submitted to the General Meeting pertaining to the allocation of share premiums, reserves or retained earnings;

- ◆ may formulate recommendations to the Executive Management on all issues of general interest for the Group;
- ◆ authorise any loans of Hermès International whenever the amount of such loans exceeds 10% of the amount of the consolidated net worth of the Hermès Group, as determined based on the consolidated financial statements drawn up from the latest approved accounts (the "Net Worth");

- ◆ authorise any sureties, endorsements or guarantees and any pledges of collateral and encumbrances on the Company's property, whenever the claims guaranteed amount to more than 10% of the Net worth;

- ◆ authorise the creation of any company or the acquisition of an interest in any commercial, industrial or financial operation, movable or immovable property, or any other operation, in any form whatsoever, whenever the amount of the investment in question amounts to more than 10% of the Net worth;

14.3 - In order to maintain its status of Active Partner, and failing which it will automatically lose such status ipso jure, Émile Hermès SARL must maintain in its articles of association clauses in their original wording or in any new wording as may be approved by this company's Supervisory Board by a three-quarter majority of the votes of members present or represented, stipulating the following:

- ◆ the legal form of Émile Hermès SARL is that of a société à responsabilité limitée à capital variable (limited company with variable capital);

- ◆ the exclusive purpose of Émile Hermès SARL is:
 - to serve as Active Partner and, if applicable, as Executive Chairman of Hermès International,
 - potentially to own an equity interest in Hermès International; and

- to carry out all transactions in view of pursuing and accomplishing these activities and to ascertain that any liquid assets it may hold are appropriately managed;

- ◆ only the following may be partners of Émile Hermès SARL:

- descendants of Mr. Émile-Maurice Hermès and his wife, born Julie Hollande; and
- their spouses, but only as beneficial owners of the shares; and

- ◆ each partner of Émile Hermès SARL must have deposited, or arrange to have deposited, shares in this Company in the corporate accounts of Émile Hermès SARL in order to be a partner of this company.

14.4 - Any Active Partner who is a natural person and who has been appointed to the office of Executive Chairman shall automatically lose his status as Active Partner immediately upon termination of his office of Executive Chairman for any reason whatsoever.

14.5 - All decisions of the Active Partners are recorded in minutes, which are entered in a special register.

15 – EXECUTIVE MANAGEMENT

15.1 - The Company is administered by one or two Executive Chairmen or Chairmen, who may be but are not required to be Active Partners in the Company. If there are two Executive Chairmen, any provision of these articles of association mentioning “the Executive Chairman” shall apply to each Executive Chairman. The Executive Chairmen may act jointly or separately.

The Executive Chairman may be a natural person or a legal person, which may be but is not required to be an Active Partner.

At this time, the Company is administered by two Executive Chairmen:

– Mr. Axel Dumas, who was appointed by a resolution approved by the Active Partners, after a considered recommendation of the Supervisory board, on 4 June 2013 (appointment effective as of 5 June 2013);

– Émile Hermès SARL, which was appointed by a resolution approved by the Active Partners, on the considered recommendation of the Supervisory Board, dated 14 February 2006 (appointment effective as of 1 April 2006).

From 4 June 2013 to 31 January 2014, article 15.1 of the articles of association had been modified in order to allow the appointment of a third executive chairman.

This triple Executive Management was intended solely to prepare the succession of Mr. Patrick Thomas, which is why it was only set up temporarily. On 31 January 2014, the Executive Management took note of the end of the term as Executive Chairman of Mr. Patrick Thomas, who had resigned, and removed the temporary indication from the articles of association.

15.2 - The terms of the Executive Chairmen are open-ended. During the Company's lifetime, the power to appoint an Executive Chairman is exclusively reserved for the Active Partners, acting on the Supervisory Board's recommendation. Each Active Partner may act separately in this respect.

15.3 - The appointment of an Executive Chairman is terminated in case of death, disability, legal prohibition, or due to the initiation of insolvency, receivership or compulsory liquidation proceedings against that Executive Chairman, if the appointment is revoked, if the Executive Chairman resigns, or when the Executive Chairman is above 75 years of age.

The Company shall not be dissolved if an Executive Chairman's appointment is terminated for any reason whatsoever.

An Executive Chairman who wishes to resign must notify the Active Partners and the Supervisory Board thereof at least six months in advance, by registered post, unless each of the Active Partners, after soliciting the opinion of the Supervisory Board, has agreed to reduce this notice period.

An Executive Chairman's appointment can be revoked only by an Active Partner, acting on the Supervisory Board's considered recommendation. In the event that the Supervisory Board recommends against revocation, the Active Partner in question must suspend its decision for a period of at least six months. At the end of this period, if it persists in its wish to revoke the appointment of the Executive Chairman in question, that Active Partner must again solicit the opinion of the Supervisory Board, and once it has obtained a favourable recommendation from the Board, it may revoke the appointment of that Executive Chairman.

16 - POWERS OF THE EXECUTIVE MANAGEMENT

16.1 - Relationships with third parties

Each Executive Chairman is invested with the broadest of powers to act on the Company's behalf, in all circumstances. Each Executive Chairman shall exercise these powers within the scope of the corporate purpose and subject to those powers expressly granted by law to the Supervisory Board and to General Meetings of Shareholders.

16.2 - Relationships among the partners

In relationships among partners, the Executive Management holds the broadest of powers to undertake all management acts, but only if such acts are in the Company's interests and subject to those powers granted to the Active Partners and to the Supervisory Board by these articles of association.

16.3 - Delegations

The Executive Chairman may, under his responsibility, delegate all powers as he sees fit and as required for the proper operation of the Company and its Group.

He may issue a limited or unlimited blanket delegation of powers to one or more executives of the Company, who then take on the title of Managing director.

17 - COMPENSATION OF THE EXECUTIVE MANAGEMENT

The Executive Chairman (or, where there is more than one, each Executive Chairman) shall have the right to receive remuneration fixed by the articles of association and, potentially, additional remuneration, the maximum amount of which shall be determined by the Ordinary General Meeting, with the approval of the Active Partner or, if there are several Active Partners, with their unanimous approval. The gross annual compensation of the Executive Chairman (or, where there is more than one, of each Executive Chairman) for the year shall not be more than 0.20% of the Company's consolidated income before tax for the previous financial year.

However, if there are more than two Executive Chairmen, the combined total gross annual compensation of all Executive Chairmen shall not be more than 0.40% of the Company's consolidated income before tax for the previous financial year.

Within the maximum amounts set forth herein, the Management Board of the Active Partner Émile Hermès SARL shall determine the effective amount of the annual compensation of the Executive Chairman (or, where there is more than one, of each Executive Chairman).

Details on the compensation of the Executive Chairmen are presented in the Executive Management's Report on corporate governance on pages 75 and following.

18 - SUPERVISORY BOARD

The composition of the Supervisory Board is described in the report from the Chairman of the Supervisory Board on page 18.

18.1 - The Company is governed by a Supervisory Board consisting of 3 to 15 members (not including the members representing the employees appointed pursuant to the conditions of article 18.6 below), selected from amongst shareholders who are not Active Partners, legal representatives of an Active Partner, or Executive Chairmen. When appointments to the Supervisory Board come up for renewal, the number of Supervisory Board members is fixed by a decision adopted by the Active Partners by unanimous vote.

In a decision dated 22 March 2012, the Active Partner set the number of Supervisory Board members at eleven.

Supervisory Board members may be natural persons or legal entities.

At the time of their appointment, legal entities must designate a permanent representative who is subject to the same terms, conditions and obligations and incurs the same liabilities as if he were a Supervisory Board member in his own name, without prejudice to the joint and several liability of the legal entity he represents. The permanent representative serves for the same term of office as the legal entity he represents.

If the legal entity revokes its representative's appointment, it is required to notify the Company thereof forthwith by registered letter, and to state the identity of its new permanent representative. This requirement also applies in the event the permanent representative should die, resign, or become incapacitated for an extended period of time.

18.2 - Supervisory Board members are appointed or reappointed by the Ordinary General Meeting of Shareholders. The Active Partners may, at any time, propose that one or more new Supervisory Board members be nominated. Supervisory Board members are appointed for a term of three years. As an exception to this rule, in order to ensure that one-third of the Supervisory Board members will stand for re-election each year, the General Meeting may decide to appoint one or more Board members for one or two years, and who may be designated by drawing lots, as necessary.

The General Meeting of 2 June 2009 approved a provision calling for one-third of Supervisory Board members to stand for re-election each year.

18.3 - No person over the age of seventy-five shall be appointed to the Supervisory Board if, as a result of such appointment, more than one-third of the Board members would be over that age.

18.4 - The appointments of Supervisory Board members can be revoked by a resolution adopted by the Ordinary General Meeting only for cause, on the joint recommendation of the Active Partners, acting by unanimous consent, and the Supervisory Board.

18.5 - In the event of a vacancy or vacancies caused by the death or resignation of one or more Supervisory Board members, the Supervisory Board may appoint an interim replacement member within three months as from the effective date of the vacancy.

However, if no more than two Supervisory Board members remain in office, the member(s) in office, or, in his or their absence, the Executive Chairman, or in his absence, the Statutory Auditor(s), shall immediately call an Ordinary General Meeting of Shareholders for the purpose of filling the vacancies to bring the number of Board members up to the required minimum.

18.6 - When the provisions of article L 225-79-2 of the Commercial code are applicable to the Company, a natural person member representing the Group's employees must be appointed. When the Supervisory Board consists of 13 members and more (not including the employee representatives), a second natural person member representing the Group's employees must be appointed. The number of Supervisory Board members taken into account when determining the number of Supervisory Board members representing the employees is assessed on the date of the appointment of the employee representatives to the Board. Neither the Supervisory Board members elected by the employees under article L 225-27 of the Commercial code, nor the employee shareholder Supervisory Board members appointed in accordance with article L 225-23 of the Commercial code are therefore taken into account.

Like the other Supervisory Board members, the term of the Supervisory Board members representing the employees will be as indicated in article 18.2 of these articles of association.

A reduction to twelve or fewer than twelve Supervisory Board members will have no effect on the term of all Supervisory Board members representing the employees, that will come to an end upon its normal expiry.

The Supervisory Board members representing the employees are appointed by the company's group committee. The Supervisory Board members representing the employees must, at least two years beforehand, have signed an employment contract with the company or one of its direct or indirect subsidiaries having its registered office in France or abroad. Notwithstanding the rule contained in article 18.1 of these articles of association, the Supervisory Board members representing the Group's employees are not required to be shareholders.

18.7 - Every Supervisory Board member must comply with the Supervisory Board rules of procedure.

The Combined general meeting on 3 June 2014 modified article 18 of the articles of association in order to introduce provisions for the appointment of Supervisory Board members representing the employees.

19 – DELIBERATIONS OF THE SUPERVISORY BOARD

The conditions for preparation and organisation of the Supervisory Board's work are described in the report from the Chairman of the Supervisory Board on page 18.

19.1 - The Supervisory Board elects a Chairman, who is a natural person, and two Vice-Chairmen, from amongst its members.

It appoints a secretary who may be but is not required to be a Supervisory Board member.

If the Chairman is absent, the older of the two Vice-Chairmen acts as Chairman.

19.2 - The Supervisory Board meets when convened by its Chairman or by the Executive Management, whenever required for the Company's best interest but no less than twice per year, at the Company's registered office or at any other place specified in the notice of meeting.

Notices are served by any means providing legally valid proof in business matters, at least seven business days before the meeting. This period of time may be shortened by unanimous consent of the Chairman or a Vice-Chairman of the Supervisory Board, the Active Partners and the Executive Management.

Any member of the Supervisory Board may give a proxy to one of his colleagues to represent him at a Board meeting, by any means providing legally valid proof in business matters. Each member may hold only one proxy during a given meeting.

These provisions are applicable to the permanent representative of a legal entity that is a member of the Supervisory Board.

The Supervisory Board is duly convened only if a quorum consisting of at least half of its members is present or represented.

Resolutions are adopted by a majority of the votes of members present or represented. However, the Supervisory Board must approve or reject any proposed new wording of certain clauses of the articles of association of Émile Hermès SARL by a three-quarters majority of members present or represented, in accordance with the stipulations of the article entitled "Responsibilities and Powers of the Active Partners".

Supervisory Board members who participate in the meeting by videoconferencing or telecommunications means that enable them to be identified and effectively to participate in the meeting through the use of technology

providing for continuous and simultaneous transmission of discussions are deemed to be present for purposes of calculating the quorum and majority, except at Supervisory Board meetings convened for the review and verification of the Annual Report and consolidated and parent company financial statements. The Supervisory Board defines the conditions and procedures for using videoconferencing or other telecommunications means when applicable.

The Executive Management must be convened to Supervisory Board meetings and may attend such meetings, but it does not have the right to participate in the discussion and to vote.

19.3 - The deliberations of the Supervisory Board are recorded in minutes, which are entered in a special initialled register and signed by the Chairman and the secretary.

20 - POWERS OF THE SUPERVISORY BOARD

20.1 - The Supervisory Board exercises ongoing control over the Company's management.

For this purpose, it has the same powers as the Statutory Auditors and receives the same documents as the Statutory Auditors, at the same time as the Statutory Auditors. In addition, the Executive Management must submit a detailed report to the Supervisory Board on the Company's operations at least once a year.

20.2 - The Supervisory Board submits to the Active Partners for their consideration its considered recommendation:

- ◆ on the nomination and dismissal of any Executive Chairman of the Company; and
- ◆ in case of the Executive Chairman's resignation, on reducing the notice period.

20.3 - Each year, the Supervisory Board determines the proposed allocation of net income to be submitted to the General Meeting.

20.4 - The Supervisory Board approves or rejects any proposed new wording of certain clauses of the articles of association of Émile Hermès SARL in accordance with the stipulations of the article entitled "Responsibilities and Powers of the Active Partners".

20.5 - The Active Partners must consult the Supervisory Board prior to taking any decisions concerning:

- ◆ strategic options;
- ◆ consolidated operating and investment budgets; and
- ◆ any proposal submitted to the General Meeting pertaining to the allocation of share premiums, reserves or retained earnings.

20.6 - Each year, the Supervisory Board presents to the Annual Ordinary General Meeting of Shareholders a report in which it comments on the Company's management and draws attention to any inconsistencies or inaccuracies identified in the financial statements for the year.

The Supervisory Board's report for the year ended 31 December 2014 is presented on page 264.

This report, together with the Company's balance sheet and a list of its assets and liabilities, is made available to the Shareholders and may be consulted at the Company's registered office as from the date of the notice of the General Meeting.

The Supervisory Board may convene a General Meeting of Shareholders whenever it deems this appropriate.

The functions exercised by the Supervisory Board do not entail any interference with the Executive Management, or any liability arising from the Management's actions or from the results of such actions.

21 - JOINT COUNCIL OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD OF THE ACTIVE PARTNER

21.1 - The Executive Management of the Company or the Chairman of the Company's Supervisory Board shall convene a joint council meeting of the Supervisory Board and of the Active Partners; for purposes of this council, Émile Hermès SARL is represented by its Management Board. Notices are served by any means providing legally valid proof in business matters, at least seven business days before the meeting. This period of time may be shortened by unanimous consent of the Chairman or a Vice-Chairman of the Supervisory Board and the Executive Chairman.

21.2 - The joint council meets at the place indicated in the notice of meeting. It is chaired by the Chairman of the Company's Supervisory Board, or, in his absence, by one of the Vice-Chairmen of the Company's Supervisory Board, or, in their absence, by the oldest Supervisory Board member present. The Executive Chairman or, if the Executive Chairman is a legal entity, its legal representative or representatives, are convened to meetings of the joint council.

21.3 - The joint council has knowledge of all matters that it addresses or that are submitted thereto by the party who convened the conference, but does not, in the decision-making process, have the right to act as a substitute for those bodies to which such powers are ascribed by law or by the articles of association of the company or those of the legal person Active Partner.

At their discretion, the Supervisory Board and Active Partners may make all decisions or issue all recommendations within their jurisdiction in a joint council meeting.

22 - COMPENSATION OF THE SUPERVISORY BOARD

Supervisory Board members may receive, as director's fees, annual compensation, the amount of which is determined by the Ordinary General Meeting of Shareholders and shall remain unchanged until such time as a new resolution is adopted by the Meeting.

The Board apportions directors' fees among its members as it sees fit.

23 - STATUTORY AUDITORS

The Company's financial statements are audited by one or more Statutory Auditors, under the terms and conditions provided by law.

24 - GENERAL MEETINGS OF THE SHAREHOLDERS

24.1 - General meetings are convened under the conditions set by law.

They are held at the registered office or at any other place specified in the notice of meeting.

24.2 - The right to participate in General Meetings is subordinated to registered shares being entered in the Company's register or bearer shares being registered in a securities account opened with an authorised financial intermediary, no later than three business days before the date of the meeting before 12 AM (midnight), Paris time. Shareholders owning bearer shares must obtain an admittance certificate from the authorised financial intermediary evidencing the registration of their shares, which is attached to the postal vote or proxy form. All shareholders may cast their votes remotely or by proxy, under the conditions set forth in the applicable regulations.

Furthermore, on the Executive Management's decision, shareholders may vote by any telecommunication or remote transmission means, in accordance with the regulations applicable at the time of the decision.

This option shall be indicated in the notice of meeting published in the *Bulletin des annonces légales obligatoires (BALO)*.

Votes cast by Shareholders using the electronic ballot form provided on the website created by the meeting coordinator for this purpose are counted in the same way as votes cast by Shareholders present or represented.

The electronic ballot may be completed and signed directly on this site by any procedure approved by Executive Management and that complies with the conditions defined by Article L 1316-4 of the Code Civil, in the first sentence of Paragraph 2 (that is, by using a reliable identification procedure that guarantees that the signature is linked to the form), which may consist, inter alia of a login name and a password. Any proxies given or votes cast via this electronic means before the General Meeting, and the acknowledgements of receipt sent in response, will be deemed to be irrevocable instructions that are enforceable in every way, it being specified that in the event that shares are sold before the third business day preceding the Meeting, at 12:00 midnight, CeT, the Company will void or amend any proxy or voting instructions sent before that date accordingly. Persons invited by the Executive Management or by the Chairman of the Supervisory Board may also attend General Meetings. The Active Partners may attend General Meetings of Shareholders. Active Partners that are legal entities are represented by a legal representative or by any person, Shareholder or otherwise, designated thereby.

The Annual General Meeting of 7 June 2010 amended Article 24.2 of the articles of association to allow the Executive Management to set up an electronic balloting system applicable to all future General Meetings.

The Combined General Meeting of 2 June 2015 is asked to modify article 24.2 of the articles of association in order to bring it into compliance with article R 225-85 of the Commercial code resulting from decree n° 2014-1466 of 8 December 2014 that modified the method for determining the "record date" for participation in general meetings.

24.3 - General meetings are chaired by the Chairman of the Supervisory Board or, in his absence, by one of the Vice-Chairmen of the Board, or in their absence, by the Executive Chairman.

24.4 - The Ordinary and extraordinary General Meetings, duly convened in accordance with the conditions specified by law, carry out their responsibilities in accordance with the law.

24.5 - Except for resolutions pertaining to the nomination and revocation of Supervisory Board members, the nomination and revocation of the Statutory Auditors, the allocation of net income for the year and the approval of related-party agreements that are subject to Shareholders' approval, no resolution adopted by the General

Meeting shall be valid unless it is approved by the Active Partners no later than at the end of the General Meeting that voted on the relevant resolution.

The Company's Executive Management has all powers duly to record of such approval.

25 - FINANCIAL STATEMENTS

Each financial year consists of twelve months, commencing on 1 January and ending on 31 December.

26 - ALLOCATION AND DISTRIBUTION OF THE PROFITS

The General Meeting approves the financial statements for the past year and duly notes the amount of distributable profits.

The Company pays 0.67% of the distributable profits to the Active Partners, at the time and place designated by the Executive Management, within nine months at most after the end of the financial year.

The Active Partners apportion this amount amongst themselves as they see fit.

The remaining distributable profits revert to the Shareholders. Their allocation is decided by the Ordinary General Meeting, on the Supervisory Board's recommendation. On the Supervisory Board's recommendation, the General Meeting may grant to each Shareholder an option to receive payment for all or part of the dividend or interim dividend in cash or in shares, under the conditions set by law.

On the Supervisory Board's recommendation, the General Meeting may decide to draw from the balance of profits reverting to the Shareholders the sums it deems appropriate to be allocated to Shareholders' retained earnings or to be appropriated to one or more extraordinary, general or special reserve funds, which do not bear interest, and to which the Active Partners as such have no rights. On the unanimous recommendation of the Active Partners, the reserve fund or funds may, subject to approval by the Ordinary General Meeting, be distributed to the Shareholders or allocated to the partial or total amortisation of the shares. Fully amortised shares shall be replaced by entitlement shares with the same rights as the former shares, with the exception of the right to reimbursement of capital. The reserve fund or funds may also be incorporated into the share capital.

Dividends are payable at the times and places determined by the Executive Management within a maximum of nine months from the end of the financial year, unless this time period is extended by a court of law.

27 - DISSOLUTION OF THE COMPANY

At the end of the Company's lifetime or in the event of early dissolution, the General Meeting decides on the winding-up procedure and appoints one or several liquidators, whose powers are defined by the Meeting and who carry out their responsibilities in accordance with the applicable laws.

Any liquidation proceeds (*boni de liquidation*) shall be distributed amongst the Shareholders.

Responsible persons

PERSONS RESPONSIBLE FOR INFORMATION CONTAINED IN THE SHELF-REGISTRATION DOCUMENT

Mr. Axel Dumas, Executive Chairman.

Émile Hermès SARL, 23, rue Boissy-d'Anglas,
75008 Paris, Executive Chairman.

DECLARATION BY PERSONS RESPONSIBLE FOR THE SHELF-REGISTRATION DOCUMENT

To the best of our knowledge, having taken all reasonable measures to ensure that such is the case, we hereby certify that the information contained in this shelf-registration document is in accordance with the facts and contains no omission likely to affect its import.

To the best of our knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a fair view of the assets, liabilities and financial position and results of the Company and all the undertakings included in the consolidation, and also that the Management Report, the elements of which are listed on page 322 [reconciliation

with management report] of volume 2, presents a fair view of the development and performance of the Company's and all entities consolidated business operations, results and financial position and all the undertakings included in the consolidation, as well as a description of the main risks and uncertainties to which they are exposed.

We have received a letter from the Statutory Auditors certifying that they have audited the financial and accounting information provided in this shelf-registration document and that they have read the document in its entirety.

Paris, 16 April 2015
The Executive Management

Axel Dumas

Henri-Louis Bauer
representing Émile Hermès SARL

Auditors

STATUTORY AUDITORS

PricewaterhouseCoopers

Member, Compagnie Régionale des Commissaires aux Comptes de Versailles.

63, rue de Villiers
 92200 Neuilly-sur-Seine

Represented by Mrs Christine Bouvry

1st appointment: Ordinary general meeting of 30 May 2011.

Term of office expires: Ordinary general meeting convened to approve the 2016 financial statements.

Didier Kling & Associés

Member, Compagnie Régionale des Commissaires aux Comptes de Paris.

28, avenue Hoche
 75008 Paris

Independent member of Crowe Horwath International

Represented by: Mr. Didier Kling, in the capacity of corporate officer of the firm assigned to the term, and Mr. Christophe Bonte, in the capacity of technical associate
 1st appointment: Ordinary general meeting of 31 May 1999.

Term of office expires: Ordinary general meeting convened to approve the 2016 financial statements.

REPLACEMENT STATUTORY AUDITORS

Mr. Étienne Boris

63, rue de Villiers
 92200 Neuilly-sur-Seine

1st appointment: Ordinary general meeting of 30 May 2011.

Term of office expires: Ordinary general meeting convened to approve the 2016 financial statements.

Mrs Dominique Mahias

28, avenue Hoche
 75008 Paris

1st appointment: Ordinary General Meeting on 5 June 2007.

Term of office expires: Ordinary general meeting convened to approve the 2016 financial statements.

The Principal Statutory Auditors and alternate Auditors serve for a term of six years.

If a Statutory Auditor is appointed to fill a vacancy left by the resignation of a Statutory Auditor or other reason, he is appointed for the remainder of his predecessor's term.

Information incorporated by reference

Pursuant to Article 28 of EC (European Commission) Regulation 809-2004 of 29 April 2004, this shelf-registration document incorporates by reference the following information, to which the reader is invited to refer:

- in respect of the year ended 31 December 2012: consolidated financial statements, parent company financial statements and Statutory Auditors' reports thereon, presented in the Shelf-Registration document filed with the AMF on 16 April 2013 under reference number D13-0363, on pages 149-208, 211-239, 254 and 255, respectively;
- in respect of the year ended 31 December 2013: consolidated financial statements, parent company financial

statements and Statutory Auditors' reports thereon, presented in the Shelf-Registration document filed with the AMF on 10 April 2014 under reference number D14-0323, on pages 165-220, 225-251, 272 and 273, respectively.

All other information incorporated into this shelf-registration document in addition to the information described above has been replaced or updated by the information contained herein. This Shelf-Registration document is available under conditions described in Volume 1, page 106, under the section entitled "Shareholder's Guide".

Cross-reference table

The following table cross-references this document with the main headings required under Regulation EC n° 809/2004 enacting the terms of the European Parliament’s “Prospectus” directive (2003/71/EC). Items that are not applicable to Hermès International are marked “n/a”.

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(1) In respect of article L 225-105 of the Commercial code on the corporate and environmental consequences of the Group's activities and its corporate social commitments to sustainable development.

Reconciliation with Management Report (Article L 222-3 of the AMF Regulation)

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In compliance with the provisions of article L 225-102-1 of the Commercial code, Hermès International presents, in its management report, the actions undertaken and the orientations adopted by the company in order to consider the social and environmental consequences of its activity and to fulfil its societal commitments relative to sustainable development. The correspondence between the information outlined in this shelf-registration document and the information required by the regulations (indicated in article R 225-105-1 of the Commercial code) is presented below. Most of the explanations of a methodological nature are mentioned in the corresponding parts of volumes 1 and 2.

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2	123-145	or certification initiatives relating to the environment
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