

## **REMUNERATION COMMITTEE CHARTER**

### **Establishment of a Remuneration Committee Charter**

In accordance with the recommendations contained in the National Code of Corporate Governance 2016 (in force as from 1<sup>st</sup> July 2017), a Remuneration Committee Charter has been adopted on 25<sup>th</sup> August 2017.

This Remuneration Committee Charter will have the responsibility of determining the conditions of employment of :

- The Chief Executive Officer
- The Senior Cadre

In this Charter, the 'Senior Cadre' means any employee of the LUX\* Resorts & Hotels Group of Companies as per below :

- Employees qualified as 'Executive Committee Members' and with a direct reporting line to the Chief Executive Officer
- Employees with a direct reporting line to the Chief Executive Officer and earning a basic monthly salary of Rs 150,000 for employees in post in Mauritius and a basic monthly salary of USD 6,500 or Euro 4,500 for employees working in overseas operations or offices.
- General Managers of the hotels working in Mauritius and in overseas operations.

### **1. Membership**

- 1.1 The Committee shall comprise at least 4 members, all of whom shall be non-executive directors. Members of the committee shall be appointed by the Board, on the recommendation of the Corporate Governance and Nomination Committee and in consultation with the Chairperson of the Remuneration Committee.
- 1.2 Only members of the committee have the right to attend committee meetings. However, other individuals, such as the CEO and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3 Appointments to the committee are made by the Board and shall be for a period of up to three years extendable.
- 1.4 The Board shall appoint the committee Chairperson who shall be an independent non-executive director. In the absence of the committee Chairperson and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board. The Chairperson of the Board shall not be Chairperson of the committee.

### **2. Secretary**

The Company Secretary or his or her nominee shall act as the Secretary of the Committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

### **3. Quorum**

The quorum necessary for the transaction of business shall be 2.

### **4. Meetings**

- 4.1 The Committee shall meet at least twice a year and otherwise as required.
- 4.2 The notice of each meeting of the committee, confirming the venue, time and date and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the committee, as far as possible, not less than five working days prior to the date of the meeting.
- 4.3 The committee shall normally invite the Chairperson of the Board (in case the latter is not a member of the committee) and the Chief Executive Officer to attend meetings to discuss the performance of other executive directors and to make proposals as necessary.

### **5. Notice of meetings**

- 5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairperson.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, as far as possible, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

### **6. Minutes of meetings**

- 6.1 The Secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.
- 6.2 Draft minutes of committee meetings shall be circulated promptly to all members of the committee. Once approved, minutes should be circulated to all other members of the Board unless in the opinion of the committee Chairperson it would be inappropriate to do so.

### **7. Duties**

The Committee shall :

- 7.1 Have responsibility for setting the remuneration policy (as defined in Annex A) for all executive directors and the Company's Chairperson, including pension rights and any compensation payments. No director or Senior Cadre shall be involved in any decisions as to their own remuneration;
- 7.2 Recommend and monitor the level and structure of remuneration for the Chief Executive Officer and the Senior Cadres;
- 7.3 Take into account all factors which it deems necessary including relevant legal and regulatory requirements, the principals of the Code and associated guidance. The objective of the remuneration policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long strategic term goals;

- 7.4 When setting remuneration policy for directors, review and have regard to pay and employment conditions across the Company or group, especially when determining annual salary increases;
- 7.5 Review the on-going appropriateness and relevance of the remuneration policy;
- 7.6 Within the terms of the agreed policy and in consultation with the Chairperson and/or CEO, as appropriate, determine the total individual remuneration package of each executive director, the Company Chairperson, the Chief Executive Officer and other designated Senior Cadre including bonuses, incentive payments and share options or other share awards;
- 7.7 Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company but within any budgetary restraints imposed by the Board;
- 7.8 Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee;
- 7.9 Approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- 7.10 Review the design of all share incentive plans for approval by the Board. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, Company Secretary and other designated senior executives and the performance targets to be used;
- 7.11 Determine the policy for, and scope of, pension arrangements for each executive director, the Chief Executive Officer and other designated Senior Cadre;
- 7.12 Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognized;
- 7.13 Oversee any major changes in employee benefits structure throughout the Company or group;
- 7.14 Agree the policy for authorizing claims for expenses from the directors;
- 7.15 Work and liaise as necessary with all other Board committees.

## **8. Reporting responsibilities**

- 8.1 The committee Chairperson shall report on the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.2 The committee shall make whatever recommendations it deems appropriate to the Board on any area within its remit where action or improvement is needed.
- 8.3 The committee shall ensure that provisions regarding disclosure of information are fulfilled and produce a report of the Company's remuneration policy and practices to be included in the annual report. If the committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company.
- 8.4 Through the Chairperson of the Board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

## **9. Remuneration**

- 9.1 Having regard for the functions performed by the members of the Committee in addition to their functions as directors in relation to the activities of the Committee members of the Committee may be paid such special remuneration in respect of their appointment as shall be fixed by the Board. Such special remuneration shall be in addition to the annual fees payable to directors.
- 9.2 The Chairperson of the Committee shall, in addition, to his or her remuneration as a member, receive a further sum as determined by the Board.

## **10. Other matters**

The Committee shall :

- 10.1 Have access to outside or other independent professional advice as it considers necessary to carry out duties
- 10.2 Have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required.
- 10.3 Be provided with appropriate and timely training, both in the form of an induction program for new members and on an ongoing basis for all members
- 10.4 Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors.
- 10.5 Arrange for periodic reviews of its own performance and at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## **ANNEX A – REMUNERATION POLICY**

### **Policy for developing remuneration policies**

These policies are only applicable to new employment agreements entered into between the company and the Senior Cadre (as per the definition contained in the Remuneration Committee Charter), and therefore employment agreements may exist that do not fully conform with the guidelines currently in force.

The objective of this policy is to establish a formal and transparent procedure on Senior Cadre remuneration (which includes the CEO) and to fix the remuneration packages of the Directors. The following policies apply for remuneration and other terms of employment for Senior Cadre employed within the Group, being understood that none of these above mentioned should be involved in deciding their own remuneration.

The Company shall disclose its remuneration policies, level and mix of remuneration, and the procedures for setting remuneration, in the Annual Report, with the objective to enable investors and stakeholders to understand the link between remuneration paid to Directors and Senior Cadre and performance.

### **Policy for the remuneration of the CEO and Senior Cadre**

The remuneration policy has the objective of offering a total remuneration in line with market conditions to enable the Company to recruit and retain the talent and skills the Company needs to meet its short-term and long-term targets. The remuneration to the Senior Cadre may consist of fixed salary, variable bonuses, executive share scheme and other benefits.

### **Directors' Fees**

All directors receive a fixed annual fee and an additional fee for each board meeting attended. In addition, members of the Audit Committee and Corporate Governance Committee receive an additional annual fee. No additional fees are paid to the members of the Remuneration Committee.

The level of Directors' Fees is reviewed on a regular basis by the Remuneration Committee and/ or the Board, during which factors such as contributions, regulatory changes and responsibilities and market benchmarks are taken into consideration.

### **Fixed salary**

The fixed salary for the CEO and the other members of the senior management shall be in line with market conditions and mirror the demands and responsibility that the position entails as well as individual performance. The fixed salary for the CEO and the other Senior Cadre is revised on a regular basis.

### **Variable Bonuses**

The variable bonuses for the CEO and the Senior Cadre shall be based on the Company's fulfillment of objectives determined in advance. These objectives are determined for the promotion of the Company's/the group's short-term and long-term targets, long-term development, value creation and financial growth and shall be designed in a way that does not encourage an excessive risk-taking.

### **Executive Share Scheme**

The Group has implemented an executive share scheme.

The objective of this executive share scheme is to create a long-term commitment to the Company, to attract and retain the Senior Cadre and other key employees and to ensure the shareholder perspective. Executive Share Scheme may constitute a complement to the fixed salary and the variable salary, with

participants to be nominated based on, among other things, competence and performance. The outcome shall be dependent on the fulfillment of certain predetermined competence or performance requirements.

**Other benefits and compensation**

Other compensation may consist of other benefits that are customary and in line with market conditions, such as healthcare insurance, which shall not constitute a material portion of the total remuneration. In addition thereto, additional compensation may be paid out in extraordinary circumstances, provided that such arrangement is made for management recruitment or retention purposes and is agreed on an individual basis. Such extraordinary arrangements may for example include a one-time cash payment, or a support package including relocation support, tax filing support, or similar.

All these other benefits and compensation shall be submitted to the Remuneration Committee for prior approval.

**Deviation from the Policies**

The Board of Directors may resolve to deviate from the policies if the Board of Directors, in an individual case, is of the opinion that there are special circumstances justifying that.