

# Compensation report



## Letter from the Chairman of the Compensation Committee

Clay Brendish, Chairman

### Dear Shareholders,

On behalf of the Compensation Committee, I am pleased to present our Compensation report for the year ended 31 March 2023.

The ability of the Group to attract and retain key talents in order to achieve the Group's strategic objectives has never been more important. The Committee has supported management in addressing these areas throughout the year, ensuring that exceptional performance is rewarded fairly and that strategic efforts leading to long-term growth are incentivised correctly. Specific retention plans for the Group's key talents were also subject to review during the period.

Ensuring that executives and employees receive fair compensation, which is in line with observed market practice, is a key component of the Group's remuneration policy. Management undertook a comprehensive benchmarking review of senior executive compensation in early 2023, which the Committee reviewed and discussed in detail during its meetings. Further details of this study are included in the following Compensation report.

During the year, the Senior Executive Committee ('SEC') welcomed two new members, Patricia Gandji, Chief People Officer and CEO of Regions, and Bérangère Ruchat, Chief Sustainability Officer. As is customary, the Committee reviewed the contractual terms and conditions of these new members.

At the AGM in September 2022, shareholders once again approved the remuneration proposals. Specifically, shareholders were asked to approve the maximum amount of fixed Board compensation from the 2022 AGM to the 2023 AGM; the maximum amount of fixed SEC compensation for the 2024 financial year and the variable compensation of the SEC for the 2022 financial year. The actual compensation paid to the Board for the period from the 2021 AGM to the 2022 AGM and to the SEC with respect to fixed compensation for the 2023 financial year was within amounts previously approved by the shareholders.

The Compensation report that follows describes the Group's guiding principles, philosophy and policies for setting the compensation of members of the Board and the SEC. The report complies with the relevant articles of the Swiss Code of Obligations, the Swiss Code of Best Practice, and the Ordinance against Excessive Compensation ('OEC'), and with the Company's Articles of Incorporation. The compensation for the financial year under review, as detailed on pages 73 to 75, has been audited by the Group's auditor, PricewaterhouseCoopers.

On behalf of the Board, we would like to thank you for your continued support on executive compensation matters.

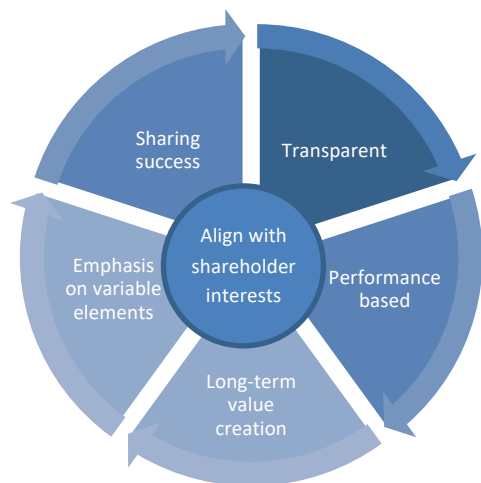
We look forward to receiving comments from our shareholders.

**Clay Brendish**  
Compensation Committee Chairman

# Compensation report continued

## Our compensation-setting philosophy

The primary objective of the Group's compensation strategy is to align variable compensation paid to senior executives to total shareholder returns over the long term, while attracting and retaining key talent in the face of competition from other multinational groups.



Members of the SEC, with the exception of the Chairman of the Board of Directors, are rewarded in line with the level of their authority and responsibility within the organisation. An executive's total compensation comprises both fixed and variable elements. Short-term incentives are paid in cash and are awarded to executives in May, based on performance during the previous financial year. These are complemented by long-term awards under the Group's Performance Share Unit ('PSU') and Performance Cash Unit ('PCU') plans, which serve to both retain key executives and to ensure that the interests of these executives are aligned to the values of the Group, including a focus on capital allocation for long-term strategic purposes and the development of a culture of creativity and responsibility within the Maisons.

The variable remuneration of each Senior Executive is dependent on performance against certain, pre-defined KPIs. These measures are both quantitative, reflecting the performance of the Group in terms of sales, operating profit and cash generation, as well as return on net assets for long-term incentives, and qualitative, with respect to individual and collective management performance.

Non-executive directors are not eligible for awards under the Group's short- or long-term incentive schemes.

### Comparative group benchmarking

To ensure that the Group remains competitive in its compensation arrangements, benchmarking surveys are periodically considered by the Committee. A comprehensive benchmarking survey was performed in early 2023 which covered both the SEC and other key positions within the Group, focusing on base salaries, target bonuses, long-term incentives and total direct compensation levels.

In benchmarking the remuneration of these executives, the Group considered compensation practices in a selection of multinational groups which it considers to be its peers. The criteria for selection included: industry focus on luxury goods, size in term of revenue and headcount, listed companies and international presence in relevant geographies. These peers were identified as follows:

- Multinational groups active in the Luxury Goods industry, such as LVMH, Kering and Hermès, amongst others.
- International groups headquartered in Europe and Switzerland with significant global presence.

As a point of reference, the Group targets at least the median compensation level of the peer group, while maintaining the potential for above-average variable compensation for superior performance.

## Compensation Committee

The Compensation Committee ('the Committee') is a committee of the Board of Directors, responsible for reviewing and establishing the Group's compensation policies and strategy. The core responsibilities of the Committee include agreeing the compensation of the executive director members of the Board and the SEC and setting the compensation of the non-executive directors and the Chairman of the Board of Directors. The compensation of all other members of senior management is regularly reviewed by the Committee.

The Committee considers the recommendations of the Chairman of the Board of Directors regarding compensation awards for the SEC and the Chief Executive Officers of certain Maisons and may amend or reject these recommendations. The Chairman of the Committee reports to the full Board of Directors on the discussions and decisions taken at each Committee meeting.

Members of the Committee are appointed by the shareholders of the Company for a term of one year. During the year ended 31 March 2023, the composition of the Committee was as follows:

### Compensation Committee

Clay Brendish (Chairman)

Keyu Jin

Guillaume Pictet

Maria Ramos

The Committee meets five times per year, with additional meetings scheduled as required. During the year ended 31 March 2023, the Committee met five times. The Group Chief Executive Officer, Chief Finance Officer and Chief People Officer also attend Committee meetings but are not present when decisions are taken regarding their own compensation. One meeting was partially held in the presence of the Group's external auditor.

Remuneration awards for members of the SEC are approved by the Committee at its first meeting following the end of the financial year to which the awards relate.

## Compensation of the Senior Executive Committee

Total compensation of members of the Group's SEC is made up as follows:

		Payment	Performance criteria	Target*	Max*	% quantitative	% qualitative	
Performance Cash Units ('PCU')	Variable	Long-term	Cash	• Quantitative (Value creation, RONA)	–	75%	100%	0%
Performance Stock Units ('PSU')			Shares	• Quantitative 70% (Value creation 50%, RONA 20%) • Qualitative 30% (Brand Equity, Customer Centricity, Sustainability, People)	112.5%	150%	70%	30%
Short-term incentive	Short-term	Cash	• Quantitative (Sales, EBIT, Cash) 55% • Individual qualitative KPIs 25% • Collective qualitative KPIs 20%	75%	150%	55%	45%	
Base salary and benefits	Fixed							

\* As a percentage of base salary.

### Fixed compensation

#### Base salary

The base salary reflects the position, qualifications and responsibilities of the executive, taking into account the external market value for the position in the market in which the individual is based. It is paid on a monthly basis in cash. The level of base salary is reviewed as necessary in accordance with the Group's salary review process, which usually takes place in May. In determining the level of any increase to base salary, consideration is given to the Group's performance, the role and responsibilities of the individual and the results of benchmarking studies.

#### Benefits

SEC members, with the exception of the Chairman of the Board of Directors, also receive benefits in line with their duties and responsibilities, which may include company car and medical insurance subsidy.

The Company also operates a retirement foundation in Switzerland. Each executive has a retirement account to which the executive and the Group make contributions at rates set out in the foundation rules based on a percentage of salary. A Group contribution of up to 13.05% was applied in the year on salaries to a ceiling of CHF 860 400 (CHF 882 000 from 1 January 2023).

Executives are reimbursed for travel and other necessary business expenses incurred in the performance of their duties.

### Variable compensation

#### Short-term cash incentives

Short-term incentives are awarded with respect to performance in each financial year and are paid in cash.

The performance assessment comprises both quantitative and qualitative components, each with a pre-set target expressed as a

percentage of base salary. The mix of quantitative and qualitative targets are aligned with the Group's business priorities for the year ahead, encouraging individual creativity and business development, as well as delivering continued profit growth and value creation. For members of the SEC, the short-term incentive target is set at 75% of base salary, with a maximum cap of 150% of base salary.

The quantitative component of the short-term cash incentive is assessed on actual Group sales, operating profit and cash generation, compared to budget. Cash generation is calculated as operating cash flow after capital expenditure and lease payments. Each of these three measures has equal weighting in the calculation.

The qualitative component is assessed on performance against both individual and collective strategic targets, measuring contributions towards growing brand equity, enhancing the client journey, driving initiatives on sustainability and enhancing the employee experience in the organisation. The Compensation Committee may decide to use its discretion in assessing the qualitative aspect of performance to take into account exceptional performance during the year where necessary.

For exceptional performance and commitment to the Group, additional incentives may be awarded by the Committee. One member of the SEC, Burkhard Grund, Chief Finance Officer, was awarded an additional payment of € 2.3 million in the current year, which is payable in May 2023, as well as the right to further additional incentives in 2024, and an additional grant of PSU made in the current financial year. This discretionary award recognises exceptional performance over a number of years which the Committee considered had not been properly reflected in previous remuneration awards.

# Compensation report continued

## Long-term variable incentives

SEC members, with the exception of the Chairman of the Board of Directors, are awarded long-term incentives under the Group's PSU and PCU plans.

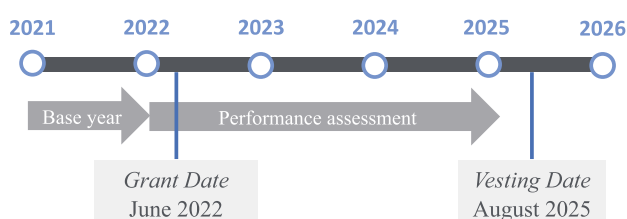
### Performance Stock Unit plan

Under the PSU plan, executives receive 'A' shares after a fixed vesting period. Awards are subject to performance conditions which may reduce the number of shares vesting. The main features of this plan are as follows:

Plan	Performance Stock Unit plan
Vesting period	Three years from grant date (awards prior to 2021 vested between three and five years from grant date)
Vesting conditions	<ul style="list-style-type: none"> <li>Continued employment with the Group.</li> <li>Achievement of quantitative and qualitative performance conditions as set by the Compensation Committee for each grant.</li> </ul>
Termination of employment	<ul style="list-style-type: none"> <li>In the event that an award holder retires, dies or has to end employment with the Group due to injury or permanent disability, all outstanding units vest immediately.</li> <li>If the award holder is a bad leaver, all unvested awards are forfeited.</li> <li>If employment is terminated for any other reason, unvested PSU, reduced pro-rata to reflect the date of cessation of employment compared to the original vesting period, shall continue and vest on the original date, provided that performance conditions are met.</li> <li>Accelerated vesting of PSU is not granted to a member of the SEC on retirement.</li> </ul>
Hedging of obligations	<ul style="list-style-type: none"> <li>Buy-back of 'A' shares or warrants immediately prior to grant date, if needed.</li> <li>Awards do not result in the issue of new share capital.</li> </ul>
Dividends	No entitlement prior to vesting
Compensation value at date of grant	Based on valuation principles of IFRS 2, excluding employer's social security costs
Governance	Total award is reviewed and approved by the Compensation Committee, as are individual awards to SEC members

The target long-term variable award for SEC members is set at 112.5% of base salary with a maximum cap of 150% of base salary, with the final value awarded to an executive depending on value creation of the Group. The Compensation Committee has discretion to increase or decrease the final award to take into account current market conditions, long-term and strategic decision-making, amongst other factors; such discretion is used only in very limited circumstances, to take into account exceptional performance which the calculation above did not capture. The final award value is converted into PSU based on the average share price over the 30 trading days preceding the approval of the award by the Compensation Committee.

For performance in the year ended 31 March 2022, PSU awards were made in June 2022, with a vesting date of August 2025. The performance conditions related to these awards are assessed over the vesting period; average performance during the financial years ending March 2023, March 2024 and March 2025 is compared to performance in the base year, being the year ended 31 March 2022. Full vesting of the award takes place only if performance is at least equal to the base year. Any reduction in performance leads to a linear reduction in the number of PSU which vest.



For the 2022 grant, performance is measured as follows:

Measure	Weighting	Description
Value creation	50%	Value based on a predefined formula of Operating Profit and Free Cash Flow
RONA	20%	Return on Net Assets
Qualitative	30%	Individual qualitative targets in the following categories, assessed over the three-year vesting period: <ul style="list-style-type: none"> <li>Brand equity</li> <li>Customer centricity</li> <li>Sustainability</li> <li>Employee experience</li> </ul>

Performance measures are aligned with the Group's strategic goals. The weighting of each criterion reflects the percentage of the total grant which vests depending on that performance measure. Each criteria is evaluated independently of the others.

The cost to the Group of this plan is equal to the fair value of the PSU awards, which is charged to net profit over the vesting period. There may also be a cash outflow on grant, as the Group repurchases its own shares and warrants in order to meet its obligations under this plan. The total fair value of PSU granted to members of the SEC in relation to performance for the year ended 31 March 2022 was CHF 7.7 million. The award of PSU requires retrospective approval from shareholders at the AGM. Following such approval, a revised fair value is determined for accounting purposes only.

The PSU plan may also be used as a retention tool, with additional awards made to specific executives whom the Group has identified as strategic to its future growth. The vesting period is the same as for the PSU plan (3 years for awards in 2022).

#### Performance Cash Unit plan

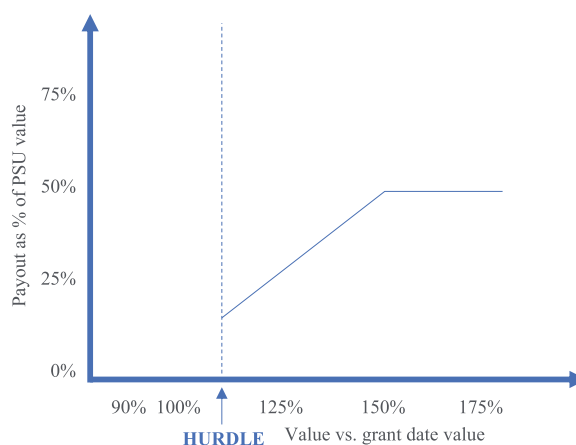
PSU awards are supplemented by a long-term cash plan, the PCU. Under this plan, certain senior executives, including members of the SEC, are eligible to receive a cash payment after a fixed vesting period.

The objective of this plan is to reward those executives whose performance has exceeded expectations in terms of value creation. Payment is made only if pre-set hurdle rates are reached; this hurdle rate is set at the beginning of the plan in order to capture challenging but realistic growth targets over the vesting period. The hurdle rate is set individually for each executive and depends on various factors, such as forecast growth and market share, amongst others. If the hurdle rates are achieved, the executive receives a cash payment which increases on a linear basis in line with growth in the value of the Group (or Maison or business area, depending on the responsibilities of the

executive) compared to the grant year, up to the maximum amount which is set at 50% of the executive's PSU award. The maximum possible payout is therefore equal to 75% of base salary, for an executive receiving the maximum PSU award.

For awards made in June 2022, hurdle rates are based on the value of the Group (or Maison or business area, depending on the responsibilities of the executive), calculated on the same basis as for the PSU plan (see above) and on RONA.

An illustration of the potential payout is presented as follows:



#### Share options

In previous years, executives also received awards under the Group's share option plan. The final awards were made under this plan in 2020. The main features of the Group's share option plan are as follows:

Plan	Employee share option plan
Strike price	Market value of share on grant date
Vesting period	Tranches over periods of three to six years from grant date
Expiry date	Nine years from date of grant
Vesting conditions	<ul style="list-style-type: none"> <li>Continued employment with the Group.</li> <li>The share options granted between 2008 and 2015 include a performance condition correlated to other luxury goods companies upon which vesting is conditional.</li> </ul>
Termination of employment	<ul style="list-style-type: none"> <li>In the event that an option holder retires, dies or has to end employment with the Group due to injury or permanent disability, all outstanding share options vest immediately.</li> <li>If employment is terminated for any other reason, unvested share options are forfeited.</li> </ul>
Dividends	No entitlement prior to exercise

Gains made by executives on exercising the share options depend on changes in the share price since the date of the award and, other than employer's social security contributions thereon, do not represent a cost to the Group.

#### Long-term incentive schemes for other Group executives

The Group also operates the following long-term incentive plans for Group and Maison executives, to which SEC members are not eligible. Awards are made on an annual basis.

##### Long-term Retention Plan

The Long-term Retention Plan ('LRP') is a cash incentive plan primarily used as a retention tool for key positions within the Group. For each eligible participant, the awards are set at the grant date at between 50% and 150% of the target short-term cash incentive awarded for the previous year (which varies as a percentage of fixed salary depending on employment grade) and become payable, typically after three further years of service. The level of the award granted is determined based on the current

position, as well as on the employee's individual performance and potential, while ensuring consistency across the Group. In exceptional circumstances a higher percentage may be awarded. Exceptionally in the year ended 31 March 2020, LRP were granted to certain employees in lieu of RSU awards. These LRP awards vest in tranches over three, four and five years. No awards were made under the LRP plan in the year ended 31 March 2023.

##### Restricted Stock Unit plan

The Restricted Stock Unit plan ('RSU') operates on the same basis as the PSU plan, but is not subject to performance conditions. Employees receive an 'A' share provided that they remain in employment during the vesting period. In case of retirement, vesting is on a pro-rata basis.

# Compensation report continued

## Senior Executive Committee

In the year under review the members of the SEC were:

### Senior Executive Committee

Johann Rupert	Chairman of the Board of Directors
Patricia Gandji <sup>1</sup>	Chief People Officer and CEO of Regions
Burkhardt Grund	Chief Finance Officer
Jérôme Lambert	Group Chief Executive Officer
Bérangère Ruchat <sup>2</sup>	Chief Sustainability Officer

1. From 11 November 2022.

2. From 10 February 2023.

Compensation of the SEC for the period is summarised below:

	Fixed components		Variable components			Total CHF	Prior year CHF
	Salary and other employee benefits CHF	Post- employment benefits CHF	Short-term incentives <sup>2</sup> CHF	Long-term incentives <sup>3</sup> CHF	Social security cost CHF		
<i>Variable paid in:</i>			<i>Cash</i>	<i>Equity/Cash</i>			
<b>Senior Executive Committee</b>							
Burkhardt Grund	1 922 456	115 809	3 772 050	6 496 855	640 553	<b>12 947 723</b>	8 532 757
Jérôme Lambert	1 951 094	114 989	1 486 990	4 063 369	363 475	<b>7 979 917</b>	7 430 648
Other <sup>1</sup>	450 352	49 675	332 084	–	23 064	<b>855 175</b>	–
<b>Total</b>	<b>4 323 902</b>	<b>280 473</b>	<b>5 591 124</b>	<b>10 560 224</b>	<b>1 027 092</b>	<b>21 782 815</b>	<b>15 963 405</b>

1. For the period of membership of the Senior Executive Committee.

2. Related to performance in the year to 31 March 2023.

3. Related to performance in the year to 31 March 2022.

Changes in the level of compensation awarded to members of the SEC reflect changes in membership compared to the previous year, as well as increased performance-related compensation, as explained below.

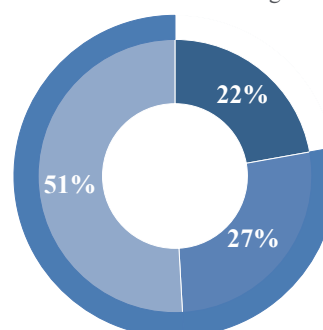
## Variable compensation

The objective of the Group's compensation policy is to favour variable (short- and long-term incentives) over fixed compensation. Executives benefit from a short-term cash incentive plan and awards granted under the Group's PSU and PCU plans. The Committee considers these components in total to ensure there is an appropriate balance between reward for short-term success and long-term retention. Targets used to determine the payout levels for both the variable short-term and long-term incentives are considered by the Committee on an annual basis. The Group does not provide for any transaction-specific success fees for its executives.

The split for the Group's Senior Executives for the year ended 31 March 2023 was as follows:

### VARIABLE COMPENSATION

■ Fixed ■ Short-term ■ Long-term



Variable compensation made up 78% of total compensation for the year under review. Absolute variable compensation has decreased compared to the prior year due to the change in membership of the SEC. For the remaining members of the SEC, the following impacts are reflected in the overall variable compensation awarded:

- The increase in the value of long-term incentives awarded for performance in the financial year ended 31 March 2022 increased due to the significant growth in both profitability and cash generation during that period.
- The exceptional grant of PSU awarded during the period, as described above, reflecting sustained exceptional performance over a number of years.
- Changes in short-term incentives reflect performance for the year under review.

#### Short-term incentives

The performance assessment for short-term incentives awards to members of the SEC is as follows:

Measure	Weighting	Description
Quantitative KPIs	55%	Performance against budget of: <ul style="list-style-type: none"> <li>• Sales</li> <li>• Operating Profit</li> <li>• Cash flow</li> </ul>
<b>Qualitative KPIs</b>		
Individual	25%	Specific targets based on executive's scope of responsibility
Collective	20%	Performance during the twelve month performance period in the following areas is assessed collectively for the SEC: <ul style="list-style-type: none"> <li>• Climate &amp; environment</li> <li>• Talent diversity</li> <li>• Targeted operational goals</li> </ul>

The total incentive awards achieved under the short-term incentive scheme, excluding exceptional amounts, represented on average 78% of base salary. The individual achievement figures for the Group's executive directors, compared to the target bonus, are as follows:

	Quantitative		Qualitative		Total	
	Weight	Achieved	Weight	Achieved	Weight	Achieved
Burkhart Grund	55%	59%	45%	44%	100%	103%
Jérôme Lambert	55%	59%	45%	45%	100%	104%

Achievement of the collective qualitative KPIs was assessed as 94%.

#### Long-term incentives

Members of the SEC received PSUs in June 2022, for performance in the year to 31 March 2022. All of these awards vest over three years.

Long-term incentive awards are approved by the Compensation Committee after the end of the financial year to which the award relates. The grant date is determined by the date on which the award, including any performance conditions, is communicated to the recipient, which falls after the date of this report. Awards related to performance during the year to 31 March 2023 will therefore be reported in next year's Compensation report. This report presents details of awards made during the period under review, which relate to performance in the year ended 31 March 2022.

All executives have also received awards under the Group's PCU plan for performance in the year to 31 March 2022. The maximum possible payout to be received in August 2025 is equal to 50% of the PSU value awarded for the year.

# Compensation report continued

Details of PSUs held by members of the Board and the SEC under the Group's PSU plan at 31 March 2023 were as follows:

	Number of units					Vesting dates
	1 April 2022	Granted in year	Vested in year	Cancelled in year	31 March 2023	
Burkhart Grund	68 148	46 261	13 516	–	<b>100 893</b>	Aug 2023-Dec 2025
Jérôme Lambert	82 588	25 221	15 876	–	<b>91 933</b>	Aug 2023-Dec 2025
Other SEC members <sup>1</sup>	38 306	–	–	–	<b>38 306</b>	Aug 2023-Dec 2025
	189 042	71 482	29 392	–	<b>231 132</b>	

1. Opening balance refers to the outstanding balance for the date on which the executive joined the SEC.

Certain PSUs awarded in 2019 and 2020 will vest in August 2023 and December 2023, respectively, based on Group results for the period to 31 March 2022 and 31 March 2023, respectively. These PSU will vest at 100%. Of the total 184 196 PSU which were originally granted (including 42 676 to current SEC members), executives will receive 184 196 CFR 'A' shares on vesting (current SEC members will receive 42 676).

Members of the SEC also hold share options which were granted in prior years. Details of share options held by members of the Board and the SEC under the Group's share option plan at 31 March 2023 were as follows:

	Number of options					Average strike price CHF	Earliest exercise period
	1 April 2022	Granted	Exercised	Lapsed	31 March 2023		
Burkhart Grund	132 463	–	69 194	–	<b>63 269</b>	85.54	Jul 2023-Dec 2025
Jérôme Lambert	278 786	–	61 000	–	<b>217 786</b>	85.67	Apr 2023-Dec 2025
Other SEC members <sup>1</sup>	27 133	–	–	–	<b>27 133</b>	82.24	Jul 2023-Dec 2025
	438 382	–	130 194	–	<b>308 188</b>		

1. Opening balance refers to the outstanding balance for the date on which the executive joined the SEC.

## Shareholders' approval

At the annual general meeting ('AGM'), the shareholders of the Company will be asked to approve the fixed compensation of the SEC for the next full financial year, being the twelve months to 31 March 2025. Changes compared to the prior year reflect the increase in membership of the SEC.

For the year ended 31 March 2023, the shareholders' meeting of September 2021 approved total fixed compensation of CHF 6.6 million. Actual fixed compensation of CHF 4.6 million is within the limits previously approved by shareholders.

Shareholders will also be requested to retrospectively approve the variable compensation paid and accrued during the current year to 31 March 2023, as follows:

	CHF
Variable remuneration for the year to 31 March 2023	
Short-term incentives for the year ended 31 March 2023	<b>5 591 124</b>
Long-term incentive awards	<b>10 560 224</b>
Employer's social security	<b>997 924</b>
<b>Total</b>	<b>17 149 272</b>

Compared to the prior year, changes in the total amount of variable compensation are due to the change in membership of the SEC, an exceptional award to one executive as described above and increased long-term incentives awarded for performance in the year ended 31 March 2022, reflecting the significant growth delivered by the Group in that year.



## Compensation of the Board of Directors

Compensation paid to non-executive directors for the period is summarised below:

	Fees and other benefits CHF	Consultancy fees CHF	Social security cost CHF	Total CHF	Prior year CHF
<b>Board of Directors</b>					
Johann Rupert (Chairman)	2 700 000	–	357 346	<b>3 057 346</b>	3 058 663
Non-executive directors	3 315 000	–	107 976	<b>3 422 976</b>	4 202 824
<b>Total</b>	<b>6 015 000</b>	<b>–</b>	<b>465 322</b>	<b>6 480 322</b>	<b>7 261 487</b>

Two Board members, Mr Ruggero Magnoni, who stepped down from the Board during the year, and Mr Anton Rupert have formally waived their entitlement to receive any fees or compensation in respect of their duties as non-executive directors.

### Chairman

The total compensation awarded to the Chairman of the Board of Directors, Mr Johann Rupert, is reviewed annually by the Committee. No variable compensation was awarded.

### Non-executive directors

Non-executive directors are entitled to receive an annual base retainer of CHF 100 000, plus a fee of CHF 20 000 for each Board meeting attended.

Non-executive directors are not eligible for performance-related payments and do not receive awards under the Group's share option plan or other long-term incentive plans.

Non-executive directors who are also Committee members are entitled to receive further fees per meeting attended.

Committee attendance fees	Chairman	Member
Audit Committee	CHF 20 000	CHF 15 000
Governance and Sustainability Committee	CHF 15 000	CHF 10 000
Compensation Committee	CHF 15 000	CHF 10 000
Strategic Security Committee	CHF 15 000	CHF 10 000

### Executive directors

The executive directors of the Board are all members of the SEC and do not receive any compensation for their role as members of the Board.

### Shareholder approval

At the AGM, the shareholders of the Company will be asked to approve the compensation of the Board of Directors for the period from AGM 2023 to AGM 2024. Following a review of directors' fees, which have remained unchanged for a number of years, remuneration of the Board of Directors is expected to increase.

## Compensation governance

### Severance

There are no arrangements in place to provide for any severance benefit or other special departure payments for any director or any member of the SEC, other than their contractual and legal rights. In general, the duration of the contractual notice period is six months. In certain cases, the employing entity is required to provide twelve months' notice; however, in no cases is the notice period longer than twelve months for members of the SEC.

### Clawback

In addition to applicable statutory provisions, the Group's long-term incentive plans include provisions allowing the Group to reclaim, in full or in part, distributed compensation as a result of special circumstances. There are no clawback provisions for the short-term incentive.

Upon termination of employment as a result of serious misconduct, including fraud as defined by the applicable criminal law and violation of the Group's Standards of Business Conduct, all awards granted and outstanding, whether vested or unvested, lapse immediately without any compensation.

### External consultants

The Group also uses external consultants for advice on remuneration matters. During the year, external advice was received from a number of professional firms including PricewaterhouseCoopers, Deloitte, Lenz & Staehelin, RSM, Mercer and Willis Towers Watson. None of these firms received any additional remuneration-related mandates from those consultations; however, Lenz & Staehelin also received fees for legal and tax advice (see page 129). PricewaterhouseCoopers is the Company and Group's external auditor.

### Change of control

The rules of the share option and PSU plan for executives in the Group contain specific provisions in respect of a change of control of the Group. These provisions are typical in terms of such plans and would result in the vesting of benefits due to participants in the event of a change of control taking place.

# Compensation report continued

## Management contracts

There are no contracts between the Group and any third parties for the management of the Company or any subsidiary in the Group.

## Allotment of shares

No shares were allotted to directors or members of senior management during the year under review.

## Share ownership

Details of the shareholdings of the members of the Board of Directors in the Company are disclosed on page 130 of this report. Directors are encouraged to acquire and hold shares in the Company.

## Trading in Richemont shares

The exercise of options and transactions in Richemont shares and related securities by any current director or member of the SEC and their related parties is promptly notified to the SIX Swiss Exchange. These notifications are simultaneously published by SIX Swiss Exchange.

## Shareholder approval

The Company's Articles of Association contain provisions relating to compensation-related articles with respect to compensation principles (Article 38) and the binding votes of the AGM (Article 39). Shareholders are required to approve prospectively the remuneration of the Board of Directors and the fixed compensation of the SEC, while variable compensation is approved retrospectively. The Articles also include provisions for the remuneration of new members of the SEC (Article 39).

The following compensation will be proposed to the shareholders for approval at the AGM:

	<b>Period covered</b>
<i>Board of Directors</i>	
Fixed compensation	AGM 2023 – AGM 2024
<i>Senior Executive Committee</i>	
Fixed compensation	April 2024 – March 2025
Variable compensation	April 2022 – March 2023

The Articles of Association can be found at:  
<https://www.richemont.com/en/home/about-us/corporate-governance/>

## Compensation report for the financial year under review

The Ordinance against Excessive Compensation ('OEC') allows the Board of Directors to identify a corporate body to which management of the day-to-day operations of the organisation can be delegated. This is deemed to be the SEC, which is chaired by the Chairman of the Board and comprises the following executives:

Johann Rupert  
Burkhard Grund  
Jérôme Lambert  
Patricia Gandji  
Bérangère Ruchat

Chairman of the Board of Directors  
Chief Finance Officer  
Group Chief Executive Officer  
Chief People Officer and CEO of Regions  
Group Chief Sustainability Officer

Members of this Committee are considered to be subject to the various disclosure and approval requirements imposed by the OEC.

The total compensation of the members of the Board of Directors and the SEC amounted to CHF 6.5 million and CHF 21.8 million, respectively, including pension contributions, benefits in kind and all other aspects of compensation. The highest paid member of the SEC was Burkhard Grund, Chief Finance Officer, with a total compensation of CHF 12.9 million.

The measurement basis for each component of compensation is described below:

- Salary and other short-term benefits: accruals basis.
- Short-term incentives: accruals basis.
- Pension: contributions paid.
- Share options and PSU: total fair value, as determined at the date of award of the share options granted in the year, the share option value being determined in accordance with the valuation methodology of IFRS 2.
- PCU awards: maximum payout awarded.
- Employer's social security: amounts are presented on a cash paid basis for short-term compensation and estimated, based on fair value at grant date and mandatory employer social security contributions which provide rights up to the maximum future state benefit, for long-term incentives.

All amounts are stated gross before the deduction of any related tax or amounts due by the employee.

## Compensation for the financial year to 31 March 2023

	Fixed fees CHF	Consultancy fees CHF	Other CHF	Social security cost <sup>5</sup> CHF	Total CHF
<b>Board of Directors</b>					
Johann Rupert	2 700 000	–	–	357 346	<b>3 057 346</b>
Josua Malherbe	310 000	–	–	21 859	<b>331 859</b>
Nikesh Arora	200 000	–	–	–	<b>200 000</b>
Clay Brendish	450 000	–	–	–	<b>450 000</b>
Jean-Blaise Eckert	205 000	–	–	–	<b>205 000</b>
Keyu Jin	250 000	–	–	–	<b>250 000</b>
Wendy Luhabe	250 000	–	–	17 348	<b>267 348</b>
Ruggero Magnoni <sup>2, 3</sup>	–	–	–	–	<b>–</b>
Jeff Moss	250 000	–	–	–	<b>250 000</b>
Vesna Nevistic	245 000	–	–	–	<b>245 000</b>
Guillaume Pictet	345 000	–	–	26 217	<b>371 217</b>
Maria Ramos	230 000	–	–	19 929	<b>249 929</b>
Anton Rupert <sup>2</sup>	–	–	–	–	<b>–</b>
Jan Rupert <sup>3</sup>	110 000	–	–	8 036	<b>118 036</b>
Patrick Thomas	200 000	–	–	14 587	<b>214 587</b>
Jasmine Whitbread	270 000	–	–	–	<b>270 000</b>
<b>Total</b>	<b>6 015 000</b>	<b>–</b>	<b>–</b>	<b>465 322</b>	<b>6 480 322</b>

	Fixed components		Variable components				Total CHF
	Salary and other employee benefits CHF	Post- employment benefits CHF	Short-term incentives CHF	Share-based awards <sup>1</sup> CHF	Cash-based long- term incentives CHF	Social security cost <sup>5</sup> CHF	
<i>Variable paid in:</i>			<i>Cash</i>	<i>Equity</i>	<i>Cash</i>		
<b>Senior Executive Committee</b>							
Burkhardt Grund	1 922 456	115 809	3 772 050	5 071 855	1 425 000	640 553	<b>12 947 723</b>
Jérôme Lambert	1 951 094	114 989	1 486 990	2 638 369	1 425 000	363 475	<b>7 979 917</b>
Other SEC members <sup>4</sup>	450 352	49 675	332 084	–	–	23 064	<b>855 175</b>
<b>Total</b>	<b>4 323 902</b>	<b>280 473</b>	<b>5 591 124</b>	<b>7 710 224</b>	<b>2 850 000</b>	<b>1 027 092</b>	<b>21 782 815</b>
<b>Total compensation</b>							<b>28 263 137</b>

1. Share-based compensation is recognised at the total fair value at the date of the award. These incentives are settled in equity (shares) after completion of the vesting period of three years. Details of the share-based compensation valuation model and significant inputs to this model are found in note 31 to the consolidated financial statements.

2. Mr Magnoni and Mr Anton Rupert have formally waived their entitlement to receive any fees or compensation in respect of their duties as non-executive directors.

3. Until 7 September 2022.

4. Other SEC members include two executives in the current year. Figures relate to compensation for the period of membership of the Senior Executive Committee only.

5. Social security costs are the employer's contribution on all components of compensation (see above).

# Compensation report continued

## Compensation for the financial year to 31 March 2022

	Fixed fees CHF	Consultancy fees CHF	Other CHF	Social security cost <sup>5</sup> CHF	Total CHF
<b>Board of Directors</b>					
Johann Rupert	2 700 000	–	–	358 663	<b>3 058 663</b>
Josua Malherbe	310 000	–	–	23 588	<b>333 588</b>
Nikesh Arora	200 000	55 000	–	–	<b>255 000</b>
Clay Brendish	460 000	–	–	–	<b>460 000</b>
Jean-Blaise Eckert	245 000	–	–	–	<b>245 000</b>
Keyu Jin	250 000	–	–	–	<b>250 000</b>
Wendy Luhabe	250 000	–	–	19 317	<b>269 317</b>
Ruggero Magnoni <sup>2</sup>	–	–	–	–	–
Jeff Moss	250 000	–	–	–	<b>250 000</b>
Vesna Nevistic	245 000	–	–	–	<b>245 000</b>
Guillaume Pictet	335 000	–	–	25 569	<b>360 569</b>
Alan Quasha <sup>3</sup>	90 000	–	–	–	<b>90 000</b>
Maria Ramos	230 000	–	–	20 539	<b>250 539</b>
Anton Rupert <sup>2</sup>	–	–	–	–	–
Jan Rupert	250 000	–	–	18 760	<b>268 760</b>
Gary Saage <sup>3</sup>	90 000	310 000	9 487	259 005	<b>668 492</b>
Patrick Thomas <sup>4</sup>	90 000	–	–	6 559	<b>96 559</b>
Jasmine Whitbread <sup>4</sup>	160 000	–	–	–	<b>160 000</b>
<b>Total</b>	<b>6 155 000</b>	<b>365 000</b>	<b>9 487</b>	<b>732 000</b>	<b>7 261 487</b>

	Fixed components			Variable components			Total CHF
	Salary and other employee benefits CHF	Post- employment benefits CHF	Short-term incentives CHF	Share-based award <sup>1</sup> CHF	Cash-based long- term incentives CHF	Social security cost <sup>5</sup> CHF	
<i>Variable paid in:</i>			<i>Cash</i>	<i>Equity</i>	<i>Cash</i>		
<b>Senior Executive Committee</b>							
Nicolas Bos <sup>3</sup>	721 912	49 740	667 000	1 875 915	943 500	244 327	<b>4 502 394</b>
Burkhardt Grund	1 512 498	114 781	3 695 000	1 744 712	877 500	588 266	<b>8 532 757</b>
Jérôme Lambert	1 934 399	112 211	1 754 000	2 209 999	1 111 500	308 539	<b>7 430 648</b>
Cyrille Vigneron <sup>3</sup>	809 033	49 601	673 000	2 315 411	1 164 500	389 139	<b>5 400 684</b>
Other SEC members <sup>3,6</sup>	1 363 958	147 519	1 172 000	3 877 241	1 950 000	567 522	<b>9 078 240</b>
<b>Total</b>	<b>6 341 800</b>	<b>473 852</b>	<b>7 961 000</b>	<b>12 023 278</b>	<b>6 047 000</b>	<b>2 097 793</b>	<b>34 944 723</b>
<b>Total compensation</b>							<b>42 206 210</b>

1. Share-based compensation is recognised at the total fair value at the date of the award. These incentives are settled in equity (shares) after completion of the vesting period of three years. Details of the share-based compensation valuation model and significant inputs to this model are found in note 31 to the consolidated financial statements.

2. Mr Magnoni and Mr Anton Rupert have formally waived their entitlement to receive any fees or compensation in respect of their duties as non-executive directors.

3. Until 8 September 2021.

4. From 8 September 2021.

5. Social security costs are the employer's contribution on all components of compensation (see above).

6. Other SEC members include three executives in the prior year. Figures relate to compensation for the period of membership of the Senior Executive Committee only.

**Related party transactions**

Maitre Jean-Blaise Eckert, a non-executive director, is a partner of the Swiss legal firm Lenz & Staehelin. During the year under review, Lenz & Staehelin received fees totalling CHF 0.9 million from Group companies for advice on legal and taxation matters.

During the year the Group gave donations of CHF 0.1 million to the Fondazione Giuliano e Maria Carmen Magnoni, a charitable organisation supporting initiatives for young people in disadvantaged conditions. Mr Ruggero Magnoni is Vice-Chairman of the Foundation.

**Payments to former directors**

Mr Alain-Dominique Perrin, a former director of the Company, provided consulting services to the Group during the year. Fees for these services amounted to CHF 4.5 million. The consultancy services provided to the Group are in connection with business development and marketing-related activities, in particular ensuring that matters related to communication, products and distribution are appropriate and consistent with the identity and strategy of the Group's Maisons.

**Loans to members of governing bodies**

As at 31 March 2022, there were no loans or other credits outstanding to any current or former executive, non-executive director or member of the SEC. In accordance with the Group's Articles of Association (Article 38), the Group does not extend loans to current or former members of the Board or SEC. There were also no non-business-related loans or credits granted to relatives of any member of the Board or SEC.

# Report of the statutory auditor

## to the General Meeting of Compagnie Financière Richemont SA

### Bellevue, Switzerland

We have audited the pages 73 to 75 of the accompanying compensation report of Compagnie Financière Richemont SA for the year ended 31 March 2023.

#### **Board of Directors' responsibility**

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Opinion**

In our opinion, the remuneration report of Compagnie Financière Richemont SA for the year ended 31 March 2023 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers SA

Guillaume Nayet  
Licensed audit expert  
Auditor in charge

Louise Rolland  
Licensed audit expert

Genève, 11 May 2023