

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 2022.

During the year under review, the Group has delivered significant growth in terms of both profitability and cash generation, and the Committee has been fully supportive of management's efforts to ensure that all of the Group's employees were able to share in the excellent results reported for the period.

Looking to the future, the Committee has also worked with management in the further development of the Group's long-term incentive schemes, with the specific objective of ensuring that long-term and strategic value creation is effectively incentivised and that the highest-performing executives are appropriately compensated.

This focus has led to changes to the Performance Stock Unit ('PSU') scheme, aligning performance criteria, including Return on Net Assets ('RONA'), to the perimeter of responsibility of the individual executive. A new plan, the Performance Cash Unit ('PCU') plan, was put into place for the first time, allowing for an additional cash payout in the event of significant value growth, over and above pre-set, challenging targets. This new plan will further ensure the alignment of management and shareholder interests, both incentivising and rewarding long-term value creation.

The Committee firmly believes that performance assessment for variable compensation is aligned to the Group's strategic priorities. Sustainability is of critical importance to the Group and the Committee fully supports management in the inclusion of ESG-related KPIs when assessing both short and long-term performance.

During the period, the Board of Directors announced a change in the membership and focus of the Senior Executive Committee ('SEC'). This Committee, to whom the Board has delegated management of the Group, is now primarily responsible for capital allocation and strategic decision-making for the Group as a whole, and comprises the Chief Executive Officer and Chief Finance Officer only. Former members of the SEC will now focus solely on the Maisons and business areas for which they are responsible, with no responsibility for overall Group strategy. This significant change in the governance of the Group has implications for the following Compensation report, which are described in detail on the following pages.

At the AGM in September 2021, shareholders once again approved the remuneration proposals by a large majority. Specifically, shareholders were asked to approve the maximum amount of fixed Board compensation from the 2021 AGM to the 2022 AGM; the maximum amount of fixed SEC compensation for the 2023 financial year and the variable compensation of the SEC for the 2021 financial year. The actual compensation paid to the Board for the period from the 2020 AGM to the 2021 AGM and to the SEC with respect to fixed compensation for the 2022 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 SIX Exchange Regulation. The compensation for the financial year under review, as detailed on pages 74 to 76, 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.

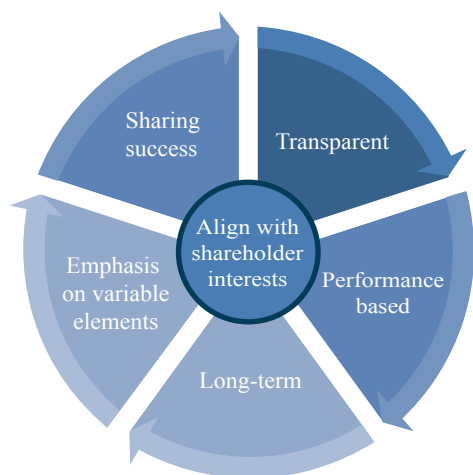
We look forward to receiving comments from our investors.

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 PSU and 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 or Maison in terms of operating profit, cash generation and return on net assets, and qualitative, with respect to individual and collective management performance.

Non-executive directors receive fixed compensation only and 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 2020 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 2022, the composition of the Committee was as follows:

Compensation Committee

Clay Brendish (Chairman)
Keyu Jin
Guillaume Pictet
Maria Ramos

The Committee meets four times per year, with additional meetings scheduled as required. During the year ended 31 March 2022, the Committee met five times. The Group Chief Executive Officer, Group Chief Finance Officer and Group 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, as well as other Group executives, is made up as follows:

			Payment in	Performance criteria
Performance Cash Units	Variable	Long-term	Cash	<ul style="list-style-type: none"> Quantitative (Value creation, RONA)
Performance Stock Units			Shares	<ul style="list-style-type: none"> Quantitative (Value creation, RONA) Qualitative targets (Brand Equity, Customer Centricity, Sustainability, People Experience)
Short-term incentive		Short-term	Cash	<ul style="list-style-type: none"> Quantitative (Revenue, EBIT, Cash) Individual qualitative KPIs Collective qualitative KPIs (SEC only)
Base salary and benefits	Fixed			

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.

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, Maison or business area turnover, 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 people 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 was awarded an additional payment in the current year, which is payable in May 2022, as well as the right to further additional incentives in 2023 and 2024.

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.

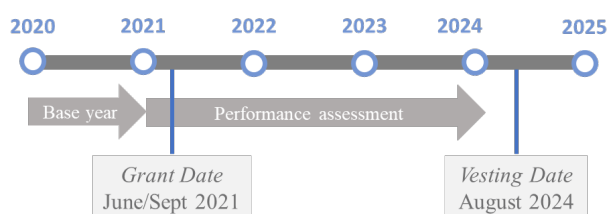
Performance Stock Unit plan

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"> Continued employment with the Group. Achievement of quantitative and qualitative performance conditions as set by the Compensation Committee for each grant.
Termination of employment	<ul style="list-style-type: none"> 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. If the award holder is a bad leaver, all unvested awards are forfeited. 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. Accelerated vesting of PSU is never granted to any member of the SEC, even in the case of retirement.
Hedging of obligations	<ul style="list-style-type: none"> Buy-back of 'A' shares or warrants immediately prior to grant date, if needed. Awards do not result in the issue of new share capital.
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 business area for which they are responsible over the period to which the award relates. 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 2021, PSU awards were made in June and September 2021, with a vesting date of August 2024. The performance conditions related to these awards are assessed over the vesting period; average performance during the financial years ending March 2022, March 2023 and March 2024 is compared to performance in the base year, being the year ended 31 March 2021. 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 2021 grant, performance is measured as follows:

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

The weighting of each criteria 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 current and former members of the SEC in relation to performance for the year ended 31 March 2021 was CHF 12.0 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.

Performance Cash Unit plan

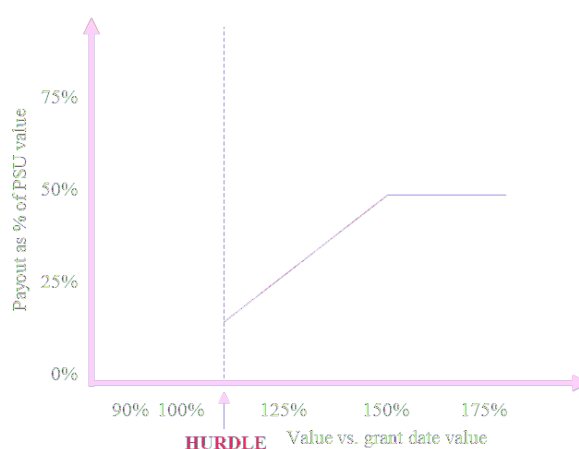
During the current year, the Group introduced a new long-term cash plan, the PCU. Under this plan, certain senior executives, including members of the SEC, are eligible to receive a cash payment after a fixed vesting period.

The objective of this new 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.

For awards made in June and September 2021, 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"> Continued employment with the Group. The share options granted between 2008 and 2015 include a performance condition correlated to other luxury goods companies upon which vesting is conditional.
Termination of employment	<ul style="list-style-type: none"> 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. If employment is terminated for any other reason, unvested share options are forfeited.
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

Compensation report continued

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.

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.

Senior Executive Committee

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

Senior Executive Committee

Burkhardt Grund	Chief Finance Officer
Jérôme Lambert	Group Chief Executive Officer
Nicolas Bos ¹	President & Chief Executive Officer, Van Cleef & Arpels
Philippe Fortunato ¹	CEO of Fashion & Accessories Maisons
Emmanuel Perrin ¹	Head Specialist Watchmakers Distribution
Cyrille Vigneron ¹	President & Chief Executive Officer, Cartier
Frank Vivier ¹	Chief Transformation Officer

1. Until 8 September 2021.

Following a review of the Group's governance model, and to further capitalise on the Group's agility and momentum, it was announced in July 2021 that the SEC would focus solely on strategic direction, capital allocation, governance and the provision of central and regional functions. Executives in charge of Maisons and business areas would focus exclusively on the sustainable development of their respective entities or business areas, ensuring a customer-centric approach and the continued success of digital initiatives and are no longer responsible for Group-wide initiatives.

Taking these revised responsibilities into account, Nicolas Bos, Philippe Fortunato, Emmanuel Perrin, Cyrille Vigneron and Frank Vivier stepped down from the SEC with effect from 8 September 2021. Nicolas Bos and Cyrille Vigneron also stepped down from the Board of Directors.

Going forward, the SEC comprises Burkhardt Grund, Chief Finance Officer, Jérôme Lambert, Group Chief Executive Officer and Johann Rupert, Chairman of the Board of Directors.

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 CHF	Long-term incentives CHF	Social security cost CHF		
<i>Variable paid in:</i>			<i>Cash</i>	<i>Equity</i>			
Senior Executive Committee							
Nicolas Bos ¹	721 912	49 740	667 000	2 819 415	244 327	4 502 394	4 268 876
Burkhardt Grund	1 512 498	114 781	3 695 000	2 622 212	588 266	8 532 757	3 644 466
Jérôme Lambert	1 934 399	112 211	1 754 000	3 321 499	308 539	7 430 648	4 589 348
Cyrille Vigneron ¹	809 033	49 601	673 000	3 479 911	389 139	5 400 684	4 416 914
Other ¹	1 363 958	147 519	1 172 000	5 827 241	567 522	9 078 240	6 586 940
Total	6 341 800	473 852	7 961 000	18 070 278	2 097 793	34 944 723	23 506 544

1. For the period 1 April 2021 to 8 September 2021. Thereafter the executive stepped down from the SEC.

Changes in the level of compensation awarded to members of the SEC reflect the reduction in membership of the Committee in the second half of the year, offsetting awards under the new PCU plan and other exceptional incentives.

For those executives stepping down from the SEC, the summary of compensation above includes only compensation related to performance in the period to 8 September 2021. Specifically, the following principles have been followed in preparing this summary:

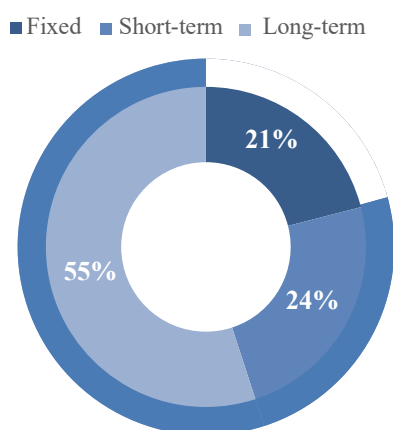
- Salary and other employee benefits relate to the period 1 April 2021 to 8 September 2021.
- The short-term incentive awarded to the executive for the financial year ended 31 March 2022 is allocated to the reportable period on a pro-rata basis.
- Long-term incentives awarded in September 2021 for performance for the year ended 31 March 2021 are included in full in the summary above.

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 2022 was as follows:

VARIABLE COMPENSATION



Variable compensation made up 79% of total compensation 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"> Sales; operating Profit; cash flow
Qualitative KPIs		
Collective	20%	Performance in the following areas is assessed collectively for the SEC: <ul style="list-style-type: none"> Climate & environment Talent diversity Targeted operational goals
Individual	25%	Specific targets based on executive's scope of responsibility

The total incentive awards achieved under the short-term incentive scheme, excluding exceptional amounts, represented on average 92% 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%	76%	45%	47%	100%	123%
Jérôme Lambert	55%	76%	45%	47%	100%	123%

Long-term incentives

Members of the SEC received PSUs in September 2021, for performance in the year to 31 March 2021. 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 Compensation report. Awards related to performance during the year to 31 March 2022 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 2021.

All executives have also received awards under the Group's PCU plan for performance in the year to 31 March 2021. The maximum possible payout to be received in August 2024 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 2022 were as follows:

	Number of units					Vesting dates
	1 April 2021	Granted in year	Vested in year	Cancelled in year	31 March 2022	
Burkhardt Grund	49 478	18 670	–	–	68 148	Aug 2022-Dec 2025
Jérôme Lambert	58 939	23 649	–	–	82 588	Aug 2022-Dec 2025
	108 417	42 319	–	–	150 736	

PSUs held by former members under the Group's PSU plan at 8 September 2021, the date on which the executives stepped down from the SEC and the Board of Directors, were as follows:

	Number of units					Vesting dates
	1 April 2021	Granted in period	Vested in period	Cancelled in period	8 September 2021	
Nicolas Bos	54 001	–	–	–	54 001	Aug 2022-Dec 2025
Cyrille Vigneron	57 898	–	–	–	57 898	Aug 2022-Dec 2025
Other Senior Executives	64 896	–	–	–	64 896	Aug 2022-Dec 2025
	176 795	–	–	–	176 795	

The first tranche of PSUs awarded in 2019 will vest in August 2022, based on Group results for the period to 31 March 2022. These PSU will vest at 100%. Of the total 0.4 million PSU which were originally granted (including 29 392 to current SEC members), executives will receive 0.4 million CFR 'A' shares on vesting (current SEC members will receive 29 392).

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 2022 were as follows:

	Number of options					Average strike price CHF	Earliest exercise period
	1 April 2021	Granted	Exercised	Lapsed	31 March 2022		
Burkhardt Grund	242 463	–	110 000	–	132 463	85.61	Jul 2022
Jérôme Lambert	278 786	–	–	–	278 786	84.47	Apr 2022
	521 249	–	110 000	–	411 249		

Options held by former members under the Group's share option plan at 8 September 2021, the date on which the executives stepped down from the SEC and the Board of Directors, were as follows:

	Number of options					Average strike price CHF	Earliest exercise period
	1 April 2021	Granted	Exercised	Lapsed	8 September 2021		
Nicolas Bos	265 001	–	–	–	265 001	84.99	Apr 2022
Gary Saage	435 000	–	435 000	–	–	–	–
Cyrille Vigneron	302 053	–	133 333	–	168 720	84.91	Jul 2022
Other Senior Executives	243 717	–	73 333	–	170 384	85.35	Apr 2022
	1 245 771	–	641 666	–	604 105		

The share options held by Mr Gary Saage, former Non-executive Director, were awarded in his previous role as an executive director of the Company.

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 2024. Total fixed compensation proposed will decline compared to the current year, given the reduction in membership of the SEC.

For the year ended 31 March 2022, the shareholders meeting of September 2020 approved total fixed compensation of CHF 15.8 million. Actual fixed compensation of CHF 6.8 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 2022, as follows:

	CHF
Variable remuneration for the year to 31 March 2022	
Short-term incentives for the year ended 31 March 2022	7 961 000
Long-term incentive awards	18 070 277
Employer's social security	1 619 523
Total	27 650 800

Compared to the prior year, changes in the total amount of variable compensation are due to additional short-term awards and the new PCU plan.

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
Board of Directors					
Johann Rupert (Chairman)	2 700 000	–	358 663	3 058 663	1 495 838
Non-executive directors	3 464 487	365 000	373 337	4 202 824	4 205 615
Total	6 164 487	365 000	732 000	7 261 487	5 701 453

Two Board members, 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.

Chairman

The total compensation awarded to the Chairman of the Board of Directors, Mr Johann Rupert, is reviewed annually by the Committee. During the comparative period, the fixed remuneration of the Chairman was voluntarily reduced by 50% in response to the Covid-19 pandemic and related economic consequences. 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. This fee is reduced to CHF 4 800 for remote participation, with the exception of meetings held during the Covid-19 pandemic for which remote attendance was necessary.

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

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. There is no scheme to issue shares to non-executive directors.

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.

Compensation report continued

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 2022 to AGM 2023. Compared to the amount approved in the prior year, the remuneration of the Board of Directors is expected to remain stable.

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.

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 131). 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.

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 134 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:

	Period covered
<hr/>	
<i>Board of Directors</i>	
Fixed compensation	AGM 2022 – AGM 2023
<i>Senior Executive Committee</i>	
Fixed compensation	April 2023 – March 2024
Variable compensation	April 2021 – March 2022
<hr/>	

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 can be delegated for the day-to-day management of the organisation. This is deemed to be the SEC, which is chaired by the Chairman of the Board and comprises the following executives:

Johann Rupert	Chairman of the Board of Directors
Jérôme Lambert	Group Chief Executive Officer
Burkhardt Grund	Group Chief Finance Officer

The following executives also served as members of the SEC for the period to 8 September 2021.

Nicolas Bos	President & Chief Executive Officer, Van Cleef & Arpels
Philippe Fortunato	CEO of Fashion & Accessories Maisons
Emmanuel Perrin	Head of Specialist Watchmakers Distribution
Cyrille Vigneron	President & Chief Executive Officer, Cartier
Frank Vivier	Chief Transformation 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 7.3 million and CHF 34.9 million, respectively, including pension contributions, benefits in kind and all other aspects of compensation. The highest paid member of the SEC was Burkhardt Grund, Group Chief Finance Officer, with a total compensation of CHF 8.5 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 or increased in accrued value depending upon the pension plan type.
- 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 report continued

Compensation for the financial year to 31 March 2022

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

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

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 3 years. Details of the share-based compensation valuation model and significant inputs to this model are found in note 33 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).

Compensation for the financial year to 31 March 2021

	Fixed fees CHF	Consultancy fees CHF	Other CHF	Social security cost ⁵ CHF	Total CHF
Board of Directors					
Johann Rupert	1 350 000	–	–	145 838	1 495 838
Josua Malherbe	300 000	–	–	23 942	323 942
Nikesh Arora	200 000	233 750	–	–	433 750
Clay Brendish	417 500	–	–	–	417 500
Jean-Blaise Eckert	245 000	–	–	–	245 000
Keyu Jin	250 000	–	–	–	250 000
Wendy Luhabe ³	110 000	–	–	9 304	119 304
Ruggero Magnoni ²	–	–	–	–	–
Jeff Moss	240 000	–	–	–	240 000
Vesna Nevistic	245 000	–	–	–	245 000
Guillaume Pictet	320 000	–	–	24 348	344 348
Alan Quasha	200 000	–	–	–	200 000
Maria Ramos	250 000	–	–	20 955	270 955
Anton Rupert ²	–	–	–	–	–
Jan Rupert	240 000	–	–	18 378	258 378
Gary Saage	200 000	620 000	16 327	21 111	857 438
Total	4 567 500	853 750	16 327	263 876	5 701 453

	Fixed components		Variable components			Total CHF
	Salary and other employee benefits CHF	Post- employment benefits CHF	Short-term incentives CHF	Share-based award ¹ CHF	Social security cost ⁵ CHF	
<i>Variable paid in:</i>			<i>Cash</i>	<i>Equity</i>		
Senior Executive Committee						
Nicolas Bos	1 322 970	112 518	1 404 700	1 137 899	290 789	4 268 876
Burkhardt Grund	1 223 927	111 392	1 227 000	941 371	140 776	3 644 466
Sophie Guieysse ⁴	360 913	42 893	–	–	15 031	418 837
Jérôme Lambert	1 595 573	111 395	1 515 000	1 192 393	174 987	4 589 348
Cyrille Vigneron	1 483 652	111 154	1 507 000	1 169 120	145 988	4 416 914
Other SEC members	3 425 435	322 425	1 955 000	1 882 691	264 413	7 849 964
Total	9 412 470	811 777	7 608 700	6 323 474	1 031 984	25 188 405
Total compensation						30 889 858

1. Share-based compensation is recognised at the total fair value at the date of the award. These incentives are settled in equity (either shares or share options) after completion of the vesting period of between 3 and 5 years. Details of the share-based compensation valuation model and significant inputs to this model are found in note 33 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. From 9 September 2020.

4. Sophie Guieysse stepped down from the SEC on 12 June 2020 and from the Board of Directors on 9 September 2020 but remained an employee of the Group until 31 March 2021. The amounts shown above represent salary and benefits paid to Ms Guieysse during the period in which she acted as a director of the Company. All amounts paid to her subsequent to this period are included in the line 'Other SEC members'. This includes salary, other benefits and short-term incentives for the year ended 31 March 2021 and a non-compete agreement signed with Ms Guieysse on her departure. No share-based awards were made; however, share options awarded in prior years have vested on 31 March 2021 and Ms Guieysse retains her allocated PSU, which remain subject to the performance conditions described at page 66.

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

Compensation report continued

Related party transactions

In addition to their duties as non-executive directors, Mr Gary Saage and Mr Nikesh Arora provided consultancy services to the Group during the year. Fees for those services, amounting to CHF 0.3 million and CHF 0.1 million, respectively, are included in the compensation disclosures above. The consultancy services provided to the Group are in connection with the Group's business development, digital and business transformation strategies. Both contracts ended during the period under review, on 30 September 2021 and 30 June 2021, respectively.

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 0.7 million from Group companies for advice on legal and taxation matters.

During the year the Group gave donations of CHF 0.2 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 Group, provided consulting services to the Group during the year. Fees for these services amounted to CHF 4.8 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.

On 8 September 2021, Mr Gary Saage stepped down as Director of the Company. Since that time, he continues to serve as Chairman of Richemont North America and as an advisor to the Chairman of the Board of Directors, for which he received a fee during the period 1 October 2021 to 31 March 2022 of CHF 0.3 million.

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 74 to 76 of the accompanying compensation report of Compagnie Financière Richemont SA for the year ended 31 March 2022.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation 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 accompanying compensation 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 compensation 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 compensation 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 compensation 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 compensation 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 compensation report of Compagnie Financière Richemont SA for the year ended 31 March 2022 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers SA

Guillaume Nayet

Audit expert
Auditor in charge

Louise Rolland

Genève, 19 May 2022