

# CONSTANCE HOTELS SERVICES LIMITED

## NOMINATION AND REMUNERATION COMMITTEE CHARTER

*This Charter applies to Constance Hotels Services Ltd and its operating subsidiaries, where applicable (The “Company”).*

The Committee, as established by the Board, shall include in its terms of reference responsibility for matters covered by a Nomination Committee and a Remuneration Committee, as delegated to it by the Board.

### 1. Membership

- 1.1 The Committee shall comprise of, at least three Directors, appointed by the Board on the recommendation of the Nomination Committee. A majority of two of whom are to be non-executive Directors of the Committee.
- 1.2 The Board shall appoint the Committee Chairperson who should be either the chair of the board or a non-executive Director. The Chairperson of the board shall not chair the committee when its dealing with the matter of succession of the chair of the Board
- 1.3 The Group Chief Executive Officer may be a member of the Committee or be invited to attend the meetings.
- 1.4 External advisers may be invited to attend for all or part of any meetings, as and when appropriate and necessary.
- 1.5 Members of the Committee shall be appointed by the Board for the term of their directorship.

### 2. Secretary

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

### 3. Quorum

- 3.1 The quorum for decisions of the Committee shall be any two members of whom at least one must be the Chairperson who shall be present throughout the meeting.

#### **4. Meetings**

- 4.1 Meetings of the Committee will be held as the Committee deems appropriate. However, the Committee shall meet at least four times a year.
- 4.2 The Chairperson of the Committee or any member of the Committee may call a meeting at any other time.
- 4.3 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chairperson of the Committee or any member of the Committee.
- 4.4 The notice of each meeting of the Committee confirming the venue, time and date and enclosing an agenda of items to be discussed shall, other than under exceptional circumstances, be forwarded to each member of the Committee, and any other person required to attend, by the Secretary of the Committee not less than five working days prior to the date of the meeting; Supporting papers shall be sent to the Committee members and to other attendees as appropriate, at the same time.
- 4.5 The Committee shall normally invite the Chairperson of the Board (if not already a member of the committee) and the Group Chief Executive Officer to attend meetings to discuss matters relating to the performance of other executive directors and to make proposals as necessary.

#### **5. Proceedings**

- 5.1 Unless varied by these terms of reference, meetings and proceedings of the Committee shall be governed by the Company's Constitution regulating the meetings and proceedings of Directors and Committees, where appropriate.
- 5.2 No members of the Committee shall participate in any discussion or decision in respect of their own remuneration or performance/disciplinary proceedings or evaluations.
- 5.3 The Secretary of the Committee or his/her nominee, or the Chairperson of the Committee, when special confidential matters need to be discussed, shall minute the proceedings and resolutions of all committee meetings including the names of those present and in attendance.
- 5.4 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless in the opinion of the Committee Chairperson it would be inappropriate to do so.

## 6. Responsibility of the Committee

The authority of the Committee is delegated to it by the Board of Directors which will review its effectiveness every three years. The scope of such responsibility is defined below. The Committee should carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

### 6.1 Nomination Committee

The Board establishes a Nomination Committee to lead the process for the appointment of Directors and Key Senior Executives, ensure plans are in place for an orderly succession both to the Board and Senior Executive positions and, oversee the development of a diverse pipeline for succession.

In this capacity, the Committee shall:

- 6.1.1 Make recommendations to the Board for the appointment of Key Senior Executives and new executive, non-executive, independent and nominee directors, which meet the Company's own qualification criteria and that prescribed by the Companies Act 2001 and the Code of Corporate Governance for Mauritius (2016), and ensure that the Company has, at least, two independent directors, two executive directors and one female director to comply with current regulations;
- 6.1.2 Review, at least every three years, with the Board the size and composition of the Board as a whole and recommend, if necessary, measures to be taken so that the board reflects the appropriate balance of Executive, Non-Executive and Independent Directors as well as diversity, age, skills, gender and experience required for the Board as whole;
- 6.1.3 Put in place plans for succession, in particular for the Chairperson and Group Chief Executive Officer, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed in the future;
- 6.1.4 Identify skills needed and those Key Senior Executives and directors who can provide such skills in a fair and thorough manner, to ensure that the Management of the Company and its Board remain effective and focussed;
- 6.1.5 Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- 6.1.6 For the appointment of a chairperson, the committee should be aware of the required job profile including the time commitment expected. A proposed chairperson's other significant commitments should be disclosed to the Board before appointment and any

changes to the Chairperson's commitments should be reported to the Board as they arise;

- 6.1.7 Prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest;
- 6.1.8 Ensure that on appointment to the Board and committees, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, commitment service and involvement outside Board meetings;
- 6.1.9 Ensure that on appointment to a Key Senior position, the executive receives a formal letter of appointment and job description clearly setting out his/her terms of service, principal accountabilities, and reporting line and authority;
- 6.1.10 Determine any criteria necessary to measure performance of Key Senior Executives and directors in discharging their functions and responsibilities;
- 6.1.11 Determine Key Performance Indicators to measure performance of Key Senior Executives in discharging their functions and responsibilities;
- 6.1.12 Oversee the evaluation of the Board as a whole, its Committees and individual directors every three years. If the evaluation is being conducted internally, oversee Board performance via Board and Committee self-evaluation questionnaires and report to the Board the outcome of these evaluations; and agree on corrective measures to be taken, where appropriate.
- 6.1.13 Evaluate the nominees for the annual re-election of Directors while ensuring no member of the Committee is involved in decisions in regard to his/her re-election;
- 6.1.14 Undertake an annual assessment of the Independent Non-Executive Directors for the purposes of categorising their status as required by the Companies Act 2001 (Amendment 2020);
- 6.1.15 Evaluate the performance of Committee members and recommend their re-appointment where applicable;
- 6.1.16 Monitor and evaluate the frequency, structure, functioning of committees and make any recommendations for any changes including the creation and elimination of committees and sub-committees;
- 6.1.17 Work and liaise as necessary with all other Board Committees.

## 6.2 Remuneration Committee:

The Board establishes a Remuneration Committee to oversee the establishment and monitoring of a sound remuneration system that forms a key component of the governance and incentive structure through which the Board and Senior Management drive, perform, convey acceptable risk taking behaviour and reinforce the Company's corporate and risk culture;

In this capacity, the Committee shall:

### **Establish a formal and transparent remuneration policy for directors:**

6.2.1 The remuneration policy is designed to:

- a) attract and retain directors;
- b) motivate directors to achieve the Company's business objectives;
- c) align the interests of directors with the long term interests of shareholders;
- d) reflect the involvement of Directors on Board Committees.

### **Establish a formal and transparent remuneration policy for Key Senior Executives appointed by the Board:**

6.2.2 The principal objectives of the remuneration policy are :

- a) remuneration must reflect the market in which the Company operates;
- b) key performance indicators should apply to deliver results to the company;
- c) remuneration is linked to the creation of value to shareholders;
- d) remuneration is to reward both financial and non-financial performance.

6.2.3 Review the on-going appropriateness and relevance of the remuneration policies,

6.2.4 Determine and recommend to the Board specific remuneration packages for Key Senior Executives of the Company including but not limited to basic salary, benefits in kind, any annual bonuses, performance-based incentives, share incentives, pension and other benefits;

6.2.5 Ratify and report to the Board the Company's general remuneration policy for executive and senior management other than those appointed by the Board, as determined by the Group Chief Executive Officer;

- 6.2.6 Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company but within any budgetary restraints imposed by the Board;
- 6.2.7 Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee;
- 6.2.8 Approve the design of, and determine targets for, any performance-related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- 6.2.9 Review the design of all share incentive plans for approval by the Board if applicable. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, Company Secretary and other designated senior executives and the performance targets to be used;
- 6.2.10 Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 6.2.11 Oversee any major changes in employee benefits structure throughout the Company;
- 6.2.12 Ensure disclosure of remuneration in the annual report, as appropriate.
- 6.2.13 Determine and recommend to the board specific fees for all categories of directors for approval by the shareholders at their Annual General meeting.
- 6.2.14 Take into account all factors, which it deems necessary and relevant to the function of this Committee, including legal and regulatory requirements, the principles of the Code of Corporate Governance and associated guidelines.
- 6.2.15 Authorise claims for expenses from directors.
- 6.2.16 Ensure disclosures of fees of directors in the annual report, as appropriate.
- 6.3 The above-mentioned terms of reference may be amended as required, subject to the approval of the Board;

## **7. Reporting Responsibilities**

- 7.1 The Committee shall report formally to the Board on such issues of its proceedings as it will deem necessary as well as to the shareholders at Annual General Meetings on matters of relevance to the shareholders;
- 7.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed;
- 7.3 In its capacity as Remuneration Committee, the Committee shall produce a report of the Company's remuneration policy and practices to be included in the Company's annual report. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company;
- 7.4 In its capacity as Nomination Committee, the Committee shall produce a report to be included in the annual report about its activities.

## **8. Annual General Meeting**

- 8.1 The Committee chairperson should attend the annual general meeting to answer any shareholder questions on the Committee's activities.

## **9. Remuneration**

- 9.1 Members of the Board committees shall be paid such specific fees in respect of their appointment, as shall be approved by the Board.

## **10. Other Matters**

The Committee and its members shall:

- 10.1 Have access to outside or other independent professional advice as it considers necessary to carry out its duties;
- 10.2 Have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- 10.3 Be provided with appropriate and timely training, in the form of an induction programme for new members. On an ongoing basis members are to keep abreast of all laws, rules and regulations by attending courses, conferences, internal talks, seminars and briefings by professional organisations; et al;

- 10.4 Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of Directors and Senior Management;
- 10.5 Members must be well aware and understand the :
- Committee’s role and responsibilities
  - Principles of the Code of Corporate Governance for Mauritius (2016) pertaining to the role and responsibilities of the Committee;
  - National Labour laws and regulations pertaining to the Committee’s function.
- 10.6 Arrange for periodic reviews of its own performance and at least every three years, review its charter and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## **11. Authority and Resources**

- 11.1 The Committee’s Chairperson is authorised to seek any information it requires from any employee of the Company in order to perform its duties and shall set the appropriate procedures accordingly;
- 11.2 The Committee’s Chairperson is authorised to obtain at the Company’s expense, outside legal and other independent professional advice on matters within its terms of reference or as the Committee considers necessary to perform its duties.
- 11.3 This Charter of this Committee shall be approved by the Board and any amendments thereto submitted to the Board for approval.

**This Charter has been reviewed and approved by the Board of Constance Hotels Services Ltd on 14 November 2022 and is to be adhered to, as relevant to the nature of its business and management structure.**