

# CONSTANCE HOTELS SERVICES LIMITED

## BOARD OF DIRECTORS CHARTER

*“The role of the Board is not merely about compliance and oversight.  
It is about adding value to Corporate Performance”*

### 1. Introduction

#### 1.1 Complementary to Law and Articles

These provisions are complementary to the requirements regarding the Board and Board members contained in Mauritian legislation and regulations, the Code of Corporate Governance for Mauritius (2016), the Constitution of the Company and the provisions governing the relationship between the Committees and the Board as contained in the Charters of the Committees (which have been adopted by the Board).

#### 1.2 Compliance

Directors are expected to comply with, and to ensure that the company complies with, the letter and spirit of all laws, rules, regulations and internal Company charters, codes and policies which apply specifically to themselves and to the company, in general.

#### 1.3 Charter on Website

This Charter is posted on the organisation’s website.

### 2. Composition of the Board, Positions and Committees

#### 2.1 Board Profile, Size and Expertise

##### (a) Board Profile

The Board, in consultation with its Nomination and Remuneration Committee, regularly considers the profile of its size and composition, considering the nature of the organisation’s business and its subsidiaries, and the desired expertise and background of the Board members (the ‘Board Profile’).

##### (b) Number of Members

After consultation with the Nomination and Remuneration Committee, the Board determines the optimum number of Board members. The Board shall have a minimum of nine and a maximum of thirteen members, as dictated by the Company’s constitution.

##### (c) General Composition

The Board shall use its best efforts to ensure that:

- (i) Its members can act independently of one another;
- (ii) Each Board member can assess the broad outline of the organisation’s overall strategic objectives;
- (iii) Each Board member has sufficient expertise to perform his or her role as a Board member;
- (iv) The Board matches the Board Profile and is in compliance with regulatory and other requirements;
- (v) Its members have a wide range of skills, business knowledge, industry know-how and financial expertise;
- (vi) No less than 2 of the Board members are independent as defined in Section 2.2 (c) below;

- (vii) It comprises a mix of executive, non-executive and independent members with the appropriate balance of skills, experience, independence and know-how;
- (viii) It includes at least 25% women;
- (ix) It has a good representation of Executive Management, which should number at least two but not exceed one third of total Board members, and headed by the Group Chief Executive Officer.

## 2.2 Types of Board Directorship

The Board may comprise five types of members:

### (a) Executive Director

A director involved in the day-to-day management and/or a full-time employee of the Company and/or any of its subsidiaries.

### (b) Non-Executive Director

A director not involved in the day-to-day management and/or not a full-time salaried employee of the Company and/or any of its subsidiaries.

### (c) Independent Director

A non-executive director who:

- (i) is not an employee;
- (ii) does not have material business relationship with the company either directly or as a partner, shareholder, director or senior employee of an organization that has such relationship with the company;
- (iii) does not receive remuneration from the company except remuneration or any other benefit given to him as a director in accordance with section 159;
- (iv) is not a nominated director representing a substantial shareholder;
- (v) does not have close family ties with any of the advisers, directors or senior employees of the company;
- (vi) does not have cross directorships or significant link with other directors through involvement in other companies or other organisations; and
- (vii) has not served on the Board for more than nine continuous years from the date of his first election.

For independent directors, an annual review is undertaken to assess their independence for purposes of categorising their status as required under the Companies Act (2001) – (2020 Amendment).

### (d) Alternate Director

A temporary director appointed to attend a meeting of the Board on behalf of a member of the Board. Alternate directors are acceptable, subject to evaluation by the Nomination and Remuneration Committee and approval of the Board.

### (e) Nominee Director

A nominee director is an individual nominated by an institution or shareholder on the board of a company to act as a director on either's behalf or in accordance with the directions and instructions of that institution or shareholder.

## 2.3 (Re) Appointment, Term of Office and Resignation

### (a) Election by Shareholders

The general meeting of shareholders elects members of the Board.

**(b) Regulatory Qualifications**

A candidate for the Board or member of the Board should be fit and proper, in line with the requirements of the Companies Act 2001 and the Code on Corporate Governance for Mauritius (2016); the minimum qualifications being any individual who is of full age and capacity and not an undischarged bankrupt.

**(c) Source of Board Member Nominees**

Candidates for Board may be identified from four principal sources:

- (i) The Board's network of contacts, including current members of the Board, Senior Executives of the Company, the Company's Advisers and, if it deems appropriate, a professional search firm.
- (ii) The nomination of candidates in accordance with a 'Protocole d'Accord', should that exist, under which parties to this Protocole have the right to nominate a specific number of Directors to the Board.
- (iii) The nomination of candidates by virtue of the Companies Act 2001, which calls for a special meeting of shareholders, to be held on the written request of shareholders holding shares carrying together not less than 5 per cent of the voting rights entitled to be exercised on the appointment of a Director.
- (iv) The Directors' Register of the Mauritius Institute of Directors.

**(d) Nomination Process**

The Company's nomination process for new board candidates is as follows:

- (i) The Chairman of the Board and the Nomination and Remuneration Committee identify a need to add a new Board member who meets the set criteria of the Company, or to fill a vacancy on the Board.
- (ii) The initial state of candidates that meet the regulatory qualifications and the Directors' qualification criteria of the Company are identified and reviewed by the Nomination and Remuneration Committee for short listing.
- (iii) The Chairman of the Board and, at least, one member of the Nomination and Remuneration Committee interview the candidate/s.
- (iv) The Board is kept informed of progress.
- (v) The Nomination and Remuneration Committee may offer other Board members the opportunity to interview the candidate/s and then meets to consider and approve the candidate.
- (vi) The Board's endorsement is sought for the recommended candidate.
- (vii) The recommended candidate is nominated by the Board or elected to fill a casual vacancy, with subsequent ratification and approval by shareholders respectively at the following shareholders meeting.
- (viii) In the case of Director Candidates nominated by virtue of the existing shareholder's agreement or Companies Act 2001, the Nomination and Remuneration Committee will ensure that the recommended nominees meet the qualification criteria prescribed by the Company and are able to discharge their responsibilities effectively and in a transparent manner for the benefit of the Company as a whole.

**(e) Substance of Nominations and Recommendations**

The recommendation or nomination for appointment or reappointment of a Board member shall state the reasons for the nomination or recommendation. Any nomination or recommendation by the Board for appointment or reappointment must be in accordance with this Charter. A nomination or recommendation to the general meeting of shareholders for a candidate for the Board shall state:

- (i) The candidate's age;
- (ii) His or her profession;
- (iii) The amount and nature of any shares held in the organisation;
- (iv) Any convictions for any crimes involving dishonesty, fraud or breach of trust, if applicable;
- (v) The positions he/she currently holds on listed company boards; and
- (vi) Any other relevant information relevant to assess his or her suitability as a member of the Board.

**(f) Re-election**

Before recommending a director to the Board for re-election, the Nomination and Remuneration Committee must carefully consider his or her past performance on the Board.

**(g) Staggered Retirement**

Board members shall retire periodically to avoid many Board members retiring at the same time. In accordance with the Constitution of the Company, not more than one third of the Directors in office shall retire at every annual shareholders' meeting and be eligible for re-election.

## **2.4 Duties of Directors**

**(a) Fiduciary Duties**

The Directors of the Company are required to act with propriety in dealing with the affairs of the Company, in accordance with Section 14.3 of the Companies Act 2001. They must accordingly:

- (i) Not exceed their jurisdiction;
- (ii) Act in good faith and in the best interest of the Company;
- (iii) Exercise the degree of ethics, care, diligence and skill which a 'reasonably prudent person would exercise in comparable circumstances';
- (iv) Account to the Company for any monetary gain in respect of their fiduciary capacity as Director;
- (v) Unless authorised by the Company, not make use of any confidential information acquired by way of their position as Directors of the company, or compete with the company;
- (vi) Not use the assets of the company for any illegal purpose;
- (vii) Declare any direct or indirect interests to the meeting of Directors of the Company which shall be duly recorded by the Secretary of the Company;
- (viii) Transfer or hold as trustee until transferred all cash or assets acquired on behalf of the Company;
- (ix) Attend meetings of the Board of the Company with reasonable regularity; and
- (x) Keep proper accounting records and make such records available for inspection.

## **2.5 Chairperson**

**(a) Election**

The Board shall elect a Chairperson, meeting the Company's qualification criteria for chairmanship, from among its members.

## **(b) Duties**

The Chairperson of the Board is primarily responsible for the activities of the Board and its Committees. He/she shall act as the spokesman for the Board and is the principal contact for the Group Chief Executive Officer (Group CEO). The Group CEO and the Chairperson of the Board shall meet regularly. The Chairperson of the Board presides over the general meeting of shareholders.

## **(c) Responsibilities**

The Chairperson shall:

- (i) Ensure that the Board satisfies its duties;
- (ii) Be responsible for the Board's composition, and of its smooth and efficient functioning;
- (iii) Manage and provide leadership to the Board, take the chair at shareholders' meetings, and at board meetings;
- (iv) Ensure that the Board meetings are chaired in an effective manner;
- (v) Ensure that the Board members, when appointed, participate in an induction programme and are encouraged to attend conferences, workshops, courses, seminars, talks, briefings and the like by professional bodies to keep up to date with laws, rules and regulations pertaining to the Company.
- (vi) Establish effectual processes and distribution of information in order to ensure that Board members receive all information necessary for them to perform their duties;
- (vii) Ensure that the agendas of Board meetings are determined;
- (viii) Ensure that the Board has sufficient time for consultation and decision-making;
- (ix) Ensure that minutes of Board and Committee meetings are kept;
- (x) Ensure effective Committee structure with appropriate terms of reference and leadership succession;
- (xi) Ensure that the Committees function properly;
- (xii) Ensure that the performance of the Board members is evaluated at least every three years;
- (xiii) Ensure the succession planning and evaluation process for the Board, Committees and Senior Executives of the Company;
- (xiv) Ensure a strategic planning process and effective and adequate Corporate Governance and Risk Management Infrastructures are in place;
- (xv) Ensure effective communication with shareholders and relevant stakeholders and that their views are communicated to the Board;
- (xvi) Ensure that there is appropriate delegation of authority from the Board to Executive Management and Board Committees;
- (xvii) Ensure that the internal disputes and conflicts of interest concerning individual Board members and the possible resignation of such members as a result thereof are addressed; and
- (xviii) Ensure that the Board has proper contact with the Executive Management.

## 2.6 Company Secretary

### (a) Company Secretary

The Company Secretary, who is supported by the Company's Secretariat, assists the Board and acts as a vital bridge between the Board and the Executive Management. He/She advises the board on Corporate Governance matters and keeps the board up to date on all legal, regulatory and other related developments. The Board must ensure that the profile of the Company Secretary is in line with the requirements of the Code of Corporate Governance for Mauritius, has the competence to carry out his/her duties and has committed sufficient time to undertake these duties and responsibilities effectively.

### (b) General Access

The Company Secretary must have access to all Board members and all Board members may go to the Company Secretary for advice or use his/her services.

### (c) Responsibilities

The Company Secretary sees to it that the Board follows correct procedures and that the Board complies with its obligations under law and the organisation's Constitution. The Company Secretary shall assist the Chairperson of the Board in organising the Board's activities (including providing information, preparing an agenda, reporting of meetings and evaluations).

## 2.7 Committees

### (a) Establishment of Committees

The Board may appoint Committees from among its members to perform specific tasks. The Board shall determine the members of any Committee. The Board has established an Audit and Risk Management Committee, a Nomination and Remuneration Committee and a Corporate Governance Committee.

To comply with new legislations, sub-committees may be established to assist Committees in discharging their responsibilities. The sub-committee shall comprise of at least two members of the committee, Management and any other person with appropriate expertise. The Board has established two subsidiary cum Steering Committees, namely an IT Steering Committee, subsidiary to the Audit and Risk Management Committee and a Data Protection Steering Committee, subsidiary to the Corporate Governance Committee.

### (b) Board Responsibility for Committee Action

The Board remains collectively responsible for the decisions and actions taken by any Committee or its sub-committee. A Committee may only perform the tasks delegated to it by the Board and may not exceed the authority or powers of the Board as a whole. Decisions that, by law, must be taken by the Board may not be delegated to a Committee.

### (c) Committee Reporting

Each Committee must promptly inform the Board of the actions it has taken and major developments of which it becomes aware. Each Board member has unrestricted access to all Committee meetings and records, after informing the Chairperson of that Committee. The Board shall, as set forth in the Charter of the Committee concerned, receive a report from the Committee describing the Committee's actions and findings.

**(d) Committee Charters**

The Board shall establish (and may amend) Charters for each Committee. The Charters shall indicate the role and responsibilities of the Committee, its composition and how it should perform its duties.

**(e) Website Disclosure**

The Charters and the composition of the Committees shall be posted on the organisation's website.

### 3. Duties and Powers

- (i) The powers of the Board are defined in sections 129/130 and 131 of the Companies Act 2001 as well as in the National Code of Corporate Governance for Mauritius (2016);
- (ii) The powers that cannot be delegated by the board are defined in the stated section of the Companies Act 2001 as follows :
  - a) issue of shares – section 52
  - b) consideration for the issue of shares – section 56
  - c) distribution to shareholders – section 61
  - d) shares in lieu of dividends – section 64
  - e) discounts offered to shareholders in respect of goods sold or services provided by the company – section 65
  - f) purchase of own shares – section 69
  - g) redemption of a share at the option of the company – section 78
  - h) restrictions on giving financial assistance – section 81
  - i) change of registered office – section 188
  - j) approval of amalgamation proposal – section 246
  - k) short form amalgamation – section 247
  - l) approval of write-offs of related party exposures
- (iii) The following requires the approval of the board after the recommendation of the relevant committees:
  - a) the strategic plan, corporate objectives and budget of the company
  - b) the company's plan for orderly succession of management
  - c) approval of the financial statements and annual report
  - d) equity investments
  - e) borrowings
  - f) write-offs of exposure to related parties and other write-offs
- (iv) Delegation does not discharge or absolve the Board from its duties and responsibilities and it should bear in mind its fiduciary duties prescribed in the Companies Act (see 2.4 (a) above)

#### 3.1 Rules of the Stock Exchange of Mauritius Ltd (SEM)

Directors are responsible, collectively and/or individually for the Company's compliance with the rules of the SEM, in general, and more specific to the following Articles:

- Article 10 - Principles of disclosure
- Article 13 - Disclosures of Related Party Transaction
- Article 14 - Reverse takeovers
- Article 20 - Restriction on deals
- Article 29 - Directors' responsibility for compliance

### 3.2 Code of Corporate Governance for Mauritius (2016)

The principal role of the Board is to assume responsibility for Leading and Controlling the Company. This includes inter-alia defining levels of materiality, reserving specific powers for itself and delegating other related matters with the necessary written authority to management. Such delegation by the board, must have due regard for the directors' statutory and fiduciary responsibilities to the company, while taking into account strategic and operational effectiveness and efficiency.

### 3.3 General Duties and Powers

#### (a) General Responsibilities

The Board oversees the general business of the organisation. The entire Board is responsible for such supervision and oversight.

The Board has, inter alia, the responsibility to:

##### (i) Establish vision, mission and values :

- Determine the Company's vision and mission to guide and set goals for its current operations and future development.
- Determine the values to be promoted throughout the Company.
- Determine and review Company goals.
- Determine Company Policies.

##### (ii) Set strategy and structure :

- Review and evaluate present and future opportunities, threats and risks in the external environment and current and future strengths weaknesses and risks relating to the Company.
- Determine strategic options and select those to be pursued and decide the means to implement and support them.
- Determine and approve the business strategies, objectives and plans that underpin the Company's Corporate Strategy.
- Review and approve financial and non-financial plans including but not limited to annual budgets, and performance against them.
- Determine the nature and extent of the principal risks the Company is willing to take in achieving its strategic objectives.
- Ensure the Company's organisational structure and capabilities are appropriate for implementing its chosen strategies.
- Oversee the information, information technology and information security governance within the Company and ensure that the performance of the information and information technology systems lead to business benefits and create value.
- Ensure the establishment of an appropriate system of corporate governance, risk management, internal controls, policies and compliance with laws and regulations and the ongoing monitoring of exceptions deriving therefrom.
- Approve major acquisitions and disposals of assets.

##### (iii) Delegate to Board Committees and Management :

- Delegate authority to Board Committees and Management, and monitor and evaluate the implementation of policies, strategic and business plans.
- Appoint and monitor the performance of Senior Management and Key Senior Governance Positions and establish a clearly-defined structure for delegation of authority and succession.
- Determine monitoring criteria to be used by the Board.
- Ensure that internal controls are effective.
- Communicate with Senior Management.



**(iv) Exercise accountability to shareholders and be responsible to stakeholders :**

- Ensure that communication to and from shareholders and stakeholders are effective.
- Understand and consider the interests of relevant stakeholders
- Monitor relations with relevant stakeholders.
- Promote the goodwill and support of relevant stakeholders.
- Disclose in the Annual Report the Company's financial, environmental, social and governance performance and outlook.
- Disclose, state, explain and affirm in the Annual Report the Company's compliance, or otherwise, with the National Code of Corporate Governance for Mauritius (2016) in respect of each of its 8 Principles.
- Ensure that the Company's website contains, where appropriate and relevant, the disclosures required by the National Code of Corporate Governance for Mauritius (2016) in respect of each of its 8 Principles.

**(b) The Board acts in the Interest of the Organisation**

The Board shall act in the best interests of the organisation and its business, taking into consideration the interests of the organisation's shareholders and other stakeholders

**(c) Quality of Performance**

The Board is responsible for the quality of its own performance.

**(d) Action in Concert**

As much as they can, within their individual responsibilities as members of the Board, members shall act and speak in concert with respect to important affairs and matters of principles.

**(e) Provision of Information**

The Chairperson, the Company Secretary and the Group CEO shall see to it that the Management, in a timely manner, provides the Board and its Committees with information they need to properly function.

**(f) Responsibility for Securing Information**

The Board and its individual members each has responsibility for obtaining all information needed to carry out their duties from the management and the Internal and External Auditors. If the Board thinks it is necessary, it may obtain information from Officers and External Advisers of the organisation. The Board may require certain Officers and External Advisers to attend, but never to vote at its meetings.

**(g) Access to Records**

Each member of the Board has access to the books and records of the organisation, if useful to perform his or her duties. Unless the Charter of a Committee states otherwise, Board members shall consult with the Chairperson of the Board and the Company Secretary before exercising their rights under this provision.

**(h) Use of Experts**

The Board may hire experts to assist or advise them. The cost of such experts shall be agreed upon by the Board and shall be paid by the organisation. A Board member may rely upon the advice of a relevant expert so long as the member has no reason to question the expert's report or conclusion.

### **3.4 Duties Regarding the Supervision of Management**

#### **(a) Nature of Supervision**

In supervising the Management, the Board shall consider:

- (i) The achievement of the organisation's objectives;
- (ii) The strategy and risks in the organisation's activities;
- (iii) The structure and operation of the internal risk management, and audit and control systems;
- (iv) The financial reporting process;
- (v) Compliance with law and regulations;
- (vi) Any other matter the law requires the Board to consider; and
- (vii) The performance and achievement of Key Senior Management.

#### **(b) Financial Reporting**

The Board supervises the organisation's financial reporting in accordance with Section 3.5 of this Charter.

#### **(c) Annual Risk Review**

At least once a year, the Board shall discuss the organisation's strategy and business risks, the management's assessment of the internal risk management and control systems and any significant changes to such systems.

#### **(d) Resolutions Subject to Approval**

The resolutions are specified in the schedule for the matters reserved for the Board.

### **3.5 Duties Regarding the Members and the Performance of the Board**

#### **(a) Duties regarding members of the Board:**

- (i) Board members form part of the governing body of an organisation. They are committed to the long-term interests of the organisation and meet regularly to oversee and direct business operations, set policies, approve business and strategic decisions, evaluate executive performances and fulfil fiduciary responsibilities.
- (ii) Board members must:
  - know the company's mission, programmes, policies, and needs;
  - be fully aware of and understand their general and legal responsibilities and of the severe legal sanctions that may be imposed upon them in the event of non-compliance and for negligence;
  - prepare for meetings by reviewing the agenda and supporting documentation;
  - regularly attend board meetings and participate actively and conscientiously;
  - keep up with issues and trends that effect the Company;
  - participate in the evaluation of business operations and executives;
  - approve audit reports, budgets, and business decisions;
  - contribute to the development of policies, codes, charters and strategic plans;
  - understand the Company's financial affairs and ensure fiduciary responsibilities are met;
  - ensure the Company complies with all legal, regulatory and internal governance requirements; and
  - maintain confidentiality on all internal company affairs.
  - Keep abreast of all relevant laws, rules and regulations, and developments in the Industry in which the Company operates

## **(b) Duties Regarding the Board**

The duties of the Board (in consultation with the appropriate Board Committee) in relation to the members of the Board include:

- (i) The nomination of members of the Board (the appointment is made by the general meeting of shareholders) and proposals to the general meeting of shareholders for the compensation of members of the Board;
- (ii) The determination of the number of Board members, the appointment of a Chairperson of the Board, the establishment of Committees and defining their role, the evaluation of the Board, its individual members and its Committees (including an evaluation of the Board Profile and the induction, education and training programme); and
- (iii) Addressing any conflicts of interest issues between the organisation and members of the Board.

## **(c) Board Assessment**

Every three years, the Board evaluates its own activities and those of its individual members, the effectiveness of such activities, and the composition and competence of the Board and its Committees. This is carried out by the Nomination and Remuneration Committee through a Board self-evaluation questionnaire and self-evaluation questionnaire for each committee.

### **3.6 Certain Other Duties of the Board**

#### **(a) The other duties of the Board include:**

- (i) Duties regarding the External Auditor as described in this Board Charter and the Charter of the Audit and Risk Management Committee; and
- (ii) Other duties imposed by law, regulatory bodies, the organisation's Constitution, this Charter and the Charter of a Committee.

#### **(b) Annual Report and Accounts**

The Board shall draw up a report describing its activities in the financial year, and containing the statements and information required by law and the organisation's Constitution.

### **3.7 Duties Regarding the Supervision of Governance and Financial Reporting**

#### **(a) General Supervision Responsibilities**

The Board, in consultation with the Audit and Risk Management Committee, Corporate Governance Committee and Nomination & Remuneration Committee supervises compliance with written procedures for the preparation and publication of the Annual Report and accounts, the quarterly (if any) and semi-annual financial reports and the Governance and sustainability reports. The Board, through its committees, also supervises the internal control and audit mechanisms for external financial reporting as well as compliance with all legal and regulatory requirements, including the eight principles of the Code of Corporate Governance for Mauritius (2016).

#### **(b) Discussion of Financial Reports**

The Audit and Risk Management Committee shall regularly provide the Board with reports on the Annual Report and accounts, and the quarterly and semi-annual financial reports, which will then be discussed and approved at a meeting of the Board. The annual report and accounts for the year just ended shall be discussed and approved in a meeting with the Board within four months of the year end. The semi-annual and quarterly financial reports of the organisation for the respective period just ended shall be discussed in a meeting with the Board within 45 days of the end of the period.

**(c) Discussion of Governance and Sustainability Reports**

The Corporate Governance and Nomination Remuneration Committees shall regularly provide the board with reports on the Annual Report, and Governance and Sustainability reports and the quarterly reports, which will be discussed at the quarterly board meetings. The Annual Report and Governance and Sustainability Reports shall be discussed and approved in a meeting with the board within four months of the year end. The quarterly reports shall be discussed in a meeting with the board within 45 days of the end of the quarter.

**(d) External and Internal Auditors**

The Board shall ensure that the External Auditor attends the meeting of the Audit and Risk Management Committee at which the report of the External Auditor with respect to the audit of the annual accounts is discussed, and at which the Board decides whether or not to approve the annual accounts. The External Auditor shall receive any financial information underlying the quarterly and/or semi-annual financial reports, and other interim financial reports, and shall be given the opportunity to respond to all information. The Internal Auditors shall present their reports to the Audit and Risk Management Committee on a regular basis throughout the year; their Action Plan having been ratified by this committee before first quarter end.

**(e) Audit and Risk Management Committee, the Principal Contact with the External Auditor and Internal Auditor**

The Board's principal contact with the External Auditor and Internal Auditor is through the Chairperson of the Audit and Risk Management Committee. If any irregularities in the financial reports are discovered, the first discussion regarding such irregularities should be between the Audit and Risk Management Committee and the External Auditor.

**(f) Recommendations by External Auditor**

The Board shall carefully consider and, if accepted, put into effect any recommendations made by the External Auditor and/or Internal Auditor. This will include recommendations by the External Auditor and/or Internal Auditor on the organisation's internal controls, as expressed in the 'management letter' and related reports.

**3.8 Duties Regarding Nomination and Assessment of the External Auditor and Internal Auditors**

**(a) Appointment of External Auditor and Internal Auditors**

The External Auditor shall be appointed by the general meeting of shareholders. The Board shall nominate a candidate for this appointment to the general meeting of shareholders based on an open, transparent and competitive selection process, and may recommend replacement of the External Auditor. The Audit and Risk Management Committee shall advise the Board on such matters. The Board will put the external audit contract to tender at least every 7 years and consider whether the audit partner should be rotated at least every 5 years.

The Internal Auditor is appointed by the Board on the recommendation of the Audit and Risk Management Committee; to which it has a functional reporting line, with a direct reporting line to the Group CEO. This function may be outsourced, where appropriate.

**(b) Compensation of External Auditor and Internal Auditors**

The compensation of the External Auditor, and instructions to the External Auditor to provide non-audit services, shall be closely reviewed and approved by the Board on the recommendation of the Audit and Risk Management Committee, thus ensuring for the Auditor's independence.

The fees for Internal Auditors; where this function is sourced from outside the Company, is approved by the Audit and Risk Management Committee on the recommendation of the Group CEO.

**(c) Reports to the Board**

The Audit and Risk Management Committee shall report their dealings with the External Auditor and Internal Auditor to the Board on a quarterly basis, but annually on their assessment of the External Auditor's independence (for example, the desirability of rotating the responsible partners of the External Auditor and the desirability of the External Auditor providing both auditing and non-audit services to the organisation). The Board shall take this into account when deciding its nomination to the general meeting of shareholders for the appointment of an External Auditor.

**(d) Assessment**

At least once every three years, the Audit and Risk Management Committee shall conduct a thorough assessment of the functioning of the External Auditor in the various entities and capacities in which the External Auditor acts. The main conclusions of this assessment shall be communicated to the general assembly so it may assess the nomination for the appointment of the External Auditor; the Board is to put the external audit contract out to tender every 7 years.

**(e) Conflicts of Interest**

Conflicts of interest and potential conflicts of interest between the External Auditor and the organisation shall be resolved as determined by the Board on the recommendation of the Audit and Risk Management Committee. Board members must inform the Chairperson of the Audit and Risk Management Committee of any matters they know of that may compromise the independence of the External Auditor or that may result in a conflict of interest between the External Auditor and the organisation.

**(f) Representation by External Auditor**

When appointed, the External Auditor shall state he/she is aware of:

- (i) the organisation's audit policy; and
- (ii) other matters provided for in this Charter and the Charter of the Audit and Risk Management Committee and that he/she agrees to abide by and promote such policies.

## **4. Compensation of Management Board Members**

### **4.1 Annual Remuneration Report**

The Nomination and Remuneration Committee shall annually prepare a remuneration report setting out the compensation policies and activities of the past year and an overview of the compensation policy and planned activities for the next financial year and subsequent years.

### **4.2 Remuneration Committee**

The Board shall determine the compensation of the executive and non-executive Board members on a proposal by the Nomination and Remuneration Committee and within the terms of remuneration policy adopted by the general meeting.

### **4.3 Extraordinary Compensation**

If a Board member or former Board member is paid special compensation during any financial year, an explanation of this compensation shall be included in the remuneration report. The remuneration report shall detail and explain any compensation paid or promised as severance pay to a Board member.

## **5. Relations with Shareholders**

### **5.1 Equal and Simultaneous Information**

Where appropriate, the Board shall provide all shareholders and other parties in the financial markets with equal and simultaneous information about matters that may influence the Company's share price.

### **5.2 General Meeting, Record Date, Venue**

The Board shall determine the date and place of any general meeting and a record date for the exercise of the voting and any other rights attached to the organisation's securities at such meeting. The Board shall use its best efforts to provide shareholders with all information necessary or requested for the shareholders to properly act at the general meeting.

### **5.3 Compliance with Law and Regulations**

The Board shall ensure all laws and regulations are complied with, regarding the rights of the general meeting and of individual shareholders.

### **5.4 Attendance by Board members**

The Chairperson shall request all the members of the Board to attend the general meetings; however, the Chairpersons of the board committees will be expected to attend.

### **5.5 Chairperson of General Meetings**

The general meetings are presided over by the Chairperson of the Board. The Board may designate someone else to preside over the meeting.

### **5.6 Disclosure of Resolutions**

A resolution of the general meeting shall be publicly disclosed only through a statement from the Chairperson of the Board or the Company Secretary.

### **5.7 Changes or non-compliance to Corporate Governance**

Any substantial change to the corporate governance structure of the organisation shall be submitted to the general meeting for discussion under a separate agenda item. Non-compliance with the eight principles of the Code of Corporate Governance are to be reported in the annual report.

### **5.8 Attendance by External Auditor**

The Board shall ensure that the responsible partner (or certifying auditor) of the External Auditor attends the general meeting and is available to address the meeting. The External Auditor may be questioned by the general meeting in relation to the audit of the organisation's financial statements.

## **6. Board Meetings and Decision-Making**

### **6.1 Frequency, Notice, Agenda and Venue of Meetings**

#### **(a) Frequency**

The Board shall meet as often as necessary, but not less than 4 times a year. Meetings shall be scheduled annually in advance according to an annual Board calendar. The Board shall meet earlier than scheduled if deemed necessary by the Chairperson of the Board or two other members of the Board.

## **(b) Notice and Agenda**

Meetings of the Board are called by the Chairperson. Save in urgent cases, as determined by the Chairperson, the notice and agenda for a meeting shall be sent to all Board members at least five calendar days before the meeting. For each item on the agenda, an explanation in writing shall be provided and related documentation will be attached.

The Chairperson shall consult with the Group CEO prior to convening the meeting on the content of the agenda. Each Board member and the Group CEO has the right to request that an item be placed on the agenda for a Board meeting; provided that the item is notified to the Chairperson at least ten days prior to the meeting.

## **(c) Venue**

Board meetings are generally held at the offices of the organisation but may also take place elsewhere. In addition, meetings of the Board may be held by conference call, video conference or by any other means of communication, provided all participants can communicate with each other simultaneously.

## **6.2 Attendance of and Admittance to Meetings**

### **(a) Attendance by Group CEO**

The Group CEO, even where he/she is not a member of the Board, shall attend Board meetings unless the Board instructs him not to attend. If requested by the Board, other executives, notably the Group Head of Finance, shall also attend meetings of the Board in whole or in part.

### **(b) Proxies**

A board member may be represented at Board meetings by another Board member holding a proxy in writing. The existence of such authorisation must be proved satisfactorily to the Chairperson of the meeting.

### **(c) Undue Absence**

If a Board member is frequently absent from Board meetings, he/she shall be required to explain such absences to the Chairperson.

### **(d) Attendance by Non-Members**

Key members of Management and Internal and External Auditors may attend meetings of the Board on invitation. The admission to a meeting of persons other than Board members, the Group CEO, the CEO, Group Head of Finance, CFO and COO, the Company Secretary and (if invited) other executives shall be decided by majority vote of the Board members present at the meeting.

## **6.3 Chairperson of the Meeting**

Board meetings are presided over by the Chairperson of the Board or, in his/her absence, one of the other Board members, designated by majority vote of the Board members present at the meeting, shall preside.

## **6.4 Decision-Making within the Board**

### **(a) Preference for Unanimity**

The Board members shall try to unanimously adopt resolutions. However, Board members are encouraged to voice dissenting opinions and record these in the minutes when unanimity cannot be reached.

### **(b) Individual Vote**

Each Board member has the right to cast one vote.

**(c) Majority Vote, Quorum**

Where unanimity cannot be reached and the law, the organisation's Constitution or its Charter does not prescribe a larger majority, all resolutions of the Board are adopted by a majority of the votes cast.

**(d) Adoption at Meeting**

Resolutions of the Board are adopted at a Board meeting.

**(e) Written Consent**

Board resolutions may also be adopted in writing, provided the proposal concerned is submitted to all directors entitled to receive notice of the Board meeting and none of them objects to this form of adoption. Adoption of resolutions in writing shall be effected by statements in writing from all these directors. For a resolution to be adopted in writing, it must be signed by all the directors.

**(f) Emergency Procedures**

The Board may deviate from the provisions of Sections 6.4 (c), (d) and (e) of this Charter if this is deemed necessary by the Chairperson of the Board, considering the urgent nature and other circumstances of the case, provided that all Board members are allowed the opportunity to participate in the decision-making process. The Chairperson of the Board and the Company Secretary shall then prepare a report on a resolution so adopted, which shall be added to the documents for the next meeting of the Board.

**(g) Minutes**

Minutes must be drawn up for every Board meeting and for every resolution adopted outside a meeting. The Minutes are to be signed by the Chairperson of the meeting and then added to the organisation's records. Each member of the Board shall receive a copy of the minutes. Each member of the Board may demand a note explaining how he/she voted or that a formal declaration by him be included in the minutes. Urgent resolutions may be drawn up and adopted immediately in the relevant meeting.

**(h) Certification of Resolutions**

A resolution adopted by the Board shall be publicly disclosed only through a statement from the Chairperson of the Board and/or the Company Secretary and/or the Group CEO.

## **7. Other Provisions**

### **7.1 Conflicts of Interest of Board Members**

**(a) Duty to Disclose**

A Board member shall immediately report to the Chairperson of the Board and/or the Company Secretary any conflict of interest or potential conflict of interest and shall provide all relevant information, including information concerning his or her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. The Board member concerned shall not take part in the assessment by the Board of whether a conflict of interest exists.



**(b) Related Party Transactions**

A potential conflict of interest exists if the organisation intends to enter into a transaction with a related party, and the organisation shall develop a policy on how to ensure that the rights of shareholders are protected during such transactions. A related party includes the following:

- (i) the Board members of the organisation, its parent organisation, affiliated or sister companies and associates;
- (ii) a parent organisation and any subsidiary or affiliated organisation that is not wholly owned;
- (iii) the Group CEO and key officers, including anyone who directly reports to the Board or the Group CEO;
- (iv) any significant shareholder owning or controlling more than 5% of the voting shares having the ability to control, or exercise a significant influence on, the outcome or resolutions voted on by shareholders or governing Board members of the organisation, its parent organisation, affiliated or associated companies;
- (v) the father, mother, sons, daughters, husband, or wife of any of the natural persons listed in Clauses (i, ii and iii);
- (vi) any business, and the governing Board members, Group CEO and key officers of any business, in which the natural persons listed in paragraphs (i) to (v) own jointly or severally at least 5% of the voting rights; and
- (vii) any person whose judgment or decisions could be influenced as a consequence of an arrangement or relationship between or involving themselves and any of the persons in paragraphs (i) to (vi).

**(c) Abstention by Conflicted Party**

A Board member shall not take part in any discussion or decision-making regarding any subject or transaction in which he/she has a conflict of interest with the organisation.

**(d) Requirements to Approve Conflicts of Interest**

All transactions in which there are conflicts of interest with Board members shall be agreed on terms that are customary for arm's-length transactions in the organisation's business.

Decisions to enter into transactions in which there are conflicts of interest with Board members require the approval of the Board.

**(e) Register of Directors, Designated employees and their Associates**

A register is held by the Company Secretary of all conflicts of Interest situations, including but not limited to share dealings in shares of the company or companies connected by business or common shareholding.

This register is to be kept up-to-date at all times with Directors and relevant designated employees reporting to the Company Secretary whenever a change in their records occur as well as at each board meeting.

On an annual basis, in October, the Company Secretary will send to each director and relevant designated employee, a return of their entries recorded in the register, for same to update, sign and return to the Company Secretary for presentation to the board at its November meeting. In addition, directors will be sent a "Return" with the Notice of Board meeting in May, for completion and return to the Company Secretary at the meeting. It is the personal responsibility of each director and relevant designated employee to ensure that their records are kept up to date at all times.

## 7.2 Compensation of Board Members

### (a) Recommendation by the Nomination and Remuneration Committee

The Nomination and Remuneration Committee makes recommendation to the Board on Director's fees. The fee structure is designed to ensure that it is appropriate to attract, motivate and retain non-executive Directors of the quality needed to successfully run the Company's business. The adequacy of the remuneration of Directors is reviewed every three years after taking note of market norms, and performance both financial and non-financial. Executive Directors do not receive a Director's fee unless they are a nominee director, when such fee will be in line with that of a non-executive director, in addition to the executive's remuneration package.

### (b) Approval by General Meeting

The Board shall submit proposals on its compensation to the general meeting.

### (c) Reimbursement of Costs

Apart from their compensation, Board members shall be reimbursed for all reasonable costs incurred in connection with their attendance of meetings. The reasonableness of such costs shall be approved by the Chairperson of the Board. Any other expenses shall be reimbursed only if incurred with the prior consent of the Chairperson or the Company Secretary on his or her behalf.

### (d) Loans and Guarantees

The organisation and its subsidiaries do not grant personal loans, guarantees or the like to Board members, save as part of its usual business operations.

## 7.3 Induction Programme, Ongoing Training and Education

### (a) Induction programme

Upon his/her election, each Board member shall participate in an induction programme that covers the organisation's strategy, general financial and legal affairs, financial reporting by the organisation, any specific aspects unique to the organisation and its business activities, and the responsibilities of a Board member. The programme and information communicated to new members of the Board shall comprise the following:

- (i) Letter of Appointment
- (ii) Board of Directors' Charter
- (iii) Code of Ethics and Conduct for Directors
- (iv) Conflict of Interest & Related Party Transactions Policy
- (v) Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation Policy
- (vi) Share Dealing Policy
- (vii) Induction pack including but not limited to:
  - Annual Report covering inter-alia
  - Corporate profile
  - Organisational structure
  - Board and Board Committee Charters
  - Key Corporate Policies
  - Governance, Risk and Sustainability reports
  - Latest financials
  - Disclosure Conflict of Interest and Related Party Transaction Register
  - Schedule of dates of future board meetings

- (viii) Briefings Cover including, but not limited to, the following information:
  - Responsibilities, legal obligations and boardroom behaviour of Directors
  - Company business
  - Business plan and ongoing issues
  - Corporate strategy and history
  - Industry review
  - Key Stakeholders
  - Corporate Governance and regulatory matters
  - Model code for securities transactions
  - Board evaluation process
- (ix) Meetings with:
  - Chairman of the Board
  - Chairpersons Audit and Risk Management, Corporate Governance and Nomination & Remuneration Committees
  - Key Senior Management
- (x) Site visits of the Company's facilities
- (xi) Access to the following through the Secretariat:
  - Minutes of recent Board meetings
  - Minutes of recent committee meetings
  - Company's Constitution
  - Companies Act & Legislation in jurisdiction in which Company operates
  - DEM Listing Rules and Securities Act
  - Code of Corporate Governance for Mauritius (2016)
  - Latest Board evaluation report

**(b) Performance Review**

The performance review of directors will be undertaken whenever they offer themselves for re-election under Article 21.2 (1) of the Constitution of the Company and Section 138 (6) of the Companies Act 2001.

**(c) Annual Review of Training**

The Chairman shall request Board members, on an annual basis, to submit information on their attendance of courses, conferences, internal talks, seminars and briefings by external advisers or professional bodies, during the year.

**(d) Costs of organisation**

The costs of the induction course and any training or education organised in-house shall be paid by the organisation.

**7.4 Other Positions**

**(a) No Excess Memberships**

Members of the Board shall limit their other positions so as to ensure they are able to allocate sufficient time to meet the expectations of their role as members of the Board. The letter of appointment to non-executive directors shall clearly seek this commitment from all members.

**(b) Notice of Outside Positions**

Board members must inform the Chairperson of the Board and the Company Secretary of their other positions which may be of importance to the organisation or the performance of their duties before accepting such positions. If the Chairperson determines that there is a risk of a conflict of interest the matter shall be discussed by the Nomination & Remuneration Committee which will submit its recommendations to the Board, in accordance with this charter.

**(c) Nominee Director appointed by the Company**

The Company may appoint a Nominee Director to a third-party company or professional body, in which the former has an interest, financial or otherwise. Any fee that may be received by an Executive Nominee Director will be paid to the Company and not to the Director concerned. In case of a Non-Executive Director, such fee can be paid directly to the Director concerned.

- (d)** The Company Secretary shall keep a list of the outside positions held by each Board member for reporting in the Annual Report.

## **7.5 Confidentiality**

**(a) Duty to Keep Information Confidential**

Unless required to do so by law, no Board member shall, during his or her membership on the Board or afterwards, disclose any information of a confidential nature regarding the business of the organisation and/or any companies in which it holds a stake, that came to his or her knowledge in the capacity of his or her work for the organisation and which he/she knows or should know to be of a confidential nature. A Board member may disclose such information to fellow Board members as well as to staff members of the organisation and companies in which the organisation holds a stake who, in view of their activities for the organisation and companies in which the organisation holds a stake, should be informed of the information. A Board member shall not use such confidential information for his or her personal benefit.

**(b) Return of Confidential Information**

At the end of each Board member's term of office, he/she shall return all confidential documents in his or her possession to the organisation or guarantee their disposal in a manner that ensures confidentiality is preserved.

**(c) Notice of Disclosure**

If a Board member intends to disclose to third parties information which he/she has become aware of in his or her duties and which may be confidential, he/she must inform the Chairperson of his or her intent and the identity of the person who is to receive the information with sufficient notice for the Chairperson to assess the situation and advise the Board member. This section applies to both official and personal statements and to any person attending Board meetings which in terms of their content and form are clearly only intended for the Board.

## **7.6 Miscellaneous**

**(a) Acceptance by Board Members**

Anyone who is appointed as a Board member must, upon assuming office, declare in writing to the organisation that he/she accepts and agrees to comply with the provisions of this Charter. A corresponding reference to this extent is included in a governing Board member's appointment letter.

**(b) Occasional Non-Compliance**

If permitted by law, the Board may occasionally decide (by unanimous decision) at its sole discretion not to comply with the provisions of this Charter.

**(c) Amendment**

This Charter may be amended by the Board at its sole discretion without prior notification.

**(d) Interpretation**

In case of uncertainty or difference of opinion on how a provision of this charter should be interpreted, the opinion of the Chairperson of the Board shall be decisive.

**(e) Partial Invalidity**

If one or more provisions of this Charter are (or become) invalid, this shall not affect the validity of the remaining provisions. The Board may replace the invalid provisions by provisions which are valid and the effect of which, given the contents and purpose of this Charter is, to the greatest extent possible, similar to that of the invalid provisions.

***This Charter has been reviewed and approved by the Board of Constance Hotels Services Ltd on 27 March 2024 and is to be adhered to, as relevant to the nature of its business and management structure.***