

Corporate governance

GENERAL PRINCIPLES

Richemont (the 'Group') is committed to maintaining a high standard of corporate governance. It subscribes to the principles laid down in the Swiss Code of Best Practice for Corporate Governance published by 'economiesuisse', the Swiss Business Federation. It also adheres to the requirements of the 'Directive on Information Relating to Corporate Governance' ('DCG'), issued by SIX Swiss Exchange. In addition to Swiss law, the Group complies with the Listing Rules of SIX Swiss Exchange. It also complies with the rules of the Johannesburg stock exchange, to the extent that they apply to companies with secondary listings there.

The Group's corporate governance principles and practices are reviewed by the Audit Committee and the Board on a regular basis in the light of prevailing best practices.

The Group's principles of corporate governance are embodied in the statutes of Compagnie Financière Richemont SA, in its Corporate Governance Regulations and in the terms of reference of the Audit, Compensation and Nominations Committees of the Compagnie Financière Richemont SA Board. The Corporate Governance Regulations are available on the Group's website: www.richemont.com

This section of the annual report follows the recommendations of SIX Swiss Exchange DCG. Headings follow the format of the DCG and cross-references to other sections of the report are provided where appropriate. In certain instances, where the issues contained in the directive do not apply to Richemont or where the amounts involved are not material, no disclosure may be given.

1. GROUP STRUCTURE AND SIGNIFICANT SHAREHOLDERS

Structure

Compagnie Financière Richemont SA (the 'Company') is a Swiss company with its registered office at 50, chemin de la Chênaie, CH 1293 Bellevue, Geneva. The Company's Board of Directors (the 'Board') is the Group's supervisory board, composed of a majority of non-executive directors.

The Group's luxury goods businesses are separated into four segments for presentation purposes: (i) Jewellery Maisons; (ii) Specialist Watchmakers; (iii) Montblanc Maison; and (iv) Other Businesses. Each of the Maisons in the Group enjoys a high degree of autonomy, with its own management group under a chief executive officer. To complement those businesses, the Group has established central functions and a regional structure around the world to provide central controlling and support services in terms of distribution, finance, legal and administration services.

Details of the principal companies within the Group are set out in note 39 to the Group's consolidated financial statements. The market capitalisation and ISIN number of the Richemont 'A' shares are given in section 2 of this corporate governance report, which deals with the capital structure.

Compagnie Financière Rupert

Compagnie Financière Rupert, a Swiss partnership limited by shares, holds 522 000 000 Richemont 'B' registered shares representing 9.1 % of the equity of the Company and controlling 50 % of the Company's voting rights. Mr Johann Rupert, the Executive Chairman and Chief Executive Officer of Richemont, is the sole General Managing Partner of Compagnie Financière Rupert. Mr Jürgen Schrempp and Mr Ruggero Magnoni, both non-executive directors of the Company, and Mr Jan Rupert, an executive director of the Company, are partners of Compagnie Financière Rupert.

Compagnie Financière Rupert does not itself hold any Richemont 'A' shares. Parties associated with Mr Johann Rupert and Compagnie Financière Rupert held a further 2 836 664 'A' shares or 'A' share equivalents at 31 March 2011.

Other significant shareholders

Public Investment Corporation Limited ('PIC'), Pretoria, South Africa notified the Company on 22 February 2008 that accounts under its management held Richemont South African Depository Receipts equivalent to 32 633 436 'A' shares in the Company. At that date, PIC's holding indirectly represented 3.13 % of the Company's voting rights. Since 22 February 2008, the Company has received no further notifications from PIC.

On 19 May 2009 Richemont Employee Benefits Limited ('REBL'), an indirectly held subsidiary, notified the Company that it had acquired shares and the right to acquire further shares equivalent to 31 705 935 'A' shares or 3.04 % of the Company's voting rights. The shares and rights were acquired by REBL to hedge liabilities arising from the Group's stock option plan. At the same date, REBL notified the Company that it held disposal positions arising from the Group's long-term stock option plan equivalent to 43 211 994 'A' shares or 4.14 % of the voting rights of the Company. Since 19 May 2009, the Company has received no further notifications from REBL.

During the year under review, the Company received no new notifications of significant shareholdings representing in excess of 3 % of the voting rights. Changes in significant shareholdings are promptly notified to SIX Swiss Exchange, which simultaneously publishes such notifications on its website.

Cross shareholdings

Richemont does not hold an interest in any company which is itself a shareholder in the Group.

2. CAPITAL STRUCTURE

Shares

There are 522 000 000 'A' bearer shares and 522 000 000 'B' registered shares in issue. Richemont 'A' bearer shares are listed and traded on SIX Swiss Exchange. The 'B' registered shares are not listed and are held by Compagnie Financière Rupert, as detailed above. Each 'A' bearer share has a par value of CHF 1.00 and each 'B' registered share has a par value of CHF 0.10. Further details are given in note 18 to the Group's consolidated financial statements.

From the Company's formation in 1988 until 20 October 2008, shares in Compagnie Financière Richemont SA were indivisibly twinned with participation certificates issued by its wholly-owned subsidiary, Richemont SA, Luxembourg to form Richemont equity units. On 20 October 2008, the shares and participation certificates were de-twinned as part of a Group reorganisation. The reorganisation saw non-luxury assets, including the interest in British American Tobacco plc ('BAT'), spun out to unitholders through an independent entity, Reinet Investments S.C.A. ('Reinet'). Reinet is listed on the Luxembourg Stock Exchange. Other than in respect of the de-twinning, the Company's 1 044 000 000 shares were not directly impacted by the reorganisation. During the three years ended 31 March 2011, the only change to the capital structure has been the de-twinning of 20 October 2008.

At 31 March 2011, Richemont's market capitalisation, based on a closing price of CHF 53.05 per share and a total of 522 000 000 'A' shares in issue, was CHF 27 692 million. The overall valuation of the Group at the year-end, reflecting the value of both the listed 'A' shares and the unlisted 'B' shares, was CHF 30 461 million.

Over the preceding year, the highest closing price of the 'A' share was CHF 57.25 on 13 January 2011, and the lowest closing price of the 'A' share was CHF 35.65 on 1 July 2010.

The ISIN of Richemont 'A' shares is CH0045039655 and the Swiss 'Valorenummer' is 4503965.

Dividend

Holders of 'A' and 'B' shares enjoy the same dividend rights, but due to the differing par values of the two classes of shares, 'B' shareholders receive one tenth of the dividend per share paid to holders of the 'A' shares.

In respect of the financial year ended 31 March 2011, a dividend of CHF 0.450 per 'A' share and CHF 0.045 per 'B' share has been proposed.

Share buy-back programmes

Over the course of the eleven-year period ended 31 March 2010, the Group had repurchased a total of 34 552 934 former 'A' units and 13 625 076 'A' shares through the market to meet obligations under stock option plans for executives.

During the year under review, the Group acquired 3 158 509 'A' shares through the exercise of over-the-counter call options and repurchased a further 1 500 000 'A' shares through the market.

Taking into account the exercise of options by executives during the course of the year, the balance of 'A' shares held in treasury at 31 March 2011 was 22 406 950 shares. At that date, the Group also held over-the-counter call options over 10 658 721 'A' shares.

On 26 May 2010, the Board approved a new programme to buy-back 10 000 000 'A' shares through the market or through the exercise of over-the-counter call options during the period to May 2012. On 18 May 2011, the Board approved an extension to that programme. The extended programme envisages the buy-back of up to 15 000 000 'A' shares through the market or through the exercise of over-the-counter call options during the period to May 2012. The extended programme represents 2.61 % of the capital and 1.44 % of the voting rights of the Company. This new programme and the extension to it are to meet obligations under stock option plans for executives.

Details of the Group's stock option plan are set out in section 5 of this report and in note 35 to the Group's consolidated financial statements. The operating expense charged to the consolidated statement of comprehensive income in respect of the fair value of options granted to executives is set out under the heading 'Stock option plan' on page 51 of this report.

When 'A' shares or former 'A' units are bought back, a reserve for treasury shares, equal to the cost value of the shares purchased in the market, is established as an element of shareholders' equity in the Group's consolidated statement of financial position. The cost of acquiring over-the-counter call options is also charged to this reserve. As shares are sold as a consequence of the exercise of options by executives, the reserve is correspondingly reduced. During the year under review, the reserve for treasury shares increased by a net € 77 million as a consequence of the repurchase of 'A' shares, as described above, partly offset by the exercise of options by executives and the consequent delivery of 'A' shares from the Group to those executives. Further details are given in note 18 to the Group's consolidated financial statements.

Voting rights

Holders of Richemont shares may attend and vote at meetings of shareholders of the Company. They may attend in person or may appoint the Company or a third party to represent them at the meeting.

There is no limit on the number of shares that may be held by any given party nor any restriction on the voting rights attaching to those shares.

Richemont 'A' and 'B' shares have equal rights to share in the dividends and capital of the Company; 'B' shareholders are entitled to receive 10 % of the dividend per share paid to 'A' shareholders and 9.1 % of the Company's capital. However, despite the differing nominal values of the 'A' and 'B' shares, each 'B' share conveys the same voting rights as each 'A' share, in normal circumstances, at shareholder meetings. Richemont 'B' shareholders therefore control 50 % of the votes at shareholder meetings. The 'B' registered shares are entirely held by Compagnie Financière Rupert. In accordance with Swiss company law, certain resolutions, notably those relating to the objects of the Company, its capital structure, the transfer of its registered office or its dissolution, require the approval of two thirds of the shares represented and an absolute majority of the nominal share capital.

Statutory quorums

The general meeting of shareholders is the Company's ultimate decision-making forum. Resolutions of the general meeting are generally passed by an absolute majority of the votes represented at the meeting. As detailed above, certain resolutions may require the approval of two thirds of the shares represented at the meeting and an absolute majority of the nominal share capital.

The Annual General Meeting in respect of the financial year ended 31 March 2011 will be held on 7 September 2011 at the Four Seasons Hotel des Bergues, Geneva. The agenda for that meeting is set out on page 116 of this report. The notice period and agenda in respect of the meeting follow the requirements of Swiss company law. Holders of a minimum of one million 'A' shares in the Company with a nominal value of CHF 1 million may request that an item be placed on the agenda for the meeting. Such requests must be submitted, in writing, at least 20 days in advance of the deadline for publication of the formal notice convening the meeting.

South African Depository Receipts

Richemont Securities SA, previously owned in equal part by the Company and Reinet and now a wholly-owned subsidiary of the Company, acts as Depository for the issuance, transfer and cancellation of Richemont South African Depository Receipts ('DRs'), which are traded on the Johannesburg stock exchange operated by JSE Limited. DRs trade in the ratio of ten DRs to each Richemont 'A' share. The terms and conditions applicable to DRs are set out in the Deposit Agreement entered into between Richemont Securities SA, as Depository, and the Company, as Issuer.

In its capacity as Depository, Richemont Securities SA holds one 'A' share in safe custody for every ten DRs in issue. Richemont Securities SA's interest in the 'A' shares that it holds is therefore non-beneficial. At 31 March 2011, Richemont Securities SA held 107 710 650 'A' shares in safe custody in respect of the DRs in issue. This amount represents some 21 % of the 'A' shares.

Dividends received by Richemont Securities SA are payable in rand to South African residents. Dividends are converted upon receipt by Richemont Securities SA and remitted to the holders of DRs. Non-South African resident holders of DRs may receive the dividends in Swiss francs, subject to their residence status.

Holders of DRs issued by Richemont Securities SA are not entitled to attend the shareholders' meeting of Compagnie Financière Richemont SA or to vote in person. Rather, DR holders are canvassed as to their voting instructions by Richemont Securities SA, which then represents the holders as their proxy at shareholder meetings.

Transferability of shares

Richemont's 'A' shares are issued in bearer form. They are issued in the form of a permanent global certificate. Each shareholder retains a pro-rata of interest in the relevant permanent global certificate, which remains in safekeeping with SIX SIS AG. Shareholders do not have the right to request the printing and delivery of individually certificated shares. Individual share certificates may however be printed and delivered, or otherwise permitted, if considered appropriate by the Company. There are no restrictions on transfers of shareholdings.

Transfers of the unlisted 'B' registered shares in the Company, which are held solely by Compagnie Financière Rupert, must be approved by the Board.

3. BOARD OF DIRECTORS

Responsibilities and membership

The Board is responsible for the overall strategic direction of the Group and the appointment of senior management. In addition, it is responsible for establishing financial controls and appropriate procedures for the management of risk within the Group as well as the overall supervision of the business. The Board is responsible for the preparation of the financial statements of the Company and of the Group and for the organisation of shareholder meetings.

The Board is composed principally of non-executive directors with diverse professional and business backgrounds. Seven nationalities are represented on the Board, which was composed of 19 members at 31 March 2011. Board members are proposed for election on an individual basis at each year's Annual General Meeting ('AGM') for a term of one year. All directors are eligible to stand for re-election each year, details of nominations being given in the notice of the AGM published on page 116. There is no restriction on the number of times a director may seek re-election and no formal age limit for directors.

In terms of its regular business, the Board generally meets for half a day to a full day, five times per annum. Further meetings on specific topics are held on an ad hoc basis. During the period from 1 April 2010 to 31 March 2011, the Board of Directors held five meetings. These included a two-day meeting with senior management of certain Maisons at which strategy, marketing plans and new products were presented. The Executive Chairman and Chief Executive Officer, the Deputy Chief Executive Officer and Chief Financial Officer establish the agendas for the meetings of the Board, financial reports and supporting information in respect of agenda items being circulated to members of the Board in advance of each meeting. Directors may ask that an item be placed on the agenda for any meeting.

Two members of the Management Committee – the Director of Corporate Finance and the Director of Corporate Affairs – attend meetings of the Board. Other members of senior management may be invited to attend periodically to address specific subjects. The Board may invite external advisors to attend meetings.

At the AGM to be held on 7 September 2011, the Board proposes that Maria Ramos be elected to the Board. Ms Ramos is currently Group Chief Executive of Absa Group Limited, South Africa and is a member of the Executive Committee of Barclays Bank plc, United Kingdom. Previous positions held by Ms Ramos include Director-General of the National Treasury of South Africa and Group Chief Executive of Transnet Limited, the state-owned South African freight transport and logistics service provider. In addition to her role at Absa Group, Ms Ramos also serves on the executive committees of a number of South African and international bodies, including the President's Big Business Working Group, the International Business Council and the World Bank Chief Economist Advisory Panel. Ms Ramos' qualifications include membership of the Institute of Bankers, bachelor degrees from the University of the Witwatersrand and a Masters degree in Economics from the University of London. She also holds honorary doctorates from the University of Stellenbosch and Free State University.

Board Committees

In terms of the Group's framework of corporate governance, the Board has established an Audit Committee, a Compensation Committee and a Nominations Committee. The composition of these Committees is indicated in the biographical notes on Board members set out on pages 42 to 45. In addition to these Board Committees, the Group's senior management are members of the Group Management Committee.

Each Board Committee has its own written Charter outlining its duties and responsibilities and a chairperson elected by the Board. The Chairman of each Committee presents a summary of the proceedings of each Committee meeting to the Board. All Board Committees are entitled to invite members of senior management and external specialists to attend meetings for specific matters on an ad hoc basis.

Audit Committee

The five members of the Audit Committee are non-executive directors. The Chief Financial Officer attends all meetings, as do the Head of Internal Audit and representatives of PricewaterhouseCoopers SA, the Group's external auditors.

Meetings of the Committee are held at least three times per annum and have a typical duration of half a day. During the year ended 31 March 2011, three meetings took place. The Committee meets in camera with the external auditors during the course of each meeting.

The Audit Committee's principal tasks are to:

- satisfy itself that the consolidated financial statements follow approved accounting principles and give a true and fair view of the Group's financial position and results;
- recommend to the Board the appointment, reappointment or dismissal of the external auditors and keep under review their independence and objectivity as well as their level of compensation;
- examine and review, with both external and internal auditors, the adequacy and effectiveness of the Group's management information systems as well as accounting, financial and operational controls;
- oversee the effectiveness of the Group's Internal Audit function and liaise with the Head of Internal Audit on all matters of significance arising from the department's work;
- oversee the adequacy and effectiveness of risk management practices in the Group and advise the Board on its responsibility to perform regular risk assessments;
- examine and review the adequacy, effectiveness and integrity of the processes to assure the Group's compliance with all applicable laws and regulations; and
- ensure compliance with the Group's internal Corporate Governance Regulations, including the Code of Conduct for Dealings in Securities, and its Group Investment Procedures.

The Chairman of the Audit Committee reports the findings of each Committee meeting to the Board and makes recommendations to management on behalf of the Board.

The Company has a risk management process which gives consideration to both strategic and operational risks. All identified risks are quantified according to their probability of occurrence and potential impact and subsequently prioritised by management. A consolidated risk report, which includes action plans prepared by the Group executive directly responsible for addressing the risk, is reviewed annually by the Board of Directors and the Audit Committee.

Compensation Committee

The Compensation Committee is comprised of three non-executive directors. To assist it in its deliberations it may draw on support from the Group's internal specialists and external advisors. Meetings of the Committee are held as necessary but at least twice per annum and typically last one to two hours. During the year under review, the Committee met on two occasions.

The purpose of the Committee is to advise the Board in all aspects of compensation policy insofar as it relates to members of the Board, the Group Management Committee and senior executives and to establish a framework for the compensation of executive management. The Committee is responsible for setting the compensation of the non-executive directors and the Executive Chairman, for approving the compensation of the members of the Board and for reviewing the compensation of all other members of senior management.

The Committee oversees the administration of the Group's long-term, share-based compensation plan for executive members of the Board and, inter alia, approves the awards granted to executive directors, taking into account the recommendations of the Executive Chairman; approves the awards made to other executives in aggregate, recognising that the Chairman's Committee has the authority to make awards to executives other than those serving on the Board. In addition, the Committee oversees any other material long-term compensation plans for executives of the Group and approves awards under such plans as appropriate.

Nominations Committee

The Nominations Committee consists of the non-executive directors meeting under the chairmanship of the Executive Chairman and Chief Executive Officer. During the year ended 31 March 2011, five meetings took place.

The principal functions of the Committee are to advise the Board in areas such as the composition and size of the Board and the criteria to be applied in the selection of new members of the Board and management.

In addition, the Committee is responsible for the nomination of directors to serve on the Board Committees.

Management Committees

In addition to the Board Committees, there are a number of management committees. Key amongst these are the Chairman's Committee and the Group Management Committee. These bodies respectively perform complementary functions in terms of strategic and operational performance recommendations.

Section 3 of the corporate governance report continues on page 46

Board of Directors of Compagnie Financière Richemont SA



Johann Rupert
Executive Chairman and Chief Executive Officer
South African, born 1950

Mr Rupert was appointed to the Board in 1988 and has served as Executive Chairman since 2002. He has served as Chief Executive Officer since April 2010. He is Chairman of the Nominations Committee, the Chairman's Committee and the Group Management Committee.

Mr Rupert studied economics and company law at the University of Stellenbosch, South Africa. After working for the Chase Manhattan Bank and Lazard Frères in New York he founded Rand Merchant Bank in 1979. In 1985 he joined Rembrandt. He founded Richemont in 1988 and became Group Chief Executive. Appointed as Executive Chairman in September 2002, he also served as Chief Executive Officer during the period from October 2003 to September 2004. He is Chairman of Reinet Investments Manager SA, the management company of Reinet Investments S.C.A., a director of Renshaw Bay, a global alternative asset management and advisory firm, Non-Executive Chairman of Remgro Limited and the Managing Partner of Compagnie Financière Rupert.

Mr Rupert holds honorary doctorates in Law, Economics and Commerce, is the Chancellor of the University of Stellenbosch and Chairman of the Peace Parks Foundation.



Yves-André Istel
Deputy Chairman
American, born 1936

Mr Istel was appointed to the Board in 1990 and became its Deputy Chairman in 2010. A Non-Executive Director, he is Chairman of the Audit Committee and a member of the Compensation and Nominations Committees.

Mr Istel graduated from Princeton University and has had an extensive career in investment banking. He was Managing Director of Lehman Brothers from 1977 to 1983, Co-Chairman of First Boston International from 1984 to 1988, Chairman of Wasserstein Perella & Co International from 1988 to 1992 and Vice Chairman of Rothschild Inc. from 1993 to 2002. He is currently Senior Advisor to Rothschild Global Financial Advisory.

Mr Istel is a Non-Executive Director of Imperial Sugar Company, Analog Devices, Inc., Tiedemann Wealth Board of Management, and a member of Healthpoint Partners LLC's Advisory Board. He served as Chairman of the Board of Overseers of Reinet Investments SCA until 2009 and continues to act as an advisor to Reinet Investment Advisors Limited.

Mr Istel is Chairman of the Advisory Board of the Remarque Institute and the Center for French Civilisation and Culture, New York University, as well as the European Institute and the Fondation Saint-John Perse. He is a member of the Economic Club of New York and the Bretton Woods Committee.



Richard Lepou
Deputy Chief Executive Officer
French, born 1952

Mr Lepou was appointed to the Board in September 2004 and has served as Deputy Chief Executive Officer since April 2010. He is a member of the Chairman's Committee and the Group Management Committee.

Mr Lepou is a graduate of the Institut d'Etudes Politiques de Paris and the Université de Sciences Economiques de Paris X. He worked in international corporate finance before joining Cartier in 1979 as assistant to the President. Within Cartier, he was appointed Company Secretary in 1981 and became Director of Finance and Administration in 1985. He was nominated as Chief Executive Officer of Cartier in 1995 and held the post until March 2001. He served as Chief Operating Officer of Richemont from April 2001 until April 2004 and was nominated as Group Finance Director in May 2004, a post he held until March 2010.



Gary Saage
Chief Financial Officer
American, born 1960

Mr Saage became Chief Financial Officer in April 2010 and was appointed to the Board in September 2010. He is a member of the Chairman's Committee and the Group Management Committee.

Mr Saage is a graduate of Fairleigh Dickinson University, USA and is a Certified Public Accountant.

Following an early career in public accounting with Coopers & Lybrand, he joined Cartier's US business in 1988. Between 1988 and 2006, he served as Chief Operating Officer of Richemont North America and of Alfred Dunhill in London. From 2006 to March 2010, he served as Group Deputy Finance Director. He continues to serve as Chairman of Richemont North America and as a Director of Net-a-Porter Limited.

Mr Saage also serves as a Director of TASIC England, an unrelated educational body.



Franco Cologni
Italian, born 1934

Dr Cologni was appointed to the Board in 2002 and now serves as a Non-Executive Director and member of the Nominations Committee.

He is a graduate of the University of Milan, where he later became a professor. As a writer, he has published several books and articles, in particular on luxury goods, jewellery and watches. He joined Cartier in 1969 and served as Managing Director and Chairman of Cartier International. Dr Cologni has also been closely involved with the Group's watchmakers and served as Chairman of the Fondation de la Haute Horlogerie from 2005 to 2010 and continues to serve as Chairman of its Cultural Committee.

Dr Cologni is founder of the Richemont Creative Academy, which offers Masters degrees in design and creative management. He is also founder and Chairman of the non-profit institution 'Fondazione Cologni dei Mestieri d'Arte'. Under the patronage of this Foundation, Milan University has established a Chair dedicated to the 'Métiers d'Arts'.



Lord Douro
British, born 1945

Lord Douro has served as a Non-Executive Director since 2000. He is a member of the Compensation and Nominations Committees.

Lord Douro holds an MA degree from Oxford University. He has broad experience in banking and finance, serving as Chairman of Sun Life and Provincial Holdings from 1995 to 2000 and of the Framlington Group from 1994 to 2005. He is a director of Sanofi-Aventis, Abengoa Bio Energia and RIT Capital Partners. He is a senior adviser to the Crédit Agricole Group and Chairman of the Council of King's College, London. He was a member of the European Parliament from 1979 to 1989.

From 1990 to 1993 he was Chairman of Dunhill Holdings and from 1993 to 1998 Deputy Chairman of Vendôme Luxury Group, both former subsidiaries of the Group. Since 1998 he has served as Non-Executive Chairman of Richemont Holdings (UK) Limited, the holding company for the Group's UK interests and provides consultancy services to the Group.



Ruggero Magnoni
Italian, born 1951

Mr Magnoni was elected as a Non-Executive Director in 2006 and is a member of the Audit and Nominations Committees. In 2006 he became a partner of Compagnie Financière Rupert.

Mr Magnoni graduated from Bocconi University, Italy and holds an MBA from Columbia University, USA.

Mr Magnoni joined Lehman Brothers in 1977 and held a number of senior roles across that firm's international activities. In 2000, Mr Magnoni became Head of the European Private Equity division and Vice Chairman of Lehman Brothers Inc and in 2002, Chairman of Lehman Brothers International Italy. Since October 2008, Mr Magnoni has been Chairman of Nomura International plc's Investment Banking division for Europe, Middle East and Africa. He was a member of the Board of Overseers of Reinet Investments S.C.A. until 2009 and continues to act as an advisor to Reinet Investment Advisors Limited.

Mr Magnoni is a member of the boards of Omniinvest SpA, IMMSI SpA and 422 BV. He is a founding investor in Sopaf SpA and Hanseatic Americas Limited and is involved with various philanthropic activities, including Fondazione Laureus Italia. He is a member of the Advisory Committee of the Bocconi Foundation.



Josua Malherbe
South African, 1955

Mr Malherbe was appointed to the Board in September 2010 and serves as a Non-Executive Director. He is a member of the Audit and Nominations Committees.

Mr Malherbe qualified as a Chartered Accountant in South Africa and worked with the predecessor firm of PricewaterhouseCoopers before joining Rand Merchant Bank in 1985. In 1990 he joined Rembrandt Group Limited and was involved with Richemont at that time. Since its formation in 2000, he served first as Chief Executive Officer and then as Deputy Chairman of VenFin Limited.

Mr Malherbe continues to serve as a director of Remgro Limited, Reinet Investments Manager S.A., and Reinet Fund Manager S.A. He also serves as a Director of Richemont Securities S.A.



Frederick Mostert
Chief Legal Counsel
South African, born 1959

Dr Mostert was appointed to the Board in September 2010. He is a member of the Chairman's Committee and the Group Management Committee.

Dr Mostert holds a masters degree from Columbia University School of Law in New York City and a doctorate from the University of Johannesburg. He is a member of the New York Bar, a solicitor of England and Wales, and practised corporate law at Shearman and Sterling and international intellectual property law at Fross, Zelnick, Lehrman & Zissu in New York. He joined Richemont in 1990 and was appointed to the Group Management Committee in 1994.

Dr Mostert is a past President of the International Trademark Association, serves on the Advisory Council of the McCarthy Center for Intellectual Property and Technology Law, is a guest professor at Peking University and a Visiting Professor of University College London. He is a Director of Reinet Investments Manager S.A., Reinet Fund Manager S.A., Net-a-Porter Limited, The Walpole Committee Limited, Laureus World Sports Awards Limited, and Freedom Under Law.



Simon Murray
British, born 1940

Mr Murray became a Non-Executive Director in 2003 and is a member of the Nominations Committee.

He was educated at Bedford School in England and attended SEP Stanford Business School in the United States. He began his business career at Jardine Matheson, with ultimate responsibility for the company's engineering and trading operations, as well as holding directorships in various affiliated companies. In 1980, he formed his own project advisory company involved primarily in financing capital-intensive engineering projects in the Asia-Pacific region. In 1984 he became the Group Managing Director of the Hong Kong-based conglomerate Hutchison Whampoa, leading that company's entry into the mobile telecommunication business and developing its energy business. He joined Deutsche Bank Group as Executive Chairman Asia-Pacific in 1993, supervising the Group's operations in the region. In 1998 he founded Simon Murray & Associates.

Mr Murray is currently: the Executive Chairman of Simon Murray & Company, Simon Murray & Associates and GEMS; a Non-Executive Director of Essar Energy plc and Cheung Kong (Holdings) Limited; and the Non-Executive Chairman of Glencore International plc.



Alain Dominique Perrin
French, born 1942

Mr Perrin was appointed to the Board in 2003 and served as an Executive Director until March 2010. He now serves as a Non-Executive Director and is a member of the Nominations Committee.

Mr Perrin is a graduate of the Ecole des Cadres et des Affaires Economiques, Paris (E.D.C.). He joined Cartier in 1969, assuming a series of roles and serving as President of Cartier International SA between 1981 and 1998. Overseeing the Group's luxury goods businesses from 1999 to 2003, he was Chief Executive of Richemont SA (Luxembourg) from 2001 to 2003. He created the Fondation Cartier pour l'Art Contemporain in Paris and launched the annual Salon International de la Haute Horlogerie.

Mr Perrin serves on the management committees of a number of non-profit organisations. He is President of the Ecole de Dirigeants et Créateurs d'entreprise (E.D.C.) and President of the European Foundation for Management Development (E.F.M.D.), which delivers EQUIS and EPAS accreditations to business schools and universities around the world. He is also President of the Fondation Cartier pour l'Art Contemporain and the Jeu de Paume Museum, Paris.

Board of Directors of Compagnie Financière Richemont SA *continued*



Guillaume Pictet
Swiss, born 1950

Mr Pictet was appointed to the Board in September 2010. A Non-Executive Director, he is a member of the Nominations Committee.

Mr Pictet is a graduate of HEC, Lausanne University. His career in private banking has included membership of Darier Hentsch & Cie's senior management. He has also served as an international economist in Switzerland's Federal Department of Economic Affairs.

Since 1996, Mr Pictet has been Founding Partner and Vice-Chairman of de Pury Pictet Turrettini & Cie SA. He also serves as Chairman of EIC Partner AG; as a director of Zurmott Madison Management AG; and is a member of the Conseil communal de Chêne-Bougeries.



Norbert Platt
German, born 1947

Mr Platt was appointed to the Board in September 2005. He has served as a Non-Executive Director since April 2010 and is a member of the Nominations Committee.

He graduated with a BSc in precision mechanical engineering from the University of Frankfurt/Main and has studied business and management topics at Harvard Business School and at INSEAD. He worked for a number of years in the field of precision instruments, working with Rollei in Germany and internationally, becoming CEO of Rollei Singapore and Managing Director of Rollei Fototechnic in Germany.

He joined Montblanc in 1987 and was President and CEO of Montblanc International. Mr Platt served on the Group Management Committee from 2000 and served as Group Chief Executive Officer from October 2004 until March 2010. He remains Non-Executive President of Montblanc International.



Alan Quasha
American, born 1949

Mr Quasha was elected as a Non-Executive Director in 2000 and is a member of the Nominations Committee.

He is a graduate of Harvard College, Harvard Business School, Harvard Law School and New York University Law School. After practising law, he moved into commerce and since 1987 has been President of Quadrant Management Inc.

Mr Quasha served as a director of Richemont SA, Luxembourg from 1988 up until his appointment to the Board of Compagnie Financière Richemont SA. He was Chief Executive Officer of North American Resources Limited between 1988 and 1998. He was a member of the Board of Overseers of Reinet Investments S.C.A. until 2009 and continues to act as an advisor to Reinet Investment Advisors Limited. He was a director of American Express Funds, a former Governor of the American Stock Exchange, and a former Chairman of the Visiting Committee of the Weatherhead Centre for International Affairs.

Mr Quasha is currently Managing Partner of Vanterra Capital, Chairman of Breaan Murray, Carret & Co; Carret Asset Management Group LLC; and HKN Inc. He is also Chairman of the American Brain Trauma Foundation.



Lord Renwick of Clifton
British, born 1937

Lord Renwick was appointed to the Board in 1995. A Non-Executive Director, he serves as Independent Lead Director of the Board, Chairman of the Compensation Committee and is a member of the Audit and Nominations Committees.

Lord Renwick is a graduate of Cambridge University and served in the British diplomatic service, rising to become Ambassador to South Africa from 1987 to 1991 and Ambassador to the United States from 1991 to 1995.

Lord Renwick is currently Vice Chairman, Investment Banking of JPMorgan Europe and of JPMorgan Cazenove. He is also Deputy Chairman of Fleming Family & Partners and a Non-Executive Director of Vallar Limited.



Dominique Rochat
Swiss, born 1949

Maitre Rochat was appointed to the Board in September 2010. A Non-Executive director, he is a member of the Audit and Nominations Committees.

Maitre Rochat graduated in law from the University of Geneva and obtained a Diploma in Comparative Legal Studies in Cambridge (UK). He is a member of the Geneva Bar.

Maitre Rochat has been a practising lawyer since 1975 and partner at the Geneva office of Lenz & Staehelin since 1982, specialising in banking and corporate law. He is Vice Chairman of RBS Coutts Bank Limited in Zurich, Vice Chairman of the Boards and Chairman of the Audit Committees of Banque Audi (Suisse) SA and NBAD Private Bank (Suisse) SA. He serves on the Board of several Swiss subsidiaries of foreign groups and unlisted Swiss companies, and of several foundations.



Jan Rupert
Manufacturing Director
South African, born 1955

Mr Jan Rupert was appointed to the Board in 2006 and became a partner of Compagnie Financière Rupert in the same year. He is a member of the Chairman's Committee and the Group Management Committee.

Since joining the Group in 1999, he has held the position of Manufacturing Director, with overall responsibility for the Group's manufacturing strategy. He was appointed to the Group Management Committee in 2000.

Mr Rupert is a graduate in mechanical engineering from Stellenbosch University, South Africa and has had an extensive career in production management in the tobacco and watchmaking industries. Prior to joining Richemont, he was Manufacturing Director of Rothmans International.



Jürgen Schrempp
German, born 1944

Mr Schrempp was elected as a Non-Executive Director in 2003 and is a member of the Nominations Committee. In 2006 he became a partner of Compagnie Financière Rupert.

He holds a Professorship of the Federal State of Baden-Württemberg and honorary Doctorates from the University of Graz and the University of Stellenbosch.

Mr Schrempp is former Chairman of the Board of Management of DaimlerChrysler AG and of Daimler Benz Aerospace AG. He is also a former director of Allianz AG, the New York Stock Exchange, Vodafone Group plc and South African Airways Limited. He continues to be Non-Executive Chairman of Mercedes-Benz of South Africa.

He is the Executive Chairman of Katileho Capital GmbH, Chairman of Iron Mineral Beneficiation Services Limited, Independent Lead Director of SASOL and a Non-Executive Director of Jonah Capital. He is also a member of the International Investment Council of the President of the Republic of Togo. He was a member of the Board of Overseers of Reinet Investments S.C.A. until 2009 and continues to act as an advisor to Reinet Investment Advisors Limited.

Mr Schrempp is Chairman Emeritus of the Global Business Coalition on HIV/AIDS and Honorary Consul-General of the Republic of South Africa. He has received numerous awards and has also been recognised for his civic leadership and charitable contributions. Amongst other distinctions, he is a Commander of the French Legion of Honour and holds South Africa's highest civilian award, the Order of Good Hope.



Martha Wikstrom
Chief Executive Officer, Richemont Fashion
and Accessories
American, born 1956

Ms Wikstrom was appointed to the Board in 2005 and served as a Non-Executive Director until June 2009. Since then, she has served as an Executive Director and is a member of the Chairman's Committee and the Group Management Committee.

Ms Wikstrom is a graduate of the University of Utah and has an extensive background in retailing and the luxury goods industry. From 1981 to 1999, Ms Wikstrom worked with Nordstrom, rising from sales person to President of Nordstrom's Full Line Store Group. Ms Wikstrom was formerly Managing Director of Harrods Limited and a Director of Harrods Holdings Limited and Harrods Estates. She also held positions as interim CEO and Board Director of Kurt Geiger Limited. She is a founding partner of Atelier Management, LLC, an investment company specialising in the acquisition and development of luxury brands in which Richemont is the principal investor.

Ms Wikstrom sits as Chairman of the Board of Harrys of London Limited and is a Director of Space NK Limited.

Continued from page 41

Management is responsible for implementing the strategic policies determined by the Board. Members of management are empowered to conduct the day-to-day strategic and operational administration of the Group including, inter alia, financial management. Management is responsible for the management of the Group's underlying businesses and investments, subject at all times to an obligation to provide adequate information on the development of those businesses to the Board. Management operates within the guidelines as set out in the Group Investment Procedures and such other policies and procedures as may from time to time be laid down by the Board. In addition, management provides the Board with such support as it may require to consider and evaluate strategic alternatives.

The Chairman's Committee

During the year under review, the Chairman's Committee comprised all of the executive directors of the Board. Other executives were invited to participate on an ad hoc basis at the discretion of the Executive Chairman. The Committee meets on an ad hoc basis to review matters associated with the implementation of the Group's strategic policies. During the year under review the Committee met five times.

Other committees have been established to determine the Group's policy in specific business areas, including finance, taxation, health and safety matters and corporate social responsibility.

4. SENIOR MANAGEMENT

The former Board of Richemont SA, Luxembourg, a directly held, wholly-owned subsidiary of the Company until 20 October 2008, functions as the Group's Management Committee.

The Group Management Committee did not meet formally as a committee during the year, but its 13 members participated in various other committees, as well as interacting with one another and with the Maisons and regional platforms as necessary. Six of the 13 members also served on the Board during the year under review. Appointments to the Group Management Committee are made by the Board upon the recommendation of the Nominations Committee.

The executive management is charged by the Board with implementing the strategic policies determined by the Board. It is empowered to conduct the day-to-day strategic and operational management including, inter alia, the financial management of the Group. It is responsible for the management of the Group's underlying businesses and investments, subject at all times to an obligation to provide adequate information on the development of those businesses to the Board.

The Board employs various reporting means and control mechanisms in order to monitor the way in which senior management exercises the authority delegated to it.

- Prior to each Board meeting, members of the Board receive a financial report, summarising recent Group, divisional and Maison financial performance as well as operational developments.

- The Executive Chairman and Chief Executive Officer, the Deputy Chief Executive Officer, the Chief Executive Officer of Richemont's Fashion and Accessories Maisons and the Chief Financial Officer report to the Board at each meeting. Supplementary reports are provided, as required, by the Chief Legal Counsel, the Director of Corporate Affairs, the Director of Corporate Finance and the Company Secretary.
- The Group's employee performance review process requires that members of senior management are given clearly defined targets at the beginning of each financial year. The executive directors of the Board monitor performance against these targets on an ongoing basis and report progress to the Board.
- There is regular interaction between members of the Board and the Group Management Committee, for example, through the presence of certain executive directors on a regular or ad hoc basis at Board meetings and other Board Committee meetings, as outlined above. Members of the Board are also exposed to the decision-making process at the level of each Maison through their involvement with the annual reviews of the Maisons' strategies.
- The Group's Internal Audit function provides an objective means of assessing how the Group's risks are being managed and controlled. This function's independent status is reinforced by the direct reporting line from the Head of Internal Audit to the Chairman of the Audit Committee. The function performs financial and operational audits in accordance with a programme approved annually by the Audit Committee. This risk-based programme is designed to ensure that all business units as well as Group-wide issues are given sufficient audit coverage within an appropriate timeframe. Findings from each audit, together with any related action plans, are reported in detail to senior management; summary reports are provided to the Audit Committee and discussed at Audit Committee meetings. Progress with implementation of corrective actions is monitored by senior management and the Audit Committee on a regular basis.

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.

5. COMPENSATION, SHAREHOLDINGS AND LOANS

Content and method of determining the compensation and share-ownership programmes

The Group's compensation policies are designed to ensure that Group companies attract and retain management of the highest calibre and motivate them to perform to the highest standards, recognising the international nature of their businesses. The Group sets high standards in the selection of executives who are critical to the long-term development of the business.

The Board's Compensation Committee is responsible for setting the compensation of the non-executive directors and the Executive Chairman, for approving the compensation of the members of the Board and for reviewing the compensation of all other members of senior management. The Compensation Committee considers recommendations from the Chairman's Committee regarding remuneration awards but may amend or reject these recommendations.

Section 5 of the corporate governance report continues on page 48

Group Management Committee



Johann Rupert
Executive Chairman and
Chief Executive Officer
(For biographical details see page 42)

Richard Lepeu
Deputy Chief Executive Officer
(For biographical details see page 42)

Gary Saage
Chief Financial Officer
(For biographical details see page 42)

Frederick Mostert
Chief Legal Counsel
(For biographical details see page 43)

Jan Rupert
Manufacturing Director
(For biographical details see page 44)

Martha Wikstrom
Chief Executive Officer,
Richemont Fashion and Accessories
(For biographical details see page 45)

Giampiero Bodino
Group Art Director
Italian, born 1960
Mr Bodino was appointed to the Group Management Committee in 2004.

A graduate of the Institute of Applied Arts and Design of Turin, where he specialised in art styling, industrial design and architecture, Mr Bodino has had an extensive career in the design industry, working with major luxury and fashion houses, including Bulgari, Gucci, Versace and Swarovski.

His association with the Group, which began in 1990, extends across most of the Maisons and has involved watches, jewellery and accessories. Since 2002 he has served as Creative Director for Cartier and, since 2004, as Group Art Director.



Pilar Boxford
Group Public Relations Director
British, born 1961
Ms Boxford was appointed to the Group Management Committee in 2004.

Ms Boxford graduated in Economics and Finance from the Institut d'Etudes Politiques de Paris. She joined Cartier Paris in 1979 as Product Manager – Perfumes and subsequently became responsible for Cartier's worldwide public relations strategy. In 1984, she transferred to Cartier London as Communications Director and became a member of the management board of Cartier UK Limited. She was appointed Group Public Relations Director in February 2004. Her primary role is to support the Maisons in the development of effective PR strategies with a view to strengthening their presence on the world stage.



Bernard Fornas
Chief Executive of Cartier
French, born 1947
Mr Fornas was appointed to the Group Management Committee in 2002.

Mr Fornas graduated from Lyon Business School and holds an MBA from the Kellogg School of Management, Northwestern University. Prior to joining Cartier, he worked with a number of companies in the consumer products sector, including Procter & Gamble and the International Gold Corporation, where he was Jewellery Division Manager. He then moved to Guerlain where he was International Marketing Director and Advisor to the President from 1984 to 1993.

Mr Fornas joined Cartier as International Marketing Director in 1994. He subsequently became Chief Executive of Baume & Mercier in 2001 and was appointed Chief Executive of Cartier in 2002.

He is Vice President of the Comité Colbert and a member of the board of the Fondation de la Haute Horlogerie.



Alan Grieve
Director of Corporate Affairs
British, born 1952
Mr Grieve was appointed to the Group Management Committee in 2004.

Mr Grieve holds a degree in business administration from Heriot-Watt University and is a member of the Institute of Chartered Accountants of Scotland. Prior to joining Richemont's predecessor companies in 1986, he worked with Price Waterhouse & Co and Arthur Young. He served as Company Secretary of Richemont from its formation in 1988 until 2004.

He is a Director of Richemont Securities S.A. and, in addition to his role at Richemont, is Chief Financial Officer of the management companies of both Reinet Investments S.C.A. and its subsidiary Reinet Fund S.C.A. F.I.S. He is also a director of Klinik Hirslanden AG, the Swiss subsidiary of the Medi-Clinic organisation. Mr Grieve is a founding member of the Laureus Sport for Good Global Foundation.



Albert Kaufmann
General Counsel
Swiss, born 1947
Mr Kaufmann was appointed to the Group Management Committee in 2000.

Mr Kaufmann holds a degree from the Faculty of Law of the University of Geneva and has been admitted to the Geneva Bar. He joined Cartier in 1974 to lead its legal department and has since been responsible for the legal affairs of the Group's luxury goods companies. He was a member of the board of Cartier International and a director of Vendôme Luxury Group. He was appointed to his current position in 1999. He is a Director of Richemont Securities S.A.

Mr Kaufmann is a member of the board of the Federation of the Swiss Watch Industry, the Fondation de la Haute Horlogerie and the Committee of 'economiesuisse'.



Thomas Lindemann
Group Human Resources Director
German, born 1963
Mr Lindemann was appointed to the Group Management Committee in 2005.

Mr Lindemann is a graduate in economics from Mannheim University. From 1989, he held a variety of human resources and commercial roles in the consumer products company, Wella Group, before joining Montblanc in 1998 as Human Resources Director. He assumed the role of Director of Human Resources for Richemont Northern Europe in 2002 and was appointed Group Human Resources Director in 2005.



Eloy Michotte
Corporate Finance Director
Belgian, born 1948
Mr Michotte was appointed to the Group Management Committee in 1988.

Mr Michotte graduated in engineering from the University of Louvain in Belgium and holds an MBA from the University of Chicago. He has had an extensive career in international business and finance, having worked with Ford, McKinsey & Co and Bankers Trust Company prior to joining Richemont at the time of its formation in 1988. As Head of Corporate Finance, he has responsibility in particular for mergers and acquisitions and serves on the boards of a number of companies in which the Group has an interest.

In addition to his role within Richemont, he is an Executive Director of the management companies of both Reinet Investments S.C.A. and its subsidiary Reinet Fund S.C.A. F.I.S.

From time to time the Chairman's Committee may use external consultants for advice on remuneration matters. During the year, external advice on compensation-related matters was received from Towers Watson and PricewaterhouseCoopers on stock option related matters.

Executives are rewarded in line with the level of their authority and responsibility within the organisation. In addition to a basic salary, they generally receive an annual short-term cash incentive related to their individual achievements and the performance of the Group as a whole. Both elements are reviewed annually in accordance with the Group's salary review process. In determining the level of any increase to basic salary, consideration is given to market conditions and the Group's performance; the level of pay awarded to the rest of the business; the role and responsibilities of the individual; and market benchmarking information provided by external consultants.

The level of short-term cash incentive is dependent on performance against a range of demanding individual key performance indicators and collective strategic objectives, usually established at the beginning of the year. The indicators and objectives relate to the potential of the area of the business for which the individual is responsible and consider, among other things, sales, profit growth and cash generation. These objectives are determined by the Executive Chairman and the Deputy Chief Executive Officer and are revised only where exceptional circumstances beyond the control of the individual make the original target unachievable. The Compensation Committee does not participate in the setting of individual targets. The Compensation Committee is satisfied that the targets are appropriately challenging for the level of award. In the year under review an expense of € 10 million was recognised for short-term cash incentives in respect of members of the Board and Group Management Committee. This accrued amount relates to the performance during the year under review and will be finalised and paid only when the annual results are available. The accrued amount represents 70 % of the total salary and other short-term benefits of those individuals entitled to receive a short-term cash incentive.

The Group operates three distinct long-term benefit plans for executives.

Executives may be eligible to participate in the Group's stock option plan, details of which are set out on page 51 of this report. Option awards are entirely discretionary and are linked to each executive's salary level and performance. Gains achievable from previous awards are also considered. The Group does not operate any schemes to issue shares to executives as part of their compensation package. The 2008 grant of options included vesting conditions linked to the performance of the Company's share price relative to a comparative group of luxury goods businesses. With one exception, no options have been awarded to any member of the Board or the Group Management Committee since December 2008. One executive director was awarded options in June 2009, prior to his appointment to the Board. The Group did not award any options in the year under review.

As an alternative long-term benefit to the stock options plan described above, the Group introduced a Long-term Retention Plan ('LRP') in June 2010. The LRP is a cash incentive plan. For each eligible participant, the awards are fixed at the grant date at between 50 % and 150 % of the short-term cash incentive awarded for the previous year and only become payable after three further years of service. The cash settlement will be subject to a comparison of the performance of the Company's share price relative to a comparative group of luxury goods businesses, similar to the vesting conditions that apply to the Group's stock option plan. Executive directors and members of the Group Management Committee were granted awards under the LRP in June 2010. These will become payable in 2013. The total LRP award to members of the Board and the Group Management Committee was € 6 million representing 60 % of the short-term incentive award paid for 2010. Individual awards ranged from 50 % to 100 %.

The Group also operates a long-term incentive plan. The purpose of this plan is to motivate and reward Maison executives by linking a major part of their compensation package to the value added to the area of the business for which they are responsible, typically over a three-year period.

In general, an executive will receive an award in only one of the three long-term benefit plans described above on an annual basis.

The Compensation Committee considers these components in total to ensure there is the correct balance between reward for short-term success and long-term growth and reflects both the individual's performance and their contribution to the Group's overall results.

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

Non-executive directors receive an annual fee in respect of their membership of the Board. The level of this fee is kept under review by reference to comparable external figures. Non-executive directors are not eligible for performance-related payments and do not receive awards under the Group's stock option plan. There is no scheme to issue shares to non-executive directors.

Non-executive directors who are also members of the Compensation Committee or the Audit Committee are entitled to receive an attendance fee of € 3 700 (CHF 5 000) and € 7 500 (CHF 10 000), respectively, for each Committee meeting.

Directors' compensation

The total level of compensation paid to members of the Board and the Group Management Committee, including pension contributions, benefits in kind and all other aspects of compensation, amounted to € 42 126 138 during the year under review. In determining the value of each component of compensation, the Group has followed the valuation and measurement principles of International Financial Reporting Standards ('IFRS'). The amounts are in agreement with other IFRS information provided elsewhere in this annual report.

	Salary and short-term employee benefits €	Short-term incentives €	Long-term benefits €	Post-employment benefits €	Stock option cost* €	Total €
Board of Directors						
Johann Rupert	1 522 863	–	–	1 562 282	852 229	3 937 374
Jean-Paul Aeschimann	59 979	–	–	–	–	59 979
Yves-André Istel	119 958	–	–	–	–	119 958
Richard Lepeu	2 793 847	1 382 826	257 202	88 769	1 292 754	5 815 398
Gary Saage**	964 758	547 411	98 923	59 765	134 533	1 805 390
Franco Cologni	246 298	–	–	–	–	246 298
Lord Douro	191 019	–	–	–	–	191 019
Ruggero Magnoni***	–	–	–	–	–	–
Josua Malherbe	59 979	–	–	–	–	59 979
Frederick Mostert****	542 988	386 966	186 481	233 273	486 669	1 836 377
Simon Murray	89 969	–	–	–	–	89 969
Alain Dominique Perrin	1 605 342	–	–	–	–	1 605 342
Guillaume Pictet	44 984	–	–	–	–	44 984
Norbert Platt	180 634	–	–	–	–	180 634
Alan Quasha	89 969	–	–	–	–	89 969
Lord Renwick	119 958	–	–	–	–	119 958
Dominique Rochat	44 984	–	–	–	–	44 984
Jan Rupert	772 571	1 142 630	178 063	67 682	1 100 464	3 261 410
Jürgen Schrempp	89 969	–	–	–	–	89 969
Martha Wikstrom	1 193 729	802 187	127 428	247 378	–	2 370 722
Total	10 733 798	4 262 020	848 097	2 259 149	3 866 649	21 969 713
Group Management Committee						
Total key management compensation	6 730 993	5 888 777	2 500 958	1 132 249	3 903 448	20 156 425
Total key management compensation	17 464 791	10 150 797	3 349 055	3 391 398	7 770 097	42 126 138

* The cost for stock options is determined in accordance with IFRS 2, *Share-based payment*. Details of the valuation model and significant inputs to this model are to be found in note 35 to the consolidated financial statements.

** Compensation for the period from 8 September 2010, being the date of appointment to the Board, to 31 March 2011.

*** Since being appointed to the Board as a non-executive director, Mr Ruggero Magnoni has formally waived his entitlement to receive any fees or compensation in respect of his duties as a non-executive director.

**** Compensation for the period from 8 September 2010, being the date of appointment to the Board, to 31 March 2011. The compensation of Dr Mostert for the period to 7 September 2010 is included in the total for Group Management Committee.

The compensation of the executive directors of the Board who are also members of the Group Management Committee is excluded from the total compensation of the Group Management Committee. The members of the Group Management Committee are presented on page 47.

The comparative analysis of the table above is presented in note 34(f) of the Group's consolidated financial statements.

Details of options held by executive directors of the Board and members of the Group Management Committee under the Group's stock option plan at 31 March 2011 are as follows:

	Number of options			Weighted average grant price CHF	Earliest vesting period	Latest expiry date
	1 April 2010 or date of appointment	Exercised in year	31 March 2011			
Board of Directors						
Johann Rupert	5 626 841	–	5 626 841	12.41	Apr 2011-Jul 2013	June 2015
Richard Lepeu	1 599 313	(90 000)	1 509 313	21.17	Apr 2011-Jul 2014	June 2017
Frederick Mostert	786 723	(164 522)	622 201	25.15	Apr 2011-Jul 2014	June 2017
Jan Rupert	1 236 343	–	1 236 343	20.71	Apr 2011-Jul 2014	June 2017
Gary Saage	146 941	(15 282)	131 659	25.42	Jul 2011-Jul 2015	June 2018
Group Management Committee						
Giampiero Bodino	586 145	(234 958)	351 187	24.74	Jul 2011-Jul 2014	June 2017
Pilar Boxford	104 973	(26 722)	78 251	24.55	Jul 2011-Jul 2014	June 2017
Bernard Fornas	695 722	(229 044)	466 678	24.23	Jul 2011-Jul 2014	June 2017
Alan Grieve	426 571	(161 274)	265 297	23.80	Apr 2011-Jul 2014	June 2017
Albert Kaufmann	1 176 420	(90 000)	1 086 420	22.35	Apr 2011-Jul 2014	June 2017
Thomas Lindemann	345 457	(68 713)	276 744	25.03	Jul 2011-Jul 2014	June 2017
Eloy Michotte	461 981	–	461 981	20.36	Apr 2011-Jul 2014	June 2017

Salary and other short-term benefit payments received by Mr Johann Rupert from Richemont and from its related parties, Remgro Limited, Reinet Investments Manager SA and Reinet Fund Manager SA, are donated to charity.

Maître Jean-Paul Aeschimann, the Deputy Chairman to 7 September 2010 and Maître Dominique Rochat, a non-executive director from 8 September 2010, are respectively counsel to and a partner of the Swiss legal firm, Lenz & Staehelin. During the year under review, Lenz & Staehelin received fees totalling € 0.4 million from Group companies for advice on legal and taxation matters.

During the year the Group gave donations of € 0.9 million to the Fondazione Cologni dei Mestieri d'Arte. The Foundation promotes, supports and organises cultural, scientific and training initiatives in favour of the Arts and Crafts and the Trades of Art. Dr. Franco Cologni is the President of the Foundation.

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

In addition to his non-executive director's fee, Lord Douro received fees, pension contributions and other benefits totalling € 0.1 million in connection with his role as director and non-executive chairman of Richemont Holdings (UK) Limited, the holding company for the Group's UK interests, and in respect of consultancy services provided to the Group.

In addition to their duties as non-executive directors, Dr Franco Cologni and Mr Alain Dominique Perrin provided consultancy services to the Group during the year. Fees for those services, amounting to € 0.1 million and € 1.6 million respectively, are included in the compensation disclosures above. Mr Alain Dominique Perrin has formally waived his entitlement to receive any fees or compensation in respect of his duties as a non-executive director.

In accordance with the terms of the modification to the Group's executive stock option plan in October 2008, executive directors of the Board and members of the Group's Management Committee received vested options over shares in BAT and Reinet. At 31 March 2011, the Group recognised a liability of € 24 million in respect of its obligation to deliver shares in these two entities on exercise of the options which remained outstanding at that date. The Group holds shares in BAT and Reinet which fully hedge the liability.

Highest compensation paid to a member of the Group Management Committee

The total level of compensation of the highest paid director of the Group Management Committee was € 7 215 911, which was paid to Mr Bernard Fornas, Chief Executive of Cartier.

Compensation of advisory committees

The Board has established a number of advisory committees, comprising of executive and non-executive directors of the Board. The compensation of the individual members of these committees is included in the disclosures above.

Compensation for former members of governing bodies

During the year under review, a former member of senior management received a fee of € 0.1 million from the Group for services provided to an entity in which the Group is a joint venture partner.

Allotment of shares

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

Share ownership

The share ownership of members of the Board, the Group Management Committee and parties closely linked to them are disclosed in note 34(f) of the consolidated financial statements.

Stock option plan

The Group operates a long-term share-based compensation plan whereby executives are awarded options to acquire shares at predetermined market-linked prices. No awards under the stock option plan have been made to persons serving as non-executive directors.

Richemont agrees with the principle that stock options form a significant part of compensation and that the issue of new shares to meet the obligations under stock option plans results in dilution. For this reason, Richemont has implemented a series of buy-back programmes since 1999 to acquire former 'A' units and 'A' shares to meet the obligations arising under its share-based compensation plans. By using its own capital to acquire these shares, Richemont has reflected the financing cost of the stock option plans in the consolidated statement of comprehensive income. In addition, since 2004, Richemont has purchased over-the-counter call options with a third party to purchase treasury shares at the same strike price as the share options granted to executives. These call options, together with the shares held, provide a comprehensive hedge of the Group's anticipated obligations arising under its stock option plan.

Awards under the Group's stock option plan will not result in the issue of new capital and, in consequence, there will be no dilution of current shareholders' interests.

In accordance with IFRS 2, *Share-based Payment*, the Group recognises in its financial statements an operating expense in respect of its equity-settled and cash-settled option plans. Further details are given in note 35 to the Group's consolidated financial statements. For the year under review the IFRS 2 charge amounted to € 75 million (2010: € 36 million). The charge for 2011 includes € 45 million (2010: nil) in respect of the cash-settled option plan specific to Net-a-Porter Limited.

With effect from the 2005 award, the terms of the Group's long-term share-based compensation plan have been amended to permit executives not only to exercise but also to trade options once they have vested. The options granted as from 2008 onwards include a performance condition correlated to a comparative group of luxury goods businesses upon which vesting is conditional.

The de-twinning of Richemont units, which took place on 20 October 2008 and is described in Section 2 of this report, impacted the value and the number of stock options previously awarded to executives. Richemont unit options, which had vested but were not yet exercised at the date of the de-twinning, were converted into options over shares in the Company, options over BAT shares and options over Reinet shares. The exchange ratio used, determined at market prices at the close of business on the date of de-twinning, was calculated to preserve the economic benefits of the Richemont option holders. Richemont unit options which had not vested at the date of the restructuring were converted in their entirety into options over shares in the Company. Further details regarding the valuation of the options are presented in note 35 to the Group's consolidated financial statements.

The exercise of options and transactions in Richemont shares and related securities by any director or member of the Group Management Committee is promptly notified to SIX Swiss Exchange, which simultaneously publishes such notifications on its website.

Loans to members of governing bodies

As at 31 March 2011, there were no loans or other credits outstanding to any current or former executive or non-executive director. The Group's policy is not to extend loans to directors. There were also no non-business related loans or credits granted to relatives of any executive or non-executive director.

6. SHAREHOLDER PARTICIPATION RIGHTS

Details of shareholder voting rights and the right to attend shareholder meetings are given in section 2 of this corporate governance report.

7. CHANGE OF CONTROL AND DEFENCE MECHANISMS

In terms of the Swiss Stock Exchange and Securities Trading Act ('SESTA'), the Company has not elected to 'opt out' or 'opt up' in respect of the provisions relating to the obligations for an acquirer of a significant shareholding to make a compulsory offer to all shareholders. In accordance with SESTA, any party that would directly or indirectly or acting in concert with third parties acquire more than 33⅓ % of the voting rights of the Company would therefore be obliged to make an offer to acquire all of the listed equity securities of the Company. The interest of Compagnie Financière Rupert in 100 % of the 'B' registered shares in the Company, which existed at the date SESTA came into force, does not trigger any obligation in this respect. As noted above, Compagnie Financière Rupert controls 50 % of the voting rights of the Company.

No specific provisions exist in the statutes or internal regulations of the Company which would seek to limit or block any takeover bid. No special contractual relationships exist between Group companies and directors or members of senior management which would protect management or act as a deterrent to a change of control of the Company.

The rules of the stock option 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 immediate vesting of benefits due to participants in the event of a change of control taking place.

8. AUDITORS

The external auditors report to the Board through the Audit Committee, which also supervises the Group's relationship with the auditors.

PricewaterhouseCoopers SA were reappointed by the Company's shareholders at the 2010 AGM as the auditors of the Company's financial statements and the Group's consolidated financial statements. They were appointed for a period of one year and, being eligible, will stand for a further period of office of one year at this year's AGM. A questionnaire-based evaluation, in which the Finance Director of every subsidiary is consulted, forms the basis of an annual review of the external auditors' performance. The results of this exercise are reviewed by the Audit Committee.

PricewaterhouseCoopers were initially appointed as auditors of the Company and the Group in 1993 (as Coopers & Lybrand). Mr David Mason, the lead auditor, assumed that role in September 2005. The Company's policy is to rotate the lead auditor at least once every seven years.

Total fees and expenses paid or accrued as payable to PricewaterhouseCoopers for the audit of the financial statements of the Company, the Group, its subsidiaries and related services were € 6.1 million in respect of the financial year ended 31 March 2011. Total fees and expenses paid or accrued as payable in respect of the financial year to PricewaterhouseCoopers for non-audit services amounted to € 1.6 million, primarily relating to tax compliance services and advice. The scope of services provided by the external auditors is reviewed annually by the Audit Committee and the relative weight of non-audit work provided by the external auditors is also kept under close review.

Representatives of PricewaterhouseCoopers attended all meetings of the Audit Committee held during the financial year as well as the meeting of the Committee held on 17 May 2011 at which the financial statements were reviewed.

9. INFORMATION POLICY

The Group reports to shareholders in accordance with the requirements of Swiss law and the guidance provided by SIX Swiss Exchange. The annual report is the principal source of financial and business information for shareholders. The Group's preliminary announcement of the results for the financial year is issued in May each year. In addition to the annual report, each year Richemont publishes its half-yearly financial report in November as well as a trading statement in January covering the Group's performance during the third quarter of the financial year, being the important pre-Christmas trading period. Additionally, an announcement as to current trading performance is made each year at the AGM, which is normally held in September. Ad hoc news announcements are made in respect of matters which the Board considers to be of significance to shareholders, in accordance with the specific guidelines laid down by SIX Swiss Exchange.

The annual and half-yearly financial reports are distributed to all parties who have asked to be placed on the Group's mailing list and to registered holders of South African Depository Receipts. Investors may request electronic notification that such reports have been published on the Group's website.

All news announcements other than the annual and half-yearly financial reports are distributed by e-mail. Shareholders and other interested parties may ask to be included on the distribution list by contacting the Company Secretary at the Company's registered office or by e-mail (secretariat@cfrinfo.net) or by registering on the Group's website www.richemont.com/investor-relations/reports

Copies of the annual and half-yearly financial reports, the preliminary announcement, trading statements, ad hoc press releases and the corporate social responsibility report may also be downloaded from the Richemont website. Copies of the statutes of Company, together with the Corporate Governance Regulations, are also available on the website.

In addition, the Group presents its annual and half-yearly financial results to analysts and major investors each year. The presentations to invited participants take place in Geneva and are simultaneously broadcast over the internet. The slide presentation is downloadable from the website. A replay of the broadcast is available on the Group's website within 24 hours of the presentation and a transcript of the presentation shortly thereafter.

Statutory and regulatory announcements are published in the Swiss Official Gazette of Commerce and, in certain cases, by SIX Swiss Exchange.