



CIRCULAR TO SHAREHOLDERS – AGM 2020

This circular (the “**Circular**”) is being issued by MIDI p.l.c., a public limited liability company having Maltese registration number C15836 and registered office located at MIDI p.l.c., North Shore, Manoel Island, Gzira, GZR3016 Malta (the “**Company**”).

The Circular is intended to provide the shareholders of the Company with the necessary information as would assist them in making a properly informed decision with respect to one Extraordinary Resolution – Special Business and one Ordinary Resolution – Special Business which are being proposed together with other ordinary business, for the consideration of, and if deemed fit, approval by the shareholders of the Company’s Annual General Meeting (the “AGM”) being held on the 1 October 2020 at 1500 hours.

IMPORTANT INFORMATION

This Circular, which contains information about the resolutions being proposed as special business at the AGM, including proposed changes to the Memorandum and Articles of Association of the Company, is being sent to all shareholders appearing on the register of members of the Company maintained by the Malta Stock Exchange as at close of business on the 1 September 2020 (the “**Shareholders**”).

This Circular is being issued and sent to Shareholders in compliance with the provisions of the Listing Rules issued by the Listing Authority (the “**Listing Rules**”), particularly the requirements set out in Listing Rule 6.2 on the contents of all circulars and Listing Rule 6.16 relating to amendments to the Memorandum and Articles of Association.

Where any or all of the shares in the Company held by a recipient of this Circular have been sold or transferred on the date of receipt of this document, this Circular, the notice of AGM and all other relevant documents, or copies thereof, should be passed to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This Circular is to be considered as complementary to the ‘Notice to Shareholders’ and should be read in conjunction with the same.

As a Shareholder, this Circular is important and requires your immediate attention. Please consult an appropriate independent professional advisor should you be in doubt as to the import of this document and/or any action required of you.

INTRODUCTION

In addition to the ordinary business being proposed at the Company's forthcoming AGM, the Directors are also placing before the Shareholders the following resolutions as special business:

- i) **an Ordinary Resolution relating to the Remuneration Policy for the directors of the Company; and**
- ii) **one Extraordinary Resolution providing for certain amendments to the Company's Memorandum and Articles of Association.**

The ordinary resolution relating to the adoption by the Company of a remuneration policy for its directors (which also includes its chief executive officer (the "CEO")) is intended to provide a transparent framework pursuant to which the Company's directors shall be remunerated for services rendered. The extraordinary resolution proposing amendments to the Company's Memorandum and Articles of Association is intended to (i) effect a change in the maximum number of directors which may be appointed by the Board of Directors without the need of a ratification by a meeting of the shareholders; and (ii) align the Company's statute with current provisions of the Companies Act, Cap. 386 of the laws of Malta in relation to the circulation of annual accounts to the Company's shareholders. Both resolutions are explained in further detail below.

PROPOSED ORDINARY RESOLUTION (SPECIAL BUSINESS)

Approval of Remuneration Policy for the Directors of the Company

Resolution 4 will propose:

"That the Remuneration Policy for the Board of Directors of the Company as set out in the Circular to Shareholders dated 9 September 2020 be hereby approved."

Explanatory note:

Following recent amendments to Chapter 12 of the Listing Rules implementing the relevant provisions of Directive (EU) 2017/828 (the Shareholders' Rights Directive II), listed entities are required to have in place a remuneration policy with respect to directors and the CEO. Shareholders have the right to vote on such policy and if approved, any remuneration shall be undertaken in accordance with the approved policy. In furtherance of this requirement, the Company's Board of Directors, in consultation with the Remuneration Committee have established a remuneration policy for directors of the Company and the CEO (hereinafter the "**Remuneration Policy**"), which is being proposed for the Shareholders' approval at the AGM. The Remuneration Policy is being attached to this Circular as **Appendix 1**. This Remuneration Policy supersedes any remuneration policies for directors which the Company had in place and will remain in effect for a period of four years, that is, until the Annual General Meeting in 2024, unless in the case of material changes it is brought earlier to the General Meeting for shareholders' approval.

PROPOSED EXTRAORDINARY RESOLUTION (SPECIAL BUSINESS)

Amendments to the Memorandum and Articles of Association of the Company

Resolution 5 will propose:

“That amendments to specific articles of the Memorandum and Articles of Association of the Company, be hereby approved as follows:

(i) That Article 6 of the Memorandum of Association be deleted and replaced by the following:

The administration and management of the Company shall be vested in a Board of Directors consisting of not less than five (5) and not more than ten (10) directors.

(ii) That Article 102(3) of the Articles of Association be deleted and replaced by the following:

The Board of Directors of the Company may appoint a maximum of two (2) additional Directors to the Board of Directors of the Company without the requirement that the appointment of such Directors be ratified by a members’ resolution taken at a General Meeting of the Company. Directors so appointed by the Board in terms of this sub-article (3) shall hold office until the end of the Annual General Meeting following the relative appointment. The Directors so appointed may be withdrawn or replaced by the Board of Directors at any time.

(iii) That Article 137 of the Articles of Association be deleted and replaced by the following:

A copy of the profit and loss account and balance sheet together with a copy of the Directors’ Report and the Auditors’ report which are to be laid before a General Meeting of the Company (including every document required by law to be comprised therein or annexed thereto) shall, not less than twenty one (21) days before the date of the General Meeting, be sent, provided or made available in any form or manner as may be required or permitted by law, to every person entitled to receive the aforesaid documents in terms of the Act, any other law or regulation as may be in force and applicable to the Company from time to time or these Articles. Provided that this Article shall not require a copy of these documents to be sent, provided or made available as aforesaid to any person whose address the Company is not aware.”

Explanatory Note:

- A.** Changes to Article 6 of the Memorandum and Article 102(3) of the Articles of Association. The proposal is to increase the maximum number of directors which may be appointed by the Board of Directors itself (i.e. without the requirement that the appointment of such director be ratified by a members’ resolution taken at a general meeting of the Company) from the current maximum of one (1) director to two (2) directors. The reason for this change is to enable the Board to co-opt up to a maximum of two directors, particularly where the Board feels it necessary, from time to time, to address skills, experience or knowledge gaps on the Board. The proposed consequential change in the maximum number of directors set out in Article 6 of the Memorandum from the current nine (9) to ten (10) directors is meant to cater for this eventuality that the Board of Directors co-opts two (2) directors to the Board.
- B.** Change to Article 137 of the Articles of Association. Following the changes undertaken to Article 180 of the Companies Act, Cap. 386 of the laws of Malta, it is permissible for the annual report of a company to be placed on the company’s website without the need of mailing a printed hard copy to the shareholders, provided that (i) the Memorandum and Articles of the relative company do not state otherwise, (ii) notice of the general meeting at which the annual report is to be laid for approval has been sent to the shareholders; and (iii) the shareholders are informed that the annual report is on the website and that they may nonetheless ask for a hard copy to be mailed to them. By amending this Article as proposed, going forward the Company will be able to make the annual report available to its shareholders *in any form or manner as may be required or permitted by law* including therefore, by placing the annual report on its website.

For the sake of clarity, the table below shows the current Articles compared to the new Articles as being proposed:

	<i>Current</i>	<i>Proposed</i>
Art. 6	The administration and management of the Company shall be vested in a Board of Directors consisting of not less than five (5) and not more than nine (9) directors.	The administration and management of the Company shall be vested in a Board of Directors consisting of not less than five (5) and not more than ten (10) directors.
Art. 102(3)	The Board of Directors of the Company may appoint one (1) additional Director to the Board of Directors of the Company without the requirement that the appointment of such Director be ratified by a members' resolution taken at a General Meeting of the Company. A Director so appointed by the Board shall hold office until the end of the Annual General Meeting following his appointment. The Director so appointed may be withdrawn or replaced by the Board of Directors at any time.	The Board of Directors of the Company may appoint a maximum of two (2) additional Directors to the Board of Directors of the Company without the requirement that the appointment of such Directors be ratified by a members' resolution taken at a General Meeting of the Company. Directors so appointed by the Board in terms of this sub-article (3) shall hold office until the end of the Annual General Meeting following the relative appointment. The Directors so appointed may be withdrawn or replaced by the Board of Directors at any time.
Art. 137	A copy of the profit and loss account and balance sheet of the Company (including every document required by law to be annexed thereto) which are to be laid before the Company in General Meeting, together with a copy of the Auditors' report and Directors' report, shall not less than twenty one (21) days before the date of the Meeting be sent to every Member (whether or not he is entitled to receive notices of General Meetings of the Company) and every holder of preference shares or debentures of the Company (whether or not he is so entitled) and to every other person who is entitled to receive notices of meetings from the Company under the provisions of the Act or these Articles, but this Article shall not require a copy of those documents to be sent to any person of whose address the Company is not aware.	A copy of the profit and loss account and balance sheet together with a copy of the Directors' Report and the Auditors' report which are to be laid before a General Meeting of the Company (including every document required by law to be comprised therein or annexed thereto) shall, not less than twenty one (21) days before the date of the General Meeting, be sent, provided or made available in any form or manner as may be required or permitted by law, to every person entitled to receive the aforesaid documents in terms of the Act, any other law or regulation as may be in force and applicable to the Company from time to time or these Articles. Provided that this Article shall not require a copy of these documents to be sent, provided or made available as aforesaid to any person whose address the Company is not aware.

DECLARATION BY DIRECTORS

All the Directors of the Company, whose names appear below accept responsibility for the information contained in this Circular. To the best knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Circular is in accordance with the facts and does not omit anything which is likely to affect the import of such information.

LIST OF INCUMBENT DIRECTORS

The Directors of the Company as at the date of this Circular are the following:

- Joseph Bonello;
- David G. Curmi;
- David Demarco;
- Joseph A. Gasan
- John Mary sive Jimmy Gatt;
- Alan Mizzi;
- Alec A. Mizzi;
- Joseph Said; and
- Mark Andrew Weingard.

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or certified copies thereof will be available for inspection at the Company's registered office at North Shore, Manoel Island, Gzira GZR 3016, Malta for at least fourteen (14) days from the date of publication of this Circular:

- a) The Company's current Memorandum and Articles of Association; and
- b) The Company's Annual Financial Report for year ended 31 December 2019; and
- c) The Company's latest Half-Yearly Financial Report.

DIRECTORS' RECOMMENDATION

To the best of their knowledge and belief and to the extent of the circumstances and facts known to them, the Directors' express the view that the above proposed resolutions are in the best interest of the Company and of its shareholders. Therefore, the Directors recommend that the Shareholders vote in favour of the resolutions at the forthcoming AGM.

9 September 2020

Approved and issued by MIDI p.l.c., North Shore, Manoel Island, Gzira, GZR3016, Malta

MIDI p.l.c. (the “Company”)
Remuneration Policy for Directors in terms of Chapter 12 of the Listing Rules of the MFSA

The principles of the Company’s Remuneration Policy (the “Policy”) reflect a sound governance process, regulatory compliance as well as sustained and long-term value creation for the Company's shareholders.

Entry into Force

1. This Policy has been approved by the Board on the 23 April 2020 and will be put to a binding shareholder vote at the 2020 Annual General Meeting of the Company. Subject to shareholder approval, the Policy will become effective from the date of the said AGM.

Scope

2.1 The Policy is driven primarily by the provisions of Chapter 12 of the Listing Rules of the MFSA (“Chapter 12”) which transpose Directive EU 2017/828 (often referred to as “SRDII”).

2.2 The Policy applies to “directors” as such term is defined in Chapter 12 and therefore in the case of the Company it applies to any member of the Board of Directors of the Company and to the Chief Executive Officer (“CEO”)¹.

2.3 As at the date of entry into force of this Policy, all directors of the Company are non-executive directors. Should the Company’s Board of Directors be at any point in time also composed of executive directors, the Remuneration Policy will be amended as necessary to address the remuneration of executive directors. In this Policy, the term “director” is therefore referring to a non-executive director unless otherwise stated.

2.4 The Policy supersedes any policy in force within the Company in relation to the remuneration of the directors and the CEO.

Validity, Review and Material Changes

3.1 In accordance with Chapter 12, the Company shall submit the Policy to a vote by the general meeting at every material change and, in any case, at least every four years.

3.2 This Policy will be reviewed annually by the Remuneration and Nomination Committee. Any amendments to the Policy are to be recommended by the Remuneration and Nomination Committee to the Board for its consideration and approval: provided that any material amendments will be submitted to a vote by the general meeting as provided in section 3.1 above.

3.3 This Policy shall therefore remain in effect for a period of four years, that is, until the Annual General Meeting in 2024, unless in the case of material changes it is taken earlier to General Meeting for shareholders’ approval.

Remuneration Report

4.1 As from FY2020, the remuneration report published by the Company in its Annual Report shall be drawn up in line with the Policy and in compliance with the requirements of Chapter 12.

4.2 The remuneration report shall be subject to an advisory vote at the relative general meeting.

¹ The definition of “director” in Chapter 12 includes also a deputy CEO where such a position exists in an issuer. The position of deputy CEO does not exist in the Company as at the date of this Policy. Should the position be introduced in the future, the Policy will likewise apply to a deputy CEO, subject to any changes which may be made to the Policy as approved by the shareholders of the Company in terms of Chapter 12.

Remuneration of Non-Executive Directors

5.1 In proposing the overall remuneration for non-executive Directors and any reviews thereto, the Company takes into account the Company's need to attract, and motivate directors who possess the necessary experience, qualities and attributes to enable them to discharge their duties with integrity and highest professional standards, market realities, trends or standards for similar positions, the time commitment required to be devoted to the Company, group financial performance, salary increases for all employees, as well as the overall interests of shareholders and the overall costs to shareholders.

5.2 In terms of Article 84(1) of the Articles of Association of the Company, the maximum aggregate remuneration of all directors in any one financial year and any increases to such aggregate amount are approved by the Company in General Meeting.

5.3 The remuneration of non-executive Directors consists of a fixed fee for their duties as directors. Each of the non-executive directors receive the same amount in terms of fixed fees for his or he respective duties as directors other than in the cases referred to in clauses 5.4 and 5.5.

5.4 The Chairman of the Company receives a different fixed fee commensurate with the added responsibilities of the role of chairman.

5.5 Non-executive directors receive an additional fee allowance where the director in question has an additional responsibility by way of chairmanship or membership of a Board committee or where the non-executive director is appointed by the Board to sit on the Board of Directors of a subsidiary company, a joint venture company or another company forming part of the same group as the Company ("**Group Companies**").

5.6 Subject to section 5.2 above, the maximum aggregate remuneration as well as the amount payable to the Chairman and to each director individually as well as the fees in relation to chairmanship or membership of committees and the appointments on the boards of Group Companies shall be reviewed on a yearly basis by the Remuneration and Nomination Committee, which shall make any recommendations for consideration by the Board.

5.7 If, in a particular year, the number of Board or Committee meetings is materially greater than usual, the Board may determine that the provision of additional fees in respect of that year is fair and reasonable, subject always to the aggregate amount approved by the shareholders in general meeting as specified above.

5.8 Should a new committee be formed, or the remit of an existing committee be materially expanded, the new or additional fees paid for the chairmanship or membership of the committee will be commensurate with the new or additional responsibilities and time commitment involved, subject at all times to the aggregate amount approved by the shareholders in general meeting as specified above.

5.9 The remuneration of non-executive directors does not include any variable component, such as bonuses, incentives or other benefits in whatever form, nor does the Company award share-based remuneration or any share options. Non-executive directors do not participate in any long-term incentive plans, neither do they receive any retirement or pension benefits or any payment related to their resignation or removal from office.

5.10 Any reasonable travel and business expenses incurred by non-executive directors in connection with the business of the Company are met by the Company.

5.11 A non-executive director is appointed and holds office for a term of one year from the end of one Annual General Meeting to the end of the next. In terms of Article 98 of the Articles of Association, all directors therefore retire from office at each Annual General Meeting. Directors appointed by the Board in terms of Article 102(3) of the Articles, that is, directors who are appointed without the requirement that the appointment be ratified by a members' resolution taken at a General Meeting of the Company are likewise appointed until the Annual General Meeting following his appointment and retire such Annual General Meeting, unless he or she is appointed for a shorter term. As stated earlier, there are no provisions for the payment of any benefits linked to termination of their office.

Remuneration of the CEO

6.1 In proposing the overall remuneration for the CEO and any reviews thereto, the Company takes into account the Company's need to attract, retain and motivate an individual who possesses the necessary experience, qualities and attributes for this key executive role within the Company by offering a base salary and other employment terms that are competitive within the market.

The Company also considers the size and scope of the role, the experience of the individual, market realities, trends or standards for similar positions, group financial performance, salary levels, increases and general conditions applicable to the Company's employees, as well as the overall interests of shareholders and the overall costs to shareholders.

6.2 The terms of employment of the CEO and any changes thereto are set and established by the Remuneration and Nomination Committee in consultation with the Chairman. The CEO does not attend meetings of the Remuneration and Nomination Committee whenever any aspect of his or her terms of employment or remuneration is being discussed, unless the Remuneration and Nomination Committee requests his or her presence for any part of the discussion in order to request information or feedback on any matter.

6.3 It is the Company's policy to engage the CEO on an indefinite contract of employment after a period of probation, rather than on a fixed term contract. Accordingly, the applicable notice periods, after probation, are those provided for in the relevant legislation.

6.4 The CEO's terms of employment do not contain provision for any form of payment on resignation or termination of employment and therefore the only payments on termination are those which may be applicable in accordance with legal requirements. No retirement or pension benefits in whatever form are payable to the CEO.

6.5 It is the Company's policy that the CEO is entitled to a base or fixed salary as well as to an annual performance bonus which is established by reference to the attainment of pre-established annual financial and non-financial targets and/or performance criteria or key performance indicators. The annual performance bonus is the only variable component of the CEO's remuneration.

6.6 These targets or performance criteria are set annually by the Remuneration and Nomination Committee in consultation with the Chairman of the Company. These targets or performance criteria are selected to incentivise the delivery of the Company's business plans, goals and financial objectives. These targets or performance criteria may also include the achievement of function and/or personal objectives. Neither the reviews of the base or fixed salary nor the performance bonus is linked directly or indirectly to the performance of the share price of the Company.

6.7 The Remuneration and Nomination Committee, in consultation with the Chairman of the Company, will decide on the payment of or otherwise of the annual performance bonus after assessing the attainment of the relative targets and/or performance criteria. It may also decide to defer the payment of the annual performance bonus or part thereof for a definite period where the Committee feels that particular circumstances or conditions merit such a decision.

6.8 The link between the fixed salary and the performance annual bonus shall be appropriate and reasonable. The performance bonus shall never exceed 40% of the fixed salary.

6.9 A review to the CEO's fixed salary is carried out annually by the Remuneration and Nomination Committee, in consultation with the Chairman of the Company.

6.10 The CEO is not otherwise awarded any other incentives or benefits in whatever form, nor does the Company award share-based remuneration or share options. The CEO does not participate in any profit-sharing arrangement.

6.11 Any reasonable travel and business expenses incurred by the CEO in connection with the business of the Company is met by the Company. The CEO is also entitled to a mobile telephone allowance.