



## **MIDI p.l.c. (the “Company”)**

### **Remuneration Policy for Directors in terms of Chapter 12 of the Listing Rules of the MFSA approved by the Annual General Meeting of the Company on the 1 October 2020**

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.

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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.