



**THE CONVENIENCE SHOP (HOLDING) PLC**

Company Registration No C 87554

Marant Food Products, Mdina Road,

Zebbug, ZBG 9017,

Malta

## CIRCULAR TO SHAREHOLDERS

### 2024 ANNUAL GENERAL MEETING

**This Circular is important and requires your immediate attention. If you remain in doubt as to what voting action to take, you are advised to consult an appropriate independent adviser.**

### IMPORTANT INFORMATION

This Circular is being issued by THE CONVENIENCE SHOP (HOLDING) PLC., a company registered and incorporated under the laws of Malta with company registration number C 87554 and having its registered address situated at Marant Food Products, Mdina Road, Zebbug, ZBG 9017, Malta (the “Company”).

This Circular is being issued to all persons who are entered as Shareholders of the Company on the Company’s register at the Central Securities Depository of the Malta Stock Exchange as at the close of business on 30<sup>th</sup> March 2024 (the “Record Date”).

Where any or all of your shares held in the Company are sold or transferred, you are kindly requested to pass this Circular and any other relevant documents, or copies thereof, to the person through whom the sale or transfer was affected for transmission to the purchaser or transferee.

### PROPOSED ORDINARY RESOLUTIONS (SPECIAL BUSINESS)

This Circular is intended to provide Shareholders an explanation of the following resolutions being proposed at the forthcoming annual general meeting of the Company to be held on the 29<sup>th</sup> April 2024 at 14:00hrs (the “AGM”):

**a) Agenda Item 7: Approval of Remuneration payable to Directors**

*Proposal: That the maximum annual aggregate remuneration payable to the Directors of the Company and/or its subsidiary entities, be fixed at three hundred and thirteen thousand eight hundred and forty-eight Euro (€313,848), in accordance with the previous financial year.*

Explanatory Note: In accordance with Article 15.16 of the Articles of Association of the Company, the maximum annual aggregate emoluments of all Directors in any one (1) financial year, and any increases thereto, shall be determined pursuant to a resolution passed by the Company at a general meeting, and any notice convening the general meeting during which the proposed aggregate emoluments (or an increase in the maximum limit of such aggregate emoluments) shall be proposed, shall contain a reference to such fact.

This resolution seeks approval to fix the maximum annual aggregate remuneration payable to the Directors of the Company and its subsidiary entities at three hundred and thirteen thousand eight hundred and forty-eight Euro (€313,848).

This proposed figure is in accordance with the remuneration approved in the preceding financial year and has been determined through an analysis of market benchmarks, industry standards, and the distinctive roles and responsibilities which each Director fulfills.

**b) Agenda Item 8: Approval of Remuneration Policy**

*Proposal: That the Remuneration Policy, as set out in the Circular to Shareholders dated the 5<sup>th</sup> April 2024, be received and approved.*

Explanatory Note: In accordance with Chapter 12 of the Capital Markets Rules published by the Malta Financial Services Authority, which implements the relevant provisions of Directive (EU) 2017/828, the Company is required to formulate a remuneration policy to ensure the payment of equitable, competitive remuneration to all Directors and Key Managerial Personnel of the Company (the “**Policy**”). The Policy is included in this Circular as Appendix 1 and shall be presented for approval by the Shareholders during the forthcoming AGM.

The Policy is based on individual performance, Company’s benchmark, industry practices and performance of the Company as a whole. The oversight and implementation of this Policy is the ultimate responsibility of the Board of Directors. If approved, the Policy shall remain effective for a period of four (4) years. If the Company, through its Board of Directors, is desirous of effecting any material change to the Policy, the Company is required to submit the Policy to a vote by the general meeting.

**DIRECTORS’ RECOMMENDATIONS**

The Directors of the Company have duly considered and reviewed the proposals outlined in this Circular and, to the best of their knowledge and belief and to the extent of the circumstances and facts known to them, have determined that the proposals are in the best interests of the Company and its Shareholders. Consequently, the Directors recommend that the Shareholders vote in favour of all of the resolutions being presented at the forthcoming AGM.

**DOCUMENTS AVAILABLE FOR INSPECTION**

In accordance with the requirements under Capital Markets Rule 6.2.12, the following documents or certified copies thereof will be available for inspection at the Company’s registered office for at least fourteen (14) days from the date of publication of this Circular:

- (i) The Memorandum and Articles of Association of the Company; and
- (ii) The latest Annual Financial Report of the Company for the period ended 31<sup>st</sup> December 2023.

### **DECLARATION BY DIRECTORS**

All the Directors of the Company, namely Mr Benjamin Muscat, Mr Charles Scerri, Dr Kevin Deguara, Mr Ivan Calleja, Mr Joseph Pace, and Mr Manuel Piscopo, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors who have taken all reasonable care to ensure that such is the case the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Date: 5<sup>th</sup> April 2024

## Appendix 1 – Remuneration Policy

### **The Convenience Shop (Holding) p.l.c.**

#### Remuneration Policy

#### Version Log

<b>Version</b>	<b>Date</b>	<b>Authors / Reviewers</b>	<b>Approved by</b>	<b>Comments</b>
1.0	5 <sup>th</sup> February 2024	Legal Advisors/Board of Directors	Board of Directors	N/A – First version

## **1. Introduction**

The Company has formulated this Policy to ensure the payment of equitable, competitive remuneration to all Directors and Key Managerial Personnel of the Company which is based on individual performance, Company’s benchmark, industry practices and performance of the Company as a whole. The oversight and implementation of this Policy is the ultimate responsibility of the Board of Directors.

## **2. Definitions**

<b>Board or Board of Directors</b>	the board of directors of the Company, as may be composed from time to time, and <b>Directors</b> shall be construed accordingly.
<b>Company</b>	The Convenience Shop (Holding) p.l.c.
<b>Executive Director</b>	a Director who is contractually engaged to undertake the day-to-day executive management and decision making process of the Company.
<b>Executive Management</b>	the executive management team of the Company, as may be composed from time to time.
<b>Key Managerial Personnel</b>	employees of the Company who are empowered with certain essential functionalities and roles.
<b>Non-Executive Director</b>	a Director who is not engaged in the daily management of the Company.
<b>Policy</b>	this Remuneration Policy and any annex and supplement thereto.

### **3. Key Principles of the Remuneration Policy**

The Company has adopted the following set of principles as guiding factors in the course of establishing its remuneration policies:

- Align remuneration with the long-term interests of the Company and its shareholders;
- Compliance with the Capital Markets Rules as promulgated by the Malta Financial Services Authority;
- Minimise complexity and ensure transparency;
- Link to annual business performance of the Company;
- Promote a culture of meritocracy and linked to key performance and business drivers, taking into account the principle of equal pay for work of equal value;
- Reflective of market competitiveness in order to: (i) attract the best talent; (ii) retain right employees within the Company; (iii) motivate employees to perform better.

The remuneration for the Company's officers and employees shall be determined by considering various factors such as:

- Qualification
- Experience
- Expertise
- Prevailing remuneration in the industry
- Future contribution
- Financial position of the Company

### **4. Objective and purpose of the Remuneration Policy**

The following are the Company's main objectives in terms of this Policy:

- To promote sound and effective risk management whilst discouraging risk-taking which exceeds the level of tolerated risk of the Company;
- To determine remuneration based on the Company's business outlook, financial position, growth and trends and practices on remuneration prevailing in competitive compensation;
- To align reward and recognition mechanisms directly to the effort, performance, dedication and achievement relating to the Company's operations;
- To attract, retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create a competitive advantage;
- To 'Pay for Performance' i.e. the remuneration shall be linked to the performance and to strike the right balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the goals of the Company;
- To ensure compliance and maintain high standards to governance

## **5. Remuneration to Directors**

The maximum aggregate emoluments payable to Directors of the Company in any one (1) financial year shall be subject to determination by the general meeting. Shareholder approval shall be required if the Board of Directors proposes an increase in the Directors' remuneration exceeding the maximum aggregate annual emoluments previously approved by the shareholders.

The remuneration paid to Executive and Non-Executive Directors shall be fixed and shall not include any variable remuneration linked to performance metrics or share price. Directors who also serve as chairs or members of one or more Company committees may receive additional compensation for such roles. Given the organisational structure of the Company, and the fact that the Company's primary assets are its investments in its operating subsidiaries, the Board of Directors considers fixed remuneration as the appropriate method for Director compensation.

### **Term**

Contracts for service in relation to both Executive and Non-Executive Directors shall terminate either upon the Director resigning from his/her position as director of the Company by giving at least two (2) days' prior written notice, or upon his/her removal from his/her position as director of the Company by the shareholders in accordance with the Company's Articles of Association and the Companies Act (Chapter 386 of the Laws of Malta), or upon expiration of his/her term of office as Director of the Company in accordance with the Articles of Association of the Company. Provided that if the Director is re-appointed to a further term/s of office as Director, his/her appointment to the Board of Directors shall be automatically extended and shall terminate upon the Director's resignation or removal from his/her position as Director of the Company or upon expiration of such further term/s of office as Director.

Provided further that the termination of such contract for service and/or the appointment of the Director for whatever reason and howsoever occasioned shall be without prejudice to the right of the Director to charge for work in progress for unbilled work and the right to recover any outstanding fees, costs and disbursements.

### **Conflicts of Interest**

Every Director of the Company has a primary responsibility to act in the interest of the Company and its shareholders as a whole. Members of the Board of Directors shall ensure that their personal interests do not conflict with the interests of the Company.

If a Director has a conflict of interest in relation to any matter, such conflict of interest shall be declared at the earliest available opportunity, and a record of such declaration shall be entered into the Company's minute books. The following procedure shall be followed during Board meetings:

- (1) A member who is in any way, whether directly or indirectly, interested in any contract, arrangement or any other matter which is being or is about to be discussed by the Board of Directors or which is being or may be entered into by the Company, should declare the nature of the interest to the

other members of the Board of Directors at the meeting at which the matter arises or if the member was not interested in the matter at the date of the meeting then at the next meeting held after the member became interested. In the case where such member becomes interested in a contract, arrangement or other matter after it is made, the said declaration shall be made at the first meeting of the Board of Directors held after such member becomes so interested;

- (2) Unless agreed upon by the other members, a member shall avoid entering into discussions in respect of any contract or arrangement in which he/she is interested and should withdraw from the meeting while the matter he/she is interested in is being discussed;
- (3) The interested members should not vote at a meeting in respect of any contract, arrangement or proposal in which they are interested in; and
- (4) The minutes shall accurately record the sequence of such events and the conflict of interest declaration by the member.

Directors shall not use any property, information or opportunity of the Company for their own or anyone else's benefits, nor obtain benefit in any other way in connection with the exercise of their powers, except with the consent of the Company in general meeting or except as permitted by the Company's memorandum and articles of association.

## 6. Remuneration Structure

The remuneration structure for Key Managerial Personnel, Executive Management and staff is broadly divided into the following components:

(i) **Fixed**

The fixed component comprises salary, allowances, benefits (such as health insurance, and mobile phones for key employees).

(ii) **Variable**

The variable component comprises annual performance of the individual employee (based on the Key Performance Indicators (KPIs) or other measurement tools) and Company's performance as a whole, a subject of review and approval by the Board of Directors.

Internally, performance ratings of all employees would be spread across a normal distribution curve. The rating obtained by an employee will be used as an input to determine variable pay increases. Variable pay increase will be calculated using a combination of individual performance and organisation performance. Compensation can also be determined based on identified skill sets critical to the Company's success, and is determined as per Executive Management's review of market demand and supply and industry benchmarks.

When determining variable remuneration to staff, the Board of Directors shall take into consideration the full range of current and future risks. Variable remuneration shall only be paid subject to:

- the financial results of the Company;

- overall performance of the Company, including, but not limited to: (i) performance of the business unit involved; and (ii) performance of each employee concerned (measured by specific KPIs).

Performance assessment for the calculation of variable remuneration components or variable remuneration component – KPI tool – is subject to adjustable parameters related to any current or future risks, taking into consideration capital cost and required liquidity. This is necessary in order to ensure that incentive schemes take into consideration the Company's long-term business objectives, as well as the full spectrum of current and future risks.

## 7. Supervisory Function

Due to the nature, size and complexity of the Company's operations, the size and volume of transactions, and the number comprising identified staff, and since the remuneration paid to Executive and Non-Executive Directors is not performance related, the Company has not set up a remuneration committee. In this regard, all duties shall be borne by the Board of Directors.

In view of its composition, it is considered that the Board of Directors is capable of fulfilling its duties to:

- exercise competent and independent judgement on remuneration policies and practices, and the incentives created for managing risk, capital and liquidity;
- ensure that staff remuneration is effectively aligned with the risks assumed and managed by the Company;
- take into consideration: (i) the long-term interests of the Company and its shareholders; (ii) the long-term sound and proper management of the Company; (iii) the elimination or mitigation of any conflicts of interests that could result in a negative impact on company management;
- establish a performance evaluation system by setting up and determining KPIs tool (for each employee, including Executive Management) or to set up relevant performance measurement tools;
- consider and implement corrective actions in the event of any difficulties or deviations in the implementation of above tool and this Policy;
- oversee remuneration of Executive Management, as well as Risk and Compliance functions;
- decide on allocation of variable remuneration;
- report its activities to the shareholders where necessary.

## 8. Risk Mitigation

This Policy is based on the following core principles:

- Transparency – transparent and distributed internally and externally;
- Clear and structured performance measurement of the variable payments;
- Fair distribution of variable remuneration in line with overall Company performances and results;
- Overall Company performance and results.



## **9. Review of Policy**

The Company, through its Board of Directors, undertakes to submit this remuneration policy to a vote by the general meeting at the occurrence of every material change and, in any case, at least every four (4) years. The Company shall ensure that after the vote on the remuneration policy is taken at the relevant general meeting, the remuneration policy together with the date and the results of the vote is made public without delay on the Company's website and remains publicly available, free of charge, at least as long as it is applicable.