THE CONVENIENCE SHOP (HOLDING) PLC
Company Registration No C 87554
8, Triq Hal-Luqa,
Qormi, QRM 9072,
Malta

CIRCULAR TO SHAREHOLDERS

2025 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 8, Triq Hal-Luqa, Qormi, QRM 9072, 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 1st June 2025 (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.

SPECIAL BUSINESS BEING DISCUSSED AT THE ANNUAL GENERAL MEETING

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 1st July 2025 at 16:30hrs (the "**AGM**):

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

Proposal: The Board proposes that the maximum annual aggregate remuneration payable to the Directors of the Company and/or its subsidiary entities, be fixed at three hundred and twenty thousand Euro (€320,000).

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 twenty thousand Euro (€320,000).

This proposed figure is reflective of the remuneration received by the directors in the preceding financial years and has been determined through an analysis of market benchmarks, industry standards, and the distinctive roles and responsibilities which each Director fulfils.

b) **Agenda Item 8: Adoption of an employee incentive programme for key employees within the Group**

Proposal: The Board proposes that the Company shall implement an employee incentive programme for key persons employed with the Company and/or its subsidiary entities to align the interests of senior executives with those of the Company's shareholders and create conditions for retaining and/or recruiting personnel. Pursuant to this programme, certain key employees of the Group may be awarded shares in the capital of the Company, subject to the achievement of defined financial performance targets and their continued employment with the Group. The terms and conditions governing this employee incentive programme *are set out in the Notice to the Annual General Meeting and the accompanying Circular to Shareholders dated 6 June 2025, which should be read in conjunction with this proposal.*

Explanatory Note: The Board is proposing an employee incentive programme on the terms set forth in Appendix I hereto (the 'Programme') which is intended to align the interests of selected key personnel of the Group with those of the Company's shareholders by linking the award of shares to defined financial performance targets and continued employment. This Programme is designed around financial performance metrics, specifically Adjusted Net Income per Share, which provides a transparent, quantifiable measure of the Group's profitability on a per-share basis. Linking the vesting and allocation of Employee Shares to this metric ensures that key employees are incentivised to drive growth in the Company's underlying earnings while being mindful of shareholder returns. Through the combination of annual and multi-year vesting arrangements, each tied to year-over-year growth in the Company's Adjusted Net Income per Share, the Programme fosters a long-term perspective among key employees and ensures that shareholder value is enhanced in a sustainable manner.

The full terms and conditions governing the Programme, including eligibility criteria, performance thresholds, and vesting schedules, are set out in Appendix I to this Circular, which forms an integral part of this Circular and of the resolution being proposed.

c) **Agenda Item 9: Remuneration Policy**

Proposal: The Board proposes that, subject to the approval by the shareholders of the resolutions proposed under Agenda Item 8, the Remuneration Policy, as set out in the Circular to Shareholders dated the 6th June 2025, 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 was approved by the Shareholders on the 29th April 2024.

The Board now proposes an update to the Policy to reflect changes in the manner in which the remuneration of certain key employees may be determined, specifically through the introduction of the employee incentive programme described in Agenda Item 8. The updated Policy is therefore being presented for Shareholder approval on the basis that Agenda Item 8 is duly approved. The revised Policy is included as Appendix II to this Circular.

If approved (and conditional upon the approval of Agenda Item 8), 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.

d) **Agenda Item 10: Authorisation to the Board of Directors to take actions which are conducive to implementing the employee incentive programme**

Proposal: Subject to the approval by the shareholders of Agenda Item 8, to authorise the Board of Directors to do and cause to be done all that is necessary or required for the purposes of implementing, offering and managing the employee incentive programme in accordance with the key employee incentive programme rules, including to allot, issue, acquire, organise or otherwise register Ordinary shares of the Company in terms of the employee incentive programme. Without prejudice to the aforesaid, and subject to the approval by the shareholders of the resolutions proposed under Agenda Item 8, the Board of Directors shall be authorised to issue ordinary shares in the capital of the Company in connection with the employee incentive programme, which authorisation shall remain valid for a period of five (5) years from the date of the adoption of the proposed resolution.

Explanatory Note: It is proposed that the Board of Directors shall be granted authority to carry out all necessary actions for the purposes of implementing and managing the employee incentive programme and ensuring that the Company satisfies its obligations under such programme. This includes:

(i) The issuance of new shares by the Board of Directors: In terms of Article 85(1) of the Companies Act, Chapter 386 of the Laws of Malta, a company may, by means of an extraordinary resolution, authorise is Board of Directors to issue shares up to a maximum amount as may be specified in the extraordinary resolution, which permission shall be for a maximum period of five (5) years and may be renewed by ordinary resolution for further maximum periods of five (5) years each. The proposed resolution seeks to grant such authority to the Board for the purpose of issuing shares in the capital of the Company in connection with the employee incentive programme set out under Agenda Item 8. The proposed authority is intended to facilitate the efficient implementation of the employee incentive programme without requiring separate shareholder approval for each individual issuance. If approved, the authorisation shall remain in effect for a period of five (5) years from the date of the resolution; and/or

(ii) The acquisition by the Company of its own shares: In addition to the issuance of new shares, the Board may consider the acquisition by the Company of its own shares for the purpose of transferring such shares to eligible participants under the key employee incentive programme. In such event, the Company shall, in accordance with section 106(1) of the Companies Act, Chapter 386 of the Laws of Malta, call a separate general meeting for the purposes of determining the terms and conditions of such acquisition.

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 31st December 2024.

DECLARATION BY DIRECTORS

All the Directors of the Company, namely Mr Charles Scerri, Mr Richard Saliba, Mr Patrick Hall, 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: 6th June 2025

<u>Appendix I – Key Employees Incentive Programme 2026 – 2029</u>

1. Introduction and Purpose

The Board of the Company is establishing this Programme to create conditions where the long-term objectives and interests of Key Employees of the Group are harmonised with those of the Company's shareholders, by ensuring that compensation outcomes of Key Employees are linked to the underlying financial performance of the Group. Pursuant to the Programme, certain Key Employees of the Group may be awarded Employee Shares in the capital of the Company, subject to the achievement of defined financial performance targets and their continued employment with the Group. In doing so, the Programme encourages management decisions and behaviours that support sustainable value creation over the long term.

This Programme is designed around financial performance metrics, specifically Adjusted Net Income per Share, which provides a transparent, quantifiable measure of the Group's profitability on a per-share basis. Linking the vesting and allocation of Employee Shares to this metric ensures that Key Employees are incentivised to drive growth in the Company's underlying earnings while being mindful of shareholder returns.

Through the combination of annual and multi-year vesting arrangements, each tied to year-over-year growth in the Company's Adjusted Net Income per Share, the Programme fosters a long-term perspective among Key Employees and ensures that shareholder value is enhanced in a sustainable manner.

Key Employees may only be awarded Employee Shares under this Programme if, on the last day of the Financial Year to which the relevant Employee Shares relate, they remain employed with the Group. Therefore, the Programme also serves as a retention tool, encouraging Key Employees to remain with the Group and contribute their skills and expertise.

The Board (or a duly authorised committee) shall regularly monitor and review the operation of the Programme to ensure that it remains an effective and responsible part of the Company's overall remuneration strategy.

2. Definitions

Adjusted Net Income per Share or **ANIPS**	the financial performance metric, calculated as outlined in section 4 of this Programme, that forms the basis for determining the number of Employee Shares awarded under this Programme to Key Employees.
Baseline ANIPS	the Adjusted Net Income per Share of the Group for the immediately preceding Financial Year, as reported in the Group's audited consolidated financial statements. By way of example, for the purposes of determining the Adjusted Net Income per Share for Financial Year 2026, the Baseline ANIPS is the Adjusted Net Income per Share for Financial Year 2025, as reported in the

	Group's audited consolidated financial statements for the period ended 31st December 2025.
Base Performance Shares	a category of Employee Shares granted under this Programme for each Financial Year, which shall vest in full for a given Financial Year if the Adjusted Net Income per Share for that Financial Year increases by at least three percent (3%) over the Baseline ANIPS, as further explained in section 5.1 of this Programme.
Board	the board of directors of the Company, as may be composed from time to time, and **Directors** shall be construed accordingly.
Capital Markets Rules	the Capital Markets Rules published by the malta Financial Services Authority.
Company	The Convenience Shop (Holding) p.l.c., a public limited liability registered and incorporated under the laws of Malta with company registration number C 87554.
Group	the Company and any direct or indirect subsidiary entity of the Company.
Financial Year	each financial year of the Company commencing on the 1st January and ending on the 31st December (or any other accounting reference period as may be applicable from time to time)
Employee Shares	a maximum of one million two hundred and eighty-five thousand (1,285,000) ordinary shares in the capital of the Company, each having a nominal value of sixteen Euro cent (€0.16), fully paid-up, which may be awarded to Key Employees of the Group under this Programme in accordance with the terms hereof. Employee Shares may be allocated either as Base Performance Shares or as Retention Performance Shares, in accordance with the terms and conditions of this Programme;
Key Employees	individuals employed with the Group in any one of the following positions: (i) Chief Executive Officer; (ii) Chief Financial Officer; (iii) Chief Commercial Officer; (iv) Chief Technology Officer; (v) Chief People Officer; and (vi) Chief Marketing Officer.
Programme	this Employee Share-Award Programme.

Retention Performance Shares	a category of Employee Shares allocated on a pro rata basis according to the actual percentage growth in the Company's Adjusted Net Income per Share, as further explained in section 5.2 of this Programme.
Tranche	a portion of the Retention Performance Shares that is subject to distinct vesting conditions and vesting dates under the Programme, and which relates to the performance of the Group over specific Financial Years, as further described in this Programme.
Vesting Date	the date on which the Employee Shares, or a portion thereof, will vest in favour of the Key Employees (or any of them), provided that all of the relevant performance conditions have been met.

3. Employee Shares made available under the Programme

Subject to shareholder approval at the 2025 Annual General Meeting (the "**AGM**"), a maximum aggregate of one million two hundred and eighty-five thousand (1,285,000) ordinary shares in the capital of the Company, each having a nominal value of sixteen Euro cent (€0.16) each, fully paid-up, may be awarded to Key Employees under this Programme from the date of approval of the Programme at the AGM until the 31st December 2029.

The below table outlines the maximum number of Employee Shares in the capital the Company which may be awarded to Key Employees under the Programme, subject to the vesting conditions set forth in the below sections of this document.

	Base Performance Shares allocated to the Financial Year	**Maximum Retention Performance Shares Allocated to the Financial Year**	**Maximum Employee Shares relating to the Financial Year**
Financial Year 2025	75,000	250,000	325,000
Financial Year 2026	75,000	250,000	325,000
Financial Year 2027	75,000	250,000	325,000
Financial Year 2028	70,000	240,000	310,000
Total	**295,000**	**990,000**	**1,285,000**

4. Calculation of Adjusted Net Income per Share

The actual number of Employee Shares awarded under this Programme will be based on one key performance measure: **Adjusted Net Income Per Share (ANIPS)**. This metric is defined and calculated as follows:

ANIPS = Adjusted Net Income ÷ Number of Shares in Issue

where:

(i) "**Adjusted Net Income**" is determined by taking the reported net income of the Group for the relevant Financial Year, as presented in the audited financial statements, and adjusting it to exclude the impact of IFRS 16, while reflecting the actual lease expenses incurred. The calculation of Adjusted Net Income is determined as follows:

Reported net income of the Group for the Financial Year (on the basis of annual consolidated audited financial statements)
Add back: Interest expense on lease liabilities
Add back: Depreciation on right of use assets
Add back: Tax impact of IFRS16
Less: Actual lease expense during the period
Adjusted Net Income

(ii) "**Number of Shares in Issue**" refers to the actual number of shares issued by the Company, adjusted for any dilutive measures on the existing number of shares in issue resulting from corporate actions such as share splits, bonus shares, or similar measures, which increase in shares is not representative of an actual new equity contribution to the Company.

5. Vesting Conditions and Vesting Periods

5.1. Base Performance Shares

The Base Performance Shares allocated for each Financial Year shall vest on an annual basis, provided both of the following conditions are met:

(i) The Adjusted Net Income Per Share of the Company, as reported in the Company's annual consolidated financial statements for the relevant Financial Year, increases by at least 3% compared to the Baseline ANIPS. If this threshold is not met, no Base Performance Shares shall be awarded to Key Employees for that Financial Year; and

(ii) The Key Employee is employed by the Group as of the final day of the Financial Year to which the Base Performance Shares relate.

Subject to the satisfaction of the above conditions, the Base Performance Shares will be issued by the Board and/or transferred to the Key Employees within three (3) months following the approval by the Board of the Group's audited consolidated financial statements of the Financial Year in question.

5.2. Retention Performance Shares

A maximum of nine hundred and ninety-thousand (990,000) Retention Performance Shares may be awarded to Key Employees under the Programme.

The above Retention Performance Shares shall vest in three (3) separate Tranches, as follows:

	Tranche 1 - Series 1 Retention Performance Shares	**Tranche 2 - Series 2 Retention Performance Shares**	**Tranche 3 - Series 3 Retention Performance Shares**
Financial Year 2025	10,000	240,000	
Financial Year 2026	10,000	240,000	
Financial Year 2027		250,000	
Financial Year 2028			240,000
Vesting Date	The date of the approval by the Board of the Audited Consolidated Financial Statements related to Financial Year 2026	The date of the approval by the Board of the Audited Consolidated Financial Statements related to Financial Year 2027	The date of the approval by the Board of the Audited Consolidated Financial Statements related to Financial Year 2028

5.2.1 Calculation of Retention Performance Shares for each Financial Year

At the end of each Financial Year, the Retention Performance Shares related to each Tranche will be attributed to the Key Employees pro rata to the growth in the ANIPS, as determined on the basis of the consolidated audited financial statements, as follows:

% Growth in 'Adjusted Net Income Per Share'	**% of available Retention Performance Shares for the Financial Year**
< 3.0%	0%
>=3.0% <4.0%	16.5%
>=4.0% <5.0%	33.0%
>=5.0% <6.0%	50.0%
>=6.0% <7.0%	55.0%
>=7.0% <8.0%	60.0%
>=8.0% <9.0%	65.0%
>=9.0% <10.0%	70.0%
>=10.0% <11.0%	75.0%
>=11.0% <12.0%	80.0%
>=12.0% <13.0%	85.0%

>=13.0% <14.0%	90.0%
>=14.0% <15.0%	95.0%
>=15.0% <16.0%	100.0%

5.2.2 Adjustment to number of Retention Performance Shares following the Vesting Date in respect of Tranche 1 and Tranche 2

Following the Vesting Date of each of Tranche 1 and Tranche 2 above, the cumulative growth rate in the 'Adjusted Net Income Per Share' over the Financial Years related to such two (2) Tranches will be calculated. If the actual number of Retention Performance Shares attributable to the Key Employees based on the cumulative measure as outlined in the tables below exceeds the aggregate number of Retention Performance Shares attributable to the Key Employees over each of the individual prior years relating to such Tranche, then a top-up to the number of Retention Performance Shares attributable to the Key Employees will be made such that the Key Employees will be allocated the number of Retention Performance Shares outlined in the table below based on the cumulative measure at the Vesting Date.

This adjustment mechanism is intended to fairly compensate the Key Employees for any underperformance in the initial year/s due to structural changes being implemented by the Group, the fruits of which are likely to materialise in subsequent periods. Consequently, the Retention Performance Shares which shall be awarded on the Vesting Date of Tranche 1 and Tranche 2 may be adjusted as follows:

(i) Tranche 1 – Series 1 Retention Performance Shares in respect of a maximum of 20,000 Retention Performance Shares

% Growth in 'Adjusted Net Income Per Share'	Maximum Retention Performance shares	% Attributed to Key Employee	Actual no. of shares attributed ('000)
< 3.0%	20,000	0%	0
>=3.0% <4.0%	20,000	16.5%	3,300
>=4.0% <5.0%	20,000	33.0%	6,600
>=5.0% <6.0%	20,000	50.0%	10,000
>=6.0% <7.0%	20,000	55.0%	11,000
>=7.0% <8.0%	20,000	60.0%	12,000
>=8.0% <9.0%	20,000	65.0%	13,000
>=9.0% <10.0%	20,000	70.0%	14,000
>=10.0% <11.0%	20,000	75.0%	15,000
>=11.0% <12.0%	20,000	80.0%	16,000
>=12.0% <13.0%	20,000	85.0%	17,000
>=13.0% <14.0%	20,000	90.0%	18,000
>=14.0% <15.0%	20,000	95.0%	19,000
>=15.0% <16.0%	20,000	100.0%	20,000

(ii) Tranche 2 – Series 2 Retention Performance Shares in respect of a maximum of 730,000 Retention Performance Shares

% Growth in 'Adjusted Net Income Per Share'	Maximum Retention Performance shares	% Attributed to Key Employee	Actual no. of shares attributed
< 3.0%	730,000	0%	0
>=3.0% <4.0%	730,000	16.5%	120,450
>=4.0% <5.0%	730,000	33.0%	240,900
>=5.0% <6.0%	730,000	50.0%	365,000
>=6.0% <7.0%	730,000	55.0%	401,500
>=7.0% <8.0%	730,000	60.0%	438,000
>=8.0% <9.0%	730,000	65.0%	474,500
>=9.0% <10.0%	730,000	70.0%	511,000
>=10.0% <11.0%	730,000	75.0%	547,500
>=11.0% <12.0%	730,000	80.0%	584,000
>=12.0% <13.0%	730,000	85.0%	620,500
>=13.0% <14.0%	730,000	90.0%	657,000
>=14.0% <15.0%	730,000	95.0%	693,500
>=15.0% <16.0%	730,000	100.0%	730,000

6. CHANGES TO PROGRAMME

In the event of any changes to the nominal value of the shares in the capital of the Company or any increase and/or reduction of the issued share capital of the Company (other than through a new equity contribution to the Company), the Board may make such equitable and proportionate adjustments as it deems appropriate to the number of Employee Shares that may be awarded to Key Employees to reflect such changes. For the avoidance of doubt, no such adjustment will be made as a result of any dilution arising from the issuance of new shares in the capital of the Company in connection with the Programme (or other employee option programmes which may be adopted from time to time).

Any such adjustments shall be confirmed in writing by the Company's external auditors to the Board as being in their opinion fair and reasonable, in accordance with Capital Markets Rule 5.269 of the Capital Markets Rules.

7. Additional Information for the purposes of the Capital Markets Rules

For the purposes of Capital Markets Rule 5.268 of the Capital Markets Rules, the following additional information is provided in relation to the Programme:

(i) The maximum potential dilution resulting from the issuance of 1,285,000 Employee Shares, based on the current 30,800,000 shares in issue, is approximately 4.00%. This means that, if all the Employee Shares are issued, the existing shareholders would experience a reduction in their ownership percentage by up to 4.00%;

(ii) The Employee Shares shall rank pari passu with all other ordinary shares in the capital of the Company;

(iii) No Director of the Company shall have any direct or indirect interest in the Programme;

(iv) The Company shall satisfy its obligations under the Programme either by issuing new shares or by transferring shares repurchased by the Company. The rights attached to the Company's shares are set out in its Memorandum and Articles of Association;

(v) In accordance with the applicable accounting policies, the cost of the Programme will be recognized over its duration, from the date of approval of the Programme at the AGM until the 31st December 2029. The expense will be allocated over the duration based on the number of shares expected to vest, multiplied by the share price at the grant date. On the assumption that the maximum number of Employee Shares under the Programme are awarded to the Key Employees, and assuming grant date share price equals the current share price of €0.80, the maximum estimated cost to be recognized in the financial statements, including professional costs relating to the implementation of the program, is €1,100,000.

Appendix II – Remuneration Policy

The Convenience Shop (Holding) p.l.c.
Remuneration Policy
Version Log

Version	Date	Authors / Reviewers	Approved by	Comments
1.0	5th February 2024	Legal Advisors/Board of Directors	Board of Directors	N/A – First version
2.0	28th April 2025	Legal Advisors/ Board of Directors	Board of Directors	Pursuant to proposed changes in remuneration of key employees

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

Board or **Board of Directors**	the board of directors of the Company, as may be composed from time to time, and **Directors** shall be construed accordingly.
Company	The Convenience Shop (Holding) p.l.c.
Executive Director	a Director who is contractually engaged to undertake the day-to-day executive management and decision making process of the Company.
Executive Management	the executive management team of the Company, as may be composed from time to time.
Key Managerial Personnel	employees of the Company who are empowered with certain essential functionalities and roles.

Non-Executive Director	a Director who is not engaged in the daily management of the Company.
Policy	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.

(iii) Share-based remuneration

The Company may, subject to approval by the Company's shareholders at a general meeting, award shares to certain Key Managerial Personnel and other key employees as part of an employee incentive programme approved by the shareholders. The purpose of this component is to align the interests of key employees with those of the Company's shareholders, promote long-term value creation, and support the retention and motivation of high-performing personnel.

The award of shares under such programmes shall be subject to:

- the achievement of defined financial performance targets, typically linked to metrics such as Adjusted Net Income per Share or other relevant performance indicators;
- continued employment with the Group up to the applicable vesting date(s); and
- the terms and conditions set out in the relevant incentive programme approved by the shareholders.

Awards may vest on an annual or multi-year basis, as determined by the Board of Directors (or a Committee thereof), in line with the performance criteria and retention objectives. The Board shall have discretion to determine the timing, conditions, and quantum of any share-based awards, in accordance with applicable laws and the terms of the approved programme

7. Supervisory Function

The Board of Directors may establish a remuneration committee (the '**Committee**') to be composed of Non-Executive Directors to devise the appropriate packages to attract, retain and motivate Executive and Non-Executive Directors, as well as Executive Management and Key Managerial Personnel, with the right qualities and skills for the proper management of the Company. In such event, the Committee shall be guided by specific Terms of Reference, which *inter alia,* govern the composition, roles and functions of the Committee as well as the reporting lines.

If appointed, the Board may assign to the Committee, *inter* alia, the following duties:

- 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.

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 yet set up the Committee, and the aforementioned duties are consequently currently assumed by the Board of Directors.

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.