



## CIRCULAR TO SHAREHOLDERS – AGM 2022

This circular (the “**Circular**”) is being issued by M&Z p.l.c., a public limited liability company having Maltese registration number C 23061 and registered office located at MMGH Complex, Industrial Estate, Marsa, MRS 3000, Malta (the “**Company**”).

**The Circular is intended to provide the shareholders of the Company with the necessary information to assist them in making an informed decision with respect to two Ordinary Resolutions (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 24 June 2022 at 10am.**

### IMPORTANT INFORMATION

This Circular, which contains information about the resolutions being proposed as special business at the AGM, is being sent to all shareholders appearing in the register of members of the Company maintained by the Malta Stock Exchange as at close of business on the 25 May 2022 (the “**Shareholders**”).

This Circular is being issued and sent to Shareholders in compliance with the provisions of the Capital Markets’ Rules issued by the Malta Financial Services Authority (the “**Capital Markets Rules**” or “**CMRs**”), particularly the requirements set out in CMRs 6.2, 6.7 and 6.39. Where any or all of the shares in the Company held by a recipient of this Circular have been sold or transferred on or after 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. Any such purchaser or transferee should note, however, that they will not be entitled to participate in and vote at the AGM if they were not shareholders of the Company as at close of business on the 25 May 2022.

**This Circular is to be considered as complementary to the ‘Notice to Shareholders’ sent to Shareholders (concurrently with this Circular) 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. an Ordinary Resolution requesting the renewal of the authorisation granted to the Board of Directors to issue Equity Securities pursuant to article 5 of the Articles of Association of the Company.

## PROPOSED ORDINARY RESOLUTIONS (SPECIAL BUSINESS)

- i. Approval of Remuneration Policy for the Directors of the Company

Resolution 6 proposes: *"That the Remuneration Policy for the Board of Directors of the Company as set out in the Circular to Shareholders dated 3 June 2022 be hereby approved."*

### Explanatory note:

Pursuant to Chapter 12 of the Capital Markets 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 (as defined therein), which is intended to provide a transparent framework pursuant to which the Company's directors shall be remunerated for services rendered. Shareholders have the right to vote on such policy and if approved, any remuneration shall be paid in accordance with the approved policy. In furtherance of this requirement, the Company's Board of Directors has established a remuneration policy for the Company's directors (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 that the Company had in place and will remain in effect for a period of four years (until the Annual General Meeting in 2026), unless it is brought to a general meeting for shareholder approval at an earlier date in the case of a material change being proposed to the Remuneration Policy.

- ii. Resolution to renew the authorisation of the Board of Directors to issue shares

Resolution 7 proposes: *"(a) That the authorisation granted to the Board of Directors to issue shares pursuant to article 5 of the Articles (or grant options and/or warrants in relation to them) be renewed and extended until the date of the Company's annual general meeting to be held in 2023;*

*(b) That any one director and/or the company secretary, each acting singly, be, and hereby are, authorized to issue a certified extract of the minutes kept at the Meeting (including, inter alia the immediately preceding resolution) and to file same with the Malta Business Registry as required."*

### Explanatory note:

In terms of article 5 of the M&As and subject to the provisions of article 85 of the Maltese Companies Act, the Board of Directors is authorised to issue a specific number of Equity Securities of the Company in any of the following cases (the "Board Authorisation"):

- a. one or more issuances of Shares in relation to employee or director incentive programmes, up to an aggregate maximum value of 1,000,000 Shares (or Equity Securities convertible into 1,000,000 Shares) in respect of one or more issuances, provided that the Directors shall only be authorised to issue Shares (or Equity Securities) in relation to incentive programmes that are first approved and authorised by the Company in general meeting;
- b. one or more issuances of Shares as payment for an acquisition of assets by the Company or by any of its subsidiaries, up to an aggregate maximum of 3,000,000 Shares (or Equity Securities convertible into 3,000,000 Shares) in respect of one or more such issuances; and/or
- c. one or more issuances of Shares to strategic investors, if the Directors in their sole discretion believe that any such issuance is in the interest of the Company, up to an aggregate maximum of 3,000,000 Shares (or Equity Securities convertible into 3,000,000 Shares) in respect of one or more such issuances.

The Board Authorisation is currently valid until the date of this AGM, but the Company in general meeting may by ordinary resolution renew this permission for further maximum periods of 5 years each.

Resolution 7 is therefore being proposed to renew the Board Authorisation to issue shares until the date of the Company's annual general meeting to be held in 2023, up to the number of shares specified above in each particular case, in order for the Company to be able to meet its obligations under any employee or director incentive programmes that may be implemented from time to time (which programmes will in any case require a separate authorisation from the shareholders in general meeting), to further its growth strategy in the acquisition of additional businesses (and issue shares as consideration, or part consideration, for the same), and to be in a position to issue shares to strategic investors (where it is in the interest of the Company to do so).

The Board Authorisation provides the Board of Directors with the authority to allot a maximum of 7,000,000 Shares (or Equity Securities convertible into 7,000,000 Shares), which represents approximately 15.9% of the total ordinary share capital of the Company as at the date of this Circular

The Board of Directors do not presently have any intention of exercising the foregoing authority.

## **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.

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

- Mr Paul Camilleri
- Mrs Greta Camilleri Avallone
- Mrs Erika Pace Bonello
- Mrs Emma Pullicino
- Mr Matthew Camilleri
- Mr Thomas Agius Vadala
- Mr Charles J. Farrugia
- Mr Kevin Rapinett
- Mrs Frances Fenech

## **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents or certified copies thereof will be available for inspection at the Company's registered office at MMGH Complex, Industrial Estate, Marsa, MRS 3000, 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 the year ended 31 December 2021.

## **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 all of the resolutions at the forthcoming AGM.

3 June 2022

Approved and issued by M&Z p.l.c., MMGH Complex, Industrial Estate, Marsa, MRS 3000, Malta

## M&Z p.l.c. (the “Company”) Remuneration Policy for Directors

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

### 1. Introduction

- 1.1 Directive 2017/828 of the European Parliament and of the Council of 17 May 2017, amending Directive 2007/36/EC, as regards the encouragement of long-term shareholder engagement (the “**Shareholder Rights Directive II**”) among other objectives, seeks to enhance shareholder engagement and encourage listed entities to adopt a long-term and sustainable view in the conduct of their affairs. Following the transposition of the Shareholder Rights Directive II into the Capital Markets Rules in July 2019, the Company is setting out its remuneration policy (the “**Remuneration Policy**”) in the form prescribed by Chapter 12 of the Capital Markets Rules.
- 1.2 This Policy has been approved by the Board of Directors of the Company (the “**Board**”) on 27 May 2022 and will be put to a binding shareholder vote at the 2022 Annual General Meeting (the “**AGM**”) of the Company. Subject to shareholder approval, the Policy will become effective from the date of the said AGM for a maximum period of 4 years.

### 2. Scope

- 2.1 This policy determines the basis for remuneration of all members of the Board. Accordingly, for the purposes of the policy, the term “director” means any member of the Board including both executive directors and non-executive directors of the Company and includes the Managing Director. The current operational set-up of the Company does not contemplate the necessity of a chief executive officer or deputy chief executive officer. Should this change the Remuneration Policy shall be amended accordingly.
- 2.2 The Policy defines the principles and guidelines that apply to both fixed and variable remuneration, including all bonuses and benefits, which can be awarded to directors and, in the case of variable remuneration, indicates the relative proportion between fixed and variable components.
- 2.3 It is the Company’s overall intention that the implementation of this policy will constitute an adequate measure to attract and retain suitable people, calculated to provide the Company with the appropriate skills, technical knowledge experience and expertise both for the determination of policies and strategies of the Company as well as the supervisory role of the Board.
- 2.4 It has long been the philosophy of the Company to split remuneration of the majority of employees into two components consisting of (i) a fixed salary plus overtime (if/when due) and (ii) a performance bonus component based on the monthly performance of the Company or the business portfolio that may be assigned to the individual concerned from time to time. This performance bonus system has proved to be efficient and beneficial in motivating staff across the Company.

### 3. Board Remuneration – General

- 3.1 The Board strives to ensure that the Directors’ remuneration takes into consideration Board members’ required competencies, skills, effort and scope of the Board’s role including the number of meetings and the preparation required by Directors to attend and actively contribute during meetings. Due consideration is also given to market demands, the size of the Company and the complexity of its business as well as to the directors’ responsibilities.
- 3.2 The aggregate emoluments of all directors are from time to time determined by the Company in general meeting. Accordingly, it is the shareholders that determine the aggregate amount of remuneration that the Directors may receive in any one financial year. This policy is intended to determine the principles upon which those aggregate emoluments are distributed amongst the directors.
- 3.3 The Directors may also benefit from non-cash benefits, such as, but not limited to, health insurance and other insurance schemes; reimbursement of out-of-pocket expenses incurred by them in attending to business of the Company including meetings of the Directors or other committee or general meetings of

the Company. In addition, the Directors also benefit from Company discounts on products and services of the Company as the Board may from time to time determine.

- 3.4 The Board is of the view that, based on the management and operational structure of the Company, fixed remuneration is appropriate for the Non-Executive Directors, whilst the Executive Directors are to be provided a combination of both fixed and annual performance-based remuneration.

#### ***Non-executive Directors***

- 3.5 The Company's policy currently does not contemplate the payment of any variable remuneration to any of its non-executive Directors. Each of the non-executive Directors receive the same fixed remuneration for their respective duties as directors, other than in the cases referred to in 3.6 and 3.7 below.
- 3.6 The Chairman of the Board receives a different fixed fee commensurate with the added responsibilities of the role of the Chairman.
- 3.7 In addition to the fixed remuneration, non-executive Directors who are also appointed as members of one of the committees established by the Board shall be entitled to receive additional compensation for the work performed on such committees. Such compensation shall be fixed and shall be determined by the Board from time to time within the limit of the aggregate emoluments which are approved by Shareholders in a general meeting.
- 3.8 The basis upon which such remuneration is paid shall take into account the skills, experience, technical knowledge that members of such committees require and the responsibility which such directors are to take in the context of the committees on which they sit, including whether a member is a chair of a committee or a member.
- 3.9 Non-executive Directors are not offered any share-based remuneration nor paid any benefits linked to the termination of their office and they do not benefit from any pension or early retirement schemes by virtue of their office.

#### ***Executive Directors***

- 3.10 The Executive Directors of the Company are the Managing Director and all other Directors of the Company who are actively involved in the day-to-day management of the Company. In this context the Company's guiding policy is that their remuneration ought to reflect primarily their executive positions within the Company taking into account their competence, technical knowledge, experience and expertise in discharging their executive functions within the Company. Their role on the Board is therefore considered as primarily a consequence of their executive office in the Company.
- 3.11 Over the years, a combination of fixed and variable remuneration has delivered tangible results in attracting and retaining suitable executives and staff having the credentials, competence, skills, qualities and expertise to fulfil their duties according to the highest standards. Accordingly, the Company feels it would be prudent to adopt a similar mix of fixed and variable remuneration for certain Executive Directors, as deemed appropriate by the Board.
- 3.12 The Executive Directors receive a fixed fee as remuneration for their respective duties as directors in addition to a fixed monthly salary as remuneration for their employment as company executives. The remuneration package of certain Executive Directors (to be determined by the Board from time to time) may also include a variable component (as part of their monthly salary) in the form of a monthly performance bonus, in line with the Company's employee remuneration policy as described in 2.4 above.
- 3.13 Where applicable, a) the link fixed and variable remuneration shall be appropriate and reasonable as determined by the Board from time to time; and b) the variable component payable to each Executive Director shall not exceed 50% of their overall remuneration.
- 3.14 Executive Directors are not offered any share-based remuneration nor paid any benefits linked to the termination of their office and they do not benefit from any pension or early retirement schemes by virtue of their office.
- 3.15 Executive directors shall not receive remuneration for board assignments in the group's subsidiaries and associated companies.

### ***Fixed remuneration of Executive Directors***

- 3.16 Fixed remuneration constitutes compensation for a committed work contribution at a high professional level that ultimately aims to create added value for the Company's customers, shareholders, and employees.
- 3.17 The fixed remuneration of executive directors shall be based on the executive director's competence, experience, and performance. Salaries are reviewed yearly.

### ***Variable remuneration of Executive Directors***

- 3.18 The variable bonus component payable to individual Executive Directors shall be determined in line with these policy principles, market circumstances at the applicable time and shall be agreed contractually in each of their employment contracts.
- 3.19 The variable component is subject to risk-adjusted indicators, the performance of the Company the on-going contribution of the individual and the level of responsibility attached to the position that shall be aligned to the achievement of strategic objectives and the delivery of value to shareholders.
- 3.20 The variable performance-based component of Executive Directors remuneration is determined on a number of key performance Indicators ("KPIs") against which the achievements of said executive are measured. These targets are intended to incentivise the delivery of the Company's business plan, financial objectives and other goals and shall be determined by the Board from time to time taking into consideration the state of affairs of the Company. These could include but shall not necessarily be limited to liquidity levels, EBIDTA goals, project realisation and results. As regards the financial performance the Board shall evaluate the attained outcomes against the relative pre-determined targets. The assessment of non-financial criteria on the other hand would be carried out by the Board considering the subjective performance of each executive director.
- 3.21 No deferral periods or the possibility of the Company reclaiming variable remuneration shall apply.

## **4. Duration**

- 4.1 The Directors are appointed on the Board of Directors either by the Shareholders in a general meeting or by letter addressed to the Company by qualifying Shareholders. In either case, unless appointed or elected for a longer or shorter period, Directors shall hold office until the conclusion of the next annual general meeting provided that an appointment cannot exceed a term of three (3) years, subject to a director's automatic eligibility for re-appointment, without the need for nomination.
- 4.2 In terms of the Director service contracts, Directors are appointed from one annual general meeting to the next, unless appointed or elected for a longer or shorter period and subject to a maximum term of three (3) years, renewable for further terms of up to three (3) years at the relevant annual general meeting at which their term expires.

## **5. Implementation and Revision of Policy**

- 5.1 The Board is tasked with keeping the remuneration policies for directors under review and considers whether such policies require revision or updating in line with market demands and the Company's strategy with a view to ensuring that the Company's Board attracts and in the case of existing directors, retains, suitable members that provide the collective skills and experience required for the proper functioning of the Board.
- 5.2 If the Board determines that the policy requires revision or updating it shall seek their approval at the next annual general meeting.
- 5.3 The Policy shall be reviewed regularly, and any material amendments thereto shall be submitted to a vote by the general meeting before adoption, and in any case at least every four (4) years.
- 5.4 The Remuneration Policy of the Company shall be available on the Company's website on <https://mz.com.mt/investors/>.

Dated 27 May 2022

## Version Control

Version number	Purpose / Change	Date of Board approval	Date of shareholder approval
1.	Initial creation	27 May 2022	[24 June 2022]





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