

## **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.