



## REMUNERATION POLICY FOR DIRECTORS

### **1. Introduction**

- 1.1 Following the adoption in Listing Rule 12.26A of the new EU Shareholders' Rights Directive in July 2019, the remuneration policy of the company for directors and the Chief Executive Officer ("CEO") is being revised, and formally adopted, to satisfy the requirements of the applicable listing rules.
- 1.2 The CEO is not formally a member of the Board of Directors, however pursuant to the requirements of the Listing Rules, this policy shall also cover the remuneration of the CEO.
- 1.3 The remuneration of the Chief Executive Officer, whilst regulated pursuant to this policy, shall not form part of the aggregate amount voted by shareholders as the maximum amount of emoluments payable to directors from time to time, which is currently established at €140,000. A breakdown of directors' remuneration will be publicly disclosed in compliance with EU Directive on Shareholders Rights (2017).
- 1.4 If, when put to the approval of shareholders, this policy is not approved, the directors shall continue to receive remuneration in accordance with current practices, subject to revising the remuneration policy and submitting it for shareholders' approval at a later date.

### **2. Scope**

- 2.1 This policy determines the basis for remuneration of all members of the board of directors, and the Chief Executive Officer ("CEO") of the Company.
- 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, indicate 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 candidates for the position of directors and CEO, 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.

### **3. Board Remuneration - General**

- 3.1 The Board makes all efforts to ensure that the remuneration of Directors 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 usefully contribute during meetings. Due consideration is also given to market demands, the size of the Company and the nature of its business as well as to the Directors' responsibilities.
- 3.2 The aggregate emoluments of all Directors are from time to time to be determined by the Company in general meeting. Accordingly, it is the shareholders that determine the aggregate amount of remuneration that 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 be awarded non-cash benefits, such as, but not limited to health insurance and other insurance benefits; 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 may be awarded other benefits by the Company such as discounts on products and services of the Company as the board may from time to time determine.

#### **4. Directors Remuneration**

- 4.1 The Company's policy currently contemplates the payment of a fixed and variable component of the total remuneration to its directors.
- 4.2 Currently, the directors' overall cap on remuneration is fixed at €140,000. This is divided into a cap of €96,000 per annum to be paid out as fixed remuneration and the balance of €44,000 per annum to be paid out as a variable component against the attainment of certain performance targets. This level of aggregate emoluments was originally approved by the shareholders at its 18<sup>th</sup> annual general meeting and confirmed at its 22<sup>nd</sup> annual general meeting, subject to the changes explained in points 4.3 to 4.5 below.
- 4.3 The directors are paid a fixed honorarium which in aggregate does not exceed the cap €96,000 per annum.
- 4.4 In addition to the fixed component of the remuneration the directors may, subject to the attainment of certain performance related criteria become eligible up to a maximum of another €44,000 in aggregate between them.
- 4.5 The basic criteria for the award of the variable remuneration, subject to the cap of €44,000, is the formula:

##### **(5x Outperformance) x base remuneration of the Director**

*Where the term Outperformance shall refer to the percentage by which the profits before tax of the Company registered for a particular year exceed 105% of the profits before tax registered by the Company for the previous year, in both cases, in accordance with the audited financial statements of the Company for the respective years.*

- 4.6 In addition to the remuneration described above<sup>1</sup>, Directors who are also appointed as members of one of the Board Committees 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 general meeting.
- 4.7 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.
- 4.8 Non-executive Directors are not 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.

## **5. The Chief Executive Officer**

- 5.1 The Company's guiding policy with respect to the CEO's remuneration is that it ought to reflect primarily the executive position within the Company taking into account competence, technical knowledge, experience and expertise in discharging the required executive functions within the Company.
- 5.2 The remuneration of the CEO shall include a fixed salary, but may include certain bonuses, and other benefits as the Board may determine from time to time. Such remuneration shall be provided for in the employment contract with the Company. The remuneration shall be set and approved by the Board and shall be aligned with the Company's Remuneration Policy for executives and employees.
- 5.3 The Company believes that a combination of fixed and variable remuneration seeks to attract and retain suitable executives who have the necessary competence, skills, qualities and expertise to enable them to discharge their duties according to the highest standards.
- 5.4 Accordingly, the board of directors has determined a number of remuneration principles for the CEO. The CEO's remuneration shall principally consist of a fixed salary with a performance related bonus that ought not to exceed 25 per cent of the fixed salary.
- 5.5 The performance bonus is awarded by the directors on a number of key performance indicators, set by the board from time to time, including the following:
- (a) Attainment of the Company's annual budget;
  - (b) Tenant satisfaction with the quality and efficiency of service provided by the Company;
  - (c) The standard of operational solution systems covering customer care, IT and marketing;
  - (d) The engagement and motivation of management and staff.
- 5.6 The variable component of remuneration of the CEO shall be determined in line with these policy principles, market circumstances at the applicable time and shall be agreed contractually in a service contract which is to be approved by the Board. The policy may be applied differently in instances where the CEO is employed on a definite contract or an indefinite contract with the Company.
- 5.7 The fixed remuneration component shall consider the level of responsibility such position entails, whereas the variable component is subject to risk-adjusted performance indicators and is aligned to the achievement of strategic objectives and the delivery of value to shareholders.
- 5.8 The Chief Executive Officer is engaged on a definite contract of employment with the Company, he attends board meetings but has no vote at such meetings.

## **6. Revision of Policy**

- 6.1 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.
- 6.2 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 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.
- 6.3 If the Board determines that the policy requires revision or updating it shall seek shareholder approval at the next annual general meeting.

**Version Control**

<u>Revision</u>	<u>Date</u>	<u>Description</u>
<u>1</u>	20/02/2023	Clause no. 4- to reflect the change in the fixed and variable directors' remuneration as approved by the shareholders during the 22nd AGM
<u>2</u>	14/06/2023	Clause no 5.4- to reflect the change in the CEO's maximum bonus entitlement to 25%, instead of the 10% threshold.