

A member of PG Group

PG GROUP, HEAD OFFICE, PAMA SHOPPING VILLAGE,  
VALLETTA ROAD, MOSTA, MST 9017, MALTA

T. (+356) 2349 6100 F. (+356) 2349 6600 E. info@pggroup.com.mt

## REMUNERATION POLICY

PG p.l.c.

Company Registration Number: C 78333

Registered Office: PG Group Head Offices, PAMA Shopping Village,  
Valletta Road, Mosta MST 9017

### 1. INTRODUCTION

1.1 Following the transposition of the EU Shareholder Rights Directive II<sup>1</sup> into the Listing Rules in July 2019, which, 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, the Company is setting out below its remuneration policy (the “**Remuneration Policy**”) in the form prescribed by the relevant Listing Rules.

### 2. SCOPE

- 2.1. This policy determines the basis for remuneration of all members of the board of directors, the Chief Executive Officer (“CEO”) of the Company and the Deputy CEO (“Deputy”). For the purposes of the Remuneration Policy, the term “Director” means any member of the Board of Directors including both Executive Directors and Non-Executive Directors, and term “Executives” means, together, the CEO and Deputy CEO.
- 2.2. The Remuneration Policy of the Company is intended to provide an over-arching framework that establishes the principles and parameters to be applied in determining the remuneration to be paid to the Directors and Executives.
- 2.3. The Remuneration Policy is also intended to demonstrate how the remuneration that may be paid to Directors and Executives contributes to the development and attainment of the Company’s corporate strategy and its long-term interests and sustainability.

### 3. REMUNERATION PRINCIPLES

3.1. At the time of the initial public offering and the listing of the Company’s shares on the Official List of the Malta Stock Exchange (the “**IPO**”), continuity was assured in the salaries payable to the Executive Directors after these were reviewed by the Board of Directors and adjudged appropriate and suitable in the context of the responsibilities and experience of the individuals concerned. This Remuneration Policy builds upon the same principles adopted for the remuneration of Executive Directors at the time of the IPO. The Company’s remuneration principles which provide the basis for the remuneration policy of Executive Directors and Executives, are as follows:

- a. to provide a strong alignment between the achievement of strategic objectives and the delivery of value to shareholders;
- b. to deliver annual rewards if and when determined that they are justified; and
- c. to offer competitive and fair rates of pay and benefits to attract and retain individuals which are best suited for the role.

3.2. The Company’s remuneration principles which provide the basis for the remuneration policy of Non-Executive Directors, are as follows:

- a. to set a remuneration by reference to the time Non-Executive Directors are expected to dedicate, annually, to the affairs of the PG Group and to the responsibilities pertinent to their role;

---

<sup>1</sup> (EU) 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.

- b. to offer a remuneration package which: is commensurate to the professional status and experience of the individuals concerned and with market conditions; is designed to attain transparency on the time input that the Non-Executive Directors are expected to dedicate annually to the PG Group; adequately reflects the legal responsibilities incumbent on the post of director of a publicly listed company; and creates a basis upon which to determine future revisions should these be considered appropriate.

## **4. REMUNERATION – GENERAL**

- 4.1 The maximum aggregate yearly emoluments of all Directors are determined by the Company in general meeting, and any notice convening the general meeting during which an increase in the maximum limit of such aggregate emoluments is proposed, shall contain a reference to such fact. The Board of Directors shall not be obliged to seek approval of the maximum aggregate yearly emoluments of all Directors save where: this may be added as an item on the agenda of the Company's annual general meeting upon the request of shareholders holding the necessary authority or upon the initiative of the Board itself; or where it is proposed to increase the maximum aggregate yearly emoluments of all Directors beyond the maximum amount last approved by the Company in general meeting.
- 4.2 This Remuneration Policy is intended to determine, *inter alia*, the principles upon which those aggregate emoluments are distributed amongst the Directors, whether in full or in part but in any case not in excess of the maximum referred to in section 4.1 above.
- 4.3 The Board of Directors considers that, in view of the management and operational set-up of the PG Group, a combination of fixed form of remuneration and discretionary annual bonus constitute a suitable basis of remuneration for the Executive Directors and Executives, whereas a fixed form of remuneration is best suited to the Non-Executive Directors.

## **5. FIXED REMUNERATION**

### **Fixed remuneration component**

- 5.1 The remuneration payable to Directors and Executives shall consist in part, or entirely in the case of the Non-Executive Directors, of a fixed remuneration. The remuneration of Directors and Executives does not include any right to purchase shares in the Company by virtue of share options, or any other deferred compensation or pension benefits or benefits payable upon termination of the Directors' or Executives' employment and other payments linked to early termination.
- 5.2 In addition to their fixed remuneration, Directors who are also appointed to chair, or to sit as members of, one or more of the committees of the Company, or who are asked to serve as directors and, or chair of the board of subsidiaries of the Company, may be entitled to receive additional compensation, as shall be determined by the Board of Directors from time to time, provided that such additional remuneration shall form part of the aggregate emoluments of Directors as approved by the general meeting of the Company. The basis upon which such additional remuneration is paid shall take into account the skills, competencies, and technical knowledge that members of such committees require and the respective functions, duties and responsibilities attaching to membership of such committees.

### **Basis upon which fixed remuneration component is established**

- 5.3 In determining the fixed remuneration component payable to Directors and Executives, the following key factors, among others, are taken into consideration:
  - I. the minimum amount of working hours that individuals are expected to dedicate to their functions, duties and responsibilities, including express expectations that such individuals are expected to be fully dedicated to their position and to duly discharge their functions and responsibilities outside normal working hours, including, where applicable, weekends and public holidays;
  - II. the level of competencies, knowledge, skills, abilities, experience and expertise enjoyed by such individuals;
  - III. the level of responsibility attached to their position and the multiplicity of roles or involvements in the Company and other companies forming party of the Group, including involvements in any standing or *ad-hoc* sub-committees of the Company;
  - IV. any restrictions on secondary employment and involvements in other business activities or other activities, which restrictions are intended to ensure that such individuals are able to devote the required time, attention and dedication towards their position, and to maximise the contribution of such individuals towards to the growth and development of the Company;

- V. the longevity of the individual's employment with the Company, and the individual's contribution to the growth and success of the Company and, or the individual's role in the successful implementation of the Company's repute and, or financial performance and position; and
  - VI. remuneration practices, company employment conditions and remuneration rates adopted by local companies operating in the same industry sectors, and of like standing, repute, size and complexity.
- 5.4 The remuneration of Executive Directors and Executives is reviewed annually by the Company's Remuneration and Nominations Committee (the "**RemNom Committee**"), as constituted in terms of the Company's memorandum and articles of association, to ensure that the said remuneration remains commensurate with the performance of the individuals concerned and in line with the market.

## **6. VARIABLE REMUNERATION**

- 6.1 The remuneration payable to Directors and Executives may, in addition to the fixed remuneration component specified in section 5 above, consist in part of a variable remuneration component, in the form of a discretionary variable annual bonus based on performance. Annual bonuses payable to Directors are generally recommended at first instance by the CEO and Executive Vice-Chairman of the Board of Directors, and are subject to review and approval by the RemNom Committee. However, the bonuses pertaining to the Executives are determined and approved directly by the RemNom Committee. In making a determination on the amount of bonus payable, if any, the following factors would be taken into consideration:
- a. the performance of the Company in the financial year;
  - b. the performance and contribution of the individual in the financial year;
  - c. the level of responsibility attached to the individual's position; and
  - d. the considerations set out in section 5.3 above.
- 6.2 No deferral periods or the possibility of the Company reclaiming variable remuneration apply.
- 6.3 By way of non-cash remuneration, the Executive Directors and the Executives are permitted the use of a Company vehicle. No other non-cash remuneration is payable to the said Executive Directors and Executives, or to the Non-Executive Directors.
- 6.4 The Directors may be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings in connection with the business of the Company.
- 6.5 The Company is party to written engagement contracts with its Directors and Executives, which contracts clearly set out the respective role, responsibilities, duties and applicable remuneration of such Director / Executive. The term of office of Directors and the CEO is regulated by the Articles of Association of the Company regulating the appointment and rotation of directors of the Company. The appointment of the Deputy CEO is for an indefinite duration, subject to applicable statutory termination notice periods.
- 6.6 The policy of the Company is not to grant Directors or Executives any entitlement to termination payments and other payments linked to early termination.

## **7. IMPLEMENTATION AND REVIEW OF THE COMPANY'S REMUNERATION POLICY**

- 7.1 This Remuneration Policy shall be reviewed regularly, and any material amendments thereto shall be submitted to a vote by the annual general meeting of the Company before adoption, and in any case at least every four (4) years.
- 7.2 Where the Remuneration Policy shall be approved by the shareholders as aforesaid, the Company intends, as from the financial year ending 30 April 2020, to present an annual remuneration report in the form required under Appendix 12.1 of the Listing Rules, which remuneration report shall be put forward to an advisory vote of the shareholders at such Annual General Meetings held as from 2021, in accordance with the requirements of Listing Rule 12.26L.
- 7.8 The Remuneration Policy of the Company shall be available on the Company's website on <https://pggroup.com.mt/investors/>

