



MALTA INTERNATIONAL AIRPORT PLC

Remuneration Policy for Directors

1. Introduction

- 1.1 Following the adoption in Listing Rule 12.26 of the new EU Shareholders' Rights Directive in July 2019, the remuneration policy of the Company which has been approved by its shareholders at the 2020 annual general meeting has been revised to satisfy the requirements of the applicable 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 Chief Finance Officer ("CFO") as executive directors pursuant to the articles of association. Accordingly, for the purposes of the policy, director means any member of the Board of Directors including both executive directors and non-executive directors 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 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.

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 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 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.

Non-executive Directors

- 3.4 The Company's policy currently does not contemplate the payment of any variable remuneration to any of its non-executive directors.
- 3.5 In addition to the basic remuneration, non-executive 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.
- 3.6 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.
- 3.7 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.

Executive Directors

- 3.8 In accordance with the provisions of the Company's articles of association the Board of Directors shall have at least two executive directors, one of whom shall be the CEO.
- 3.9 The executive directors of the Company are; *ex officio*, the CEO and another of the most senior executives 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.
- 3.10 The remuneration of executive directors shall include a fixed salary, but may include certain bonuses, pension benefits, termination benefits and other benefits as the Remuneration Committee may determine from time to time with respect to each executive director. Such remuneration shall be provided for in their employment contract with the Company. Their remuneration shall be set and approved by the Chairman and shall be aligned with the Company's Remuneration Policy for executives and employees.
- 3.11 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.
- 3.12 Accordingly, the Board of Directors has determined a number of remuneration principles for executives, including the CEO and such other executive who is appointed as director to the Board in accordance with the provisions of the articles of association. These can be briefly restated as follows:
 - (a) their remuneration shall consist of a fixed salary and a variable component based on a number of key performance Indicators ("**KPIs**");

(b) the variable component of their remuneration should be such as would compensate executives for achieving certain levels of performance, without however exposing the Company to unwarranted risk;

(c) the variable component shall be linked to targets that determine a balanced scoring consisting of both financial and non-financial KPIs;

(d) the Chairman shall have full discretion in evaluating performance and the attainment of KPIs when awarding the variable remuneration;

(e) when assessing and awarding the variable component of remuneration the Board shall consider, if considered applicable, “back-loading” for the payment of any variable component;

- 3.13 The variable component of remuneration of individual executive directors 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 an executive is employed on a definite contract or an indefinite contract with the Company.
- 3.14 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.

4. Duration

- 4.1 According to the Company’s Articles of Association¹ the Chief Executive Officer shall upon his or her appointment to that executive office become an executive director on the Board of Directors and shall serve as executive director throughout his or her tenure of the position of Chief Executive Director.
- 4.2 Other executive directors who are appointed on the Board shall be appointed for a period of three (3) years and shall thereafter be eligible for re-appointment.
- 4.3 Non-executive directors are appointed on the Board of Directors in either of two (2) ways by the shareholders in general meeting, in which case such appointment is made from one annual general meeting to the next and directors so appointed shall be eligible for re-appointment by shareholders, or by letter addressed to the Company by qualifying shareholders, in which case their term of office may be determined in the letter of appointment made by the shareholder appointing that director; but an appointment cannot exceed a term of three (3) years, subject to a director’s eligibility for re-appointment.

5. Revision of Policy

- 5.1 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.
- 5.2 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.
- 5.3 If the Board determines that the policy requires revision or updating it shall seek their approval at the next annual general meeting.

¹ See article 58.5