

APPENDIX 2

REMUNERATION POLICY FOR DIRECTORS

This Policy is drawn up pursuant to Chapter 12 of the Capital Markets Rules of the Malta Financial Services Authority, as amended to transpose the relevant provisions of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 (Shareholders Rights Directive).

Introduction

The Remuneration Policy for Directors seeks to reflect the Company's objective of sound governance processes, its business strategy and sustainable value creation for its stakeholders.

For the purpose of this document, Director means any member of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer of the Company.

The Board of Directors of the Company has established an oversight committee of the Board, to be known as the Remuneration Committee, the objectives of which are to devise the most appropriate Policy for the Company and submit related recommendations to the Board of Directors for approval.

Remuneration Principles

1. This Policy seeks to reflect the wide range of responsibilities, qualifications, experience and full commitment expected of the Directors of a Public Listed Company and as one of Malta's larger private sector employers.
2. The Policy also seeks to reflect market realities and be in line with the Remuneration Policies of companies of a similar size and complexity.
3. It is the Policy of the Company to seek to attract, retain and motivate suitable executives who possess the necessary qualities and attributes to enable them discharge their duties with integrity and the highest professional standards. Consequently, their Remuneration should also reflect market realities, be fair, reasonable and consistent.
4. Remuneration of the Chief Executive Officer and his Deputy shall take into account the complexities of the business involved together with the challenges which a Company of the size of MaltaPost p.l.c. faces.

Applicability

This policy shall apply to Directors as defined in Chapter 12 of the Capital Markets Rules and this includes:

1. Any member of the Board of Directors of MaltaPost p.l.c.

2. Where they are not members of the Board of Directors, the Chief Executive Officer (CEO) and any Deputy Chief Executive Officer (Deputy CEO) who may be appointed from time to time.
3. As at the date of entry into force of the Remuneration Policy for directors, all the directors of the Company are non-executive and are not engaged in the daily management of the Company, with the exception of one Executive Director.

Appointment of Director

1. The appointment of members of the Board of Directors and their removal, as well as their tenure of office is determined in accordance with the Company's Memorandum and Articles of Association, the Company's Board of Directors' Charter, Company Law and other applicable laws, rules and regulations, etc.
2. No contracts are drawn up with Directors, other than those Directors who have separate service contracts with the Company, such as the Executive Director. There are no provisions for the payment of any benefits linked to the termination of their office.

General Considerations

In terms of the Company's Articles of Association, the maximum annual aggregate Remuneration as well as any increase of such Remuneration of the Directors for the holding of their office shall be established pursuant to a resolution passed at a General Meeting where notice of the proposed aggregate Remuneration and any increase has been given in the notice convening the meeting.

Fixed Remuneration

1. All Directors of the Company shall be entitled to receive a fixed Remuneration by way of a Directors' fee for the holding of the office.
2. In the case of an Executive Director, the person shall also be entitled to receive other Remuneration, such as, but not limited to salaries, bonuses, termination and other benefits as per the respective employment terms agreed.
3. Each of the directors shall receive the same amount in terms of fixed fees for their duties as Directors other than as stated below:
 - The Chairman shall receive a different fixed fee commensurate with the added responsibilities of the role of Chairman.
 - Directors may also receive an additional fee allowance where the Director in question has an additional responsibility by way of Chairmanship or Membership of a Board Committee.

4. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in connection with the business of the Company.
5. No Remuneration shall be payable to any appointed alternate Director unless otherwise determined by the Board.

Variable Remuneration

1. Directors shall not be entitled to profit sharing, share options, pension benefits, variable Remuneration or any other Remuneration or related payments from the Company.
2. Directors are not entitled to termination payments and other payments linked to early termination.
3. The above is without prejudice to any arrangements, such as pensions, retirement gratuities, etc. granted to Executive Directors on a service contract with the Company in relation to their positions held other than as members of the Board of Directors.

CEO and Deputy CEO

1. Where applicable, the Remuneration of the CEO and Deputy CEO as employees of the Company, is independent of their office and of any Remuneration received as a Director of the Company.
2. The CEO and Deputy CEO are appointed by indefinite contracts of employment after a period of probation, rather than on fixed term contracts and therefore, their employment is regulated by applicable laws.
3. The Board of Directors determines the Remuneration of the CEO and the Deputy CEO on the basis of financial performance as well as non-financial performance such as commitment to the Company's business strategies, policies etc.
4. The contracts for the CEO and Deputy CEO are to specify Remuneration packages, none of which are to provide for profit sharing, share options, supplementary pension or other pension benefits, early retirement schemes or any termination payments.
5. The CEO and Deputy CEO shall be entitled to a number of benefits as would typically be available to Senior Executives. These shall include non-cash benefits including private Health Care Insurance as well as Death in Service benefits. They shall also be entitled to the use of a Company car.

6. The annual salary increases which may be awarded to the CEO and Deputy CEO, such increases are not to be directly related to the performance or share price of the Company. However, a discretionary annual bonus may be payable following an assessment of their performance, as related to both financial and non-financial criteria, during the previous financial year. The link between the fixed Remuneration and discretionary bonus must be appropriate and reasonable.

Shareholders and Remuneration Policy for Directors

1. Shareholders of the Company have a right to vote on this policy at the Company's General Meeting, which vote shall be binding.
2. Subject to shareholder approval, this policy will become effective from the date of the General Meeting approving the same.
3. This policy shall be reviewed by the Board on an Annual basis and shall be put to a vote by the General Meeting at every material change but in any case at least every four years.

Remuneration Report

1. The Company's Audited Financial Statements shall contain a Remuneration Report to be drawn up in accordance with the requirements of Appendix 12.1 of the Capital Markets Rules and also in accordance with this Remuneration Policy.
2. The Remuneration Report shall be subject to an advisory vote at the relative General Meeting.