

EXPLANATORY CIRCULAR TO SHAREHOLDERS

ANNUAL GENERAL MEETING – 27 JUNE 2024

THIS CIRCULAR IS IMPORTANT AND REQUIRES
YOUR IMMEDIATE ATTENTION

This explanatory circular (the “**Circular**”) is being issued by Simonds Farsons Cisk p.l.c., a public limited liability company having Maltese registration number C 113 and registered office located at The Brewery, Mdina Road, Zone 2, Central Business District, Birkirkara, CBD 2010, Malta (the “**Company**”).

This Circular contains such information as would assist the members of the Company in making a properly informed decision with respect to an ordinary resolution which is being proposed at the Company’s Annual General Meeting to be held on the 27 June 2024 at 1200 hrs (the “**Annual General Meeting**” or “**AGM**”).

This Circular is important and requires the attention of all Shareholders who shall be required to vote at the Company’s Annual General Meeting. Shareholders are advised that they should consider seeking the advice of an appropriate independent advisor before taking any decision on the matter.

This Circular is being sent to all persons appearing on the Company’s register of members as at close of business on the 28 May 2024 (the “**Shareholders**”). Where any or all of the shares in the Company held by a recipient of this Circular have been sold or transferred, this Circular, the notice of the Annual General Meeting and all other relevant documentation, or copies thereof, should be immediately passed on to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This Circular is being issued in compliance with the provisions of the Capital Markets Rules issued by the Malta Financial Services Authority (the “**Capital Markets Rules**”) particularly the requirements set out in Capital Markets Rule 6.2.

All the Directors of the Company as on the date hereof, namely, Mr Louis A. Farrugia, Mr Marcantonio Stagno d’Alcontres, Mr Roderick Chalmers, Mr Michael Farrugia, Dr Max Ganado, Ms Marina Hogg, Mr Matthew Marshall and Mr Neil Psaila (together, the “**Directors**”) accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

1. Introduction

In addition to the ordinary business being proposed at the Company’s forthcoming AGM, the Directors are also placing before the Shareholders, as special business, an ordinary resolution regarding updates to the Company’s Remuneration Policy.

An advisory vote regarding the Remuneration Report for the year ended 31 January 2024 is also being proposed as special business at the AGM. An explanation in respect of this item of the agenda has been provided in the Directors’ Report to the Financial Statements for the year ended 31 January 2024.

2. Special Business - Ordinary Resolution – Remuneration Policy

Text of the proposed extraordinary resolution:

“To approve the Remuneration Policy of the Company as explained in the Circular to Shareholders dated 4 June 2024.”

Explanatory note: The Company has drawn up a Remuneration Policy pursuant to the requirements of Capital Markets Rule 12.26 A to 12.26J which was approved by the Shareholders at the 73rd Annual General Meeting held on 8 October 2020. In terms of Capital Markets Rule 12.2I, the Company is obliged to submit the Remuneration Policy to a vote by the general meeting at every material change and in any case at least every four years.

In this respect, the Remuneration Policy has been reviewed by the Remuneration and Corporate Governance Committee as part of its responsibility to review and approve remuneration packages. Such review has considered the participation and voting of the Shareholders of the Company on the Remuneration Policy dated 17 September 2020 as well as the Remuneration Reports issued by the Company over the past three years. The proposed amendments incorporate the additional function of the Remuneration and Corporate Governance Committee, which includes the responsibility of reviewing the remuneration packages of Non-Executive Directors in addition to those of Executive Directors mentioned in the previous policy.

The proposed updated Remuneration Policy is attached under Annex I of this Circular.

3. Documents available for inspection

The following documents or certified copies thereof will be made available for inspection at the Company’s registered office, located at The Brewery, Mdina Road, Zone 2, Central Business District, Birkirkara, CBD 2010, Malta for at least fourteen (14) days from the date of publication of the Circular:

- (a) the Remuneration Policy
- (b) the Company’s Interim Financial Statements for the period ended 31 July 2023
- (c) the Company’s Annual Report and Financial Statements for the year ended 31 January 2024

4. Directors’ Recommendation

The Directors, having made the necessary considerations, are of the view that the proposed resolution is in the best interests of the Company and its Shareholders as a whole. The Directors therefore recommend that Shareholders approve the proposed ordinary resolution at the forthcoming AGM of the Company.

Date: 4 June 2024

Approved and issued by Simonds Farsons Cisk p.l.c., a public limited liability company having Maltese registration number C 113 and registered office located at The Brewery, Mdina Road, Zone 2, Central Business District, Birkirkara, CBD 2010, Malta.

ANNEX I – REMUNERATION POLICY

4 June 2024

The following update in the Directors' Remuneration Policy for Simonds Farsons Cisk plc (the Company) is being submitted for consideration and (if thought fit) approval by the Shareholders in General Meeting pursuant to the requirements of Capital Markets Rule 12.26A to 12.26J. The Remuneration Policy shall be re-submitted to the Shareholders for approval whenever it is proposed that any material amendment be made thereto, and, in any event, at least every four years from the date of last approval.

The strategy of the Farsons Group is founded on creating and nurturing world class brands which inspire the trust and loyalty of consumers; championing customer relationships and building meaningful partnerships; engaging talent and empowering employees to deliver sustainable and quality driven operations; connecting with the community and embracing our social and environmental responsibilities; providing a fair return to shareholders so as to ensure long-term investment and profitable growth. It is believed that it is through the implementation and observance of the above principles that the Group will accomplish the vision of growing its local and international business within the food and beverage sector.

In order to achieve the above strategic outcomes, it is necessary that the Farsons Group attracts, retains and motivates the best available talent at all levels – from the most recently recruited trainee to members of the Board of Directors.

In order to be successful in this quest of attracting, retaining and motivating best in class talent, it is essential that the Group's Remuneration Policy provides market-competitive salaries and related benefits by reference to those provided by other entities operating in relevant and comparative market sectors. There is therefore a clear synthesis in the pay structures of the wider workforce and executives across the Group, and the Board believes that this approach serves the best long-term interests of all stakeholders.

The above principles apply equally to the Remuneration Policy insofar as Directors are concerned. However, there is a need to distinguish between Executive and Non-Executive Directors, and further details are provided below.

In terms of Articles 93 to 98 of the Memorandum and Articles of Association of the Company, every Shareholder owning 12.5% (or more) of the ordinary issued share capital of the Company shall be entitled to elect one Director to the Board for each 12.5% of the issued share capital of the Company held by them. Directors so elected shall retire from office at least once every three years. The remaining Directors are elected to the Board by the Shareholders in General Meeting, and their tenure extends from one Annual General Meeting to the next.

Executive Directors

Executive Directors are members of the Board who also have an executive role in the day-to-day management of the Company and the Group. For the purposes of this Remuneration Policy and pursuant to Capital Markets Rule 12.2A, the Chief Executive Officer is considered to be an Executive Director of the Company.

Insofar as Executive Directors are concerned, remuneration is made up of the following components:

- Fixed or Base salary (including statutory bonus) - established by reference to the role, skills and experience of the individual concerned and market comparatives.
- Performance bonus – a variable component established by reference to the attainment of pre-established quantitative targets.
- Discretionary bonus – also a variable component, established by reference to the evaluation of qualitative goals which are reviewed from time to time.
- The variable components to the remuneration awarded to Executive Directors are established from year to year and the quantitative and qualitative targets included therein would change from time to time depending on the circumstances of the business. Typically, targets directed towards the long-term interest and sustainability of the Company and the Group would include, but are not limited to, the achievement of set profit or EBITDA goals, the implementation of specific business, capital expenditure, environmental and other CSR goals and staff retention initiatives. There are no pre-set fixed relationships between fixed and variable remuneration – and these would vary between Executive Directors (and indeed senior management). Whereas quantitative awards are usually formulaic in their calculation, discretionary and qualitative awards necessarily involve the application of subjective judgment. With effect from Financial Year 2021, the Remuneration Report included a disclosure of the differing components and proportions of remuneration by individual Director, as required by Appendix 12.1 of the Capital Markets Rules.
- There are no claw-back provisions in respect of variable salary awards.
- Benefits – which would comprise those benefits normally available to senior Executive Directors comprising principally (a) the provision of a suitable (taxed and insured) company car, (b) standard executive health insurance and life assurance cover, (c) mobile phone and allowance (d) other incidental benefits.

Executive Directors also receive an expense allowance in reimbursement of certain expenses incurred in the execution of their respective roles and duties.

- Executive Directors are also entitled to receive the fixed Directors fee payable to all Directors in their capacity as members of the Board (see below). This component is payable from the aggregate amount of emoluments approved by the Shareholders in General Meeting.

The Board believes that the above components of Executive Director remuneration serve to contribute to the realization of the Group's long-term strategy and interest – and also serve to secure alignment between the interests of the Executive Directors and that of the Shareholders.

To date it has not been the policy of the Group to introduce any form of share option scheme or other executive share awards.

With the exception of the Chief Executive Officer (CEO), Executive Directors are all engaged without fixed term contracts. In terms of current labour regulations all are regarded as employees on indefinite contracts. Subject to satisfactory performance, the CEO is engaged on a (renewable) three-year contract.

With the exception of the Executive Chairman, no long-term pension plans are in place. Insofar as the Executive Chairman is concerned, in view of his 50 years of service to the Group, the Board has (on the recommendation of the Remuneration Committee) approved arrangements whereby his wife would receive a deferred lifetime annuity in the sum of approximately €60,000 per annum in the event that the Chairman pre-deceases her.

Non-Executive Directors

Non-Executive Directors are those members of the Board who do not have a role in the day-to-day executive management of the Company and the Group. Remuneration for Non-Executive Directors is determined by the Board of Directors as a whole and takes into account the skills required and those levels prevailing in the market for entities of a similar size and complexity. The remuneration payable to Non-Executive Directors from the aggregate amount of emoluments approved by Shareholders in General Meeting has two components:

- A fixed or base Director's fee which is established by reference to those levels prevailing in the market for entities of a similar size and complexity.
- A Board Committee fee for membership of the various established Board Committees (eg Audit and Risk Committee, Remuneration and Corporate Governance Committee, etc). These Board Committee fees vary between Committees depending upon the relative workload and time commitment involved, and the skill sets, experience and professional knowledge required for the particular Committee concerned.

Non-Executive Directors are not entitled to any contractual pension, termination or retirement benefits. However, they may be reimbursed certain expenses incurred in the discharge of their responsibilities and receive a fixed car allowance.

From time-to-time circumstances arise whereby the Board of Directors is faced in a particular year with significantly higher and complex workloads than would be the norm. Board members have in the past been awarded an additional fixed fee on an exceptional basis in recognition of these circumstances. Such additional award would fall to be within the aggregate approved amount by the general meeting in terms of Article 81(1) of the Articles of Association of the Company.

The Remuneration and Corporate Governance Committee

The Remuneration and Corporate Governance Committee (RCGC) is made up entirely of Non-Executive Directors and is responsible for drawing up and proposing this Directors' Remuneration Policy to the Company's Board of Directors for its consideration and approval.

The Committee reviews and recommends all remuneration packages (both fixed and discretionary) relating to Executive Directors and Non-Executive Directors. The recommendations of the RCGC in this regard are submitted to the full Board for final approval. Individual Directors recuse themselves from any participation as appropriate.

Shareholder Involvement and Next Steps

Pursuant to Article 81 of the Memorandum and Articles of Association of the Company, remuneration (emoluments) payable to Directors in relation to their membership of the Board of Directors is always subject to the maximum aggregate limit approved by the Shareholders in General Meeting.

Whereas remuneration paid to Executive Directors by virtue of their executive office (as opposed to membership of the Board) is not subject to the maximum aggregate limit stipulated under Article 81 as described above, at the Annual General Meeting of the Company all shareholders are given full opportunity to comment on all aspects of the Annual Report, including the Corporate Governance Statement and the Remuneration Report, and these comments and views are taken into account by the Board in developing policy.

As noted above and pursuant to the requirements of Capital Markets Rule 12.26A, this Remuneration Policy will be submitted to the forthcoming Annual General Meeting for consideration and a vote by the Shareholders. A Remuneration Report pursuant to the requirements of Capital Markets Rule 12.26K to 12.26N, providing full details of all remuneration paid to all Directors has been included as part of the Annual Report since Financial Year 2021. Every year this is subjected to a vote by the Shareholders at each Annual General Meeting. The contents of the Remuneration Report are in full conformity with the requirements as set out in Capital Markets Rule Appendix 12.1.