

# CORPORATE GOVERNANCE STATEMENT

## Introduction

This statement is being made by Simonds Farsons Cisk plc (SFC) pursuant to the Capital Markets Rules which require that SFC, as a company whose equity securities are listed on a regulated market, should endeavour to adopt the Code of Principles of Good Corporate Governance (the Code) contained in Appendix 5.1 to Chapter 5 of the Capital Markets Rules. In terms of Capital Markets Rule 5.94, SFC is obliged to prepare a report explaining how it has complied with the Code. For the purposes of the Capital Markets Rules, SFC is hereby reporting on the extent of its adoption of the Code. This statement also covers the reporting requirements in terms of Chapter 13 of the Capital Market Rules on Gender Balance among Directors of Listed Companies.

SFC acknowledges that the Code does not prescribe mandatory rules but recommends principles so as to provide proper incentives for the Board of Directors (the Board) and SFC's management to pursue objectives that are in the interest of the Company and its shareholders. Since its establishment, SFC has always adhered to generally accepted standards of good corporate governance encompassing the requirements for transparency, proper accountability, and the fair treatment of shareholders. The Board of Directors has therefore endorsed and adopted the Code of Principles.

As demonstrated by the information set out in this statement, together with the information contained in the Remuneration Report and the Statement by the Directors on Non-Financial Information, SFC believes that it has, save for the section entitled Non-compliance with the Code, throughout the accounting period under review, applied the principles and complied with the provisions of the Code. In the Non-compliance section, the Board indicates and explains the instances where it has departed from or where it has not applied the Code, as allowed by the Code.

## Compliance with the Code

### PRINCIPLE 1: THE BOARD

The Board's role and responsibility is to provide the necessary leadership, to set strategy and to exercise good oversight and stewardship. In terms of the Memorandum of Association of SFC, the affairs of the Company are managed and administered by a Board composed of eight (8) directors.

The Board is in regular contact with the Group Chief Executive through the Chairman in order to ensure that the Board is in receipt of timely and appropriate information in relation to the business of SFC and management performance. This enables the Board to contribute effectively to the decision-making process, whilst at the same time exercising prudent and effective controls. Prior to each meeting, Directors are provided with the necessary information and explanatory data as may be required by the particular item on the agenda. Comprehensive financial statements together with a comprehensive analysis of financial and business

performance are also provided to the Board every month. The Company has its own legal advisors, both internal and external. The Directors are entitled to seek independent professional advice at any time at the Company's expense where necessary for the proper performance of their duties and responsibilities.

All Board Members are accountable to shareholders and other stakeholders for their performance, for attending regular Board Meetings and for allocating sufficient time to perform their duties albeit in the best interest of SFC. The Board ensures integrity of transparency, operational controls and compliance with the relevant laws.

The Board delegates specific responsibilities towards a number of committees, notably the Audit and Risk Committee, the Remuneration and Corporate Governance Committee and the Related Party Transactions Committee. Further detail in relation to the committees and the responsibilities of the Board is found in Principles 4, 5 and 8 of this statement.

Corporate Governance is considered as a constitutive element intertwined in all discussions and decisions undertaken at the level of the Board and its Committees. This element had been fundamental in creating the corporate culture of the Company, setting the right tone at the top.

### PRINCIPLE 2: CHAIRMAN AND CHIEF EXECUTIVE

The Memorandum and Articles of Association of SFC provides for the Board to appoint from amongst its Directors, a Chairman and a Vice-Chairman. The Chairman is responsible to lead the Board and set its agenda, ensure that the Directors of the Board receive precise, timely and objective information so that they can take sound decisions and effectively monitor the performance of the Company, ensure effective communication with shareholders, and encourage active engagement by all members of the Board for discussion of complex or contentious issues.

The role of the Senior Management Board (SMB), headed by the Chief Executive Officer, is to ensure effective overall management and control of Group business and proper coordination of the diverse activities undertaken by the various business units and subsidiaries which make up the Group.

The SMB is, inter alia, responsible:

1. for the formulation and implementation of the strategy of the Group as approved by the Board
2. to achieve the objectives of the Group as determined by the Board and accordingly to devise and put into effect such plans and to organise, manage, direct, and utilise the human resources available and all physical and other assets of the Group so as to achieve the most sustainable, economical and efficient use of all resources and the highest possible profitability in the interest of the shareholders and all other stakeholders, whilst respecting environmental and social factors.

All members of the SMB itself are senior SFC executives with experience in the Group's business and with proven professional ability, and each has a particular sphere of interest within his competence. The Group Chief Executive reports regularly to the Board on the business and affairs of the Group and the commercial, economic and other challenges it faces. He is also responsible to ensure that all submissions made to the Board are timely, give a true and correct picture of the issue or issues under consideration, and are of high professional standards as may be required by the subject matter concerned.

The Company has an Operations Board which discusses operational issues on a monthly basis, a Group Receivables Review Board which monitors the collection of receivables, and a Quality Board which monitors quality levels and controls. These boards are composed of executive managers of the Group.

The subsidiaries of SFC have their own management structure, accounting systems and internal controls and are governed by their Board, whose members are appointed by the Company and included members of the SMB.

The above arrangements provide sufficient delegation of powers to achieve effective management. The organisational structure ensures that decision-making powers are spread widely enough to allow proper control and reporting systems to be in place and maintained in such a way that no one individual or small group of individuals actually has unfettered powers of decision.

### PRINCIPLE 3: COMPOSITION OF THE BOARD

Each member of the Board offers core skills, attributions and experience that are relevant to the successful operation of the Company. Although relevance of skills is key, a balance between skills represented is sought through the work of the Remuneration and Corporate Governance Committee to ensure that there is an appropriate mix of members with diverse backgrounds. The shareholders are aware of the importance at board level of diversity with regards to age, gender, educational and professional backgrounds among others, and although there is no formal diversity policy, every effort is made as and whenever possible to promote enhanced diversity whilst ensuring that the Board continues to meet its role and responsibility in the best possible way.

The Board is composed of a Chairman, one Executive Director, a Non-Executive Vice-Chairman and five Non-Executive Directors.

#### Executive Directors

Mr Louis A. Farrugia F.C.A. - *Chairman*

Mr Michael Farrugia M.A. (Edin.), MBA (Warwick) - *Executive Director Deputy Chief Executive (Beverage Business)*

#### Non-Executive Directors

Mr Marcantonio Stagno d'Alcontres - *Vice-Chairman*

Mr Matthew Marshall

Dr Max Ganado LL.D, LL.M (Dal)

Mr Roderick Chalmers M.A. Div. (Edin.) F.C.A., A.T.I.I., F.C.P.A., M.I.A.

Ms Marina Hogg

Mr Neil Psaila

The Group Chief Executive attends all Board meetings, albeit without a vote, in order to ensure his full understanding and appreciation of the Board's policy and strategy, and so that he can provide direct input to the Board's deliberations. The Group Chief Financial Officer (CFO) and the Company Secretary are also in attendance at all Board meetings. The Board considers that the size of the Board, whilst not being large as to be unwieldy, is appropriate, taking into account the size of the Company and its operations. The combined and varied knowledge, experience

and skills of those present at Board meetings provide a balance of competences that are required and add value to the functioning of the Board and its direction to the Company.

It is in the interest of each of the three major shareholders (who are the original promoters of the Company) to nominate as Directors knowledgeable, experienced and diligent persons. Apart from this, informal arrangements, which do not infringe on their rights as shareholders, are in place for consultation prior to any changes in the membership of the Board, as well as to assist in the identification of suitable persons who can be nominated for election by the other shareholders at general meetings, and who can bring in an independent viewpoint and particular knowledge to the deliberations of the Board.

Family relationships among Directors, the Directors' interest in the share capital of the Company (as disclosed in the Shareholder Information) and the commonality of Directors with Trident Estates p.l.c. and Quinco Holdings p.l.c. with which the Company maintains contractual relationships, represent potential conflicts of interest. This notwithstanding, all Directors except for the Chairman and for Mr Michael Farrugia, are considered to be independent in that they do not hold any relationship with the Company, a controlling shareholder or their management which creates a conflict of interest such as to impair their judgement. This has been ensured through the implementation of the following measures:

- a. **Disclosure and Exclusion:** A Director is obliged to disclose any matter that may give rise to a potential or actual conflict. Upon such disclosure, the Director shall be excluded from all deliberations and voting in relation to the relevant matter; provided, however, that such exclusion shall not preclude the Director from being present at the meeting during which the matter is discussed;
- b. **Related Party Transactions Committee:** with regards to any transactions which may be determined to be related party transactions, such transactions are referred to and dealt with by the Related Party Transactions Committee (the "Committee"). Consistent with the principles applicable at the Board level, any Director who is a related party in respect of a particular transaction shall not participate in the Committee's deliberations or decision-making regarding the transaction. Notwithstanding the foregoing, such Director shall not be precluded from attending the meeting at which the matter is considered. Furthermore, given that the related party transactions most likely to arise would generally involve transactions with Trident Estates p.l.c. and Quinco Holdings p.l.c., the Committees responsible for reviewing such matters would be composed of a majority of Directors who are not common to the boards of the other companies;
- c. **Continuing Conflict:** any Director having a continuing material interest that conflicts with the interests of the Company is obliged to take effective steps to eliminate the grounds for conflict, and should this not be possible, said Director is encouraged to consider resigning;
- d. **Separation of Family Interests:** The Board has taken the view that the length of service on the Board does not undermine any of the Directors' ability to consider appropriately the issues which are brought before the Board. Apart from possessing valuable experience and wide knowledge of the Company and its operations, the Board feels that the Directors in question are able to exercise independent judgement and are free from any relationship which can hinder their objectivity. Although, the Board believes that by definition, employment with the Company renders a Director non-independent from the institution, this should not however, in any manner, detract from the non-independent Directors' ability to maintain independence of analysis, decision and action.

## PRINCIPLES 4 AND 5: THE RESPONSIBILITIES OF THE BOARD AND BOARD MEETINGS

The Board meets regularly every month apart from other occasions as may be needed. Individual directors, apart from attendance at formal board meetings, participate in other ad hoc meetings during the year as may be required, and are also active in board sub-committees as mentioned further below, either to assure good corporate governance, or to contribute more effectively to the decision-making process.

<b>Meetings held:</b>	12
<b>Members attended:</b>	
Mr Louis A. Farrugia	12
Mr Marcantonio Stagno d'Alcontres	12
Mr Matthew Marshall	11
Dr Max Ganado	12
Mr Roderick Chalmers	12
Ms Marina Hogg <i>(2 of which were attended by an alternate director Ms Helene Zammit)</i>	11
Mr Michael Farrugia	12
Mr Neil Psaila	12

The Board, in fulfilling its mandate within the terms of the Company's Memorandum and Articles of Association, and discharging its duty of stewardship of the Company and the Group, assumes responsibility for the following:

- reviewing and approving the business plan and targets that are submitted by management, and working with management in the implementation of the business plan;
- identifying the principal business risks for the group and overseeing the implementation and monitoring of appropriate risk management systems;
- ensuring that effective internal control and management information systems for the group are in place;
- assessing the performance of the group's executive officers, including monitoring the establishment of appropriate systems for succession planning and for approving the compensation levels of such executive officers; and
- ensuring that the group has in place a policy to enable it to communicate effectively with shareholders, other stakeholders, and the public generally.

The Board is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate risk to achieve business objectives and can provide only reasonable, and not absolute, assurance against material error, losses, or fraud. Through the Audit and Risk Committee, the Board reviews the effectiveness of the Company's system of internal controls, which are monitored by the Group Internal Auditor.

In fulfilling its responsibilities, the Board regularly reviews and approves various management reports as well as annual financial plans, including capital budgets. The strategy, processes and policies adopted for implementation are regularly reviewed by the Board using key performance indicators. To assist it in fulfilling its obligations, the Board has delegated responsibility to the Group Chief Executive.

## PRINCIPLE 6: INFORMATION AND PROFESSIONAL DEVELOPMENT

The Group Chief Executive is appointed by and enjoys the full confidence of the Board. The Group Chief Executive, although responsible for the recruitment and selection of senior management, consults with the Board as appropriate on the appointment of, and on a succession plan for, senior management.

Training (both internal and external) of management and employees is a priority, coordinated through the Company's Human Resources Department. On joining the Board, a Director is provided with briefings by the Chairman and the Group Chief Executive on the activities of the Company's business areas. Furthermore, all new Directors are offered a tailored induction programme. Directors may, where they judge it necessary to discharge their duties as Directors, take independent professional advice on any matter at the Company's expense.

Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the Board and its Committees and between senior management and Non-Executive Directors, as well as facilitating induction and assisting with professional development as required. Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring adherence to Board procedures, as well as for good information flow within the Board and its Committees.

The Chairman ensures that Board members continually update their skills and the knowledge and familiarity with the Company required to fulfil their role both on the Board and on Board Committees. The Company provides the necessary resources for developing and updating its Directors' knowledge and capabilities. The Company Secretary is also responsible for advising the Board through the Chairman on all governance matters.

## PRINCIPLE 7: EVALUATION OF THE BOARD'S PERFORMANCE

The evaluation of Board Performance is a responsibility of the **Remuneration and Corporate Governance Committee** which is chaired by a Non-Executive Director.

Periodic evaluations of Board Performance are conducted through a Board Effectiveness Questionnaire prepared by the Company Secretary in liaison with the Chairman of the Committee. The Company Secretary discusses the results with the Chairman of the Committee, who then presents the same to the Board together with initiatives undertaken to improve the Board's performance and effectiveness. The latest review has not resulted in any material changes in the Company's internal organisation or in its governance structures. Non-Executive Directors are responsible for the evaluation of the Chairman of the Board.

## PRINCIPLE 8: COMMITTEES

The Board has set up the following sub-committees to assist it in the decision-making process and for the purposes of good corporate governance. The actual composition of these committees is given in the Annual Financial Report, but as stated earlier, each of the three major shareholders and the public shareholders are represented as far as possible.

The primary objective of the **Audit and Risk Committee** (ARC) is to protect the interests of the Company's shareholders and assist the Directors in conducting their role effectively so that the Company's

decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times.

The ARC is composed of the following Non-Executive Directors:

- Mr Roderick Chalmers – *Chairman*
- Ms Marina Hogg
- Mr Neil Psaila

All of the Directors on the ARC are Non-Executive Directors and in the opinion of the Board are free from any significant business, family or other relationship with the Company, its shareholders or its management that would create a conflict of interest such as to impair their judgement.

Mr Roderick Chalmers and Mr Neil Psaila are professionally qualified accountants with competence in matters relating to accounting and auditing. The ARC has extensive experience in matters relating to the Company's area of operations, and therefore has the relevant competence required under the Capital Markets Rule 5.118.

The ARC also reviews and approves the internal audit plan prior to the commencement of every financial year. The Committee oversees the conduct of the internal and external audits and acts to facilitate communication between the Board, management, the external auditors and the Group internal auditor.

The ARC held six meetings during the financial year ended 31 January 2026. These meetings are mainly to discuss formal reports remitted by the Group internal auditor and to consider the external auditors' audit plan, the annual and six-monthly financial results, and the Annual Report. Periodic risk related, and other reviews are also considered by the Committee.

The Group internal auditor, who also acts as secretary to the ARC, is present at Committee meetings. The external auditors are invited to attend specific meetings of the Committee and are also entitled to convene a meeting of the committee if they consider that it is necessary. The Group Chief Executive and the Chief Financial Officer are also invited to attend Audit and Risk Committee meetings. Members of management may be asked to attend specific meetings at the discretion of the Audit and Risk Committee.

Apart from these formal meetings, the ARC Chairman and the Group internal auditor meet informally on a regular basis to discuss ongoing issues.

The Group internal auditor has an independent status within the Group. In fact, the Group internal auditor reports directly to the ARC and holds right of direct access to the Chairman of the committee at all times.

The Group internal auditor works on the basis of an audit plan which focuses on areas of greatest risk as determined by a risk management approach. The audit plan is approved by the ARC at the beginning of the financial year, and subsequent revisions to this plan in view of any ad hoc assignments arising throughout the year, would have to be approved by the ARC Chairman.

The **Remuneration and Corporate Governance Committee** (RCGC) is chaired by a Non-Executive Director and is entrusted with leading the process of evaluating the nomination of new directors and making recommendations to the Board. The Committee is also responsible for monitoring and reviewing best corporate governance practices and reporting thereon to the Board, including on the annual review of the Evaluation of Board Performance. From time-to-time important matters relating to corporate governance are elevated to and dealt with at full meetings of the Board, at which all Directors participate.

Furthermore, the RCGC is responsible for drawing up and proposing the 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.

The **Related Party Transactions Committee** is chaired by a Non-Executive Director who deals with and reports to the Board on all transactions with related parties. In the case of any Director who is a related party with respect to a particular transaction, such Director does not participate in the committee's deliberation and decision on the transaction concerned. Notwithstanding the foregoing, such Director shall not be precluded from attending the meeting at which the matter is considered.

In view that the related party transactions most likely to arise would generally involve transactions with Trident Estates p.l.c. and Quinco Holdings p.l.c., the Committees responsible for reviewing such matters would be composed of a majority of Directors who are not common to the boards of the other companies. Furthermore, in the first instance the day-to-day negotiations between the three companies are delegated to the respective members of managements, who act independent, in the best interest of their respective company and without any conflict of interest which could impair their judgement. The management then report the relevant matters to the respective Committees.

## PRINCIPLES 9 AND 10: RELATIONS WITH SHAREHOLDERS AND WITH THE MARKET, AND INSTITUTIONAL SHAREHOLDERS

Every shareholder owning twelve and a half percent (12.5%) of the ordinary issued share capital or more, is entitled to appoint and replace a Director for each and every twelve and a half percent (12.5%) of such shares, and the remaining ordinary shares not so utilised are entitled to fill the remaining unfilled posts of Directors. Thus, each of the three major shareholders who are named and whose holdings are listed in Note 33 to the financial statements, normally each appoint two Directors for a total of six, the remaining two Directors then being elected by the general public shareholders. Accordingly, no individual or small group of individuals will be in a position to dominate the Board. The interests of the Directors in the shares of the Company are disclosed in the Shareholders' information section of this Annual Financial Report.

The Company recognises the importance of maintaining a dialogue with its shareholders and of keeping the market informed to ensure that its strategies and performance are well understood. The Board is of the view that during the period under review the Company has communicated effectively with the market through several company announcements and press releases.

The Board endeavours to protect and enhance the interests of both the Company and its shareholders, present and future. The Chairman ensures that the views of shareholders are communicated to the Board as a whole.

The Board always ensures that all holders of each class of capital are treated fairly and equally. The Board also acts in the context that its shareholders are constantly changing and, consequently, decisions take into account the interests of future shareholders as well. Shareholders also appreciate the significance of participation in the general meetings of the Company.

They hold Directors to account for their actions, their stewardship of the Company's assets and the performance of the Company. The agenda for general meetings of shareholders and the conduct of such meetings is arranged in such a manner to encourage valid discussion and decision-making. The Chairman and the Group Chief Executive also ensure that sufficient contact is maintained with major shareholders to understand any issues and concerns.

The Company also communicates with its shareholders through the Company's Annual General Meeting (AGM). Further detail is provided under the section entitled General Meetings. The Chairman facilitates the attendance of the Chairmen of the Audit and Risk Committee and the Remuneration and Corporate Governance Committee to be available to answer questions, if necessary.

Apart from the AGM, SFC communicates with its shareholders by way of the Annual Financial Report and by publishing its results on an annual basis. The Company's website ([www.farsons.com](http://www.farsons.com)) also contains information about the Company and its business, including an Investor Relations section. In addition, the Company holds a meeting for stockbrokers and financial intermediaries once a year to coincide with the publication of its Annual Financial Report. In recent years, the Group has also published a Financial Analysis Statement (FAS) on an annual basis.

The Company Secretary maintains two-way communication between the Company and its investors. Individual shareholders can raise matters relating to their shareholdings and the business of the Group at any time throughout the year and are given the opportunity to ask questions at the AGM or submit written questions in advance.

In terms of Article 51 of the Articles of Association of the Company and Article 129 of the Maltese Companies Act, 1995, the Board may call an extraordinary general meeting on the requisition of shareholders holding not less than one-tenth (1/10) of the paid-up share capital of the Company. Minority shareholders are allowed to formally present an issue to the Board of Directors.

In the event of conflicts arising between minority shareholders and the three major shareholders, who are also the original promoters of the Company, every effort shall be made to seek mediation.

## PRINCIPLE 11: CONFLICTS OF INTEREST

The Directors are strongly aware of their responsibility to always act in the best interest of the Company and its shareholders as a whole, and of their obligation to avoid conflicts of interest. Should any such conflicts of interest be perceived to arise:

- a Director is obliged to make full and frank disclosure with respect to any matter where there is a potential or actual conflict, whether such conflict arises from personal interests or the interests of the companies in which such person is a Director or Officer;
- the said Director is not precluded from attending the meeting, but is not involved in the deliberations or decision-making regarding the matter; and
- the said Director does not vote on any such matter.

A Director having a continuing material interest that conflicts with the interests of the Company, is obliged to take effective steps to eliminate the grounds for conflict. In the event that such steps do not eliminate the grounds for conflict, then the Director should consider resigning.

On joining the Board and regularly thereafter, the Directors are informed of their obligations on dealing in securities of the Company within the parameters of law, including the Capital Markets Rules and the Market Abuse Regulation.

The Directors' interests in the share capital of the Company as at 31 January 2026 and as at 30 April 2026 are disclosed in the Shareholder Information section of this Annual Financial Report.

## PRINCIPLE 12: CORPORATE SOCIAL RESPONSIBILITY

The principal objective of the Company's commitment to Corporate Social Responsibility (CSR) is to provide support where possible in aspects that include social, occupational, financial, cultural, and historical values. Tracing its origins since 1928, the Company is very much rooted in local culture and as a Company, it endeavours to meet the expectations of the community by engaging among a host of other initiatives in the following:

- Encouraging moderate drinking and responsible alcohol consumption;
- Corporate Social Responsibility (CSR) Day initiative - Together with other sponsoring companies, employees volunteer to carry out turnkey projects involving one day's work during a public holiday;
- Sponsorships of major charitable events on a national level;
- Promoting the industrial heritage of the Maltese Islands;
- Cooperating with the University of Malta, particularly in the areas of engineering, the built environment and history;
- Participation in recognised national student-exchange programmes for the benefit of local and foreign students;
- Assisting with environmental projects;
- Waste and energy conservation initiatives and policies;
- Liaising with NGOs and the provision of employment opportunities for groups of people with a disability on a yearly basis;
- Assisting employees encountering medical problems with obtaining overseas medical treatment;
- Supporting employees with a home loan interest subsidy scheme; Employee Assistance Programmes for employees needing support, rehabilitation, counselling and advice;
- The Farsons Foundation promotes and supports local initiatives and considers requests from a social, cultural and historical perspective at no commercial gain for the Company. The Foundation is entirely funded by subventions authorised by the SFC Board. The aims of the Foundation are to:
  - promote and assist the development and public manifestation of Maltese culture, especially in the fields of art, music, literature, and drama;
  - contribute to research projects and assist in the publication of studies undertaken by any duly qualified person or persons regarding Maltese disciplines relating to art, music, and drama;
  - provide assistance to talented Maltese to enable them to obtain higher professional standards than those that can be obtained locally in disciplines relating to art, music, and drama;
  - contribute by means of financial assistance towards the work of any private, voluntary, and non-profit organisation or religious body engaged principally in fostering social solidarity.

## Non-compliance with the Code

### PRINCIPLE 4 (CODE PROVISION 4.2.7):

This Code Provision recommends “the development of a succession policy for the future composition of the Board of Directors and particularly the executive component thereof, for which the Chairman should hold key responsibility”.

The Memorandum and Articles of Association of the Company provide for the appointment of directors as being a matter reserved exclusively to SFC’s shareholders (except where the need arises to fill a casual vacancy) as explained under Principle 3 of this report. However, in recognition of evolving standards of good corporate governance, the Remuneration and Corporate Governance Committee holds discussions concerning the composition of the Board and succession policies in relation thereto. An active succession policy is however in place for senior executive positions in the Company including that of the Group Chief Executive.

## Internal controls

### Internal Control

The key features of the Group’s system of internal control are as follows:

#### Organisation:

The Group functions through a main board of directors concurrent with subsidiary boards having clear reporting lines and delegated powers.

#### Control Environment:

The Group is committed to the highest standards of business conduct and seeks to maintain these standards across all of its operations. Group policies and employee procedures are in place for the reporting and resolution of fraudulent activities. The Group has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Group objectives.

#### Risk Identification:

Group management is responsible together with each subsidiary’s management, for the identification, evaluation, control and reporting of major risks applicable to their areas of business.

#### Reporting:

The Group has implemented control procedures designed to ensure complete and accurate accounting for financial transactions and to limit the potential exposure to loss of assets or fraud. Measures taken include physical controls, segregation of duties, reviews by management and internal audit.

On a monthly basis the Board receives a comprehensive analysis of financial and business performance, including reports comparing actual performance with budgets as well as the analysis of any variances.

## Cybersecurity

SFC recognise cybersecurity as an ongoing business risk requiring sustained attention and appropriate governance. The Group maintains a layered approach to cyber defence across the Group’s systems, digital infrastructure, informed by its assessed risk profile and evolving threat landscape, and supported by specialist external partners.

Building and maintaining employee awareness of cybersecurity threats, including phishing and social engineering remains a key priority. Dialogue is also maintained with relevant local and international authorities to support situational awareness on emerging risks.

Redundancy and continuity measures are maintained across the Group’s IT infrastructure, covering connectivity, data storage, systems availability, and communications. These are tested periodically and reviewed in line with the Group’s IT strategy and operational requirements, with the objective of minimising disruption in the event of a significant incident.

## Code of conduct

The existing Code of Conduct for SFC directors and employees was updated in January 2015 to replace an earlier version that had been approved by the Board of Directors in September 1997. While its fundamental principles remained unchanged, the Code continues to reinforce the Group’s core values of Success, Teamwork, Respect, Integrity, Dynamism and Excellence which are abbreviated by the acronym S.T.R.I.D.E.

SFC’s reputation depends on how each of its directors and employees conducts themselves both individually and collectively as a company. Therefore, the Code of Conduct complemented by existing policies and procedures are intended to serve as general guidance for all directors, leaders and employees in making responsible, values-driven decisions. It encourages all members of the Group to “do the right thing” and to ensure the highest standards of integrity, mutual respect and cordiality, contributing to an ethical and professional environment.

The full version of the Code of Conduct is accessible to all directors and employees on the Company’s intranet. The Group Human Resources Department promotes and ensures awareness of the Code, inter alia by providing adequate training to all new recruits as well as refresher initiatives for existing employees. During the financial year ended 31 January 2026, a short video outlining the salient points of the Code of Conduct was produced. This video forms part of the induction training for all new employees and was also presented to existing employees as a refresher during employee engagement sessions held after the end of the financial year.

The Code of Conduct explicitly promotes respect for colleagues, customers, business partners, the community, and the environment. It reaffirms the Board’s zero-tolerance policy towards bribery, corruption, improper payments and money-laundering as well as fraud malpractice wrongdoing, violence, discrimination, intimidation and harassment. The Code underscores the Group’s unwavering commitment to ethics, integrity and best practices across all aspects of its operations.

SFC employees have a responsibility to voice their concerns when they suspect/know that their superiors/colleagues are involved in something improper, unethical or inappropriate or have potentially infringed the Code of Conduct. To support this commitment, the Group maintains a Speak-Up policy originally approved by the Board of Directors in April 2014, which ensures that all cases of suspected wrongdoing are reported and managed in a timely and appropriate manner. This policy establishes clear reporting channels to enable employees and third parties engaging with SFC to raise concerns with confidence.

## General meetings

The manner in which the general meeting is conducted is outlined in Articles 49 to 52 of the Company's Articles of Association, subject to the provisions of the Maltese Companies Act, 1995. An Annual General Meeting of shareholders is convened within seven months of the end of the financial year, to consider the annual consolidated financial statements, the Directors' and Auditor's report for the year, to decide on dividends recommended by the Board and to elect the Directors and appoint the Auditors of the Company. The Remuneration Report is subjected to an advisory vote of the shareholders at each Annual General Meeting. Prior to the commencement of the Annual General Meeting, a presentation is delivered to shareholders outlining the progress made during the year and the strategies adopted in the light of prevailing market and economic conditions, and the objectives set by the Board, together with an assessment of future prospects. The Group's website ([www.farsons.com](http://www.farsons.com)) includes a dedicated Investors section.

The Group publishes its financial results every six months and from time-to-time issues Company Announcements or other public notices regarding matters which may be of general interest or of material importance to shareholders and the market in general, or which may concern price sensitive issues.

At the time of the Annual General Meeting, public meetings are held and institutional investors, financial intermediaries and investment brokers are invited to attend. Press releases are also issued periodically concerning the business activities of the Group.

All shareholders registered in the Shareholders' Register on the Record Date as defined in the Capital Markets Rules, have the right to attend, participate and vote at the general meeting. A shareholder or shareholders holding not less than 5% of the voting issued share capital may request the Company to include items on the agenda of a general meeting and/or table draft resolutions for items included in the agenda of a general meeting. Such requests are to be received by the Company at least forty-six (46) days before the date set for the relative general meeting.

A shareholder who cannot participate in the general meeting can appoint a proxy by written or electronic notification to the Company. Every shareholder represented in person or by proxy is entitled to ask questions which are pertinent and related to items on the agenda of the general meeting and to have such questions answered by the Directors or such persons as the Directors may delegate for that purpose.

## Gender Composition of the Board

This section of the Corporate Governance Statement provides information concerning the gender composition of the Board of Directors in terms of the requirements set out in Chapter 13 of the Capital Market Rules. The Board of Directors of SFC is currently composed of seven (7) male Directors and one (1) female Director.

The Company falls within the scope of Capital Markets Rule 13.3 and the EU Gender Balance Directive and is therefore required to reach either the following objectives:

- a. members of the underrepresented sex hold at least 40 % of non-executive director positions
- b. members of the underrepresented sex hold at least 33 % of all director positions, including both executive and non-executive directors.

Effectively, in practice, this means that the Company should have not less than three female directors on the Board by 30 June 2026. Penalties for non-compliance may apply in terms of Article 39A of the Financial Markets Act.

To support compliance with Capital Market Rule 13.3 and the EU Gender Balance Directive and to strengthen diversity at Board level, during the Nominations for the Election of Directors period held between the 24 April to the 8 May 2026, the Company invited shareholders to put forward nominations from the under-represented sex, currently female. The Company sought to encourage nominations of competent and experienced women who can contribute to the Board's effectiveness and strategic direction.

The Company received two (2) Nominations in respect of the two (2) posts which shall be vacated at the end of the seventy-ninth (79th) Annual General Meeting and therefore no election of Directors shall be held.

Furthermore, it is noted that in terms of the SFC's Articles of Association, shareholders owning twelve and half per cent (12.5%) of the ordinary issued share capital of the Company or more are entitled to appoint one Director for each twelve and half per cent (12.5%) of the ordinary share capital owned by such Shareholder. Accordingly, six (6) Directors are appointed by the three major shareholders who are named and whose holdings are listed in Note 33 to the financial statements. In this respect, the Company had formally notified each of the three major shareholders of the contents of Chapter 13 of the Capital Markets Rules and of the EU Gender Balance Directive detailing the scope, objective, reporting requirements and consequences of non-compliance, together with a request that they consider the regulatory framework and support the Company to align with the regulatory obligations.

The Board of Directors has therefore taken the appropriate measures to bring to the attention of (a) the three major shareholders and (b) the general public shareholders in the call for nominations for the election of directors, the contents of Chapter 13 of the Capital Markets Rules and the EU Gender Balance Directive. In the final analysis and in terms of the Memorandum and Articles of Association of the Company, the shareholders are the ultimate determinants of the composition of the Board. Finally, and in mitigation of the current shortfall in the level of representation of the underrepresented gender on the Board, as noted above the CFO and Company Secretary are present at all Board meetings. If their presence were to be taken into account, 33% of attendees at Board meetings would be members of the underrepresented sex.

**Signed by Louis A. Farrugia (Chairman) and Marcantonio Stagno d'Alcontres (Vice-Chairman) on the 27 May 2026**