



LIFESTAR HOLDING plc

**LifeStar Building, Testaferrata Street, Ta' Xbiex XBX1403**

## **Remuneration Policy**

## **REMUNERATION POLICY**

### **1. General**

Remuneration is important for the company as it effects a number of issues and can expose the company to a high level of risk if it is not managed appropriately.

Remuneration is the way in which the company rewards any person or entity that renders a service to the company. This includes directors, management, employees, intermediaries as well as any third party outsource service providers like investment managers, I.T. providers, external key function holders and other such service providers.

Remuneration should be used strategically to ensure that the company attracts and retains the best resources to enable it attain its strategic goals. Remuneration should incentivize all employees and outsource service providers to work towards attaining the set goals without exposing the company to any unnecessary risk.

In cases where remuneration is directly dependent on performance, the company is to set clear goals by way of Key Performance Indicators as to what should be achieved and by when in order for a person or service provider to qualify and attain the higher remuneration. The company should also put into place the systems necessary to measure whether or not past performance or additional / increased responsibilities qualifies for higher remuneration.

Any remuneration system has to be set up taking risk management and compliance into perspective, and remuneration should not impinge on the company's sustainability and its ability to maintain an adequate capital base.

This policy will outline:

- a) the goals that are to be pursued by this policy;
- b) the tasks that are to be performed in fulfilling this policy and who is responsible for them;
- c) the processes and reporting procedures to be applied; and
- d) the obligation of the relevant organisational units to inform the risk management, internal audit, and compliance functions of facts relevant for the discharge of their duties.

### **2. The Responsibility of the Board of Directors**

The appointment of any Board Committee does not discharge the Board of Directors from its overall responsibility of any function delegated to any committee and the Board of Directors is ultimately responsible for approving, amending where necessary, and ensuring the adherence to the Remuneration Policy.

### **3. Appointment of a Remuneration and Nominations Committee**

To assist the Board in the fulfilment of its role, the Board of LifeStar Holding plc has set up a Remuneration and Nominations Committee with its Terms of Reference in order to

ensure that the company adheres to and implements the Remuneration Policy and where necessary propose any changes in the policy to the Board of Directors.

#### **4. The role of the Remuneration and Nominations Committee**

The Remuneration and Nominations Committee will be responsible for the ongoing development of the remuneration policy and its oversight and implementation, and will be responsible for putting forward to the Board of Directors any recommendations for the remuneration itself.

The Remuneration and Nominations Committee will have access to all of the information required for the role and will be able to obtain support from internal and external entities if and when required for the fulfilment of the role. The role of the Committee will include advising the Board on matters related to remuneration.

Accurate and updated detailed records are to be kept of all remuneration to all Directors, Management, Employees and any outsourced service providers and these records are to be made available to the Internal Audit, Compliance, and Risk Management functions as required by them in order to discharge their duties. All remuneration is to be reviewed on an annual basis and a report on the adequacy (or otherwise), sustainability, overall performance, and any recommendations is to be forwarded to the Board of Directors for review annually.

#### **5. Remuneration Policy**

- a) The Remuneration Policy 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 any member of the Board of Directors, and the senior executives. The policy also aims to describe the components of such remuneration and how this will contribute to the Company's business strategy, in the context of its long term sustainable value creation. This remuneration policy mainly distinguishes between 5 parties, more precisely between directors (in their various forms and including the CEO) , Heads / senior management, employees, intermediaries and outsourced service providers.
- b) The remuneration policy is to encompass the business strategy of the company and any remuneration or incentive that is given should be conducive to the company in attaining its strategic goals.
- c) Any remuneration should also fit within the context of the company's risk policy and risk tolerance limits.
- d) The company is to ensure that no conflicts of interest arise in cases where individuals are involved in advising on the remuneration policy, setting remuneration mechanisms, preparing Key Performance Indicators, and assisting or advising on the remuneration policy.
- e) The company is to ensure that all remuneration in whichever form does not have a material impact on the company's risk profile including sustainability risk.
- f) The company is to ensure that all remuneration is consistent with market norms or parameters, and in proportion to the size and financial capability of the company without any undue exposure.

- g) Remuneration is to be performance based, must incentivize initiatives, and should reward the attainment of any pre-set goals where applicable in certain posts.
- h) All remuneration is to be congruent with the nature and responsibilities of the particular post within the company.
- i) Any remuneration given to any person or entity has to be seen within the context of the value that the company receives in return for remuneration.
- j) On an annual basis the Remuneration and Nominations Committee will present a Remuneration Report to the Board of Directors.

## **6. Remuneration Guidelines and Procedures**

### **6.1 Chairman's Remuneration.**

The Chairman of the Board will receive a fixed fee that will be determined by the Board of Directors. The fee will be set at a level that is market aligned and reflects the experience, qualifications and competencies required by the Chairman in view of the Group's size and complexity, the overall responsibilities of the role, and the time that the Chairman is expected to allocate to discharge his obligation and fulfil his duties as Chairman of the company.

### **6.2 Directors' Remuneration.**

The maximum annual aggregate emoluments, as well as any increase of any such emoluments of the directors is established pursuant to a resolution passed at a general meeting of the company where notice of the proposed aggregate emoluments and any increase has been given in the notice convening the meeting.

The members of the Board of Directors will receive a fixed fee per annum for their board membership and for each of the Board committees they may be appointed on. The fixed fee per annum will be recommended by the Chairman of the Board and reviewed by the Remuneration and Nominations Committee. In the event that any of the directors has an enhanced role, the Chairman, in consultation with the Chief Finance Officer may recommend to the Remuneration and Nominations Committee that an additional annual fixed fee be received for any such director. The Remuneration and Nominations Committee shall receive such recommendation and shall resolve thereupon. Board members will not have any incentive programmes and will therefore not receive any performance-based remuneration. The fees are to be set at a level that is market aligned and reflects the qualifications and competencies required in view of the Group's size and complexity, the responsibilities, and the time that the Board members are expected to allocate to discharge their obligations as members of the Board and as members of any Board Committees where applicable. The total remuneration of the Board members will be specified in the annual report.

The duration of this arrangement with directors shall last until the subsequent Annual General Meeting.

None of the Directors, in their capacity as Directors of the company, is entitled to profit-sharing, share options or pension benefits.

### **6.3 Managing Director**

The Remuneration Committee will forward its proposal for the remuneration of the Managing Director to the Board of Directors (in the absence of the Managing Director), and the Board will endorse / amend / make recommendations as deemed fit. The remuneration of the Managing Director will consist of a salary and any performance-related bonuses or fringe benefits will be at the sole discretion of the Remuneration Committee with the final approval of the Board of Directors.

### **6.4 Chief Executive Officer's Remuneration.**

The remuneration will be set at a level that is market aligned and reflects the role, responsibility and competencies required for each post as well as the size of the team that each Chief Executive Officer leads.

The remuneration of the Chief Executive Officer will consist of a salary, and any performance related bonuses and any fringe benefits will be at the sole discretion of the Chairman and submitted for approval of the Remuneration and Nominations Committee.

The Chairman (directly or through the Chief Finance Officer) will forward any recommendations for any changes to the remuneration of the Chief Executive Officers for the consideration of the Remuneration and Nominations Committee which will in turn review any such request and forward any request to the Board for the Board's final approval.

### **6.5 Heads / Senior Managers (Management Team)**

The remuneration of the Heads / Senior Managers is to be set at a level that is market aligned and reflects the role, responsibility and competencies required for each post as well as the size of the team that each Head / Senior Manager leads.

The remuneration of the Head / Senior Manager will consist of a salary and any performance related bonus and / or any fringe benefits.

The remuneration of the Heads / Senior Managers will be at the sole discretion of CEO without the need to refer to the Remuneration and Nominations Committee or the Board of Directors subject that the remuneration does not exceed a yearly remuneration of Fifty Thousand Euros (Eur 50,000). Any amount over this threshold will require the endorsement of the Remuneration Committee.

### **6.6 Employees**

The remuneration of the employees will be set at a level that is market aligned and reflects the role, responsibility and competencies required for each post as well as any progression that each employee accomplishes by way of added responsibilities and any additional professional qualifications relevant to the post that they occupy within the company.

The remuneration of the employees will consist of a salary and might include a performance related bonus and / or fringe benefits. The remuneration of the employees will be at the sole discretion of CEO without the need to refer to the Remuneration and Nominations Committee or the Board of Directors subject that the total annual remuneration does not exceed 50,000 Euros.

## **6.7 Intermediaries**

The Intermediaries of the company comprise, tied insurance intermediaries and independent insurance brokers.

Tied Insurance Intermediaries – These persons are self-employed and the only remuneration that they receive from the company is the commission arising from the sale of any policies. The commission that the company gives will be aligned with the market norms for the intermediation of this business.

Independent Insurance Brokers - The only remuneration that Brokers receive from the company is the commission arising from the conclusion of Life assurance contracts. The commission that the company gives is aligned with the market norms for the intermediation of this business.

The Remuneration and Nominations Committee will ensure that:

- the rates of commission remain competitive for the company to attract business,
- the rates of commission do not promote any aggressive sales drives to the detriment of the clients, and,
- systems in place to ensure that Intermediaries do not embark on short term strategies to conclude sales and create high lapses and / or non-renewals.

## **6.8 Outsource service providers**

The process of engaging and remunerating any outsource provider must comply with the Outsourcing Policy of the company. For the purposes of this Remuneration policy:

- a) the company is to ensure that any remuneration is in line with the outsourcing policy which outlines the process for selecting outsource service providers,
- b) the company is to ensure that any remuneration to outsource service providers does not prejudice the company in any way, and,
- c) any remuneration to any selected outsource service provider must be initiated through the receipt of competitive bids and any remuneration must be aligned with market norms. Low remuneration can result in a poor service to the company, and high remuneration can result in outsource service providers taking increased risks to protect their income for their service to the company.

## **7. Bonus Declarations**

Any performance-based bonuses that may be granted must be based on:

- the Group's end of year financial results,
- the attainment of KPIs which must be reflective of the Group's key strategic priorities,
- the result of the business unit in which the employee is employed, and,
- the individual employee's performance.

Both financial and non-financial factors shall be taken into consideration when determining the individual's bonus, i.e. compliance with the Group's internal guidelines and procedures.

At the end of each financial year, and based on the performance of the Group, the Chief Executive Officer together with the Chief Executive Officers will determine the total bonus amount that will be distributed to the Group's employees in the form of bonuses. The total bonus amount will require the endorsement of the Remuneration and Nominations Committee which will forward any recommendations to the Board for the final approval. On Board approval, the Chief Executive Officer and the Head of Human Resources to implement the payment of any approved bonuses.

## **8. Miscellaneous**

The Board of Directors may deviate from this policy in individual cases if justified by extraordinary and exceptional circumstances.

## **9. Policy Review**

This policy is to be reviewed annually by the Remuneration and Nominations Committee of the company. The annual review will ensure that the policy remains relevant for the company and that any improvements by way of amendments are indeed effected.

## **10. Effective Period of the Remuneration Policy**

If approved by the shareholders at the Company's Annual General Meeting, this Remuneration Policy shall apply for a maximum period of four (4) years. In accordance with the provisions of the Listing Rules, any material amendment to this Policy during the effective period will require prior General Meeting approval.

## **ANNUAL GENERAL MEETING APPROVAL DATES<sup>1</sup>**

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<sup>1</sup> The Remuneration Policy was last approved at the Annual General Meeting held on the 09 October 2020 and is being tabled for consideration and approval at the forthcoming Annual General Meeting to be held 31 July 2024.