

# CORPORATE GOVERNANCE STATEMENT

## A. INTRODUCTION

This statement is being made by Trident Estates plc (“TE”) pursuant to Capital Markets Rules 5.94 and 5.97 issued by the Listing Authority of the Malta Financial Services Authority and sets out the measures taken to ensure compliance with the Code of Principles of Good Corporate Governance (the Code) contained in Appendix 5.1 to Chapter 5 of the said rules. In terms of Capital Market Rule 5.94, TE is obliged to prepare a report explaining how it has complied with the Code.

TE acknowledges that the Code does not prescribe mandatory rules but recommends principles so as to provide proper incentives for the Board and TE’s management to pursue objectives that are in the interests of the Company and its shareholders.

TE adheres to generally accepted standards of good corporate governance encompassing the requirements for transparency, proper accountability, and the fair treatment of shareholders. The Board has therefore endorsed the Code of principles and adopted it. As demonstrated by the information set out in this statement, together with the information contained in the Remuneration Report, TE believes that it has, save as indicated in the section entitled Non-compliance with the Code, applied the principles in compliance with the provisions of the Code. In the Noncompliance 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.

## B. 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 TE, the affairs of the Company are managed and administered by a board composed of eight directors.

The Board is in regular contact with the Chief Executive Officer through the Chairman in order to ensure that the Board is in receipt of timely and appropriate information in relation to the business of TE 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. Directors are provided prior to each meeting with the necessary information and explanatory data as may be required by the particular item on the agenda. Comprehensive financial statements are also provided as necessary. The Company uses the services of external legal advisors. 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 for their performance to shareholders and other stakeholders, attend regular Board Meetings and allocate sufficient time to perform their duties. The Board ensures integrity of transparency, operational controls and compliance the relevant laws.

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

The statute of TE 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 Chief Executive Officer is to ensure effective overall management and control of Group business and proper co-ordination of the activities undertaken by the Group, and is responsible:

1. for the formulation and implementation of policies and strategy as approved by the Board;
2. to achieve the objectives of the Group as determined by the Board;
3. 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 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.

The Chief Executive Officer reports regularly to the Board on the business and affairs of the Group and the commercial, economic and other challenges facing it. 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 Chairman also chairs a weekly Executive Committee Meeting, during which operational issues are discussed.

The above arrangements provide sufficient delegation of powers to achieve effective management. The organisational structure ensures that decision making powers are spread wide 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 and experience that are relevant to the successful operation of the Company. Whilst relevance of skills is key, a balance between skills represented is sought through the work of the Nominations Committee to ensure that there is an appropriate mix of members with diverse backgrounds.

The Board is composed of a Chairman, and seven other Non-Executive Directors.

#### EXECUTIVE DIRECTORS

Mr Louis A. Farrugia – *Chairman*

#### NON-EXECUTIVE DIRECTORS

Mr Vincent Curmi – *Vice Chairman – up to 12th December 2023*

Mr Neil Psaila – *from 5th January 2024*

Mr Charles Borg

Mr Roderick Chalmers

Mr Michael Farrugia

Mr Alberto Miceli Farrugia

Marquis Marcus John Scicluna Marshall – *up to 5th January 2024*

Mr Matthew Marshall – *from 5th January 2024*

Prof. Avv. Alberto Stagno d'Alcontres – *up to 23rd May 2024*

Mr Andrea Stagno d'Alcontres – *from 23rd May 2024*

The Chief Executive Officer 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 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 the Board members 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, exist 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 Simonds Farsons Cisk plc ("SFC") with which the Company maintains contractual relationships, represent potential conflicts of interest.

This notwithstanding, all Directors 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:

- i. Disclosure and Exclusion: a Director is obliged to disclose any matter that may give rise to a potential or actual conflict. Following this, the respective Director is excluded from any deliberations and voting in respect of such matter.
- ii. Related Party Transaction Committee: with regards to any transactions which may be determined to be related party transactions, such transactions are referred to and dealt by the Related Party Transaction Committee (the "Committee"). As with the situation at Board level, any Director who is a related party with respect to a particular transaction is not permitted to participate in the Committee's deliberation and decision on the transaction concerned. Furthermore, due to the fact that the most frequent matters on which a related party transaction may arise would be in relation to a transaction with SFC, the Committee is made up of Directors who are different members from the boards of SFC and the Company respectively;
- iii. Continuing Conflict: 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 and should this not be possible, said Director is encouraged to consider resigning.
- iv. Separation of Family Interests: there are no ties or relationships between management and the Directors

### 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>	13
<b>Members Attended</b>	
Mr Louis A. Farrugia – <i>Chairman</i>	13
Mr Vincent Curmi – <i>Vice Chairman</i> <i>(until 12th December 2024)</i>	10 out of 12
Mr Neil Psaila <i>(from 5th January 2024)</i>	0 out of 1

Mr Charles Borg	10
Mr Roderick Chalmers	13
Mr Michael Farrugia	12
Mr Alberto Miceli Farrugia	13
Marquis Marcus John Scicluna Marshall (until 5th January 2024)	11 out of 12 (3 attended by an alternate director Mr Matthew Marshall)
Mr Matthew Marshall (from 5th January 2024)	1 out of 1
Prof. Avv. Alberto Stagno d'Alcontres	11

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 Committee, the Board reviews the effectiveness of the Company's system of internal controls. 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 Chief Executive Officer.

## Principle 6: Information and Professional Development

The Chief Executive Officer is appointed by the Board and enjoys the full confidence of the Board. The Chief Executive Officer, although responsible for the recruitment and selection of senior management, consults with the Board 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 office of the Chief Executive Officer. On joining the Board, a director is provided with briefings by the Chairman and the Chief Executive Officer 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 good information flows 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 the Board committees.

The Company provides the necessary resources for developing and updating its directors' knowledge and capabilities. The Company Secretary is 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, is to deal with the Board's performance evaluation and identify ways how to improve the Board's effectiveness. 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 subcommittees to assist it in the decision-making process and for the purposes of good corporate governance. The actual composition of these committees is provided in the Annual Report, but as stated earlier, each of the three major shareholders and the public shareholders are represented as far as possible.

The Audit Committee's primary objective 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 Audit Committee is composed of four members – Mr Roderick Chalmers (Chairman), Mr Neil Psaila, Mr Alberto Miceli Farrugia and Mr Charles Borg – all being Non-Executive Directors. All directors on the Audit Committee are independent 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 Audit Committee as a whole has extensive experience in matters relating to the Company's area of operations, and therefore has the relevant competence required under Capital Markets Rule 5.118. The Audit Committee oversees the conduct of the external audits and acts to facilitate communication between the Board, Management, and the external auditors.

The external auditors are invited to attend specific meetings of the Audit Committee and are also entitled to convene a meeting of the Committee if they consider that it is necessary so to do. The Chairman, the Chief Executive Officer and the Chief Financial Officer are also invited to attend Audit Committee meetings. Members of management may be asked to attend specific meetings at the discretion of the Audit Committee.

During the year ended 31 January 2024, the **Audit Committee** held four meetings.

The **Related Party Transactions Committee** is presided over by Non-Executive Director Mr Charles Borg and 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.

In view that the most frequent matters on which a related party transaction may arise would be in relation to a transaction with SFC, and that the Board of Directors of Trident Estates plc and that of SFC have a number of common Directors, the Board of Directors and the respective Related Party Transaction Committees in the first instance delegate the day-to-day negotiations between the two companies to the respective CEOs. The CEOs are fully independent, act in the best interest of their respective company and have no conflict of interest to impair their judgement. The CEOs then report to the respective Related Party Transaction Committees.

The **Remuneration Committee and Corporate Governance Committee** (RCGC) is chaired by Non-Executive Director Mr Charles Borg and is entrusted with leading the process for evaluating the nomination of new directors and making recommendations to the Board. The Committee is also responsible for monitoring and reviewing the 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, Non-Executive Directors, and Senior Management. The recommendations of the Remuneration and Corporate Governance Committee in this regard are submitted to the full Board for final approval. Individual Directors recuse themselves from any participation as appropriate.

## **Principles 9 and 10: Relations with Shareholders and with the Market, and Institutional Shareholders**

Every shareholder owning twelve percent (12%) of the ordinary issued share capital or more, is entitled to appoint and replace a director for each and every twelve (12%) 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 26 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 this Annual 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 endeavors 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 appreciate the significance of participation in the general meetings of the Company and particularly in the election of directors. 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-taking.

The Chairman and the Chief Executive Officer also ensure that sufficient contact is maintained with major shareholders to understand 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 makes arrangements for the chairmen of the Audit and the Remuneration and Corporate Governance Committees to be available to answer questions, if necessary.

Apart from the AGM, TE communicates with its shareholders by way of the Annual Report and Financial Statements, by publishing its results on an annual basis.

The Company's website ([www.tridentestatesplc.com](http://www.tridentestatesplc.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 financial statements.

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, 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.

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 act at all times in the best interest of the Company and its shareholders as a whole and of their obligation to avoid conflicts of interest. The latter may arise on specific matters. In such instances:

- 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 excused from the meeting and accordingly is not involved in the Company's board discussion on 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 Regulations.

The directors' interests in the share capital of the Company as at 31 January 2024 and as at 30 April 2024 are disclosed in the Shareholder Information.

## **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.

## **C. 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 and particularly the executive component thereof, for which the Chairman should hold key responsibility".

In the context of the appointment of directors being a matter reserved exclusively to TE's shareholders (except where the need arises to fill a casual vacancy) as explained under Principle 3 of this Report, and on the basis of the Directors' non-executive role, the Company does not consider it feasible to have in place such a succession policy. However, the recommendation to have in place such a policy is kept under review. An active succession policy is however in place for senior executive positions in the Company including that of the Chief Executive Officer.

## **D. INTERNAL CONTROL AND RISK MANAGEMENT INTERNAL CONTROL**

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

### **Organisation:**

The Board of Directors of the subsidiaries are made up of a majority or all Board members of TE and general and common issues are discussed across the board.

### **Control Environment:**

TE 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:**

Senior management is responsible together with the Board of Directors, for the identification, evaluation, control and reporting of major risks applicable to the 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 and reviews by management.

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 analysis of any variances.

## E. 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, to elect the directors and appoint the auditors. Prior to the commencement of the Annual General Meeting, a presentation is made to shareholders on the progress made and strategies adopted during the year in the light of prevailing market and economic conditions, and the objectives set by the Board, and an assessment on future prospects is given. The Group's presence on the worldwide web ([www.tridentestatesplc.com](http://www.tridentestatesplc.com)) contains an investor relations section.

Apart from the above, 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 to which institutional investors, financial intermediaries and investment brokers are invited to attend. Press releases are also issued from time-to-time on the business activities of the Group.

All shareholders in the Shareholders' Register on the Record Date as defined in the Capital Markets Rules, have the right to attend, participate and vote at 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.

## F. CODE OF CONDUCT

The Code of Conduct for TE employees was introduced in 2020. The basic principles of the Company are a legacy of SFC and the code reflects the same values of Success, Teamwork, Respect, Integrity, Dynamism and Excellence which are abbreviated by the acronym S.T.R.I.D.E.

TE's reputation depends on how each of its employees conduct themselves both individually and collectively as a company. Therefore, the Code of Conduct is intended to serve as general guidance for all employees who are expected 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 Code of Conduct makes it clear that the Board condemns any form of bribery and corruption, improper payments as well as money-laundering and has a zero-tolerance attitude to fraud malpractice and wrongdoing, and a commitment to ethics and best practice.

TE 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. The Speak-Up policy was established to ensure that all cases of suspected wrongdoing are reported and managed in a timely and appropriate manner.

*Signed by Louis A. Farrugia (Chairman) and Charles Borg (Remuneration and Corporate Governance Committee Chairman) on behalf of the Board on 30 May 2024.*