

**EXPLANATORY REPORT  
OF THE BOARD OF DIRECTORS  
ON THE FOURTH ITEM ON THE AGENDA  
OF THE ORDINARY SHAREHOLDERS 'MEETING  
(CALLED FOR 27 APRIL 2023)**

**Appointment of the Board of Statutory Auditors, related and consequent resolutions**

**The Italian Sea Group S.p.A.**

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Share capital € 26.500.000 f.p.  
Massa | Carrara Business Register  
REA MS 65218  
VAT no. 00096320452

## INTRODUCTION

On the date of the Shareholders' Meeting of THE ITALIAN SEA GROUP S.p.A. ("TISG" or the "Company"), called to approve the financial statements as at 31 December 2022, the three-year mandate received by the members of the Board of Statutory Auditors in office comes to an end.

The ordinary Shareholders' Meeting will therefore be called upon to adopt the resolutions relating to and consequent to the renewal of the control body, in compliance with current legislation and the Company's Articles of Association.

In particular, with reference to the fourth item on the Agenda of the meeting called for 27 April 2023, the Shareholders' Meeting will be called to express its opinion on:

### **4. Appointment of the Board of Statutory Auditors for the three-year period 2023-2025, related and consequent resolutions:**

#### **4.1 Appointment of three Statutory Auditors and two Alternate Auditors;**

#### **4.2 Appointment of the Chairman of the Board of Statutory Auditors;**

#### **4.3 Determination of the remuneration of the members of the Board of Statutory Auditors.**

Art. 125-ter of Italian Legislative Decree 24 February 1998, no. 58, as subsequently amended (the "Consolidated Law on Finance"), provides that, where not already required by other legal provisions, the Board of Directors, within the term of publication of the notice calling the Shareholders' Meeting, shall make a report on the items on the agenda available to the public at the Company's registered office, on the company's website and with the other methods envisaged by Consob regulation.

With reference to the aforementioned obligation, this report (the "Report") relates to the fourth item on the agenda of the Shareholders' Meeting and related sub-items, and was approved by the Board of Directors on 15 March 2023. The Report was filed at the registered office within the deadline set forth in art. 125-ter of the Consolidated Law on Finance, with the right for Shareholders to request a copy, and is also available in the "Corporate Governance/AGM" section of the Company's website ([www.investor.theitalianseagroup.com](http://www.investor.theitalianseagroup.com)), as well as at the centralised storage mechanism called "eMarket Storage", available at <https://www.emarketstorage.com/>.

This Report is published by the deadline for publication of the Notice calling the Shareholders' Meeting ("Notice"), i.e. by the fortieth day prior to the date of the Shareholders' Meeting, in the manner prescribed by current regulations.

The Notice contains the information required by art. 125-bis, paragraph 4 of the Consolidated Law on Finance, including the methods and terms for submitting lists of candidates for the appointment of the members of the Board of Directors and the Board of Statutory Auditors.

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## 4. APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS, RELATED AND CONSEQUENT RESOLUTIONS

### 4.1 Appointment of three Statutory Auditors and two Alternate Auditors;

Pursuant to art. 21 of the Articles of Association, the Board of Statutory Auditors is composed of 3 statutory auditors and 2 alternate auditors, appointed by the Shareholders' Meeting on the basis of lists submitted by the Shareholders, according to the following procedures and without prejudice to different and additional provisions envisaged by mandatory laws or regulations.

The statutory auditors remain in office for three financial years, may be re-elected and their term of office ends on the date of the Shareholders' Meeting called to approve the financial statements relating to the third year of their office.

#### Requirements for Statutory Auditors

All members of the Board of Statutory Auditors must:

- meet the **independence** requirements set forth in art. 148, paragraph 3 of the Consolidated Law on Finance and the *Corporate Governance Code*;
- meet the **integrity** requirements pursuant to art. 148, paragraph 4, of Italian Legislative Decree 58/1998 (Consolidated Law on Finance) and art. 2 of Italian Ministerial Decree no. 162 of 30 March 2000. More specifically:
  - a) he/she does not fall under any of the conditions of ineligibility or forfeiture envisaged by art. 2382 of the Italian Civil Code;
  - b) he/she has not been subjected to preventive measures ordered by the judicial authorities pursuant to Legislative Decree no. 159 of 6 September 2011 (anti-mafia) and subsequent amendments and additions, without prejudice to the effects of rehabilitation;
  - c) he/she has not been convicted with an irrevocable judgement, without prejudice to the effects of rehabilitation:
    - (i) a custodial sentence for one of the offences envisaged by the regulations governing banking, financial or insurance activities or by the regulations on markets and financial instruments, tax and payment instruments;
    - (ii) imprisonment for one of the crimes provided for in Title XI of Book V of the Italian Civil Code and Royal Decree 267 of 16 March 1942;
    - (iii) imprisonment for a period of six months or more for a crime against the public administration, against public faith, against property, against public order, against the public economy or for a crime in tax matters;
    - (iv) imprisonment for a period of one year or more for any crime committed without criminal intent;
  - d) he/she has not been subject to application, at the request of the parties, of one of the penalties provided for by the previous letter c) unless the offence was extinguished;
  - e) he/she has not received criminal convictions or other sanctions in foreign countries for cases corresponding to those that would entail, according to Italian law, the loss of the integrity requirements.
- he/she complies with the **limits on the number of administrative and control positions** that the statutory auditors of listed companies may hold in joint-stock companies, limited partnerships and limited liability companies, pursuant to art. 148-bis of the Consolidated Law on Finance and arts.

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144-duodecies to 144-quinquiesdecies of the Issuers' Regulation adopted with resolution no. 11971/1999;

- Furthermore, in compliance with art. 21.2 of the Articles of Association, all statutory auditors must be enrolled on the register of auditors and have worked as auditors on accounts for a period of not less than three years.

#### Submission of lists

Pursuant to art. 21 of the Articles of Association, Shareholders who, at the time of submission of the list, hold - alone or together with other submitting shareholders - a shareholding in the share capital of at least **2.5%**, may submit a list for the appointment of statutory auditors, as per Consob Resolution no. 76 of 30 January 2023.

Ownership of the minimum shareholding is determined with regard to the shares that are registered in favour of the shareholder on the day on which the lists are filed with the issuer; the relative certification can also be produced after the filing provided that it is within the deadline set for the publication of the lists.

The lists are filed at the Company's registered office by registered letter with return receipt or sent by certified e-mail to the address [tisg.ir@pec.it](mailto:tisg.ir@pec.it) at least 25 (twenty-five) days in advance (i.e. by **Sunday 2 April 2023, however, since 2 April 2023 is a public holiday, this deadline - for the sole benefit of the persons submitting the lists - is extended to Monday 3 April 2023**) of the date envisaged for the Shareholders' Meeting called to resolve on the appointment of the statutory auditors. The lists must also be made available to the public, by the Company, at least 21 (twenty-one) days before the date set for the aforementioned Shareholders' Meeting (i.e. **by 6 April 2023**) in accordance with the methods prescribed by the regulations in force.

In the event that, on the expiry date of the deadline for submitting lists, only one list has been filed, or only lists submitted by shareholders connected to each other pursuant to the applicable provisions, lists may be submitted up to the third day after that date (i.e. **until 14.00 on 6 April 2023**). In this case, the thresholds envisaged above for submission of the lists will be reduced to half (therefore equal to **1.25%** of the share capital).

Each list must comprise two sections: one for candidates for the office of statutory auditor, the other for candidates for the office of alternate auditor. Lists with a number of candidates equal to or greater than three and equal to or greater than two (in relation to the section for candidates for the office of alternate auditor) must be composed of candidates belonging to both genders in accordance with legislative and regulatory provisions. Only candidates who meet the limits of the number of offices held as established by the regulations may be included on the lists (statutory auditors in five other listed companies, not including subsidiaries, even if listed) and who meet the requirements of integrity, professionalism and independence.

In compliance with current legislation and regulations on gender balance, one third of the members of the Board of Statutory Auditors must belong to the less represented gender.

Pursuant to art. 144-undecies.1 of the Regulation issued by Consob with resolution no. 11971/1999 (the "Issuers' Regulation"), if the application of the gender allocation criterion does not result in a whole number of members belonging to the less represented gender, this number is rounded down to the lower number in the corporate bodies consisting of three members.

The lists must also be accompanied by:

- (i) information relating to the identity of the shareholders who submitted the lists, with an

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indication of the overall percentage of the shareholding held;

(ii) a declaration by shareholders other than those who hold, also jointly, a controlling or relative majority shareholding, certifying the absence of any connection with the latter as provided for by the regulations in force;

(iii) exhaustive information on the personal and professional characteristics of the candidates and the declarations with which the individual candidates accept their candidacy and certify, under their own responsibility, that they meet the requirements legally and statutorily prescribed for their respective offices;

(iv) the list of administration and control offices held by the candidates in other companies with the commitment to update this list at the date of the Shareholders' Meeting;

(v) any other document or information required by law.

Candidates not meeting the above requirements are not eligible.

Any change in the data communicated that may occur up to the day the Shareholders' Meeting is actually held must be promptly communicated to the Company.

Each shareholder, shareholders belonging to the same corporate group, as well as shareholders adhering to a relevant shareholders' agreement pursuant to art. 122 of the Consolidated Law on Finance, may not submit or contribute to the submission, even through a third party or trust company, of more than one list nor may they vote for different lists; in addition, each candidate may be present on one list only or he/she will lose their eligibility.

#### Election of the Board of Statutory Auditors

The election of the auditors shall proceed as follows:

- (i) two statutory auditors and one alternate auditor are elected from the list that obtained the highest number of votes (the "**Majority List**") based on the progressive order in which they are listed on the list;
- (ii) the remaining statutory auditor, who will assume the role of Chairman of the Board of Statutory Auditors, and the remaining alternate auditor will be elected, based on the progressive order in which the candidates are listed, from the second list that obtained the highest number of votes at the shareholders' meeting - which is not connected in any way, not even indirectly, pursuant to the laws and regulations in force at the time, with those who presented or voted for the list referred to in point 1 above.

In the event of a tie among several lists, a new vote shall be taken by the Shareholders' Meeting and the candidates who obtain a simple majority of votes are elected. In the event that only one list has been submitted, the Board of Statutory Auditors shall be drawn entirely from it with the majorities required by law.

#### **4.2 Appointment of the Chairman of the Board of Statutory Auditors;**

Pursuant to art. 21.10 of the Articles of Association, if at least two lists are submitted for the appointment of statutory auditors, the third standing auditor ("the Minority Auditor") shall be taken from the second list that obtained the highest number of votes, who will also take on the role of Chairman of the Board of Statutory Auditors.

If only one list has been submitted, art. 21.11 of the Articles of Association does not provide for rules for the appointment of the Chairman of the Board of Statutory Auditors. Therefore, the Shareholders' Meeting, in relation to the above, and subject to the failure to submit a Minority List,

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shall appoint, as Chairman of the Board of Statutory Auditors, the person indicated in first place in the section of candidates for the office of Standing Auditor in the single list submitted.

#### **4.3 Determination of the remuneration of the members of the Board of Statutory Auditors.**

Lastly, the Ordinary Shareholders' Meeting will also have to determine the amount of remuneration to be paid to the members of the control body for the entire term of office. The Board of Directors recommends that the remuneration of the Statutory Auditors be established in line with the professional commitment required by the office and with the related responsibilities, and that the proposals of the shareholders be presented (where appropriate also pursuant to art. 126-bis of the Consolidated Law on Finance) in a way that ensures they can be communicated to the public well in advance of the Shareholders' Meeting.

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Shareholders who intend to make proposals in relation to the above are invited to submit them at the same time as the Lists are filed or, in any case, within the same deadlines; this is in order to allow the Company to make them public together with the Lists and to allow an informed exercise of the right to vote by the shareholders who will attend the Shareholders' Meeting.

Marina di Carrara, 18 March 2023

For the Board of Directors  
The Chairman  
(Filippo Menchelli)

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