

**REPORT ON REMUNERATION POLICY AND COMPENSATION PAID**

*(Prepared pursuant to Article 123-ter of Legislative Decree no. 58/98, as subsequently amended, and to Article 84-quater of Consob Regulation 11971/99, as subsequently amended, as well as to Article 5 of the Corporate Governance Code.)*

**THE ITALIAN SEA GROUP S.P.A.**

[www.theitalianseagroup.com](http://www.theitalianseagroup.com)

Approved by the Board of Directors of 21 March 2023

## CONTENTS

GLOSSARY .....	4
INTRODUCTION.....	6
SECTION I: REMUNERATION POLICY .....	7
a) <i>Bodies or subjects involved in the preparation, approval and possible revision of the Policy, specifying their respective roles, as well as the bodies or subjects responsible for the correct implementation of this policy.....</i>	<i>7</i>
b) <i>Intervention by the Remuneration Committee or other committee competent on the matter, describing its composition (with the distinction between non-executive and independent directors), the competences and operating methods, and any further measures aimed at avoiding or managing conflicts of interest .....</i>	<i>7</i>
c) <i>How the Company took into account the remuneration and working conditions of its employees in determining the Policy .....</i>	<i>9</i>
d) <i>Purposes pursued with the Policy, its underlying principles, duration and, in case of revision, the description of the changes with respect to the Policy last submitted to the shareholders' meeting and how this revision takes into account the votes and evaluations expressed by the shareholders during that meeting or subsequently .....</i>	<i>10</i>
e) <i>Description of the policies regarding fixed and variable components of remuneration, with particular regard to the indication of the relative proportion within the overall remuneration and differentiating between short and medium-long term variable components. Description of the remuneration of the Chairperson and members of the Board of Directors, executive directors, non-executive and independent directors and Senior Managers.....</i>	<i>10</i>
f) <i>Policy followed with regard to non-monetary benefits .....</i>	<i>16</i>
g) <i>Information aimed at highlighting the contribution of the Policy, and in particular of the policy regarding variable remuneration components, to the corporate strategy, to the pursuit of long-term interests and to the sustainability of the Company .....</i>	<i>16</i>
h) <i>Information on the possible provision of clauses for maintaining the financial instruments in the portfolio after their acquisition, with indication of the retention periods and the criteria used to determine these periods.....</i>	<i>16</i>
i) <i>Policy relating to the treatments envisaged in the event of termination of office or termination of the employment relationship, specifying: .....</i>	<i>16</i>
(i) <i>Duration of any employment contracts and further agreements, notice period, if applicable, and what circumstances determine the onset of the right.....</i>	<i>17</i>
(ii) <i>Criteria for determining the remuneration payable to directors, general managers and, at aggregate level, to managers with strategic responsibilities, differentiating, where applicable, the components assigned by virtue of the office of director from those relating to employment relationship, as well as the components for any non-competition commitments. If such remuneration is expressed on the basis of the annuity, indicate in detail the components of this</i>	

	<i>annuity</i>	<i>(fixed,</i>	<i>variable,</i>	
	<i>etc.)</i> .....			<b>17</b>
	<i>(iii) Possible effects of the termination of the relationship on the rights assigned as part of incentive plans based on financial instruments or to be disbursed in cash</i> .....			<b>17</b>
	<i>(iv) Possible provision for the assignment or retention of non-monetary benefits in favour of the subjects or the stipulation of consultancy contracts for a period subsequent to the termination of the relationship</i> .....			<b>17</b>
j)	<i>Information on the presence of any insurance coverage, or social security or pension provisions, other than mandatory ones</i> .....			<b>17</b>
k)	<i>Remuneration policy possibly followed with reference to: (i) independent directors, (ii) participation in committees and (iii) the performance of particular offices (chairperson, deputy chairperson, etc.)</i> .....			<b>17</b>
l)	<i>If the remuneration policy was defined using the remuneration policies of other companies as a reference, and if so, the criteria used for the selection and indication of these companies</i> .....			<b>17</b>
m)	<i>Elements of the Remuneration Policy from which, in exceptional circumstances, an exception may be made and, without prejudice to the provisions of Regulation No. 17221 of 12 March 2010, any further procedural conditions under which the exception may be applied</i> .....			<b>18</b>

**SECTION II:**

<b>Fees paid</b> .....	<b>18</b>
------------------------	-----------

**FIRST PART:**

.....	<b>19</b>
-------	-----------

**Tables:**

.....	<b>21</b>
-------	-----------

## GLOSSARY

<b>Borsa Italiana:</b>	means Borsa Italiana S.p.A., with registered office in Milan, Piazza degli Affari 6.
<b>Code or Corporate Governance Code:</b>	indicates the corporate governance code for listed companies prepared by the Corporate Governance Committee for listed companies, promoted by Borsa Italiana.
<b>Civil Code:</b>	indicates the Italian Civil Code.
<b>Control and Risk Committee:</b>	indicates the Control and Risk Committee of TISG.
<b>Appointment and Remuneration Committee:</b>	indicates the Appointment and Remuneration Committee of TISG.
<b>Consob:</b>	indicates the National Commission for Companies and the Italian Stock Exchange, based in Rome, Via G.B. Martini 3.
<b>Board or Board of Directors:</b>	indicates the Board of Directors of TISG.
<b>Report Date:</b>	indicates 21 March 2023, the date on which this Report - as defined <i>below</i> - was approved by the Board of Directors
<b>Trading Start Date</b>	The first day the TISG shares were traded on Euronext Milan, i.e. 8 June 2021.
<b>Executives with Strategic Responsibilities:</b>	indicates the executives referred to in Article 65, paragraph 1- <i>quater</i> , of the Issuers' Regulation, possibly identified by the Board of Directors.
<b>Financial year:</b>	indicates the financial year ended 31 December 2022 to which the Report refers.
<b>Instructions to the Stock Exchange Regulation:</b>	indicates the Instructions for the Regulation of the Markets organised and managed by Borsa Italiana S.p.A.
<b>Policy on Remuneration or Policy:</b>	indicates the company's policy on the remuneration of members of the administrative bodies, general managers and executives with strategic responsibilities approved by the Board of Directors on 21 March 2023, as described in Section I of this Report.
<b>Issuers' Regulation or RE:</b>	indicates the Regulation issued by Consob with resolution no. 11971 of 1999 (as subsequently amended) regarding Issuers.
<b>Report:</b>	indicates this report on remuneration that companies are required to draw up pursuant to Article 123- <i>ter</i> of the TUF and Article 84- <i>quater</i> of the RE.
<b>Articles of Association:</b>	indicates the Articles of Association of TISG in force at the Report Date.
<b>TISG or the Company or the Issuer:</b>	indicates The Italian Sea Group S.p.A. with registered office in Marina di Carrara (MS), Viale Cristoforo Colombo 4-bis, registered in the Companies' Register of Massa-Carrara under no. 00096320452.

<b>TUF or Consolidated Law:</b>	indicates Legislative Decree no. 58 of 24 February 1998, as subsequently amended.
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## INTRODUCTION

This report on the remuneration policy and the compensation paid (the "**Report**") was prepared pursuant to (i) Article 123-ter of the TUF; (ii) of Article 84-quater of the Issuers' Regulation and the related Annex 3A, schemes no. 7-bis and 7-ter and (iii) Article 5 of the Code.

The Report, approved by the Board of Directors on 21 March 2023, is made up of two sections.

Pursuant to Article 123-ter, paragraph 3, of the TUF, Section I of the Report illustrates:

- (i) TISG's policy on the remuneration of members of the administrative bodies, general managers and executives with strategic responsibilities and the board of statutory auditors (the "**Remuneration Policy**" or the "**Policy**"); it should be noted that Section I does not describe the changes with respect to the remuneration policy most recently submitted to the shareholders' meeting, and how this review takes into account the votes and evaluations expressed by the shareholders during that meeting or subsequently, as the listing of the Company intervened on 8 June 2021 and during 2021 the Company was not required to and did not submit the report and the remuneration policy to the vote of the shareholders' meeting pursuant to article 123-ter of the TUF; and
- (ii) the procedures used for the adoption and implementation of this Policy.

Section II of the Report, pursuant to Article 123-ter, paragraph 4, of the TUF, by name for the members of the administrative and control bodies, the general managers and, in aggregate form, for the executives with strategic responsibilities:

- a) provides an adequate representation of each of the items that make up the remuneration, including the payments envisaged in the event of termination of office or termination of the employment relationship, highlighting its consistency with the Policy relating to the Financial Year;
- b) analytically illustrates the remuneration paid in the year for any reason and in any form by the Company and subsidiaries and associates, notifying any components of the above mentioned remuneration that refer to activities carried out in financial years previous to the current financial year and also highlighting the remuneration to be paid in one or more subsequent years for the activity carried out in the reference year, possibly indicating an estimate value for the components that cannot be objectively quantified during the year.

Finally, please find attached to this Report, pursuant to Article 84-quater, paragraph 4 of the Issuers' Regulation, any shareholdings held, by the Issuer and in the companies controlled by it, by the members of the administrative and supervisory bodies, by the general managers and by the other Executives with Strategic Responsibilities as well as by the spouses who are not legally separated and by minor children, directly or through subsidiaries, trust companies or third parties, resulting from the shareholders' register, from the communications received and from other information acquired by the same members of the administrative and control bodies, by the general managers and Executives with Strategic Responsibilities.

Pursuant to Article 123-ter, paragraph 6, of the TUF(Consolidated Financial Act), the Shareholders' Meeting - called for 27 April 2023, at 12.00 pm in single call, at the registered offices of The Italian Sea Group SpA in Carrara (MS), in viale Cristoforo Colombo 4-bis - will be called to resolve, in favour or against, on Section I of the Report envisaged by Article 123-ter, paragraph 3 of the TUF.

It should be noted that this Report is available at the Company's registered office and on its website at [www.theitalianseagroup.com](http://www.theitalianseagroup.com).

## SECTION I: REMUNERATION POLICY

**a) *Bodies or subjects involved in the preparation, approval and possible revision of the Policy, specifying their respective roles, as well as the bodies or subjects responsible for the correct implementation of this policy***

The Shareholders' Meeting of the Company expresses its opinion, with a binding vote, on Section I of the Report, which illustrates the Remuneration Policy, and, with a non-binding vote, on Section II of the Report.

Furthermore, the Shareholders' Meeting:

- establishes the remuneration of the members of the Board of Directors, pursuant to Article 2389 of the Civil Code and the remuneration of the members of the Board of Statutory Auditors, pursuant to Article 2402 of the Civil Code; and

- approves any compensation plans based on financial instruments pursuant to Article 114-bis of the TUF.

In particular, pursuant to Article 16 of the Articles of Association, the fees payable to the Board of Directors and any executive committee are determined by the Shareholders' Meeting and remain valid until otherwise resolved. The remuneration of directors vested with special offices is established by the Board of Directors, after consulting the Board of Statutory Auditors. However, the Shareholders' Meeting may determine an overall amount for the remuneration of all directors, including those vested with special offices.

In accordance with the provisions on corporate governance for listed companies dictated by Borsa Italiana in the Corporate Governance Code in Article 2 and in order to increase the effectiveness and efficiency of the Board of Directors, on 18 February 2021, the latter resolved the establishment of the Appointment and Remuneration Committee, among other things, with effect from the Trading Start Date.

The Company's Board of Directors ensures that the remuneration paid and accrued is consistent with the principles and criteria defined in the Policy, in light of the results achieved and other circumstances relevant to its implementation.

The Board of Statutory Auditors is the body with supervisory functions on compliance with the law and the Articles of Association as well as management control; in particular, it expresses its opinion on the remuneration of directors.

Please refer to letter b) below for information on the Appointment and Remuneration Committee.

**b) *Intervention by the Remuneration Committee or other committee competent on the matter, describing its composition (with the distinction between non-executive and independent directors), the competences and operating methods, and any further measures aimed at avoiding or managing conflicts of interest***

The Appointment and Remuneration Committee is made up of three non-executive directors, of which at least two are independent, including the Chairperson, appointed by the Board of Directors.

In compliance with the provisions of Article 5, Recommendation no. 29, the remuneration of non-executive directors is not - except for an insignificant part - linked to the Issuer's financial performance targets and provides for a remuneration adequate to the competence, professionalism and commitment required by the tasks assigned to them within the board of directors and in the board committees.

The Appointment and Remuneration Committee has the right to access the information and company departments necessary for the performance of its duties, have financial resources and make use of external consultants, within the terms established by the administrative body.

In line with the recommendations of the Corporate Governance Code, no director takes part in the meetings of the Appointment and Remuneration Committee in which the proposals to the Board of Directors relating to their own remuneration are formulated.

The establishment of this committee guarantees the widest possible information and transparency on the remuneration due to the Chief Executive Officers and top management, as well as on the respective methods of determination. However, it is understood that, in accordance with Article 2389, third paragraph, of the Civil Code, the remuneration committee has only propositional functions while the power to determine the remuneration of directors vested with special offices remains in any case with the Board of Directors, having heard the opinion of the Board of Statutory Auditors.

On 18 February 2021, the Board of Directors appointed as members of the Appointment and Remuneration Committee, subject to listing:

- Fulvia Tesio (as President)
- Antonella Alfonsi
- Massimo Bianchi

all in possession of adequate knowledge and experience in financial matters or remuneration policies, as confirmed by the Board of Directors on 28 April 2021.

On 18 February 2021, the Board of Directors adopted the Appointment and Remuneration Committee regulation, subsequently approved by the newly created committee in July 2021 (the "**Appointment and Remuneration Committee Regulation**").

In particular, the Appointment and Remuneration Committee Regulation provides for the Committee to be appointed by the Board of Directors which also appoints the Chairperson of the Committee itself.

The Committee is made up of three non-executive directors, of which at least two are independent, who remain in office until the expiry of the entire Board of Directors. At least one member of the Committee has adequate knowledge and experience in financial matters or remuneration policies, as assessed by the Board of Directors at the time of appointment.

If, during the term of office, one (or more) of the Directors making up the Committee are no longer available, the Board of Directors will replace them; the replacement, thus appointed, will remain in office until the expiry of the entire Board of Directors. The early termination of the Board of Directors, for any reason, determines the immediate forfeiture of the Committee.

For the constitution and resolutions of the Committee to be valid, the presence of the majority of its members in office is required and, in the absence of a call, the presence of all members in office. The members of the Committee will act collectively by deciding by majority.

The members of the Committee meet collectively whenever the Chairperson deems it necessary or when the other two Directors make a written request and, in any case, with the frequency necessary for the performance of their functions, usually on the dates provided for in the annual meetings calendar approved by the Committee itself.

The board meeting may be held in any place, even different from that of the Company's registered office, in Italy or abroad, including by teleconference or videoconference, provided that all participants are identifiable and are effectively able to follow the meeting and to participate in the discussion.

The call is made by the Chairperson or, on their behalf, by the Secretary of the Committee by fax and/or e-mail, sent at least three days before the date set for the meeting or, in case of urgency, at least one day before.

The notice of call includes details of the place, day and time of the meeting, as well as the list of matters to be discussed.

The meetings are chaired by the Committee Chairperson or, in the event of their absence or impediment, by another member of the same, appointed for this purpose by those present.

The Committee Chairperson annually reports to the Board on the activities carried out by the Committee and is domiciled at the Company's registered office.

The work of the Committee is coordinated by the Chairperson and the Chairperson of the Board of Statutory Auditors or another Statutory Auditor designated by the same participates in them; however, the other Statutory Auditors may also participate.



The Committee meetings are attended by the Committee Secretary, currently Ms Simona Del Re, who replaced Mr Giorgio Dughetti in this role in 2022.

The Committee may access the information and company functions necessary for the performance of its duties as well as avail itself of external consultants, adequately bound to confidentiality, within the terms established by the Board of Directors.

Therefore, persons who are not members of the Committee may participate in the Committee meetings, at the invitation of the Committee itself, with reference to individual items on the agenda. No director takes part in the meetings of the Appointment and Remuneration Committee in which the proposals to the Board of Directors relating to their own remuneration are formulated.

The minutes of the resolutions passed are drawn up by the Secretary of the Committee and signed by the Secretary themselves and by all the directors attending the meeting.

The Directors, if absent, may sign the minutes for acknowledgement.

The Committee's book of meetings and resolutions is kept by the Secretary of the Committee.

Pursuant to Recommendation 26 of the CG Code, in order to manage possible conflict of interest situations, no director takes part in the meetings of the Appointment and Remuneration Committee in which the proposals to the Board of Directors relating to their own remuneration are formulated.

Directors abstain from voting on the occasion of the resolutions of the Board of Directors concerning their own remuneration, all without prejudice to the regulations on transactions with related parties pursuant to the RPT Procedure (where applicable).

The Committee Chairperson reports on the meetings held by the Committee itself to the first possible meeting of the Board of Directors.

The directors who are part of the Committee will abide by the strictest confidentiality and secrecy with regard to all data, information and news provided and discussed in relation to the activities of the Committee itself and undertake not to disclose them in any way or to issue press releases and/or statements regarding their work.

In the performance of its functions, the Appointment Committee had the chance to access the information and company functions necessary for the performance of its duties, to have financial resources and to make use of external consultants, within the terms established by the Board. In this regard, please note that the Board of Directors of 18 February 2022 established the annual budget available to the Appointment and Remuneration Committee at Euro 10,000.

### **Functions of the Remuneration Committee**

The Appointment and Remuneration Committee, with advisory and propositional functions, in its capacity as the remuneration committee, has the task of assisting the administrative body in the activities of:

- preparation of the remuneration policy;
- submission of proposals or expression of opinions on the remuneration of executive directors and other directors who hold particular offices as well as on the setting of performance targets related to the variable component of this remuneration;
- monitoring of the actual application of the remuneration policy and verification, in particular, of the effective achievement of the performance targets;
- periodic assessment of the adequacy and overall consistency of the remuneration policy for directors and top management.

#### **c) *How the Company took into account the remuneration and working conditions of its employees in determining the Remuneration Policy***

The Remuneration Policy is determined taking into account the role, remuneration and working conditions of employees. In particular, the Policy is made up of tools and logics, applied to the entire company personnel, aimed at attracting, motivating and retaining resources with the professional

qualities necessary to contribute to the definition of the Company's growth strategy and the strengthening of its long-term interests and sustainability. In particular, the Policy is defined on the basis of specific criteria, including comparison with the reference market, the characteristics of the role and the responsibilities assigned, individual and group performance, as well as the people's distinctive skills, always with a view to maximum objectivity, in order to avoid any form of discrimination. The Policy is based on principles of meritocracy, equity, equal opportunities and competitiveness with respect to the reference market.

The Company organises training courses for both apprentices and more senior resources through the TISG Academy, the project launched in March 2021, dedicated to the creation of excellent courses for company employees and for undergraduates of Italian universities. This project is dedicated to topics of great interest to the nautical world, such as the prevention of fires on board, the analysis of noise phenomena or the transmission of vibrations to safety on board, without neglecting ongoing training on technical and aesthetic qualities, the fundamental value of the company philosophy. However, the training programs are diversified and also address *mental coaching* and legal issues that can be useful for improving the preparation and efficiency of employees.

In preparing the Remuneration Policy, the Company did not avail itself of the support of independent experts.

**d) *Purposes pursued with the Remuneration Policy, its underlying principles, duration and, in case of revision, the description of the changes with respect to the Policy last submitted to the shareholders' meeting and how this revision takes into account the votes and evaluations expressed by the shareholders during that meeting or subsequently***

The remuneration policy (hereinafter also *policy*) of TISG Spa is defined in line with the strategy of the group, with our governance model and with the guidelines of the Corporate Governance Code of listed companies and has the purpose, among others, of defining the principles and guidelines for determining the remuneration of the members of the Board of Directors, as well as the criteria to be used to define the remuneration of the Group's management and the rest of the company personnel. The *policy* is aimed at remunerating the performance of company employees who have different responsibilities and strategic objectives, therefore it envisages differentiated remuneration and incentive instruments that vary according to the different levels of classification and the technical-professional content of the position held. The *policy* has the primary objective of attracting to the company and motivating resources with the professional qualities to carry out the assigned tasks and fulfil the related responsibilities, in line with the interests of the management bodies and with the priority objective of creating value for shareholders over the medium-long term. The *policy* is aligned with the high-end practices of the reference market and is based on the principles of absolute transparency and meritocracy; it aims to adequately motivate and reward resources that stand out for their professional qualities, dedication and skills.

**e) *Description of the policies regarding fixed and variable components of remuneration, with particular regard to the differentiation between short and medium-long term variable components.***

The remuneration of Directors is established at a level suitable to attract, retain and motivate people with the professional qualities required to successfully manage the Company, taking into account its size and the sector in which it operates.

The remuneration policy for managers, some personnel categories qualified as Middle Managers and high-potential employees is divided into fixed remuneration and short and long-term variable remuneration.

**Fixed remuneration**

- is determined, in compliance with the National Collective Labour Agreement, in such a way as to adequately compensate the services rendered and is commensurate with the tasks and responsibilities assigned. In any case, it must be sufficient to remunerate the services rendered

also in case the variable component referred to below is not paid. The fixed component of remuneration aims to remunerate the role and, in particular, the responsibilities assigned to the recipients, taking into account, among other things, the experience gained, the quality of the contribution offered to the achievement of business results and the level of performance offered with respect to the assigned functions. The fixed component is also calculated in such a way as to ensure adequate attractiveness and *retention* in relation to the remuneration levels recognized by the reference market for the specific position. The process of “**Annual salary review**” is carried out annually. This is a tool for managing fixed remuneration, which aims to apply merit-based measures based on the assessment of the following elements: performance offered by resources in the year before the reference year/date of last economic-remuneration intervention/equity criteria with respect to other resources with similar duties, responsibilities and professional skills/length of service. It is possible to choose from following merit-based measures: increase in fixed remuneration/assignment of higher contractual level with adjustment of remuneration/one-off bonus payment;

### **Short-term variable remuneration**

- envisaged for the managerial population consists of a short-term component on an annual basis (**MBO System - Management by Objectives**). The MBO system promotes the achievement of annual business objectives and provides for the assignment of a certain number of predetermined and measurable objectives reported from time to time in the individual schedules delivered to the parties concerned at the beginning of every new year. The MBO system is extended to management personnel with the role of Executive and/or Level A1 classification (Middle Manager).

For the **year 2022**, this short-term incentive system was used for some executives with strategic functions within the following areas: Technical Departments/Project Management/Purchasing Department.

During the year 2023, according to the objective of pursuing the guidelines set out in the remuneration policy of TISG spa, the MBO system will be extended to a greater number of management personnel with the qualification of Executive and/or Level A1 classification (Middle Manager) with responsibilities in the following areas:

- Technical departments (project and/or function): technical directors/coordinators, function specialists;
- Sales departments: sales directors/sales managers - in this case we speak of “Sales incentive plans”;
- Project management: project managers;
- Operations Departments: operating functions managers/directors;
- Finance/HR/Marketing/Purchasing Departments.

**Collective access** to the short-term incentive is linked to the achievement of a performance condition (“GATE”) based on economic/financial and sustainability indicators (EBITDA - NFP - ESG TARGETS) which are identified annually jointly by the CEO and the CFO, shared with the Appointment and Remuneration Committee, approved by the BoD, and reported in the individual objective assignment schedules.

**The individual performance objectives**, the condition for the short-term incentive, on the other hand, can be of a qualitative and or quantitative nature, are modulated according to the role and organizational responsibility of the beneficiaries and comply with the “SMART” (Specific/Measurable/Achievable/Relevant Time-based) classification.

### **Long-term variable remuneration**

- is represented by a **share incentive plan** approved by the Board of Directors on 21 March 2023 and called “**Long Term Incentive Plan 2026-2028**”, aimed at executive directors, general managers, executives with strategic responsibilities and some employees with an open-ended employment contract, not included in the aforementioned categories, of the Company and of any companies controlled by TIGS pursuant to art. 2359, paragraph 1, no. 1

of the Italian Civil Code, pursuant to Article 114-bis of the TUF, to be implemented through the free assignment of option rights valid for the subscription of ordinary shares of the Company.

## 1. Reasons for the adoption of the Plan

The purpose of the Plan is to establish an incentive mechanism aimed at executive directors, general managers, executives with strategic responsibilities and some employees with an open-ended employment contract, not included in the aforementioned categories, of the Company and of its subsidiaries pursuant to art. 2359, paragraph 1, no. 1 of the Italian Civil Code, through the involvement of the same in the shareholding structure of TISG, with both incentive and *retention* purposes, aligning the interests of management with the pursuit of the priority objective of creating value for shareholders in medium-long term time frame and at the same time retaining the beneficiaries.

The proposal relative to the adoption of Plan, formulated by the Board of Directors on the proposal of the Appointment and Remuneration Committee of the Company, also takes place in execution of the guidelines concerning the incentive mechanisms adopted by TISG in view of the start of trading of the shares on the Euronext Milan organized and managed by Borsa Italiana S.p.A. and reported in the Prospectus. In particular, the Issuers' shareholders' meeting, on 18 February 2021, approved the guidelines ("the "Guidelines") of a stock option plan aimed at executive directors, general managers, executives with strategic responsibilities and some employees with an open-ended employment contract, not included in the aforementioned categories, of the Company or of any companies controlled by it pursuant to Article 2359, paragraph 1, no. 1 of the Italian Civil Code, reported in the Prospectus (First Part, Chapter XII), available on TIGS' website ([www.theitalianseagroup.com](http://www.theitalianseagroup.com), Section "Governance/Shareholders' Meeting"). The Plan will be submitted to the Shareholders' Meeting for approval on 27 April 2023.

## 2. Object and methods of implementation of the Plan

The Plan provides for the free assignment, to each of the beneficiaries identified by the Board of Directors, subject to the proposal of the Company's Appointment and Remuneration Committee within the categories of recipients indicated in Paragraph 3 below (the "**Beneficiaries**"), of options (hereinafter the "**Options**") which attribute to the Beneficiary, upon the occurrence of the exercising conditions (the "**Exercising Conditions**") envisaged by the Plan itself (as described in Paragraph 4 below), the right to subscribe TISG ordinary shares to be issued in execution of the Capital Increase envisaged to service the Plan, in the ratio of 1 Share for every 1 Option exercised under the terms and conditions set forth in the Plan.

The Plan is divided into three Cycles, each with a three-year duration: the 2023-2025 First Cycle, the 2024-2026 Second Cycle, and the 2025-2027 Third Cycle.

Each Cycle includes:

- The definition, during the Assignment phase, of the Exercise Conditions and the exercise price;
- Assignment to Beneficiaries of a certain number of Options;
- Determination of the number of Options that can be exercised, subject to verification of the Exercise Conditions;
- The subscription, by the Beneficiary, of a single Share for each individual Option that can be exercised, upon payment of the exercise price;
- the Delivery of the Shares to the Beneficiary.

The exercise price (the "**Exercise Price**") that the Beneficiary must pay to TISG for the subscription of each Share in the event of exercise of the exercisable Options is equal to the arithmetic average of the official prices recorded by the TISG share on the Euronext Milan organized and managed by Borsa Italiana S.p.A. in the 90 calendar days prior to the date of

approval of the notice of call of the Shareholders' Meeting for the approval of the financial statements. With reference to the First Cycle, the Exercise Price is equal to Euro 6.48, determined on the basis of the official prices recorded by the TISG share from 14 December 2022 to 14 March 2023. The Exercise Price for the Second Cycle and for the Third Cycle will be calculated in a similar manner.

It is proposed to determine the maximum total number of TISG ordinary shares to be assigned to the Beneficiaries for the execution of the Plan at 1,934,500 ordinary shares.

The Options assigned pursuant to the Plan will therefore attribute to the Beneficiaries, if they accrue the right to exercise them as specified in Paragraph 4 below, the right to subscribe a maximum of 1,934,500 ordinary shares, at the Exercise Price, in the ratio of 1 share for every 1 Option assigned and exercised, all within the terms and conditions of the Plan, as illustrated below.

The Company will make available to the Beneficiary the shares due to the Beneficiary following the valid exercise of the Options no later than 10 (ten) working days after the end of the calendar month in which the exercise took place.

The shares due to the Beneficiary following the exercise of the Options will have regular dividend rights.

The Plan will not receive any support from the special Fund for encouraging worker participation in companies, pursuant to Article 4, paragraph 112, of Italian Law no. 350 of 24 December 2003.

### **3. Recipients of the Plan**

The Plan is aimed at recipients who, at the date of assignment of the Options by the Board of Directors (the "**Assignment Date**") are executive directors, general managers, executives with strategic responsibilities and some employees with an open-ended employment contract, not included in the aforementioned categories, of the Company and any companies controlled by it pursuant to Article 2359, paragraph 1, no. 1 of the Italian Civil Code.

The Board of Directors will identify the individual Beneficiaries within the above categories and the number of Options to be assigned to each Beneficiary, taking into account the category, organisational level, responsibilities and professional skills of each Beneficiary.

This information will subsequently be communicated pursuant to art. 84-bis, paragraph 5 of the Issuers' Regulation. The Plan envisages that the Options may be assigned to the Beneficiaries by the Board of Directors within 3 (three) years from the date of approval of the Plan Regulation (the "Regulation"), which will be approved by the Board of Directors on the proposal of the Committee, and which will implement the provisions contained in this report and in the attached information document.

A condition for participation in the Plan is the continuation of the directorship or employment relationship with TISG or with a subsidiary (hereinafter, the "Relationship").

The Regulation will establish the various effects caused by the possible termination of the employment or collaboration or director even without delegated powers, taking into account the cause and the time the termination takes place ("good and bad leaver").

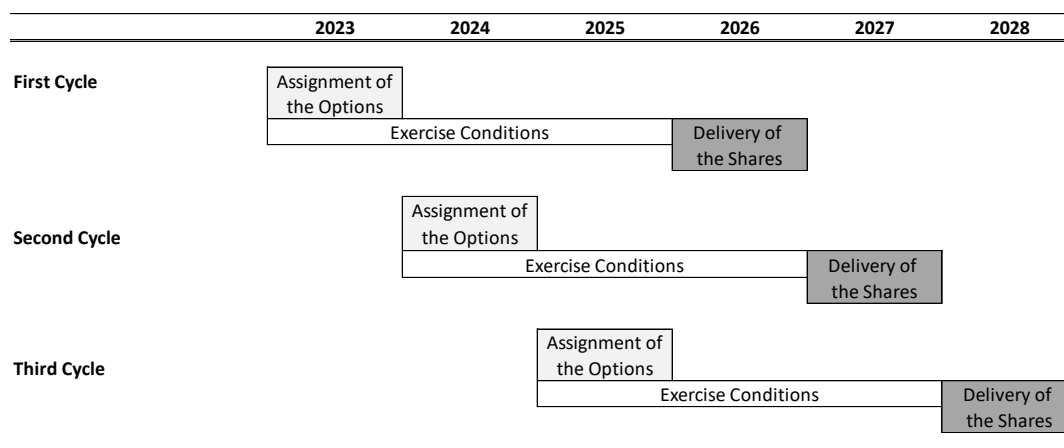
For the purposes of this document, it is noted that *Bad Leaver* means cases of Termination of the Relationship for: (i) revocation of the office held by the Beneficiary, or dismissal of the Beneficiary, with Just Cause; (ii) voluntary resignation of the Beneficiary not justified under *Good Leaver* options, including, by way of example, proven health reasons and retirement. In the event of Termination of the Relationship attributable to a case of *Bad Leaver*, the Beneficiary will definitively lose the right to exercise the Options and Exercisable Options not yet exercised.

### **4. Duration of the plan and conditions and terms for exercising options**

The Plan will end in 2028 with the last possible Delivery of the Third Cycle Shares as required by the Plan Regulation.

The Plan is divided into three Cycles (2023, 2024 and 2025), each with a three-year duration.

Merely by way of example, the following chart shows the three Cycles (2023-2025, 2024-2026 and 2025-2027), each with a three-year duration:



The Options may be exercised in the exercise periods established in the individual Option Contract in compliance with the Regulation (see previous Paragraph 2.2.1, point (ii) for details).

The Options must in any case be exercised by the Final Exercise Date, i.e. 31 December 2026 for the First Cycle, 31 December 2027 for the Second Cycle, and 31 December 2028 for the Third Cycle.

**The exercise of the Options (and the subsequent Delivery of the Shares to the Beneficiaries) is subject to verification by the Board of Directors of the fulfilment of the following exercise conditions, considered individually and separately (each an "Exercise Condition" and collectively "Exercise Conditions"):**

- **Performance Objectives:** are identified by the Board of Directors in relation to each Cycle of the Plan, on the proposal of the Appointment and Remuneration Committee. For each Performance Objective, an incentive curve is envisaged that links the number of Options that can be exercised to the Performance Objective achieved on the basis of different performance levels. The performance targets for the 1st Cycle of the Plan in the period 2023-2026 relate to:
  - Revenue growth ("Revenue Objective");
  - EBITDA margin ("EBITDA Margin Objective");
  - Net working capital ("NWC Margin Objective");
  - Sustainability objectives ("ESG Objective");
  - Objectives established based on the role and function of the Beneficiary.

In individual cases where a company interest is identified in line with the purposes of the Plan, the Board of Directors, on the proposal of the Appointment and Remuneration Committee, also has the option to allow the allocation of Options even if the Performance objectives have not been reached.

- **Minimum Holdings Requirements:** For the purposes of the Allocation, it is required that the Beneficiaries identified by the Board of Directors hold a shareholding in the Company in compliance with a series of parameters (the "*Minimum Holding Requirements*") that will be identified in the Regulation. It should be noted that the Board of Directors will have the option to make exceptions, for specific situations relating to newly recruited employees.

- ***Continuation of Relationship:*** The Allocation will be subject, among other things, to the condition of the Beneficiary being an employee or collaborator or a director even without delegated powers of the Group in a continuous Relationship with the Group. The Regulation will establish the various effects caused by the possible termination of the employment or collaboration or administration relationship, taking into account the cause and the time in which the termination should take place.  
The Options that cannot be exercised due to the non-fulfilment of the relative conditions will be automatically extinguished with consequent release of TISG from any obligation or liability.

## **5. Limits to the transfer of Options**

The Options will be allocated on a personal basis and may be exercised only by the Beneficiaries.

Unless otherwise resolved by the Board of Directors, without prejudice to transfers *following death* which will have the consequences described in Paragraph 3 above, the Options may not be transferred for any reason or in any case traded, pledged or subject to a right in rem by the Beneficiary and/or given as collateral, even if in application of the law.

There are no restrictions on the transfer of TISG shares subscribed following the exercise of the Options.

### ➤ **Chairman and members of the Board of Directors**

The remuneration of the Chairperson and Directors consists only of a fixed annual remuneration established pursuant to Article 2389 of the Civil Code.

### ➤ **Executive directors**

The remuneration of directors vested with special offices is established by the Board of Directors, after consulting the Board of Statutory Auditors pursuant to Article 2389 of the Civil Code.

### ➤ **Non-executive and independent directors**

The remuneration of non-executive and independent Directors consists of a fixed annual remuneration commensurate with the commitment required of each of them (also for participation in the activities of each internal board committee, as members of the same). This remuneration is currently determined to the same extent for all Non-executive and Independent Directors. The remuneration of non-executive and independent Directors is determined on a fixed basis, in line with the Governance guidelines for listed companies and may be increased by a portion referred to activities carried out within Board Committees.

### ➤ **Senior Executives**

For the purpose of identifying which subjects fall into the category of "Strategic Executives", the Company refers to the definition of "executives with strategic responsibility" as per Annex 1 of Consob Regulation no. 17221/2010 as amended, excluding the directors. Annex 1 of Consob Regulation no. 17221/2010 provides that: "Executives with strategic responsibilities are those individuals who have the power and responsibility, directly or indirectly, for the planning, management and control of the company's activities, including the directors (executive or otherwise), of the company itself". The figures that fall within the definition of Strategic Executives are identified by the Board of Directors or by the Chief Executive Officer and are classified, within the general classification of the Company's roles, as "General Managers". It should be noted that, with the support of the Remuneration Committee, the Chairperson of the Board of Statutory Auditors and the Human Resources and Organisation Department, five Strategic Executives were identified for the year 2022 (excluding the Chief Executive Officers who also hold the role of Strategic Executive). The remuneration of the Strategic Executives consists of:

- a fixed annual remuneration determined on the basis of the role and responsibilities assigned, considering the remuneration positioning in the context of national and international executive markets references for roles of similar level of responsibility and managerial complexity;
- a variable component of the remuneration linked to the achievement of commercial/company results in each single reference year, and only and exclusively on condition that both the achievement of annual targets and the absence of prejudicial conduct by the executive occur jointly, and whose amount is established as a percentage of economic parameters (turnover and/or operating margin) established annually by the Company, or linked to the managerial contribution provided with reference to a specific company project (MBO).

**f) Policy followed with regard to non-monetary benefits**

At the moment, the non-monetary benefits envisaged also concern the personal use of the assigned mobile phone and the possibility of using the gym-spa service in the Marina di Carrara headquarters free of charge.

**g) Information aimed at highlighting the contribution of the Policy, and in particular of the policy regarding variable remuneration components, to the corporate strategy, to the pursuit of long-term interests and to the sustainability of the Company**

The overall remuneration structure is able to recognise the managerial value of the individuals involved and the contribution made to the growth of the company in relation to their respective skills and functions in such a way as to attract, retain and motivate people with the professional qualities required to successfully manage the Company. To this end, the composition of the remuneration package for strategic executives is defined in accordance with criteria aimed at guaranteeing:

- (a) a direct link between remuneration and performance through mechanisms that establish the non-payment of bonuses in the event of failure to achieve the objectives and overall profitability of the company;
- (b) overall remuneration levels capable of recognising people's professional worth and their contribution to value creation.

***Vesting period, any deferred payment systems, with indication of the deferral periods and the criteria used to determine these periods and, if applicable, the ex post correction mechanisms of the variable component (malus or return of "claw-back" of variable compensation)***

The Remuneration Policy does not provide for deferred payment systems as of the report date.

**h) Information on the possible provision of clauses for maintaining the financial instruments in the portfolio after their acquisition, with indication of the retention periods and the criteria used to determine these periods**

At the Report Date, no clauses relating to the retention of financial instruments in the portfolio after their acquisition are envisaged.

**i) Policy relating to the treatments envisaged in the event of termination of office or termination of the employment relationship;**

As of the Report Date, the Company does not have a policy relating to the treatments envisaged in the event of termination of the office or termination of the employment relationship but reserves the right to implement it.

**(i) Duration of any employment contracts and further agreements, notice period, if applicable, and what circumstances determine the onset of the right**

The duration of employment contracts is generally indefinite. The contracts are subject to the trial period envisaged by the National Collective Labour Agreement applied. Executives with Strategic



Responsibilities relevant for the purposes of this Policy within the Issuer's corporate organisation chart are required to comply with the notice period provided for by the National Collective Labour Agreement for managers of industrial companies applicable to the company.

- (ii) ***Criteria for determining the remuneration payable to directors, general managers and, at aggregate level, to managers with strategic responsibilities, differentiating, where applicable, the components assigned by virtue of the office of director from those relating to employment relationship, as well as the components for any non-competition commitments. If such remuneration is expressed on the basis of the annuity, indicate in detail the components of this annuity (fixed, variable, etc.)***

The Company has stipulated with some executives, middle managers and employees with strategic functions non-competition agreements which provide for the Company to pay a certain annual sum divided into 12-month payments of the same amount, every year until the termination of the relationship, therefore for the duration of the agreement.

- (iii) ***Possible effects of the termination of the relationship on the rights assigned as part of incentive plans based on financial instruments or to be disbursed in cash***

As of the report date, the company does not have any incentive plans based on financial instruments.

- (iv) ***Possible provision for the assignment or retention of non-monetary benefits in favour of the subjects or the stipulation of consultancy contracts for a period subsequent to the termination of the relationship***

As of the report date, there is no provision for the assignment or retention of non-monetary benefits in favour of subjects after the termination of the employment relationship.

- j) ***Information on the presence of any insurance coverage, or social security or pension provisions, other than mandatory ones***

In line with *best practices*, a Civil Liability insurance policy is envisaged for the benefit of Directors, Executives, Middle Managers (D&O policy) and members of the Board of Statutory Auditors.

For each of its employees at all levels, the Company has a life and serious accident insurance policy, both at work and in everyday life.

- k) ***Remuneration policy possibly followed with reference to: (i) independent directors, (ii) participation in committees and (iii) the performance of particular offices (chairperson, deputy chairperson, etc.)***

In accordance with the provisions the Corporate Governance Code, the remuneration of non-executive directors is not linked to the Issuer's financial *performance* targets and provides for a remuneration adequate to the competence, professionalism and commitment required by the tasks assigned to them within the board of directors and in the board committees.

Pursuant to the Issuer's Articles of Association, the remuneration of directors vested with special offices is established by the Board of Directors, after consulting the Board of Statutory Auditors. However, the Shareholders' Meeting may determine an overall amount for the remuneration of all directors, including those vested with special offices.

- l) ***If the remuneration policy was defined using the remuneration policies of other companies as a reference, and if so, the criteria used for the selection and indication of these companies***

In defining the Remuneration Policy, the Company did not use the remuneration policies of other companies as a reference.

***m) Elements of the Remuneration Policy which, in the presence of exceptional circumstances, is possible to derogate and, without prejudice to the provisions of Regulation no. 17221 of 12 March 2010, any further procedural conditions on the basis of which the derogation can be applied***

In the presence of exceptional circumstances, the Company may derogate from the elements of the Remuneration Policy as illustrated below. Please note that "exceptional circumstances" means those situations in which the derogation from the Remuneration Policy is necessary for the purpose of pursuing the long-term interests and sustainability of the Company as a whole or to ensure its ability to stay on the market, such as by way of example and not limited to:

- (i) the occurrence, at national or international level, of extraordinary and unforeseeable events concerning the Company and/or the sectors and/or markets in which it operates, which significantly affect the Company's results, including the occurrence of significant negative effects not only of an economic or financial nature (such as those, for example, deriving from pandemic events, such as the Covid-19 health emergency);
- (ii) the intervention of substantial changes in the organisation of the business, both of an objective nature (such as extraordinary transactions, mergers, transfers, etc.), and of a subjective nature, such as changes in the top management team and the possible identification of subjects (other than directors and statutory auditors) qualifying as executives with strategic responsibilities relevant for the purposes of this Policy.
- (iii) significant changes in the perimeter of the business during the validity of the Policy, such as the sale of a business/business unit on whose business the performance targets of the reference Policy were based or the acquisition of a significant business not contemplated for the purposes of preparing the Policy itself. In any case, it is understood that any exceptions to the Policy will be subject to prior examination by the Committee and to the application of the rules provided for by the RPT Procedure. Without prejudice to the foregoing, the derogation may concern:
  - the reformulation of the performance targets to which the variable remuneration is linked and the frequency of determination of the same,
  - the review of the criteria used to evaluate the same objectives,
  - the change in the ratio between fixed and variable components of remuneration,
  - the awarding of one-off monetary bonuses,
  - the attribution of particular indemnities, in order to take into account the aforementioned exceptional circumstances and only to the extent that this is instrumental to the pursuit of the aforementioned interests;

## **SECTION II: FEES PAID**

This section is divided into two parts and illustrates:

- in the first part, indicated by name, for the fees attributed to the members of the administrative and control bodies as well as the general managers, and in aggregate form, for the fees attributed to Executives with Strategic Responsibilities, an adequate, clear and understandable representation of each of the items that make up the remuneration, including the treatments envisaged in the event of termination of office or termination of the employment relationship, if any, and the ways in which the remuneration contributes to the long-term results of the Company.
- the second part analytically reports the fees paid in the reference year for any reason and in any form by the Company and by subsidiaries and associates.

## **First part: Items that make up the remuneration**

### **Remuneration of members of the Administrative and Control Bodies**

On 8 May 2020, the Issuer's Shareholders' Meeting resolved to set the gross annual remuneration to be attributed to the Chairperson of the Board of Statutory Auditors to Euro 13,500 and, as gross annual remuneration to be attributed to the standing auditors, Euro 9,000.

On 21 October 2020, the Issuer's Shareholders' Meeting resolved to provide for a gross annual remuneration to be paid for the entire Board of Directors, equal to Euro 105,000, without prejudice to the additional fees for directors vested with special offices that the Board of Directors itself allocates among its members pursuant to Article 2389 of the Civil Code.

### **Directors vested with special offices**

On 21 October 2020, with the favourable opinion of the Board of Statutory Auditors, the Issuer's Board of Directors resolved:

- to pay Giovanni Costantino the gross annual remuneration of Euro 635,000 for the office of Chief Executive Officer, to be paid in 12 deferred monthly instalments;
- to pay Filippo Menchelli the gross annual remuneration of Euro 30,000 for the office of Chairperson of the Board of Directors and Employer, to be paid in 12 deferred monthly instalments;

On 3 March 2023, Mr. Marco Carniani was co-opted to the office of Director and appointed Vice President.

### **Remuneration of Executives with Strategic Responsibilities:**

(A)	(B)	(1)	(4)	(5)	(6)
Surname and name	Qualification	Employment remuneration	Non-monetary benefits	Other fees	Total
Greco Salvatore	Executive	149,999.97		44,102.93	<b>194,102.90</b>
Marco Carniani	Executive	80,000.00		80,000.00	<b>160,000.00</b>
Figara Marco	Executive	135,592.32			<b>135,592.32</b>
Protano Primiano	Executive	134,361.05			<b>134,361.05</b>
Bigagli Andrea	Executive	140,000.05		45,000.00	<b>185,005.00</b>
(I) Remuneration for the company that draws up the financial statements					
(II) Remuneration from subsidiaries and associates					
(III) Total				<b>169,102.93</b>	<b>809,061.27</b>

Notes: in column 1 "Employment remuneration": the amount indicated includes the Gross Annual Remuneration and the competition agreement compensation, both paid monthly.

Column 5 "Other fees" indicates remuneration linked to individual performance targets (commissions/performance bonus and other recognised fees, among others, for severance indemnity).

**Variable components**

During the year, the Company recognised the following amounts as individual performance bonuses:

Mr Marco Carniani Euro 80,000.

Mr Andrea Bigagli Euro 45,000.

**Tables**

**TABLE 1: Fees paid to members of the administrative and control bodies, general managers and other executives with strategic responsibilities**

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)
Surname and name	Office	Period for which the office was held	Term of office	Fixed remuneration	Remuneration for participation in committees	Employment remuneration	Other fees	Total	Indemnity for termination of office or termination of employment
Menchelli Filippo	Director	01/01-31/12	Approval of financial statements as at 31 December 2022	15,000.00		91,185.05	144,999.92	281,184.97	
	Vice President of the Board of Directors	01/01-31/12	Approval of financial statements as at 31 December 2022	30,000.00					
Taranto Giuseppe	Director	01/01-31/12	26.2.2023	15,000.00		200,000.00	370,220.00	585,220.02	
	Vice President of the Board of Directors	01/01-31/12	26.2.2023	0					
Marco Carniani	Vice President of the Board of Directors	03/03/2023	Approval of financial statements as at 31 December 2022	0					
Costantino Giovanni	Director	01/01-31/12	Approval of financial statements as at 31	15,000.00		0	0	650,000.00	

			December 2022						
	Chief Executive Officer	21/10/2020	Approval of financial statements as at 31 December 2022	635,000.00					
Giulio Pennacchio	Director	01/01-31/12	28/09/2023	12,500.00		200,000.02	98,000.00	310,500.02	
Gianmaria Costantino	Director	10/11-31/12	Approval of financial statements as at 31 December 2022	2,701.61				2,701.61	
Massimo Bianchi	Director President of the Control and Risk Committee President of the Related Party Transactions Committee Member of the Appointment and Remuneration Committee	01/01-31/12	Approval of financial statements as at 31 December 2022	15,000.00		0	0	15,000.00	
Alfonsi Antonella	Director Member of the Appointment and Remuneration Committee	01/01-31/12	Approval of financial statements as at 31 December 2022	15,000.00		0	0	15,000.00	

	Member of the Control and Risk Committee								
Tesio Fulvia	Director President of the Appointment and Remuneration Committee Member of the Control and Risk Committee	01/01-31/12	Approval of financial statements as at 31 December 2022	15,000.00		0	0	15,000.00	
Simbolo Felice	President of the Board of Statutory Auditors	01/01-31/12	Approval of financial statements as at 31 December 2022	13,500.00		0	0	13,500.00	
Borghesi Mauro	Standing Auditor	01/01-31/12	Approval of financial statements as at 31 December 2022	9,000.00		0	0	9,000.00	
Bortolotti Barbara	Standing Auditor	01/01-31/12	Approval of financial statements as at 31 December 2022	9,000.00		0	0	9,000.00	
<b>Directors, Statutory Auditors and Key Managers (5)</b>				<b>801,701.61</b>		<b>491,185.07</b>	<b>613,219.92</b>	<b>1,906,106.62</b>	
(I) Remuneration for the company that draws up the financial statements									

NOTES:

- \* Column 1 "fixed remuneration" indicates the remuneration resolved for corporate offices.
- \* Column 3 "Employment remuneration": the amount indicated includes the RAL and the consideration for the non-competition agreement, which is paid monthly;
- \* Column 4 "Other fees" indicates remuneration linked to individual performance targets (commissions/performance bonus).

*This document is an English translation from Italian. The Italian original shall prevail in case of differences in interpretation and/or factual errors.*