

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

**Appointment of the Board of Directors, 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 Directors (“BoD”) 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 administrative body in compliance with current regulations and the Company's Articles of Association.

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

3. Appointment of the Board of Directors, related and consequent resolutions:
  - 3.1 Determination of the number of members of the Board of Directors;
  - 3.2 Determination of the term of office of the Board of Directors;
  - 3.3 Appointment of the members of the Board of Directors;
  - 3.4 Appointment of the Chairman of the Board of Directors;
  - 3.5 Determination of the remuneration of the members of the Board of Directors.

Article 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 third 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 “Governance/Shareholders' Meeting” 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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## APPOINTMENT OF THE BOARD OF DIRECTORS, RELATED AND CONSEQUENT RESOLUTIONS

### 3.1 Determination of the number of members of the Board of Directors;

### 3.2 Determination of the term of office of the Board of Directors;

Pursuant to art. 12 of the Articles of Association, the Board of Directors is composed of a minimum of 5 (five) and a maximum of 11 (eleven) members. The Shareholders' Meeting determines the number of members of the Board of Directors, a number that remains unchanged until otherwise resolved.

The Board of Directors therefore requests the number of members of the Board of Directors to be established as 7 (seven) as this size was deemed suitable to ensure the correct performance of corporate functions.

Pursuant to art. 12.3 of the Articles of Association, the directors remain in office for three financial years, unless a shorter period is established by the Shareholders' Meeting at the time of their appointment; their mandate expires on the date of the Shareholders' Meeting called to approve the financial statements for the last financial year of their office, and can be re-elected.

That said, the following proposals are submitted to the Shareholders for approval:

*“The Shareholders' Meeting of THE ITALIAN SEA GROUP S.P.A.:*

- *taking into account the provisions of art. 12 of the Articles of Association with regard to the size of the Board of Directors;*
  - *having examined the explanatory report of the Board of Directors;*  
*resolves*
1. *to establish the number of members of the Board of Directors as no. 7 (seven)”.*

*“The Shareholders' Meeting of THE ITALIAN SEA GROUP S.P.A.:*

- *taking into account the provisions of art. 12 of the Articles of Association regarding the duration of the Board of Directors;*
  - *having examined the explanatory report of the Board of Directors;*  
*resolves*
1. *to determine the term of office of the Board of Directors to be a period of 3 (three) years taking effect from the acceptance of the office and expiring on the occasion of the Shareholders' Meeting called to approve the financial statements as at 31 December 2025”.*

### 3.3 Appointment of the members of the Board of Directors;

#### Characteristics of the directors

The appointment of the Board of Directors is carried out with the list voting procedure, in compliance with the provisions of current legislation and art. 13 of the Articles of Association, to which reference should be made for matters not reported below.

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The Board of Directors must be composed as summarised below in compliance with certain requirements, applicable to all or some of its members:

All directors must meet the requirements of professionalism, eligibility and integrity envisaged by law and other applicable provisions. In addition, a number of directors identified in accordance with the applicable legal and regulatory legislation, also with regard to the share listing segment, must meet the independence requirements therein, as well as the additional requirements set forth in the *Corporate Governance Code*.

All directors must declare that they meet the **integrity** requirements set forth in the combined provisions of art. 147-quinquies and 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.

Pursuant to art. 13 of the Articles of Association and having regard to the Code of Corporate Governance, at least 2 (two) directors must meet the **independence** requirements set forth in arts. 147-ter, paragraph 4, and 148, paragraph 3, of Italian Legislative Decree 58/1998 and art. 2 of the Corporate Governance Code.

Art. 147-ter, paragraph 1-ter, Consolidated Finance Act, as amended by Law no. 160 of 2019, provides that the allocation of directors to be elected must be carried out on the basis of a criterion that ensures **gender balance**. The less represented gender must comprise at least two fifths of the elected directors and this allocation criterion applies for six consecutive terms and one fifth for the first renewal subsequent to the start date of negotiations, unless otherwise provided by law or regulations in force at the time. Therefore, in this case, since this is the first renewal after the start date of negotiations, the less represented gender should comprise at least one fifth of the elected

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directors. However, in consideration of the Company's adherence to the Corporate Governance Code, at least one third of the directors of the less represented gender should be appointed in accordance with the provisions of the aforementioned Code in recommendation no. 8.

### Preparation and filing of lists

Pursuant to the Articles of Association, the Board of Directors is appointed by the Shareholders' Meeting on the basis of lists submitted by the shareholders, according to the procedure set out in the following provisions unless otherwise provided for by mandatory laws or regulations.

Shareholders who, at the time of submission of the list, hold - alone or together with other presenting shareholders - a shareholding in the share capital of at least **2.5%** may submit a list for the appointment of directors, 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.

Each list must contain and expressly indicate at least 2 directors who meet the independence requirements envisaged by the applicable regulations and the Code of *Corporate Governance*.

The lists cannot be composed only of candidates belonging to the same gender (male or female); each list must include a number of candidates of the least represented gender that ensures that the composition of the board of directors complies with the legal and regulatory provisions in force from time to time on gender balance (male and female), it being understood that if application of the gender allocation criterion does not result in a whole number, this must be rounded up to the next higher unit.

The lists submitted by the Shareholders must be filed at the Company's registered office by registered letter with return receipt or sent by certified email to the address [tisg.ir@pec.it](mailto:tisg.ir@pec.it) from a certified email address by the twenty-fifth day prior to the date of the shareholders' meeting (Sunday 2 April 2023) called to resolve on the appointment of the members of the Board of Directors, however, as 2 April 2023 is a holiday, this deadline - with sole regard to the submissions of the lists - is extended to Monday 3 April 2023; the lists will be made available to the public at the registered office, on the website [www.investor.theitalianseagroup.com](http://www.investor.theitalianseagroup.com), (section "Corporate Governance/AGM") and at the "eMarket Storage" storage mechanism available at [www.emarketstorage.com](http://www.emarketstorage.com) at least twenty-one days before the date of the Shareholders' Meeting (Thursday 6 April 2023), subject to publication of the lists in accordance with the law.

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.

Together with each list, exhaustive information on the personal and professional characteristics of the candidates is filed, as well as the declarations submitted by the individual candidates accepting the candidacy and certifying, under their own responsibility, that they meet the requirements prescribed by law and regulations for members of the Board of Directors, and any other document required by law and regulations.

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.

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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.

Those who submit a “minority list” are subject to the recommendations formulated by Consob with Communication no. DEM / 9017893 of 26 February 2009.

### Election of the Board of Directors

In the presence of more than one list, one of the members of the Board of Directors is drawn from the second list which obtained the highest number of votes and which is not connected to the first list in accordance with the laws and regulations in force.

With regard to the methods of appointment, based on the provisions of art. 13.6 of the Articles of Association, the Board of Directors is elected as follows:

- 1) from the list that obtained the highest number of votes, all the directors to be elected except one are taken in the progressive order in which they are indicated on the list itself, (the “Majority List”);
- 2) a director is elected in compliance with the law, based on the progressive order in which the candidates are listed in the list, from the second list that obtained the highest number of votes - 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.

If two lists have obtained the second highest number of votes, a new vote is taken by the Shareholders' Meeting and the candidate who obtains the most votes is elected. If, as a result of the application of the above-mentioned list voting mechanism (i) the minimum number of candidates meeting the independence requirements is not elected and/or (ii) the composition of the board does not comply in terms of gender balance with the legal regulations or with codes of conduct drawn up by companies managing regulated markets to which the Company adheres, the candidates meeting the requirements will be elected to replace the candidates without these requirements included in the list from which the persons to be replaced were drawn from. In the event that only one list is presented, the directors will be taken from that list as long as it has been approved with a simple majority of votes.

In the event that no list is presented (or the list presented does not allow for the appointment of directors in compliance with the regulatory provisions in force or, in any case, if it is not possible to proceed according to the list voting rules), the Shareholders' Meeting resolves with the majorities required by law, without observing the procedure provided above and in any case in such a way as to ensure the presence of the minimum number of independent directors required by the applicable regulations as well as compliance with the applicable regulations on gender balance.

Lists that have obtained a percentage of votes at the Shareholders' Meeting that is lower than half of those required by the statutory provision for the submission of the lists are not taken into account.

### **3.4 Appointment of the Chairman of the Board of Directors;**

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Pursuant to art. 15.1 of the Articles of Association, the appointment of the Chairman of the Board of Directors is the primary responsibility of the Shareholders' Meeting. Said art. 15.1 provides that the Board of Directors may elect a Chairman from among its members if the Shareholders' Meeting has not done so. The outgoing Board of Directors shall refrain from formulating specific proposals in this regard and therefore asks the Shareholders' Meeting to appoint the Chairman of the Board of Directors from among the Directors who will be elected in accordance with the voting results relating to the previous item 3.3 on the agenda, on the basis of the proposals that may be formulated by the Shareholders.

### 3.5 Determination of the remuneration of the members of the Board of Directors

The members of the board of directors are entitled to a fixed annual remuneration as payment for their office, determined by the shareholders' meeting and allocated by the board itself among its members, in addition to the provisions of art. 2389 of the Italian Civil Code for directors vested with special offices as well as the reimbursement of expenses incurred in relation to their office. The shareholders' meeting may determine an overall amount for the remuneration of all directors, including those vested with special offices.

The Board of Directors currently in office proposes to the Shareholders to determine the total annual gross remuneration as Euro 105,000 (Euro *onehundredfivethousand/00*), and to delegate to the Board of Directors itself, pursuant to art. 16 of the Articles of Association, the authority to determine the remuneration of the individual Directors vested with special offices, subject to the opinion of the Board of Statutory Auditors.

It is understood that the remuneration for Directors holding special offices, always in compliance with the aforementioned Remuneration Policy of the Company, will be determined by the Board of Directors.

In view of the above, the following proposal is submitted to the Shareholders for approval:

*“The Shareholders' Meeting of THE ITALIAN SEA GROUP S.P.A.:*

- *taking into account the provisions of art. 16 of the Articles of Association with regard to the remuneration of the Board of Directors;*
- *having examined the explanatory report of the Board of Directors;*

*resolves*

1. *to set the total remuneration for the members of the Board of Directors at € 105,000 (Euro onehundredfivethousand/00) to be allocated among the individual members as established by a specific resolution of the Board of Directors itself”.*

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Marina di Carrara, 18 March 2023

For the Board of Directors  
The Chairman  
(Filippo Menchelli)

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

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