SANLORENZO

Sanlorenzo S.p.A.

Registered office in via Armezzone 3, Ameglia (SP) – Share capital €35,019,221 fully paid-in
Company Register of Riviere di Liguria – Imperia La Spezia Savona and tax code: 00142240464
www.sanlorenzoyacht.com
Traditional management and control system

Explanatory report on the fifth item on the agenda of the ordinary shareholders' meeting

Report on the "2024-2028 LTI Plan".

Related and consequent resolutions.

Explanatory report on the fifth item on the agenda of the ordinary shareholders' meeting

5. Resolutions pursuant to Article 114-bis of Italian Legislative Decree no. 58 of 24 February 1998 and subsequent amendments, regarding the establishment of a compensation plan based on financial instruments called "2024-2028 LTI Plan". Related and consequent resolutions.

Shareholders,

We would submit for your approval a compensation plan based on financial instruments, aiming to ensure incentive and loyalty, called performance shares and referred to as the "2024-2028 LTI Plan" (hereinafter, the "**Plan**"); it is reserved to executive directors, general managers, managers, employees and collaborators not bound by employment contracts, who are key to Sanlorenzo S.p.A. ("**Sanlorenzo**" or the "**Company**") and its direct or indirect Italian and foreign subsidiaries pursuant to Article 93 of Legislative Decree no. 58 of 24 February 1998 (the "**Italian Consolidated Law on Finance**", or "**TUF**"), or qualifying as subsidiaries in accordance with the accounting standards applicable over time or included in the consolidation perimeter (hereinafter the "**Subsidiaries**" and, together with Sanlorenzo, the "**Group**"), pursuant to Article 114-*bis* of the TUF, to be implemented through the free assignment of rights valid for the free assignment of ordinary treasury shares in the Company's portfolio.

Sanlorenzo ordinary treasury shares will be used to service the Plan, subject to prior authorisation pursuant to articles 2357 and 2357-*ter* of the Italian Civil Code, as well as article 132 of the TUF and related implementing provisions, granted over time by the Company's Shareholders' Meeting; in this regard, please note the authorisation resolved by Sanlorenzo's Shareholders' Meeting on 12 December 2023, which authorised the purchase of up to a maximum of 3,491,956 treasury shares also for the purpose of "*disposing of treasury shares to service compensation plans based on financial instruments pursuant to applicable regulations in favour of directors, employees or collaborators of the Company and/or its subsidiaries*" (details of such authorisation can be found in the related explanatory report, available on Sanlorenzo's website - www.sanlorenzoyacht.com, in the Section "Corporate Governance/Shareholders' Meeting/Ordinary Shareholders' Meeting 12 December 2023").

The information document on the Plan (the "**Information Document**"), prepared pursuant to Article 84-*bis* of Consob Regulation no. 11971 of 14 May 1999 as subsequently amended (hereinafter the "**Issuers' Regulation**") and in accordance with Annex 3A, Scheme 7 of such Issuers' Regulation, is attached to this Explanatory Report and made available to the public, together with this report, in the manner and within the terms set forth by law. Please refer to the Information Document for any further information on the Plan.

1. Reasons for adopting the Plan

The purpose of the Plan is to contribute to the pursuit of the Company's sustainable success and the generation of long-term value, through the incentive and retention of key resources of the Company and its Subsidiaries. More specifically, the Plan seeks to set up an incentive mechanism in favour of the Group's key resources, through their involvement in Sanlorenzo's corporate structure, incentivising their alignment with the interests of the shareholders and in the pursuit of the Company's sustainable success and the generation of long-term value, while at the same time retaining the Beneficiaries and contributing to the retention of their specific skills in the Company and the Group.

The proposal relating to the adoption of the Plan was formulated by the Board of Directors with the involvement and prior favourable opinion of the Remuneration Committee established within the Board of Directors in accordance with the applicable provisions of the Corporate Governance Code approved by the Corporate Governance Committee, to which the Company adheres.

Furthermore, the adoption of compensation plans based on financial instruments complies with both the recommendations of Article 5 of the Corporate Governance Code, and in particular with Principle XV and Recommendations 27 and 28, as well as Article 2.2.3, paragraph 3, letter o) of the Rules of the markets organised and managed by Borsa Italiana S.p.A. (we would recall that Sanlorenzo qualifies as "STAR"), and the Company's "Remuneration Policy", as described in the Report on the policy regarding remuneration and fees paid drafted pursuant to Article 123-*ter* of the TUF and related implementing rules, which will be available within the terms of the law on Sanlorenzo's website (www.sanlorenzoyacht.com, in the Section "Corporate Governance/Shareholders' Meeting/Ordinary and Extraordinary Shareholders' Meeting 26 April 2024").

2. Purpose 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 opinion or proposal of the Remuneration Committee, within the categories of recipients indicated in Paragraph 3 below (hereinafter, the "**Beneficiaries**"), of rights (hereinafter, the "**Rights**") that each grant the Beneficiary, upon the satisfaction of the conditions of vesting set forth in the Plan (described in Paragraph 4 below), the assignment, free of charge, of one ordinary treasury share in Sanlorenzo's portfolio.

It is proposed to determine the maximum total number of Sanlorenzo ordinary shares to be allocated to the Beneficiaries for the execution of the Plan as 200,000 ordinary shares.

For the execution of the Plan, the Company already has the authorisation pursuant to Articles 2357 and 2357-*ter* of the Italian Civil Code, as well as Article 132 of the TUF and related implementing provisions, resolved upon by the shareholders' meeting of 12 December 2023 and mentioned in the introduction to this report (details can be found in the related explanatory report, available for consultation on the Sanlorenzo website - www.sanlorenzoyacht.com, in the Section "Corporate Governance/Shareholders' Meeting/Ordinary Shareholders' Meeting 12 December 2023") and any new proposals to authorise the share buy-back may be submitted to the Shareholders' Meeting if necessary or appropriate.

At the date of this Report, the Company holds a total of 214,928 treasury shares, equal to approximately 0.61% of the share capital. The Subsidiaries do not hold any Sanlorenzo shares.

The Rights to be granted pursuant to the Plan shall therefore grant the Beneficiaries the right to receive, free of charge, a maximum of 200,000 ordinary shares, at the ratio of 1 (one) share per 1 (one) Right, all under the terms and conditions of the Plan itself, as illustrated below and as also specified in the Information Document.

The Company shall make available to the Beneficiary the shares to which the Beneficiary is entitled following the actual vesting of the Rights no later than 30 (thirty) business days following the close of the calendar month in which the relevant vesting conditions occurred; the shares to which the Beneficiary is entitled following the Vesting of the Rights shall have regular dividend entitlement.

The Plan will not receive any support from the Special Fund for the Encouragement of Workers' Participation in Enterprises, referred to in Article 4, paragraph 112, of Law no. 350 of 24 December 2003.

3. Plan recipients

The Plan is aimed at key resources who, on the date of assignment of the Rights by the Board of Directors (the "**Assignment Date**"), are managing directors or vested with special offices of Sanlorenzo and its Subsidiaries (or vested with comparable offices pursuant to the legislation, including non-Italian legislation, as may be applicable over time) or general managers, directors assigned specific duties, managers (or in any case with a comparable position pursuant to Italian and foreign laws and regulations applicable over time) or employees/non-employee collaborators of the Company or of its Subsidiaries.

On the proposal or advice of the Remuneration Committee, the Board of Directors shall identify individual Beneficiaries from within the above categories, choosing them from among those it deems to hold key positions for the Company or Subsidiaries, and determine the number of Rights to be granted to each Beneficiary, taking into account the number, category, organisational level, responsibilities and professional skills of the Beneficiaries.

The Plan provides that the Rights may be granted to the Beneficiaries by the Board of Directors by 31 July 2024.

A condition for participation in the Plan and for the vesting of the Rights granted to the Beneficiaries in execution of the same is that the Beneficiaries must maintain their directorship, employment or collaboration with Sanlorenzo or a Subsidiary (hereinafter, the "**Relationship**") until the vesting of the Rights.

In particular, the Plan provides that, in the event of termination of the Relationship due to a bad leaver scenario, all Rights granted to the Beneficiary shall lapse and be devoid of any effect and validity.

The following events are included in the bad leaver hypothesis:

(i) revocation or dismissal of the Beneficiary, or termination or withdrawal of the Beneficiary's employment, due to gross misconduct, or: (a) breach by the Beneficiary of any provision of law or contract that constitutes, in the case of Beneficiaries who are directors, just cause for removal from their directorships, or just cause for revocation, entirely or partially, of their delegated management powers, or, in the case of Beneficiaries who are employees, just cause or subjective grounds for dismissal, or, in the case of Beneficiaries who are collaborators, cause for termination of the Relationship due to breach and/or cause for termination for just cause; (b) criminal conviction, even if not final, of the Beneficiary for an intentional or culpable offence committed in the performance of the Relationship or, if not committed in the performance of the Relationship, if the sentence imposed is equal to or greater than two years of imprisonment;

(ii) in the case of Beneficiaries who are directors, resignation from the office of director, or total or partial relinquishment or non-acceptance of management powers or, in the case of Beneficiaries who are employees, resignation or, in the case of Beneficiaries who are collaborators, termination of the Relationship or withdrawal from the same by the Beneficiary, if such events are not justified by the occurrence of (a) physical or mental incapacity (due to illness or injury) of the Beneficiary resulting in a period of inability to work for more than 6 (six) months, or (b) just cause attributable to the Group company with which the Relationship is in place.

In the event of termination of the Relationship in a good leaver scenario, the Beneficiary (or in the event of death, his or her successors in title) shall retain the Rights granted (i) already vested, as well as (ii) not yet vested, the latter in a number proportionate to the duration of the Relationship following the Assignment Date with respect to the period elapsing under the Plan between such Assignment Date and the vesting date of the Rights, and always provided that the conditions of vesting set forth below are met.

Good leaver cases include termination of the Relationship due to:

(i) revocation or dismissal or termination without cause;

(ii) in the case of Beneficiaries who are directors, resignation from the office of director, or total or partial relinquishment or non-acceptance of management powers or, in the case of Beneficiaries who are employees, resignation or, in the case of Beneficiaries who are collaborators, termination of or withdrawal from the Relationship, if such events are justified by (a) physical or mental incapacity (due to illness or injury) of the Beneficiary resulting in a period of inability to work for more than 6 (six) months, or (b) just cause attributable to the Group company with which the Relationship is in place;

(iii) death of the Beneficiary;

(iv) for Beneficiaries who are employees, retirement of the Beneficiary;

(v) loss of the status of Subsidiary by the Group company with which the Beneficiary's Relationship exists.

If, on the Assignment Date, a Beneficiary is simultaneously a director and an employee and/or collaborator, the termination of the Relationship shall be deemed to occur at the time of the termination of the last of the directorship and the employment and/or collaboration relationship.

If the Relationship between a Beneficiary and Sanlorenzo or a Subsidiary is interrupted but a new Relationship is established immediately, even of a different nature, between the same Beneficiary and the same or a different company of the Group, the Relationship shall not be deemed to have been terminated for the purposes of the forfeiture of the Rights and/or their early vesting.

Rights that have not vested will automatically expire, releasing Sanlorenzo from any obligation or liability, and may be re-allocated, always in compliance with the final assignment deadline indicated above.

The Plan also provides for a "claw back" mechanism, better described in Paragraph 3.3 of the Information Document.

4. <u>Duration of the Plan and terms and conditions for vesting the Rights</u>

The Rights granted to the Beneficiary may be governed by the Plan Regulation and/or the related contract entered into by Sanlorenzo with each Beneficiary, the adoption and preparation of which will be delegated to the Board of Directors and will take place in accordance with the provisions of the Plan.

Once the Beneficiaries have been identified, the Board of Directors must assign them Rights to vest for annual instalments distributed over a period of five years, providing that a share equal to at least half of the Rights assigned to each Beneficiary refers to the fourth and fifth year and that part of the same mature to the fifth year (and so, for example, if a Beneficiary were to be awarded 50 Rights, the Board of Directors may decide that 5 shall mature after one year, 5 after two years, 10 after three years, 10 after four years and 20 after five years, as well as identifying a different annual breakdown of the maturation of the Rights, as well as establishing that their maturation is not annual, subject to the requirement that at least 25 Rights mature in the fourth and fifth year and that at least part of the same mature in the fifth year).

The vesting conditions must be established by the Board of Directors, after receiving the opinion or proposal of the Remuneration Committee and after hearing the opinion of the Control, Risks and Sustainability Committee set up within the Board of Directors, also in accordance with the applicable provisions of the Corporate Governance Code (the "**Control, Risks and Sustainability Committee**") with regard to the ESG (Environmental, Social and Governance) objectives, in accordance with the provisions of the Plan and shall consist of predetermined, measurable and pre-established performance targets, necessarily referring to the following parameters (it being specified that their occurrence may be required severally or jointly):

(i) Group EBITDA;

(ii) Net Financial Position of the Group;

(iii) non-financial ESG (Environmental, Social and Governance) objectives.

The performance targets subject to the Vesting Conditions shall be identified by the Board of Directors at the time of the grant of rights to the Beneficiaries with reference to the entire vesting period.

The verification of the fulfilment of the Vesting Conditions assigned to the Beneficiaries is carried out by the Board of Directors, subject to the opinion of the Remuneration Committee, as well as the Control, Risks and Sustainability Committee with regard to ESG (Environmental, Social and Governance) objectives.

Rights that have not vested due to the failure to fulfil the relevant Vesting Conditions shall automatically expire, releasing Sanlorenzo from any obligation or liability.

Notwithstanding the above, there are scenarios for early vesting of the Rights upon the occurrence of certain events, namely:

(i) change of control over Sanlorenzo pursuant to Article 93 of the TUF, even if this does not entail the obligation to launch a public takeover bid; or

(ii) promotion of a public tender bid for Sanlorenzo shares pursuant to Article 102 *et seq.* of the TUF; or

(iii) resolution on transactions that could result in the delisting of Sanlorenzo ordinary shares from a regulated market.

The Plan also provides that the assignment of the Rights by the Beneficiaries is suspended in the period between (i) the day on which the meeting of the Board of Directors was held that resolved to call the shareholders' meeting called to approve the financial statements for the year and at the same time the proposal to distribute dividends or the proposal to distribute extraordinary dividends and (ii) the day on which the related meeting was actually held (both dates included).

If the shareholders' meeting resolves on the distribution of a dividend, even of an extraordinary nature, the suspension period will in any case expire on the day following the ex-dividend date of the relevant coupon.

5. Restrictions on the transfer of Rights and Shares

The Rights will be granted on a personal basis and may only be enforced by the Beneficiaries (except for *mortis causa* transfers, which will have the consequences described in Paragraph 3 above). Unless otherwise resolved by the Board of Directors and without prejudice to *mortis causa* transfers, which shall have the consequences described in Paragraph 3 above, the Rights may not be transferred for any reason or in any way negotiated, pledged or subject to any other right *in rem* and/or granted as a guarantee by the Beneficiary, even if in application of the law.

The Plan provides that 50% (rounded down) of the Sanlorenzo shares assigned to the Beneficiaries in the event of vesting of the Rights may not be transferred for any reason or in any way traded, pledged or subjected to any other right *in rem* and/or granted as a guarantee by the Beneficiary, even if pursuant to law, for a period of 12 (twelve) months from their receipt by the Beneficiary.

6. Plan Regulation and other implementing acts of the Plan

The Board of Directors will be responsible for the execution of the Plan and will be entrusted by the Ordinary Shareholders' Meeting with the management and implementation of the Plan and thus, *inter alia*, with the approval of the Plan's implementing Regulation.

The Board of Directors may delegate its powers, duties and responsibilities with respect to the execution and implementation of the Plan to one or more of its members, even severally, it being understood that any decision relating and/or pertaining to the assignment of the Rights to the Beneficiary who is also a director of the Company (like any other decision relating and/or pertaining to the management and/or implementation of the Plan with respect to them) shall remain the exclusive competence of the Board of Directors.

The Remuneration Committee performs advisory and proposing functions in relation to the implementation of the Plan, pursuant to the Corporate Governance Code, Sanlorenzo's “Remuneration Policy” and the Remuneration Committee Regulation, adopted by the Board of Directors and defining the functions and powers of the Remuneration Committee itself (available on Sanlorenzo's website - www.sanlorenzoyacht.com, in the Section “Corporate Governance/Internal Committees”).

The Control, Risks and Sustainability Committee performs advisory functions in relation to the implementation of the Plan with regard to ESG (Environmental, Social and Governance) objectives, pursuant to Sanlorenzo's “Remuneration Policy” and the Regulation of the Control, Risks and Sustainability Committee, adopted by the Board of Directors and defining the functions and powers of the Control, Risks and Sustainability Committee itself (available on Sanlorenzo's website - www.sanlorenzoyacht.com, in the Section “Corporate Governance/Internal Committees”).

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In light of the foregoing, the Board of Directors therefore submits the following proposal for resolution for your approval.

Proposed resolution

"*The Ordinary Shareholders' Meeting of Sanlorenzo S.p.A.,*

(i) *having heard and approved the presentation of the Board of Directors;*

(ii) *having examined the Explanatory Report of the Board of Directors and the Information Document attached thereto and the proposals contained therein;*

(iii) *having shared the reasons for the proposals contained therein*

resolves

1. *to approve, pursuant to article 114-bis of legislative decree no. 58 of 24 February 1998, the establishment of a compensation plan based on financial instruments called the "2024-2028 LTI Plan" having the characteristics (including the conditions and assumptions of implementation) indicated in the Report of the Board of Directors and in the Information Document drafted pursuant to Article 84-bis of the Issuers' Regulation (CONSOB Resolution no. 11971/1999, as amended), attached to the same Report as Annex A, confirming and conferring, as necessary, the power to the Board of Directors to adopt the related regulation;*

2. *to confirm and confer, to the extent necessary, the faculties and powers to the Board of Directors to act in any way, pass any resolution and enter into any deed to implement the "2024-2028 LTI Plan", and in particular, merely by way of example, any power to identify the Beneficiaries and determine the number of Rights to be assigned to each of them, determine the vesting conditions in accordance with the plan, make the allocations to the beneficiaries, as well as carry out any other act, fulfilment, formality, communication that is necessary or appropriate for the purposes of managing and/or implementing the plan itself, with the power to delegate its powers, duties and responsibilities regarding the execution and implementation to one or more of its members, even separately, it being understood that any decision relating and/or pertaining to the allocation of Rights to the beneficiaries who are also directors of Sanlorenzo S.p.A. (as well as any other decision relating to and/or pertaining to the management and/or implementation of the plan in respect of them) shall remain the sole responsibility of the Board of Directors.*"

La Spezia, 27 March 2024

For the Board of Directors

The Chairman, Mr. Massimo Perotti