

THE ITALIAN SEA GROUP

PICCHIOTTI  
SINCE 1878

ADMIRAL

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TECNOMAR

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1920

## REPORT ON THE REMUNERATION POLICY AND COMPENSATION PAID

*(drafted pursuant to Article 123-ter of Italian Legislative Decree No. 58/98, as subsequently amended, and Article 84-quater of Consob Regulation 11971/99)*

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

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

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

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



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## GLOSSARY

**Chief Executive Officer** means the director of the Issuer to whom management powers have been delegated from time to time.

**Shareholders' Meeting** means the Shareholders' Meeting of TISG.

**Shareholders** means the shareholders of TISG.

**Borsa Italiana** means Borsa Italiana S.p.A., with its registered office at Piazza Affari no. 6, Milan.

**Corporate Governance Code or CG Code** means the Corporate Governance Code of listed companies approved in January 2020 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria available on the website [www.borsaitaliana.it](http://www.borsaitaliana.it), in the section "Borsa Italiana - Rules - Corporate Governance", to which the Company adheres.

**Italian Civil Code** means the Italian Civil Code as approved by Royal Decree No. 262 of 16 March 1942, as subsequently amended.

**Board of Statutory Auditors** means the Board of Statutory Auditors of TISG.

**Appointments and Remuneration Committee** means TISG's appointments and remuneration committee set up to implement the recommendations of the Corporate Governance Code.

**Board of Directors or Board** means the Board of Directors of TISG.

**Consob** means *Commissione Nazionale per le Società e la Borsa* (Italian National Authority for Companies and the Stock Exchange), with offices in Rome, Via GB Martini No. 3.

**Report Date** means 21 March 2024, the date on which this Report - as defined below - was approved by the Board of Directors

<b>Trading Commencement Date</b>	means the first day on which TISG shares were traded on Euronext Milan, i.e., 8 June 2021.
<b>Executives with Strategic Responsibilities</b>	means the executives referred to in Article 65, paragraph 1- <i>quater</i> , of the Issuers' Regulation, as may be identified by the Board of Directors.
<b>Financial Year</b>	means the financial year ending 31 December 2023 to which the Report refers.
<b>Group</b>	means TISG and its subsidiaries within the meaning of Article 93 of the Italian Consolidated Law on Finance that fall within its scope of consolidation.
<b>Instructions to Stock Exchange Rules</b>	means the Instructions to the Rules of the Markets organised and managed by Borsa Italiana.
<b>Remuneration Policy or Policy</b>	means section I of this Report, which illustrates (i) the Company's and the Group's policy on the remuneration of the members of the Board of Directors, Executives with Strategic Responsibilities and, without prejudice to the provisions of Article 2402 of the Italian Civil Code, the members of the Board of Statutory Auditors; and (ii) the functions involved and the procedures used for its preparation, approval and review, as well as its duration.
<b>Chair</b>	means the Chair of the Issuer's Board of Directors identified, from time to time, by the Shareholders' Meeting or the Board of Directors pursuant to Article 15.1 of the Articles of Association.
<b>Issuers' Regulation or IR</b>	means the Regulation issued by Consob under resolution No. 11971/1999 (as subsequently amended) regarding issuers.
<b>Report</b>	means this remuneration report that companies are required to prepare pursuant to Article 123- <i>ter</i> of the Italian Consolidated Law on Finance and Article 84- <i>quater</i> of the IR.
<b>Auditing Firm</b>	means BDO Italia S.p.A., with registered office in Milan, Viale Abruzzi 94, enrolled in the Companies Register of Milan, Monza Brianza and Lodi, registration number, tax code and VAT No. 07722780967, enrolled in the Register of Auditors No. 167991.

**Articles of Association**

means the Articles of Association of TISG in force as of the Report Date and available on the Company's website <https://investor.theitalianseagroup.com/>, section "*Corporate Governance*" / "*Documents, Policies and Procedures*".

**TISG or the Company or the Issuer**

means The Italian Sea Group S.p.A., with registered office in Marina di Carrara, Carrara (MS), Viale Cristoforo Colombo, No. 4-bis, share capital of EUR 26,500,000, tax code and VAT No. 00096320452, Economic and Administrative Index (REA) No. 65218.

**Italian Consolidated Law on Finance or Consolidated Law**

means Italian Legislative Decree No. 58 of 24 February 1998 (the Italian Consolidated Law on Finance), as subsequently amended.

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## INTRODUCTION

This Report has been drafted pursuant to Article (i) 123-ter of the Italian Consolidated Law on Finance; (ii) 84-quater of the Issuers' Regulation and its Schedule 3A, template No. 7-bis, and (iii) 5 of the CG Code.

The Report, approved by the Board of Directors on 31 May 2024, consists of the first section only.

Section I of the Report (submitted to the binding vote of the Shareholders' Meeting of 1 July 2024) illustrates, pursuant to Article 123-ter, paragraph 3, of the Italian Consolidated Law on Finance:

- (i) the Policy of TISG and the Group on the remuneration of the members of the management bodies and, without prejudice to the provisions of Article 2402 of the Italian Civil Code, of the control bodies, the general managers and the Executives with Strategic Responsibilities, with reference to the next three financial years; and
- (ii) the procedures used for the adoption and implementation of this Policy.

The Remuneration Policy was drafted in substantial continuity with the previous remuneration policy approved by the Shareholders' Meeting on 29 April 2024.

The text of this Report is made available to the public, in accordance with the law, at the Company's registered office, on the Company's website at [www.theitalianseagroup.com](http://www.theitalianseagroup.com), section "Corporate Governance"/"Annual General Meeting", and on the authorised storage mechanism "eMarket Storage" at [www.emarketstorage.com](http://www.emarketstorage.com).



## SECTION I: REMUNERATION POLICY

This section sets out the Remuneration Policy of TISG and the Group on the remuneration of members of management and control bodies, general managers and Executives with Strategic Responsibilities.

The Policy contributes to the long-term interests and sustainability of the Company and the Group.

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

The entities involved in the preparation, approval and possible revision of the Remuneration Policy are the Shareholders' Meeting, the Board of Directors, the Appointments and Remuneration Committee, the Board of Statutory Auditors and the Auditing Firm. They ensure that the Policy is properly executed.

In particular, the Shareholders' Meeting of the Company:

- (i) determines the compensation of the Board of Directors pursuant to Articles 2364(1)(3) and 2389 of the Italian Civil Code;
- (ii) determines the compensation of the statutory auditors pursuant to Articles 2364(1)(3) and 2402 of the Italian Civil Code;
- (iii) pursuant to Article 123-ter of the Italian Consolidated Law on Finance, expresses its opinion by means of a binding resolution on Section I of the Report, which illustrates the Remuneration Policy, and by means of a non-binding resolution on Section II of the Report;
- (iv) resolves on any compensation plans based on financial instruments in favour of members of the Board of Directors, employees or contingent workers not linked to the company by employment relationships, or members of the Board of Directors, employees or contingent workers of other parent companies or subsidiaries pursuant to Article 114-bis of the Italian Consolidated Law on Finance.

The Board of Directors:

- (i) sets up an internal Appointments and Remuneration Committee;
- (ii) after hearing the opinion of the Board of Statutory Auditors, it determines the remuneration of directors holding special offices pursuant to Article 2389(3) of the Italian Civil Code, and allocates the fixed annual remuneration for the office, determined in total by the Shareholders' Meeting;
- (iii) draws up, with the help of the Appointments and Remuneration Committee, the remuneration policy;
- (iv) approves the report on the remuneration policy and compensation paid to be submitted to the Shareholders' Meeting;
- (v) prepares any compensation plans based on financial instruments intended for directors, employees or contingent workers of the Company and the Group, pursuant to Article 114-bis of the Italian Consolidated Law on Finance, submits them to the Shareholders' Meeting for approval and oversees their implementation;

- (vi) 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 Appointments and Remuneration Committee assists the Board in evaluating and deciding on remuneration policy. More specifically the Committee:

- (i) assists the Board of Directors in drawing up the remuneration policy;
- (ii) presents proposals or expresses opinions on the remuneration of executive directors and other directors who hold special offices, and on the setting of performance targets for the variable component of this remuneration;
- (iii) monitors the concrete application of the remuneration policy and verifies, in particular, the actual achievement of performance targets;
- (iv) periodically assesses the adequacy and overall consistency of the Remuneration Policy for directors and top management.

For information on the Appointments and Remuneration Committee, please refer to letter b) below.

The Board of Statutory Auditors supervises compliance with the law and the Articles of Association, as well as exercising control over management; in particular, it expresses its opinion on proposals for the remuneration of directors holding special offices.

The Auditing Firm verifies that section II of the Report has been prepared by the directors.

- b) *Intervention of the Appointments and Remuneration Committee, describing its composition (with the distinction between non-executive and independent directors), responsibilities and operating procedures, and any additional measures to avoid or manage conflicts of interest***

The Appointments and Remuneration Committee, as established by the Board of Directors on 3 May 2023 and in office as of the Report Date, is composed of three non-executive and independent directors: Fulvia Tesio (who serves as Chair of the Committee), Laura Angela Tadini and Antonella Alfonsi.

In particular, the rules of the Appointments and Remuneration Committee (“**Rules**”) provide that the committee is appointed by the Board of Directors, which also appoints its Chair.

If, during the term of office, one (or more) of the directors serving on the committee should cease to serve, the Board of Directors shall replace him/her; the replacement, thus appointed, shall serve until the expiry of the term of office of the entire Board of Directors. The early termination of the Board of Directors for any reason whatsoever results in the immediate disqualification of the committee.

The composition of the Appointments and Remuneration Committee complies with the Corporate Governance Code in that (i) it is composed of non-executive directors who meet the independence requirements of the GG Code, (ii) it is chaired by an independent director, and (iii) its members have adequate knowledge and experience in financial and remuneration policy matters.

The Appointments and Remuneration Committee has the right of access to the information and corporate functions necessary to perform its tasks, had access to financial resources and made use of external consultants, within the terms set by the managing body.

The meetings of the Remuneration Committee take place in collegial form and are duly recorded in minutes.

In line with the recommendations of the Corporate Governance Code, in order to avoid situations of conflict of interest, no director takes part in Appointments and Remuneration Committee meetings in which proposals are made to the Board of Directors regarding their remuneration.

Persons who are not members of the Committee may attend the meetings, if invited by the Committee in advance, with reference to individual items on the agenda. During the Financial Year, Mr Alberto Ferri, the Company's Human Resources ("HR") Director, attended the Appointments and Remuneration Committee meetings.

The Committee may have access to the information and corporate functions necessary to perform its tasks, as well as make use of external consultants, appropriately bound to confidentiality, under the terms established by the Board of Directors.

For more information on the activities conducted by the Appointments and Remuneration Committee during the Financial Year and its functions, please refer to the report on corporate governance and ownership structures as of 31 December 2023, made available to the public at the Company's registered office, on the Company's website at [www.theitalianseagroup.com](http://www.theitalianseagroup.com), section "Corporate Governance"/"Annual General Meeting", and on the authorised storage mechanism "eMarket Storage" at [www.emarketstorage.com](http://www.emarketstorage.com).

During the financial year 2024, the Appointments and Remuneration Committee will be called upon to perform the following tasks: (i) to assist the board of directors in preparing this Report; and (ii) to assess the adequacy, consistency and practical application of the Policy.

**c) *How the Company has taken into account the compensation and working conditions of its employees in determining the Policy***

The Policy was drafted taking into account the role, compensation and working conditions of employees. In particular, the Policy consists of tools and logic, applied to the entire corporate population, aimed at attracting, motivating, and retaining resources possessing the necessary professional qualities to contribute to the definition of the Company's growth strategy and the strengthening of the Company's long-term interests and sustainability.

The Policy is defined on the basis of specific criteria, including comparison with the reference market, the characteristics of the role and responsibilities attributed, individual and Group performance, and the distinctive skills of individuals, always with a view to maximum objectivity, in order to avoid any form of discrimination. The Policy is based on the principles of meritocracy, fairness, equal opportunities and competitiveness in relation to the reference market.

The Company develops professional and managerial training and development programmes on an annual basis through the TISG Academy, the project launched in March 2021, aimed at cultivating the company's human capital and combating the phenomenon, rampant in the sector, of "talent shortage". The project is dedicated to the realisation of paths of excellence for company employees and graduating students from Italian universities. The training programmes, which are carried out by external and internal lecturers, cover both technical topics related to the yachting sector and aimed at the acquisition of so-called "hard skills" (these include, but are not limited to, fire prevention on board, analysis of noise phenomena or the transmission of vibrations, safety on board ship, etc.) and topics aimed at fostering the development of "soft skills" that are essential to ensure the

development of managerial career paths. The lowest common denominator of the annual training programmes is the constant focus on technical and aesthetic quality, the founding values of the corporate philosophy.

**d) Names of any independent experts involved in the preparation of the remuneration policy**

In preparing this Policy, the Company did not seek the support of independent experts.

**e) Aims pursued with the Policy, the principles underlying it, its duration and, in the event of a revision, a description of the changes with respect to the Policy last submitted to the Shareholders' Meeting and how such revision takes into account the votes and evaluations expressed by the shareholders at that Shareholders' Meeting or subsequently**

The Policy is defined in accordance with the needs and strategy of the Company and the Group, the governance model and the guidelines of the Corporate Governance Code. The Remuneration Policy is functional to the pursuit of the sustainable success of the Company and takes into account the need to obtain, retain and motivate people with the skills and professionalism required by their role in the Company.

The Policy defines the principles and guidelines for determining the remuneration of the members of the board of directors and control body, general managers and Executives with Strategic Responsibilities.

The Policy is aimed at remunerating the performance of corporate populations that have different responsibilities and strategic objectives; therefore, it provides for differentiated remuneration and incentive instruments that vary according to the different levels of employment classification and the technical-professional content of the position held. The primary objective of the Policy is to attract and motivate resources endowed with the necessary professional qualities to perform the assigned tasks and fulfil the related responsibilities, consistently with the interests of the management bodies and with the priority objective of creating value for shareholders over a medium-long term horizon.

The Policy is aligned with 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.

In accordance with the requirements of the CG Code, the Policy defines:

- (i) an appropriate balance between the fixed and variable components of remuneration, consistent with the Company's strategic objectives and risk management policy, taking into account the characteristics of the business and the sector in which it operates, providing in any case that the variable portion represents a significant part of overall remuneration;
- (ii) performance targets, to which the payment of variable components is linked, predetermined, measurable and linked in significant part to a long-term horizon. These limits are consistent with the Company's strategic objectives and are designed to promote its sustainable success, including, where relevant, non-financial parameters;
- (iii) an adequate deferral period – with respect to the time of maturity – for the payment of the variable component, consistent with the characteristics of the business activity and the related risk profiles.

This Remuneration Policy is substantially consistent and in continuity with the policy approved by the Shareholders' Meeting on 29 April 2024. In this regard, it should be noted that on 31 May 2024, the Board of

Directors, upon the proposal of the Appointments and Remuneration Committee, resolved to submit for approval to the Shareholders' Meeting, called for 1 July 2024, after revoking the incentive plan called "Long Term Incentive Plan 2026-2028", the "Long-Term Incentive Plan 2027-2029" (the "**Plan**"), which provides for the granting of options giving the beneficiaries of the Plan, upon the occurrence of predetermined vesting conditions, the right to subscribe to newly issued shares or to purchase treasury shares in the Company's portfolio. The proposal to adopt a new stock option Plan is aimed at aligning the incentive systems with the changed market background and the different interests and needs of the stakeholders of the Company and the group of which it is the parent company.

For further information on the stock option plan called "Long Term Incentive Plan 2027-2029", please refer to the information document prepared pursuant to Article 84-*bis* of the Issuers' Regulation and made available to the public on the Company's website <https://investor.theitalianseagroup.com/>, section "Corporate Governance"/"Annual General Meeting". As of the date of the Report, the Plan has not yet been approved by the shareholders of the Company.

This Policy is valid for three years.

In defining the Policy, the Board of Directors and the Appointments and Remuneration Committee have therefore incorporated the proposal of the Board of Directors in relation to the Plan and have also taken into account the guidance expressed by the Shareholders at the Shareholders' Meeting held on 29 April 2024 regarding the first and second sections of the report (both in favour by 92.9677% of the votes cast by the participants), which confirmed a significant approval of the Shareholders on the structure, principles and remuneration levels set forth therein and which, therefore, remain unchanged.

*f) Description of the policies on fixed and variable remuneration components, with particular regard to the indication of the relative proportion within the overall remuneration and distinguishing between short-term and medium to long-term variable components*

Directors' remuneration is set at an appropriate level 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 and the rest of the corporate population is divided between a fixed and variable remuneration in the short and long term.

The **fixed remuneration** is determined in such a way as to adequately compensate for services rendered and is commensurate with the tasks and responsibilities assigned. It must, however, be sufficient to remunerate job performance even in cases where there is no variable component or in cases where recipients of a variable remuneration plan do not (or only partially) accrue the related remuneration.

The fixed component of the remuneration aims to remunerate, in particular, the responsibilities attributed to the recipients, taking into account, among other things, compliance with internal fairness criteria, past experience and the relevance of the contribution made by the recipient to the achievement of business results. The fixed component is calculated and defined on the basis of sector benchmark analyses in such a way as to ensure an adequate level of attractiveness (facilitating the recruitment of the best profiles on the market) and retention (in order to motivate and retain within the organisation key resources and those with specialised skills that are difficult to find).

At the beginning of each new year, the company management identifies a budget to implement the “**Annual salary review**” process, a management tool for fixed remuneration, which aims to apply meritocratic interventions in order to:

- 1) ensure a uniform and consistent remuneration treatment that guarantees the principles of fairness, competitiveness, transparency and meritocracy in line with the company’s values, governance principles and remuneration policy;
- 2) support the culture of performance and ensure the enhancement and retention of resources, orienting them towards the achievement of results according to principles of integrity and fairness;
- 3) balance, where necessary, the fixed component of remuneration with that of a variable nature, in line with the value of the performance and the actual responsibilities associated with the role held.

For the purposes of defining the Annual salary review plan, the performance of resources during the year preceding the reference year is taken into account and a fairness-based logic is applied with respect to indicators such as duties, responsibilities and professional skills developed.

Meritocratic interventions that may be part of the annual salary review strategy are the following: (i) increase in fixed salary; (ii) assignment to the next higher contractual level and subsequent salary adjustment; and (iii) payment of one-off bonuses. With regard to the disbursement of one-off bonuses, the provisions of Law No. 213 of 30 December 2023 (so-called Budget Law 2024), which extended the exemption threshold for fringe benefits, will be used during 2024.

The **short-term variable remuneration** envisaged for the managerial population (executives, middle managers, high-potential employees) is divided into an **individual “MBO” bonus system**. The MBO (Management by Objectives) system has the function of promoting the achievement of annual business objectives and provides for the assignment of a certain number of predetermined and measurable targets reported from time to time in the individual sheets shared with the interested parties at the beginning of each new period. The MBO system is extended to Executives with Strategic Responsibilities and other managers with technical and management coordination roles.

In the year 2023, with the aim of pursuing the guidelines set out in TISG’s remuneration policy, the MBO system was extended to a significant part of the managerial population, which was divided into the following categories: (i) executives/directors with strategic and business management functions; and (ii) managers with technical and management coordination functions.

The recipients of the MBO plan belong to the following areas:

- (i) **direction and management of the business** (*Chairman/Vice Chairman/COO - Chief Operations Officer/Department General Managers*);
- (ii) **technical management** (*Technical Manager/Yacht Design Manager/Technical Coordinators/Project Manager/Technical Function Specialists*);
- (iii) **sales management** (*Head of Sales/Sales Manager*);
- (iv) **production management and control** (*Production Coordinators/Operational Function Coordinators/Quality Manager*);

(v) **Finance/HR/Marketing/Purchasing/Controlling departments.**

Access to the short-term incentive is, however, linked to the achievement of a prerequisite based on economic-financial and production performance indicators. If this prerequisite is met, the accrual of variable remuneration is linked to the achievement of individual targets, which is verified by assessing work performance during the **reference period** running from July of each year to June of the following year (**12 months**).

Individual targets are annually identified jointly by the CEO, the head of HR and the department managers, each within his or her sphere of responsibility, and are set out in the individual target assignment sheets.

Individual targets are divided into “*performance (quantitative)*” and “*development and management (qualitative)*” targets. For some managers, depending on their role and responsibilities, there are also “ESG” (environmental, social and governance) targets.

The average incidence of the maximum attainable value of variable remuneration on the basic fixed remuneration is established as follows:

- (i) for executives/directors with strategic and business management functions: **76%**;
- (ii) for managers with technical and management coordination functions: **30%**.

At the end of the 12-month period envisaged by each individual plan, where the fulfilment of the prerequisite condition has been verified, once each individual target (“*performance*”, “*development and management*” and “*ESG*”) is achieved, the right to payment of the portion of variable remuneration associated with it is determined on the basis of a weighted average that takes into account the percentage weight of each target. In any case, any variable remuneration is paid only during the employment and tenure relationship, and thus only if the beneficiary is in force at the time of accrual (so-called “*malus*” clause).

The **long-term variable remuneration** is represented by the **share-based incentive plan** submitted for approval to the Shareholders’ Meeting on 1 July 2024, pursuant to Article 114-*bis* of the Italian Consolidated Law on Finance, and called the “**Long Term Incentive Plan 2027-2029**”, addressed to executive directors, general managers, Executives with Strategic Responsibilities and/or employees with permanent employment contracts, of the Company and any of its subsidiaries pursuant to Article 93 of the Italian Consolidated Law on Finance, to be implemented by means of the free allocation of option rights valid for the subscription or acquisition of ordinary shares of the Company.

#### - **Reasons underpinning the adoption of the Plan**

The purpose of the Plan is to set up an incentive mechanism aimed at executive directors, general managers, Executives with Strategic Responsibilities and/or employees with permanent employment contracts of the Company and of its subsidiaries pursuant to Article 93 of the Italian Consolidated Law on Finance, through the involvement of the same in the corporate structure of TISG, for both incentive and retention purposes, aligning the interests of the management to the pursuit of the priority target of creating value for the Shareholders in the medium-long term and at the same time building the loyalty of the beneficiaries, involving them in the process of creating value for the Company.

The Plan also aims to attract and retain key resources in the Company, aligning the Company’s remuneration policy with the best market practices that typically provide for long-term incentive tools.

The proposal for the adoption of the Plan was formulated by the Board of Directors following the proposal of the Appointments and Remuneration Committee of the Company.

## - Scope and implementation of the Plan

The Plan provides for the free allocation, to each of the beneficiaries identified by the Board of Directors, upon proposal of the Appointments and Remuneration Committee of the Company, within the categories of recipients indicated in the following section (the “**Beneficiaries**”) of options (hereinafter the “**Options**”) that attribute to the Beneficiary, upon the occurrence of the vesting conditions (the “**Vesting Conditions**”) set forth in the Plan itself (as described below), the right to (i) subscribe to ordinary shares of the Company resulting from the share capital increase to service the Plan, and/or (ii) purchase treasury shares in the Company’s portfolio, at a ratio of 1 share for each 1 Option exercised under the terms and conditions provided for.

The Plan is divided into three cycles, each lasting three years: the first cycle 2024-2027, the second cycle 2025-2028 and the third cycle 2026-2029.

Each cycle includes:

- (i) the definition, at the allocation stage, of the Vesting Conditions and the strike price;
- (ii) the allocation to the Beneficiaries of a certain number of Options;
- (iii) the determination of the number of exercisable Options, subject to the verification of the Vesting Conditions;
- (iv) the subscription or acquisition, by the Beneficiary, of a single share for each exercisable Option, upon payment of the Strike Price;
- (v) delivery of the shares to the Beneficiary.

The strike price (the “**Strike Price**”) that the Beneficiary shall pay to TISG for the subscription or acquisition of each share in the event of the exercise of the Options is equal to the weighted average of the official prices recorded by the TISG share on Euronext Milan in the 90 calendar days preceding the date of publication of the notice of call of the Shareholders’ Meeting, for the approval of the financial statements, prior to the date of assignment of the options for each cycle.

With reference to the first cycle, the Strike Price is equal to EUR 9,84, determined on the basis of the official prices recorded by TISG shares from 29 December 2023 to 28 March 2024. The Strike Price for the second cycle and for the third cycle will be calculated in a similar manner.

The maximum total number of TISG ordinary shares to be allocated to the Beneficiaries for the execution of the Plan is 1,590,000 ordinary shares.

The Options allocated under the Plan will therefore attribute to the Beneficiaries, if they accrue the right to exercise them as specified below, the right to subscribe or acquire a maximum of 1,590,000 ordinary shares, at the Exercise Price, in the ratio of 1 share for every 1 Option allocated and exercised, all under the terms and conditions of the Plan.



The Company shall make available to the Beneficiary the shares to which he/she is entitled following the valid exercise of the Options no later than 10 (ten) business days following 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 entitlement.

The Plan does not receive any support from the Special Fund for incentivising worker shareholding in companies under Article 4, paragraph 112, of Law No. 350 of 24 December 2003.

#### - **Beneficiaries of the Plan**

The Plan is addressed to persons who, on the date the Options are allocated by the Board of Directors (the “**Allocation Date**”), are executive directors, general managers, Executives with Strategic Responsibilities and/or employees with permanent employment contracts of the Company and its subsidiaries pursuant to Article 93 of the Italian Consolidated Law on Finance.

The Board of Directors, the Chief Executive Officer and the Appointments and Remuneration Committee, each within its own responsibility, will identify the individual Beneficiaries within the above categories and the number of Options to be granted to each Beneficiary, taking into account the role held, the category, the organisational level, the responsibilities, the professional skills and the strategic importance of the position of the recipients of the Plan within the group, the potential of the resource and any other useful element.

Such information will be disclosed at a later date pursuant to Article 84-*bis*, paragraph 5 of the Issuers’ Regulation.

The Plan provides that the Options may be granted to the Beneficiaries by the Board of Directors within 3 (three) years from the date of approval of the Plan Rules (the “**Rules**”), which will be approved by the Board of Directors upon the proposal of the Appointments and Remuneration Committee.

The exercise of the Options is conditional, *inter alia*, on the Beneficiary being a general manager, an executive with strategic responsibilities, an employee with a permanent employment contract and/or an executive director of the Company or of any of its subsidiaries pursuant to Art. 93 of the Italian Consolidated Law on Finance and the relationship is ongoing (hereinafter, the “**Relationship**”).

In the event of termination of the Relationship due to a bad leaver event, all Options granted to the Beneficiary shall lapse and shall be devoid of any effect and validity.

In particular, the following events constitute a bad leaver event:

- (i) removal from office or dismissal of the Beneficiary for cause;
- (ii) renunciation of office or voluntary resignation of the Beneficiary not justified by the occurrence of a good leaver event, including but not limited to proven health reasons and retirement.

If the Relationship is terminated due to a good leaver scenario, the Beneficiary (or, in the event of death, his/her successors in title) shall retain the right to exercise the Options allocated (i) already vested but not yet exercised, as well as (ii) not yet vested, the latter in a number proportional to the duration of the

employment relationship following the Allocation Date with respect to the period between the Allocation Date itself and the initial exercise date of the Options. Options that cannot be exercised will automatically lapse.

Good leaver events include cases of termination of the Relationship due to:

- (i) revocation or dismissal without cause;
- (ii) renunciation of office or resignation, if such events are justified by the physical or mental incapacity (due to illness or accident) of the Beneficiary resulting in a period of incapacity for work of more than 6 (six) months;
- (iii) death of the Beneficiary;
- (iv) for Beneficiaries who are employees, retirement of the Beneficiary;
- (v) loss of subsidiary status by the company with which the Beneficiary's Relationship is in place.

In the event of a Beneficiary simultaneously holding the office of director and employee, the termination of the Relationship shall be deemed to have occurred at the time of the termination of the last of the two.

If the Relationship is terminated and a new relationship suitable to qualify as a Beneficiary is established on a seamless basis, the Relationship shall not be deemed to be terminated for the purposes of the forfeiture of the Options.

#### - Duration of the Plan and terms and conditions for exercising the Options

The Plan will end in 2029 with the last possible delivery of shares of the third cycle as provided for in the Rules of the Plan.

The Plan is divided into three cycles (2024, 2025 and 2026), each lasting three years.

For illustrative purposes only, the following chart shows the three cycles (2024-2027, 2025-2028 and 2026-2029), each lasting three years:

	2024	2025	2026	2027	2028	2029
<b>First Cycle</b>	Allocation of Options					
	Vesting Conditions			Exercise of Options		
	VESTING					
<b>Second Cycle</b>		Allocation of Options				
	Vesting Conditions				Exercise of Options	
	VESTING					
<b>Third Cycle</b>			Allocation of Options			
	Vesting Conditions					Exercise of Options
	VESTING					

Options will be exercisable during the exercise periods set out in the individual option contract in accordance with the Rules.

The exercise of the Options shall in any event take place by the final exercise date, *i.e.*, 31 December 2027 for the first cycle, 31 December 2028 for the second cycle, and 31 December 2029 for the third cycle.

The exercise of the Options is subject to the verification by the Board of Directors of the fulfilment of the following Vesting Conditions jointly considered:

- ***ongoing relationship***: the vesting of the Options shall be subject, *inter alia*, to the condition that the Beneficiary's Relationship with the Company or with one of its group companies is still ongoing. The Rules will establish the various effects caused by the possible termination of the employment or collaboration or directorship Relationship, taking into account the cause and the time at which the termination takes place.
- ***performance targets***: these are identified by the Board of Directors for each cycle of the Plan, on the proposal of the Appointments and Remuneration Committee. For each of the performance targets, there is an incentive curve linking the number of exercisable Options to the performance target achieved based on different performance levels.

The performance targets for the first cycle of the Plan in the 2024-2027 period relate to:

- (i) revenues;
- (ii) EBITDA margin;
- (iii) backlog;
- (iv) sustainability objectives.

Options that cannot be exercised due to the non-occurrence of the relevant Vesting Conditions will automatically lapse, with the consequent release of TISG from any obligation or liability.

#### - **Limits on the transfer of Options**

The Options will be allocated on a personal basis and may not be transferred by deed between living persons for any reason whatsoever, nor pledged or subjected to other *right in rem* by the Beneficiary and/or granted as collateral.

Options transferred in breach of the foregoing shall become ineffective and may not be exercised by the Beneficiaries.

Shares subscribed or acquired as a result of the exercise of Options are not subject to disposal restrictions.

#### ➤ **Board of Directors**

The remuneration of the members of the Board of Directors consists of a fixed annual compensation established pursuant to Article 2389 of the Italian Civil Code.

The remuneration of non-executive and independent directors consists solely of a fixed annual compensation commensurate with the commitment required of each of them (including for participating in the activities of each board committee, as members thereof). This compensation is currently determined at the same level for all non-executive and independent directors.

### ➤ **Board of Statutory Auditors**

With regard to the compensation of the members of the control body, it should be noted that, pursuant to Article 2402 of the Italian Civil Code, the same is decided by the Shareholders' Meeting at the time of appointment for the entire term of their office.

The remuneration of the statutory auditors and the chair of the Board of Statutory Auditors is commensurate with the skills, professionalism and commitment required, the importance of the role covered as well as the company's size and industry characteristics.

### ➤ **Other Executives**

In order to identify the persons falling within the category of Executives with Strategic Responsibilities, the Company refers to the definition set forth in the Appendix to Consob Regulation No. 17221/2010, as amended, according to which "*executives with strategic responsibilities are those persons who have the power and responsibility, directly or indirectly, for planning, directing and controlling activities of the company, including directors (whether executive or otherwise) of the company*".

The persons falling under the definition of Executives with Strategic Responsibilities are identified by the Board of Directors or the Chief Executive Officer. The remuneration of Executives with Strategic Responsibilities generally consists of:

- (i) 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 market benchmarks for roles of similar level of responsibility and managerial complexity;
- (ii) a variable component of compensation linked either to the achievement of commercial/corporate 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 on the part of the executive are jointly fulfilled, and the amount of which is established as a percentage of economic parameters (turnover and/or operating margin) established annually by the Company, or linked to the managerial contribution made with reference to a specific corporate project (MBO);

### **g) Policy followed with regard to non-monetary benefits**

The remuneration package includes as non-monetary benefits the possibility (i) to use the assigned mobile phone also for personal needs, and (ii) to use the gym and spa service inside the Marina di Carrara headquarters free of charge.

### **h) Description of the financial and non-financial performance targets on the basis of which the variable remuneration components are awarded, distinguishing between short-term and medium- to long-term variable components, and information on the link between the change in results and the change in remuneration**

The Company has defined a set of financial and non-financial performance targets to guide the behaviour of employees and contribute to the overall success of the organisation. In financial terms, short-term targets generally focus on increasing turnover, reducing/absorbing costs related to penalties/litigations and reducing operating costs. These targets are directly related to the Company's profitability and financial health in the short to medium term. Parallel to the financial targets, the company sets non-financial targets that aim to improve product quality, customer satisfaction, operational efficiency, innovation and personnel development. These targets are crucial for maintaining competitiveness in the market and building positive relationships with customers and employees. The link between the change in results and the change in remuneration is usually established through a variable incentive system (MBO), which directly links the achievement of objectives to employee compensation calculated on the basis of the degree of achievement of the set targets.

**i) *Description of the criteria used to assess the achievement of the performance targets underlying the award of shares, options, other financial instruments or other variable remuneration components, specifying the extent of the variable component to be paid according to the level of achievement of the targets themselves***

Performance targets are generally divided into production performance targets and management and development targets. Each performance target is given a relative weight that reflects its strategic importance within the business processes. The weight directly influences the extent of the variable pay component linked to the achievement of the target to which it refers. At the end of the evaluation period, in fact, the level of achievement of each target, expressed in percentage terms, is determined for each recipient of the variable remuneration plan, and a weighted average is carried out that takes into account the percentages of achievement of the targets and their specific weights, thus calculating the amount of the variable component to be paid.

**j) *Information aimed at highlighting the contribution of the Policy, and in particular the policy on variable remuneration components, to the corporate strategy, the pursuit of long-term interests and 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 company's growth 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 of Executives with Strategic Responsibilities is defined in line with criteria aimed at ensuring:

- (i) a direct link between pay and performance through mechanisms that stipulate the non-payment of bonuses in the event of failure to achieve the targets and the overall profitability of the company;
- (ii) overall remuneration levels that recognise the professional value of people and their contribution to value creation.

**k) *Vesting periods, deferred payment systems, if any, with an indication of the deferral periods and the criteria used to determine such periods and, if provided for, ex post correction mechanisms of the variable component (malus or claw-back of variable compensation)***

With reference to the vesting periods and subsequent payment of the variable remuneration component, please refer to section f) of this Report.

Except as indicated in section f) above, as of the Report Date, the Remuneration Policy does not provide for *ex post* correction mechanisms of the variable component.

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

At the Report Date, there were no clauses concerning the retention of financial instruments in the portfolio after their acquisition.

**m) *Policy relating to salary packages in the event of ceasing from office or termination of employment***

Without prejudice to the provisions of section f) above, no benefits are envisaged in the event of ceasing from office or termination of employment, except as may be provided for in specific employment contracts.

**(i) *Duration of any employment contracts and further agreements, the notice period, where applicable, and what circumstances give rise to the right***

The duration of employment contracts is generally permanent. Contracts are subject to the probationary period provided for in the applicable National Collective Bargaining Agreement (hereinafter “NCBA”).

In the event of resignation, Executives with Strategic Responsibilities are required to observe the notice period provided for in the applicable NCBA, i.e., the national collective bargaining agreement for executives of industrial companies.

The Company has entered into non-competition agreements with certain executives, middle managers and employees with strategic functions, under which the Company is obliged to pay the counterparts an annual sum, divided into 12 equal monthly payments, until the termination of the relationship.

**(ii) *Criteria for determining the compensation due to directors, general managers and, at an aggregate level, to Executives with Strategic Responsibilities, distinguishing, where applicable, the components attributed by virtue of the office of director from those relating to employment relations, as well as the components for any non-competition commitments. If these compensations are expressed on a per annum basis, please indicate in detail the components of that annuity (fixed, variable, etc.)***

In general, the determination of the compensation due to directors, general managers and Executives with Strategic Responsibilities is aimed at guaranteeing the principles of uniformity, fairness, competitiveness, transparency and meritocracy in line with the company’s values, governance principles and remuneration policy, and ensuring adequate levels of commitment and retention. To this end, benchmarking is also undertaken in advance, enabling the companies to maintain the right balance between attractiveness to talented managers and responsible management of financial resources, ensuring that compensation is aligned with market practices and company performance.

The compensation arising from the office of director is determined according to the responsibilities and peculiarities of the office assigned in accordance with corporate governance guidelines and current legislation.

The compensation deriving from employment relationships provides for a fixed remuneration system based on the added value that the manager is expected to guarantee to the company based on his expertise and aimed at guaranteeing the principles of fairness, competitiveness and meritocracy, and a variable remuneration system based on the evaluation of individual and company performance. For some executives, the remuneration system may provide for additional compensation that is assigned on a monthly basis during the employment relationship in exchange for non-competition commitments that allow the Company to protect its interests, protect confidential information, safeguard corporate know-how, preserve competitive advantage and defend investments made.

**(iii) Possible link between such compensation and the Company's performance**

As at the Report Date, no compensation is exclusively and directly linked to corporate performance.

**(iv) 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 on a cash basis**

With reference to the effects of the termination of the relationship on the rights assigned as part of incentive plans based on financial instruments, please refer to section f) of this Report.

As of the Report Date, there are no incentive plans in place to be disbursed on a cash basis.

**(v) Any provision for the allocation or retention of non-monetary benefits in favour of persons or for the conclusion of consultancy contracts for a period after the termination of the relationship**

As of the Report Date, no non-monetary benefits are to be granted or maintained in favour of individuals following termination of employment.

**n) Information on any insurance, social security or pension coverage, other than those that are mandatory**

In line with best practices, the Company has taken out an insurance policy covering civil liability for directors, executives, managers (D&O policy) and members of the Board of Statutory Auditors.

The Company has taken out a life and serious accident insurance policy, both during the performance of their duties and in daily life, for each of its employees of any order and grade.

**o) Remuneration policy possibly followed with reference to: (i) independent directors, (ii) participation in committees and (iii) performance of special duties (chair, vice-chair, etc.)**

Consistently with the Corporate Governance Code, the remuneration of non-executive directors is not linked to the Issuer's financial performance objectives and provides for a compensation commensurate with the skill, professionalism and commitment required by the tasks assigned to them within the board of directors and board committees.

No compensation was paid to the directors for participating in the committees. However, the Board of Directors, on 31 May 2024, resolved to submit to the Shareholders' Meeting, convened for 1 July 2024, the proposal to review the compensation of the members of the Board of Directors specifying that, in case of approval of such proposal from the Shareholders' Meeting, the increase of the compensation will be allocated to the components of the board committees.

Pursuant to the Issuer's Articles of Association, the remuneration of directors holding special offices is set by the Board of Directors, after hearing the opinion of the Board of Statutory Auditors. The Shareholders' Meeting may determine an overall amount for the remuneration of all the directors, including those holding special offices.

**p) *Whether 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 designation of those companies***

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

**q) *Elements of the Remuneration Policy from which, in exceptional circumstances, it is possible to derogate and, without prejudice to the provisions of Regulation No. 17221 of 12 March 2010, any further procedural conditions under which the derogation may be applied***

In the presence of exceptional circumstances, the Company may derogate from the elements of the Remuneration Policy as set out below. It should be noted that "exceptional circumstances" are defined as those situations in which derogation from the Remuneration Policy is necessary in order to pursue the long-term interests and sustainability of the Company as a whole or to ensure its ability to stay in the market, such as, but not limited to:

- (i) the occurrence, at a 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, for example, those resulting from the emergency due to pandemic events);
- (ii) substantial changes in the organisation of the business activity, both of an objective nature (such as extraordinary transactions, mergers, disposals, etc.), and of a subjective nature, such as changes in the top management and the possible identification of persons qualifying as Executives with Strategic Responsibilities relevant to this Policy;
- (iii) significant changes in the perimeter of the business activity during the validity of the Policy, such as the disposal of a company/business unit on the activity of which the performance targets of the Policy were based, or the acquisition of a significant business not contemplated for the purposes of the preparation of the Policy.

It is in any case understood that any derogations to the Policy will be subject to the prior examination of the Appointments and Remuneration Committee and to the application of the rules provided for in the procedure for related party transactions.

Notwithstanding the foregoing, the derogation may concern:

- (i) the adjustment of the performance targets to which variable remuneration is linked and the frequency of their determination;
- (ii) the revision of the criteria used to assess the targets;
- (iii) the change in the ratio between fixed and variable remuneration components;



- (iv) the awarding of one-off monetary bonuses;
- (v) the attribution of special allowances, in order to take account of the above-mentioned exceptional circumstances and only to the extent that this is instrumental to the pursuit of the above-mentioned interests.