

**REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP
STRUCTURES**
in compliance with art. 123-bis TUF (Consolidated Italian Law on Finance)

Issuer: SeSa S.p.A - Via Piovola, 138 50053 Empoli (FI)

Website: www.sesa.it

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REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURES

GLOSSARY

Self-Governance Code: the Self-Governance Code of listed companies approved in July 2018 by the Committee for Corporate Governance and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, available for consultation at www.borsaitaliana.it, in the section “Borsa Italiana – Regulation – *Corporate Governance*”, applicable until 30 April 2021.

Corporate Governance Code: the Corporate Governance Code of listed companies approved in January 2021 by the Committee for Corporate Governance and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, applicable from 1 May 2021.

Civ. Code/ c.c.: the Italian Civil Code.

Board or Board of Directors: the Board of Directors of the Issuer.

Sesa, Issuer or Company: the issuer of listed stocks to which the Report refers.

Year: the business year to which the Report refers. Taking into account that the Company's business year ends on the 30th of April, the period between 1 May 2020 and 30 April 2021.

Instructions for Regulation of the Borsa: the Instructions for Regulation of the markets organised and managed by Borsa Italiana S.p.A.. (as subsequently amended).

MTA: the electronic stock market organised and managed by Borsa Italiana S.p.A..

Regulation of the Borsa: the Regulation of the markets organised and managed by Borsa Italiana S.p.A.. (as subsequently amended).

Consob Issuers' Regulation: the Regulation issued by Consob with resolution no. 11971 of 1999 (as subsequently amended) relating to issuers.

Consob Regulation of Related Parties: the Regulation issued by Consob with resolution no. 17221 dated 12 March 2010 (as subsequently amended) relating to transactions with related parties.

Regulation for the operation of the Board of Directors: the Regulation adopted by the Company, which governs the way in which Sesa's Board of Directors operates, including the methods used to record the minutes of the meetings and the procedures for managing the Directors' reports, in compliance with the law, regulations and the Articles of Association, as well as in light of the principles and criteria established by the Corporate Governance Code.

Report: this report on corporate governance and ownership structures which the company is required to draw up in compliance with art. 123-*bis* of the TUF.

Articles of Association: the Articles of Association of Sesa adopted by the extraordinary Shareholders' Meeting held on the 15th of July 2013, effective from the date of the launch of trading of the Company's stocks on the MTA (from 22 October 2013), as subsequently amended.

TUF: Legislative Decree 58 (Consolidated Law on Finance) dated 24 February 1998, as subsequently amended.

1. ISSUER'S PROFILE

The Sesa Group, which has its headquarters in Empoli (FI), is the operator of reference in Italy in technological innovation and digital and IT solutions for the business segment. Operating throughout Italy and present in other European regions, the Group's mission is to offer technological innovation solutions and Digital Transformation solutions to companies and organisations. Thanks to the skills and specialisations of its human resources and the solutions developed, the Sesa Group operates in sectors such as Security, Collaboration, Cloud, Digital Engineering, ERP & Vertical Solutions, Customer Experience. The skills of its human resources and investments in innovation allow the Sesa Group to offer ICT services and solutions (Design, Education, Technical Assistance, Cloud Computing, Managed and Security Services, ERP & Vertical Solutions, Digital Solutions) to support the digital transformation of partners and customers.

The Issuer's ordinary shares have been admitted to trading on the MTA since 22 October 2013 (the "Listing Date").

Since 16 February 2015, the Issuer's ordinary shares have been traded in the STAR Segment of the electronic stock market of Borsa Italiana S.p.A. (MTA).

Intermonte SIM S.p.A. acts as specialised operator in compliance with the Regulation of Borsa Italiana S.p.A. and the relative Instructions.

The company qualifies as an "SME" in compliance with article 1, paragraph 1, letter w-quater.1) of the TUF and article 2-ter of the Consob Issuers' Regulation, as resulting from the list of SMEs published by the Consob on its website, in compliance with article 2-ter, paragraph 2 of the Consob Issuers' Regulation. The value of capitalisation and turnover communicated to Consob for the purposes of drawing up the list of SMEs (art. 2-ter, paragraphs 2 and 5, Consob Issuers' Regulations) amounted respectively to Euro 398,514,681 and Euro 1,350,900, with reference to the tax year ended 30 April 2018, to Euro 417,032,506 and Euro 1,539,854, with reference to the tax year ended 30 April 2019 and to Euro 603,868,092 and Euro 1,762,641, with reference to the tax year ended 30 April 2020. With reference to tax year 2020-2021 (from 1 May 2020 to 30 April 2021), on the other hand, the value of capitalisation and turnover amounted to Euro 1,285,186,598 and 2.037.222.977 respectively.

The information contained in this Report, unless otherwise specified, refers to the Year corresponding to the period from 1 May 2020 to 30 April 2021.

During the Year, the Issuer was organised according to the traditional management and audit model pursuant to articles 2380-*bis* et seq. of the Italian Civil Code, with the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

To this end, it should, however, be noted that, by resolution of 27 January 2021, the Extraordinary Shareholders' Meeting approved the proposal for amendments to the Articles of Association related to the adoption of the one-tier system of administration and control, pursuant to and for the purposes of articles 2049-*sexiesdecies* et seq. of the Italian Civil Code. The amendments relating to the new governance system will be applied as of the next renewal of the corporate bodies (by the Shareholders' Meeting called for 26 August 2021 by first call or 27 August 2021 by second call for the appointment of the members of the Board of Directors and by the latter for the appointment of the members of the Management Audit Committee), except for the amendments relating to the pre-meeting procedures associated with the appointment of the new corporate bodies, which apply as of the date of the convening of the Shareholders' Meeting called to pass resolution on the appointment of the new Board of Directors, i.e.: as of 12 July 2021. From the next renewal of corporate bodies, the Company will therefore operate through a Board of Directors, some members of which will also be part of the Management Audit Committee.

The text of the new Articles of Association is available on the Company's website in the "Governance - Articles of Association" section.

2. INFORMATION ON OWNERSHIP STRUCTURES

(pursuant to art. 123 bis, par. 1, TUF) at 30/04/2021

a) Share capital structure [art. 123-bis, par. 1, lett. a), TUF]

Share capital at 30 April 2021

On 30 April 2021, the share capital subscribed and paid in amounted to 37,126,927.50.

Categories of shares that make up the share capital at 30 April 2021:

Share Capital Structure

	no. of shares	% of the s.c.	Listed (indicate the markets) / unlisted	Rights and obligations
Ordinary Shares	15,494,590	100.00%	MTA	Every ordinary share entitles the holder to one vote. The rights and obligations of shareholders are those envisaged by articles 2346 et seq. c.c.

Without prejudice to what is indicated below, each ordinary share of the Company grants the right to one vote at all of the company's ordinary and extraordinary shareholders' meetings, as well as the other administrative rights envisaged by the applicable provisions of the law and the Articles of Association.

The Shareholders' Meeting held on 28 August 2020 resolved to amend the Articles of Association, including the current article 7 functional to the introduction of the increase of the vote pursuant to article 127-quinquies of the Consolidated Law on Finance (TUF), envisaging that the increase of the voting right shall be acquired upon expiry of the minimum period of continuous ownership of the shares of 24 months and establishing the maximum limit of the increase to two votes for each share. For further information, please see paragraph d) below.

Share capital on the Report date

On the Report date, the share capital subscribed and paid in amounted to 37,126,927.50.

b) Restrictions to the transferral of securities [art. 123-bis, par. 1, lett. b), TUF]

There are no restrictions to the transferral of securities, limitations to possession or clauses for approval of the Issuer or other possessors.

c) Significant investments in the capital [art. 123-bis, par. 1, lett. c), TUF]

The company qualifies as an SME pursuant to article 1, paragraph 1, letter w-quater.1 of the TUF as it falls within the parameters envisaged; therefore, the threshold for the communication of significant shareholdings pursuant to art. 120 TUF is equal to 5% of the share capital with voting rights.

On this date of the Report, Shareholders who, according to the shareholders' book and the communications received in compliance with art. 120 TUF and other information available to the company, hold, either directly or indirectly, more than 5% of the Sesa share capital, are listed in the following table.

Declarant	Direct shareholder	% share of ordinary capital	% share of voting capital
HSE S.p.A.	ITH S.p.A	52.814%	52.814%

d) Securities that grant special rights [art. 123-bis, par. 1, lett. d), TUF]

No securities granting special controlling rights or special powers assigned to the securities have been issued.

The Shareholders' Meeting held on 28 August 2020 resolved to amend the Articles of Association, including the current article 7 functional to the introduction of the increase of the vote pursuant to article 127-quinquies of the Consolidated Law on Finance (TUF).

In particular, as an exception to the general rule whereby each share grants the right to one vote, pursuant to article 7 of the Articles of Association, in accordance with article 127-quinquies of the Consolidated Law on Finance (TUF), each ordinary share grants the right to a double vote (and therefore to two votes for each share) where both of the following conditions are met: (a) the share is owned by the same person, by virtue of a real entitlement legitimising the exercise of voting rights (full ownership with voting rights, bare ownership with voting rights or usufruct with voting rights) for a continuous period of at least twenty-four months; (b) the recurrence of the prerequisite referred to in letter (a) above is attested by continuous registration, for a period of at least twenty-four months, in the special list specifically established and maintained by the company in the form and content envisaged in compliance with applicable legislation, as well as by a specific communication attesting to share ownership and referring to the date of expiry of the continuous period, issued by the intermediary in the form and with the effects envisaged by current legislation.

The increase in voting rights is not applicable to resolutions of the Shareholders' Meeting concerning the determination of the remuneration of the members of the corporate bodies, the approval of remuneration plans based on financial instruments and the approval of the remuneration policy drawn up by the Board of Directors.

The increase in voting rights is calculated to determine the quorums for meetings and resolutions that refer to percentages of the share capital, but has no effect on rights, other than voting rights, due to the possession of certain percentages of the share capital.

In relation to the above, it should be noted that the increased voting rights envisaged in article 7 of the Articles of Association, introduced by the Shareholders' Meeting on 28 August 2020, is not yet applicable, as the minimum period of twenty-four months from registration in the special list required to acquire the increased vote has not yet elapsed.

To this end, please note that 8, 269,222 ordinary shares have been included in the list of the increased voting rights, the increase in which is in the process of being vested.

For further information, please see the Regulations for the Increased Vote available on the company's website, in the "Governance - Increased Vote" section, where, in accordance with the provisions of article 143-quater, paragraph 5, of the Issuers' Regulations, the identification data of the shareholders who have requested inclusion in the special list are also published, with an indication of the pertinent shareholdings, which must be higher than the threshold indicated in article 120, paragraph 2, of the TUF, and of the date of inclusion.

e) Employee participation in the shareholder structure: voting mechanism [art. 123-bis, par. 1, lett e), TUF]

There is no system for employee participation in the shareholder structure.

f) Restrictions to voting rights [art. 123-bis, par. 1, lett. f), TUF]

There are no restrictions to voting rights.

g) Agreements among shareholders [art. 123-bis, par. 1, lett. g), TUF]

On 5 June 2020, HSE S.p.A. and Tamburi Investment Partners S.p.A. signed a shareholders' agreement pursuant to article 122, paragraphs 1 and 5, letters a) and d-bis), of the TUF, subject to the condition precedent that Tamburi Investment Partners S.p.A. would subscribe an increase in the share capital of ITH reserved for the former at the extraordinary shareholders' meeting held on 12 June 2020.

To this end, it should be noted that, on 22 July 2020, Tamburi Investment Partners S.p.A. subscribed the reserved capital increase and, therefore, as the aforementioned condition precedent had been met, the agreement became effective.

Said agreement - concerning a total of 305,333 shares in ITH S.p.A. with voting rights representing 95.54% of the entire share capital at the date of subscription - has a duration of three years and is intended to be dissolved by mutual consent, with effect from the fulfilment of the aforesaid condition (22 July 2020), the shareholders' agreement signed between the same parties on 8 July 2019 and to regulate certain aspects relating to the corporate governance of ITH and, indirectly, of Sesa.

Notice of termination of the shareholders' agreement entered into on 8 July 2019 was given in accordance with applicable legislation.

Moreover, also on 5 June 2020, another shareholders' agreement pursuant to art. 122, paragraph 1, TUF was signed between all the shareholders of ITH S.p.A. for the exercise of voting rights at the extraordinary shareholders' meeting of the aforesaid company held on 12 June 2020, concerning four separate reserved share capital increase operations, under which Tamburi Investment Partners S.p.A. has increased its stake in ITH's share capital. Said agreement, relating to 319,592 ITH shares with voting rights representing the entire share capital, ceased to be effective on the date of the shareholders' meeting to which it referred. Notice of termination also of this shareholders' agreement was given in accordance with applicable legislation.

The aforesaid shareholders' agreements were published in accordance with the terms of the law; the relative essential information, excerpts and notices are published on the Company's website at <https://www.sesa.it/it/corporate-governance/patti-parasociali.html>.

On the date of this Report, the Issuer is not aware of any additional corporate agreements that are relevant in accordance with art. 122 TUF in relation to the Issuer's shares.

h) Clauses of change of control [art. 123-bis, par. 1, lett. h), TUF] and provisions of the articles of association on Public Purchase Offers [articles 104, par. 1-ter, and 104-bis, par. 1, TUF]

The main partnership agreements signed by Sesa and/or its subsidiaries with some commercial players contain clauses which allow the counterparties to review their position in the event of a change of control.

As regards the loan agreements entered into or in progress during the year ending on 30 April 2021, as usual for this type of transaction, Computer Gross S.p.A. and Var Group S.p.A. have signed agreements in compliance with which a change in control of the contracting company may lead to the termination of the benefit of the term of the loans.

Specifically, with reference to agreements which explicitly envisage the expiry of the benefit of the term (residual capital at 30 April 2021), the following should be noted:

- On 19 May 2017, Var Group S.p.A. signed a loan agreement with CRF (Gruppo Intesa San Paolo) for Euro 5,000,000 of which there is a residual amount of Euro 1,250,000.00;
- On 29 December 2017, Var Group S.p.A. signed a loan agreement with Unicredit for Euro 10,000,000 of which there is a residual amount of Euro 3,600,000.00;
- On 23 July 2018, Var Group S.p.A. signed a loan agreement with Unicredit for Euro 10,000,000 of which there is a residual amount of Euro 4,500,000.00;
- On 17 February 2020, Var Group S.p.A. signed a loan agreement with BPER (formerly UBI BANCA) for Euro 25,000,000 of which there is a residual amount of Euro 16,700,000.00;
- On 21 February 2020, Var Group S.p.A. signed a loan agreement with BNL for Euro 25,000,000 of which there is a residual amount of Euro 22,000,000.00;
- On 26 March 2020, Var Group S.p.A. signed a loan agreement with Intesa San Paolo for Euro 20,000,000 of which there is a residual amount of Euro 16,000,000.00;
- On 21 July 2020, Var Group S.p.A. signed a loan agreement with Credit Agricole for Euro 25,000,000 of which there is a residual amount of Euro 20,400,000.00;
- On 30 May 2019, Computer Gross S.p.A. signed a loan agreement with Unicredit for Euro 10,000,000 of which there is a residual amount of Euro 4,150,000.00;
- On 30 July 2019, Computer Gross S.p.A. signed a loan agreement with BNL for Euro 25,000,000 of which there is a residual amount of Euro 18,750,000.00;
- On 26 September 2019, Computer Gross S.p.A. signed a loan agreement with BPER for Euro 10,000,000 of which there is a residual amount of Euro 6,300,000.00;
- On 19 December 2019, Computer Gross S.p.A. signed a loan agreement with CREDEM for Euro 5,000,000 of which there is a residual amount of Euro 2,900,000.00.

The provisions of the Issuer's Articles of Association are compliant with the passivity rule envisaged by art. 104, paragraphs 1 and 1-bis of the TUF. It should also be noted that the Issuer's Articles of Association do not envisage the application of the neutralisation rules contemplated by art. 104-bis, paragraphs 2 and 3 of the TUF.

i) Mandates to increase the share capital and authorisation for the purchase of treasury shares [art. 123-bis, par. 1, lett. m), TUF]

During the Year, the Shareholders' Meeting did not assign the Board of Directors the faculty to increase the share capital in compliance with art. 2443 c.c., or to issue investment financial instruments.

On 28 August 2020, the authorisation to purchase ordinary treasury shares, passed by the ordinary shareholders' meeting on 27 August 2019, expired. The Shareholders' Meeting held on 28 August 2020, therefore, passed resolution on a new authorisation for the purchase and disposal of ordinary treasury shares, aimed at allowing the company to acquire its own shares for the purposes contemplated by article 5 of EU Regulation no. 596/2014 of 16 April 2014 and related implementing provisions, where applicable, also for the purposes of the possible implementation of the company's share-based incentive plans that may be approved by the Shareholders' Meeting.

With reference to the above purposes, the Shareholders' Meeting of 28 August 2020 has, in particular, authorised the purchase of a number of Sesa ordinary shares, without nominal value, not exceeding 10% of the share capital represented by ordinary shares, with a maximum countervalue of € 3,500,000.00 with a duration until the date of approval of the financial statements as at 30 April 2021, and up to a maximum of eighteen months starting from the date of the resolution; all in compliance with the conditions relating to trading established by the legal and regulatory provisions, also at European level, in force at the time. The authorisation to dispose of the ordinary treasury shares purchased on the basis of the authorising resolution, or held in the company's portfolio, was, however, granted without time limits.

For more information, see the text of the shareholders' resolution of 28 August 2020 available on the company website at www.sesa.it in the “*Investor Relations-Meetings*” section.

On the date of this Report, Sesa holds 61,160 treasury shares in its portfolio, representing 0.3947% of the share capital and equal to the number of treasury shares held in its portfolio as at 30 April 2021.

I) Management and coordination activity (pursuant to articles 2497 et seq. c.c.)

Despite being indirectly controlled by HSE S.p.A., through ITH S.p.a., in compliance with art. 93 TUF, the Issuer does not consider itself subject to the management and control of the parent company in compliance with articles 2497 et seq. of the Italian Civil Code, and article 16, paragraph 4 of the Consob Regulation adopted with provision no. 20249 dated 28 December 2017, as subsequently amended.

With regard to this matter, the company feels that it is not subject to the management and coordination of any company, in that: (i) the company operates independently in corporate and business terms, carrying out its own negotiations with customers and suppliers and defining its own strategic and development lines without any supervision of parties outside of the company; (ii) neither ITH nor HSE exercise centralised group functions involving Sesa (e.g.: strategic planning, control, group corporate and legal affairs); and (iii) the company's Board of Directors operates in full managerial independence.

In turn, the company is the head of a group to which some unlisted companies belong. These unlisted companies include the direct subsidiaries Var Group S.p.A., Computer Gross Italia S.p.A. and Base Digitale S.p.A., which recognise Sesa as the only entity to whose management and coordination they are subject. At the meeting held on 12 July 2018, the Issuer's Board of Directors approved a Group regulation, which defines the contents and the procedures with which

management and coordination activities are carried out. Said regulation was subsequently amended by the Board of Directors at the meetings held on 19 December 2019 and 12 July 2021. The adoption of the Group Regulation is also justified in view of the existence of a common entrepreneurial and strategic plan and the intention to optimise Group synergies. However, membership of the Group and the consequent adhesion to the aforesaid regulation do not compromise the role of the companies that are managed and coordinated as autonomous profit centres.

With reference to the further disclosures pursuant to art. 123-bis TUF, it should be noted that:

- as regards information on the agreements between the company and the directors which envisage indemnities in the case of resignations or dismissals without just cause, or if the relationship ends following a public purchase offer [art. 123-bis, par. 1, lett. I) of the TUF], see the report on remuneration policy and payments made, drawn up in compliance with art. 123-ter of the TUF and art. 84-quater of the Consob Issuers' Regulation available within the terms of the law on the company's website at www.sesa.it in the “*Investor Relations-Meetings*” sector;
- as regards information on the appointment and replacement of directors and the legislation applicable to the amendment of the articles of association [art. 123-bis, par. 1, lett. I), of the TUF], see paragraphs 4.1 and 16; as regards information on the main characteristics of the risk management and internal audit systems [art. 123-bis, par. 2, lett. B) of the TUF], see paragraphs 10 and 11;
- as regards information on the mechanisms that govern the workings of the Shareholders' Meeting, its main powers, Shareholder rights and the methods of exercise [art. 123-bis, par. 2, lett. C) of the TUF], see paragraph 16;
- as regards information on the composition and operations of the management and auditing boards and their Committees [art. 123-bis, par. 2, lett. d) and d-bis) of the TUF], see paragraphs 4, 6, 7, 10, 13 and 14, as well as the report on remuneration policy and payments made with regard to the Remuneration Committee.

3. COMPLIANCE

Until the end of the Year, the Issuer complies with the Code of Self-Governance, the current text of which (in the July 2018 version), is accessible to the public on the website of the Committee for Corporate Governance, at

<https://www.borsaitaliana.it/comitato-corporate-governance/homepage/homepage.htm>.

Moreover, given that, as of financial year 2021-2022, the Self-governance Code has been replaced by the new Corporate Governance Code, to which the company has adhered, this Report contains some information on the activities already undertaken by the company to implement the new recommendations.

Neither the Issuer, nor its strategic subsidiaries are subject to non-Italian legal provisions which influence the Issuer's Corporate Governance structure.

4. BOARD OF DIRECTORS

4.1 Appointment and replacement of directors [art. 123-bis, par. 1, lett. l), TUF]

During the Year, the Issuer adopted the traditional management and audit model pursuant to articles 2380-*bis* et seq. of the Italian Civil Code, with the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

To this end, you are reminded, however, be noted that, by resolution of 27 January 2021, the Extraordinary Shareholders' Meeting approved the proposal for amendments to the Articles of Association related to the adoption of the one-tier system of administration and control, pursuant to and for the purposes of articles 2049-*sexiesdecies* et seq. of the Italian Civil Code.

The amendments relating to the new governance system will be applied as of the next renewal of the corporate bodies (by the Shareholders' Meeting called for 26 August 2021 by first call or 27 August 2021 by second call for the appointment of the members of the Board of Directors and by the latter for the appointment of the members of the Management Audit Committee), except for the amendments relating to the pre-meeting procedures associated with the appointment of the new corporate bodies, which apply as of the date of the convening of the Shareholders' Meeting called to pass resolution on the appointment of the new Board of Directors, i.e.: as of 12 July 2021.

As of the next renewal of corporate bodies, the company will therefore be managed, pursuant to article 17 of the new Articles of Association, by a Board of Directors consisting of a minimum of five and a maximum of thirteen directors. The directors hold office for no more than three terms and such office expires on the date of the Shareholders' Meeting called to approve the financial statements relating to the last year of their office, notwithstanding the causes of termination envisaged by the law and by the Articles of Association. Before proceeding with the appointment, the Shareholders' Meeting determines the number of members and the Board's duration in office.

The provisions of the Articles of Association that regulate the composition and appointment of the Issuer's Board of Directors also guarantee the respect of the provisions on the defence of the rights of minorities and the balance between genders in the composition of the Board of Directors, as well as the presence of an adequate number of directors in possession of the requisites of independence pursuant to art. 148, par. 3, TUF and to the Code of Corporate Governance, as well as the additional requirements envisaged by the legislation in force, as briefly described below.

The directors must meet the requirements envisaged by the laws and regulations in force at the time; of these, at least one third must meet the requirements of independence pursuant to article 148, paragraph 3, of the TUF, as well as the additional requirements envisaged by the Corporate Governance Code, and of these, at least three must meet the requirements of professionalism established by article 148, paragraph 4, of the TUF. In addition to the above, at least one of the latter must be recorded in the register of statutory auditors.

Without prejudice to the provisions of article 23 of the Articles of Association with reference to the Management Audit Committee, failure to meet the integrity requirements shall result in the termination of the director's office. The absence of the requisites of independence indicated in the Articles of Association in a Director does not determine termination of office if the requisites are still held by the minimum number of directors who, in compliance with the Articles of Association and the legislation in force, must possess said requisites.

For the requisites of independence of the existing members of the board of directors, see paragraph 4.6.

The appointment of the Board of Directors takes place, in observance of the discipline in force at any given time for the balance between genders, on the basis of lists presented by the Shareholders using the methods specified below, in which the candidates must be listed under a progressive number. For the presentation, deposit and publication of the lists, in addition to that envisaged by

the Articles of Association, the provisions of the law and regulations in force at any given time apply.

Every Shareholder, the Shareholders adhering to a significant corporate agreement in accordance with art. 122 TUF, the parent, the subsidiaries and companies subject to common control in compliance with art. 93 TUF, cannot present or take part in the presentation, not even through another person or a trust company, of more than one list, nor may they vote for different lists, and each candidate may only appear in one list otherwise they shall be disqualified from election. Adhesions and votes expressed in breach of this prohibition will not be attributed to any list.

Only Shareholders who, acting alone or with other Shareholders, hold total voting rights representing at least 2.5% of the share capital entitled to vote at the ordinary shareholders' meeting, or representing another percentage established by the law or regulations can present lists. To this end, it should be noted that, with management decision no. 48 dated 7 May 2021, Consob determined the share required for presentation of lists of candidates for the election of the Issuer's board of directors as 1% of the share capital.

Together with each list, within the respective terms indicated above, it is necessary to deposit *(i)* the information relating to the identity of the Shareholders that have presented the list, indicating the total share held; *(ii)* declarations by the shareholders other than those who hold, even jointly, a controlling or majority share, certifying the absence of relations connecting them, as envisaged by the regulatory legislation in force, to the latter; *(iii)* declarations with which the individual candidates accept their candidacy and certify, under their own responsibility, the non-existence of causes for ineligibility and incompatibility, as well as the existence of the requirements for the office of director, indicating their possession of requirements of independence envisaged by article 148, paragraph 3, of the TUF and the Corporate Governance Code, and/or the requirements necessary to become a member of the Management Audit Committee, together with the list of directors' and auditors' office held in other companies; *(iv)* a curriculum vitae regarding the personal and professional characteristics of each candidate with the possible indication of the suitability of the candidate to be qualified as independent.

Lists with at least three candidates must be made up of candidates belonging to both genders, so that at least two fifths (rounded up) belong to the gender with fewest representatives.

It should be noted that the term of office of the Board of Directors expires on the date of the Shareholders' Meeting called to approve the financial statements for the financial year ended 30 April 2021 and that, on said occasion, the Board will be renewed.

Lists presented without observing the above provision are considered as not having been presented.

The Board of Directors will be elected as follows:

- a) the directors will be taken from the list that receives most votes, in the progressive order in which they are listed, apart from one;
- b) from the minority list, in no way connected, not even indirectly, to those who presented or voted the list indicated under letter a), and which obtained the second highest number of votes, based on the progressive order, the first candidate who possesses the second highest number of requirements to become part of the Management Audit Committee.

In the event of an even vote between the lists, the winning list will be that presented by the Shareholders with the highest shareholding at the time of presentation of the list, or by the highest

number of Shareholders. If the candidates elected in the manner described above do not ensure the appointment of the minimum number of independent directors pursuant to article 148 of the TUF and the Corporate Governance Code prescribed by the Articles of Association, three of whom also meet the additional requirements of current legislation and the Articles of Association for members of the Management Audit Committee, the candidate who does not meet said requirements and who is elected last in numerical order from the list that received the highest number of votes, pursuant to letter a) above, shall be replaced, in sequential order, by the first unelected candidate on the same list who meets the requirements, or, failing that, by the first unelected candidate on the other lists meeting said requirements, according to the number of votes obtained by each. This replacement procedure will be carried out until the Board of Directors consists of the minimum number of independent directors pursuant to article 148 of the TUF and the Corporate Governance Code prescribed by the Articles of Association, three of whom also meet the additional requirements envisaged by current legislation and the Articles of Association for members of the Management Audit Committee.

Lastly, if this procedure does not ensure the required result, the replacement will take place with the resolution passed by the Shareholders' Meeting with the legal majorities, following presentation of candidacies of subjects in possession of the aforesaid requirements. Moreover, if, with the candidates elected with the methods indicated above, it is not possible to ensure the composition of the Board of Directors in compliance with the regulations in force at the time to uphold the gender balance, the candidate of the gender most represented, elected as last in progressive order in the list that has received the highest number of votes, will be replaced by the first candidate of the gender least represented of the list, not elected, in accordance with the progressive order. This replacement procedure will be used until the Board of Directors is made up in compliance with the regulations in force at the time in relation to the gender balance. Lastly, if this procedure does not ensure the required result, the replacement will take place with the resolution made by the Shareholders' Meeting with the legal majorities, following presentation of candidacies of subjects belonging to the gender least represented. If only one list is submitted or if no list is submitted at all, the Shareholders' Meeting shall pass resolutions with the majorities required by law, without complying with the above procedure, so as to ensure (i) the presence of the minimum number of independent directors pursuant to article 148 of the TUF and the Corporate Governance Code prescribed by the Articles of Association, three of whom also meet the additional requirements envisaged by current legislation and these Articles of Association for members of the Management Audit Committee, and (ii) compliance with the *pro tempore* regulations in force concerning the balance between genders.

If, during the year, one or more directors should cease to hold office, as long as the majority is still made up of directors appointed by the Shareholders' Meeting, the following procedure shall be adopted in compliance with art. 2386 c.c.:

- a) the Board of Directors proceeds with the replacement, choosing from the members of the same list to which the director no longer in office belonged and the Shareholders' Meeting passes resolution with the legal majorities, respecting the same criterion;
- b) should there be no more candidates not previously elected or candidates with the necessary requirements on the aforesaid list, or if, for any reason, it is not possible to respect the provisions of letter a), the Board of Directors goes ahead with the replacement with the legal majorities without considering the list vote. Subsequently, the Shareholders' Meeting, upon the proposal of those present who have the right to vote, shall confirm the co-opted director or appoint another director to replace him by resolution adopted with the majorities required by law and without list restrictions; however, if it is necessary to replace the directors elected from the minority list, the votes of those who, according to the communications made pursuant to current legislation, hold, even indirectly or jointly with other shareholders who are party to a shareholders' agreement pursuant to article 122 of the TUF, the relative majority of the votes that can be exercised at the Shareholders' Meeting, as well as those of Shareholders who hold control or are subject to joint control by them.

In any case, the Board of Directors and the Shareholders' Meeting will go ahead with the co-option and the appointment in order to ensure: (i) the presence of the minimum number of independent directors pursuant to article 148 of the TUF and the Corporate Governance Code prescribed by the Articles of Association, three of whom also meet the additional requirements envisaged by current legislation and the Articles of Association for members of the Management Audit Committee, and (ii) compliance with the *pro tempore* regulations in force concerning the balance between genders.

If the majority of the directors elected by the Shareholders' Meeting should cease to hold office due to resignation or another cause, the entire Board shall cease to hold office, effective from the date of the subsequent reconstitution of such body. In this case, the Shareholders' Meeting must be called urgently by the directors still in office to elect the new Board of Directors.

The directors cease to hold office in the cases envisaged by the law and by the Articles of Association.

In the meeting held on 12 July 2021, the Board decided to continue not to adopt a plan for the succession of the executive directors, taking into account the current shareholder structure and the stability of the Board.

4.2 Composition [art. 123-bis, par. 2, lett. d) and d-bis), TUF]

The Board of Directors in office is made up as follows:

- Paolo Castellacci (Executive Chairman)
- Moreno Gaini (Executive Deputy Chairman)
- Giovanni Moriani (Executive Deputy Chairman)
- Alessandro Fabbroni (Chief Executive Officer)
- Angelica Pelizzari (Non-Executive director)
- Maria Chiara Mosca (Independent Director)
- Claudio Berretti (Non-Executive director)
- Angela Oggionni (Independent Director)

The Shareholders Meeting held on 24 August 2018 appointed the Board of Directors, determining the number of members of the Board as eight.

The Board of Directors thus appointed will remain in office for three years, until the approval of the financial statements relating to the year ending 30 April 2021.

At the time of the renewal of the Board of Directors on 24 August 2018, two lists were presented, in compliance with the provisions of the Articles of Association. Paolo Castellacci, Moreno Gaini, Giovanni Moriani, Alessandro Fabbroni, Angelica Pelizzari, Luigi Gola (who resigned on 27 August 2019) and Angela Oggionni were taken from the list presented by the majority shareholder ITH S.p.A. (which, at the time, held 52.814% of the company's share capital) and was voted by the majority of the share capital represented at the Shareholders' Meeting (equating to 73.77% of the voting capital). Maria Chiara Mosca was taken from the list presented by a group of shareholders (Anima SGR S.p.A., fund manager for: Anima Crescita Italia, Anima Geo italia and Anima iniziativa Italia; Anthilia Capital Partners SGR S.p.A. fund manager for Anthilia Small Cap Italia; Eurizon Capital SA fund manager for Equity Small Mid Cap Italy; Eurizon Capital SGR S.p.A. fund manager for Eurizon Azioni PMI Italia; Fideuram Asset Management (Ireland) SA - Fonditalia Equity Italy; Interfund Sicav - Interfund Equity Italy and Mediolanum Gestione

Fondi SGR S.p.A. fund manager for: Mediolanum Flessibile Futuro Italia and Mediolanum Flessibile Sviluppo Italia), which, at the time, held a total of 4.04% of Sesa's share capital; this list was voted by the minority of the share capital represented at the shareholders' meeting (equating to 26.168% of the voting capital).

To this end, it should be noted that the director Claudio Berretti was appointed by co-option on 27 August 2019, following the resignation of the director Luigi Gola, submitted on the same date, and was confirmed as director of Sesa by the Shareholders' Meeting held on 28 August 2020.

The members of the Board of Directors currently include two independent directors, Ms Maria Chiara Mosca and Ms Angela Oggionni, in compliance with art. 148, par. 3, of the TUF, as mentioned by art. 147-ter, par. 4, of the TUF and by art. 3 of the Self-Governance Code in force during the Year, in compliance with art. 2.2.3, par. 3, letter m) of the Regulation of the Borsa and by art. IA.2.10.6 of the Instructions for Regulation of the Borsa, both applicable to issuers in possession of STAR qualification.

The *curricula vitae* of the directors, containing thorough information on the personal and professional characteristics of each one of them, are available on the company's website, in the "*Corporate governance – Board of Directors*" section.

Diversity criteria and policies

With reference to diversity policies, it is hereby made known, in compliance with art. 123-bis, paragraph 2, letter d-bis) of the TUF, that the current composition of the corporate bodies is already adequately diversified (the members of these bodies having been elected on the basis of the legislation on gender balance, as expressly envisaged in the Articles of Association) and ensures an adequate balance between people with complementary skills and experience, so as to ensure the efficient operation of the corporate bodies. Compliance with these values is, moreover, always guaranteed by shareholders at the time of renewal of the corporate bodies.

Moreover, the company is constantly committed, through the adoption of its own Code of Ethics and the promotion of an articulate corporate welfare programme, to ensuring respect, at all levels, for diversity and equal opportunities, with the aim, among other things, of fully enhancing human resources and promoting the values of pluralism and professionalism. The Group's attention to these issues is also reflected in the Sustainability Report, available on the company's website in the "Investor Relations - Shareholders' Meetings" section, to which reference should be made in full.

Lastly, it should be noted that the qualitative and quantitative composition of the Board is verified, analysed and monitored annually by the Board of Directors during the self-assessment process, which also involves aspects relating to age, nationality, gender composition, managerial and professional skills, training, the presence of different age groups and seniority. The board evaluation process is also carried out in such a way as to allow all the directors to express their views on the main aspects concerning the Board, the Committees, interaction with management and risk governance, with the possibility of expressing comments and proposals.

Structure of the Board of Directors and Committees

Board of Directors													Audit and Risks Committee			Remun. Committee		Strategic Committee	
Office	Members	Year of birth	Date of first appointment*	In office since	In office until	List **	Exec.	Non-Exec.	Indep. Self-Governance Code	Indep. TUF	No. of other offices***	(*)	(*)	(**)	(*)	(**)	(*)	(**)	
Chairman#	Paolo Castellacci	30 March 1947	30 January 2013	24 August 2018	approval of financial statements 30 April 2021	M	Yes				10	6/6					1/1	P	
Chief Executive Officer #	Alessandro Fabbroni	03 March 1972	27 November 2012	24 August 2018	approval of financial statements 30 April 2021	M	Yes				8	6/6					1/1	M	
Deputy Chairman#	Moreno Gaini	14 September 1962	22 February 2013	24 August 2018	approval of financial statements 30 April 2021	M	Yes				4	6/6							
Deputy Chairman#	Giovanni Moriani	19 November 1957	22 February 2013	24 August 2018	approval of financial statements 30 April 2021	M	Yes				6	6/6					1/1	M	
Director	Angela Oggionni	08 June 1982	28 August 2015	24 August 2018	approval of financial statements 30 April 2021	M		Yes	Yes	Yes	3	6/6	6/6	M	5/5	P			
Director	Angelica Pelizzari	18 October 1971	22 February 2013	24 August 2018	approval of financial statements 30 April 2021	M		Yes			7	5/6					1/1	M	
Director	Maria Chiara Mosca	22 December 1972	24 August 2018	24 August 2018	approval of financial statements 30 April 2021	m		Yes	Yes	Yes	-	6/6	6/6	P	5/5	m			
Director	Claudio Berretti	23 August 1972	27 August 2019	27 August 2019	approval of financial statements 30 April 2021	Co-opted director in place of Luigi Gola on 27/08/2019 and confirmed by the Shareholders' Meeting held on 28 August 2020		Yes			24	6/6	6/6	N.a. (Co-opted director)	5/5	N.a. (Co-opted director)	1/1	N.a. (Co-opted director)	
No. of meetings held during the year of reference: 6						Audit and Risks Committee: 6				Remuneration Committee: 5			Strategic Committee: 1						
Quorum required for presentation of the lists by the minorities for the election of one or more members (pursuant to art. 147-ter TUF): 1%																			

NOTES

The symbols indicated below must be entered into the "Office" column:

• This symbol indicates the director appointed for the internal audit and risk management system.

◊ This symbol indicates the Issuer's chief executive officer.

* The date of first appointment of each director is the date on which the director was appointed for the first time (absolutely) in the Issuer's Board of Directors.

** This column indicates the list from which each director is taken ("M": majority list; "m": minority list; "BoD": list presented by the BoD; "NA": if the directors have been appointed by the Shareholders Meeting with the legal majority, following presentation of a single list of candidates or no list at all).

*** This column indicates the total number of offices of director or auditor covered by the party concerned in other companies listed on regulated markets (including foreign markets), in financial, banking and insurance companies which may be competitors or of considerable dimensions. In the Report on corporate governance, the offices are indicated in full.

(*) This column indicates the participation of the directors in the meetings of the BoD and the committees respectively (indicate the number of meetings in which the director participated compared to the total number of meetings in which he could have participated; e.g.: 6/8; 8/8 etc.).

(**) This column indicates the qualification of the board member within the Committee: "C": chairman; "M": member.

N.a.: not applicable.

This symbol indicates an office in the Board of Directors of the Sesa Foundation, a non-profit organisation with aims of social solidarity set up on 8 July 2014

Maximum accumulation with offices held in other companies

In compliance with Principle XII of the Corporate Governance Code, each director is required to guarantee adequate availability of time for the diligent performance of the tasks assigned to them.

To this end, article 1, paragraph 2 of the Regulation for the operation of the Board of Directors of Sesa envisages the duty of directors to accept the office when they believe they can dedicate the time necessary to the diligent performance of their duties, also taking into account the commitment related to their work and professional activities and the number of positions they hold in other companies or entities (including foreign ones).

It is understood that, following the application of the changes related to the one-tier system, introduced by the Extraordinary Shareholders' Meeting on 27 January 2021, directors who are members of the Management Audit Committee must comply with the regulations in force on the limits to the number of offices held.

The Board of Directors has monitored the compatibility of the offices held in the various companies by its members on the basis of the criteria in force during the year, and, most recently, on 12 July 2021, with the provisions of the Regulation for the operation of the Board.

As regards the offices held on the date of this Report, by the directors of the Issuer in other companies listed on regulated markets (including foreign markets), financial, banking and insurance companies which might be competitors or of considerable dimensions, please see the table below.

Name and surname	Company	Office in the company or investment held	Assignments of Management and Control
Paolo Castellacci	Base Digitale S.p.A.	Director	Management
	Cabel Holding S.p.A.	Director	Management
	Collaboration Value S.r.l.	Chairman of the Board of Directors	Management

	Computer Gross S.p.A.	Chairman of the Board of Directors	Management
	Computer Gross Nessos S.r.l.	Chairman of the Board of Directors	Management
	HSE S.p.A.	Director	Management
	Inn-3D S.r.l.	Appointed Board Member	Management
	ITF S.r.l.	Chairman of the Board of Directors	Management
	ITH S.p.A.	Chairman of the Board of Directors	Management
	Sesa S.p.A.	Chairman of the Board of Directors	Management
	Value4Cloud S.r.l.	Director	Management
Moreno Gaini	CGN S.r.l.	Director	Management
	Computer Gross S.p.A.	Deputy Chairman of the Board of Directors	Management
	HSE S.p.A.	Director	Management
	ITH S.p.A.	Director	Management
	Sesa S.p.A.	Deputy Chairman of the Board of Directors	Management
Giovanni Moriani	Delta Phi Sigla S.r.l.	Chairman of the Board of Directors	Management
	HSE S.p.A.	Director	Management
	ITH S.p.A.	Director	Management
	M.K. Italia S.r.l.	Director	Management
	Sesa S.p.A.	Deputy Chairman of the Board of Directors	Management
	Sirio Informatica e Sistemi S.p.A.	Director	Management
	Var Group S.p.A.	Chairman of the Board of Directors	Management
Alessandro Fabbroni	Adiacent S.r.l.	Director	Management
	Base Digitale S.p.A.	Deputy Chairman of the Board of Directors	Management
	Computer Gross S.p.A.	Proxy	Management
	HSE S.p.A.	Director	Management
	Idea Point S.r.l.	Director	Management
	ITH S.p.A.	Chief Executive Officer	Management
	Sesa S.p.A.	Chief Executive Officer	Management
	Tech Value S.r.l.	Director	Management

	Var Group S.p.A.	Proxy	Management
Angela Oggionni	Electa Ventures S.r.l.	Director	Management
	Ipoc S.r.l.	Director	Management
	Italian Wine Brands S.p.A.	Director	Management
	Sesa S.p.A.	Director	Management
Angela Pelizzari	Dottori.It S.r.l.	Appointed Board Member	Management
	Electa Ventures S.r.l.	Director	Management
	Euroansa S.p.A.	Director	Management
	Immobiliare.it S.p.A.	Chief Executive Officer	Management
	Mediacom S.r.l.	Director	Management
	Prontopro S.r.l.	Chairman of the Board of Directors	Management
	Sesa S.p.A.	Director	Management
	Treatwell IT S.r.l.	Director	Management
Maria Chiara Mosca	Sesa S.p.A.	Director	Management
Claudio Berretti	Alimentiamoci S.r.l. Benefit Company	Director	Management
	Alpiholding S.r.l.	Director	Management
	Alpitour S.p.A.	Director	Management
	Asset Italia S.p.A.	Director	Management
	Be Shaping the Future S.p.A.	Director	Management
	Betaclub S.r.l.	Director	Management
	Chiorino – S.p.A.	Director	Management
	Clubitaly S.p.A.	Director	Management
	Clubtre S.p.A.	Director	Management
	Digital Magics S.p.A.	Director	Management
	Dovevivo S.p.A.	Director	Management
	Dream Ordinary Madness Entertainment S.r.l.	Director	Management
	DV Holding S.p.A.	Director	Management
	ITH S.p.A.	Director	Management
	Mywowo S.r.l.	Director	Management
	Monrif S.p.A.	Director	Management
	Neos S.p.A.	Director	Management
	Sant'Agata – S.p.A.	Director	Management
Sesa S.p.A.	Director	Management	

	Talent Garden S.p.A.	Director	Management
	Tamburi Investment Partners S.p.A.	Director	Management
	Tip-Pre Ipo S.p.A.	Director	Management
	Venice Shipping and Logistics S.p.A.	Director	Management
	Vianova S.p.A.	Director	Management
	Voihotels S.p.A.	Director	Management

Induction Programme

The characteristics of the information of the board and the information supplied by the Strategic Committee and by the Chief Executive Officer during the year allow the directors, also through participation in the relative initiatives in the forms considered most appropriate, to obtain adequate knowledge of the business sector in which the Issuer operates, of the company dynamics and their evolutions, of the principles of correct risk management, as well as the relative legislative and self-regulatory framework of reference. In particular, during the meetings of the Strategic Committee, prompt updates were supplied in relation to the various market studies – published by national and international trade associations – relating to the Issuer’s reference sector, in order to highlight the evolutionary trends of the sector in which the Issuer operates.

It should be noted, also in compliance with IA 2.10.1, par. 2 of the Instructions for Regulation of the Borsa that, in compliance with art. 2.2.3, par. 3, lett. m) of the Regulation of the Borsa, restricted to issuers in possession of STAR qualification, the composition of the Board of Directors, as well as the role and the functions of the non-executive and independent directors have been regulated with respect for the principles and applicative criteria envisaged by articles 2 and 3 of the Self-governance Code in force during the year, as explained in further detail herein.

4.3 Role of the Board of Directors [art. 123-bis, par. 2, lett. d), TUF]

The Board of Directors plays a central role in the company organisation and the functions and responsibility of strategic and organisational direction answer to it. It is also responsible for checking the existence of the audits necessary to monitor the performance of the Issuer and of the Sesa Group companies

Each member of the Board of Directors is required to pass resolution diligently and independently, pursuing the aim of creating value for the Shareholders, and undertakes to dedicate the time necessary to the office held within the Company to guarantee the diligent pursuit of his/her duties, regardless of the offices held outside the Sesa Group, being aware of the responsibilities inherent in the office held.

To this end, each candidate for the office of director preventively assesses, at the time of acceptance of the office in the company and regardless of the limits established by the law and regulations that might be applicable with regard to the limitation of the accumulation of offices, the capacity to perform, with the due attention and effectiveness, the tasks assigned to them, also in their possible capacity of member of the Management Audit Committee, applying the statutory amendments linked to the implementation of the one-tier system taking into particular consideration the total commitment required by the offices held outside the Sesa Group.

Each member of the Board of Directors is also required to inform the Board of the undertaking of the office of director or statutory auditor in other companies, in order to permit the fulfilment of the reporting obligations in compliance with the laws and regulations applicable.

In compliance with article 19 of the Articles of Association, the Board of Directors steers the company towards pursuing success and sustainable growth to the benefit of the shareholders. The Board of Directors is also granted the broadest powers for the ordinary and extraordinary management of the company, with the faculty to perform all the deeds considered appropriate for the pursuit of the business purpose, excluding only those reserved to the Shareholders Meeting by law.

In compliance with art. 17 of the Articles of Association, the board of directors is granted the faculty, notwithstanding the concurrent competence of the extraordinary Shareholders' Meeting, to take on the resolutions concerning mergers and demergers in the cases envisaged by articles 2505 and 2505-bis, c.c., the setting up or shutting down of secondary offices, the indication of which among the Directors shall represent the Company, the reduction of the share capital in the event of withdrawal by a Shareholder, the adaptations of the Articles of Association to legislative provisions, the transferral of the registered office within Italy, all in compliance with art. 2365, par. 2, c.c.

In any case, the competence assigned to the Shareholders' Meeting and the board of directors jointly with regard to transactions with related parties, remain valid, in compliance with articles 14 and 25 of the Articles of Association and the Related Parties Procedure (as defined herein) adopted by the Board of Directors on 23 September 2013, as subsequently amended. For more information, see paragraph 12 of this Report.

The Board of Directors - within the limits of the applicable provisions of the law, regulations and the articles of association - may appoint one or more Executive Directors or an Executive Committee (art. 18 of the Articles of Association). They hold the powers of management assigned to them when they were elected (art. 20 of the Articles of Association). Moreover, following the application of the statutory amendments linked to the implementation of the one-tier system, the Board of Directors will appoint the members of the Management Audit Committee, in compliance with article 23 of the Articles of Association.

On the date of this Report, the Board of Directors had not set up an Executive Committee. For information on the appointment and the functions of the appointed bodies, see paragraph 4.4.

In compliance with the law, during meetings and at the intervals indicated by the applicable provisions, following the application of the statutory amendments linked to the implementation of the one-tier system, the Board of Directors and the Management Audit Committee will be informed, by the delegated bodies, on the activities performed by the Company and by its subsidiaries, on the general progress of operations and on the foreseeable outlook, as well as major economic, financial and equity transactions, with particular regard to the transactions in which Directors hold interest in their own right or that of third parties. The Board also regularly compares the results attained with those scheduled. With regard to this, it should be noted that, as the Company was organised according to the traditional administration and auditing system during the year, the directors supplied the aforementioned information to the Board of Statutory Auditors, pursuant to article 150, paragraph 1, of the TUF.

Communication of the profiles indicated above is usually released during board meetings, and at least on a quarterly basis. When particular circumstances make it appropriate, it may also be released in writing to the Chairman of the Management Audit Committee.

In compliance with art. 19 of the Articles of Association, the Board of Directors meets, also outside of the registered office as long as the meeting takes place within the European Union, every time that the Chairman considers it appropriate, or when a meeting is requested by a Chief Executive Officer (if appointed) or by at least two directors, notwithstanding the powers of convocation attributed to other parties in compliance with the law. For the resolutions of the Board of Directors to be valid, the effective presence of the majority of directors in office and the favourable vote of the majority present are necessary. In the event of a draw, the chairman's vote carries.

In compliance with art. 2381 c.c., the Chairman of the Board coordinates the works and ensures that adequate information on the matters recorded in the agenda are supplied to all board members.

The prompt and complete nature of the pre-meeting information was guaranteed, during the year, by sending the documentation, normally at least seven days before the date of the Board Meeting or within the terms of convening said meeting, as envisaged in the Articles of Association. This term is usually respected in the dispatch of documentation for the Board Members.

Board meetings were attended during the year also by executives of the Issuer and the Group companies to provide appropriate details on the items on the agenda.

Taking into account the mandates granted to the directors, as explained in paragraph 4.4, the following have been reserved to the Board, in compliance with the provisions of applicative criterion 1.C.1. lett. a) of the Self-governance Code in force during the year:

- the examination and approval of the Issuer's strategic, industrial and financial plans, as well as the regular monitoring of their implementation;
- the examination and approval of the strategic, industrial and financial plans of the group led by the Issuer, as well as the regular monitoring of their implementation;
- the definition of the Issuer's corporate governance system;
- the definition of the structure of the group led by the Issuer.

During the meeting held on 24 August 2018, the Board attributed to the Chairman, the Chief Executive Officer and the two Deputy Chairman the powers pursuant to paragraph 4.4.

The Board met six times during the year, on the following dates:

- 24 June 2020;
- 14 July 2020;
- 14 September 2020;
- 17 December 2020;
- 11 March 2021;
- 06 April 2021.

For the percentage of attendance of the meetings by each director, please see the “*Structure of the Board of Directors and Committees*” table in paragraph 4.2.

Minutes were recorded for all the meetings. During the periodical meetings held during the year, the Board of Directors and the Board of Auditors, also through the appointed bodies, were informed of the activities performed and the main financial, economic and equity operations carried out by the company or by the subsidiaries, and the outlook of operation. The board meetings lasted an average of approximately one hour.

At least four Board Meetings are planned for the year running from 1 May 2021 to 30 April 2022. In addition to that already held on 12 July 2021, the calendar of the main corporate events for 2021/2022 (already communicated to the market and to Borsa Italiana S.p.A. in compliance with regulations) envisages at least three more meetings on the following dates: 14 September 2021, 20 December 2021 and 11 March 2022.

During the session held on 12 July 2021, the Board assessed the adequacy of the Issuer's organisational, administrative and accounting system along with that of the subsidiaries characterised by strategic importance, as prepared by the Chief Executive Officer, with particular reference to the Risk Management and Audit System, in compliance with recommendation no.1, lett. d) of the Corporate Governance Code. In performing this assessment, the Board of Directors: i) on a preliminary basis, identified the subsidiaries Computer Gross Italian S.p.A, Var Group S.p.A and Base Digitale S.p.A as those holding strategic importance, in that they represent the main sources of the development of the Group's characteristic business activity; ii) it then not only checked the existence and the implementation of a Risk Management and Audit System by the Issuer and the subsidiaries, but also proceeded regularly with a detailed examination of the structure of said system, its suitability and its effective and tangible operation.

To this end, the Board of Directors regularly received and examined the reports drawn up by the Manager of the Internal Audit Function, which had already been examined by the Audit and Risks Committee and by the Chief Executive Officer, in order to check (i) whether the structure of the Internal Audit and Risk Management System employed by the company and by the subsidiaries really is effective for the pursuit of the aims and (ii) whether any weaknesses reported implicate the need to improve the system.

The Board of Directors also, during the annual approval of the draft financial statements:

- a) examines the significant business risks brought to its attention by the Chief Executive Officer and assess how they have been identified, assessed and managed. To this end, particular attention is paid to examining the changes that have taken place during the last year of reference, in the type and the extension of risks and the assessment of the response to these changes by the Issuer and the subsidiaries;
- b) assesses the efficiency of the Internal Audit and Risk Management System in coping with these risks, placing particular attention on any inefficiencies that have been reported;
- c) considers which actions have been taken or must be promptly undertaken to rectify the situation;
- d) prepares any additional policies, processes and behavioural rules which allow the Issuer and the subsidiaries to react adequately to new risk situations or those that have not been properly managed.

During the year, the Board assessed the general performance of management, taking into particular consideration the information received from the directors holding mandates and comparing the results attained with those scheduled.

In consideration of the mandates granted to the Executive Directors, pursuant to paragraph 4.4., you are informed that during the session held on 12 July 2021 the Board resolved, in compliance with recommendation no.1, lett. e) of the Corporate Governance Code, to confirm its conviction, pending the appointment of the new Board, that, in addition to the operations of the Issuer, also

those of its subsidiaries that occupy a significant strategic, economic, equity and financial role for said Issuer must be reserved to the board of directors. To this end, during the meeting held on 17 July 2015, as recently confirmed during the session on 12 July 2021, the Board established the general criteria for identifying the operations that play a significant strategic, economic, equity and financial role for said Issuer: in particular, the Board examines and approves the strategic business choices and all those operations that are of particular importance, having assumed a behavioural standard that considers operations that might significantly condition, either positively or negatively, the activity and the operating results.

Pursuant to recommendation no. 22 of the Corporate Governance code and art. 11 of the Regulation on the operation of the Board of Directors, during the same meeting held on 12 July 2021, the board carried out a self-assessment activity in view of its renewal, in the belief that the size, composition and tangible operation of the board of directors are adequate in relation to the operational and organisational needs of the Company. Adequate diversification is ensured with reference to age, gender, managerial and professional skills, training, the presence of different groups in terms of age, gender and length of service, also taking into account the presence, out of a total of eight members of four non-executive Directors, three of whom are independent non-executive Directors, who also guarantee an appropriate composition of the Committees set up within the Board. This assessment was also carried out considering the role played by the Board of Directors in defining strategies and monitoring management performance and the adequacy of the internal audit and risk management system.

The above self-assessment process, carried out in June and July 2021, concerned the year and was carried out on the basis of a questionnaire for the self-assessment of the board of directors, which was sent to all the Board Members. The questionnaire - divided into various areas of investigation, such as composition (also relating to age, gender composition, managerial and professional skills, training, the presence of different groups in terms of age and length of service), structure, dimension, operation and dynamics of the Board, interaction with management, risk governance, composition and structure of the Committees, and with the possibility to make comments and proposals - was filled in by all the Directors and shared by the Board. As stated above, the outcome of the assessment was that the board of directors and the relative Committees were found suitable for the pursuit of their respective functions, also with specific reference to the Independent Directors.

The Shareholders' Meeting did not authorise exceptions to the ban on competition envisaged by art. 2390 c.c.

4.4 Appointed bodies

Chairman and Deputy Chairmen of the Board of Directors

In accordance with the Articles of Association, the Chairman of the Board of Directors holds the powers of the chair of the Shareholders' Meeting (art. 13), to call Board Meetings and to coordinate the work carried out during them (art. 19). the power to represent the Company before third parties and in judgement, without limits of any kind (art. 21).

The Chairman Paolo Castellacci is not the Chief Executive Officer, nor does he hold significant management powers. Moreover, the Chairman does not control the company, not even jointly.

The Board of Director passed a resolution on 24 August 2018 assigning the Chairman of the Board of Directors all the powers of ordinary administration due to the Board of Directors with regard to the management of relations with suppliers and customers, business development activities,

institutional relations, entry into agreements for the purchase and sale of products and services, the powers to participate in the shareholders' meetings of subsidiaries and investee companies and the powers of extraordinary administration, including the purchase, sale, exchange or granting of shareholdings, real estate or business branches and the stipulation of mortgages, leases and loans for amounts up to 5,000,000 euros. He also holds all the powers for legal and procedural representation of the Company.

The Board believes that the granting of operational mandates to the Chairman meets the Issuer's appreciable organisational needs lying in the streamlining of the operation of the Company's Board of Directors.

The meeting of the Board of Directors held on 24 August 2018 also appointed two Executive Deputy Chairmen, Moreno Gaini and Giovanni Moriani, granting them the mandates described below.

The Board assigned the Executive Deputy Chairman Moreno Gaini all the powers of ordinary administration held by the Board of Directors for the management of investments in the Information Technology value distribution through the subsidiary Computer Gross S.p.A. and the other subsidiaries belonging to the IT value distribution.

In compliance with art. 21 of the Articles of Association, the Deputy Chairman, Moreno Gaini, is responsible for representing the Company within the limits of his powers of management.

With reference to the Executive Deputy Chairman Giovanni Moriani, the Board assigned him all the powers of ordinary administration held by the Board of Directors with regard to the management of investments held in the software and system integration services system through Var Group S.p.A. and its subsidiaries.

In compliance with art. 21 of the Articles of Association, the Deputy Chairman, Giovanni Moriani, is responsible for representing the company within the limits of his powers of management.

Chief Executive Officer

The Board of Directors can appoint one or more Executive Directors to whom to delegate its powers and attributions, within the limits of the law and the Articles of Association (art. 18).

During the meeting held on 24 August 2018, the Board of Directors confirmed Alessandro Fabbroni as the company's Chief Executive Officer, assigning him the powers of ordinary administration held by the Board of Directors in relation to the management of business functions of administration, finance, management audits, legal office investor relations, corporate affairs, management of human resources, organisation and IT, including the faculty to hire and fire employees, the management of relations with welfare and social security departments, the fulfilment of obligations pursuant to legislative decree 81/2008 and legislative decree 196 of 30 June 2003, the performance of bank and factoring transactions and the application to banks and financial institutions for credit lines, with the faculty to issue power of attorney. He was also assigned, separately from the Chairman, the powers held by the Board of Directors with regard to the management of relations with suppliers and customers, business development activities, institutional relations, entry into agreements for the purchase and sale of products and services, and the powers necessary to participate in the shareholders' meetings of subsidiaries and investee companies. The powers for extraordinary financial transactions, including the purchase, sale, exchange or granting of shareholdings, real estate or business branches and the stipulation of mortgages, leases and loans of any kind, for amounts up to 5,000,000 euros, were also granted.

In compliance with art. 21 of the Articles of Association, the Chief Executive Officer represents the company within the limits of his powers of management.

Executive Committee

The Issuer's Board has not formed an Executive Committee within its structure.

Reporting to the Board

The appointed bodies reported promptly to the Board of Directors and to the Board of Statutory Auditors at the first useful board meetings, on the activities performed, the general performance of operations and the foreseeable outlook, as well as the most important transactions in terms of size and characteristics carried out by the company and its subsidiaries.

4.5 Other executive board members

The Issuer has no other Executive board members.

4.6 Independent directors

In compliance with the combined provisions of articles 147-ter, par. 4 and 148, par. 3 TUF and in observance of recommendation no. 7 of the Corporate Governance Code, compliant with art. 2.2.3, par. 3, lett. m) of the Regulation of the Borsa and with art. IA 2.10.6 of the Instructions of the Regulation of the Borsa – both applicable to issuers admitted to the STAR segment - the Board of Directors currently comprises two Independent Directors (Maria Chiara Mosca and Angela Oggionni).

With regard to this, it should be noted that the assessment of the independence of the aforementioned directors during the year was carried out by the Board of Directors both on the basis of the criteria of independence established by law, and by applying all the criteria set forth in article 3 of the Corporate Governance Code in force during the period of reference of this Report.

For companies holding STAR qualification, like Sesa, pursuant to the combined provisions of Articles 2.2.3, paragraph 3, letter m) of the Regulation of the Borsa and IA 2.10.6 of the relevant Instructions, the number of independent directors is considered adequate when at least two independent directors are present if the Board of Directors is composed - as in the case of Sesa - of a number of members up to eight.

The Board assesses the existence and the permanence of the above requirements, on the basis of the information that those concerned are required to supply under their own responsibility, or the information available to the Board.

The Board of Directors, on the basis of the declarations made by the directors and of the information available to the Company, ascertained, on the first useful occasion following appointment, this being the meeting held on 24 August 2018, the existence of the requirements of independence, in compliance with the provisions of art. 3 of the Self-Governance Code (in force until 30 April 2021) and articles 147-ter, paragraphs 4 and 148, paragraph 3 of TUF, in the directors Maria Chiara Mosca and Angela Oggionni (as well as Luigi Gola, who resigned from his position as director on 27 August 2019). The Board then announced the outcome of its assessments in a press release to the market. The independent directors have undertaken to maintain their independence during their term of office and, where appropriate, to resign.

It should also be noted that at the Board meeting held on 12 July 2021, the Board carried out the annual verification of the requirements of independence for Independent Directors in compliance with recommendation no. 7 of the Corporate Governance Code. To this end, it should also be noted that, at the Board meeting held on 11 March 2021, the Board defined the qualitative and quantitative criteria required by the Code to assess the significance of the relationships indicated under letters

c) and d) of recommendation no. 7, identifying them as follows:

- considering an amount higher than € 75,000 (seventy-five thousand/00) on an annual basis, as a significant threshold in the assessment of the independence of the directors, calculated in consideration of any commercial, financial or professional relations of the director, even through an intermediary, with the company and its subsidiaries and/or parent companies, excluding the remuneration received for the office held in the company;
- considering, regardless of the above quantitative criterion, as significant the existence of any commercial, financial or professional relationship concerning matters falling within the competence of intra-board committees of which the independent director is a member, pursuant to recommendation no. 7 of the Corporate Governance Code.

These indications have been incorporated into the Regulation on the operation of the Board of Directors.

The aforementioned criteria were applied to the assessments of independence carried out after the end of the year, on 12 July 2021 to be precise.

In carrying out the above assessments, the Board applied all the criteria envisaged by the Corporate Governance Code.

During the regular audits and, most recently, at the Board meeting on 12 July 2021, the Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to assess the independence of its members.

The Independent Directors met during the year in the absence of the other directors, on the following dates: 2 June 2020, 1st September 2020, 5 March 2021, 8 March 2021 and 9 March 2021.

4.7 Lead independent director

With reference to the year, the company did not appoint a director as lead independent director, considering that the conditions set forth in article 2.C.4 of the Corporate Governance Code were not met.

5. HANDLING OF CORPORATE INFORMATION

Procedure for internal management and external communication of Privileged Information

Since the session held on 25 June 2013, the Board has adopted a procedure for internal management and external communication of Privileged Information, as subsequently amended on 1 May 2021, to update the regulatory references to the new Corporate Governance Code.

The above procedure came into force from the date of deposit with Borsa Italiana of the application for admission to the negotiations of ordinary shares of the company on the MTA.

The procedure for internal management and external communication of privileged information, as amended, contains the provisions relating to the management of confidential information (as defined in the same procedure) to the management and communication to the public of privileged information pursuant to article 7 of EU regulation 596/2014 regarding the Issuer and parties that have a controlling relationship with it, including the company's subsidiaries, when said information acquires a privileged nature for Sesa. Privileged information is subject, in compliance with the legislation in force, to a general obligation of communication to the public as soon as possible, in compliance with the methods established in said procedure. In alternative to the obligation of

immediate disclosure, the Issuer may, under determined conditions, delay the reporting of privileged information, accepting all liability for such delay.

All members of the corporate boards, employees and collaborators of the company and its subsidiaries who have access for any reason to confidential and privileged information are required to respect the above procedure.

Procedure for the management of the Group Register of persons with access to Privileged Information

With particular reference to the obligation for listed issuers, their subsidiaries and the people who act in their name and on their behalf, to set up and manage a register of persons who have access to privileged information pursuant to article 18 of EU Regulation 596/2014 and the EU Execution Regulation 347/2016, it should be noted that, during the meeting held on 25 June 2013, the Board of Directors adopted a “Procedure for the management of the Group Register of persons with access to Privileged Information”, as recently amended on 1 May 2021, in order to adapt it to the introduction of the one-tier system of management and audit. The above procedure came into force from the date of deposit with Borsa Italiana of the application for admission to the negotiations of ordinary shares of the company on the MTA.

The Group Register, set up and managed centrally at Sesa, is kept by means of Spafid's “Digital Corporate Services” software, in accordance with the model set out in Implementation Regulation 347/2016. The criterion adopted for keeping the Group Register requires it to be composed of two sections: a permanent section and a temporary section.

Internal Dealing Procedure

As regards management of the fulfilment of reporting obligations deriving from the discipline of Internal Dealing pursuant to art. 114, par. 7 of the TUF and articles 152-*quinquies*, 1, 152-*sexies*, 152-*septies* and 152-*octies* of the Consob Issuers' Regulation, and to article 19 of EU Regulation 596/2014 and relative European execution regulations and mandates, it should be noted that, since 25 June 2013, the Issuer has implemented a procedure for fulfilment of the obligations on the matter of Internal Dealing, as recently amended on 1 May 2021, in order to adapt it to the introduction of the one-tier system of management and audit (the “Internal Dealing Procedure”). The above procedure came into force from the Listing Date and aims to ensure the utmost transparency and standardisation of reporting to the market.

The Internal Dealing procedure and details of the operations carried out during the year such as to require relative communications are available on the Company website, www.sesa.it, in section “Corporate Governance – Internal Dealing”.

6. COMMITTEES WITHIN THE BOARD [art. 123-bis, paragraph 2, lett. d), TUF]

The Remuneration Committee, the Audit and Risk Committee, the Committee for Transactions with Related Parties and the Strategic Committee have been set up within the Board.

It should be noted, in compliance with IA 2.10.1, par. 2 of the Instructions for Regulation of the Borsa that, in compliance with art. 2.2.3, par. 3, lett. N) of the Regulation of the Borsa, limited to issuers in possession of STAR qualification, the setting up and the function of the committees within the Board of Directors are regulated with respect for the principles and applicative criteria

pursuant to recommendations 16, paragraphs one, two and three, and 17, envisaged by article 3 of the Corporate Governance Code.

According to that resolved by the Board on 19 July 2013, as confirmed in the board meeting on 24 August 2018, the Strategic Committee, a committee not envisaged by the Self-governance Code in force at that time, and by the Corporate Governance Code, is made up of five members: (a) the Chairman of the Board of Directors and the Chief Executive Officer as rightful members; and (b) the other members chosen according to the best skills and willingness to do the job.

On this matter, you are reminded that, following the renewal of the company boards by the Shareholders Meeting on 24 August 2018, during the meeting held on the same date the Board of Directors had confirmed the members of the Strategic Committee, until the approval of the financial statements for the financial year ending 30 April 2021, the Directors Paola Castellacci (Chairman), Alessandro Fabbroni, Luigi Gola, Angelica Pelizzari and Giovanni Moriani. Following the resignation of Luigi Gola on 27 August 2019 and the appointment by co-option of Claudio Berretti, the Board of Directors supplemented the composition of the Strategic Committee by appointing Claudio Berretti in place of Luigi Gola.

Consequently, the Strategic Committee is currently made up of the directors Paolo Castellacci (Chairman), Alessandro Fabbroni, Giovanni Moriani, Angelica Pelizzari and Claudio Berretti.

The Strategic Committee is a consultative body that supplies non-binding opinions to the Board of Directors concerning: (i) market analyses and strategic scenarios for the development of the Group's business; (ii) the preparation of the Group's business plans; and (iii) operations/initiatives of significant strategic importance for the Group, such as, for example, assessments of entry into new geographical and business markets, high-profile joint ventures with industrial groups.

In compliance with the Regulation of the Strategic Committee approved by the Board during the session held on 23 December 2013, the Committee meets as often as is necessary for the pursuit of its functions or when the Chairman sees fit, also by request of one or more of its members.

By invitation of the Chairman, the meetings of the Committee may be attended, in relation to the single items on the agenda, by non-members of the committee whose contribution to the work is considered useful.

The participant who holds a personal interest or represents the interest of a third party with reference to the subject of the discussion, shall inform the Committee and abstain from taking part in the resolution.

The Board of Directors is informed by the Chairman of the resolutions passed by the Committee at the first useful meeting.

During the year, the Strategic Committee met once, on 17 December 2020.

In the pursuit of its activities, the Committee has the possibility to access the information and business functions necessary for the performance of its tasks.

The duration of the meeting was about 1 hour.

Minutes were recorded for all the Committee meetings.

In the pursuit of its activities, the Committee had the possibility to access the information and business functions necessary for the performance of its tasks.

7. APPOINTMENTS COMMITTEE

It should be noted that, considering the dimensions and the organisational structure of the company, as well as its stock structure - characterised by a high level of concentration -, the Board of Directors, during the meeting held on 12 July 2021, confirmed that it did not feel - as things stand - the need to set up a Committee for the appointment of Directors.

8. REMUNERATION COMMITTEE

For information on the functions, composition and operation of the Remuneration Committee, see the pertinent parts of the Report on the Remuneration Policy and Payments Made, which is available in accordance with the law at the company's registered office and on the company website at www.sesa.it in the “*Investor Relations/Meetings*” section.

9. REMUNERATION OF DIRECTORS

For information on the remuneration of directors, see the Report on the Remuneration Policy and Payments Made, which is available in accordance with the law at the company's registered office and on the company website at www.sesa.it in the “*Investor Relations/Meetings*” section.

10. AUDIT AND RISKS COMMITTEE

The Company's Board of Directors, in compliance with the provisions of the Self-governance Code in force during the year and, currently, of the Corporate Governance Code, has set up an internal Audit and Risk Committee.

It should be noted, in compliance with IA 2.10.1, par. 2 of the Instructions for Regulation of the Borsa that, in compliance with art. 2.2.3, par. 3, lett. p) of the Regulation of the Borsa, restricted to issuers in possession of STAR qualification, the Company has appointed an audit and risks committee in observance of principle 7.P.4 and with the functions pursuant to applicative criteria 7.C.1 and 7.C.2 envisaged by art. 7 of the Self-governance Code in force at the time, which is also compliant with recommendations 32(c), 33 and 35 envisaged by article 6 of the Corporate Governance Code.

The most important information on composition, operation and tasks assigned to it during the year is provided below.

Composition and operation of the Audit and Risks Committee [pursuant to art. 123-bis c.2 lett.d), TUF]

As regards the composition of the Audit and Risks Committee, you are reminded that, following the renewal of the company boards by the Shareholders' Meeting held on 24 August 2018, during the board meeting held on the same date, the Issuer's Board of Directors had appointed the following persons as members of the Audit and Risks and Committee, to hold office until the year ending 30 April 2021: Maria Chiara Mosca (Independent Director and Chairman), Luigi Gola (Independent Director) and Angela Oggionni (Independent Director).

Following the resignation of Luigi Gola on 27 August 2019 and the appointment by co-option of Claudio Berretti, the Board of Directors supplemented the composition of the Audit and Risks Committee by appointing Claudio Berretti in place of Luigi Gola.

Consequently, the Audit and Risks Committee is currently made up of the directors Maria Chiara Mosca (Independent Director acting as Chairman), Claudio Berretti (Non-executive Director) and Angela Oggioni (Independent Director).

The work of the Audit and Risks Committee is coordinated by a chairman and minutes are kept of all meetings; the Committee chairman discloses information on such work at the first useful meeting.

In compliance with principle 7.P.4. and application criterion 4.C.1. letter a) of the Self-governance Code, the Audit and Risks Committee is made up, during the year, of three Non-executive Directors, the majority of whom are independent. In the Issuer's opinion, all the Committee members are recognised as having adequate accounting and financial and/or risk management experience, as assessed by the Board at the time of their appointment.

In compliance with applicative criterion 4.C.1. lett. f) of the Self-governance Code, the meetings of the Audit and Risks Committee were attended during the year by the Chairman of the Board of Statutory Auditors and the effective members of the same Board (applicative criterion 7.C.3.). In addition, with reference to the individual items on the agenda, the following also attended the meetings: the Chief Executive Officer and the Director appointed to supervise the operations of the internal audit and risk management system; the Head of Internal Audit, the Head of the Legal, Compliance and Corporate Governance Department, the Head of Management Control and Group Administration Processes, the Head of Administration, the Head of Investor Relations, the Head of Human Resources and, on two occasions, the contact of the company appointed to carry out the statutory audit; they attended by invitation of the Committee. Attendance by people other than the Chairman of the Board of Statutory Auditors took place, as requested by the Committee, for all the meetings, in order to guarantee adequate support for the requirements formulated by its members.

Functions assigned to the Audit and Risks Committee

In compliance with the provisions of art. 2.2.3, paragraph 3, letter p) of the Regulation of the Borsa Italiana limited to issuers holding STAR qualification, during the year the Audit and Risks Committee was assigned the functions referred to in the applicative criteria 7.C.1 and 7.C.2 of the Self-governance Code. In particular, the Audit and Risks Committee was assigned the following functions:

- a) to assess, together with the director appointed to draw up the company's accounting documents, and having heard the independent auditor and the Board of Statutory Auditors, the correct use of the accounting standards and their homogeneity for the purposes of drawing up the consolidated financial statements;
- b) to express opinions on specific aspects relating to the identification of the main business risks;
- c) to examine the periodical reports on the assessment of the internal audit and risk management system and those of particular importance prepared by the Internal Audit function;
- d) to monitor the autonomy, adequacy, effectiveness and efficiency of the Internal Audit function;
- e) to ask the Internal Audit function to carry out checks on specific operational areas, issuing reports on said checks to the Chairman of the Board of Statutory Auditors;
- f) to report to the Board at least once every six months, at the time of approval of the annual and half-year financial reports, on the activities performed, as well as on the adequacy of the internal audit and risk management system;

- g) to support, with an adequate preparatory activity, the assessments and decisions of the Board of Directors relating to the management of risks deriving from prejudicial facts of which the Board of Directors has become aware.

The Audit and Risks Committee was also assigned the task of supplying opinions to the Board of Directors for the purposes of:

- a) definition of the guidelines of the internal audit and risk management system, so that the main risks relating to the issuer and its subsidiaries are correctly identified and adequately measured, managed and monitored, also determining the degree of compatibility of these risks with a management of the business that is consistent with the strategic aims identified;
- b) assessment, at least annually, of the adequacy of the internal audit and risk management system with respect to the characteristics of the business and the risk profile undertaken, as well as its effectiveness;
- c) approval, at least annually, of the work plan prepared by the Head of the Internal Audit Functions, having heard the board of Statutory Auditors and the director appointed to oversee the internal audit and risk management system;
- d) description, in the report on corporate governance, of the main characteristics of the internal audit and risk management system and the methods of coordination among the parties involved in it, expressing its assessment of the adequacy of said system;
- e) assessment, having heard the Board of Statutory Auditors, of the results disclosed by the independent auditor in the letter of suggestions (where presented) and in the report on the fundamental issues that emerged during the independent audit;
- f) appointment and revocation of the manager of the internal audit function; adequacy of the resources available to the Head of the internal audit function with respect to the fulfilment of his duties. The opinion is not binding;
- g) definition of remuneration of the Head of the internal audit function in keeping with company policies. The opinion is not binding.

It should also be noted that the Issuer has identified in the Audit and Risks Committee, the body responsible for transactions with related parties, which, in compliance with the Related Parties Procedure, takes on the role of Related Parties Committee (see paragraph 12).

The Committee has always had its own operating regulations. To this end, it should be noted that, after the end of the year, the rules of operation of the Audit and Risks Committee were updated in relation to regulatory and organisational developments of the Company, to take account of, in particular, the adoption of the of the one-tier administration and control system with effect from renewal of the company boards at the time of the Shareholders' Meeting called for 26 August 2021 by first call or 27 August 2021 by second call.

In compliance with the Regulation of the Audit and Risks Committee in force during the year, the Committee had access to the information and business functions necessary for the pursuit of its tasks, and was able to engage external consultants, within the terms established by the Board of Directors. The Committee pursued its tasks with the aid of the Company structures and means.

The opinions, proposals and resolutions of the Committee were recorded in the minutes of the meeting. Minutes were drawn up of the meetings and the minutes, signed by the chairman and secretary of the meeting, were filed by the Company.

The Board of Directors was informed by the Chairman of the Committee of the resolutions passed by the Committee at the first useful meeting.

During the Year, the Audit and Risks Committee met six times, on 3 June 2020, 29 June 2020, 14 July 2020, 8 October 2020, 17 December 2020 and 11 March 2021.

Minutes were drawn up of the meetings of the Audit and Risks Committee. The work of the Audit and Risks Committee was coordinated by the Chairman.

The resolutions passed by the Committee were announced by the Chairman of the Board of Directors at the first useful meeting. The average duration of the Committee meetings was 90 minutes.

For the percentage participation by each director in the meetings of the Audit and Risks Committee see the table named “Structure of the Board of Directors and Committees” in paragraph 4.2.

At least two more meetings are planned for the Audit and Risks Committee for the year from 1 May 2021 to 30 April 2022, in addition to those already held on 3 May 2021, 14 June 2021 and 12 July 2021.

During the year, with reference to the single functions assigned to it, the Audit and Risks Committee, as resulting also from the minutes of the meetings, entered into the following activities, among others:

- assessment of the company's initiatives in terms of adopting the one-tier system of administration and control and increased voting;
- verification and support of the company in the development of the requirements following the entry into force of the new Corporate Governance Code;
- assessment of the contents of the periodic Audit Report and the main aspects of the related Audit Plan prepared by the Internal Audit function;
- assessment of the content of the interim reports on the activity performed by the Supervisory Body pursuant to legislative decree 231/01 and the relative Supervisory Programme;
- verification of the work of the Independent Auditors in relation to the company's consolidated and separate financial statements;
- assessment of the content of the Report on Corporate Governance and the Ownership Structures in compliance with art. 123-bis del TUF;
- obtaining of information on the provision of treasury shares by the company and on the main terms of the buyback contract with the intermediary appointed for this purpose;
- verification of the development of activities in the 262 area and the completion of the procedure for the selection of the new auditing company;
- obtaining of information on the Group's main risks and assessment of the internal control and risk management system;
- overview of transactions with Related Parties;

During the board meeting held on 12 July 2021, the Chairman of the Audit and Risks Committee reported to the Board of Directors on the activities pursued and the adequacy of the Internal Audit and Risk Management System.

In the pursuit of its activities, the Audit and Risks Committee had the possibility to access the information and business functions necessary for the performance of its tasks.

No financial resources were destined to the Audit and Risks Committee, in that it uses the Issuer's business structures and means for the pursuit of its tasks.

11.0 INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM

The Board of Directors of Sesa Spa systematically assesses the company's risks in order to ensure:

- a. the sustainability of medium/long-term investments;
- b. the efficiency and effectiveness of its management activities;
- c. the reliability of financial and non-financial reporting;
- d. the compliance of operating activities with the system of rules and procedures that characterises the company's audit environment.

The risk assessment process is based on the following activities: analysis of financial coverage and ability to create value of the investments made by top management (point a.); analysis of performances through a structured system of management control, applied by the group manager and controllers of the group companies (point b.); test on the reliability of the procedures linked with financial reporting, applied by the Internal Audit function and by specialised consultants (point c.); checks on the adequacy of company procedures/instructions in relation to the regulations in force and their adequate application, applied particularly by the Internal Audit function and the Regulatory Body pursuant to legislative decree 231/2001 (point d.).

The risk assessment system follows the guidelines indicated by the Board of Directors, based on the indications provided by the Audit and Risks Committee.

The type and level of the company's perceived risks are reported specifically in the Annual Financial Report at 30 April 2021.

The Internal Audit and Risk Management System (hereinafter referred to as "IARMS"), in compliance with the international reference standards, is identified as *the combination of rules, procedures and organisational structures created to allow, thanks to an adequate process of identification, measurement, management and monitoring of the main risks, the healthy, correct running of the business in line with the targets set. This system contributes to guaranteeing the respect of laws and regulations, the reliability of the financial information, the efficiency and effectiveness of business operations and the defence of the company's equity.*

The Board of Directors, in line with the rules contained in the Corporate Governance Code, performs a role of guidance and assessment of the adequacy of the IARMS. In particular:

- a. it defines the guidelines for the internal audit and risk management system in line with the company's strategies and assesses, at least once a year, the adequacy of the system in relation to the characteristics of the company and the risk profile assumed, as well as its effectiveness;
- b. it appoints and revokes the head of the internal audit department, defining their remuneration in line with company policies and ensuring that they have adequate resources to carry out their duties;
- c. it approves, at least annually, the work plan prepared by the head of the internal audit function, having heard the supervisory body and the chief executive officer;
- d. it assesses whether it is appropriate to adopt measures to ensure the effectiveness and impartiality of judgement of the other corporate functions indicated in recommendation 32, letter e), verifying that they are endowed with adequate professionalism and resources;
- e. it assigns the supervisory body, or a body specifically set up for that purpose the supervisory functions under article 6, paragraph 1, letter b) of Legislative Decree no. 231/2001;
- f. it assesses, having heard the supervisory body, the results disclosed by the independent auditor in any letter of suggestions and in the additional report addressed to the supervisory body;

- g. it describes, in the report on corporate governance, the main features of the internal audit and risk management system and the methods of coordination between the parties involved in it, indicating the models and national and international best practices of reference, expresses its overall assessment of the adequacy of the system and gives an account of the choices made regarding the composition of the supervisory body referred to under letter e) above.

At the meeting held on 12 July 2021, the Board of Directors assessed the adequacy of the IARMS with respect to the characteristics of the company and the risk profile, as well as its effectiveness. The assessment is based on the information supplied by the Appointed Director, the Internal Audit and Risks Committee, the head of the Internal Audit Function and the Board of Statutory Auditors. After examination by the Audit and Risks Committee, the Board also analysed the annual report of the head of the Internal Audit function and the half-year report of the Supervisory Body.

On 17 December 2020, after preliminary examination by the Audit and Risks Committee, the Board of Directors analysed the annual report of the head of the Internal Audit function in relation to the first half of the year, ended on 30 April 2021, and the half-year report of the Supervisory Body.

Before examining the tasks performed by each participant in the IARMS of Sesa S.p.A., the “*main characteristics of the internal audit and risk management systems existing in relation to the financial reporting process in compliance with article 123-bis, paragraph 2, lett. b), TUF*” are outlined. This report is presented with reference to the indications contained in annex 1 of the Format for the report on corporate governance and ownership structures (edition 8 - January 2019).

1. FOREWORD

In relation to the financial reporting process, the internal audit and risk management system is an integral part of the IARMS and aims to guarantee the reliability, accuracy and promptness of financial reporting.

The monitoring of the adequacy of the internal audits that oversee the financial reporting process is formalised in specific documents, which are regularly submitted to the governance bodies for analysis in relation to the functions assigned to them. The company also carries out a regular assessment of the internal administrative and accounting audits, performing specific audits with the support of independent consultants, on their operational effectiveness.

The analysis model adopted follows the definitions proposed by the Internal Control-Integrated Framework document, disseminated internationally by CoSO, where the organisational principles are encoded in order to understand whether internal audits are present and instrumental in mitigating reporting risks.

Compliant with the law, the *Executive Appointed to prepare the company's accounting documents* draws up and updates the specific *administrative and accounting procedures* for the operational aspects relating to bookkeeping and the periodical and annual accounting documentation, also at consolidated level. The aforesaid procedures are subject to regular certification in terms of adequacy and effectiveness.

The system used for the management of administrative-accounting procedures (update, dissemination, filing) is part of the business documentation management system and is monitored by the Internal Audit and Compliance functions and, with regard to the implementation of the Model pursuant to Legislative Decree 231 of 2001, by the Supervisory Body.

The update/review of the administrative-accounting procedures and the results of the audit to assess internal audits are brought to the knowledge of and analysed by the corporate governance bodies (Board of Directors, Audit and Risks Committee, Board of Statutory Auditors).

2. DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM EXISTING IN RELATION TO THE FINANCIAL REPORTING PROCESS

As suggested by the Borsa Italiana format, the paragraph has been structured in two sections, the first dedicated to the system performance phases and the second to the roles and functions.

A) PHASES OF THE INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM EXISTING IN RELATION TO THE FINANCIAL REPORTING PROCESS.

The company operates using a structured risk management system which operates at company/group level (entity level) and at process level.

At entity level, the company uses organisational tools and mechanisms to outline the competence and responsibilities with regard to the identification, assessment, management and monitoring of the risks connected with the compliance of the financial reporting with respect to the legislation in force and the internal procedures adopted.

At process level, the company has formalised a system of procedures with specific regard to the bookkeeping process; the preparation of the financial reports; the fulfilment of obligations linked to financial reporting. The procedures are accompanied by special annexes indicating the audit standards for each process, subject to regular verification.

This said, the phases and methods of risk management/audit implemented by the company in relation to the entities included within the consolidation setting are summarised in the following table:

SYSTEM PHASES	PERFORMANCE OF THE ACTIVITIES
1. IDENTIFICATION OF THE FINANCIAL REPORTING RISKS	The identification of risks, mistakes or fraud, with reference to the <i>claims on which the financial statements are based</i> (existence and occurrence, completeness, entitlements and obligations, evaluation and registration, presentation and reporting, validity, accuracy and data protection) and to <i>other audit aims</i> , such as: authorisation limits, division of tasks, physical security of goods, documentation and tracking of operations.
2. ASSESSMENT OF THE FINANCIAL REPORTING RISKS	The inherent risk is understood to be the possibility that a single area of the financial statements or a group of transactions might generate tangible errors, despite internal audits. The assessment of the inherent risks takes place, for each individual entity, in consideration of the following aspects: type of characteristic assets, the complexity of the management operations and the sector of activity.
3. IDENTIFICATION OF AUDITS ON THE RISKS IDENTIFIED	The company has identified and formalised internal audits to prevent the risks identified in a special database. The database contains, among other things, the following information: <ul style="list-style-type: none"> – the monitoring activities existing for each administrative-accounting process active at individual entity level; – the characteristics (automatic/manual; key/non-key) and the frequency of the audits identified; – the subjects involved in the performance of the audits. Audits with a direct impact on assertion or the audit aims are qualified as “key audits”.

<p>4. ASSESSMENT OF AUDITS ON THE RISKS IDENTIFIED</p>	<p>The assessment of internal audits on the risks identified takes place systematically, with tests performed by the Internal Audit system. Every six months, appropriate effectiveness tests are carried out, also with the support of KPMG S.p.A..</p> <p>The results of the tests carried out allow the governance bodies to analyse the assessment of the design and operation of the audits.</p> <p>The design is considered adequate when the audit is able to mitigate, to an acceptable level, the possible risk of failure to achieve the audit aim for which it was designed.</p> <p>The audit is effective if, during the period considered, it takes place in compliance with that envisaged by the design (procedure).</p>
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The general and specific audits envisaged for the financial reporting procedures in the Special Part of Model 231 are also subject to the supervisory activity carried out by the individual Bodies pursuant to Legislative Decree 231/2001 for the parent company and its main subsidiaries.

It should also be noted that the Company has been pursuing a compliance risk management strategy at group level for some time. This ensures the alignment of the documentation relating to the internal audit activities and avoids shortcomings in the reporting flows between the departments/functions involved in the internal audit activities. The integration concerns the glossary and documentation used to ensure compliance with the provisions of the law (Legislative Decree 231/2001, Law 262/2005, statutory, welfare and taxation legislation), the instructions issued by certification bodies (management system certification standards), internal regulations (Code of Ethics, Code of Conduct, Regulations, Specific Procedures and Instructions).

Information addressed to company management with regard to the adequacy and the operational success of the system is contained in the following documents:

- half-year report by the Manager of the Internal Audit function to the Board of Directors;
- half-year report by the Supervisory Body to the Board of Directors (for aspects relating to the implementation of Model 231);
- letter of suggestions of the company appointed to independently audit the accounts;
- report L.262\2005, drawn up by KPMG Spa;
- specific reports presented by the appointed director following independent assessments.

B) ROLES AND FUNCTIONS INVOLVED.

In relation to the financial reporting process, the organisation of the roles and functions involved in the internal audit and risk management system is described in the following table:

PHASES OF THE PROCESS	BOD	ARC	AD AND AE	IA	BSA	SB	COMP
PLANNING	V	V					
IMPLEMENTATION			V				V
MONITORING	V	V	V	V	V	V	V
UPDATE			V				V

The Board of Directors (BoD) defines the aims and general architecture of the internal audit and risk management system relating to the financial reporting (planning) process, with particular reference also to the level of adequacy and reliability of the underlying procedures and information flows relating to the validity tests carried out (monitoring). The financial reporting process relating to the preparation of the consolidated financial statements and the separate financial statements is managed with a corpus of formalised rules and procedures, subject to regular internal audit, with respect to which the board receives a report at least every six months.

During the year:

- the Board used the reports of the Audit and Risks Committee, the appointed director and the internal audit bodies to assess the state of the system;
- The Audit and Risks Committee (“ARC”) supported the BoD in the planning and monitoring of the system, assessing the adequacy of the design and results of the internal audit tests envisaged by the procedures formalised;
- The Appointed Director of the internal audit and risk management system (“AD”), also holds the role of Appointed Executive for the preparation of company accounting reports (“AE”), and was responsible for the preparation, update and tangible operation of the procedures and rules important to the adequacy of the financial reporting process in line with the instructions of the BoD. The AE signed the certifications envisaged by article 154 bis, par. 5 of Legislative Decree 58/1998;
- The head of the Internal Audit function (“IA”) carried out checks on the adequacy of the procedures and the operation of the internal audit to monitor the risks connected with financial reporting, in compliance with the Audit Mandate assigned and the audit programme approved by the BoD;
- The Head of the Compliance department (“COMP”) carried out, in accordance with the mandate assigned, continuous checks on the companies' compliance with regulations, verifying, in accordance with industry best practices, the compliance of the activities carried out with the provisions of the law, the provisions of the Supervisory Authorities, the self-governance rules and the contractual commitments undertaken with customers;
- The Board of Statutory Auditors (“BSA”), in compliance with article 149 of Legislative Decree 58/1998, supervises the adequacy of the internal audit system and the administrative and accounting system, as well as the reliability of the latter in correctly portraying the management facts. The Board liaises with the IA for the performance of checks on administrative and accounting procedures;
- The Supervisory Body (“SB”) is involved in the monitoring of sensitive processes in compliance with Model 231 implemented by the company. With particular reference to the prevention of corporate crimes and in observance of the respective independence of action, it works with IA and compliance to pursue its monitoring programme.

11.1 Director appointed for the internal audit and risk management system

On 24 August 2018, the Board confirmed as Appointed Director for the Internal Audit and Risk Management System, the Chief Executive Officer, Alessandro Fabbroni.

The Appointed Director, in line with the contents of par. 7.C.4 of the Self-governance Code, performs his tasks within the scope and in implementation of the guidelines established by the Board, enlisting the aid of the head of the Internal Audit Function and in particular:

- (i) identified the main business risks, taking into account the characteristics of the activities performed by the issuer and by its main subsidiaries, and submitting them periodically to the examination of the Board of Directors, having also heard the opinion of the audit and risks committee;
- (ii) implemented the guidelines defined by the Board of Directors, taking care of the planning, accomplishment and management of the internal audit and risk management system and constantly verifying its adequacy and effectiveness;
- (iii) took care of the adaptation of said system to the dynamics of the operating conditions and the legislative and regulatory panorama;
- (iv) may ask the Internal Audit Function to carry out checks on specific operational areas and on the observance of internal rules and procedures, reporting at the same time to the Chairman of the Board of Directors, the Chairman of the Audit and Risks Committee and the Chairman of the Board of Statutory Auditors. It should be noted that, during the Year, the Appointed Director did not use the above power;
- (v) reports promptly to the Audit and Risks Committee (or to the Board of Directors) in relation to problems and critical situations that have arisen in the pursuit of his activity, or which have been brought to his attention, so that the Committee (or the Board) can take the necessary steps.

The Appointed Director performed the functions established by the Board and regularly attended the meetings of the auditing bodies (Committees, Supervisory Body, Board of Statutory Auditors).

11.2 Manager of the internal audit function

On 14 July 2020, the Board of Directors approved the annual audit plan for the year ended 30 April 2021, prepared by the head of the Internal Audit function, having heard the Board of Statutory Auditors and the Appointed Director for the Internal Audit and Risk Management System.

The head of the Internal Audit Function is Michele Ferri, appointed by the Board of Directors on 24 August 2018 for the subsequent three years.

The head of the Internal Audit Function is not responsible for any operational area. He is subordinate to the Board, to which he proposes the annual programme and presents six-monthly reports. He reports functionally to the Appointed Director with whom he coordinates the audit activities.

The head of the Internal Audit Function checks, both continually and in relation to specific needs, and in observance of the international standards, the operational success and suitability of the internal audit and risk management system, employing an audit plan, approved by the Board of Directors, based on a structured process of analysis and prioritisation of risks.

The resources made available to the head of the Internal Audit Function have been assessed and found adequate to the performance of the activities required.

The head of the Internal Audit Function, in line with the contents of par. 7.C.5 of the Self-governance Code:

- a. checked, both continually and in relation to specific needs, and in observance of the international standards, the operational success and suitability of the internal audit and risk management system, employing an audit plan, approved by the Board of Directors, based on a structured process of analysis and prioritisation of the main risks;
- b. had direct access to all the information useful for the pursuit of the assignment;

- c. prepared periodical reports containing adequate information on his activity, on the methods used to manage risks and on respect of the plans defined to limit them. The periodical reports contain an assessment of the suitability of the internal audit and risk management system;
- d. promptly prepared reports on events of particular importance;
- e. transmitted the reports pursuant to points iii) and iv) to the Chairmen of the Board of Statutory Auditors, the Audit and Risks Committee and the Board of Directors, as well as the Appointed Director;
- f. checked, within the scope of the audit plan, the reliability of the reporting systems including the account disclosure systems.

For the execution of the auditing activities 2020-2021, envisaged by the audit plan, the Internal Audit Function was able to engage in-house work teams dedicated to the development of special projects linked to the integration of the auditing procedures among different areas of management (Legislative Decree 231/2001, Law 262/2005, Quality management system) at group level for the identification and formalisation of centralised procedures and harmonised protocols at corporate level, operating in some cases, without prejudice to their different powers, in synergy with the Compliance function.

The in-house resources used devoted an adequate number of hours to the pursuit of the plan and involved skills relating to the audit of management, reporting systems and legal and corporate aspects, compliance, and all the managers involved in preparing the operational procedures.

As far as external resources are concerned, the IA function engaged the consulting services of KPMG Spa for the performance of checks on the efficiency of the administrative and accounting procedures of SESA S.p.A. and the Group, with particular reference to the presidia pursuant to Law 262 of 2005.

The amount of resources for external consulting in support of the Internal Auditor for the current year was Euro 35,000.

As envisaged by the audit plan for FY 2020-2021, the main activities of the Internal Audit Function, regarded:

- support with identifying and assessing business risks, as well as defining risk monitoring and mitigation tools;
- support with improvement of the internal audit systems and the integrated management of group compliance with regard to matters relating to the adoption of the company's Model 231, the Code of the Ethics, protocols pursuant to Law 262/2005 and the quality management system;
- checks on the existing business procedures, as envisaged by the Audit Plan;
- operating control tests for the purposes of certification pursuant to art. 154-bis of the TUF.

11.3 Organisation model pursuant to 231/2001

Sesa Spa and the strategic subsidiaries (Computer Gross S.p.A., Var Group S.p.A. and Base Digitale S.p.A.) have adopted a model of organisation, management and control, in compliance with Legislative Decree 231/2001 (also referred to hereinafter as “Model 231”). The model in question is integrated into the broader internal audit system adopted by the company and subject to regular update in relation to regulatory amendments and organisational changes. The update of the Models is carried out independently by each company with the methodological support of the group IA and Compliance functions.

In compliance with the suggestions made in art. 7 of the Self-Governance Code, the Board of Directors, at the meeting held on 24 August 2018, assigned the Board of Statutory Auditors the functions of regulatory body pursuant to Legislative Decree 231/2001.

Compliance with Legislative Decree 231/2001 is based on:

- **the Group code of ethics**, indicating the general principles (integrity, honesty, correctness, professionalism, continuity and attention to people) that inspire the Sesa Group and which qualify the fulfilment of the working obligations and behaviour in the workplace;
- **the risk assessment process** described in Model 231. In particular, the activities qualifying the model are the identification of the risks that offences will be committed, the assessment of the internal audit system existing within the company in terms of capacity to reduce the risks identified to an acceptable level, the management of risks in the strict sense, the monitoring of the internal audit systems and the preparation of an adequate reporting flow among the various parties involved in the process envisaged by the model;
- **the map of the business areas at risk**, which envisages that the identification of the risks of the committing of offences pursuant to Legislative Decree 231/2001, shall take place via the identification of the alleged offences and their periodical update, the identification of sensitive processes or activities for the purposes of the committing of offences pursuant to Legislative Decree 231/2001, the identification of the hypothetical methods for the implementation of offences by sensitive process, the identification of the activities and mechanisms of control deemed suitable to prevent the committing of offences in the implementation methods envisaged;
- **the activity of the Supervisory Body**, which checks the respect of the procedures envisaged in model 231, formulates proposals to the Board of Directors or the pertinent business functions for any updates and adaptations of the organisational model adopted, prepares an annual oversight programme which is submitted to the Audit and Risks Committee and the Board of Directors, and prepares, for the same bodies, a half-year report on the activities performed.

Model 231 and the group's Code of Ethics can be consulted in the "Corporate Governance" section of the Issuer's website at www.sesa.it.

11.4 Independent Auditor

On 15 July 2013, the company's ordinary Shareholders' Meeting, by proposal of the Board of Statutory Auditors, resolved to grant PricewaterhouseCoopers S.p.A. the job of auditing the company's statutory and consolidated financial statements for the years from 30 April 2014 to 30 April 2022, in compliance with articles 14 and 16 of Legislative Decree 39/2010, as well as the auditing of the accounts limited to the company's half-year financial report.

11.5 Executive appointed to prepare the corporate accounting documents and other auditing roles and functions within the company

The executive appointed to draw up the company accounting documents exercises this function in compliance with the specific *Regulation of the Executive Appointed to draw up the company accounting documents* prepared by the company.

On 24 August 2018, the Issuer's Board of Directors, after checking the requisites pursuant to art. 20 of the Articles of Association, with the approval of the Board of Statutory Auditors, resolved (i) the confirmation of Alessandro Fabbroni as executive appointed to prepare the corporate accounting documents (ii) attribution to Mr Fabbroni of the powers and functions pursuant to art.

154-bis TUF and to the applicable provisions of the law and regulation. During the same meeting, the Board also established the payment of the appointed executive.

The appointed executive is responsible for the implementation of law 262/2005 also with the methodological support of and audit by a third party with respect to the independent auditor of the accounts, identified as KPMG S.p.A., appointed specifically on the basis of a long-term mandate in compliance with the audit continuity principle. The plan for the implementation of law 262/2005 is subject to systematic monitoring and falls within the scope of the internal audit defined in the annual audit programme.

During the year, the Internal Audit System was developed with the introduction of a special compliance function and the consequent implementation of a three-level internal audit system in accordance with industry best practices. The Compliance department introduced as level 2 supervisory body, specifically guarantees the companies' compliance with regulations, verifying, in accordance with industry best practices, the compliance of the activities carried out with the provisions of the law, the provisions of the Supervisory Authorities, the self-governance rules and the contractual commitments undertaken with customers. The function is also committed, according to a risk-based approach, to managing the risk of non-compliance with respect to all company activities, verifying those internal procedures are adequate to prevent such risk.

Another function that qualifies the company's internal audit and risk management system is that appointed to carry out the Management audit.

In this sense, the company interprets the function, assigning it a strategic role in the identification, assessment and monitoring of economic-financial risks, in support of the choices made by the company's executive management. The main tasks can be summarised as follows:

- planning and budgeting for the definition of strategic and current aims;
- monitoring of the economic and financial events recorded during the year by period of accrual;
- monitoring of the economic and financial events during the year at consolidated level.

11.6 Coordination between the subject involved in the internal audit and risk management system

The methods of coordination set up by the Issuer among the various parties involved in the Internal Audit and Risk Management System guarantee an effective and efficient sharing of information among the bodies with these functions.

The coordination of the various parties involved in the internal audit and risk management system (Board of Directors, Appointed Director for the internal audit and risk management system, Audit and Risks Committee, Board of Statutory Auditors, Supervisory Body, Internal Audit Function, Compliance Function, Executive Appointed to prepare the corporate accounting documents and other business roles and functions with specific tasks in relation to internal audit and risk management) is ensured by the continuous flow of reports between said parties, achieved through periodical meetings. In particular, the heads of the Internal Audit and Compliance functions attended the meetings of the Board of Statutory Auditors, the Regulatory Body, and the Audit and Risks Committee, as well as continuous meetings with the Appointed Executive and with the managers of the various company functions.

The Chairman of the Board of Statutory Auditors attended the meetings of the Audit and Risks Committee, also in his capacity as Chairman of the company's Supervisory Body.

The Board of Statutory Auditors and the Supervisory Body meet every six months with the representative of the independent auditor appointed to carry out the independent audit of the company accounts.

Moreover, the Appointed Director and the managers of the various company functions intervened during some of the meetings of the Board of Statutory Auditors and the Regulatory Body.

12. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

The Issuer has defined and implemented specific procedures on the matter of transactions with related parties, suited to guaranteeing the directors complete and thorough information on the type of transactions.

Procedure for Transactions with Related Parties

At the meeting held on 23 September 2013, the Board of Directors resolved to adopt the "*Procedure for transactions with related parties*" (the "**Related Parties' Procedure**") implemented in accordance with Consob Regulation no. 17221 of 12 March 2010, as subsequently amended and supplemented (the "**Regulation of Related Parties**"), with effect from the Listing Date. This procedure is aimed at regulating transactions with related parties carried out by the company, also through subsidiaries pursuant to art. 2359 of the Italian Civil Code or by companies subject to management and coordination activities, in order to guarantee the substantial and procedural correctness of such transactions, as well as correct disclosure to the market. The Related Parties Procedure was last amended on 11 March 2021 in order to adapt it to the amendments made by Consob to the Related Parties Regulation with resolution no. 21624 of 10 December 2020 and to the introduction of the one-tier administration and control system; these amendments are applicable from 1 July 2021.

The Issuer has identified the Audit and Risk Committee as the body competent for transactions with related parties which, pursuant to the Related Parties Procedure, assumes the role of Related Parties Committee. On this matter, you are reminded that, following the renewal of the company boards by the Shareholders' Meeting held on 24 August 2018, during the board meeting held on the same date, the Issuer's Board of Directors had appointed the following persons as members of the Audit and Risks and Committee, to hold office until the year ending 30 April 2021: Maria Chiara Mosca (Independent Director and Chairman), Luigi Gola (Independent Director) and Angela Oggionni (Independent Director).

On this matter, it should be noted that, following the resignation of Luigi Gola on 27 August 2019 and the appointment by co-option of Claudio Berretti, the Board of Directors supplemented the composition of the Audit and Risks Committee by appointing Claudio Berretti in place of Luigi Gola.

Consequently, the Audit and Risks Committee is currently made up of the directors Maria Chiara Mosca (Independent Director acting as Chairman), Claudio Berretti (Non-executive Director) and Angela Oggionni (Independent Director).

In compliance with the Related Parties' Procedure in force on the date of this Report, if two Independent Directors are not present, or where, in relation to a determined transaction with related parties, one or more members of the Related Parties' Committee declare a relationship with reference to the specific transaction, in defence of the substantial correctness of the transaction, transactions with related parties are approved following definition, by the Board of Directors, of presidia equivalent to those indicated in the Related Parties' Procedure in defence of the substantial correctness of the transaction, including the enlistment of the aid of the Board of Statutory Auditors

or of an independent expert. In the case of more significant transactions, if three Independent Directors are not present, or where, in relation to a determined transaction with related parties, one or more members of the Related Parties' Committee declare a relationship with reference to the specific transaction, in defence of the substantial correctness of the transaction, transactions with related parties are approved by the unrelated Independent Directors who may be present, or are approved following definition, by the Board of Directors, of presidia equivalent to those indicated in the Related Parties' Procedure in defence of the substantial correctness of the transaction, including the enlistment of the aid of independent expert.

The Related Parties' Procedure regulates the identification, approval and management of transactions with related parties. In particular, the Related Parties' Procedure:

- regulates the methods used to identify the related parties, defining the methods and timing for the preparation and update of the list of related parties and identifying the competent business functions;
- identifies the rules for identifying transactions with related parties prior to their completion;
- regulates the procedure for carrying out transactions with related parties by the Issuer, also through subsidiaries in compliance with art. 2359 c.c. or companies subject to management and coordination activities;
- establishes the procedures and timing for fulfilling disclosure obligations towards the market and corporate bodies, also for the purpose of verifying the correct application of exemptions to transactions of greater importance defined as ordinary and entered into at market or standard conditions.

Pursuant to article 5 of the Related Parties Procedure, if a transaction with a related party falls within the remit of the Board of Directors, the directors involved in the transaction (as defined in the Procedure) shall abstain from voting on it. If, in the case of a transaction of lesser importance, it falls within the remit of the Chief Executive Officer (or of another person appointed), the latter, if they are a director involved in the transaction, shall abstain from carrying out the transaction and shall inform the Board of Directors. In such cases, the directors involved in the transaction contribute to the constitutive quorum of the administrative body but are excluded from the calculation of the quorum passing resolution.

Moreover, again in compliance with article 5 of the Related Parties' Procedure, directors with a vested interest in a transaction (not in conflict with that of the company) must promptly and thoroughly inform the Board of Directors of the existence of such interest and its circumstances, assessing, case by case, whether it is necessary for them to leave the board meeting when it is time to pass resolution or to abstain from voting. If the director concerned is a Chief Executive Officer (or another person appointed), the transaction will not be performed. In these cases, the resolutions of the Board of Directors adequately motivate the reasons and convenience for the Issuer of the transaction. The Board of Directors shall assess the most appropriate decision in the event that the removal of directors at the time of the resolution can be considered detrimental to the continuation of the necessary constituent quorum.

The Related Parties Procedure and relative annexes can be consulted on the Issuer's website at www.sesa.it, in the "Corporate Governance - Related Parties' Procedure" section.

13. APPOINTMENT OF THE MEMBERS OF THE SUPERVISORY BODY

During the year, the Issuer adopted the traditional management and audit model pursuant to articles 2380-*bis* et seq. of the Italian Civil Code, with the Shareholders' Meeting, the Board of Directors

and the Board of Statutory Auditors.

To this end, you are reminded, however, be noted that, by resolution of 27 January 2021, the Extraordinary Shareholders' Meeting approved the proposal for amendments to the Articles of Association related to the adoption of the one-tier system of administration and control, pursuant to and for the purposes of articles 2049-sexiesdecies et seq. of the Italian Civil Code.

The amendments relating to the new governance system will be applied as of the next renewal of the corporate bodies (by the Shareholders' Meeting called for 26 August 2021 by first call or 27 August 2021 by second call for the appointment of the members of the Board of Directors and by the latter for the appointment of the members of the Management Audit Committee), except for the amendments relating to the pre-meeting procedures associated with the appointment of the new corporate bodies, which apply as of the date of the convening of the Shareholders' Meeting called to pass resolution on the appointment of the new Board of Directors, i.e.: as of 12 July 2021.

Therefore, as of the next renewal of the Board of Directors, the supervisory body will be represented by the Management Audit Committee, which will include some members of the Board of Directors.

Pursuant to article 23 of the Articles of Association, the Management Audit Committee consists of a minimum of three members.

The Board of Directors determines the number and appointment of the members of the Management Audit Committee; they remain in office for three financial years and may be re-elected. Their term of office expires on the date of the Shareholders' Meeting to approve the financial statements for the last year of their term.

To this end, you are reminded that the term of office of the Board of Directors expires on the date of the Shareholders' Meeting called to approve the financial statements for the financial year ended 30 April 2021 and that, consequently, the Board will be renewed; following the renewal of the management body, the Board will then determine the number and appoint the members of the Management Audit Committee.

The members of the Management Audit Committee must meet the requirements of professionalism and honour prescribed by current legislation, the requirements of independence laid down in article 148 of the TUF and in the Corporate Governance Code and comply with the regulations on limits to the number of offices held. For the purposes of art. 1, par. 3 of Decree of the Ministry of Justice no. 162, dated 30 March 2000, the matters (juridical, economic, financial and technical-scientific) and the sectors of activity connected with or inherent in the activity performed by the company and pursuant to the business purpose must be considered as strictly relating to those of the business exercised by the company.

At least one member of the Management Audit Committee, or at least two if the Committee has four or more members, must be chosen from among those enrolled in the register of legal auditors.

The role of Chairman of the Management Audit Committee is assigned to the director taken from the minority list, pursuant to article 17 of the Articles of Association, or to the person appointed in his place, again pursuant to article 17. If only one list has been submitted or if no list has been submitted, the Chairman is elected by the Management Audit Committee from among its members.

The Management Audit Committee exercises the powers and functions attributed to it by current legislation, including supervision of compliance with the law, regulations and articles of association, and observance of the principles of correct administration.

The Management Audit Committee is duly established with the presence of the majority of its members and passes resolution by an absolute majority of those present. A dissenting member has the right to have the reasons for his dissent recorded in the minutes.

If one of the requirements laid down by current legislation and by the Articles of Association for members of the Management Audit Committee, including enrolment in the register of legal auditors, is no longer met, the Committee's term of office expires. The loss of one of the aforementioned requirements by a member of the Management Audit Committee also results in their removal from office as a director unless, being a member taken from the majority list, at least one of the other directors in office meets the requirements of current legislation to replace them as a member of the Management Audit Committee, also taking into account the number of members of the Management Audit Committee as determined by the Board of Directors. In the latter case, the member of the Management Audit Committee who has ceased to serve shall remain in office as a director.

If a member of the Management Audit Committee ceases to be a director for any reason, the rules set out in article 17 of the Articles of Association shall be applied to replace them, in compliance with current legislation.

If, however, during the course of the year, one or more members of the Management Audit Committee who have not ceased to be directors must be replaced, the Board of Directors, in compliance with current legislation, will appoint the replacement in accordance with article 23 of the Articles of Association, in order to ensure that the members of the Management Audit Committee meet the requirements of current legislation and the Articles of Association.

14. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (art. 123-bis, par. 2, lett. d) and d-bis), TUF)

Until the entry into force of the one-tier administration and audit model, audit functions are assigned to the Board of Auditors.

The Board of Statutory Auditors in office is made up as follows:

- Giuseppe Cerati (Chairman);
- Chiara Pieragnoli (Standing Auditor);
- Andrea Mariani (Standing Auditor);
- Paola Carrara (Alternate Auditor);
- Marco Sironi (Alternate Auditor).

The Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting on 24 August 2018 (with the exclusion of Andrea Mariani and Marco Sironi, as specified below) and will therefore remain in office until the approval of the financial statements for the year ending 30 April 2021.

On this matter, it should be noted that Andrea Mariani and Marco Sironi were appointed, in accordance with article 2401, paragraphs 1 and 3, of the Italian Civil Code, and article 21 of the Articles of Association in force at the time, respectively, as Statutory Auditor and Alternate Auditor by the Shareholders' Meeting held on 28 August 2020, following the resignations tendered on 14 July 2020 by Fabrizio Berti (then Alternate Auditor) and Luca Parenti (then Statutory Auditor, who remained in office on an extended basis until the Board of Statutory Auditors was reinstated by the Shareholders' Meeting, as there were no Alternate Auditors from the same list to complete the Board of Statutory Auditors). Both Mr. Berti and Mr. Parenti had been taken from the majority list submitted by the shareholder ITH S.p.A. To this end, it should also be noted that the appointment Mr Andrea Mariani and Marco Sironi was based on the only proposal of nomination for the completion of the Board of Statutory Auditors received, on 29 July 2020, from the shareholder ITH S.p.A.

At the time of the renewal of the Board of Statutory Auditors on 24 August 2018, two lists were presented, in compliance with the provisions of the Articles of Association. Chiara Pieragnoli, Luca

Parenti (who resigned on 14 July 2020) and Fabrizio Berti (who also resigned on 14 July 2020) were taken from the list presented by the majority shareholder ITH S.p.A. (which, at the time, held 52.814% of the company's share capital) and was voted by the majority of the share capital represented at the Shareholders' Meeting (equating to 74.497% of the voting capital). Giuseppe Cerati (appointed also as Chairman of the Board of Statutory Auditors) and Paola Carrara were taken from the list presented by a group of shareholders (Anima SGR S.p.A. Fund manager for Anima Crescita Italia, Anima Geo italia and Anima iniziativa Italia; Anthilia Capital Partners SGR S.p.A. fund manager for Anthilia Small Cap Italia; Eurizon Capital SA fund manager for Equity Small Mid Cap Italy; Eurizon Capital SGR S.p.A. fund manager for Eurizon Azioni PMI Italia; Fideuram Asset Management (Ireland) SA - Fonditalia Equity Italy; Interfund Sicav - Interfund Equity Italy and Mediolanum Gestione Fondi SGR S.p.A. fund manager for: Mediolanum Flessibile Futuro Italia and Mediolanum Flessibile Sviluppo Italia), which, at the time, held a total of 4.04% of Sesa's share capital; this list was voted by the minority of the share capital represented at the shareholders' meeting (equating to 25.440% of the voting capital).

The Statutory Auditors' remuneration is commensurate with the commitment required, the importance of the role held and the size and sectorial characteristics of the company.

The *curricula vitae* of the Standing Auditors, containing thorough information on the personal and professional characteristics of each one of them, are available on the Company website, in the “Corporate governance – Board of Statutory Auditors and Independent Auditor” section.

Structure of the current Board of Statutory Auditors

Office	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Indep. Self-Governance Code	Participation in the meetings of the Board ***	No. of other offices ****
Chairman	Giuseppe Cerati	15 May 1962	24 August 2018	24 August 2018	approval of financial statements 30 April 2021	m	X	9/9	32
Standing Auditor	Chiara Pieragnoli	11 November 1972	22 February 2013	24 August 2018	approval of financial statements 30 April 2021	M	X	9/9	1
Standing Auditor	Andrea Mariani	20 March 1971	28 August 2020	28 August 2020	approval of financial statements 30 April 2021	M	X	9/9	30
Alternate Auditor	Paola Carrara	05 August 1976	24 August 2018	24 August 2018	approval of financial statements 30 April 2021	m	X	n.a.	n.a.
Alternate Auditor	Marco Sironi	10 October 1962	28 August 2020	28 August 2020	approval of financial statements 30 April 2021	M	X	n.a.	n.a.
AUDITORS WHO CEASED TO HOLD OFFICE DURING THE YEAR OF REFERENCE									

Standing Auditor	Luca Parenti	05 June 1958	22 February 2013	24 August 2018	28 August 2020	M	X	8/8	20
Alternate Auditor	Fabrizio Berti	20 June 1959	22 February 2013	24 August 2018	14 July 2020	M	X	n.a.	n.a.
Number of meetings held during the year of reference: 9									
Quorum required for presentation of the lists by the minorities for the election of one or more members (pursuant to art. 147-ter TUF): 1%									

NOTES

* The date of first appointment of each auditor is the date on which the auditor was appointed for the first time (absolutely) in the Issuer's Board of Statutory Auditors.

** This column indicates the list from which each auditor is taken ("M": majority list; "m": minority list) ; "NA": if the auditors have been appointed by the Shareholders Meeting with the majorities envisaged by article 21 of the Articles of Association, or with the relative majority, following presentation of a single list of candidates).

*** This column indicates the participation of the auditors in the meetings of the BSA (indicate the number of meetings in which the auditor participated compared to the total number of meetings in which he could have participated; e.g.: 6/8; 8/8 etc.).

**** This column indicates the number of offices of director or auditor covered by the party concerned in compliance with art. 148-bis TUF and the relative provisions of implementation contained in the Consob Issuers' Regulation. The complete list of offices is published by Consob on its website in compliance with art.144-quinquiesdecies of the Consob Issuers' Regulation.

The Board of Statutory Auditors met nine times during the year.

The average duration of the meetings was approximately 90 minutes.

Minutes were recorded for all the meetings.

After the end of the year, the Board of Statutory Auditors met on 3 June 2021. The number of meetings of the Board of Statutory Auditors is not currently envisaged for FY 1 May 2021 - 30 April 2022. With the introduction of the one-tier system of administration and auditing, the Board of Statutory Auditors will be represented by the Control Management Committee.

Diversity policies

With reference to diversity policies, it is hereby made known, in compliance with art. 123-bis, paragraph 2, letter d-bis) of the TUF, that the current composition of the corporate bodies is already adequately diversified (the members of these bodies having been elected on the basis of the legislation on gender balance, as expressly envisaged in the Articles of Association) and ensures an adequate balance between people with complementary skills and experience, so as to ensure the efficient operation of the corporate bodies. Compliance with these values is, moreover, always guaranteed by shareholders at the time of renewal of the corporate bodies.

Moreover, the company is constantly committed, through the adoption of its own Code of Ethics and the promotion of an articulate corporate welfare programme, to ensuring respect, at all levels, for diversity and equal opportunities, with the aim, among other things, of fully enhancing human resources and promoting the values of pluralism and professionalism. The Group's attention to these issues is also reflected in the Sustainability Report, available on the company's website in the "Investor Relations - Shareholders' Meetings" section, to which reference should be made in full.

It should be noted that the Chairman of the Board of Statutory Auditors informed the Chairman of the Board of Directors, on the basis of the declarations received from each auditor, that he verified and ascertained, on the first useful occasion after their appointment, the existence of the

requirements of independence of the Auditors, in compliance with article 8 of the Self-governance Code in force at the time and 148, paragraph 3 of the TUF, applying the criteria envisaged by the Self-governance Code with reference to the independence of the directors.

The Board of Statutory Auditors also carried out, on 5 July 2021, the annual verification of the requirements of independence of the Statutory Auditors, pursuant to recommendations no. 6 and 9 of the Corporate Governance Code and 148, paragraph 3 of the TUF, applying the criteria envisaged in recommendation no. 7 of the Corporate Governance Code with reference to the independence of directors, and also certified for each Statutory Auditor, for FY 1 May 2020 to 30 April 2021, the continuing existence of the requirements of independence pursuant to article 148, paragraph 3, of the TUF and article 8 of the Corporate Governance Code, in force during the year. The outcome of this check was announced during the meeting of the Board of Directors held on 12 July 2021.

The Issuer has not envisaged a specific obligation for a Statutory Auditor who, on his own behalf or that of a third party, holds an interest in a determined Company transaction, in that it is believed that it is his deontological duty to inform the other Statutory Auditors and the Chairman of the Board of Directors about the nature, terms, origin and extent of his interest, if a Statutory Auditor holds, on his own behalf or that of a third party, an interest in a determined transaction of the Issuer.

The Board of Statutory Auditors supervised and will continue to supervise the independence of the independent auditor, certifying the respect of the legislative provisions on the matter and the nature and extent of services other than the auditing of the accounts of the Issuer and its subsidiaries by the independent auditor and by entities belonging to its network.

The Board constantly maintained the usual initiatives of coordination with the Audit and Risks Committee and with the Internal Audit Function. For information on methods of coordination, see paragraph 11.

Induction Programme

The characteristics of the information of the board and the information supplied by the Strategic Committee and by the Chief Executive Officer during the year allowed the auditors, also through participation in the relative initiatives in the forms considered most appropriate, to obtain adequate knowledge of the business sector in which the Issuer operates, of the company dynamics and their evolutions, of the principles of correct risk management, as well as the relative legislative and self-regulatory framework of reference. In particular, during the meetings of the Strategic Committee, prompt updates were supplied in relation to the various market studies – published by national and international trade associations – relating to the Issuer’s reference sector, in order to highlight the evolutionary trends of the sector in which the Issuer operates.

The Board of Statutory Auditors exercised the powers and functions assigned to it by the law and by the other provisions applicable.

15. RELATIONS WITH SHAREHOLDERS

The company found it to be in its specific interest - as well as being its duty to the market - to set up an ongoing dialogue, from the moment of listing, based on the reciprocal understanding of the roles, with the Shareholders and with institutional investors; a relationship destined to be pursued in observance of the “Procedure for internal management and external reporting of Privileged Information” described in paragraph 5.

It was decided that this relationship with Shareholders and institutional investors can be facilitated by the formation of dedicated business structures manned by adequate organisational means and staff.

To this end, the Investor Relations function was created, to pursue relations with Shareholders and institutional investors, and to carry out, if necessary, specific tasks in the management of privileged information and in relations with Consob and Borsa Italiana S.p.A.

Head of the Investor Relations functions is Conxi Palermo.

Furthermore, in order to further promote an open and constant dialogue with all its shareholders, and in compliance with the provisions of recommendation no. 3 of the Corporate Governance Code (article 1, Recommendation 3), the company has adopted a specific “Policy for managing dialogue with the shareholders”, which is the tool that regulates and defines the guidelines identified by the company to ensure the most appropriate management of active and constructive communication with its shareholders and Investors (as defined therein). The dialogue and relations between the Board and Investors are part of the approach promoted by the company, articulated through various specific communication tools, with the aim of fostering Sesa's transparency towards the financial community and the markets, through the building, maintenance and development of a relationship of trust, transparency and fairness with Investors.

This Policy demonstrates Sesa's commitment to maintaining an ongoing, open and constructive dialogue with all investors, in compliance with the current legislation governing the matter, also with reference to market abuse and applicable best practices, in order to increase the level of knowledge of the company through the organisation of events dedicated to the analysis of the strategy, the business, commercial performance, economic and financial outlook, corporate governance, social and environmental sustainability, the remuneration policies for directors and managers with strategic responsibilities and their implementation, and the internal audit and risk management system relating to Sesa. All this with the aim of ensuring the best disclosure transparency, increasing the level of understanding of reciprocal points of view, improving the company's financial and non-financial results, including environmental, social and corporate governance factors, favouring sustainable success and value creation in the medium-long term.

The Shareholder Dialogue Policy, which details the procedures for dialogue with investors, is available on the Issuer's website at www.sesa.it in the *Investor Relations* sector.

The main documents on the matter of Corporate Governance and the Code of Ethics can also be consulted at the website indicated above, along with other information of importance to the Shareholders.

16. SHAREHOLDERS' MEETINGS [art. 123-bis, paragraph 2, lett. c), TUF]

In compliance with art. 10 of the Articles of Association, the withdrawal right is regulated by the law. Therefore, in compliance with art. 2437, paragraphs 1 and 2 c.c., Shareholders who have not taken part in the resolutions concerning: a) the amendment of the business purpose clause, when this allows a significant change of the company's activity; b) the transformation of the company; c)

the transferral of the registered office abroad; d) the repeal of the status of liquidation e) the elimination of one or more causes of withdrawal envisaged by art. 2437, par. 2 c.c. or by the Articles of Association; f) the amendment of the criteria for the determination of the value of the share in the event of withdrawal; g) amendments of the Articles of Association concerning voting or attending rights; h) the extension of the Company's term of duration; i) the introduction or removal of restrictions to the circulation of stock, are entitled to withdraw all or part of their stocks. Every agreement aimed at excluding the withdrawal right or making it harder to apply in the cases indicated under letters a)-g) above, is null and void. Moreover, in compliance with art. 2437-quinquies c.c., Shareholders who do not take part in the resolution implicating the exclusion of stocks from the listing, are entitled to withdraw.

In compliance with art. 11 of the Articles of Association, the Shareholders' Meeting is convened within the terms indicated by the law and regulations in force at the time, via notification to be published on the company's website, and with the methods envisaged by the law and regulations in force at the time. In the notification convening the Shareholders' Meeting, there may be a second date for a further call, in case the previous Shareholders' Meeting does not result legally valid. If the date for second or further Shareholders' Meetings is not indicated in the notification, they will take place within thirty days of the date indicated in the letter convening the first Shareholders' Meeting. The Shareholders' Meeting may also be convened outside the Municipality where the registered office is located, as long as it is held within Italy.

The ordinary Shareholders' Meeting to approve the financial statements must be convened within 120 days of the end of the financial year, in the cases envisaged by art. 2364, par. 2, c.c., and as long as it is allowed by law, within 180 days of the end of the financial year.

In compliance with art. 12 of the Articles of Association, all those with voting rights are entitled to take part in the Shareholders' Meeting.

Legitimation to take part in the Shareholders' Meeting and to exercise the voting right is certified by a communication to the Company by the intermediary assigned the task of keeping the accounts in compliance with the law, on the basis of the evidence of the relative bookkeeping entries at the end of the business day of the seventh open day on the market prior to the date set for the Shareholders' Meeting, received by the Company within the terms of the law. To this end, the date of the first call is considered, as long as the dates of further calls are indicated in the single notification; otherwise, the date of each call will be considered.

Those who are entitled to vote may appoint representatives by mandate in compliance with the law. The electronic notification of the mandate may be carried out using the methods indicated in the call, via certified e-mail to the address indicated in the notification or using a special section of the company's website. The company is entitled to designate a subject to whom the Shareholders' made grant mandate for representation at the Shareholders' Meeting in compliance with art. 135-undecies TUF, indicating this in the letter convening the Shareholders' Meeting. For everything not otherwise provided for by the Articles of Association, intervention and voting are regulated by the law.

To exercise the rights of minorities such as (i) convening the Shareholders' Meeting by request of the Shareholders; (ii) the right to request additions to the agenda and to present new proposals for resolution; (iii) the right to ask questions before the meeting, the provisions of the law and regulations currently in force apply.

The ordinary Shareholders' Meeting is competent for: a) approval of the financial statements; (b) appointment and repeal of the directors and, when envisaged, the independent auditor; c) determination of the payment of directors and auditors; (d) resolution on the responsibility of directors; (e) resolution on other items attributed by law to the Shareholders' Meeting, as well as any authorisations that might be required by the Articles of Association for the performance of acts

by the directors, notwithstanding their responsibility for the performance of the acts of directors with regard to transactions with related parties, in compliance with art. 2364, art. 1 no. 5, c.c., as envisaged by art. 14) of the Articles of Association), in conformity to that envisaged by the laws and regulations in force at the time; (f) approve any regulation of the tasks of the shareholders' meeting; (g) pass resolution on anything else for which it is competent in compliance with the law and the Articles of Association.

To this end, it should be noted that, following the application - as of the next renewal of the administrative body - of the one-tier administration and audit model, the supervisory body will be represented by the Management Audit Committee (which will include some members of the Board of Directors), whose members will be determined in number and appointed by the Board of Directors, pursuant to article 23 of the Articles of Association.

The extraordinary shareholders' meeting passes resolution on the amendments of the Articles of Association, the appointment, the replacement and the powers of liquidators and on every other matter expressly attributed to it by law. The Board of Directors is assigned the competence to pass resolution on the matters indicated in art. 17 of the Articles of Association, notwithstanding the fact that said competence may be remitted to the extraordinary Shareholders' Meeting (see paragraph 4.3).

In compliance with art. 14 of the Articles of Association, the resolutions of the ordinary and extraordinary Shareholders' Meetings are passed by the majorities required by law, with the exception of that indicated below.

The amendments of art. 14 and art. 6 (with reference to the absent indication of the nominal value) of the Articles of Association are approved by the extraordinary Shareholders' Meeting with the favourable vote of as many shareholders as represent, at any call, at least two thirds of the share capital.

As an exception to the general rule whereby each share grants the right to one vote, pursuant to article 7 of the Articles of Association, in accordance with article 127-quinquies of the Consolidated Law on Finance (TUF), each ordinary share grants the right to a double vote (and therefore to two votes for each share) where both of the following conditions are met: (a) the share is owned by the same person, by virtue of a real entitlement legitimising the exercise of voting rights (full ownership with voting rights, bare ownership with voting rights or usufruct with voting rights) for a continuous period of at least twenty-four months; (b) the recurrence of the prerequisite referred to in letter (a) above is attested by continuous registration, for a period of at least twenty-four months, in the special list specifically established and maintained by the company in the form and content envisaged in compliance with applicable legislation, as well as by a specific communication attesting to share ownership and referring to the date of expiry of the continuous period, issued by the intermediary in the form and with the effects envisaged by current legislation.

The increase in voting rights is not applicable to resolutions of the Shareholders' Meeting concerning the determination of the remuneration of the members of the corporate bodies, the approval of remuneration plans based on financial instruments and the approval of the remuneration policy drawn up by the Board of Directors.

The increase in voting rights is calculated to determine the quorums for meetings and resolutions that refer to percentages of the share capital, but has no effect on rights, other than voting rights, due to the possession of certain percentages of the share capital.

On the date of this Report, there are no increased voting rights, in that said rights, having been introduced by the Shareholders' Meeting on 28 August 2020, are not yet applicable, as the

minimum period of twenty-four months from registration in the special list required to acquire the increased vote has not yet elapsed.

To this end, you are reminded note that 8,269,222 ordinary shares have been included in the list of the increased voting rights, the increase in which is in the process of being vested.

The Shareholders' Meeting must be held using methods such as to ensure that those entitled to attend are able to be aware of the events in real time and to freely decide and freely and promptly express their vote. To facilitate intervention in the Shareholders' Meeting and the exercise of voting rights by those holding them, the Issuer's Articles of Association (art. 12) envisage that the Shareholders' Meeting may be held with interventions from several places, adjacent or remote, connected by video or audio, as long as the joint method and the principles of good faith and equal treatment of the Shareholders are respected.

To this end, it should also be noted that, on 28 August 2020, the Shareholders' Meeting approved, in accordance with application criterion 9. C.3 of the Corporate Governance Code in force at the time, a set of rules for Shareholders' Meetings which (i) describes the procedures to be followed and the conduct to be adopted to allow the orderly, disciplined and functional proceedings of the company's Shareholders' Meetings and (ii) defines the procedures for participation in the Shareholders' Meeting and the rules for discussion of the items on the agenda, to guarantee the right of each shareholder to speak on the matters being discussed.

For any further information, please see the Shareholders' Meeting Regulations available on the company's website, in the *Investors - Meetings* section.

During the Year and up until the date of this Report, the Shareholders' Meeting of the Issuer met twice, on 28 August 2020 and 27 January 2021.

With regard to this, please note that, in compliance with that allowed by art. 106, paragraph 4, of Decree-Law no. 18 of 17 March 2020, on “Measures to strengthen the National Health Service and economic support for families, employees and businesses related to the COVID-19 epidemiological emergency” (as subsequently extended, initially, by effect of art. 71 of Decree-Law No. 104 of 14 August 2020 and, subsequently, by effect of paragraph 3 of article 1 of Decree-Law No. 125 of 7 October 2020), in relation to both of the aforementioned Shareholders' Meetings, it was envisaged that shareholders could attend exclusively through the “Appointed Representative” pursuant to article 135-undecies of the TUF. As a result, shareholders with voting rights were not able to individually submit proposals for resolutions on items already on the agenda to the Shareholders' Meeting. To this end, a reasonable period of time was granted to shareholders to allow them to forward any individual proposals for resolutions on items already on the agenda in writing.

During the above-mentioned Shareholders' Meetings:

- on 28 August 2020: the Chairman of the Board of Directors Paolo Castellacci, the Executive Deputy Chairman Gaini Moreno, the Chief Executive Officer Alessandro Fabbroni and the Board Members Angela Oggionni, Chiara Mosca and Angelica Pellizzari intervened;
- and, on 27 January 2021, the Chairman of the Board of Directors Paolo Castellacci, the Executive Deputy Chairman Gaini Moreno, the Chief Executive Officer Alessandro Fabbroni and the Board Members Angela Oggionni and Chiara Mosca intervened.

The Board of Directors also took action to ensure that the shareholders received adequate information on the elements necessary for them to make their decisions in an informed manner.

On the Issuer's website, at www.sesa.it in the “*Investor Relations - Shareholders' Meetings*” section, the following documents (among others) are available in relation to each meeting: i) the notification convening the meeting; ii) the copy of the minutes of the Meeting; iii) the summarised report of the elections; iv) documents, reports and proposals of resolution submitted to the Shareholders' Meeting.

As regards the rights of Shareholders not indicated in this Report, please see the laws and regulations in force at the time.

There were significant changes in the market capitalisation of the Issuer's shares during the year, with the average capitalisation value increasing from Euro 603,868,092 in FY 1 May 2019/ 30 April 2020 to Euro 1,285,186,598 in FY 1 May 2020/ 30 April 2021. There were no significant changes in the composition of its corporate structure during the year.

17. FURTHER CORPORATE GOVERNANCE PRACTICES [art. 123-bis, par. 2, lett. a), TUF]

The Issuer does not adopt any corporate governance practices in addition to those envisaged by legislation or regulations in force and described in this Report. In particular, reference should be made to paragraphs 6 and 11 of the Report with reference to the Strategic Committee and Model 231, respectively.

18. CHANGES SINCE THE END OF THE YEAR OF REFERENCE

With the exception of the above and as reported in the specific sections, there have been no changes in the corporate governance structure since the end of the year.

19. CONSIDERATIONS ON THE LETTER DATED 22 December 2020 OF THE CHAIRMAN OF THE COMMITTEE FOR CORPORATE GOVERNANCE

In December 2020, the Corporate Governance Committee of Borsa Italiana made its recommendations for 2021 regarding the compliance of issuers with the Corporate Governance Code; these recommendations are contained in a document called “*the recommendations of the Committee for 2021*” annexed to the letter - signed by the Chairman of the Italian Committee for Corporate Governance.

The letter from the Chairman of the Italian Committee for Corporate Governance and the recommendations for 2021 were examined by the Board of Directors, and also by the Governance Committees for the profiles for which they are responsible.

In particular, the Issuer's Board of Directors, during its meeting on 12 July 2021, examined the aforesaid letter and, with the favourable opinion of the Chairman of the Remuneration Committee and of the Chairman of the Audit and Risks Committee on behalf of the respective Committees and to the extent of their competence, took note of its content, noting a substantial adaptation by the Company to all the recommendations expressed by the Committee for Corporate Governance (with regard to the sustainability of the company's business activity, the provision of information before Board meetings, the application of criteria of independence, the self-assessment of the board of

directors, the appointment and succession of directors and remuneration policies). More specifically, the Board reached the above-mentioned conclusion on the basis of the following considerations:

- i)* the programme to implement the company's governance system with the aim of orienting the Group's management towards sustainable development and the generation of long-term value to the benefit of shareholders and stakeholders, which led, among other things, to the supplementation of article 19 of the Articles of Association and the assignment to the Board of Directors of the task of guiding the company by pursuing success and sustainable growth to the benefit of shareholders;
- i)* the prompt and complete nature of the pre-meeting information was guaranteed by sending the documentation, normally at least seven days before the date of the Board Meeting or within the terms of convening said meeting, as envisaged in the Articles of Association;
- ii)* in assessing the independence of the qualified Directors and Statutory Auditors, during the financial year, the Board of Directors and the Board of Statutory Auditors always applied all the criteria envisaged by the Self-governance Code in force during the year;
- iii)* again, with regard to the assessment of independence, the quantitative and qualitative criteria to be used to assess the significance of the relationships under review were defined *ex ante*;
- iv)* the remuneration policy adopted by the Company already envisages that a significant part of the remuneration of Executive Directors is linked to the attainment of specific short and medium-long term performance targets, also with non-financial goals;
- v)* the remuneration of non-executive directors and members of the supervisory body is commensurate with the commitment required of each of them.

Lastly, at the same Board meeting held on 12 July 2021, the Board of Directors deemed that there were adequate reasons for not complying with some of the provisions contained in the Corporate Governance Code, confirming its commitment to constantly monitoring the degree of compliance with the Corporate Governance Code, as well as the effective existence of the reasons justifying the Company's failure to comply with some of the recommendations contained therein.

For further information on additional profiles highlighted in the letter, please see the information provided in this Report and in the report on remuneration drawn up in compliance with article 123-ter, TUF.

Empoli (FI), 12 July 2021
On behalf of the Board of Directors
The Chairman
Paolo Castellacci