

**Explanatory report of the Board of Directors prepared in compliance with article 125-ter of Legislative Decree no. 58 (“TUF”) of 24 February 1998, as subsequently amended, on the second item on the agenda of the Ordinary Shareholders' Meeting convened for 25 August 2022 and, if necessary, for 26 August 2022:**

**2. Report on the Remuneration Policy and its Paid Considerations pursuant to art. 123-ter of Legislative Decree no. 58/1998: 2.1. Binding resolution on the first part regarding the remuneration policy for the financial year 1 May 2022 - 30 April 2023; 2.2. Non-binding resolution on the second part regarding considerations paid in financial year 1 May 2021 – 30 April 2022.**

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Dear Shareholders,

the Board of Directors of your Company has convened the Ordinary Shareholders' Meeting to present, inter alia, the Report on the Remuneration Policy and Paid Considerations, drawn up pursuant to articles 123-ter TUF and 84-quater Consob Regulation No. 11971/1999 (the “Issuers' Regulation”), in compliance with Annex 3A Schedules 7-bis and 7-ter of said regulation, as amended.

You are reminded that, in compliance with art. 123-Ter, the Report on the Remuneration Policy and Paid Considerations is divided into the following sections:

- I. the first Section clearly and comprehensibly outlines the Company policy on the remuneration of the members of the Board of Directors, the executives with strategic responsibilities for at least the following year and the members of the supervisory body, as well as the procedures used for the adoption and implementation of said policy. This section, in compliance with paragraphs 3-*bis* and 3-*ter* of article 123-*ter*, is subject to the binding vote of the Shareholders' Meeting. In particular, the Remuneration Policy:
  - (a) indicates how it contributes to the corporate strategy, the pursuit of long-term interests and the sustainability of the company, and is determined in consideration of the remuneration and working conditions of the company's employees;
  - (b) defines the different components of remuneration that may be acknowledged. In the case of variable remuneration, it establishes clear, comprehensive and differentiated criteria for the acknowledgement of said remuneration, based on financial and non-financial performance targets, taking criteria relating to corporate social responsibility into account where appropriate;
  - (c) specifies the elements of the policy which, under the exceptional circumstances indicated in article 123-*ter*, paragraph 3-*bis*, of the Consolidated Law on Finance, may be temporarily waived, as well as the procedural conditions under which the waiver may be applied without prejudice to the provisions of Regulation no. 17221 of 12 March 2010 on related party transactions; companies may limit the identification of procedural conditions to the procedures laid down in the aforementioned Regulation;
- II. the second Section clearly, comprehensibly and by name, in relation to the members of the management and control bodies and in aggregate form for the executives with strategic responsibilities:

- (a) provides an adequate representation of each of the items constituting remuneration, including any procedures envisaged in the event of expiry of office or termination of employment, highlighting their consistency with the Company's remuneration policy for the year of reference;
- (b) analytically illustrates the remuneration paid during the year of reference, for any reason and in any form, by the Company and its subsidiaries or associated companies, indicating any components of the aforesaid remuneration that refer to activities carried out in financial years prior to the year of reference and also highlighting the remuneration to be paid in one or more subsequent years for activities carried out during the Year, indicating, where appropriate, an estimated value for components that cannot be objectively quantified during the Year;
- (c) illustrates how the Company took into account the vote cast the previous year on the second section of the report. This section is subject to the consultative vote of the Shareholders' Meeting.

The Report on the Remuneration Policy and Paid Considerations also contains the disclosure requested in compliance with article 84-quater, paragraph 4 of the Issuers' Regulations, the investments held, in the Issuer and its subsidiaries, by members of the management and control bodies, the general manager and other Executives with strategic responsibilities, as well as by spouses who are not legally separated and minor children, directly or through subsidiaries, trust companies or third parties, resulting from the shareholders' register, communications received and other information acquired by the members of the management and control bodies, the general manager and other Executives with strategic responsibilities.

The Report on the Remuneration Policy and Paid Considerations also includes the disclosure pursuant to article 84-bis, paragraph 5 of the Issuer's Regulation on the allocation of shares in execution of the "Stock Grant Plan 2021-2023" approved by the Ordinary Shareholders' Meeting held on 28 August 2020 in compliance with Table no. 1 of Schedule 7 of Annex 3A thereof.

We therefore invite you to express your:

- (i) binding vote on the first Section of the Report on the Remuneration Policy and Paid Considerations concerning the Company's policy on the remuneration of the members of the management and control bodies, the general manager and other executives with strategic responsibilities;
- (ii) consultative vote on the second Section of the Report on the Remuneration Policy and Paid Considerations concerning the representation of each of the items that make up the remuneration of said persons and the analytical presentation of the remunerations paid out to them by the Company, by subsidiaries or associated companies during the year ended on 30 April 2022.

The outcome of the vote will be made published within the terms of law pursuant to the second paragraph of article 125-quater of the Consolidated Law on Finance (TUF).

For further details, please see the Report on Remuneration and Paid Considerations drawn up pursuant to articles 123-ter of the Consolidated Law on Finance and 84-quater of the Issuer's Regulation, which will be made available to the public at the Company's registered office, on the Company website [www.sesa.it](http://www.sesa.it) ("Investors - Shareholders' Meetings" section) and made available on the authorised storage mechanism at [www.emarketstorage.com](http://www.emarketstorage.com), at least 21 days before the date set for the Shareholders' Meeting on first call, 4 August 2022.

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In light of the foregoing, we propose the adoption of the following resolution:

*“The Shareholders' Meeting of Sesa S.p.A., met in ordinary session:*

*- having examined the report of the Board of Directors drawn up in compliance with articles 123-ter of legislative decree 58/1998 (“TUF”) and 84-quater of Consob Regulation 11971/1999 (the “Issuer’s Regulation”),*

*resolves*

- 1. to approve, in compliance with and for the purposes of article 123-ter, paragraphs 3-bis and 3-ter, of the Consolidated Law on Finance, the first section of the Report on the Remuneration Policy for the the period from 1 May 2022 to 30 April 2023 and the Paid Considerations from 1 May 2021 to 30 April 2022, drawn up by the Board of Directors in compliance with article 123-ter, paragraph 3, of the Consolidated Law on Finance;*
- 2. in compliance with and for the purposes of article 123-ter, paragraph 6, of the Consolidated Law on Finance, and therefore with a non-binding resolution, in favour of the second section of the aforesaid Report drawn up by the Board of Directors in compliance with article 123-ter, paragraph 4, of the Consolidated Law on Finance”.*

Empoli (FI), 25 July 2022

for the Board of Directors  
The Chairman, Paolo Castellacci