

**REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP  
STRUCTURES**

In compliance with art. 123-*bis* TUF (Consolidated Italian Law on Finance)

Approved by the Board of Directors on July 18, 2023

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

Website: [www.sesa.it](http://www.sesa.it)

Year to which the Report refers: May 1, 2022/April 30, 2023

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# REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURES

## GLOSSARY

**Shareholders' Meeting or Meeting:** the Issuer' Shareholders' Meeting.

**Corporate Governance Code:** the Corporate Governance Code of listed companies approved in January 2020 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, applicable from May 1, 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 April 30, the period between May 1, 2022 and April 30, 2023.

**EXM:** the Euronext Milan market (previously MTA), organised and managed by Borsa Italiana S.p.A.

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

**MTA:** the Mercato Telematico Azionario (the electronic stock exchange) organised and managed by Borsa Italiana S.p.A. (now Euronext Milan).

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

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

**Consob Market Regulation:** the Regulation issued by Consob with resolution no. 20249 of 2017 (as subsequently amended) relating to markets.

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

**Regulation on the functioning of the Board of Directors:** the Regulation adopted by the Company, which governs the procedures for the functioning of Sesa's Board of Directors, including the procedures for taking minutes of meetings and the procedures for the management of 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* TUF.

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

**TUF:** Legislative Decree no. 58 (Consolidated Law on Finance) of February 24, 1998, as subsequently amended.

Unless otherwise specified, the following Corporate Governance Code's definitions are also to be understood as recalled by reference: **directors, executive directors, independent directors, significant shareholder, managing director (CEO), board of directors, supervisory body, business plan, concentrated ownership company, large company, sustainable success, top management.**

## 1. ISSUER PROFILE

Sesa, based in Empoli (FI), is at the head of a group active throughout Italy and in some foreign countries including Germany, Switzerland, Austria, France, Spain, Romania and China (“**Group**” or “**Sesa Group**”). The Sesa Group, a leading operator in Italy in the sector of technological innovation and IT and digital services for the business segment, has the mission of offering technological solutions, digital services and business applications, supporting the digital evolution, innovation and transformation of companies and organisations towards sustainability. Thanks to the skills and specialisation of its human resources, the Group operates in value-added segments of Information Technology (Security, Cloud, Vertical Applications and Green), with an organisational model dividing its functions into sectors of activity and vertical Strategic Business Units.

The Issuer's ordinary shares have been admitted to trading on the EXM since October 22, 2013 (the “**Listing Date**”).

As of February 16, 2015, the Issuer's ordinary shares are traded in the Euronext STAR Milan Segment of the Euronext Milan market of Borsa Italiana.

Intermonte SIM S.p.A. acts as specialised operator in compliance with the provisions of the Stock Exchange Regulations and related Instructions.

During the Business Year, the Company was organised according to the one-tier management and control system, pursuant to Articles 2409-sexiesdecies et seq. of the Italian Civil Code, with the Shareholders’ Meeting, the Board of Directors and the Management Control Committee, following the Shareholders’ Meeting held on August 26, 2021, in compliance with the resolution passed by the Extraordinary Shareholders’ Meeting of January 27, 2021, which approved the proposal of amendments to the articles of association related to the adoption of the one-tier management and control system, applied as of the renewal of the corporate bodies.

With regard to the composition, functioning and characteristics of the Board of Directors, as well as the Committees set up within it, please see the details of this Report.

The Board of Directors guides the Company in pursuit of its sustainable success. For the initiatives carried out by the Board to this end, please see the Sections of the Report where the following are illustrated: (i) how this goal is incorporated into the strategies (Paragraph 4.1), the remuneration policies (Paragraph 8) and the internal audit and risk management system through which the pursuit of the Company’s sustainable success is also monitored (Paragraph 9); (ii) the functions of the Sustainability Committee, set up by the Board of Directors at its meeting of July 12, 2022 (Paragraph 6).

The Issuer has published on a mandatory basis the consolidated non-financial statement as of April 30, 2023, pursuant to Legislative Decree no. 254/2016, which can be found on the corporate website at [www.sesa.it](http://www.sesa.it) where the Company’s mission in the area of sustainability is expressed.

As of 2022, the Company no longer qualifies as an “SME” in compliance with Article 1, paragraph 1, letter w-quater.1), TUF and Article 2-ter of the Consob Issuers’ Regulations.

In light of the foregoing, it is noted that the relevant threshold for disclosure obligations pursuant to Article 120 TUF is 3% of the share capital.

Pursuant to the Corporate Governance Code, the Issuer:

- (i) qualifies as a “large” company, as its capitalisation exceeded Euro 1 billion on the last trading day of each of the years 2020, 2021 and 2022;
- (ii) qualifies as a “concentrated ownership” company, as the majority shareholder ITH S.p.A. directly holds the majority of the votes exercisable at the Ordinary Shareholders’ Meeting of the Company (and subject to Paragraph 2, lett. d) below), specifically 69.122% of the voting rights.

As of the date of the Report, the Company had not made use of the flexibility options envisaged by the Code for companies with concentrated ownership. The Company will apply the principles and recommendations envisaged for “large” companies from financial year May 1, 2024 to April 30, 2025.

The information contained in this Report, unless otherwise specified, refers to the Year corresponding to the period from May 1, 2022 to April 30, 2023.

## **2. INFORMATION ON OWNERSHIP STRUCTURES (pursuant to art. 123-bis, par. 1, TUF) AS OF APRIL 30, 2023**

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

#### Share capital as of April 30, 2023

As of April 30, 2023, the share capital subscribed and paid in amounted to Euro: 37,126,927.50.

Categories of shares that make up the share capital as of April 30, 2023:

<b>Share capital structure</b>				
	No. of shares	No. of voting rights	Listed (indicate the markets) / unlisted	Rights and obligations
Ordinary shares  Voting rights can be increased.	15,494,590	15,494,590	EXM	Each ordinary share entitles the holder to one vote, with the exception of Shares which have matured the increase in voting rights, which entitle the holder to a double vote.  The rights and obligations of shareholders are those envisaged by articles 2346 et seq. c.c.

The Shareholders’ Meeting of August 28, 2020, resolved to amend the Articles of Association by inserting the current Article 7 to introduce the voting increase pursuant to Article 127-quinquies TUF, envisaging that the voting right increase is acquired upon the commencement of the minimum period of continuous ownership of the shares of 24 months and setting the maximum limit of the increase at two votes per share. For further information, please see Paragraph d) below.

Share capital situation on the date of the Report

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

**b) Restrictions on the transfer of securities [art. 123-bis, par. 1, lett. b), TUF]**

There are no restrictions on the transfer of securities, limitations on possession or clauses for approval of the Issuer or other holders.

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

Please note that as of 2022, the Company no longer qualifies as an SME pursuant to Article 1, paragraph 1, lett. *w-quater*. 1, TUF; therefore, the relevant threshold for disclosure obligations pursuant to Article 120 TUF is 3% of the share capital with voting rights.

As of the date of this Report, shareholders who, according to the shareholders' book, supplemented by the communications received pursuant to Article 120 TUF and other information available to the Company, directly or indirectly hold more than 3% of Sesa's share capital are listed in the table below.

<b>Significant investments in the capital</b>			
<b>Declarant</b>	<b>Direct shareholder</b>	<b>% share of ordinary capital</b>	<b>% share of voting capital</b>
HSE S.p.A.	ITH S.p.A.	52.814%	69.122%

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

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

The Shareholders' Meeting of August 28, 2020, resolved to amend the Articles of Association by inserting the current Article 7 to introduce the voting increase pursuant to Article 127-*quinquies* 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 Art. 127-*quinquies* TUF, each ordinary share gives the right to a double vote (and consequently to two votes for each share) where both of the following conditions are met: (a) the share has belonged to the same person, by virtue of a real right legitimising the exercise of voting rights (full ownership with voting rights or 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 subparagraph (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 accordance with the forms and contents envisaged in the applicable regulations, as well as by a specific communication attesting to the shareholding and referring to the date of the continuous period, issued by the intermediary in the forms and with the effects envisaged by the applicable regulations.

The increased voting right 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 prepared by the Board of Directors.

The increase in voting rights is calculated for the purposes of determining the *quorums* for meetings and resolutions that refer to percentages of the share capital, but has no effect on the rights, other than voting rights, accruing by virtue of the possession of certain percentages of the share capital.

In relation to the above, it should be noted that the institution of the increased voting right provided for in Article 7 of the Articles of Association has become applicable, as the minimum period of twenty-four months from registration in the special list required for the acquisition of the increased vote has elapsed.

On this matter, we inform you that 8,183,323 ordinary shares owned by ITH S.p.A., have now matured and are included in the list of the increased voting rights.

For further information, please see Regulations for the Increased Vote available on the Company website, in the section “*Governance - Loyalty Right Section*”, where the identification data of the shareholders who have requested inclusion in the special list are also published, in accordance with the provisions of Article 143-*quater*, paragraph 5, of the Issuers’ Regulation, with an indication of the relevant shareholdings, which must be above the threshold indicated in Article 120, paragraph 2, TUF, and the date of inclusion.

**e) Employee participation in the shareholder structure: mechanism for exercising voting rights [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 June 5, 2020, HSE S.p.A. and Tamburi Investment Partners S.p.A. entered into a shareholders’ agreement pursuant to Article 122, paragraphs 1 and 5 letters a) and d-*bis*), TUF, which became effective on July 22, 2020, aimed at regulating certain aspects relating to the corporate governance of ITH S.p.A. and, indirectly, of Sesa (the “**2020 Agreement**”).

This agreement - covering, as of the date of subscription, a total of 305,333 shares of ITH S.p.A. with voting rights representing 95.54% of the entire share capital - with a duration of three years from the signing date, was terminated due to the expiration of the term on June 5, 2023 and was replaced with a new shareholders' agreement pursuant to Article 122, paragraphs 1 and 5, letters a) and d-*bis*), TUF signed by the same parties on June 9, 2023 (the “**2023 Agreement**”). Like the 2020 Agreement, the 2023 Agreement (i) regulates certain aspects relating to the corporate governance of ITH S.p.A. and, indirectly, of Sesa; (ii) relates to a total of 305,333 shares of ITH S.p.A.

with voting rights, representing 95.54% of the entire share capital; and (iii) has a duration of three years from the signing date.

Notice of the dissolution of the 2020 Shareholders' Agreement was published in the manner and terms prescribed by law; essential information and the abstract of the 2023 Shareholders' Agreement were published in the manner and terms prescribed by law and can be found on the Company 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 significant corporate agreements pursuant to art. 122 TUF concerning the Issuer's shares.

**h) Change of control clauses [art. 123-bis, par. 1, lett. h), TUF] and statutory provisions on takeover bids [articles 104, par. 1-ter, and 104-bis, par. 1, TUF]**

The main partnership agreements entered into by Sesa and/or its subsidiaries with certain 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 ended April 30, 2023, as is customary in transactions of this type, Base Digitale Group S.r.l., Computer Gross S.p.A. and Var Group S.p.A. signed agreements pursuant to which a change of control of the contracting company could result in the expiry 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 April 30, 2023), the following should be noted.

- On May 13, 2022, Base Digitale Group S.r.l. signed a loan agreement with Intesa San Paolo for Euro 25,000,000.00 of which there is a residual amount of Euro 22,500,000.00.
- On December 5, 2022,, Base Digitale Group S.r.l. signed a loan agreement with Crédit Agricole for Euro 5,000,000.00 of which there is a residual amount of Euro 4,687,500.00.
- On February 28, 2023, Base Digitale Group S.r.l. signed a loan agreement with Monte dei Paschi di Siena for Euro 5,000,000.00 of which there is a residual amount of Euro 5,000,000.00.
- On July 30, 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 10,000,000.00;
- On September 26, 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 1,264,252.42;
- On May 21, 2021, 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 6,250,000.00.
- On May 13, 2022, Computer Gross S.p.A. signed a loan agreement with INTESA SANPAOLO for Euro 10,000,000 of which there is a residual amount of Euro 9,000,000.00;
- On November 15, 2022, Computer Gross S.p.A. signed a loan agreement with CREDEM for Euro 15,000,000 of which there is a residual amount of Euro 14,296,961.50;
- On December 5, 2022, Computer Gross S.p.A. signed a loan agreement with CREDIT AGRICOLE for Euro 10,000,000 of which there is a residual amount of Euro 9,375,000.00;
- On July 23, 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 500,000.00.
- On July 21, 2020, Var Group S.p.A. signed a loan agreement with Crédit Agricole for Euro 25,000,000 of which there is a residual amount of Euro 7,876,994.

- On March 29, 2022, Var Group S.p.A. signed a loan agreement with Banco BPM for Euro 12,000,000 of which there is a residual amount of Euro 9,629,788.
- On April 28, 2022, Var Group S.p.A. signed a loan agreement with BNL for Euro 40,000,000 of which there is a residual amount of Euro 32,000,000.00.
- On May 15, 2022, Var Group S.p.A. signed a loan agreement with Intesa San Paolo for Euro 25,000,000 of which there is a residual amount of Euro 22,500,000.00.
- On December 5, 2022, Var Group S.p.A. signed a loan agreement with Crédit Agricole for Euro 10,000,000 of which there is a residual amount of Euro 9,375,000.00.
- On September 8, 2022, Var Group S.p.A. signed a loan agreement with Monte dei Paschi di Siena for Euro 15,000,000.00 of which there is a residual amount of Euro 15,000,000.00.
- On April 4, 2023, Var Group S.p.A. signed a loan agreement with BPER BANCA for Euro 20,000,000 of which there is a residual amount of Euro 20,000,000.00.

The provisions of the Issuer's Articles of Association do not derogate from the passivity rule envisaged by art. 104, paragraphs 1 and 1-*bis*, 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, 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 business year, the Shareholders' Meeting did not grant the Board of Directors the power to increase the share capital pursuant to art. 2443 of the Italian Civil Code, nor to issue investment financial instruments.

We also inform you that, on August 25, 2022, the authorisation to purchase ordinary treasury shares that had been passed by the Ordinary Shareholders' Meeting on August 26, 2021, expired. The Shareholders' Meeting of August 25, 2022, therefore resolved on a new authorisation for the purchase and disposal of ordinary treasury shares, aimed at enabling the Company to acquire treasury shares for the purposes contemplated by Article 5 of Regulation EU no. 596/2014 of April 16, 2014 and related implementing provisions, where applicable, also for the purpose of the possible execution of the Company's share-based incentive plans that may be approved by the Shareholders' Meeting.

With reference to the aforementioned purposes, the Shareholders' Meeting of August 25, 2022 authorised, in particular, the purchase of a number of Sesa ordinary shares, without par value, not exceeding 10% of the share capital represented by ordinary shares, for a maximum countervalue of € 12,000,000.00, with a duration until the date of approval of the financial statements as of April 30, 2023 and, in any case, for no longer than a period of eighteen months from the date of the resolution; all of this was in compliance with the trading conditions established by the laws and regulations, including those at European level, in force at the time. The authorisation to dispose of ordinary treasury shares purchased on the basis of the authorisation resolution, or otherwise held in the Company's portfolio, was granted without time limits.

For further information, please see the text of the Shareholders' Meeting resolution of August 25, 2022, available on the Company website at [www.sesa.it](http://www.sesa.it) in the "Investors - Shareholders' Meetings" section.

As of the date of this Report, Sesa held 88,784 treasury shares, corresponding to 0.573% of the share capital. As of April 30, 2023, Sesa held 81,134 treasury shares, corresponding to 0.524% of the share capital.

## **l) Management and coordination activity (pursuant to articles 2497 et seq. of the Italian Civil Code)**

Despite being indirectly controlled by HSE S.p.A., through ITH S.p.A., pursuant to art. 93 TUF, the Issuer does not consider itself subject to management and coordination by the parent company pursuant to articles 2497 et seq. of the Italian Civil Code, and article 16, paragraph 4 of the Consob Market Regulations.

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 in conditions of corporate and entrepreneurial autonomy, having, in particular, an autonomous negotiating capacity in relations with customers and suppliers and in defining its own strategic and development lines without any interference from parties outside the Company; (ii) neither ITH nor HSE actually exercise centralised functions at group level involving Sesa (e.g. strategic planning, control, corporate affairs and legal affairs); and (iii) the Board of Directors operates with full management autonomy.

In turn, the Company is the head of a group which comprises some unlisted companies, including the direct subsidiaries *Var Group S.p.A.*, *Computer Gross S.p.A.* And *Base Digital Group S.r.l.*, which recognise Sesa as the only entity to whose management and coordination activities they are subject. At the meeting held on July 12, 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 December 19, 2019, July 12, 2021 and July 12, 2022.

The adoption of the Group Regulation is also justified in view of the existence of a common entrepreneurial and strategic design 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 direct and coordinated as autonomous profit centres.

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With reference to the additional information 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 event of resignation or dismissal without just cause, or if the relationship ends following a takeover bid [art. 123-*bis*, par. 1, lett. I) TUF], see the report on the remuneration policy and compensation paid drawn up pursuant to art. 123-*ter* TUF and art. 84-*quater* of the Consob Issuers' Regulation available within the terms of the law on the Company website at [www.sesa.it](http://www.sesa.it) in the “*Investors-Shareholders’ Meetings*” section;
- for information on the appointment and replacement of Directors [art. 123-*bis*, par. 1, lett. I), first part, TUF], see Paragraph 4.2 below;
- for information on the rules applicable to the amendment of the articles of association [art. 123-*bis*, par. 1, lett. I), second part, TUF], see Paragraph 13 below.

### **3. COMPLIANCE**

The Issuer adheres to the Corporate Governance Code, the current text of which (in the July, is accessible to the public on the Corporate Governance Committee's website at <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>

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 Role of the Board of Directors**

The Board of Directors plays a central role within the corporate organisation and is responsible for the functions and responsibilities of the strategic and organisational guidelines, as well as the verification of the existence of the controls necessary to monitor the performance of the Issuer and the companies of the Sesa Group.

Pursuant to Article 20 of the Articles of Association, the Board of Directors guides the Company by pursuing success and sustainable growth for the benefit of the shareholders. The Board of Directors is also vested with the broadest powers for the ordinary and extraordinary management of the Company, with the power to perform all acts deemed appropriate for the achievement of the corporate purpose, excluding only those reserved to the Shareholders' Meeting by law.

Each member of the Board of Directors is required to make informed and autonomous decisions, pursuing the aim of creating value for the Shareholders, and undertakes to devote to the office held in the Company the time necessary to ensure diligent performance of their duties, regardless of the positions 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 assesses in advance, at the time of accepting the office in the Company and regardless of the limits established by the provisions of the law and regulations that may be applicable on the subject of limits to the accumulation of offices, the ability to perform the tasks assigned to them with due attention and effectiveness, also possibly as a member of the Management Control Committee, taking into particular consideration the overall 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 offices as director or auditor in other companies, in order to permit the fulfilment of the reporting obligations in compliance with the applicable laws and regulations.

Pursuant to Article 17 of the Articles of Association, the Board of Directors is empowered, without prejudice to the concurrent competence of the Extraordinary Shareholders' Meeting, to pass resolutions on mergers and demergers in the cases envisaged in articles 2505 and 2505-*bis* of the Italian Civil Code, the establishment or termination of secondary offices, the designation of which of the Directors shall represent the Company, the reduction of capital in the event of withdrawal of a Shareholder, adaptations of the Articles of Association to regulatory provisions, and the transfer of the registered office within the national territory, all in compliance with art. 2365, par. 2, of the Italian Civil Code.

In any case, the powers attributed to the Shareholders' Meeting and to the Board of Directors jointly with regard to transactions with related parties remain unaffected, pursuant to articles 14 and 25

of the Articles of Association and the Related Parties Procedure (as defined herein) adopted by the Board of Directors on September 23, 2013, as subsequently amended; for further information see Paragraph 12 of this Report.

It should be noted that the Shareholders' Meeting did not authorise any exceptions to the non-competition clause envisaged by art. 2390 of the Civil Code.

Lastly, please note that the Board of Directors determines the number and appoints the members of the Management Control Committee, pursuant to Article 23 of the Articles of Association.

The Board of Directors:

- steers the Company by pursuing its sustainable success (an aim, as already mentioned, expressly set forth in the Issuer's Articles of Association), also by defining the strategies of the Issuer and the Group headed by it in accordance with the pursuit of sustainable success, and monitoring their implementation. To this end, it should be noted that, on July 12, 2022, also in accordance with the work carried out during the last financial year by the Corporate Sustainability Committee, the Board of Directors also set up an internal Sustainability Committee, with advisory and propositional functions to support the Board in matters relating to sustainability. For further information on sustainability and long-term value creation, please see the consolidated non-financial statement for the Year approved by the Board of Directors on July 18, 2023.
- defines the corporate governance system that best serves the performance of the company's activities and the pursuit of its strategies. For further information on the Issuer's governance, please see the following points in Paragraph 4 of the Report.
- promotes, in the most appropriate forms, dialogue with shareholders and other *stakeholders* relevant to the Issuer. For further information on Sesa's policy on dialogue with shareholders, please see Paragraph 12.1 of the Report.

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Taking into account the powers granted to the Directors, as illustrated in Paragraph 4.6 below, in accordance with the Corporate Governance Code, the Board of Directors:

- examines and approves the Issuer's and the Group's business plan, also on the basis of the analysis of issues relevant to the generation of long-term value;
- periodically monitors the implementation of the business plan and assesses the general performance of management, periodically comparing the results achieved with those planned.

During the course of the Year, the Board of Directors assessed the general performance of operations, taking into particular account the information received from the Directors with delegated powers, and comparing the results achieved with those planned.

- defines the nature and level of risk compatible with the Issuer's strategic goals, including in its assessments those elements that may be relevant to sustainable success.

During the financial year, the Board of Directors, with the support of the various intra-Board Committees, positively verified that the main risks relating to the Company and its subsidiaries were correctly identified and adequately assessed, managed and monitored, consistent with the level of risk (*risk appetite*) and compatible with the strategic goals and long-term sustainability of the company. In particular, the Board, with the advice of the Risk and Audit Committee, assessed the process for identifying, measuring, managing and monitoring the main risks, as well as the methodological references used.

- defines the Issuer's corporate governance system.

In this regard, it should be noted that the Board of Directors meeting held following the Shareholders' Meeting held on August 26, 2021, appointed Giovanni Moriani and Moreno Gaini as Executive Deputy Chairmen, and Alessandro Fabbroni as managing director, granting the latter and the Chairman Paolo Castellacci the powers and proxies indicated in Paragraph 4.6 of the Report. In addition, the Board of Directors appointed (i) Giovanna Zanotti, Chiara Pieragnoli and Giuseppe Cerati as members of the Management Control Committee – made up exclusively of Independent Directors, the latter as Chairman; (ii) Giovanna Zanotti (Independent Director), Claudio Berretti (Non-executive Director) and Angela Oggionni (Independent Director) as members of the Remuneration Committee, the latter as Chairman. The Management Control Committee was also assigned the functions of the Risk and Audit and Related Parties Committee. Lastly, on July 12, 2022, the Board of Directors set up the Sustainability Committee, establishing the number of its members as three and appointing as its members Giuseppe Cerati (Independent Director taken from the minority list), as Chairman, Giovanna Zanotti (Independent Director) and Chiara Pieragnoli (Independent Director). Moreover, on July 18, 2023, the Board of Directors also assigned the functions regarding appointments to the Remuneration Committee, which therefore takes the name of Committee for Appointments and Remuneration.

- assesses the adequacy of the organisational, administrative and accounting structure of the Issuer and strategically important subsidiaries, with particular reference to the internal audit and risk management.

To this end, at its meeting of July 18, 2023, the Board assessed the adequacy of the organisational, administrative and accounting system of the Issuer and its subsidiaries with strategic importance, as prepared by their respective CEOs, with particular reference to the audit and risk management system, pursuant to Recommendation no. 1, letter d) of the Corporate Governance Code. In carrying out this review, the Board of Directors:

- (i) on a preliminary basis, confirmed the subsidiaries Computer Gross S.p.A. , Var Group S.p.A and Base Digitale Group S.r.l. 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 periodically received and examined the reports prepared by the Head of the Internal Audit Department, previously examined by the Audit and Risk Committee and the managing director, together with those of the Company's Compliance Department, in order to verify (i) whether the structure of the internal audit and risk management system in place in the Company and its subsidiaries is really effective in pursuing its goals; and (ii) whether any weaknesses reported imply the need for improvement of the system.

The Board of Directors also approves the draft financial statements on an annual basis and, as of July 18, 2023:

- a) examines the significant business risks brought to its attention by the CEO and assesses how they have been identified, assessed and managed. To this end, particular attention is paid to examining the changes that have taken place in the type and the extension of risks during the last year of reference 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 addressing these risks, paying particular attention to any inefficiencies that have been reported;
  - c) considers the action that has been taken or must be promptly undertaken to rectify the situation;
  - d) prepares any additional policies, processes and rules of conduct which enable the Issuer and the subsidiaries to react appropriately to new or inadequately managed risk situations;
- resolves on transactions of the Company and its subsidiaries that have significant strategic, economic, equity related or financial importance for the Company. this end, it establishes the general criteria for identifying significant transactions.

The Board continues to believe that not only the Issuer's transactions, but also those of its subsidiaries that have significant strategic, economic, equity related or financial importance for the Issuer, pursuant to the terms defined in the Group Regulation updated by the Board of Directors on July 12, 2022, should be reserved for the Board. To this end, it should be noted that the Board has established the general criteria for identifying the operations that play a significant strategic, economic, equity related and financial role for the Issuer: in particular, the Board examines and approves the company's strategic choices and all those transactions that are of particular importance, having adopted, as its standard of conduct, the consideration of those transactions that are likely to have a significant positive or negative influence on the management's activities and results as especially important.

On this matter, it should be noted how the Board of Directors examined the following relevant Group transactions pursuant to the Group Regulations during the Year:

- the purchase of a controlling interest in the capital of Durante S.p.A. by the subsidiary Var Group S.p.A. was authorised at the meeting of May 10, 2022;
- the launch of a strategic partnership between the Sesa Group and Banca Sella (*through its subsidiary Centrico S.p.A.*) for offering technology solutions for the Financial Services industry on the Italian market was authorised at the meeting of October 13, 2022;
- the purchase of a controlling interest in the capital of Centotrenta Servicing by the subsidiary Base Digitale Group S.r.l. was authorised at the meeting of March 13, 2023

Lastly, it should be noted that the Board of Directors did not deem it appropriate during the Year to formulate to the Shareholders' Meeting convened for August 28, 2023, on first call, and for August 29, 2023 on second call specific proposals for the definition of a corporate governance system more functional to the needs of the Company.



Having considered the corporate governance system currently in use to be functional to the performance of the company's activities and the pursuit of its Issuer's goals.

For further powers of the Board, see the following Paragraphs of the Report: (i) appointment, Paragraph 4.2; (ii) composition, Paragraph 4.3; (iii) operation, Paragraph 4.4; (iv) self-assessment, Paragraph 7; (v) remuneration policy, Paragraph 8; and (vi) internal audit and risk management system, Paragraph 9.

## **4.2 Appointment and Replacement of Directors[art. 123-bis, par. 1, lett. l), TUF]**

The Issuer adopts the one-tier management and audit model, pursuant to articles 2409-*sexiesdecies* et seq. of the Italian Civil Code, with the Shareholders' Meeting, the Board of Directors and the Management Control Committee.

Pursuant to article 17 of the Articles of Association, the Company is managed by a Board of Directors consisting of a minimum of five and a maximum of thirteen Directors. The Directors remain in office for a period not exceeding three financial years, and their term expires on the date of the Shareholders' Meeting called to approve the financial statements for the last financial year of their office, except for the causes of termination and forfeiture envisaged by law and by the Articles of Association. Before proceeding with the appointment, the Shareholders' Meeting determines the number of members and the term of office of the Board.

The provisions of the Articles of Association that regulate the composition and appointment of the Issuer's Board of Directors are suitable, inter alia, to ensure compliance with the provisions on the protection of minority rights and gender balance in the composition of the administrative body, as well as the presence of an adequate number of Directors who meet the independence requirements indicated in art. 148, paragraph 3, TUF and the Corporate Governance Code, as well as the additional requirements envisaged by current legislation, as briefly described below.

The Directors must meet the requirements envisaged in the *pro tempore* regulations in force; at least one third of them must meet the independence requirements envisaged in art. 148, paragraph 3 TUF, as well as the additional requirements envisaged in the Corporate Governance Code, and of these, at least three must meet the professionalism requirements envisaged in art. 148, paragraph 4 TUF. In addition to the above, at least one of the latter must be enrolled in the register of independent auditors.

Without prejudice to the provisions of Article 23 of the Articles of Association with reference to the Control Management Committee, the loss of the requirements of honour determines the disqualification of the Director. If a Director ceases to meet the independence requirements prescribed by the Articles of Association, they shall not be removed from office if the requirements continue to be met by the minimum number of Directors who, according to the Articles of Association and applicable laws and regulations, must meet such requirements. For the independence requirements of the current members of the Board of Directors, please also see Paragraph 4.7 below.

The appointment of the Board of Directors takes place, in observance of the *pro tempore* regulation in force concerning the gender balance, on the basis of lists submitted by the Shareholders in the manner specified below, in which the candidates must be listed with a progressive number. For the presentation, filing and publication of the lists, in addition to the provisions of the Articles of Association, the *pro tempore* legal and regulatory provisions in force apply.

Pursuant to the Articles of Association, it is not possible for the outgoing Board of Directors to submit a list.

Each Shareholder, shareholders who are party to a significant corporate agreement pursuant to art. 122 TUF, the parent, the subsidiaries and companies subject to joint control in compliance with art. 93 TUF, may not submit or participate in the submission, not even through a third party or trust company, of more than one list, nor may they vote for different lists, and each candidate may appear on one list only under penalty of ineligibility. Endorsements and votes cast in breach of this prohibition shall not be included on any list.

Only shareholders who, alone or with other submitting shareholders, hold total number of shares with voting rights representing at least 2.5% of the share capital with the right to vote at the ordinary shareholders' meeting, or representing a different percentage established by the law or regulations, are entitled to present lists. It should be noted that, by management decision no. 82 of May 2023, 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 the independence requirements envisaged by art. 148, paragraph 3 of the TUF and the Corporate Governance Code, and/or the requirements necessary to become a member of the Management Control 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 April 30, 2024, 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 for the list indicated under letter a), and which obtained the second highest number of votes, in the progressive order in which they are listed, the

the first candidate who possesses the second highest number of requirements to become part of the Management Control Committee.

It is specified that the Issuer's Articles of Association do not envisage that, in order to allocate the directors to be elected, no account is taken of the lists which have not reached a total of votes at least equal to half that required by the Articles of Association to present such lists. 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 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 Control Committee, the candidate who does not meet said requirements and who is elected last in progressive 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 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 Control 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 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 Control Committee, and (ii) compliance with the *pro tempore* regulations in force concerning gender balance.

If one or more Directors should cease to hold office during the year, 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 of the Italian Civil Code:

- 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 them 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 issued pursuant to current legislation, hold, even indirectly or jointly with other shareholders who are party to a shareholders' agreement pursuant to art. 122 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 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 Control Committee, and (ii) compliance with the *pro tempore* regulations in force concerning gender balance.

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.

As regards information about the role of the Board of Directors and board committees during the self-certification, appointment and succession process, see Paragraph 7 of this Report.

#### **4.3 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 (Chairman)
- Giovanni Moriani (Deputy Chairman)
- Moreno Gaini (Deputy Chairman)
- Alessandro Fabbroni (Managing Director)
- Claudio Berretti (Non-executive director)
- Angela Pelizzari (Independent Director)
- Angela Oggionni (Independent Director)
- Giuseppe Cerati (Independent Director and Chairman of the Management Control Committee)
- Chiara Pieragnoli (Independent Director and member of the Management Control Committee)
- Giovanna Zanotti (Independent Director and member of the Management Control Committee)

On August 26, 2021, the Shareholders' Meeting established the number of members of the Board of Directors as ten and then proceeded to appoint them.

The Board of Directors so appointed will remain in office for three financial years, until the approval of the financial statements for the year ending April 30, 2024.

At the time of the renewal of the Board of Directors on August 26, 2021, two lists were presented, pursuant to the Articles of Association. Paolo Castellacci, Giovanni Moriani, Alessandro Fabbroni, Moreno Gaini, Claudio Berretti, Angela Oggionni, Chiara Pieragnoli, Giovanna Zanotti and Angela Pelizzari 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 voted by the majority of the share capital represented at the Shareholders' Meeting (70.996% of the voting capital). Giuseppe Cerati was taken from the list presented by a grouping of shareholders (Algebris Ucits Funds Plc Algebris Core Italy Fund; Anima SGR S.p.A. manager of the funds: Anima Crescita Italia, Anima Italia and Anima Iniziativa Italia; Arca Fondi SGR S.p.A. manager of the funds: Arca Economia Reale Equity Italia, Arca Economia Reale Bilanciato Italia 30, Arca Azioni Italia, Arca Economia Reale Bilanciato Italia 55 and Arca Economia Reale Bilanciato Italia 15; Bancoposta Fondi S.p.A. SGR manager of the fund: Bancoposta Rinascimento; Eurizon Capital S.A. manager of the fund Eurizon Fund, sub-funds Italian Equity Opportunities and Equity Italy Smart Volatility; Eurizon Capital SGR S.p.A. manager of the funds: Eurizon Progetto Italia 20, Eurizon Pir Italia 30, Eurizon Progetto Italia 70, Eurizon Azioni Italia, Eurizon Pir Italia Azioni, Eurizon Azioni Pmi Italia, Eurizon Progetto Italia 40, Eurizon AM Rilancio Italia TR, Eurizon AM TR Megatrend, Eurizon AM Flexible Trilogy, Eurizon AM MITO 25, Eurizon AM MITO 95, Eurizon AM TR Megatrend II and Eurizon AM MITO 50; Fideuram Asset Management Ireland manager of the Fonditalia Equity Italy fund; Fideuram Intesa Sanpaolo Private Banking Asset Management SGR S.p.A. manager of the funds: Piano Azioni Italia, Piano Bilanciato Italia 50 and Piano Bilanciato Italia 30; Generali Investments Luxembourg SA manager of the funds: Generali Smart Fund Pir Valore Italia and Generali Smart Fund Pir Evoluzione Italia; Kairos Partners SGR S.p.A. as Management Company of Kairos International Sicav - Italia and Italia PIR sub-funds; Mediolanum Gestione Fondi SGR S.p.A. manager of the fund: Mediolanum Flessibile Futuro Italia), at the time owning a total of 3.71170% of Sesa's share capital; this list was voted by the minority of the capital represented at the meeting (equal to 29.004% of the voting capital).

The Board of Directors currently includes among its members five independent directors (Ms. Angela Oggionni, Mr. Giuseppe Cerati, Ms. Chiara Pieragnoli, Ms. Angelica Pelizzari and Ms. Giovanna Zanotti) pursuant to art. 148, paragraph 3 TUF, as recalled by article 147-ter, paragraph 4 TUF and the Corporate Governance Code, in accordance with the provisions of (i) Recommendation no. 5, paragraph 3 of the Corporate Governance Code; and (ii) article 2.2.3, paragraph 3, letter m) of the Stock Exchange Regulations and article IA.2.10.6 of the Instructions on the Stock Exchange Regulations, both applicable to issuers holding STAR qualification.

The members of the Board of Directors in office, executive and non-executive, are all in possession of the requirements of honour envisaged by law and by the Articles of Association, as well as professionalism and skills adequate to the tasks entrusted to them.

The presence of six non-executive directors, of whom a significant component (five) is independent, out of a total of ten members, ensures a significant weight of these directors in the Board's decision-making process and guarantees effective monitoring of management.

The *curricula vitae* of the Directors, containing comprehensive information on the personal and professional characteristics of each one of them, are available on the Company website, in the “*Governance – Board of Directors*” section.

### **Diversity criteria and policies**

With reference to diversity policies, pursuant to article 123-*bis*, paragraph 2, letter d-*bis*) TUF, it should be noted that the Issuer has adopted a specific diversity policy in compliance with Presidential Decree 125/2022, published on the Company website, which will be formally applied when the Board of Directors is renewed. It should, however, be noted that the principles laid down in said policy are already observed in relation to the composition of the Board of Directors, as the current composition is already adequately diversified (as its members were elected on the basis of the gender balance legislation, as expressly envisaged in the Articles of Association) and ensures an adequate balance between persons with complementary skills and professionalism, so as to ensure the efficient operation of the corporate bodies. Respect for these values has, moreover, always been guaranteed by shareholders when renewing 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 and its own Strategic Plan for Diversity and Inclusion, in compliance with Presidential Decree 125/2022, to ensuring respect, at all levels, for diversity and equal opportunities, with the aim, among other things, of making the most of human resources and promoting the values of pluralism and professionalism. The Group’s attention to these issues is shown, *inter alia*, by, (i) the Sustainability Report, available on the Company website, in the “*Investors - Shareholders’ Meetings*” section, to which reference should be made in full; (ii) the identification and appointment of a special Diversity Manager and by attainment, in April 2023, of independent third-party certification of its gender equality system in compliance with the aforementioned Presidential Decree 125/2022.

Lastly, it should be noted that the qualitative and quantitative composition of the Board is periodically verified, analysed and monitored by the Board itself during the self-assessment process, which also involves aspects relating to age, nationality, gender composition, managerial and professional skills, educational background, and the presence of different age brackets and seniority in office. 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 at the end of the Financial Year**

Board of Directors													
Office	Members	Year of birth	Date of first appointment(*)	In office since	In office until	List (presenters) (**)	List (M/m) (***)	Exec.	Non-exec.	Indep. Code	Indep. TUF	No. of other offices (****)	Participation (*****)
<b>Chairman</b>	Paolo Castellacci	03/30/1947	01/30/2013	08/26/2021	approval of financial statements 04/30/2024	Shareholders	M	Yes	No	No	No	12	6/6
<b>Deputy Chairman</b>	Moreno Gaini	07/14/1962	02/22/2013	08/26/2021	approval of financial statements 04/30/2024	Shareholders	M	Yes	No	No	No	4	6/6
<b>Deputy Chairman</b>	Giovanni Moriani	11/19/1957	02/22/2013	08/26/2021	approval of financial statements 04/30/2024	Shareholders	M	Yes	No	No	No	9	6/6
<b>Managing Director/CEO</b>	Alessandro Fabbroni	03/03/1972	11/27/2012	08/26/2021	approval of financial statements 04/30/2024	Shareholders	M	Yes	No	No	No	8	6/6
<b>Director</b>	Claudio Berretti	08/23/1972	08/27/2019	08/26/2021	approval of financial statements 04/30/2024	Shareholders	M	No	Yes	No	No	26	6/6
<b>Director</b>	Giuseppe Cerati	05/15/1962	08/26/2021	08/26/2021	approval of financial statements 04/30/2024	Shareholders	m	No	Yes	Yes	Yes	38	6/6
<b>Director</b>	Giovanna Zanotti	03/18/1972	08/26/2021	08/26/2021	approval of financial statements 04/30/2024	Shareholders	M	No	Yes	Yes	Yes	3	6/6
<b>Director</b>	Angela Oggionni	06/08/1982	08/28/2015	08/26/2021	approval of financial statements 04/30/2024	Shareholders	M	No	Yes	Yes	Yes	3	6/6
<b>Director</b>	Chiara Pieragnoli	11/11/1972	08/26/2021	08/26/2021	approval of financial statements 04/30/2024	Shareholders	M	No	Yes	Yes	Yes	2	6/6
<b>Director</b>	Angelica Pelizzari	10/18/1971	02/22/2013	08/26/2021	approval of financial statements 04/30/2024	Shareholders	M	No	Yes	Yes	Yes	4	6/6

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**Indicate the number of meetings held during the Year: 6**

**Indicate the 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 Lead Independent Director (LID).

(\* ) The date of first appointment of each director means the date on which the director was appointed for the first time (ever) to the Issuer's Board of Directors.

(\*\* ) This column indicates whether the list from which each director was drawn was presented by shareholders (indicating "Shareholders") or by the Board of Directors (indicating "BoD"). (\*\*\*) This column indicates whether the list from which each director was taken is "majority" (indicating "M") or "minority" (indicating "m").

(\*\*\*\* ) This column indicates the number of offices of director or auditor covered by the person concerned in other listed or large companies.

(\*\*\*\*\* ) This column indicates the participation of the directors in Board meetings (indicate the number of meetings attended out of the total number of meetings that could have been attended; e.g.: 6/8; 8/8 etc.).



## **Maximum number of 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).

Directors who are members of the Management Control Committee must also comply with the regulations in force concerning limits on the accumulation of offices.

The Board of Directors has monitored the compatibility of the offices held in other companies by its members in accordance with the provisions of the Rules for the operation of the Board. In particular, during the meeting held on July 18, 2023, upon verification of the offices held by its members in other companies, the Board deemed that the number and quality of the offices held did not interfere, and was therefore compatible, with an effective performance of the office of Director in the Issuer.

Lastly, it should be noted that, as the Company achieved qualification as a “large company” pursuant to the Corporate Governance Code as of January 1, 2023, and therefore the related principles and recommendations will be applicable from May 1, 2024, the Board of Directors will provide guidance on the maximum number of positions held on the boards of directors or auditors in other listed or large companies in view of the renewal of the administrative body, which will expire with the Shareholders' Meeting which will approve the financial statements as of April 30, 2024.

### **4.4 Operation of the Board of Directors [art. 123-bis, par. 2, lett. d), TUF]**

The Board of Directors guides the company by pursuing success and sustainable growth to the benefit of the shareholders.

The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company with the authority to perform all acts deemed appropriate for the achievement of the corporate purpose, excluding only those reserved to the Shareholders' Meeting by law.

Pursuant to 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 Managing Director (if appointed) or by at least two Directors, without prejudice to the convening powers attributed to other persons 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 of those present are required. In the event of a tie, the chairman's vote carries.

In accordance with the provisions of recommendation no. 11 of the Corporate Governance Code, on July 12, 2021, the Board of Directors adopted the Regulations on the operation of the Board of Directors.

The Regulation on the operation of the Board of Directors, among other things, regulates the duties of directors, the activities falling within the Board's remit and its operating procedures, the criteria and procedures for assessing the independence of directors and for identifying the Lead Independent Director, the appointment and composition of intra-Board committees, the procedures for holding board meetings, pre-meeting information and the role of the Secretary, in compliance with the law, regulations and the Articles of Association, and in light of the principles and criteria established by the Corporate Governance Code.

Unless otherwise specified, the provisions of the Regulation on the operation of the Board of Directors also apply, where compatible, to the Executive Committee, if appointed, and to the Committees set up internally by the Board of Directors with investigative, advisory and consulting functions. For all matters not expressly regulated, the Regulation on the operation of the Board of Directors refer to the laws, regulations and articles of association in force and applicable at the time, to which reference is expressly made.

With specific reference to the manner in which the minutes of the meetings are to be recorded, the minutes of the board resolutions are to be drawn up by the secretary or acting secretary and signed by the chairman and the secretary or acting secretary. Following the meeting, a draft of the minutes is to be sent to all Board members and, after their approval, transcribed in the Board meetings and resolution book by the Secretary. It is also stipulated that the minutes must adequately record the board debates and any dissent expressed by the members of the board of directors on individual topics, along with their reasons.

Pursuant to the Regulation on the operation of the Board of Directors, the Chairman, through the Secretary, ensures that supporting documentation for the items on the agenda is made available to the Directors at least twenty-four hours in advance, containing any proposals for resolutions and information suitable in qualitative and quantitative terms to support the work of the Board.

It is also envisaged that in certain exceptional cases, where it is not possible to guarantee compliance with the envisaged timeframe, and/or the documentation is made available directly at the meeting, the Chairman must ensure that all the members of the Board receive adequate information on the topics to be discussed and that adequate time is devoted to the in-depth analyses deemed useful for a proper understanding of the matter.

In order to ensure maximum confidentiality of information flows, the Company uses appropriate organisational and IT security measures (e.g. training of operators, use of passwords, etc.). Supporting documents distributed to Directors and members of the Board of Auditors are kept in the Board records by the Secretary. Also on the basis of the details that emerged from the self-assessment questionnaires filled out periodically by the directors and from their discussions with the various company functions, the manner, promptness and adequacy of the information supplied to the Directors in view of the meetings held during the Year was adequate for the purpose.

The Regulation on the operation of the Board of Directors was observed during the Year.

With reference to the number of meetings held during the Year and the percentage of attendance of each Director, please see the details of the table "*Structure of the Board of Directors at the end of the Financial Year*" in Paragraph 4.3 above.

It should also be noted that the duration of board meetings averaged about one hour.

At least four Board meetings are scheduled for the financial year May 1, 2022 - April 30, 2024. In particular, the calendar of the main corporate events for 2023/2024 (already communicated to the market and to Borsa Italiana S.p.A. in accordance with regulatory requirements) envisages, in addition to the meeting of July 18, 2023, at least three more meetings on the following dates: September 14, 2023; December 19, 2023; March 14 2023.

#### **4.5 Role of the Chairman of the Board of Directors**

Pursuant to the Articles of Association, the Chairman of the Board is vested with the powers to chair the Shareholders' Meeting (article 13), convene meetings of the Board and coordinate its work (article 19), and represent the Company before third parties and in court, without any limits (article 21).

In accordance with the Corporate Governance Code, the Chairman, liaises between the executive and non-executive directors and ensures the effective operation of board proceedings.

More specifically, in compliance with the recommendations of the Corporate Governance Code, the Chairman, during the year, oversaw:

- the suitability of the pre-meeting information, as well as the additional information provided during board meetings, to enable the Directors to act in an informed manner in the performance of their role.

Pursuant to article 2381 of the Italian Civil Code and the Regulation on the operation of the Board of Directors, the Chairman of the Board coordinates the work and ensures that adequate information on the items on the agenda is supplied to all Directors. Specifically, according to the provisions of the Regulation on the operation of the Board of Directors, the Chairman, through the Secretary, ensures that supporting documentation on the items on the agenda is made available to the directors at least twenty-four hours in advance, containing any resolution proposals and information suitable in qualitative-quantitative terms to support the work of the Board.

It is also envisaged that in certain exceptional cases, where it is not possible to guarantee compliance with the envisaged timeframe, and/or the documentation is made available directly at the meeting, the Chairman must ensure that all the members of the Board receive adequate information on the topics to be discussed and that adequate time is devoted to the in-depth analyses deemed useful for a proper understanding of the matter.

The promptness and completeness of the pre-meeting information was guaranteed during the Year by sending the documentation in compliance with the provisions of the Regulation on the operation of the Board of Directors, always in observation of the terms for convening meetings envisaged by the Articles of Association. This term was usually respected in the dispatch of documentation for the Board Members.

- the coordination of the work of the board committees (with investigative, advisory and consulting functions) with the work of the Board.

It should be noted how the adoption of the one-tier administration system, the composition of the different Committees and the participation of Executive Directors in them, on a case-by-case basis depending on the items on the agenda, facilitated the coordination of the activities of the Board Committees with the activities of the Board.

- in agreement with the Managing Director the attendance of board meetings - also at the request of individual directors - by the executives of the Issuer and the Group companies, responsible for the competent corporate functions depending on the subject matter, to supply the appropriate in-depth analyses of the items on the agenda.

Executives and heads of the various functions of the Issuer and the Group companies under its control were also able to attend the Board meetings during the Year to offer the necessary insights into the issues on the agenda. The heads of the Legal, Compliance and Investor Relator functions and, when necessary, Internal Audit attended all the board meetings.

- the participation of the members of the Board of Directors, after their appointment and during their term of office, in initiatives aimed at providing them with an adequate knowledge of the business sectors in which the Issuer operates, of corporate dynamics and their evolution also with a view to the Issuer's sustainable success, as well as the principles of proper risk management and the regulatory and self-regulatory framework of reference.

The Chairman oversaw the participation of the Board members in the relative initiatives organised in the forms deemed most appropriate, in order to offer them information on the sector of activity in which the Issuer operates, corporate dynamics and their evolution, the principles of proper risk management and the relative regulatory and self-regulatory framework of reference, organising in-depth meetings, discussions with the various company functions and training sessions.

- the adequacy and transparency of the Board's self-assessment process, with the support, from July 18, 2023, of the Committee for Appointments and Remuneration (a function previously assigned to the Management Control Committee, in its capacity as the Audit and Risk Committee).

Pursuant to the Regulation on the operation of the Board of Directors, the Chairman ensures that the self-assessment process is carried out effectively, that the manner in which it is conducted is consistent with the degree of complexity of the Board's work, and that corrective measures are taken to address any shortcomings identified. In carrying out these activities, the Chairman is supported by the aforementioned Committee.

The Chairman oversaw the adequacy and transparency of the self-assessment process, organising special in-depth discussion and debate sessions, involving the different corporate functions, when appropriate. Furthermore, adequate and prompt information was supplied to the directors on the development and significant contents of the dialogue with all the shareholders.

### **Board Secretary**

On July 12, 2021, the Company appointed Moreno Gaini as Secretary of the Board of Directors with the approval of the Regulation on the operation of the Board of Directors.

Pursuant to the Regulation on the operation of the Board of Directors, the Secretary is appointed by the Board of Directors upon the Chairman's proposal. The Secretary may be chosen either from among the Issuer's employees, or be a member external to the Issuer, as long as they meet the appropriate requirements of professionalism and independence of judgement and have adequate experience in the legal, corporate and corporate governance fields.

The Secretary assists the Chairman in activities related to the proper operation of the Board of Directors, ensuring that the pre-meeting information is accurate, complete and clear, and that the activities of the intra-Board Committees are coordinated with the activities of the Board of Directors.

During the Year, the Secretary supported, inter alia, the activities of the Chairman (particularly in relation to the aspects indicated in Recommendation no. 12 of the Corporate Governance Code and examined in the previous section of the Report dedicated to the Chairman) and provided assistance and advice to the Board of Directors on every aspect relevant to the operation of corporate governance, with the support of the company's Legal and Compliance department and with impartial judgement.

## **4.6 Executive Directors**

### **Managing Directors**

Within the limits of the applicable provisions of the law, regulations and the articles of association, the Board of Directors may appoint one or more Managing Directors or an Executive Committee (article 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).

The Board of Directors and the Management Control Committee are informed, during meetings and at the intervals indicated by the applicable legal provisions, 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.

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 Control Committee.

By resolution of August 26, 2021, the Board of Directors delegated to the Chairman of the Board of Directors all the powers pertaining to the Board of Directors for the management of institutional relations and relations with Vendors and suppliers of technology and infrastructures, as well as the powers for the management of extraordinary finance transactions including the incorporation, purchase, sale, exchange or contribution of companies, business units with a limit of Euro 10,000,000.00 per single act; the purchase, sale, exchange of real estate, land, machinery with a limit of Euro 10,000,000.00 per single act; as well as the powers necessary to participate in shareholders' meetings of subsidiaries and investee companies. He also holds all the powers for legal and procedural representation of the Company. The Board believes that the granting of management powers to the Chairman meets the Issuer's appreciable organisational needs that lie in the streamlined operation of the Company's Board of Directors.

On the same date, the Board of Directors also appointed two Executive Deputy Chairmen in the persons of Moreno Gaini and Giovanni Moriani, granting them the powers described below.

In particular, the Board delegated to Executive Deputy Chairman Moreno Gaini all the powers due to the Board of Directors concerning corporate financial management.

Pursuant to 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 Executive Deputy Chairman Giovanni Moriani, the Board of Directors has delegated to him all the powers due to the Board of Directors concerning the management and development of the business in the software sector, including in the Enterprise Resource Planning (ERP), Vertical and Business Applications areas; the management of the Technical Department and the functions and activities of Chief Technology Officer; the management of Research & Development activities; the management and development of the business in the Digital Platforms and Business Process Management sector, for the management of operations, processes and communication to users and business partners. Pursuant to 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.

On August 26, 2021, the Board of Directors confirmed Alessandro Fabbroni as Managing Director of the Company, delegating to him the powers to manage the Company's corporate functions and, in particular, Administration, Finance, Management Control, Legal & Compliance, Investor Relations, Corporate Affairs, M&A and Corporate Integration, Human Resources, Organisation and Information Technology. Specifically, as of the date of preparation of this report, he is vested with all the powers:

- (i) for the management of human resources, including the power to hire executives, white and blue collar employees, establish their positions and duties, set their salaries, suspend and dismiss them, and formulate incentive plans; sign the related deeds to promote and settle any disputes; represent the company in any trade union practice or dispute before Employment Offices and before any other related body, office and authority; reach the conclusion of trade union disputes and sign the relative minutes; appoint and dismiss lawyers, attorneys and professionals in general for all the acts and proceedings referred to above; represent the company in all proceedings and disputes with Social Security and Welfare Agencies and any other related body or insurance company, appointing, if necessary, lawyers and attorneys for the necessary acts and proceedings;
- (ii) for financial management, and in particular the powers to open correspondence bank accounts, other separate or special accounts and, where permitted, also accounts in foreign currency; to request bank overdrafts and credit advances in general; to enter into, amend, terminate bank and loan agreements, both short and medium-term, in any form whatsoever; to give instructions and make withdrawals from said accounts, also by means of bank cheques payable to third parties against cash on hand and loans; to endorse bills of exchange, cheques, promissory notes and documents for discount and collection; to make security deposits; to make deposits of securities for custody or administration, with the right to claim capital and interest; to perform any act for the signing of factoring agreements, including the assignment of credit, constitution of guarantees, credit mandates, discount transactions, and anything else related to the factoring relationship; to issue guarantees to third parties in favour of direct subsidiaries, including also the signing of letters of patronage and in general every other document useful and/or necessary for the disbursement of loans in favour of said subsidiaries; to ensure payment of tax and social security contributions, take care of the obligations the company is required to fulfil as tax withholding agent, sign proxies for litigations, agreements, declarations, appeals, communications and any act the company intends to undertake at any stage and level of discussion with the Inland Revenue Agency, INPS, INAIL, and other social security and welfare institutions, including the signing of declarations and the granting of the pertinent mandates for their electronic transmission, as well as towards any other public body, such as fulfilment of obligations at the Chamber of Commerce/Register of Companies;
- (iii) for the management of relations with suppliers and customers, business development activities, institutional relations, and entry into agreements for the purchase and sale of products and services, with

- the express power to enter into agreements without limitation of amount with suppliers, customers, industrial and commercial partners, and for participation in tenders;
- (iv) for the management of extraordinary finance transactions, including the powers to set up, purchase, sell or exchange companies, business branches with a limit of Euro 10,000,000.00 per single act; purchase, sell, exchange real estate, land, machinery and technical equipment with a limit of Euro 10,000,000.00 per single act; participate in shareholders' meetings of investee companies, representing the company; confer, also for the purpose of setting up new companies, shareholdings of any kind, and transfer companies or business branches to companies, with a limit of Euro 25,000,000.00 per single act.

Pursuant to article 21 of the Articles of Association, the CEO represents the Company within the limits of his powers of management.

The Managing Director of the company is Alessandro Fabbroni.

### **Chairman of the Board of Directors**

Without prejudice to the foregoing in relation to the powers attributed by the Board of Directors to the Chairman Paolo Castellacci, it is specified that the latter is not the managing director, nor does he hold significant powers of management. Moreover, the Chairman does not control, even jointly, the Company.

### **Executive Committee**

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

### **Reporting to the Board**

The delegated bodies reported promptly to the Board of Directors 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.

### **Other executive directors**

The Issuer has no other Executive directors.

## **4.7 Independent Directors**

Pursuant to article 17 of the Articles of Association, at least one third of them must meet the independence requirements envisaged in art. 148, paragraph 3 TUF, as well as the additional requirements envisaged in the Corporate Governance Code. In addition to the above, at least one of the latter must be enrolled in the register of independent auditors.

There are currently five independent directors on the Board of Directors, in the persons of Angela Oggioni, Giuseppe Cerati, Chiara Pieragnoli, Angelica Pelizzari and Giovanna Zanotti.

The number of independent directors is also consistent, on one hand, with the provisions of Recommendation no. 5, paragraph 3 of the Corporate Governance Code, and, on the other, the provisions of article 2.2.3, paragraph 3, letter m) of the Stock Exchange Regulations and article IA 2.10.6 of the Instructions on the Stock Exchange Regulations, both applicable to issuers admitted to the STAR segment.

In this regard, it should be noted that, during the year, the assessment of the independence of the aforesaid Directors was carried out by the Board of Directors both on the basis of the criteria of independence pursuant to the law, and applying all the criteria set forth in Recommendation no. 7 of the Corporate Governance Code.

It should be noted that for companies with STAR qualification such as Sesa, pursuant to the combined provisions of article 2.2.3, paragraph 3, letter m) of the Stock Exchange Regulations and IA 2.10.6 of the relative Instructions, the number of independent directors is considered adequate when there are at least three independent directors if the Board of Directors is made up - as in the case of Sesa - of between nine and fourteen members.

It should be stressed that the Chairman of the Board of Directors was not qualified as independent.

It should be noted that, based on the provisions of the Regulation on the operation of the Board of Directors, consistently with the Corporate Governance Code, the Board assesses the independence of each non-executive Director immediately after appointment as well as during their term of office when circumstances relevant to independence arise, and in any case at least once a year, in order to detect the possible existence of circumstances that compromise, or appear to compromise, their independent judgement. This assessment is carried out by the Board on the basis of the information supplied by the Directors and/or by provision of the Company, also taking into account the principles and recommendations contained in the Corporate Governance Code.

For the purposes of assessing the independence of the Directors, the Board may, in relation to the specific situations concerning each Director, consider any further element deemed useful and appropriate, adopting additional and/or partially different criteria that prioritise substance over form. The Board submits the outcome of the independence assessment to the supervisory body, which verifies the correct application of the above criteria.

The Board of Directors has defined the quantitative and qualitative criteria required by the Corporate Governance Code for assessing the significance of the relationships indicated in points c) and d) of Recommendation no. 7 in the Regulation on the Operation of the Board of Directors, identifying them as follows:

- consider an amount higher than Euro 75,000 (seventy-five thousand/00) on an annual basis, as the significant threshold in the assessment of Director independence, calculated considering any commercial, financial or professional relationship of the Director, even through a third party, with the Company and its subsidiaries and/or parent companies, excluding the remuneration received for the office held in the Company;
- consider, regardless of the aforementioned quantitative criterion, 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, as significant.

On the basis of the declarations made by the directors and the information available to the Company, the Board of Directors ascertained, at the first useful opportunity after the appointment, i.e. at the meeting of August 26, 2021, the existence of the independence requirements, pursuant to the provisions of Recommendation no. 7 of the Corporate Governance Code and articles 147-ter, paragraph 4, and 148, paragraph 3, TUF, for the Directors Angela Oggionni, Giuseppe Cerati, Chiara Pieragnoli and Giovanna Zanotti, also in light of the qualitative and quantitative criteria envisaged in the Regulation on the Operation of the Board of Directors.



The Board then announced the outcome of its assessments in a press release to the market. It should also be noted that during the meeting of July 12, 2022, the Board also ascertained the independence of the Director Ms. Pellizzari (as declared by her during the presentation of the lists).

It should also be noted that at the Board meeting of July 18, 2023, the Board carried out the annual verification of the independence requirements for Independent Directors pursuant to Recommendation no. 7 of the Corporate Governance Code.

In making the above assessments, the Board considered all the information available and especially that supplied by the directors being assessed, verifying all the circumstances that appear to compromise independence identified by the Consolidated Law on Finance and the Corporate Governance Code, and also applying all the criteria envisaged in the Corporate Governance Code. In this regard, each non-executive director supplied all the elements necessary or useful for the Board's assessments.

During the aforementioned board meeting of July 18, 2023, a specific assessment was carried out on the position of the Director Ms. Pieragnoli and the Director Ms. Pelizzari, with a positive outcome in terms of continuation of the independence requirement. With particular reference to Ms. Pieragnoli, with financial year 2022-2023, she has held the position of Director continuously for two years and that of Statutory Auditor in the previous years for a number of consecutive years, which could be a symptomatic indicator of the loss of independence pursuant to the Corporate Governance Code. The positive assessment in terms of permanence of the independence requirement was mainly due to the circumstance that Ms. Pieragnoli: (i) does not appear to have had any further professional and/or consulting relationships with the Company, nor with its shareholders, nor with other companies of the Group (ii) has never received any type of remuneration in addition to her remuneration as director/auditor of the Company. On the other hand, with regard to Ms. Pelizzari, she was deemed to meet the independence requirements despite having held the position of director for a number of consecutive financial years, which could be symptomatic of a loss of independence pursuant to the Corporate Governance Code. The positive assessment in terms of the existence of the independence requirement was mainly due to the circumstance that Ms. Pieragnoli: (i) does not appear to have had any professional and/or consulting relationships with the Company, nor with its shareholders, nor with other companies of the Group (ii) has never received any type of remuneration in addition to her remuneration as director of the Company such as to compromise her independence.

During the periodic audits and, most recently, at the Board meeting of July 18, 2023, the Management Control Committee and the Audit and Risk Committee verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to assess the independence of its members.

During the Year, the Independent Directors met in the absence of the other Directors on March 13, 2023. On that occasion, the meeting was coordinated by the director Giuseppe Cerati and its purpose was to verify compliance in relation to the Issuer's Corporate Governance Code and the correct application of the Sesa Group Regulations with particular reference to the Significant Group Transactions described therein.

#### **4.8 Lead Independent Director**

With reference to the Year, the Company did not appoint a Director as Lead Independent Director, taking into account that the conditions requested by Recommendation no. 13 of the Corporate Governance Code and the Regulation on the Operation of the Board of Directors were not met.

#### **4.9 Management Control Committee**

At its meeting of August 26, 2021, held following the Shareholders' Meeting, the Board of Directors established that the Management Control Committee would have three members, appointing:

- Giuseppe Cerati (Chairman of the Committee, Independent Director drawn from the minority list)
- Chiara Pieragnoli
- Giovanna Zanotti

It should also be noted that, at the same board meeting, the Management Control Committee was also assigned the functions of the Audit and Risk Committee (which is also responsible for the functions of the Related Parties Committee) and the Oversight Committee pursuant to Legislative Decree no. 231/2001. For more information on the functions of these committees, see Paragraphs 9.2 and 9.4 of this Report.

With regard to the appointment of the Management Control Committee, it should be noted that pursuant to article 23 of Sesa's Articles of Association, the Management Control Committee consists of a minimum of three members. The Board of Directors determines the number and appointment of its members; 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 financial year of their office.

The members of the Management Control Committee must meet the requirements of professionalism and integrity envisaged by current regulations, the requirements of independence envisaged by article 148 TUF and the Corporate Governance Code, and also comply with the regulations on limits to the accumulation of offices. For the purposes of art. 1, paragraph 3 of Ministry of Justice Decree no. 162 of March 30, 2000, the matters (juridical, economic, financial and technical-scientific) and sectors of activity connected with or inherent in the activity performed by the Company and referred to in the business purpose must be considered as strictly pertinent to those of the business exercised by the Company.

At least one member of the Management Control Committee, or at least two if the aforementioned Committee consists of four or more members, must be chosen from the register of independent auditors.

The role of Chairman of the Management Control Committee falls to the director drawn from the minority list, pursuant to article 17 of the Articles of Association, or to the person appointed in their place, again pursuant to article 17. If only one list is submitted or if no list is submitted, the Chairman is elected by the Management Control Committee from among its members.

The loss of any of the requirements envisaged by the laws in force and by the Articles of Association for members of the Management Control Committee, including enrolment in the register of independent auditors, determines their disqualification from office. The loss of one of the aforementioned requirements for a member of the Management Control Committee also results in their disqualification from office as a director unless, being a member taken from the majority list, among the other directors in office there is at least one who meets the requirements envisaged by the laws in force to replace them as a member of the Management Control Committee, also taking into account the number of members of the Management Control Committee as determined by the Board of Directors. In the latter case, the member of the Management Control Committee who has ceased to hold office shall retain the office of director.

If a member of the Management Control Committee ceases to be a director for any reason, the rules envisaged in article 17 of the Articles of Association shall apply to their replacement, in compliance with the regulations in force.

If, on the other hand, during the course of the financial year, one or more members of the Management Control Committee who have not ceased to be a director must be replaced, the Board of Directors, in compliance with applicable laws and regulations, will proceed to appoint the replacement in accordance with article 23 of the Articles of Association, so as to ensure that the members of the Management Control Committee meet the requirements envisaged in the applicable laws and regulations and in the Articles of Association.

### **Functions and powers of the Management Control Committee**

The Management Control Committee exercises the powers and functions assigned to it by current legislation and the Corporate Governance Code, including supervision of compliance with the law, regulations and the Articles of Association, and compliance with the principles of proper management.

The Management Control Committee also performs the functions of the Internal Control and Audit Committee pursuant to article 19 of Legislative Decree no. 39/2010, as amended.

The Management Control Committee is also required:

- to report management irregularities or breaches of regulations without delay to Consob, pursuant to article 149, paragraphs 3 and 4-ter, TUF;
- to report, pursuant to article 153 TUF, on the oversight activities performed, omissions and reprehensible facts detected to the Shareholders' Meeting convened for the approval of the annual financial statements;
- expresses the opinions required of the oversight committee by current regulations, in compliance with the provisions of the Articles of Association. The opinions, signed by the Chairman, are forwarded to the Chairman of the Board of Directors and, through them, to all the Board members, in due time for them to be taken into account, also for the purpose of making the decisions to which they are instrumental.

The Management Control Committee may, in line with its audit function, perform any further tasks entrusted to it by the Board, or activities requested by the Chairman of the Board for the purposes and within the scope of the powers conferred upon it by the Articles of Association.

In order to perform its duties, the Management Control Committee has access to information and all necessary corporate functions, and makes use of the Company's corporate means and structures. Where it deems it appropriate, it may make use of external consultants, under the terms established by the Board of Directors.

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

The Management Control Committee met six times during the year, on May 10, 2022; May 25, 2022; July 8, 2022; July 11, 2022; October 6, 2022; October 12, 2022; December 16, 2022; and March 13, 2023. The average duration of the meetings was about 45 minutes.

The meetings of the Management Control Committee were duly recorded in minutes and the minutes, signed by the chairman and the Secretary, were filed by the Company. The work of the Management Control Committee was coordinated by the

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

The meeting attendance rate in the financial year was 100%. For the financial year May 1, 2023 – April 30, 2024, three meetings of the Management Control Committee have been scheduled, in addition to those already held on May 15, 2023, June 28 and July 14, 2023.

Lastly, the delegated bodies reported promptly to the Management Control Committee, at least every three months, on the activities carried out, the general performance of operations and foreseeable developments, as well as on the most significant transactions in terms of size and characteristics carried out by the Company and its subsidiaries.

The Management Control Committee exchanged relevant information with the Internal Audit Function and the Compliance Function in a timely manner for the fulfilment of their respective tasks.

### **Operation of the Committee**

The Management Control Committee is duly formed with the presence of the majority of its members and resolves by an absolute majority of those present. A dissenting member has the right to have the reasons for their dissent recorded in the minutes.

The Management Control Committee must meet at least every ninety days and, in any case, it meets as often as necessary to perform its functions or when deemed appropriate by the Chairman, also at the request of one or more of its members, in relation to particular situations or operations. If it deems appropriate, the Management Control Committee may approve an indicative calendar of its future meetings.

The meeting is called by the Chairman or whomsoever is acting in his stead, using any means suitable to reach all those concerned, including phone calls and e-mails, at least five business days before the date set for the meeting, except in cases of urgency for which notice of at least twenty-four hours before the meeting is allowed.

Meetings of the Management Control Committee may also be held by teleconference and/or videoconference, provided that: a) the Chairman and the person taking the minutes are present in the place where the meeting was convened; b) all participants can be identified and are allowed to follow the discussion, receive, transmit and view documents, and intervene orally and in real time on all matters. If these requirements are met, the Management Control Committee is deemed to be held in the place where the Chairman and the person taking the minutes are located.

At the invitation of the Management Control Committee, persons who are not members of the Committee may attend meetings with reference to individual items on the agenda. The Management Control Committee and each of its members, also individually, may also request the heads of the corporate control functions to report to the Committee on relevant data and information.

The Board of Directors shall be informed of the resolutions adopted by the Management Control Committee at the first useful meeting.

The Chairman ensures that all members of the Management Control Committee receive, at least three days in advance, the documentation supporting the items on the agenda, containing any proposals for resolutions and information suitable in qualitative and quantitative terms to support the Committee's work.

## 5. MANAGEMENT OF CORPORATE INFORMATION

### **Procedure for internal management and external disclosure of Inside Information**

Since the session held on June 25, 2013, the Board has adopted a procedure for internal management and external disclosure of Inside Information, as subsequently amended.

The aforementioned procedure became effective as of the filing with Borsa Italiana of the application for admission to trading of the Company's ordinary shares on EXM.

The procedure for the internal management and external disclosure of inside information, as amended, contains the provisions relating to the management of confidential information (as defined in the aforementioned procedure) and the management and public disclosure of inside information pursuant to article 7 of Regulation EU no. 596/2014 concerning the Issuer and parties in a relationship of control with it, including the Company's subsidiaries, when such information is of an inside nature for Sesa. Inside information is subject, pursuant to the legislation in force, to a general obligation to disclose it 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 inside information, accepting all liability for such delay.

All members of the corporate bodies, employees and collaborators of the Company and its subsidiaries who have access for any reason to confidential and inside information are required to comply with the above procedure.

### **Procedure for the management of the Group Register of persons with access to Inside 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 inside information pursuant to article 18 of EU Regulation 596/2014 and the EU Execution Regulation 1210/2022, it should be noted that, during the meeting held on June 25, 2013, the Board of Directors adopted a "*Procedure for the management of the Group Register of persons with access to Privileged Information*", as subsequently amended. The aforementioned procedure became effective as of the filing with Borsa Italiana of the application for admission to trading of the Company's ordinary shares on EXM.

The Group Register, set up and managed centrally at Sesa, is kept using Spafid's "Digital Corporate Services" software, in accordance with the model set out in Implementing Regulation 1210/2022. The criterion adopted for keeping the Group Register requires it to consist 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, 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 June 25, 2013, the Issuer has implemented a procedure for fulfilment of the obligations on the matter of Internal Dealing, as subsequently amended. The aforementioned procedure came into force as of the date of

listing on EXM and aims to ensure maximum transparency and uniformity in reporting to the market.

The Internal Dealing procedure and details of the transactions carried out during the Year such as to require relative disclosure are available on the Company website at [www.sesa.it](http://www.sesa.it), in the “Governance – Internal Dealing” section.

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

The Remuneration Committee (on the composition and operation of this committee, see Paragraph 8.2 of this Report) and the Sustainability Committee were set up within the Board of Directors during the Year.

It should be noted that the functions of the Related Parties Committee are assigned to the Audit and Risk Committee and that the functions of the latter are assigned to the Management Control Committee (with regard to the tasks and activities performed in relation to the aforementioned functions, see Paragraphs 10 and 9.2).

Pursuant to article IA 2.10.1, paragraph 2, of the Instructions on the Stock Exchange Regulations, it should be noted that, in accordance with the provisions of article 2.2.3, paragraph 3, letter n) of the Stock Exchange Regulations limited to issuers with STAR qualification, the establishment, composition and operation of the Board of Directors’ internal committees are regulated in compliance with the principles and application criteria envisaged in Recommendation no. 16, first paragraph, and Recommendation no. 17 envisaged by article 3 of the Corporate Governance Code.

Generally speaking, it should be noted that the Regulation on the operation of the Board of Directors adopted by the Issuer provide that, unless otherwise specified, the provisions of the Regulation also apply *mutatis mutandis* to the Committees set up by the Board of Directors within its own sphere with investigative, advisory and consulting functions. For a specific description of the provisions of the Regulation of the Audit and Risk Committee, the Regulation of the Committee for Appointments and Remuneration and the Regulation of the Sustainability Committee, please see the subsequent Paragraphs of this Report.

It should also be noted that the meetings of the Committees held during the Year were recorded in minutes and the minutes were made available to the Board of Directors at the first useful meeting.

A specific set of documents is sent by the Chairman of the Committees, with the support of the Secretary, to the Board members before each meeting. This set of documents was found to have been sent in a timely and adequate manner during the Year.

Furthermore, after the end of the financial year, on July 12, 2022, the Board of Directors saw fit to set up an Appointments Committee and then to incorporate the relative functions (as envisaged by the Corporate Governance Code) with those already attributed to the Remuneration Committee (the name of which was changed to “Committee for Appointments and Remuneration”). The Board of Directors has not, however, reserved any of the functions envisaged for the committees for itself. The Board of Directors determined the composition of the committees by favouring the competence and experience of their members.

Moreover, from July 12, 2022, the Sustainability Committee, a committee that is not envisaged by the Corporate Governance Code, has also been set up. This committee is made up of a minimum of three and a maximum of

five members, who may or may not be members of the Board of Directors. It has the task of assisting the Board of Directors with investigative, advisory and consulting functions in assessing and deciding on sustainability issues, also understood as environmental, social & governance issues, connected to the exercise of the company's activities and its dynamics of interaction with all stakeholders, corporate social responsibility, the examination of scenarios for the preparation of the strategic plan also based on the analysis of relevant issues for the generation of long-term value and the corporate governance of the Company and the Group.

In this context, the Committee is assigned the following tasks in particular:

- a) examination of the sustainability policies and strategies drawn up by the Corporate Sustainability Committee. expression of an opinion to the Board of Directors in this regard; the drawing of the attention of the Board of Directors and the other intra-Board Committees to policies based on the principles of sustainable business, which take into account the evolution of reference scenarios, identify opportunities and create value, also in the long term, for stakeholders, such as
  - i) ethics
  - ii) the protection of the environment, with particular reference to the problem of climate change;
  - iii) the socio-economic progress of the territories where the Company operates;
  - iv) the protection of human rights;
  - v) the promotion of differences and equal treatment of people;
- b) examination of the general outline of the annual integrated financial statements in relation to sustainability issues and the structure of its contents;
- c) monitoring of the application of the sustainability *vision* approved by the Board of Directors, also within the broader concept of *purpose*, and proposition of the actions necessary to determine the value generated by the company for *stakeholders*, also within the scope of *stakeholder engagement* activities, contributing to the definition and adoption of a model for measuring it;
- d) monitoring of the Company's positioning with respect to financial markets on sustainability issues with particular reference to: i) sustainable finance aspects (i.e. *green bonds*); ii) the relationship with ESG rating agencies; iii) participation and inclusion in sustainability indices;
- e) monitoring of initiatives aimed at local communities and evaluation of their social and environmental aspects.

On July 12, 2022, the Board of Directors set the number of members of the Sustainability Committee as three and appointed as members of said Committee the Directors Giuseppe Cerati (independent Director taken from the minority list as Chairman, Giovanna Zanotti (independent Director) and Chiara Pieragnoli (independent Director);

Pursuant to the Regulation of the Sustainability Committee approved by the Board at its meeting of July 12, 2022, the Committee meets as often as is necessary to perform its functions or when deemed appropriate by the Chairman, also at the request of one or more of its members.

At the invitation of the Chairman, non-members whose contribution to the work is deemed useful by the Committee may attend meetings of the Committee in connection with individual items on the agenda.

The presence of a majority of the members is required for meetings to be valid. The Committee's resolutions are adopted by an absolute majority of the members attending the meeting.

A participant who has an interest of their own or of others with regard to the subject matter of the resolution shall make this known to the Committee and abstain from voting.

Resolutions adopted by the Sustainability Committee are reported by the Chairman to the Board of Directors at the first useful meeting.

In the pursuit of its activities, the Sustainability Committee has access to the information and corporate functions necessary for the fulfilment of its tasks.

All Committee meetings must be duly recorded in minutes.



**Structure of the Board Committees at the end of the Year**

B.o.D.		OPC Committee		Audit and Risk Committee		Remuneration Committee		Sustainability Committee	
Office/Qualification	Members	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman	Paolo Castellacci								
Managing Director	Alessandro Fabbroni							2/2	M
Deputy Chairman	Moreno Gaini								
Deputy Chairman	Giovanni Moriani								
Non-executive Director	Claudio Berretti				M	4/4	M		
Independent Director	Angelica Pelizzari								
Independent Director	Giuseppe Cerati	5/5	C	5/5	C			2/2	C
Independent Director	Angela Oggionni				M	4/4	C		
Independent Director	Chiara Pieragnoli	5/5	M	5/5	M			2/2	M
Independent Director	Giovanna Zanotti	5/5	M	5/5	M	4/4	M	2/2	M
-----MEMBERS WHO ARE NOT DIRECTORS -----									
Issuer's Executive/ Other	Surname Name								
<b>No. of meetings held during the Year:</b>									
<b>NOTES</b> (*) This column indicates the participation of the directors in committee meetings (indicate the number of meetings attended out of the total number of meetings that could have been attended; e.g.: 6/8; 8/8 etc.). (**) This column indicates the qualification of the director within the committee: "C": chairman; "M": member.									

## **7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS – APPOINTMENTS COMMITTEE**

### **7.1 Self-Assessment and succession of directors**

In accordance with the provisions of the Corporate Governance Code, the Board of Directors periodically performs self-assessment activities concerning the size, composition and actual operation of the Board and its committees, also considering the role played by the Board of Directors in defining strategies and monitoring management performance and the adequacy of internal audit and risk management.

According to the Regulation on the Operation of the Board of Directors, the self-assessment activity is carried out periodically, at least once every three years, in view of the renewal of the Board of Directors. Lastly, at the meeting of July 12, 2021, in view of its renewal, the administrative body then in office carried out the self-assessment activity, deeming that the size, composition and actual operation of the Board of Directors and the Committees were adequate with respect to the Company's management and organisational needs, ensuring an adequate diversification also with reference to gender, managerial and professional skills and educational background, and the presence of people of different ages and seniority in office, also taking into account the presence (at the time), of four non-executive Directors out of a total of eight members, two of whom were independent non-executive Directors, who also ensured a suitable 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 financial year 2020-2021 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 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.

Furthermore, we inform you that the Board of Directors in office at the time in view of its renewal, which took place with the Shareholders' Meeting held on August 26, 2021, did not express a guideline on the quantitative and qualitative composition deemed optimal. It should also be noted that the Issuer assumed the status of a "large" company under the Corporate Governance Code as of January 1, 2023. Consequently, the Board of Directors has not drawn up a plan for the succession of the managing director and executive directors, nor for the succession of top management, as it will be required to apply Recommendation no. 24 of the Corporate Governance Code from the year May 1, 2024 -April 30, 2025.

## **7.2 Committee for Appointments and Remuneration**

On July 18, 2023, the Board of Directors set up the Appointments Committee, assigning it the functions envisaged by the Corporate Governance Code, also deciding to merge it with the existing Remuneration Committee. In view of the subject matter of this Report, the disclosure in the following paragraph “Functions assigned to the Committee for Appointments and Remuneration” relates exclusively to the functions attributed to the Committee in matters of nominations and succession.

The Committee for Appointments and Remuneration is made up of non-executive Directors, most of whom are independent, and is chaired by an independent director, in compliance with Recommendation 26 of the Corporate Governance Code.

In particular, the Committee for Appointments and Remuneration is made up of the Directors Angela Oggionni (Independent Director and Chairman of the Committee), Prof. Giovanna Zanotti (Independent Director), Claudio Berretti (Non-executive Director).

In compliance with that envisaged by Recommendation 17 of the Corporate Governance Code, in the pursuit of its functions, the Committee has the faculty to access information and the business functions necessary for the pursuit of its tasks, also engaging external consultants with expertise in matters of appointments and succession plans, with prior verification that they are not in situations that compromise their independence of judgement.

In compliance with the Regulation of the Committee for Appointments and Remuneration, the Committee Chairman is responsible for planning and coordinating the Committee's activities, presiding over and guiding the relative meetings, representing the Committee at the meetings of the Board of Directors, and signing the opinions and any reports to be submitted to the Board of Directors, in the Committee's name. When absent or impeded in any way, the Chairman is replaced for all purposes by the eldest Committee member.

In accordance with the above Regulation, the Committee meets at least once a year, or when the Chairman sees fit, also by request of one or more of its members.

The meeting is called by the Chairman or whomsoever is acting in his stead, using any means suitable to reach all those concerned, including phone calls and e-mails, at least two business days before the date set for the meeting, apart from in emergencies, in which case a shorter period of notification is allowed. The call to the meeting must also be brought to the attention of the Chairman of the supervisory body.

The Committee meetings are held - also by audio or video-conference - at the registered office or in another place, and are presided over by the Chairman or, in the event of his absence or impediment, by the eldest Committee member.

For the meetings to be valid, the presence of the majority of the members is required, with the resolution of the absolute majority of those present. Minutes are drawn up of the meetings of the Committee for Appointments and Remuneration. The Board of Directors is informed by the Chairman of the resolutions passed by the Committee at the first useful meeting.

With regard to the procedures for taking minutes of meetings and the procedures for managing disclosures to the Directors who make up the Committee for Appointments and

Remuneration, the Regulation on the Operation of the Board of Directors applies.

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

A participant who has an interest of their own or of others with regard to the subject matter of the resolution shall make this known to the Committee and abstain from voting.

### **Functions assigned to the Committee for Appointments and Remuneration**

In compliance with that envisaged by Recommendation 19 of the Corporate Governance Code, in matters of appointments and succession plans, the Committee has the task of assisting the Board of Directors with the activities of:

- a) self-assessment of the Board of Directors and its Committees.
- b) supporting the Chairman of the Board of Directors so that the latter, with the help of the Board's Secretary, ensures the adequacy and transparency of the Board's self-assessment process, pursuant to Recommendation no. 12 of the Corporate Governance Code;
- c) defining the optimal composition of the Board of Directors and its Committees;
- d) identifying candidates for the office of Director in case of co-option.

Furthermore, the Committee may be entrusted, at the specific request of the Board of Directors, with supporting tasks for: (a) the possible presentation of a list by the outgoing Board of Directors to be implemented in a manner that ensures its transparent formation and presentation; (b) the preparation, update and implementation of any plan for the succession of the managing director and executive directors; and (c) the possible definition of the maximum number of positions on the boards of directors or auditors in other listed companies or companies of significant size that may be considered compatible with an effective performance of the office of director of the Company, taking into account the commitment resulting from the role held.

## **8. REMUNERATION OF DIRECTORS – COMMITTEE FOR APPOINTMENTS AND REMUNERATION**

### **8.1 Remuneration of Directors**

For information regarding the remuneration of the Directors, see the Report on the Remuneration Policy and Considerations Paid, available within the terms of the law at the Company's registered office and on the Company website [www.sesa.it](http://www.sesa.it) in the "Investors-Shareholders' Meetings" section.

### **8.2 Remuneration Committee**

For information on the remuneration of the Committee for Appointments and Remuneration see the relevant parts of the Report on the Remuneration Policy and Considerations Paid, available within the terms of the law at the Company's registered office

and on the Company website at [www.sesa.it](http://www.sesa.it) in the “Investors-Shareholders’ Meetings” section.

## **9. INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM – AUDIT AND RISK COMMITTEE**

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 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 dictated by the Board of Directors, based on the indications provided by the Audit and Risk Committee.

The nature and level of the perceived business risks are reported specifically in the Annual Financial Report at April 30, 2022.

The Internal Audit and Risk Management System (referred to hereinafter as “IARMS”), in line with international reference standards, and in accordance with the principles dictated by article 6 of the Corporate Governance Code (2020 edition), is recognised as the *set of rules, procedures and organisational structures aimed at the effective and efficient identification, measurement, management and monitoring of the main risks, in order to contribute to the sustainable success of the company.*

The Board of Directors, in line with the rules contained in the Corporate Governance Code, plays the role of guiding and assessing the adequacy of the IARMS, as follows:

- a. it defines the IARMS guidelines, so that the main risks are correctly identified and adequately measured, managed and monitored;
- b. it approves, at least once a year, the work plan prepared by the Head of Internal Audit, in consultation with the board of auditors and the managing director;
- c. it assigns the oversight functions pursuant to article 6, paragraph 1, letter b) of Legislative Decree no. 231/2001 to the board of auditors;
- d. it describes, in the Corporate Governance Report, the main features of the IARMS and the way it is coordinated between the entities involved in it, expressing an assessment of its adequacy;

- e. it assesses, in consultation with the board of auditors, the findings disclosed by the independent auditor in the letter of recommendations, if any, and in the report on key matters arising from the independent audit.

At the meeting held on July 18, 2023, 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 was based on the information supplied by the Appointed Director, the Audit and Risk Committee, the Head of the Internal Audit Function and the Management Control Committee. After examination by the Audit and Risk Committee, the Board also analysed the annual report of the head of the Internal Audit function and the half-year report of the Oversight Committee.

At the meeting held on December 19, 2022, after examination by the Audit and Risk Committee and the Management Control Committee, the Board of Directors, analysed the report of the Head of the Internal Audit function relating to the first half of the financial year ending April 30, 2023 and the half-year report of the Oversight Committee.

Before reviewing 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 pursuant to article 123-bis, paragraph 2, letter b), TUF*” are outlined. This disclosure is made with reference to the indications contained in annex 1 of the Format for the report on corporate governance and ownership structure (edition 9 - January 2022).

## **DESCRIPTION OF THE MAIN FEATURES OF THE INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM EXISTING IN RELATION TO THE FINANCIAL REPORTING PROCESS**

### **A) 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 governing the financial reporting process is formalised in specific documents, which are periodically submitted to the *governance* bodies for analysis in relation to the functions assigned to them. The Company also carries out a periodical 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 the Committee of Sponsoring Organizations of the Treadway Commission (“**CoSO**”), where organisational principles are encoded in order to understand whether internal audits are present and functionally mitigate risks, including those related to reporting.

In accordance with legal requirements, the *Manager in charge of preparing the company's accounting documents* draws up and updates *administrative and accounting procedures* concerning the operational aspects of bookkeeping and the preparation of periodical and annual accounting reports, also at consolidated level. The aforementioned procedures are subject to periodical certification of their adequacy and effectiveness.

The system used for the management of administrative-accounting procedures (update, dissemination, filing) is part of the corporate documentation management system and is monitored by the Internal Audit and Compliance functions and to the extent relevant to the implementation of the Model pursuant to Legislative Decree 231 of 2001, by the Oversight Committee.

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, Management Control Committee).

As suggested by the Borsa Italiana format, the paragraph is structured into two sections, the first dedicated to the system phases and the second to roles and functions.

**B.1) PHASES OF THE INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM EXISTING IN RELATION TO THE FINANCIAL REPORTING PROCESS.**

The Company operates through a structured risk management system which operates at *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 adequacy of 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 financial reports; the fulfilment of obligations linked to financial reporting. The procedures are accompanied by specific annexes indicating the audit standards for each process, subject to regular verification.

That said, the phases and methods of risk management/audit implemented by the Company in relation to the entities included within the scope of consolidation are summarised in the table below:

SYSTEM PHASES	PERFORMANCE OF THE ACTIVITIES
1. IDENTIFICATION OF THE FINANCIAL REPORTING RISKS	The identification of risks, mistakes or fraud, is carried out 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. The main risks are identified as the potential committing of errors in accounting entries and the incorrect evaluation and disclosure of accounting items.
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:  – the monitoring activities existing for each administrative-accounting process active at individual entity level; – the characteristics 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”.
4. ASSESSMENT OF AUDITS	The design of the internal audit system is considered adequate when the audit is able to mitigate, to an acceptable level, the possible risk of

AGAINST THE RISKS IDENTIFIED	<p>failure to achieve the audit aim for which it was designed. The assessment of the design of the internal audit system is carried out by the Internal Audit function, which monitors its continuing adequacy in relation to regulatory, business and organisational updates that characterise management.</p> <p>The assessment of internal audits on the risks identified takes place systematically, with tests performed by the Internal Audit system. Six-monthly tests on the effectiveness of internal audits are carried out, also with the support of an independent consulting firm.</p> <p>The audit is effective if, during the period considered, it takes place in compliance with that envisaged by the design (procedure).</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>
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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 oversight 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 with an integrated group-wide perspective for some time now, also setting up a special function for this purpose. 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 Oversight Committee to the Board of Directors (for aspects relating to the implementation of Model 231);
- half-year report on the results of the operational effectiveness tests within the framework of the design of audits and the assessment of the operation of the Internal Audit System, pursuant to Law 262/2005 prepared with the support of;
- letter of suggestions of the company appointed to independently audit the accounts.

## B.2) 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	MAC	ARC	CEO	IA	OC	COMP
PLANNING	✓	✓	✓	✓			
IMPLEMENTATION				✓			✓



MONITORING	✓	✓	✓	✓	✓	✓	✓
UPDATE				✓			✓

The Board of Directors 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 financial year:

- the Board assessed the state of the system through the reports of the Audit and Risks Committee, the appointed director and the internal audit bodies;
- the Management Control Committee (“MAC”), which also acts as the Audit and Risk Committee (“ARC”), supported the Board of Directors in the design and monitoring of the system by assessing the adequacy of the design and the results of the internal audit function tests envisaged in the formalised procedures;
- The managing director also holds the functions of Director in charge of the internal audit and risk management system and of the Manager in charge of preparing the company’s financial reports, and has overseen the preparation, update and actual operation of the procedures and rules relevant to the adequacy of the financial reporting process in line with the indications of the Board of Directors. The Manager in charge signed the certifications required by article 154-bis, paragraph 5, TUF;
- The Manager 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 Board of Directors;
- The Oversight Committee (“OC”) whose functions are assigned to the Management Control Committee, is involved in monitoring sensitive processes pursuant to Model 231 adopted by the company. With particular reference to the prevention of corporate offences and in compliance with their respective autonomy of action, it coordinates with IA and Compliance for the performance of its verification programme.
- The Head of the Compliance Function (“COMP”) carried out, in line with the mandate assigned, ongoing checks on the companies’ compliance with regulations, verifying, in accordance with industry best practice, the compliance of their activities with legal provisions, the provisions of the Oversight Committee, self-regulatory rules and contractual commitments undertaken with customers.

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## 9.1 Managing Director

On August 26, 2021, the Board confirmed the managing director, Mr. Alessandro Fabbroni, as Appointed Director of the Internal Audit and Risk Management System.

The Appointed Director, in line with recommendation 32(b) contained in article 6 of the Corporate Governance Code, performs his duties within the scope and in implementation of the guidelines

established by the Board, availing himself of the work of the Head of the Internal Audit Function, and in particular;

- (i) oversaw the identification of the main corporate risks, taking into account the characteristics of the activities performed by the issuer and its main subsidiaries, and submitted them periodically to the Board of Directors for examination, also after hearing the opinion of the Audit and Risk Committee;
- (ii) implemented the guidelines defined by the Board of Directors, taking care of the design, accomplishment and management of the internal audit and risk management system and constantly verifying its adequacy and effectiveness;
- (iii) handled the adaptation of this system to the dynamics of operational conditions and the legislative and regulatory framework;
- (iv) may ask the Internal Audit Function to carry out checks on specific operational areas and on compliance with internal rules and procedures in the execution of corporate transactions, simultaneously notifying the Chairman of the Board of Directors, the Chairman of the Audit and Risk Committee and the Chairman of the oversight committee; it should be noted that during the Year, the Appointed Director did not make use of the aforementioned power;
- (v) reports promptly to the Audit and Risk Committee (or to the Board of Directors) on problems and critical situations that have emerged 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 periodically attended the meetings of the auditing bodies (Committees, Oversight Committee).

## **9.2 Audit and Risk Committee**

The Company's Board of Directors, in accordance with the provisions of Corporate Governance Code, has set up an internal Audit and Risk Committee.

In particular, it should be noted, pursuant to article 2.10.1, paragraph 2, of the Instructions on the Stock Exchange Regulations, that, in compliance with the provisions of article 2.2.3, paragraph 3, letter p) of the Borsa Italiana Regulations limited to issuers with STAR qualification, the Company has appointed an Audit and Risk Committee, in compliance with the provisions of Recommendations no. 32(c), 33 and 35 envisaged by article 6 of the Corporate Governance Code. The main information concerning its composition, operation, tasks assigned to it and activities performed during the year is given below.

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

With regard to the composition of the Audit and Risk Committee, it should be noted that, on August 26, 2021, the Issuer's Board of Directors resolved to assign the functions of the Audit and Risk Committee to the Management Control Committee, in accordance with the provisions of recommendation no. 32(c) in article 6 of the Corporate Governance Code. For more information on the composition of the Audit and Risk Committee, see the Table entitled "Structure of the Board Committees at the end of the Year" in Paragraph 6 above.

The Regulation of the Audit and Risk Committee envisages that the Committee shall usually meet on a quarterly basis and, in any case, as often as necessary to perform its

functions or when deemed appropriate by the Chairman, also at the request of one or more of its members, in relation to particular situations or transactions. If it deems appropriate, the Audit and Risk Committee may approve an indicative calendar of its future meetings. The Audit and Risk Committee is convened by the Chairman or whomsoever is acting in his stead, by any means suitable to reach all those concerned, including phone calls and e-mails, at least two business days before the date set for the meeting, except in cases of urgency for which shorter notice is allowed. The presence of a majority of the members is required for meetings to be valid. The Committee's resolutions are adopted by an absolute majority of the members attending the meeting. A participant who has an interest of their own or of others with regard to the subject matter of the resolution shall make this known to the Committee and abstain from voting.

With regard to the procedures for taking minutes of meetings and the procedures for managing disclosures to the directors who make up the Audit and Risk Committee, the Regulation on the Operation of the Board of Directors applies.

The work of the Audit and Risk 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 Board meeting.

During the Year, the Audit and Risk Committee met five times, on May 25, 2022, July 8, 2022, October 27, 2022, December 16, 2022 and March 13, 2023. The average duration of the meetings was about forty-five minutes.

The meetings of the Audit and Risk Committee were duly recorded in minutes and the minutes, signed by the person who chaired the meeting and the Secretary, were duly filed by the Company. The work of the Audit and Risk Committee was coordinated by the Chairman.

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

For the percentage of participation in meetings of each Director in the Audit and Risk Committee, see the table entitled "Structure of Board Committees at the end of the Year" in Paragraph 6 above.

For the financial year May 1, 2023 – April 30, 2024, three meetings of the Audit and Risk Committee have been scheduled, in addition to those already held on May 15, 2023, June 27 and July 14, 2023.

In accordance with the provisions of Recommendation no. 35 of article 6 of the Corporate Governance Code, the Audit and Risk Committee was made up of three independent non-executive Directors during the Year. In the Issuer's opinion, all the members of the Committee are recognised as having adequate experience in accounting and finance or risk management and meeting the requirements envisaged by the regulations in force, as assessed by the Board when appointing the members of the Committee.

Pursuant to recommendation no. 17 of article 3 of the Corporate Governance Code, the meetings of the Audit and Risk Committee were attended, during the year, with reference to the individual items on the agenda of the various meetings, by the managing director and Director appointed to oversee the functionality of the internal audit and risk management system; the Head of the Internal Audit Function, the Head of the Legal & Compliance Function, the Investor Relations Manager, the Data Protection Officer, the Human Resources Manager and those engaged by the company to perform the independent audit of the accounts. The above persons attended at the invitation of the Committee Chairman - informing the managing director - in order to ensure adequate support for the requests made by the Committee members.

## Functions assigned to the Audit and Risk Committee

In accordance with the provisions of article 2.2.3, paragraph 3, letter p) of the Italian Stock Exchange Regulations limited to issuers with STAR qualification, during the year the Audit and Risk Committee was assigned the functions envisaged in Recommendations no. 33 and 35 of article 6 of the Corporate Governance Code. In particular, the Committee, in assisting the Board of Directors:

- a) assesses, after consulting the manager responsible for preparing the company's financial reports, the independent auditor and the board of statutory auditors, the correct use of accounting standards and, in the case of groups, their uniformity for the purposes of preparing the consolidated financial statements;
- b) assesses the suitability of periodical financial and non-financial information to fairly represent the Company's business model, strategies, the impact of its activity and the performance achieved;
- c) examines the content of periodical non-financial information relevant to the internal audit and risk management system;
- d) expresses opinions on specific aspects relating to the identification of the main corporate risks;
- e) examines the periodical reports and reports of particular relevance prepared by the Internal Audit Function;
- f) monitors the autonomy, adequacy, effectiveness and efficiency of the Internal Audit function;
- g) may entrust the Internal Audit Function with the performance of audits on specific operational areas;
- h) reports to the Board at least on the occasion of the approval of the annual and half-year financial report, on the activity carried out and the adequacy of the internal audit and risk management system.

The Audit and Risk Committee was also entrusted with supplying opinions to the Board of Directors for the purpose of the:

- a) definition (by the Board of Directors) of the guidelines of the internal audit and risk management system in line with the Company's strategies;
- b) assessment (by the Board of Directors), at least once a year, of the adequacy of the internal audit and risk management system with respect to the characteristics of the business and the risk profile assumed, as well as its effectiveness;
- c) approval (by the Board of Directors), at least once a year, of the work plan prepared by the Head of the Internal Audit Function, after consulting the Director appointed for the internal audit and risk management system;
- d) verification of the adequacy of the organisational set-up of the corporate functions involved in audits (such as the *risk management* and legal and non-compliance risk monitoring functions), verifying that they have adequate professionalism and resources;
- e) description (by the Board of Directors), in the report on corporate governance, of the main features of the internal audit and risk management system and the way in which it is coordinated between the parties involved, expressing its overall assessment of the adequacy of the system;
- f) assessment (by the Board of Directors) of the results disclosed by the independent auditor in the letter of suggestions, if any, and in the supplementary report addressed to the board of statutory auditors;
- g) appointment and revocation (by the Board of Directors) of the Head of the Internal Audit Function; adequacy of the resources with which the Head of the Internal Audit Function is endowed in relation to the performance of their duties; definition (by the Board of Directors) of the remuneration of the Head of the Internal Audit Function in line with corporate policies.

During the Year and until July 18, 2023 (when the functions were assigned to the Committee for Appointments and Remuneration), the Audit and Risk Committee was also assigned the task of:

- a) supporting the Chairman of the Board of Directors in carrying out the self-assessment process concerning the size, composition and actual operation of the Board of Directors and its committees;
- b) supporting the Chairman of the Board of Directors so that the latter, with the help of the Board's secretary, ensures the adequacy and transparency of the Board's self-assessment process, pursuant to Recommendation no. 12 of the Corporate Governance Code;
- c) assisting the board of directors in the process of self-assessment of the board of directors and its committees.

It should also be noted that the Issuer has identified the Audit and Risk Committee as the body responsible for transactions with related parties, which, pursuant to the Related Parties Procedure, takes on the role of the Related Parties Committee (see Paragraph 10 below).

The Committee has always had its own operating regulations.

In accordance with the provisions of the Regulation of the Audit and Risk Committee, the Committee has access to the information and company departments necessary to perform its tasks and may make use of external consultants, under the terms established by the Board of Directors. In order to perform its duties, the Committee may make use of the Company's corporate means and structures.

The Committee's opinions and/or proposals and/or resolutions were duly reflected in the minutes of the meetings.

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

- 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 periodical Audit Report and the main aspects of the relative Audit Plan prepared by the Internal Audit function;
- 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 TUF;
- obtaining information on activities regarding the management of Group Regulatory Compliance, also by adopting management systems certified in accordance with ISO standards;
- verification of the development of activities in area 262;
- obtaining information on the Group's main risks and assessment of the internal audit and risk management system;
- overview of transactions with Related Parties and the development of the relative procedures.

During the board meeting held on July 18, 2023, the Chairman of the Audit and Risk 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 Risk 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 Risk Committee, in that it uses the Issuer's business structures and means for the pursuit of its tasks.

### **9.3 Head of the Internal Audit function**

On July 12, 2022, the Board of Directors approved the annual audit plan for the year ending on April 30, 2023, prepared by the Head of the Internal Audit function, having heard the Management Control Committee and the Appointed Director for the Internal Audit and Risk Management System.

The Head of the Internal Audit Function is Michele Ferri, confirmed in office by the Board of Directors on August 28, 2021, for the subsequent three years, with remuneration consistent with corporate policies.

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 which 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.

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The Head of the Internal Audit function, in line with Recommendation no. 36 of article 6 of the Corporate 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, through an audit plan, approved by the Board of Directors, based on a structured process of analysis and prioritisation of the main risks;
- b. 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;
- c. promptly prepared reports on events of particular importance;
- d. transmitted the reports pursuant to points c) and d) to the chairmen of the Board of Statutory Auditors, the Audit and Risk Committee and the Board of Directors, as well as the managing director;

- e. 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 in financial year 2022-2023, envisaged by the audit plan, the Internal Audit function had direct access to all information useful for performing the task and 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, Certified management systems in accordance with ISO9001, ISO14001, SA8000; Presidential Decree

125), also at group level for the identification and formalisation of centralised procedures and harmonised protocols at corporate level, operating in some cases and with respect for 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 envisaged by the audit plan for FY 2022-2023, the main activities carried out by 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 certified management systems;
- checks on the business procedures, as envisaged by the audit plan.

#### **9.4 Organisational model pursuant to Legislative Decree 231/2001**

Sesa its main subsidiaries have adopted an organisational, management and control model pursuant to Legislative Decree 231/2001 (hereinafter also “**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’s IA and Compliance functions. Model 231 currently in force has already incorporated all the regulatory updates of Legislative Decree 231/2001 that occurred up to the closing date of the financial year.

During its meeting of August 26, 2021, the Board of Directors assigned the functions of the oversight committee pursuant to Legislative Decree 231/2001 to the Management Control Committee.

Compliance with Legislative Decree 231/2001 is based on:

- **the Group’s Code of Ethics**, which sets out the general principles (integrity, fairness and transparency, professionalism, sustainability and business continuity, attention to people and stakeholders, environmental protection) inspiring the Sesa Group and qualifying the performance of work services and behaviour in the working environment;
- **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 in terms of its ability 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 adequate reporting flows between the various parties involved in the process envisaged by the model;

- **the map of company areas at risk of commission of offences pursuant to Legislative Decree 231/2001**, linked to the identification of activities and control mechanisms deemed suitable to prevent the commission of offences;
- **the activity of the Oversight Committee**, which verifies compliance with the procedures envisaged in Model 231; it formulates proposals to the Board of Directors or the competent corporate functions for any updates and adjustments to the organisational model adopted; it draws up an annual oversight programme that it submits to the Audit and Risk Committee and the Board of Directors, and prepares a half-yearly report on its activities for the same bodies.

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](http://www.sesa.it).

### **9.5 Independent Auditor**

On August 26, 2021, the Company's ordinary Shareholders' Meeting, by proposal of the Board of Statutory Auditors, resolved to grant K.P.M.G. S.p.A. the job of auditing the Company's statutory and consolidated financial statements for the years from April 30, 2023 to April 30, 2031, in compliance with articles 14 and 16 of Legislative Decree 39/2010, as well as a limited audit of the half-yearly financial report.

During the year, the Board, having also consulted with the Board of Statutory Auditors, assessed the results presented by the independent auditor in the letter of recommendations as envisaged in Recommendation no. 33(f) of the Corporate Governance Code.

### **9.6 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 August 26, 2021, 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) the 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.

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There is a special compliance function, as a level 2 supervisory body, which specifically guarantees the companies' compliance with regulations, verifying, in accordance with industry best practices, the compliance of the activity carried out with the provisions of the law, the provisions of the Oversight 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 the 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.

### **9.7 Coordination between the subjects 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 Risk Committee, Management Control Committee, Oversight Committee, 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 Management Control Committee, the Oversight Committee and the Audit and Risk Committee, as well as continuous meetings with the Appointed Executive and with the heads of the various company functions.

The members of the Management Control Committee, the Audit and Risk Committee and the Oversight Committee meet every six months with the representatives of the independent auditor appointed to carry out the independent audit of the company accounts.

Moreover, the Appointed Director and the heads of the various company functions intervened during some of the meetings of the Management Control Committee, the Audit and Risk Committee and the Oversight Committee.

## **10. 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**

In its meeting of September 23, 2013, the Board of Directors resolved to adopt the “*Procedure for Transactions with Related Parties*” (the “**Related Parties Procedure**”) adopted pursuant to Consob Regulation no. 17221 of March 12, 2010, as subsequently amended and supplemented (the “**Related Parties Regulation**”), effective as of the Listing Date. The Related Parties Procedure was last amended on March 11, 2021, in order to adapt it to the amendments made by Consob to the Related Parties Regulation by resolution no. 21624 of

December 10, 2020, and to the introduction of the one-tier system of management and audit; such amendments are applicable as of July 1, 2021.

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 and relative annexes can be consulted on the Issuer's website at [www.sesa.it](http://www.sesa.it), in the “*Governance - Related Parties’ Procedure*” section.

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. With regard to the composition of the Audit and Risk Committee, see Paragraph 9.2 above.

The work of the Audit and Risk Committee, when it meets as a Related Parties Committee, is coordinated by a chairman and the meetings are duly recorded in minutes; the Committee chairman provides information thereof at the first useful Board meeting.

During the Year, the Audit and Risk Committee, in the performance of its duties as the Related Parties Committee, met five times, on May 22, 2022, July 8, 2022, October 27, 2022, December 16, 2022, and March 13, 2023. The average duration of the meetings was about forty-five minutes.

The meetings were duly recorded in minutes. The work of the Committee was coordinated by the Chairman.

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

For the financial year May 1, 2023 - April 30, 2024, three meetings of the Audit and Risk Committee have been scheduled, in the performance of the functions of the Related Parties Committee, in addition to those already held on May 15, 2023, June 27, 2023 and July 14, 2023.

For the percentage of participation in meetings of each Director in the Related Party Transactions Committee, see the table entitled “Structure of Board Committees at the end of the Year” in Paragraph 6 above.

During the Financial Year, within the scope of the activities carried out by the Audit and Risk Committee, acting as the Related Parties Committee, it is worth mentioning the operational verification of the process resulting from the update of the Company Procedure concerning transactions with Related Parties carried out in the previous year and of the and the related forms for the sector, documentation available in the Company's records, a verification also carried out through interviews with the heads of the various corporate functions involved.

Lastly, it should be noted that on the date of this Report, the Board of Directors did not deem it necessary to adopt procedures to identify and manage situations in which a director has an interest on their own behalf or on behalf of third parties, considering the existing controls pursuant to article 2391 of the Italian Civil Code and the Related Parties Procedure to be adequate.

## **11. BOARD OF STATUTORY AUDITORS**

You are reminded that the Issuer was organised according to the one-tier management and audit system, pursuant to Articles 2409-*sexiesdecies* et seq. of the Italian Civil Code, which, as

you know, does not envisage the presence of the Board of Statutory Auditors.

## 12. 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 Inside 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 functions 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.

In addition, Sesa has set up a special section on its website [www.sesa.it](http://www.sesa.it), easily identifiable and accessible, where the most relevant information on the Issuer is made available, so that its shareholders can consciously exercise their rights.

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, the Company has adopted a specific “Policy for Managing Dialogue with Shareholders and other Relevant Stakeholders” (as last amended by the Board of Directors on July 12, 2022), which is the instrument 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 Stakeholders (as defined therein). The dialogue and relations between the Board, investors and relevant stakeholders 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, by building, maintaining and developing 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 and subjects (both individuals and organisations) that have an interest in Sesa or in its business goals (the “**Relevant Stakeholders**”), in compliance with the regulations in force on the matter also with reference to market abuse and applicable best practices, in order to increase the degree of knowledge of the Company through the organisation of events dedicated to an in-depth examination of its strategy, business, commercial and/or sustainability performance, of the economic-financial and/or sustainability outlook, corporate governance, social and environmental sustainability, the policies on the remuneration of directors and executives with strategic responsibilities and their implementation, and the internal audit and risk management system pertaining to Sesa. All of this is in order to ensure the best reporting transparency, increase the level of understanding of each other’s points of view, improve the Company’s financial and non-financial results, also with regard to environmental, social and corporate governance factors, favouring sustainable success and the creation of value in the medium-long term.

In accordance with the provisions of the Policy for managing dialogue with Shareholders and other Relevant Stakeholders, information shared with stakeholders shall be clear, complete, correct and truthful and not misleading or confusing, ensuring the Company that the dialogue is conducted on an equal footing with Shareholders, who shall be subject to identical conditions.

The managing director, as delegated by the Board of Directors, is responsible for the management and strategic communication and supervision of the processes of disclosure of information to investors, relevant stakeholders and the public, with a particular focus on the disclosure of strategic information under direct supervision. Based on the topics under discussion and/or requests received from investors, the managing director, also with the involvement of the Chairman when necessary, will coordinate the dialogue also with the intervention of other members of the Board on the basis of their expertise in the matter.

Also in consideration of the single topic under discussion, dialogue activities may take place in a one-way manner, whereby only investors and/or relevant stakeholders present their views on specific issues to the Company, or in a two-way manner, whereby an actual exchange of information between investors, Relevant Stakeholders and the Company takes place on a bilateral basis, i.e. with the participation of only one investor on each occasion, or collectively, i.e. with the simultaneous participation of several investors.

The Policy on Dialogue with Shareholders and other Relevant Stakeholders, which details the procedures for dialogue with Investors, can be found on the Issuer's website at [www.sesa.it](http://www.sesa.it) in the Investors section.

Furthermore, the main documents on Corporate Governance and the Code of Ethics, as well as other information of importance to the Shareholders, can be consulted on the above-mentioned website.

### **13. SHAREHOLDERS' MEETINGS**

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 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 of the Italian Civil Code, and as long as it is allowed by law, within 180 days of the end of the financial year.

In compliance with article 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 website. The Company is entitled to designate a subject to whom the Shareholders' may 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 envisaged 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 the Directors; d) resolution on the responsibility of Directors and Auditors; 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, par. 1 no. 5 of the Italian Civil Code, 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.

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 4.1).

Pursuant to article 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 article 14 and article 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* TUF, each ordinary share grants the right to a double vote (and therefore to two votes for each share); for more information, see Paragraph 2, letter d).

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 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 (article 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.

It should also be noted that, on August 28, 2020, the Shareholders' Meeting approved 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 website [www.sesa.it](http://www.sesa.it), in the *Investors - Shareholders' Meetings* section.

During the Year and up until the date of this Report, the Shareholders' Meeting of the Issuer met once, on August 25, 2022.

The Chairman of the Board of Directors Paolo Castellacci, Executive Deputy Chairman Moreno Gaini, managing director Alessandro Fabbroni, and the Chairman of the Management Control Committee Giuseppe Cerati attended the meeting.

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.

The following documents, among others, are available on the Issuer's website at [www.sesa.it](http://www.sesa.it) in the "*Investors - Shareholders' Meetings*" section: i) the notice 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.

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During the Year May 1, 2022 - April 30, 2023, there were significant changes in the market capitalisation of the Issuer's shares, with the average capitalisation value changing from Euro 2,390,746,547 in the financial year May 1, 2021 - April 30, 2022 to 1,870,087,558 for year May 1, 2022 - April 30, 2023. There were no significant changes in the market capitalisation of the Issuer's shares or in its corporate structure during the Year.

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

The Issuer does not adopt any corporate governance practices other than those envisaged by the laws and regulations in force and described in this Report. In particular, see Paragraphs 6 and 9 above of the Report with reference to the Sustainability Committee and Model 231, respectively.

## 15. CHANGES SINCE THE END OF THE YEAR OF REFERENCE

Other than the establishment on July 18, 2023, of the Appointments Committee ( on which more information can be found in Paragraph 7.2), there have been no changes in the corporate governance structure since the end of the financial year.

## 16. CONSIDERATIONS ON THE LETTER DATED JANUARY 25, 2023 OF THE CHAIRMAN OF THE COMMITTEE FOR CORPORATE GOVERNANCE

In January 2023, the Corporate Governance Committee of Borsa Italiana made its recommendations for 2023 regarding the compliance of issuers with the Corporate Governance Code; these recommendations are contained in a document called “*The Recommendations of the Committee for 2023*” annexed to the letter - signed by the Italian Committee for Corporate Governance.

The letter from the Chairman of the Italian Committee for Corporate Governance and the recommendations for 2023 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 March 13, 2023, examined the aforesaid letter and received the relative reports by the Chairman of the Remuneration Committee and the Chairman of the Audit and Risk Committee on behalf of the respective Committees and to the extent of their competence, and took note of its content, both in terms of 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) and in relation to the activities planned for the coming years as part of the continuous improvement process also in terms of governance adopted by the company. 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, as well as the establishment of the Sustainability Committee on July 12, 2022;
- ii) the effective adoption and application of the “Policy for managing dialogue with Shareholders in general”;
- iii) the effective adoption and application of the “Gender equality policy” and the obtaining, during the Year, of the specific certification in compliance with Presidential Decree 125/2022.
- iv) the prompt and complete nature of the pre-meeting information was guaranteed by sending the documentation, normally in good time before the date of the Board Meeting or within the terms of convening said meeting, as envisaged in the Articles of Association;
- v) in assessing the independence of the qualified Directors and Statutory Auditors, during the Year, the Board of Directors and the Board of Statutory Auditors always applied all the criteria envisaged by the Corporate Governance Code in force during the year;
- vi) 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*;
- vii) 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;  
*viii)* the remuneration of non-executive directors and members of the board of statutory auditors is commensurate with the commitment required of each of them.

For any additional information on other profiles highlighted in the letter, please see the information provided in this Report and in the Report on Policy regarding Remuneration and consideration paid drawn up in compliance with article 123-*ter*, TUF.

Empoli (FI), July 18, 2023

On behalf of the Board of Directors  
The Chairman Paolo Castellacci