Explanatory report of the Board of Directors prepared pursuant to article 125-*ter* of Legislative Decree no. 58 of February 24, 1998 (Consolidated Law on Finance or "TUF"), as subsequently amended, on the third item on the agenda of the Ordinary Shareholders' Meeting convened for August 28, 2023, on first call and, if necessary, for 29 August 2023, on second call:

3. **Approval of the stock grant plan named "Stock Grant Plan 2024-2026". Related and consequent resolutions.**

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Dear Shareholders,

we hereby submit for your approval an incentive and loyalty plan (the "**Stock Grant Plan 2024-2026**") reserved for those who are permanently employed by or hold office as Executive Directors of Sesa S.p.A. ("**Sesa**" or the "**Società**") and/or the subsidiaries Computer Gross S.p.A., Var Group S.p.A., Base Digitale Group S.r.l. and Adiacent S.r.l. (the "**Subsidiaries**") pursuant to art. 114-*bis* of the Consolidated Law on Finance (TUF), to be implemented by means of a free allocation of Sesa ordinary shares, which will be served by: *(i)* treasury shares held in the Company's portfolio; *(ii)* shares arising from a free capital increase.

It should be noted that the proposal to authorise the purchase and disposal of Sesa treasury shares, pursuant to the combined provisions of articles 2357 and 2357-*ter* of the Italian Civil Code, and of art. 132 of the TUF and related implementing provisions, also for the implementation of incentive plans based on financial instruments of the Company approved by the Shareholders' Meeting (and, therefore, also at the service of the Stock Grant Plan 2024-2026), illustrated by a specific report prepared in accordance with art.s 125-*ter* of the TUF and 73 and annex 3 of Consob Regulation no. 11971/1999 (the "**Issuers' Regulation**"), will be submitted to the examination and approval of the Ordinary Shareholders' Meeting convened on first call for August 28, 2023 and, if necessary, on second call, for August 29, 2023, as the fourth item on the agenda.

The Stock Grant Plan 2024-2026 disclosure document, drawn up pursuant to art. 84-*bis* and Annex 3 of the Issuers' Regulation, will be made available to the public in the manner and within the terms of the law.

1. Reasons for adopting the Stock Grant Plan 2024-2026

The Stock Grant Plan 2024-2026 is an instrument which, by attributing instruments representing the value of the Company in the event of the achievement of set performance targets, makes it possible to focus the attention of the Beneficiaries, as defined herein, on factors of strategic interest, favouring loyalty and encouraging them to remain within the Company and its Subsidiaries. The Stock Grant Plan 2024-2026 has the following main goals: *(i)* to align the remuneration of Beneficiaries with the interests of the shareholders and the indications of the Corporate Governance Code; *(ii)* to constitute the prevailing incentivising remuneration of the executive directors necessary to achieve the Company's aims; *(iii)* to make management loyal to decisions that pursue the creation of value for the Sesa group in the medium to long term and to contribute to the growth of sustainable value.

With regard to that stated above, it should be noted, inter alia, that the adoption of share-based remuneration plans is in line with the recommendations of the Corporate Governance Code as the instrument suitable for aligning the interests of executive directors and top management with those of shareholders, making it possible to pursue the priority goal of creating value in the medium to long term.

The proposal relating to the adoption of the Stock Grant Plan 2024-2026 was formulated by the Board of Directors, after consulting the Appointments and Remuneration Committee.

2. Purpose and procedures for implementing the Stock Grant Plan 2024-2026

The Stock Grant Plan 2024-2026 envisages the free allocation to each of the beneficiaries identified within the category of recipients indicated in Paragraph 3 below, (the "**Beneficiaries**"), of the right to receive ordinary Sesa shares from the Company (free of charge). In particular, at the service of the Stock Grant Plan 2024-2026, at the discretion of the Board of Directors, it may be possible to use (a) Shares arising from a free capital increase, and/or (b) subject to the authorisation of the Shareholders' Meeting, pursuant to and in accordance with art. 2357 et seq. of the Italian Civil Code, Treasury Shares of which the Company has acquired ownership. It should be noted that the shares resulting from the free capital increase referred to under the letter (a) above are reserved only for a specific category of Beneficiary and, in particular, for individuals who have an existing employment relationship with the Company or Subsidiaries.

On July 18, 2023, the Board of Directors resolved to submit to the approval of the Company's Shareholders' Meeting the following proposals: *(i)* to delegate the Board of Directors, following amendment of Article 6 of the Articles of Association, pursuant to art. 2443 of the Italian Civil Code, to increase the share capital for free and divisible purposes, also in multiple tranches, pursuant to art. 2349 of the Italian Civil Code, for a maximum amount of Euro 491,400, by issuing a maximum of 204,750 new ordinary shares, through the allocation to the share capital of an equivalent amount taken from the reserves of profits, to be assigned to the top management of Sesa and/or its Subsidiaries, as Beneficiaries of the "Stock Grant Plan 2024-2026"; *(ii)* to authorise the purchase and disposal of ordinary treasury shares, pursuant to the combined provisions of articles 2357 and 2357-*ter* of the Italian Civil Code, and of art. 132 of the TUF and related implementing provisions, also for the implementation of incentive plans based on financial instruments of the Company approved by the Shareholders' Meeting.

For this reason, we propose to determine the maximum number of ordinary Sesa shares at the service of the Stock Grant Plan 2024-2026 as 280,250 ordinary shares of which a maximum of 204,750 will be in the form of a capital increase corresponding to a percentage equal to approximately 1.32% of the current share capital, with reference to the ordinary shares alone. It should be noted that, as of the date of this report, the Company already holds 88,784 ordinary shares in its portfolio.

The Stock Grant Plan 2024-2026 will determine the dilution of Sesa's share capital exclusively within the limits of the applicable laws or regulations and in accordance with the terms and procedures set forth in the Plan itself.

The Company will make the ordinary shares available to the Beneficiary according to the terms and conditions established in the Stock Grant Plan 2024-2026. The ordinary shares due to the Beneficiary will have the same entitlement as the ordinary shares of the Company as of the delivery date and will therefore be endowed with the coupons current on that date.

The Stock Grant Plan 2024-2026 also envisages the adoption of a Claw-Back clause, which allows the Board of Directors of the Company to: *(i)* request the refund of the value of any ordinary shares delivered under the Stock Grant Plan 2024-2026, net of any and all taxes sustained by the Beneficiary; *(ii)* refrain from proceeding or, where it has already been resolved, to cancel the allocations and/or attributions of ordinary shares during the vesting period, if said shares have been received on the basis of data, relating to the results attained and/or the performance achieved, which subsequently turn out to be incorrect, due to illicit or malicious conduct that substantially affects the achievement of the performance targets.

The Stock Grant Plan 2024-2026 will not receive any support from the Special Fund of incentives for employee shareholdings in companies, pursuant to art. 4, paragraph 112, of Law 350 of December 24, 2003.

3. Addressees of the Stock Grant Plan 2024-2026

On the assignment date, the Company's Board of Directors, after consulting the Appointments and Remuneration Committee, identifies the individual Beneficiaries, the number of ordinary shares and the terms and conditions for the assignment and delivery of said ordinary shares, taking into account the number, category, organisational level, responsibilities and professional skills of the Beneficiaries. After verifying the degree of achievement of the performance targets during the meeting to approve the consolidated financial statements, the Board of Directors passes resolution on the number of ordinary shares to be allocated to each Beneficiary ("**Allocation Date**").

The Stock Grant Plan 2024-2026 is aimed at those who, on the Allocation Date, are permanently employed by or hold office as Executive Directors in Sesa or the Subsidiaries.

The Appointments and Remuneration Committee performs advisory and consultative functions in relation to the implementation of the Stock Grant Plan 2024-2026, pursuant to the Corporate Governance Code.

4. Duration of the Stock Grant Plan 2024-2026, assignment and delivery of shares

The Stock Grant Plan 2024-2026 will be valid until the approval of the financial statements as of April 30, 2026 and in any case until December 31, 2026 - notwithstanding the provisions contained herein with regard to the delivery terms of the ordinary shares - and will envisage a vesting period. In detail:

A. a total of 177,750 ordinary shares (the "**Annual Shares**") will be delivered (free of charge) to the Beneficiaries as follows:

(i) 59,250 ordinary shares with a maximum of ten trading days from the approval by the Ordinary Shareholders' Meeting of the financial statements as of April 30, 2024 (the "**First Tranche**");

(ii) 59,250 ordinary shares with a maximum of ten trading days from the approval by the Ordinary Shareholders' Meeting of the financial statements as of April 30, 2025 (the "**Second Tranche**");

(iii) 59,250 ordinary shares with a maximum of ten trading days from the approval by the Ordinary Shareholders' Meeting of the financial statements as of April 30, 2026 (the "**Third Tranche**");

B. a total of 83,000 ordinary shares (the "**Three-year Shares**") will be delivered (free of charge) to the Beneficiaries as follows:

(i) 63,500 ordinary shares with a maximum of ten trading days from the approval by the Shareholders' Meeting of the financial statements as of April 30, 2026;

(ii) 19,500 ordinary shares delivered in two equal tranches at the close of the financial statements on April 30, 2027 and April 30, 2028, respectively, on condition that *(i)* the Three-Year Value Generation Targets (EVA) 2024-2026, as defined below, are achieved *(ii)* the Beneficiary concerned maintains or renews, if applicable, the open-ended employment relationship, or the top management relationship with Sesa or the Subsidiaries, depending on the Beneficiary's qualification;

(iii) there are no cases of bad leavership, as better defined below;

C. a total of 19,500 Ordinary Shares ("**Extra Bonus Shares**") will be delivered (free of charge) to certain Beneficiaries in three equal tranches, no later than ten trading days after the Shareholders' Meeting approves the financial statements as of April 30, 2026, April 30, 2027, and April 30, 2028, respectively, on condition that: *(i)* the Extra Bonus Targets 2024-2026, as defined below, are achieved; *(ii)* the Beneficiary concerned maintains or renews, if necessary, the open-ended employment relationship, or the top management relationship with Sesa or its Subsidiaries, depending on the status of the Beneficiary; *(iii)* there are no cases of bad leavership, as better defined below. In the event of good leavership, as defined below, the delivery of the ordinary shares due to the Beneficiary in accordance with the Stock Grant Plan 2024-2026 shall take place within ten trading days of the date on which the corresponding good leavership occurs, subject to verification of the value generation targets.

The assignment of the Annual Shares will be subject to the achievement, also in combination, of set and measurable performance targets, identified by parameters of sustainable growth of consolidated Ebitda and the attainment of a positive consolidated Net Financial Position or, if negative, no higher than 1x of the consolidated Ebitda, with recognition as of April 30 of each financial year of the Stock Grant Plan 2024-2026 (the "**Annual Target**"), as indicated by the Board of Directors, after consulting the Appointments and Remuneration Committee.

In order to determine the amount of the Annual Shares to be assigned free of charge to the Beneficiary within each tranche, a calculation system will take into account the negative deviation from the Annual Target. In detail: *(i)* in the event of achievement of the minimum limit set at 50% of the Annual Target, the Beneficiary will be entitled to the allocation of 50% of the ordinary shares assigned within each tranche; *(ii)* in the event of achievement of between 50% and 100% of the Annual Target, the Beneficiary will be entitled to the allocation of a number of ordinary shares between 50% and 100% of the ordinary shares assigned within each tranche, in linear progression; *(iii)* in the event of achievement of more than 100% of the Annual Target, the Beneficiary will be entitled to the allocation of 100% of the ordinary shares assigned within each tranche.

Annual Shares for which the Annual Target has not been reached will automatically be subject to the achievement of the Three-year Target (as defined below). The Beneficiary will therefore retain the right to the allocation of the ordinary shares if the Three-Year Target (as defined below) is reached, assuming that the obligations, procedures and terms set out in the Stock Grant Plan 2024-2026 are complied with.

The allocation of the Three-Year Shares will be subject to the achievement of a value creation target represented by the EVA (Economic Value Added) cumulative income growth index (the "**Three-**

year Target") for the three-year period from 2024 to 2026, increasing compared to the previous three-year period from 2021 to 2023 as indicated by the Board of Directors, after consulting the Appointments and Remuneration Committee.

In order to determine the amount of the Three-Year Shares to be allocated free of charge to the Beneficiary, a calculation system will take into account the negative deviation from the Three-Year Target. In detail: *(i)* in the event of achievement of the minimum limit set at 50% of the Three-Year Target, the Beneficiary will be entitled to the allocation of 50% of the Three-Year Shares assigned; *(ii)* in the event of achievement of between 50% and 100% of the Three-Year Target, the Beneficiary will be entitled to the allocation of a number of ordinary shares between 50% and 100% of the Ordinary Shares assigned, in linear progression; *(iii)* in the event of achievement of more than 100% of the Three-Year Target, the Beneficiary will be entitled to the allocation of 100% of the Three-Year Shares assigned.

The allocation of the Extra Bonus Shares will be subject to the achievement of set and measurable performance targets, identified in the parameters of the average annual consolidated Ebitda for the three-year reference period and the cumulative EVA result 2024-2026 (the "**Extra Bonus Target**"), as indicated by the Board of Directors, after consulting the Appointments and Remuneration Committee.

In order to determine the amount of the Extra Bonus Shares to be allocated free of charge to the Beneficiary, a calculation system will take into account the negative deviation from the Extra Bonus Target. In detail: In detail, (i) in the event of achievement of the minimum limit set at 75% of the Extra Bonus Target, the Beneficiary will be entitled to the allocation of 50% of the Extra Bonus Shares assigned; (ii) in the event of achievement of between 75% and 100% of the Extra Bonus Target, the Beneficiary will be entitled to the allocation of a number of ordinary shares between 50% and 100% of the Extra Bonus Shares assigned, in linear progression; (iii) in the event of achievement of more than 100% of the Extra Bonus Target, the Beneficiary will be entitled to the allocation of 100% of the Extra Bonus Shares assigned.

If, within ten days of the delivery date, the Company does not have enough ordinary shares in its portfolio to allocate to the Beneficiaries in execution of the allocation resolution, the value of the Annual, Three-Year or Extra Bonus Shares, calculated on the basis of the average stock market price recorded in the 30 days prior to the delivery date, will be paid, in full or in part, in cash for any remaining part not covered by the delivery of shares. The Board of Directors will then identify the Beneficiaries whose rights may be liquidated, in full or in part, in cash or with the delivery of ordinary shares. To this end, the evaluation of the Annual Shares, Three-year Shares or Extra Bonus Shares to be liquidated in cash will take place as envisaged in the Regulations of the Stock Grant Plan 2026-2026, on the basis of the Stock Exchange price of Sesa S.p.A. shares for the 30 days prior to the delivery date, and the relative amount will be paid by the same date.

One of the conditions of the Stock Grant Plan 2024-2026 is the maintenance of the permanent employment relationship or office as an executive director with Sesa or its Subsidiaries, depending on the status of the Beneficiary (the "**Relationship**").

In detail, the Stock Grant Plan 2024-2026 envisages, in the event of termination of the Relationship due to bad leavership, the automatic and definitive forfeiture of the Beneficiary's right to receive from the Company the allocation of the Ordinary Shares, with consequent release of the Company from any obligation or responsibility towards the Beneficiary, except for the ordinary shares already allocated.

Cases of bad leavership may be any of the following: *(i)* dismissal of the Beneficiary, termination of the office of director and/or of the mandates of the Beneficiary, or non-renewal of the office of director and/or of the mandates of the Beneficiary, all due to the recourse to a just cause for breach of the law or the articles of association; *(ii)* termination of the relationship due to voluntary resignation of the Beneficiary that does not imply good leavership.

Notwithstanding the provisions of the above-mentioned letters B) and C), in the event of termination of the Relationship with good leavership, the Beneficiary or their heirs, subject to compliance with the obligations, procedures and terms of the Stock Grant Plan 2024-2026, will retain the right to receive all the ordinary shares assigned, whether they have already been or are still to be allocated, taking into account the attainment of the targets for the entire reference period.

Cases of good leavership may be any of the following: *(i)* dismissal of the Beneficiary without just cause for breach of law or the articles of association; *(ii)* termination of the office of director or non-renewal of the office of director without just cause due to breach of law or the articles of association; *(iii)* resignation in the event of a change of control of the Company; *(iv)* resignation from the position of director if the Beneficiary's office is terminated or mandates are not renewed without just cause due to breach of the law or the articles of association, to such an extent that their relationship with the Company or the Subsidiary is substantially altered; *(v)* resignation from office or withdrawal from the employment relationship if even one of the following cases occurs: (a) permanent physical or mental incapacity (due to illness or accident) of the Beneficiary, as certified by an independent doctor; (b) death of the Beneficiary.

5. Transferral of Shares

No Beneficiary may be considered a shareholder of the Company until the ordinary shares have actually been delivered to the Beneficiary.

It should be noted that there are no restrictions to the transfer of ordinary shares effectively delivered to the Beneficiaries.

It should also be noted that the Stock Grant Plan 2024-2026 envisages that the sale of the shares delivered to the Beneficiaries must take place in observance of the operating conditions envisaged by market practices for operations on listed financial instruments.

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Dear Shareholders,

In view of the above, we invite you to pass the following resolutions:

"*The Ordinary Shareholders' Meeting of Sesa S.p.A., having seen and approved the Explanatory Report of the Board of Directors,*

resolves

(i) to approve, pursuant to art. 114-bis of Legislative Decree no. 58 of 24 February 1998, the establishment of a new incentive plan called the "Stock Grant Plan 2024-2026" with the characteristics (including implementation conditions and assumptions) indicated in the Report of the Board of Directors, issuing a mandate to the Board to adopt the relative regulations;

(ii) to grant the Board of Directors all the powers necessary or appropriate to implement the "Stock Grant Plan 2024-2026", including, but not limited to, all powers to identify the beneficiaries and determine the number of ordinary shares to be assigned to each of them, to assign them to the beneficiaries, define the performance targets, verify the achievement of the performance targets for the assignment of ordinary shares, proceed with the assignment to the beneficiaries of the ordinary shares, and carry out any act, fulfilment, formality or communication necessary or appropriate for the management and/or implementation of said plan".

Empoli, July 18, 2023

On behalf of the Board of Directors
The Chairman, Paolo Castellacci