

**Explanatory report of the Board of Directors prepared in compliance with article 125-ter of legislative decree no. 58 (“TUF”) of 24 February 1998, as subsequently amended, on the third item on the agenda of the Ordinary Shareholders' Meeting convened for 26 August 2021 and, if necessary, for 27 August 2021:**

### **3. Appointment of the Board of Directors**

#### **3.1 Determination of the number of members of the Board of Directors**

#### **3.2 Determination of the term of office of the Board of Directors**

#### **3.3 Appointment of the members of the Board of Directors**

#### **3.4 Appointment of the Chairman of the Board of Directors**

#### **3.5 Determination of the payment of the members of the Board of Directors**

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Dear Shareholders,

We would like to remind you that, at the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended 30 April 2021, convened for 26 August 2021 at 9:30 a.m. and, if necessary, on second call for 27 August 2021 at the same place and time, the term of office of the Board of Directors currently in office will expire.

To this end, you are reminded that, by resolution of 27 January 2021, the Extraordinary Shareholders' Meeting approved the proposal for amendments to the Articles of Association related to the adoption of the one-tier system of administration and control, pursuant to and for the purposes of articles 2409-sexiesdecies et seq. of the Italian Civil Code.

The amendments to the new governance system will apply as of the renewal of the Board of Directors to which this report refers. To this end, you are also reminded that, following the application of the one-tier administration and audit model, the supervisory body will be represented by the Management Audit Committee (which will include some members of the Board of Directors), whose members will be determined in number and appointed by the Board of Directors, pursuant to article 23 of the Articles of Association. The role of Chairman of the Management Audit Committee will be assigned to the director taken from the minority list, pursuant to articles 17 and 23 of the Articles of Association, or to the person appointed in his place.

At the next Shareholders' Meeting you will therefore be called upon to pass resolution on: the determination of the number of members of the Board of Directors (3.1), determination of the term of office of the Board of Directors (3.2), appointment of the members of the Board of Directors (3.3), appointment of the Chairman of the Board of Directors (3.4) and, lastly, determination of the payment of members of the Board of Directors (3.5).

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#### **3.1 Determination of the number of members of the Board of Directors**

With reference to the determination of the number of members of the Board of Directors, we would like to remind you that, pursuant to article 17, paragraph 3 of the Articles of Association, before appointing the Board of Directors, the Shareholders' Meeting is required to determine the number of members of the Board of Directors as not less than five and not more than thirteen, in accordance with the provisions of article 17, paragraph 1 of the Articles of Association. The outgoing Board of Directors declines to make specific proposals in this regard and therefore invites you to determine the number of members of the Board of Directors in compliance with the aforementioned limits.

### 3.2 Determination of the term of office of the Board of Directors

With reference to the term of office of the Board of Directors, we would like to remind you that, pursuant to article 17, paragraph 2 of the Articles of Association, before appointing the Board of Directors, the Shareholders' Meeting is required to determine the term of office of the Board of Directors as a maximum of three years, in accordance with the provisions of article 17, paragraph 2 of the Articles of Association.

The outgoing Board of Directors declines to make specific proposals in this regard and therefore invites you to determine the term of office of the new Board of Directors within the aforementioned limits.

### 3.3 Appointment of the members of the Board of Directors

The Board of Directors is appointed in compliance with the provisions of article 17 of the Articles of Association, to which specific reference is made for all matters not listed below.

In particular, you are reminded that the appointment of the Board of Directors takes place, in observance of the discipline in force at any given time for the balance between genders, on the basis of lists presented by the shareholders using the methods specified below, in which the candidates must be listed under a progressive number.

The directors must meet the requirements envisaged by the laws and regulations in force at the time; of these, at least one third must meet the requirements of independence pursuant to article 148, paragraph 3, of the TUF, as well as the additional requirements envisaged by the Corporate Governance Code (approved in January 2020 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, applicable as of 1 May 2021), and of these, at least three must meet the requirements of professionalism established by article 148, paragraph 4, of the TUF. In addition to that outlined above, at least one of the latter must be recorded in the register of statutory auditors.

For the purposes of the declarations of independence pursuant to the Corporate Governance Code, it should be noted that the Board of Directors defined the qualitative and quantitative criteria required for such purpose to assess the significance of the relationships indicated under letters c) and d) of recommendation no. 7, identifying them as follows:

- i)* considering an amount higher than € 75,000.00 (seventy-five thousand/00) on an annual basis, as a significant threshold in the assessment of the independence of the directors, calculated in consideration of any commercial, financial or professional relations of the director, even through an intermediary, with the company and its subsidiaries and/or parent companies, excluding the remuneration received for the office held in said company;
- ii)* considering, regardless of the above quantitative criterion, as significant the existence of any commercial, financial or professional relationship concerning matters falling within the competence of intra-board committees of which the independent director is a member, pursuant to recommendation no. 7 of the Corporate Governance Code.

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

It should also be noted that the composition of the Board of Directors is consistent with the provisions of articles 2.2.3, paragraph 3, letter m) of the Rules of the Markets organised and managed by Borsa Italiana S.p.A. and IA 2.10.6 of the pertinent Instructions for the purposes of maintaining STAR qualification.

Every shareholder, the shareholders adhering to a significant corporate agreement in accordance with art. 122 of the TUF, the parent, the subsidiaries and companies subject to common control in

compliance with art. 93 TUF, cannot present or take part in the presentation, not even through another person or a trust company, of more than one list, nor may they vote for different lists, and each candidate may only appear in one list otherwise they shall be disqualified from election. Adhesions and votes expressed in breach of this prohibition will not be attributed to any list. Only shareholders who, acting alone or with other Shareholders, hold total voting rights representing at least 1%<sup>1</sup> of the share capital entitled to vote at the ordinary shareholders' meeting. We would also like to remind you that, together with each list, they must deposit:

- i)* information relating to the identity of the shareholders who presented the list with the indication of the total share held;
- ii)* declarations by the shareholders other than those who hold, even jointly, a controlling or majority share, certifying the absence of relations connecting them, as envisaged by the regulatory legislation in force, to the latter;
- iii)* declarations with which the individual candidates accept their candidacy and certify, under their own responsibility, the non-existence of causes for ineligibility and incompatibility, as well as the existence of the requirements for the office of director, indicating their possession of requirements of independence envisaged by article 148, paragraph 3, of the TUF and the Corporate Governance Code, and/or the requirements necessary to become a member of the Management Audit Committee (as identified by article 23 of the Articles of Association), together with the list of directors' and auditors' offices 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 belong to the gender with fewest representatives. If the application of the gender distribution criterion does not result in a whole number of candidates belonging to the least represented gender, this number shall be rounded up to the next higher unit, with the exception of lists with three candidates, for which the number shall be rounded down to the next lower unit.

Lists presented without observing the above provision are considered as not having been presented. You are also reminded that those submitting a "minority list" are addressees of the recommendations made by Consob in its Communication no. DEM/9017893 of 26 February 2009. Please also note that, pursuant to article 17, paragraph 11 of the Articles of Association, the election of the Board of Directors will take place as specified below:

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

With regard to this, it should be noted that, pursuant to article 23, paragraph 5 of the Articles of Association, the director taken from the minority list (or the person appointed in his place) will assume the role of Chairman of the Management Audit Committee. If only one list has been submitted or if no list has been submitted, the Chairman is elected by the Management Audit Committee from among its members.

In the event of an even vote between the lists, the winning list will be that presented by the shareholders with the highest shareholding at the time of presentation of the list, or by the highest number of shareholders. If the candidates elected in the manner described above do not ensure the appointment of the minimum number of independent directors pursuant to article 148 of the TUF and the Corporate Governance Code prescribed by article 17, paragraph 4 of the Articles of Association, three of whom also meet the additional requirements of current legislation and the

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<sup>1</sup> To this end, it should be noted that this threshold, which is lower than the 2.5% threshold envisaged in article 17, paragraph 8, of the Articles of Association, was established by Consob pursuant to article 144-septies, paragraph 1, of the Issuers' Regulations with executive determination no. 48 of 7 May 2021.

Articles of Association for members of the Management Audit Committee, the candidate who does not meet said requirements and who is elected last in numerical order from the list that received the highest number of votes, pursuant to letter a) above, shall be replaced, in sequential order, by the first unelected candidate on the same list who meets the requirements, or, failing that, by the first unelected candidate on the other lists meeting said requirements, according to the number of votes obtained by each. This replacement procedure will be carried out until the Board of Directors consists of a minimum number of independent directors pursuant to article 148 of the TUF and the Corporate Governance Code prescribed by article 17, paragraph 4 of the Articles of Association, three of whom also meet the additional requirements envisaged by current legislation and the Articles of Association for members of the Management Audit Committee. Lastly, if this procedure does not ensure the required result, the replacement will take place with the resolution passed by the Shareholders' Meeting with the legal majorities, following presentation of candidacies of subjects in possession of the aforesaid requirements.

Moreover, if, with the candidates elected with the methods indicated above, it is not possible to ensure the composition of the Board of Directors in compliance with the regulations in force at the time to uphold the gender balance, the candidate of the gender most represented, elected as last in progressive order in the list that has received the highest number of votes, will be replaced by the first candidate of the gender least represented of the list, not elected, in accordance with the progressive order. This replacement procedure will be used until the Board of Directors is made up in compliance with the regulations in force at the time in relation to the gender balance. Lastly, if this procedure does not ensure the required result, the replacement will take place with the resolution made by the Shareholders' Meeting with the legal majorities, following presentation of candidacies of subjects belonging to the gender least represented.

You should also note that, 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 independent directors pursuant to article 148 of the TUF and the Corporate Governance Code, three of whom also meet the additional requirements envisaged by current legislation and the Articles of Association for members of the Management Audit Committee, as prescribed by article 17, paragraph 4 of the Articles of Association; at least one of the latter must be recorded in the register of statutory auditors; and (ii) compliance with the *pro tempore* regulations in force concerning the balance between genders.

Lastly, we would like to remind you that the lists submitted by shareholders must be deposited at the company's registered office at least twenty-five days before the date set for the Shareholders' Meeting on first call, i.e. by 1 August 2021; the lists may also be deposited by fax to +39 0571997984 or to the certified email address [sesaspa@pec.leonet.it](mailto:sesaspa@pec.leonet.it).

These lists will be made public by the company by 5 August 2021 through deposit at the company's registered office, on the company's website [www.sesa.it](http://www.sesa.it) ("*Investor Relations*" – "*Meetings*" section) and on the website of the market management company.

It should be noted that the ownership of the minimum shareholding required for the presentation of the lists, in the measure indicated above, is determined with regard to the shares registered in favour of the Shareholder on the day on which the lists are deposited with the company. However, the relevant certification may also be submitted after the list has been deposited, as long as it is submitted at least twenty-one days before the date of the Shareholders' Meeting, i.e., by 5 August 2021, with a communication issued by an authorised intermediary in compliance with current legislation.

In consideration of the above, we therefore invite you to appoint the members of the Board of Directors, expressing your vote in favour of one of the lists of candidates presented and published in compliance with the above provisions.

### 3.4 Appointment of the chairman of the Board of Directors

Pursuant to article 18 of the Articles of Association, the Ordinary Shareholders' Meeting has the power to appoint the Chairman of the Board of Directors. We therefore invite you to appoint the Chairman of the Board of Directors.

### 3.5 Determination of the payment of the members of the Board of Directors

Lastly, we would like to remind you that, pursuant to article 17, penultimate paragraph, of the Articles of Association, you are called upon to determine the remuneration to be paid to the Board of Directors and that, pursuant to the same article 17, penultimate paragraph, the Shareholders' Meeting has the power to determine an overall amount for the remuneration of all directors, including those vested with special offices (including the members of the Management Audit Committee), to be divided by the Board in accordance with the law.

With regard to this, we would like to remind you of the opportunity to proceed with the determination of an overall remuneration for the office of the directors, including those vested with special offices, to be divided by the Board of Directors in compliance with the Remuneration Policy adopted by the company, which incorporates the recommendations of the Remuneration Committee, which met during the year to analyse the benchmark with the main Italian listed companies and the main national peers in the sector.

We therefore invite you to determine the remuneration to be paid to the Board of Directors.

Empoli, 12 July 2021

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