

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 II item on the agenda of the Ordinary Shareholders' Meeting convened for 26 August 2021 and, if necessary, for 27 August 2021:

2. Report on the Remuneration Policy and the Remuneration Paid pursuant to art. 123-ter of Legislative Decree no. 58/1998: 2.1. Binding resolution on first section regarding to Remuneration Policy for the financial year 1 May 2021 - 30 April 2022; 2.2. Not binding resolution on second section regarding to Remuneration Paid for the financial year 1 May 2020 - 30 April 2021.

Dear Shareholders,

the Board of Directors of your company has convened the ordinary Shareholders' Meeting to present to you, inter alia, the Report on Payments made pursuant to articles 123-ter of the TUF and 84-quater of Consob Regulation no. 11971/1999 (the “Issuers' Regulation”), in compliance with Annex 3A Schedules 7-bis and 7-ter of said Regulation, as subsequently amended.

Remember that, in compliance with art 123-ter TUF, the Report on the Remuneration Policy and Payments Made is divided into the following sections:

- I. the first section clearly and comprehensibly outlines the company's policy on the remuneration of company directors, general managers and executives with strategic responsibilities for at least the following year, and of the members of the supervisory body, as well as the procedures used for the adoption and implementation of said policy. This section, pursuant to paragraphs 3-bis and 3-ter of article 123-ter, is subject to a binding vote of the Shareholders' Meeting. In particular, the Remuneration Policy:
 - (a) indicates how it contributes to the corporate strategy, the pursuit of long-term interests and the sustainability of the company, and is determined in consideration of the remuneration and working conditions of the company's employees;
 - (b) defines the different components of remuneration that can be awarded. Where variable remuneration is allocated, it establishes clear, comprehensive and differentiated criteria for the recognition of such remuneration, based on financial and non-financial performance targets where appropriate, taking into consideration criteria relating to corporate social responsibility;
 - (c) specifies the elements of the policy from which, in the presence of exceptional circumstances indicated in Article 123-ter, paragraph 3-bis, of the TUF, it is possible to temporarily derogate and the procedural conditions on the basis of which, without prejudice to the provisions of Regulation no. 17221 of 12 March 2010 on transactions with related parties, the derogation may be applied; companies may limit the identification of the procedural conditions to the procedures envisaged in the aforesaid Regulation;

- II. the second section clearly and comprehensibly, and by name for members of boards of directors and statutory auditors, general managers and in aggregate form for executives with strategic responsibilities:

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

The Report on the Remuneration Policy and Payments Made also contains the information required in compliance with article 84-quater, paragraph 4 of the Issuers' Regulations, the investments held, in the Issuer and its subsidiaries, by members of the boards of directors and statutory auditors, the general managers and other executives with strategic responsibilities, as well as by spouses who are not legally separated and minor children, directly or through subsidiaries, trust companies or third parties, resulting from the shareholders' register, communications received and other information acquired by the members of the boards of directors and statutory auditors, the general managers and other executives with strategic responsibilities.

The Report on the Remuneration Policy and Payments Made also contains the information pursuant to article 84-bis, paragraph 5 of the Issuers' Regulations on the allocation of the shares in implementation of the “2021-2023 Stock Grant Plan” approved by the ordinary Shareholders' Meeting held on 28 August 2020 in compliance with Table no. 1 of schedule 7 of Annex 3A thereof.

We therefore invite you to express your vote:

- (i) binding on the first section of the Report on Remuneration Policy and Payments Made, concerning the company's policy on the remuneration of the members of the boards of directors and statutory auditors, general managers and executives with strategic responsibilities;
- (ii) consultative on the second section of the Report on Remuneration Policy and Payments Made, concerning the representation of each of the items that make up the remuneration of the aforementioned persons and the analytical presentation of the remuneration paid to them by the company, its subsidiaries or affiliates during the year ended 30 April 2021.

The result of the vote will be made available to the public within the terms of the law pursuant to the second paragraph of Article 125-quater of the TUF.

For all further details, please see the Report on the Remuneration and Payments Made, drawn up pursuant to articles 123-ter of the TUF and 84-quater of the Issuers' Regulation, which will be made available to the public at the company's registered office, on the company's website www.sesa.it (“Investor Relations/Shareholders' Meetings” section) and made available on the authorised storage mechanism at www.emarketstorage.com, at least 21 days before the date set for the Shareholders' Meeting, by 5 August 2021.

In view of the above, we propose the adoption of the following resolution:

“The Shareholders' Meeting of Sesa S.p.A.

- having examined the report of the Board of Directors prepared in compliance with article 123-ter of legislative decree 58/1998 (“TUF”) and 84-quater of Consob Regulation no. 11971/1999 (the “Issuer’s Regulation”)

resolves

- 1. to approve, pursuant to and for the purposes of Article 123-ter, paragraphs 3-bis and 3-ter, TUF, the first section of the Report on the Remuneration Policy for the financial year 1 May 2021 to 30 April 2022 and on Payments Made during the financial year 1 May 2020 to 30 April 2021, drawn up by the Board of Directors in compliance with article 123-ter, paragraph 3, TUF;*
- 2. pursuant to and for the purposes of article 123-ter, paragraph 6, TUF, and therefore with a non-binding resolution, in favour of the second section of the aforementioned Report drawn up by the Board of Directors pursuant to article 123-ter, paragraph 4, TUF”.*

Empoli (FI), 12 July 2021

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