

**Board of Directors’ explanatory report drafted pursuant to article 125-ter of legislative decree no. 58 of 24 February 1998 (“TUF”) and article 72 of Consob Regulation no. 11971 of 14 May 1999 (the “Issuers’ Regulation”), as amended, on the second item on the agenda of the Extraordinary Shareholders’ Meeting called for 27 January 2021 and 28 January 2021, respectively on first call, and, where necessary, on second call:**

**2. Adoption of the one-tier administration and control model, through the inclusion of a new article 16 (and renumbering of all subsequent articles) and a final transitional provision in the Articles of Association, as well as the amendment of the current articles 16, 18, 21 and 22. Related and consequent resolutions.**

Dear Shareholders,

With reference to the second item on the Agenda of the Extraordinary Shareholders’ Meeting, this Report, prepared in accordance to Article 125-ter of the TUF, articles 72 and 84-ter of the Issuers’ Regulations, is intended to illustrate the proposed new text of the Articles of Association in relation to the adoption by Sesa S.p.A. (hereinafter “Sesa” or “**Company**”) of the one-tier administration and control system.

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## **PROPOSAL FOR THE ADOPTION OF A NEW VERSION OF THE ARTICLES OF ASSOCIATION**

### **Introduction**

This proposal for the adoption of a new version of the Articles of Association, with the consequent introduction of the one-tier administration and control system, is based on the proven fact that this system of administration and control is, at present, the one that is best able to respond to the perceived need to rationalise Sesa’s governance, in line with the commitment to sustainable growth and the implementation of the regulatory requirements for the composition of the Board of Directors with regard to diversity and independence.

The adoption of the one-tier system, one of the most widespread at international level, will allow better integration of control activities within the Board of Directors, thanks to the establishment of the Management Control Committee. In this regard, it should be remembered that the one-tier system, regulated by the provisions of the Italian Civil Code and the Consolidated Law on Finance - unlike the traditional system which provides for two separate bodies exercising, respectively, the administration and control functions - is characterised by the concentration of these functions in the single administrative body which, internally, also performs the control functions through the Management Control Committee.

Through the introduction of the administration and control system in question, the Company will be able to considerably simplify its organisational structure and also to ensure speed and concentration of corporate governance functions, while facilitating control activities, through the participation of the members of the Control Committee in the Management of the Company’s strategic decisions.

The proposed administration and control system also makes it possible to optimise the flow of information, thereby promoting its completeness and rapidity of circulation, also with reference to the various Board committees, by virtue of the aforementioned presence on the Board of Directors of both administration and control functions.

## **Description of the main changes**

This paragraph sets out the main changes that will take place if the proposal referred to in this Report is approved, specifically concerning (i) the composition of the Board of Directors; (ii) the composition and functioning of the Management Control Committee; and (iii) the entry into force of the amendments.

### **The Board of Directors**

As previously mentioned, the one-tier administration and control system is based on the establishment, pursuant to art. 2409-*sexiesdecies* of the Italian Civil Code, of a Board of Directors comprising a number of members who in turn are also members of the Management Control Committee, as a body with control functions.

The Articles of Association provide for the appointment, by the Ordinary Shareholders' Meeting, of a Board of Directors composed of a number of members, established from time to time by the Shareholders' Meeting, between a minimum of five and a maximum of thirteen.

Directors remain in office for three financial years, their term of office expires with the Shareholders' Meeting called to approve the financial statements for the last financial year of their term of office and may be re-elected.

### **Requirements for members of the Board of Directors**

Pursuant to the Articles of Association, it is established that Directors must meet the requirements of integrity, as established by the regulations in force from time to time, and that at least one third of them must meet the requirements of independence laid down in art. 148, paragraph 3, TUF, and the further requirements laid down in the Code of Conduct adopted by Borsa Italiana S.p.A.. Among the Directors meeting the independence requirements, at least three (i.e. the minimum number required for the members of the Management Control Committee) must meet the professional requirements established by art. 148, paragraph 4, of the TUF, and one of them must be registered in the Register of Auditors.

It is specified that the composition of the Board of Directors must be suitable to ensure a balance between genders in accordance with current legislation.

Failure to meet the requirements of integrity shall result in the removal from office of the Director, while failure to meet the requirements of independence laid down above shall result in the removal from office of Director only if it is not possible to meet the minimum number of independent Directors required by the Articles of Association and current legislation.

### **Election of the members of the Board of Directors**

The members of the Board of Directors are elected on the basis of lists submitted by shareholders, in accordance with the regulations for listed companies. Lists may be submitted by shareholders who, alone or together with other shareholders, represent at least 2.5% of the share capital with voting rights at the Ordinary Shareholders' Meeting, or the different percentage established by the relevant legislation in force.

All members of the Board of Directors are taken from the list that obtained the highest number of votes, with the exception of one member who, meeting the requirements to be a member of the Management Control Committee, is taken from the list that came second in terms of number of

votes. The latter, in accordance with the provisions of the relevant legislation in force, must have no connection with those who submitted or voted for the list that obtained the highest number of votes.

The Articles of Association include specific provisions aimed at regulating cases where there is a tie between two lists, where only one list is submitted or where no list is submitted at all. There are also some provisions aimed at ensuring that the composition of the Board of Directors is suitable to comply with the current regulatory and statutory requirements laid down on the one hand, with regard to the minimum number of independent directors (three of whom must also meet the additional requirements laid down for members of the Management Control Committee), and on the other hand, with regard to gender balance.

#### Termination of office and replacement

The Articles of Association govern the case in which, during the financial year, one or more members of the Board of Directors leave office.

In this case, provided that the majority is always made up of the Directors appointed by the Shareholders' Meeting, the Board of Directors shall co-opt, pursuant to art. 2386 of the Italian Civil Code, one member from the same list as the outgoing Director and the Shareholders' Meeting shall resolve, with the majorities required by law, in compliance with the same criterion. If it is not possible to comply with the above mechanism, the Board of Directors shall replace the outgoing Director with the majorities required by law without voting lists. Subsequently, the Shareholders' Meeting, on the proposal of the persons present who have the right to vote, shall confirm the co-opted Director or appoint another Director to replace him/her by a resolution passed with the majorities required by law and without list restrictions.

If it is necessary to replace the Directors elected from the minority list, the votes of those who hold the relative majority of the votes that can be cast at the Shareholders' Meeting, as well as those of the Shareholders who control, are controlled or are subject to joint control by the same, shall not be taken into account when assessing the results of the latter vote.

In any case, the new Director shall be co-opted and appointed in order to ensure the presence of the minimum number of independent Directors, three of whom also meet the additional requirements laid down for the members of the Management Control Committee and compliance with the *pro tempore* regulations in force concerning gender balance.

If the majority of Directors appointed by the Shareholders' Meeting should resign or for any other reason cease to hold office, the entire Board of Directors shall be deemed to have lapsed with effect from the date on which the Board is subsequently re-established.

#### Management Control Committee

The Management Control Committee is the company's control body and to this end exercises the powers and functions attributed to it by current legislation. In particular, the Management Control Committee monitors compliance with the law, regulations and the Articles of Association and compliance with the principles of correct administration.

The Articles of Association provide that the Management Control Committee shall be composed of a number of members determined by the Board of Directors, in any case no less than three. These members are appointed by the Board of Directors and remain in office for three financial years. The term of office of members of the Management Control Committee expires with the Shareholders'

Meeting called to approve the financial statements for the last financial year of their office and they may be re-elected.

#### Requirements for the members of the Management Control Committee

The Articles of Association establish the requirements that must be met by the members of the Management Control Committee. More specifically, the above-mentioned members must meet the requirements of professionalism and integrity laid down by current legislation, the requirements of independence laid down in article 148 of the Consolidated Law on Finance and the Corporate Governance Code, as well as comply with the regulations on limits to the number of positions held. It is also specified that for the purposes of art. 1, paragraph 3, of the Decree of the Ministry of Justice of 30 March 2000, no. 162, the subjects (legal, economic, financial and technical-scientific) and the sectors of activity connected with or inherent to the Company's activities and referred to in the corporate purpose must be considered strictly relevant to those of the Company.

At least one member of the Management Control Committee or at least two, if the said Committee is composed of four or more members, must be chosen from among those registered in the Register of Statutory Auditors.

#### Termination of office and replacement

If the members of the Management Control Committee fail to meet any of the requirements listed in the previous paragraph, including the requirement to be registered in the Register of Auditors, they shall forfeit their office. If one of the aforesaid requirements is no longer met, it is laid down in the Articles of Association that the member of the Management Control Committee shall also cease to hold the office of Director, except in the case where, being a member taken from the majority list, at least one of the other Directors in office meets the requirements necessary to replace him/her as a member of the Management Control Committee. In the latter case, the member of the Management Control Committee who ceased to hold office shall remain a Director.

It is also provided that should a member of the Management Control Committee cease to be a Director for any reason, the rules on the replacement of Directors set out above shall apply, in compliance with current legislation.

Finally, if, during the financial year, it is necessary to replace one or more members of the Management Control Committee who have not ceased to be directors at the same time, the Board of Directors, in compliance with the regulations in force, shall appoint the replacement so as to ensure that the members of the Management Control Committee meet the requirements necessary to hold office.

#### Chairman of the Management Control Committee

As required by law, the role of Chairman of the Management Control Committee is held by the Director taken from the minority list or the person appointed to replace him/her. If only one list has been submitted, or no list at all, the Chairman is elected by the Management Control Committee from among its members.

#### Subsequent amendments to the articles of association

As a result of this proposal, if approved, the following amendments to the Articles of Association would be adopted, details of which can be found in the comparison table below:

- introduction of a new article 16 and subsequent renumbering of all following articles;

- amendments to the current articles 16, 18, 21 and 22;
- introduction of a final transitional provision (article 29).

Entry into force of the amendments to the articles of association

By inserting a final transitional provision, it is specifically provided that all amendments to the Articles of Association will be applied with the first renewal of the corporate bodies following the approval by the Shareholders' Meeting of the new text of the Articles of Association, with the exception of the provisions relating to pre-meeting procedures, which will apply from the date on which the Shareholders' Meeting is called to resolve on the appointment of the new corporate bodies.

Amendments to the articles of association - Comparison schedule

CURRENT TEXT	PROPOSED TEXT
<p style="text-align: center;"><i>(not present)</i></p> <p>Article 16.) <i>Number, duration and remuneration of directors.</i> The Company is managed by a Board of Directors consisting of a minimum of three to a maximum of nine directors.</p> <p>Directors remain in office for a period not exceeding three financial years, expiring on the date of the Shareholders' Meeting called to approve the financial statements for the last financial year of their term of office, except for the grounds for termination and forfeiture provided for by law and these Articles of Association.</p> <p>Before proceeding with the appointment, the Shareholders' Meeting shall determine the number of members and the term of office of the Board.</p>	<p style="text-align: center;"><b>Article 16.) <i>One-tier system</i></b> <b>The Company adopts the one-tier administration and control system, pursuant to articles 2409-<i>sexiesdecies</i> et seq. of the Italian Civil Code, consisting of a Board of Directors including some members who constitute the Management Control Committee.</b></p> <p>Article 176.) <i>Number, duration and remuneration of directors.</i> <del>The Company is managed by a</del> <b>The Board of Directors consists of</b> a minimum of <del>three</del> <b>five</b> to a maximum of <del>nine</del> <b>thirteen members-directors</b>.</p> <p>Directors remain in office for a period not exceeding three financial years, expiring on the date of the Shareholders' Meeting called to approve the financial statements for the last financial year of their term of office, except for the grounds for termination and forfeiture provided for by law and these Articles of Association.</p> <p>Before proceeding with the appointment, the Shareholders' Meeting shall determine the number of members and the term of office of the Board.</p>

<p>Directors must meet the requirements laid down in the legislation in force at the time; a minimum number of them, corresponding to the minimum required by the said legislation, must meet the independence requirements set out in art. 148, paragraph 3, of the TUF (hereinafter: the “Independent Directors pursuant to art. 148 of the TUF”).</p> <p>Failure to meet the requirements determines the forfeiture of the director. Failure to meet the independence requirement laid down in art. 148, parag. 3 of the TUF, shall not determine the forfeiture of the director if the requirements are still met by the minimum number of directors who, under current legislation, must meet such requirement.</p> <p>The Board of Directors shall be appointed, in compliance with the applicable pro tempore rules on gender balance, on the basis of lists submitted by shareholders in the manner specified below, in which candidates shall be listed by progressive number. For the presentation, filing and publication of lists, in addition to the provisions of these Articles of Association, the provisions of law and regulations in force at the time shall apply.</p> <p>Each shareholder, shareholders who are parties to a shareholders’ agreement rele-</p>	<p>Directors must meet the requirements <b>also of integrity</b> laid down in the legislation in force at the time; <b>at least one third</b> of them <del>a minimum number corresponding to the minimum required by the said legislation,</del> must meet the independence requirements set out in article 148, paragraph 3, of the TUF, <b>as well as the additional requirements laid down in the Corporate Governance Code adopted by Borsa Italiana s.p.a.</b> (hereinafter: the “Independent <del>Directors pursuant to art. 148 of the Consolidated Law on Finance</del>”) <b>and at least three of them must meet the professional requirements laid down in article 148, paragraph 4, of the TUF. In addition to the above, at least one of the latter must be registered in the Register of Auditors.</b></p> <p><b>Without prejudice to the provisions of article 23 below,</b> failure to meet the requirements <b>of integrity</b> determines the forfeiture of the director. Failure to meet the independence requirements laid down <b>by these Articles of Association in art. 148, parag. 3 of the TUF,</b> shall not determine the forfeiture of the director if the requirements are still met by the minimum number of directors who, under <b>these Articles of Association and</b> current legislation, must meet such requirements.</p> <p>The Board of Directors shall be appointed, in compliance with the applicable pro tempore rules on gender balance, on the basis of lists submitted by shareholders in the manner specified below, in which candidates shall be listed by progressive number. For the presentation, filing and publication of lists, in addition to the provisions of these Articles of Association, the provisions of law and regulations in force at the time shall apply.</p> <p>Each shareholder, shareholders who are parties to a shareholders’ agreement rele-</p>
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vant pursuant to art. 122 of the TUF, the controlling party, subsidiaries and companies subject to joint control pursuant to art. 93 of the 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 vote for different lists, and each candidate may appear on only one list under penalty of ineligibility. Any endorsements and votes cast in violation of this prohibition shall not be attributed to any list.

Lists may only be submitted by shareholders who, alone or together with other submitting shareholders, hold voting shares representing at least 2.5% (two point five per cent) of the share capital with voting rights at the Ordinary Shareholders' Meeting, or representing any other percentage established by law or regulations. Together with each list, within the respective time limits indicated above, the following must be deposited (i) information relating to the identity of the shareholders who have submitted the list, indicating the total shareholding held; (ii) declarations by which the individual candidates accept their application and certify, under their own responsibility, that there are no grounds for ineligibility and incompatibility, as well as the existence of the requisites prescribed for the respective offices; (iii) a curriculum vitae describing the personal and professional characteristics of each candidate with an indication, if any, of their suitability to qualify as independent.

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Lists may only be submitted by shareholders who, alone or together with other submitting shareholders, hold voting shares representing at least 2.5% (two point five per cent) of the share capital with voting rights at the Ordinary Shareholders' Meeting, or representing any other percentage established by law or regulations. Together with each list, within the respective time limits indicated above, the following must be deposited (i) information relating to the identity of the shareholders who have submitted the list, indicating the total shareholding held; (ii) **declarations by shareholders other than those who hold, even jointly, a controlling or relative majority shareholding, certifying the absence of any connection, as provided for by current legislation and regulations, with the latter;** (iii) declarations by which the individual candidates accept their application and certify, under their own responsibility, that there are no grounds for ineligibility and incompatibility, as well as the existence of the requisites prescribed for the ~~respective offices of~~ **office of director, specifying whether they meet the independence requirements provided for in article 148, paragraph 3, of the TUF and the Corporate Governance Code, and/or the requirements required for the office of member of the Management Control Committee, together with a list of any administration and control offices held**

<p>Starting from the first renewal of the administrative body following the admission of Ordinary Shares to trading on a regulated market, lists with a number of candidates equal to or greater than three must be composed of candidates belonging to both genders, so that at least one third (rounded up in any case) of the candidates belong to the least represented gender.</p> <p>Lists submitted without complying with the above provisions shall be considered as not submitted.</p> <p>The election of the Board of Directors shall be carried out as specified below:</p> <p>a) the directors to be elected except one are taken from the list that obtained the highest number of votes, in the progressive order in which they are listed on the list;</p> <p>b) the remaining director is taken from the minority list that is not connected in any way, not even indirectly, with those who submitted or voted for the list referred to in letter a) above, and who has obtained the second highest number of votes. If the minority list referred to in letter b) above has not obtained a percentage of votes equal to at least half the percentage required, pursuant to the above, for the presentation of the lists, all the directors to be elected shall be taken from the list referred to in point a).</p>	<p><b>in other companies; (iiiiv)</b> a curriculum vitae describing the personal and professional characteristics of each candidate with an indication, if any, of their suitability to qualify as independent.</p> <p><del>Starting from the first renewal of the administrative body following the admission of Ordinary Shares to trading on a regulated market,</del> The lists with a number of candidates equal to or greater than three must be composed of candidates belonging to both genders, so that at least <b>two-fifths one-third</b> (rounded up in any case) of the candidates belong to the least represented gender.</p> <p>Lists submitted without complying with the above provisions shall be considered as not submitted.</p> <p>The election of the Board of Directors shall be carried out as specified below:</p> <p>a) the directors to be elected except one are taken from the list that obtained the highest number of votes, in the progressive order in which they are listed on the list;</p> <p>b) <del>the remaining director is taken</del> from the minority list that is not connected in any way, not even indirectly, with those who submitted or voted for the list referred to in letter a) above, and who has obtained the second highest number of votes, <b>the first candidate who meets the requirements to be a member of the Management Control Committee shall be taken, on the basis of the progressive order. If the minority list referred to in letter b) above has not obtained a percentage of votes equal to at least half the percentage required, pursuant to the above, for the presentation of the lists, all the directors to be elected shall be taken from the list referred to in point a).</b></p>
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In the event of a tie between lists, the list submitted by shareholders holding the largest shareholding at the time the list is submitted shall prevail, or, alternatively, by the largest number of shareholders. If the candidates elected in the manner indicated above do not ensure the appointment of a number of independent Directors pursuant to art. 148 TUF equal to the minimum number established by law in relation to the total number of Directors, the non-independent candidate pursuant to art. 148 TUF elected as the last in numerical order in the list that received the highest number of votes, pursuant to letter a) of the preceding paragraph, shall be replaced by the first independent candidate pursuant to art. 148 TUF according to the numerical order of non-elected candidates of the same list, or, failing that, by the first independent candidate pursuant to art. 148 TUF according to the numerical order of non-elected candidates of the other lists, according to the number of votes obtained by each of them. This replacement procedure shall take place until the Board of Directors is made up of a number of independent Directors pursuant to art. 148 TUF equal to at least the minimum required by law. Finally, if this procedure does not ensure the result indicated above, the replacement shall be made by a resolution passed by the Shareholders' Meeting by relative majority, after the submission of candidates meeting the above-mentioned requirements. Moreover, if the composition of the Board of Directors is not ensured, with the candidates elected in the manner indicated above, in compliance with the pro tempore regulations in force concerning gender balance, the candidate of the most represented gender elected as last in numerical order on the list that received the highest number of votes shall be replaced by the first candidate of the least represented gender not elected on the same list in numerical order. This replacement procedure shall take

In the event of a tie between lists, the list submitted by shareholders holding the largest shareholding at the time the list is submitted shall prevail, or, alternatively, by the largest number of shareholders. If the candidates elected in the manner indicated above do not ensure the appointment of **a the minimum** number of independent Directors **pursuant to art. 148 TUF and the Corporate Governance Code prescribed by these Articles of Association, three of whom also meet the additional requirements laid down by current legislation and these Articles of Association for the members of the Management Control Committee, equal to the minimum number established by law in relation to the total number of Directors, the ~~non-independent~~ candidate **who does not meet the above requirements pursuant to art. 148 TUF** elected as the last in numerical order in the list that received the highest number of votes, pursuant to letter a) of the preceding paragraph, shall be replaced, **in numerical order**, by the first ~~independent non-elected~~ candidate **on the same list who meets the same requirements pursuant to art. 148 TUF according to the numerical order of non-elected candidates of the same list,** or, failing that, by the first ~~independent non-elected~~ candidate **of the other lists who meet the above requirements, pursuant to art. 148 TUF according to the numerical order of non-elected candidates of the other lists,** according to the number of votes obtained by each of them. This replacement procedure shall take place until the Board of Directors is made up of **the a minimum** number of independent Directors pursuant to art. 148 TUF **and the Corporate Governance Code prescribed by these Articles of Association, three of whom also meet the additional requirements laid down by current legislation and these Articles of Association for the members of the Management Control Committee equal****

<p>place until the composition of the Board of Directors is ensured in compliance with the applicable pro tempore rules on gender balance. Finally, if this procedure does not ensure the result indicated above, the replacement shall be made by a resolution passed by the Shareholders' Meeting by relative majority, after the submission of candidates belonging to the less represented gender. If only one list is submitted or if no list at all is submitted, the Shareholders' Meeting shall resolve with the majorities required by law, without complying with the above procedure, so as to ensure (i) the presence of independent Directors pursuant to art. 148 of the TUF in the total minimum number required by current legislation and (ii) compliance with current legislation on gender balance.</p>	<p><del>to at least the minimum required by law.</del> Finally, if this procedure does not ensure the result indicated above, the replacement shall be made by a resolution passed by the Shareholders' Meeting <b>with the majorities required by law, by relative majority,</b> after the submission of candidates meeting the above-mentioned requirements. Moreover, if the composition of the Board of Directors is not ensured, with the candidates elected in the manner indicated above, in compliance with the pro tempore regulations in force concerning gender balance, the candidate of the most represented gender elected as last in numerical order on the list that received the highest number of votes shall be replaced by the first candidate of the least represented gender not elected on the same list in numerical order. This replacement procedure shall take place until the composition of the Board of Directors is ensured in compliance with the applicable pro tempore rules on gender balance. Finally, if this procedure does not ensure the result indicated above, the replacement shall be made by a resolution passed by the Shareholders' Meeting <b>with the majorities required by law, by relative majority,</b> after the submission of candidates belonging to the less represented gender. If only one list is submitted or if no list at all is submitted, the Shareholders' Meeting shall resolve with the majorities required by law, without complying with the above procedure, so as to ensure (i) the presence of <b>the minimum number of</b> independent Directors pursuant to art. 148 of the TUF <b>and the Corporate Governance Code prescribed by these Articles of Association, three of whom also meet the additional requirements laid down by current legislation and these Articles of Association for the members of the Management Control Committee in the total minimum number required by current legislation</b> and (ii) compliance with current legislation on gender balance.</p>
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If one or more directors leave office during the financial year, provided that the majority is still made up of directors appointed by the Shareholders' Meeting, this shall be done pursuant to Article 2386 of the Italian Civil Code, as indicated below:

a) the Board of Directors shall proceed with the replacement from the same list to which the outgoing director belonged and the Shareholders' Meeting shall resolve, with the majorities required by law, in compliance with the same criterion;

b) if there are no previously unelected candidates on the aforesaid list or candidates with the required qualifications, or in any case when for any reason it is not possible to comply with the provisions of letter a), the Board of Directors shall replace them, as the Shareholders' Meeting shall subsequently do, with the majorities required by law without voting lists.

In any case, the Board of Directors and the

If one or more directors leave office during the financial year, provided that the majority is still made up of directors appointed by the Shareholders' Meeting, this shall be done pursuant to Article 2386 of the Italian Civil Code, as indicated below:

a) the Board of Directors shall proceed with the replacement from the same list to which the outgoing director belonged and the Shareholders' Meeting shall resolve, with the majorities required by law, in compliance with the same criterion;

b) if there are no previously unelected candidates on the aforesaid list or candidates with the required qualifications, or in any case when for any reason it is not possible to comply with the provisions of letter a), the Board of Directors shall replace them, ~~as the Shareholders' Meeting shall subsequently do~~, with the majorities required by law without voting lists. **Subsequently, the Shareholders' Meeting, on the proposal of the persons present who have the right to vote, shall confirm the co-opted director or appoint another director to replace him/her by means of a resolution adopted with the majorities required by law and without list restrictions; however, if the directors elected from the minority list are to be replaced, in ascertaining the results of the latter vote, the votes shall be excluded of those who, according to the communications made pursuant to current regulations, hold, even indirectly or jointly with other shareholders who are parties to a shareholders' agreement relevant under the terms of art. 122 of the TUF, the relative majority of the votes that can be exercised at the Shareholders' Meeting, as well as the Shareholders who control, are controlled or are subject to joint control by the same.**

<p>Shareholders' Meeting shall proceed with the appointment so as to ensure (i) the presence of independent Directors pursuant to art. 148 TUF in the minimum total number required by the law in force at the time and (ii) compliance with the law in force at the time concerning gender balance.</p> <p>Should the majority of the Directors appointed by the Shareholders' Meeting cease to serve because of resignation or for any other reason, the entire Board of Directors shall be deemed to have lapsed with effect from the date on which the Board is subsequently re-established. In this case, the Shareholders' Meeting must be urgently convened by the Directors still in office for the appointment of the new Board of Directors.</p> <p>Directors shall cease to hold office in the cases provided for by law and these Articles of Association.</p> <p>Directors are entitled to reimbursement of expenses incurred in the performance of their duties. The Ordinary Shareholders' Meeting may also grant directors compensation and indemnity at the end of their term of office, including in the form of an insurance policy. The Shareholders' Meeting may determine a total amount for the remuneration of all directors, including those holding special offices, to be divided by the Board in accordance with the law.</p> <p>The Board of Directors has the power, without prejudice to the concurrent compe-</p>	<p>In any case, the Board of Directors and the Shareholders' Meeting shall <del>proceed with the appointment</del> <b>co-opt and appoint</b> so as to ensure (i) the presence of the <b>minimum number of</b> independent Directors pursuant to art. 148 TUF <b>and the Corporate Governance Code prescribed by these Articles of Association, three of whom also meet the additional requirements laid down by current legislation and by these Articles of Association for the members of the Management Control Committee in the minimum total number required by the law in force at the time</b> and (ii) compliance with the law in force at the time concerning gender balance.</p> <p>Should the majority of the Directors appointed by the Shareholders' Meeting cease to serve because of resignation or for any other reason, the entire Board of Directors shall be deemed to have lapsed with effect from the date on which the Board is subsequently re-established. In this case, the Shareholders' Meeting must be urgently convened by the Directors still in office for the appointment of the new Board of Directors.</p> <p>Directors shall cease to hold office in the cases provided for by law and these Articles of Association.</p> <p>Directors are entitled to reimbursement of expenses incurred in the performance of their duties. The Ordinary Shareholders' Meeting may also grant directors compensation and indemnity at the end of their term of office, including in the form of an insurance policy. The Shareholders' Meeting may determine a total amount for the remuneration of all directors, including those holding special offices, to be divided by the Board in accordance with the law.</p> <p>The Board of Directors has the power,</p>
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tence of the Extraordinary Shareholders' Meeting, to pass resolutions concerning mergers and demergers in the cases provided for in articles 2505 and 2505-bis of the Italian Civil Code, the establishment or closure of secondary offices, the indication of which of the Directors is to represent the Company, the reduction in capital in the event of withdrawal by the shareholder, adjustments to the Articles of Association to comply with regulatory provisions, the transfer of the registered office within Italy, all pursuant to article 2365, paragraph 2, of the Italian Civil Code.

Article 18.) *Resolutions of the Board of Directors.*

The Board of Directors meets, also outside the registered office provided that in the European Union, whenever the Chairman deems it appropriate, or when requested by a Managing Director (if appointed) or at least two Directors, without prejudice to the powers to convene meetings granted to other parties in accordance with the law.

The Board is convened by the Chairman by notice sent by post, telegram, fax or e-mail at least three days before the meeting, or, in urgent cases, at least twenty-four hours before the meeting. In any case, Board meetings, otherwise convened, shall be valid if all the Directors and permanent Auditors in office attend.

For the resolutions of the Board of Directors to be valid, the actual presence of the majority of the Directors in office and the favourable vote of the majority of those present are required. In the event of a tie, the vote of the Chairman shall prevail. Meetings of the Board of Directors may also be held by means of audio-conference or videoconference, provided that: (a) the chairman and the secretary of the meeting, if appointed, are present in the same place,

without prejudice to the concurrent competence of the Extraordinary Shareholders' Meeting, to pass resolutions concerning mergers and demergers in the cases provided for in articles 2505 and 2505-bis of the Italian Civil Code, the establishment or closure of secondary offices, the indication of which of the Directors is to represent the Company, the reduction in capital in the event of withdrawal by the shareholder, adjustments to the Articles of Association to comply with regulatory provisions, the transfer of the registered office within Italy, all pursuant to article 2365, paragraph 2, of the Italian Civil Code.

Article **198.**) *Resolutions of the Board of Directors.*

The Board of Directors meets, also outside the registered office provided that in the European Union, whenever the Chairman deems it appropriate, or when requested by a Managing Director (if appointed) or at least two Directors, without prejudice to the powers to convene meetings granted to other parties in accordance with the law.

The Board is convened by the Chairman by notice sent by post, telegram, fax or e-mail at least three days before the meeting, or, in urgent cases, at least twenty-four hours before the meeting. In any case, Board meetings, otherwise convened, shall be valid if all the Directors ~~and permanent Auditors~~ in office attend.

For the resolutions of the Board of Directors to be valid, the actual presence of the majority of the Directors in office and the favourable vote of the majority of those present are required. In the event of a tie, the vote of the Chairman shall prevail. Meetings of the Board of Directors may also be held by means of audio-conference or videoconference, provided that: (a) the chairman and the secretary of the meeting, if appointed, are present in the same place,

who will draw up and sign the minutes, provided that the meeting is deemed to have been held in that place; (b) the chairman of the meeting is allowed to ascertain the identity of those present, regulate the conduct of the meeting, ascertain and announce the results of the vote; (c) the person taking the minutes is allowed to adequately perceive the events of the meeting to be minuted; (d) those present are allowed to take part in the discussion and simultaneous voting on the items on the agenda, as well as to view, receive or transmit documents.

Article 21.) *Manager in charge.*

The Board of Directors, subject to the mandatory opinion of the Board of Statutory Auditors, shall appoint and dismiss the manager responsible for preparing the Company's accounting documents, who shall be vested with the powers and functions established by law and other applicable provisions, as well as the powers and functions established by the Board at the time of appointment or by subsequent resolution. The Board of Directors shall also determine the remuneration of the said manager. The manager responsible for preparing the Company's accounting documents must meet the requirements of integrity laid down by current legislation for those who perform administrative and management functions, as well as the requirements of professionalism characterised by specific competence in administrative and accounting matters. This competence, to be ascertained by the Board of Directors itself, must be acquired through work experience in a position of adequate responsibility for an appropriate period of time.

Article 22.) *Board of Statutory Auditors.*

The Board of Statutory Auditors is made up of three standing auditors and two alter-

who will draw up and sign the minutes, provided that the meeting is deemed to have been held in that place; (b) the chairman of the meeting is allowed to ascertain the identity of those present, regulate the conduct of the meeting, ascertain and announce the results of the vote; (c) the person taking the minutes is allowed to adequately perceive the events of the meeting to be minuted; (d) those present are allowed to take part in the discussion and simultaneous voting on the items on the agenda, as well as to view, receive or transmit documents.

Article 221.) *Manager in charge.*

The Board of Directors, subject to the mandatory opinion of the **Management Control Committee Board of Statutory Auditors**, shall appoint and dismiss the manager responsible for preparing the Company's accounting documents, who shall be vested with the powers and functions established by law and other applicable provisions, as well as the powers and functions established by the Board at the time of appointment or by subsequent resolution. The Board of Directors shall also determine the remuneration of the said manager. The manager responsible for preparing the Company's accounting documents must meet the requirements of integrity laid down by current legislation for those who perform administrative and management functions, as well as the requirements of professionalism characterised by specific competence in administrative and accounting matters. This competence, to be ascertained by the Board of Directors itself, must be acquired through work experience in a position of adequate responsibility for an appropriate period of time.

~~Article 22.) Board of Statutory Auditors. The Board of Statutory Auditors is made up of three standing auditors and~~

nate auditors, who remain in office for three financial years, expire on the date of the Shareholders' Meeting called to approve the financial statements for the last financial year of their term of office and may be re-elected. The Auditors must meet the requirements laid down by law, the Articles of Association and other applicable provisions, including those relating to the limit on the number of positions held. For the purposes of art. 1, paragraph 3, of the Decree of the Ministry of Justice of 30 March 2000, no. 162, the subjects (legal, economic, financial and technical-scientific) and the sectors of activity connected with or inherent to the Company's activities and referred to in the corporate purpose must be considered strictly relevant to those of the Company. Auditors may not be appointed, and if elected, those who find themselves in situations of incompatibility as provided for by law shall forfeit their office.

The Board of Statutory Auditors shall be appointed, in compliance with the applicable pro tempore regulations on gender balance, on the basis of lists submitted by the Shareholders in which candidates are listed by means of a progressive number. The list shall consist of two sections: one for candidates for the office of Standing Auditor, the other for candidates for the office of Substitute Auditor.

For the presentation, filing and publication of lists, in addition to the provisions of these Articles of Association, the provisions of law and regulations in force at the time shall apply.

Starting from the first renewal of the Board of Statutory Auditors following the admission of Ordinary Shares to trading on a regulated market, lists presenting a total number of candidates equal to or greater than three shall be composed of candidates

~~two alternate auditors, who remain in office for three financial years, expire on the date of the Shareholders' Meeting called to approve the financial statements for the last financial year of their term of office and may be re-elected. The Auditors must meet the requirements laid down by law, the Articles of Association and other applicable provisions, including those relating to the limit on the number of positions held. For the purposes of art. 1, paragraph 3, of the Decree of the Ministry of Justice of 30 March 2000, no. 162, the subjects (legal, economic, financial and technical-scientific) and the sectors of activity connected with or inherent to the Company's activities and referred to in the corporate purpose must be considered strictly relevant to those of the Company. Auditors may not be appointed, and if elected, those who find themselves in situations of incompatibility as provided for by law shall forfeit their office.~~

~~The Board of Statutory Auditors shall be appointed, in compliance with the applicable pro tempore regulations on gender balance, on the basis of lists submitted by the Shareholders in which candidates are listed by means of a progressive number. The list shall consist of two sections: one for candidates for the office of Standing Auditor, the other for candidates for the office of Substitute Auditor.~~

~~For the presentation, filing and publication of lists, in addition to the provisions of these Articles of Association, the provisions of law and regulations in force at the time shall apply.~~

~~Starting from the first renewal of the Board of Statutory Auditors following the admission of Ordinary Shares to trading on a regulated market, lists pre-~~

belonging to both genders, so that at least one third (in any case rounded up) of the candidates for the office of Standing Auditor and at least one third (in any case rounded up) of the candidates for the office of Substitute Auditor belong to the less represented gender on the list itself.

Each shareholder, shareholders who are parties to a shareholders' agreement relevant pursuant to art. 122 of the TUF, the controlling party, subsidiaries and companies subject to joint control pursuant to art. 93 of the 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 vote for different lists, and each candidate may appear on only one list or they will be ineligible. Any endorsements and votes cast in violation of this prohibition shall not be attributed to any list.

Lists may only be presented by shareholders who, alone or together with other presenting shareholders, hold voting shares representing at least 2.5% (two point five per cent) of the share capital with voting rights at the Ordinary Shareholders' Meeting, or representing any other percentage established by law or regulations. Lists must be accompanied by:

a) information relating to the identity of the shareholders who submitted the lists, with an indication of the percentage of the total shareholding held;

b) a declaration by shareholders other than those who hold, even jointly, a controlling or relative majority shareholding, certifying the absence of liaison relations, as provided for by current legislation and regulations, with the latter;

c) exhaustive information on the personal characteristics of the candidates, as well as a declaration by the candidates themselves

~~senting a total number of candidates equal to or greater than three shall be composed of candidates belonging to both genders, so that at least one third (in any case rounded up) of the candidates for the office of Standing Auditor and at least one third (in any case rounded up) of the candidates for the office of Substitute Auditor belong to the less represented gender on the list itself.~~

~~Each shareholder, shareholders who are parties to a shareholders' agreement relevant pursuant to art. 122 of the TUF, the controlling party, subsidiaries and companies subject to joint control pursuant to art. 93 of the 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 vote for different lists, and each candidate may appear on only one list or they will be ineligible. Any endorsements and votes cast in violation of this prohibition shall not be attributed to any list.~~

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~~a) information relating to the identity of the shareholders who submitted the lists, with an indication of the percentage of the total shareholding held;~~

~~b) a declaration by shareholders other than those who hold, even jointly, a controlling or relative majority shareholding, certifying the absence of liaison relations, as provided for by current legislation and regulations, with the latter;~~



<p>certifying, under their own responsibility, that there are no grounds for ineligibility and incompatibility, that they meet the requirements laid down by law and that they accept their candidature, as well as a list of any administration and control positions held in other companies.</p> <p>The list submitted without complying with the above requirements shall be considered as not submitted.</p> <p>Each person entitled to vote may only vote for one list.</p> <p>The election of Auditors shall be conducted as follows:</p> <p>a) two standing members and one alternate member are taken from the list that obtained the highest number of votes at the Shareholders' Meeting, in the progressive order in which they are listed in the sections of the list;</p> <p>b) one standing member, who shall chair the Board of Statutory Auditors, and one alternate member shall be taken, in the progressive order in which they are listed in the sections of the list, from the list that obtained the second highest number of votes at the Shareholders' Meeting and that, pursuant to current legislation and regulations, is not connected, even indirectly, with those who submitted or voted for the list that obtained the highest number of votes.</p> <p>In the event of a tie between lists, the list submitted by shareholders holding the largest shareholding at the time the list is submitted shall prevail, or, alternatively, by the largest number of shareholders.</p> <p>If the above procedures do not ensure that the composition of the Board of Statutory Auditors, in its actual members, is in line with the pro tempore regulations in force</p>	<p><del>e) exhaustive information on the personal characteristics of the candidates, as well as a declaration by the candidates themselves certifying, under their own responsibility, that there are no grounds for ineligibility and incompatibility, that they meet the requirements laid down by law and that they accept their candidature, as well as a list of any administration and control positions held in other companies.</del></p> <p><del>The list submitted without complying with the above requirements shall be considered as not submitted.</del></p> <p><del>Each person entitled to vote may only vote for one list.</del></p> <p><del>The election of Auditors shall be conducted as follows:</del></p> <p><del>a) two standing members and one alternate member are taken from the list that obtained the highest number of votes at the Shareholders' Meeting, in the progressive order in which they are listed in the sections of the list;</del></p> <p><del>b) one standing member, who shall chair the Board of Statutory Auditors, and one alternate member shall be taken, in the progressive order in which they are listed in the sections of the list, from the list that obtained the second highest number of votes at the Shareholders' Meeting and that, pursuant to current legislation and regulations, is not connected, even indirectly, with those who submitted or voted for the list that obtained the highest number of votes.</del></p> <p><del>In the event of a tie between lists, the list submitted by shareholders holding the largest shareholding at the time the list is submitted shall prevail, or, alternatively, by the largest number of shareholders.</del></p>
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concerning the balance between genders, the necessary replacements shall be made from the candidates for the position of Standing Auditor on the list that has obtained the highest number of votes, in the progressive order in which the candidates are listed.

In the event of replacement of an Auditor, the alternate Auditor belonging to the same list as the outgoing Auditor shall take over, in compliance with the above provisions for the appointment of the Chairman and without prejudice to the pro tempore rules in force concerning gender balance.

The previous provisions concerning the election of Statutory Auditors do not apply to Shareholders' Meetings for which only one list is submitted or only one list is voted on, or where no list is submitted; in such cases the Shareholders' Meeting resolves by relative majority, subject to compliance with the pro tempore regulations in force concerning gender balance.

When the Shareholders' Meeting has to appoint the Standing and/or Alternate Auditors necessary for the integration of the Board of Statutory Auditors, the procedure is as follows: if Auditors elected from the majority list have to be replaced, the appointment is made by relative majority vote without list restrictions; if, on the other hand, Auditors elected from the minority list have to be replaced, the Shareholders' Meeting replaces them by relative majority vote, choosing them from the candidates indicated on the list to which the auditor to be replaced belonged.

If the application of these procedures does not allow, for any reason whatsoever, the replacement of the Auditors designated by the minority, the Shareholders' Meeting shall proceed by a relative majority vote; however, in ascertaining the results of the latter vote, the votes shall not be counted of

~~If the above procedures do not ensure that the composition of the Board of Statutory Auditors, in its actual members, is in line with the pro tempore regulations in force concerning the balance between genders, the necessary replacements shall be made from the candidates for the position of Standing Auditor on the list that has obtained the highest number of votes, in the progressive order in which the candidates are listed.~~

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those who, according to the communications made pursuant to the regulations in force, hold, even indirectly or jointly with other shareholders who are parties to a shareholders' agreement relevant pursuant to art. 122 of the TUF, the relative majority of the votes that can be exercised at the Shareholders' Meeting, as well as of the Shareholders who control, are controlled or are subject to joint control by the same.

The replacement procedures referred to in the preceding paragraphs must in any case ensure compliance with the applicable pro tempore rules relating to gender balance.

The Board of Statutory Auditors shall exercise the powers and functions assigned to it by law and other applicable provisions.

Meetings of the Board of Statutory Auditors may also be held by teleconference and/or videoconference provided that: a) the Chairman and the person taking the minutes are present in the same place as the meeting; 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 Board of Statutory Auditors is considered to be held in the place where the Chairman and the person taking the minutes are located.

~~to be replaced belonged.~~

~~If the application of these procedures does not allow, for any reason whatsoever, the replacement of the Auditors designated by the minority, the Shareholders' Meeting shall proceed by a relative majority vote; however, in ascertaining the results of the latter vote, the votes shall not be counted of those who, according to the communications made pursuant to the regulations in force, hold, even indirectly or jointly with other shareholders who are parties to a shareholders' agreement relevant pursuant to art. 122 of the TUF, the relative majority of the votes that can be exercised at the Shareholders' Meeting, as well as of the Shareholders who control, are controlled or are subject to joint control by the same.~~

~~The replacement procedures referred to in the preceding paragraphs must in any case ensure compliance with the applicable pro tempore rules relating to gender balance.~~

~~The Board of Statutory Auditors shall exercise the powers and functions assigned to it by law and other applicable provisions.~~

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**Article 23.) *Management Control Committee.***

**The Management Control Committee consists of a minimum of three members.**

**The Board of Directors is responsible for determining the number and appointment of the members of the Management Control Committee; 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 that approves 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 laid down by current legislation, the requirements of independence laid down in article 148 of the TUF and the Corporate Governance Code, as well as comply with the regulations on limits to the number of positions held. For the purposes of art. 1, paragraph 3, of the Decree of the Ministry of Justice of 30 March 2000, no. 162, the subjects (legal, economic, financial and technical-scientific) and the sectors of activity connected with or inherent to the Company's activities and referred to in the corporate purpose must be considered strictly pertinent to those of the Company.**

**At least one member of the Management Control Committee or at least two, if the said Committee is composed of 4 or more members, must be chosen from among those registered in the Register of Auditors.**

**The role of Chairman of the Manage-**

**ment Control Committee is held by the director taken from the minority list, pursuant to article 17 above, or by the person appointed to replace him/her, again pursuant to article 17. If only one list has been submitted or no list has been submitted, the Chairman is elected by the Management Control Committee from among its members.**

**The Management Control Committee exercises the powers and functions assigned to it by current legislation, including the supervision of compliance with the provisions of law, regulations and the Articles of Association and compliance with the principles of correct administration.**

**Minutes of the meetings of the Management Control Committee must be drawn up and signed by those present, which must be transcribed in the book of meetings of the Management Control Committee.**

**The Management Control Committee must meet at least every ninety days. The 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 same place as the meeting; 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.**

**The Management Control Committee is regularly constituted with the presence of the majority of its members and re-**

solves by an absolute majority of those present. The dissenting member has the right to have the reasons for his/her dissent recorded in the minutes.

Failure to meet one of the requirements laid down by current legislation and these Articles of Association for members of the Management Control Committee, including that of registration in the Register of Statutory Auditors, shall result in forfeiture of office. If a member of the Management Control Committee no longer meets the above-mentioned requirements, he or she shall also be removed from office as a director unless, being a member drawn from the majority list, at least one of the other directors in office meets the requirements laid down by current legislation to replace him or her 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 ceased to hold office shall remain a director.

If a member of the Management Control Committee ceases to be a director for any reason, the rules laid down in article 17 above shall apply, in compliance with the regulations in force.

On the other hand, if, during the financial year, one or more members of the Management Control Committee must be replaced who have not ceased to be a director, the Board of Directors shall appoint the replacement in accordance with the provisions of this article, so as to ensure that the members of the Management Control Committee meet the requirements laid down by current legislation and these Articles of Association.

<p><i>(not present)</i></p>	<p style="text-align: center;"><b>TRANSITIONAL AND FINAL RULES</b></p> <p><b>Article 29.) Provisions of the Articles of Association introduced by the Shareholders' Meeting called on first call on 27 January 2021 and on second call on 28 January 2021 relating to the introduction of the one-tier administration and control system.</b></p> <p><b>All the amendments introduced by the Shareholders' Meeting convened on first call on 27 January 2021 and on second call on 28 January 2021 relating to the introduction of the one-tier administration and control system shall apply with the first renewal of the corporate bodies following the approval by the Shareholders' Meeting of the new text of the Articles of Association, with the exception of articles 17 and 23, which, for the parts relating to pre-meeting procedures, shall apply from the date of the Shareholders' Meeting called to resolve on the appointment of the new corporate bodies.</b></p>
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**Right of withdrawal pursuant to art. 2437 of the Italian Civil Code**

It should be noted that the proposal for the adoption of the new Articles of Association illustrated in this Report will in no way give rise to the right of withdrawal provided for in Article 2437 of the Italian Civil Code for shareholders who have not contributed to the resolution concerning these amendments.

\* \* \* \*

**Proposals for resolution**

Having said that, we submit the following resolution proposal for your approval:

*“The Shareholders’ Meeting of Sesa S.p.A. held in extraordinary session – having heard and approved the information provided by the Board of Directors -*

*RESOLVES*

- 1- to adopt the one-tier administration and control system, pursuant to articles 2409-sexiesdecies et seq. of the Italian Civil Code, based on a Board of Directors consisting of a minimum of 5 (five) and a maximum of 13 (thirteen) members, of which at least 3 (three) are also members of the Management Control Committee and, accordingly, to approve the in-*

*clusion in the Articles of Association of a new Article 16 (and the consequent renumbering of all subsequent articles), the amendment of the current Articles 16, 18, 21 and 22 and the introduction of the final transitional rule - new Article 29 - governing the starting point from which the new provisions of the Articles of Association will become effective, all in the texts contained in the explanatory report prepared by the Board of Directors;*

*2- to grant the Board of Directors, with the power to sub-delegate, all the widest powers necessary or appropriate to implement the aforesaid resolution and to fulfil all the obligations laid down in the legislation in force at the time, as well as to carry out the acts and negotiations necessary or appropriate for that purpose, including, by way of example, those relating to:*

- the management of relations with any competent body and/or authority;*
- the fulfilment of all legal formalities, with the right to make additions, amendments and deletions of a formal and non-substantial nature to the resolution adopted today, which may be necessary or in any case required even at the time of registration in the competent Companies' Register.'’.*

Empoli, 17 December 2020

For the Board of Directors

The Chairman Paolo Castellacci