

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:

1. Amendment of Article 19 of the Articles of Association. Related and consequent resolutions.

Dear Shareholders,

|You have been convened in an Extraordinary Shareholders' Meeting to resolve on the proposed amendment to Article 19 of the Articles of Association.

The proposed amendment is part of the governance system implementation plan launched by the company with the aim of steering the Group's management towards sustainable development and the generation of long-term value to the benefit of its shareholders and stakeholders.

In fact, the integration of Article 19 of the Articles of Association represents a further step to guide the Board of Directors' commitment to pursue success and sustainable growth for the benefit of the Shareholders. In line with the best practices of the new Corporate Governance Code (applicable for Sesa from the financial year 1 May 2021 – 30 April 2022), the Sesa Group thus further strengthens its commitment to pursue long-term "sustainable" growth and intends to start the preparatory operations for the acquisition of the B Corp certification, internationally accredited by the non-profit organization B Lab, in order to measure its sustainability performance in environmental, social, human capital development and non-financial value generation towards stakeholders. This commitment is consistent both with the Group's industrial mission to promote the digitalization of companies and organizations as a key driver of evolution towards sustainability and with the central role of human capital, as a key asset at the base of the sustainable growth path of the Sesa Group.

In light of the foregoing, it is therefore proposed to amend Article 19 of the Articles of Association, as shown in the table below with a comparison of the article proposed for amendment in the current and proposed text.

Amendments to the articles of association - Comparison schedule

CURRENT TEXT	PROPOSED TEXT
<p>Article 19) <i>Management powers.</i></p> <p>The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company, with the power to perform all acts deemed appropriate for the achievement of the corporate purpose, excluding only those reserved to the Shareholders' Meeting by law.</p>	<p>Article 19) <i>Management powers.</i></p> <p>The Board of Directors leads the company by pursuing success and sustainable growth for the benefit of the shareholders.</p> <p>The Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company,</p>

<p>In the event of the appointment of managing directors or of the executive committee, they shall be vested with the management powers attributed to them at the time of their appointment.</p>	<p>with the power to perform all acts deemed appropriate for the achievement of the corporate purpose, excluding only those reserved to the Shareholders' Meeting by law.</p> <p>In the event of the appointment of managing directors or of the executive committee, they shall be vested with the management powers attributed to them at the time of their appointment.</p>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Right of withdrawal pursuant to art. 2437 of the Italian Civil Code

It should be noted that this proposal to amend the Articles of Association does not give rise to a right of withdrawal under the law.

* * * *

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 amend Article 19 of the Articles of Association as follows:

The Board of Directors leads the company by pursuing success and sustainable growth for the benefit of the shareholders.

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

In the event of the appointment of managing directors or of the executive committee, they shall be vested with the management powers attributed to them at the time of their appointment".

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