

**DANIELI & C. OFFICINE MECCANICHE S.p.A.**

Headquarters: Buttrio (UD), via Nazionale 41

Fully-Paid Share Capital of Euro 81,304,566

Tax and Registration Number with the Register of Companies of Udine: 00167460302

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**ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF OCTOBER 28,  
2020**

**SINGLE CONVOCAZIONE**

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**EXPLANATORY REPORT ON THE ITEM 7 ON THE AGENDA FOR THE**

**EXTRAORDINARY SESSION OF THE MEETING**

**DRAFT AMENDMENT OF COMPANY CHARTER: ART. 6 (“SHARE CAPITAL AND  
RENEWAL OF AUTHORIZATIONS - WHOSE FIVE-YEAR TERM HAS EXPIRED - TO  
THE BOARD OF DIRECTORS TO INCREASE SHARE CAPITAL AND ISSUE BONDS)  
AND ART. 28 (“TRANSITIONAL CLAUSE”) FOR REGULATORY MODIFICATIONS**

Dear Shareholders,

we submit for your approval the draft amendment of the Company Charter of Articles 6 (“Share Capital and renewal of authorizations - whose five-year term has expired - to the Board of Directors to increase share capital and issue bonds) and 28 (“Transitional Clause”).

The purpose of the amendment of Art. 6 of the Company Charter is to renew the powers granted by the Shareholders' Meeting to the Board of Directors on October 28, 2014, in accordance with art. 2443 and 2420 ter of the Italian Civil Code, and whose maximum five-year term has expired.

Such powers can be used, even several times, to

- increase the share capital, in one or more operations, within a maximum

period of five years from the resolution, by a maximum total amount of Euro 100,000,000, through issue of ordinary and/or non-convertible savings shares, to be issued free to those with the right and/or offered with a payment option, defining in such case, on each occasion, the category of shares being issued, their characteristics, the issue price of the shares, date of issue, any contribution to costs, any allocation of the increase in share capital to service conversion of debentures issued (even by third parties, both in Italy and abroad) with the power to reserve, within the limits of the law, part of the issued shares for directors and employees of the company and/or its subsidiaries;

- issue, in accordance with art. 2420 ter of the Italian Civil Code, in one or more operations, within a maximum period of five years from the resolution, by a maximum total amount of Euro 150,000,000, debentures, including convertible debentures and/or with rights (warrant) to subscribe to and purchase, in Euro and/or foreign currencies, where permitted, on each occasion, within legal limits and with the necessary increases in share capital to service the loans.

These authorizations, already used in the past and in compliance with the common practice, are granted to directors to allow the company to promptly seize any favorable market opportunities.

The authorizations shall be implemented by Art. 6 of the Company Charter according to the following text.

The amendment of Art. 28 of the Company Charter is necessary in order to bring it into line with the provisions introduced by Law n. 160 dated December 27, 2019, concerning the gender balance in the boards of listed companies.

The above-mentioned law requires a different quota reserved to the less represented gender equal to “*at least two-fifths*” and provides that this criterion applies “*from the*

*first renewal of the administration and control boards of companies listed on regulated markets, following the date on which this law came into force”, namely on January 1, 2020.*

Therefore, as regards Danieli & C. Officine Meccaniche S.p.A., the new law shall be applied from the renewal of the Company Boards which will take place at the time of the Ordinary Shareholders’ Meeting to approve the financial statements in 2021.

The articles of the Company Charter that have been amended are indicated below, in the current and proposed texts describing the modifications.

<b>CURRENT TEXT</b>	<b>PROPOSED TEXT</b>
<b>Article 6 - Share Capital</b>	<b>Article 6 - Share Capital</b>
<p>The share capital amounts to Euro 81,304,566 (eighty-one million three hundred four thousand five hundred and sixty six) divided into 81,304,566 (eighty-one million three hundred four thousand five hundred and sixty six) shares of 1 (one) Euro each, namely 40,879,533 ordinary shares and 40,425,033 non-convertible savings shares.</p> <p>By resolution of the shareholders’ meeting on October 28, 2014, the following powers were also granted to the board of directors:</p> <p>a) authority to increase the share capital, in one or more operations, in accordance with art. 2443 of the Italian Civil Code, within a maximum period of five years from the resolution, by a maximum total amount of Euro 100,000,000 (one hundred million), through issue of ordinary and/or non-convertible savings shares, to be issued free to those with the right and/or offered with a payment option, defining in such case, on each occasion, the category of shares being issued, their characteristics, the issue price of the shares, date of issue, any contribution to costs, any allocation of the increase in share capital to service conversion of debentures issued, with the</p>	<p>The share capital amounts to Euro 81,304,566 (eighty-one million three hundred four thousand five hundred and sixty six) divided into 81,304,566 (eighty-one million three hundred four thousand five hundred and sixty six) shares of 1 (one) Euro each, namely 40,879,533 ordinary shares and 40,425,033 non-convertible savings shares.</p> <p>By resolution of the shareholders’ meeting on October 28, <del>2014</del> <b>2020</b>, the following powers were also granted to the board of directors:</p> <p>a) authority to increase the share capital, in one or more operations, in accordance with art. 2443 of the Italian Civil Code, within a maximum period of five years from the resolution, by a maximum total amount of Euro 100,000,000 (one hundred million), through issue of ordinary and/or non-convertible savings shares, to be issued free to those with the right and/or offered with a payment option, defining in such case, on each occasion, the category of shares being issued, their characteristics, the issue price of the shares, date of issue, any contribution to costs, any allocation of the increase in share capital to service conversion of debentures issued, with the</p>

<p>power to reserve, within the limits of the law, part of the issued shares for directors and employees of the Company and its subsidiaries; b) the right to issue, in accordance with art. 2420 ter of the Italian Civil Code, in one or more operations, within a maximum period of five years from the resolution, by a maximum total amount of Euro 150,000,000 (one hundred and fifty million), debentures, including convertible debentures and/or with rights (warrant) to subscribe to and purchase, in Euro and/or foreign currencies, where permitted, on each occasion, within legal limits and with the necessary increases in share capital to service the loans.</p>	<p>power to reserve, within the limits of the law, part of the issued shares for directors and employees of the Company and its subsidiaries; b) the right to issue, in accordance with art. 2420 ter of the Italian Civil Code, in one or more operations, within a maximum period of five years from the resolution, by a maximum total amount of Euro 150,000,000 (one hundred and fifty million), debentures, including convertible debentures and/or with rights (warrant) to subscribe to and purchase, in Euro and/or foreign currencies, where permitted, on each occasion, within legal limits and with the necessary increases in share capital to service the loans.</p>
<p><b>Article 28 - Transitional Clause</b></p>	<p><b>Article 28 - Transitional Clause</b></p>
<p>The provisions of art. 15 and 22 aimed at ensuring compliance with the current legislation concerning gender balance will be enforced for the first three consecutive terms of office of the Board of Directors and of the Board of Legal Auditors subsequent to August 12, 2012. For the same purpose, the notice of call of the Shareholders' Meeting can contain additional indications on the candidate list forming methods.</p>	<p>The provisions of art. 15 and 22 aimed at ensuring compliance with the current legislation concerning gender balance will be enforced for the first <del>three</del> <b>six</b> consecutive terms of office of the Board of Directors and of the Board of Legal Auditors subsequent to <del>August 12, 2012</del> <b>January 1, 2020</b>. For the same purpose, the notice of call of the Shareholders' Meeting can contain additional indications on the candidate list forming methods.</p>

This draft amendment of the Company Charter does not entitle savings shareholders to withdraw from the Company.

Furthermore, the draft is not subject to the approval of savings shareholders during the extraordinary meeting, pursuant to art. 146 par. 1 lett. b) of Decree Law n. 58 dated February 24, 1998, without prejudice to the rights of the category.

If approved, the draft would be effective as of the date of registration of the related resolution in the Register of Companies.

**Draft resolution**

By virtue of the above, the Board of Directors intends to submit the following draft

resolution for your approval:

*“The extraordinary shareholders’ meeting of Danieli & C. Officine Meccaniche S.p.A.:*

*- having read the Report of the Board of Directors and the draft described herein*

*resolves*

*1) to amend, as a result of the above, art. 6 and 28 of the Company Charter as follows:*

*Article 6 – Share Capital*

*The share capital amounts to Euro 81,304,566 (eighty-one million three hundred four thousand five hundred and sixty six) divided into 81,304,566 (eighty-one million three hundred four thousand five hundred and sixty six) shares of 1 (one) Euro each, namely 40,879,533 ordinary shares and 40,425,033 non-convertible savings shares.*

*By resolution of the shareholders’ meeting on October 28, 2020, the following powers were also granted to the board of directors:*

*a) authority to increase the share capital, in one or more operations, in accordance with art. 2443 of the Italian Civil Code, within a maximum period of five years from the resolution, by a maximum total amount of Euro 100,000,000 (one hundred million), through issue of ordinary and/or non-convertible savings shares, to be issued free to those with the right and/or offered with a payment option, defining in such case, on each occasion, the category of shares being issued, their characteristics, the issue price of the shares, date of issue, any contribution to costs, any allocation of the increase in share capital to service conversion of debentures issued, with the power to reserve, within the limits of the law, part of the issued shares for directors and employees of the Company and/or its subsidiaries;*

*b) the right to issue, in accordance with art. 2420 ter of the Italian Civil Code, in one*

*or more operations, within a maximum period of five years from the resolution, by a maximum total amount of Euro 150,000,000 (one hundred and fifty million), debentures, including convertible debentures and/or with rights (warrant) to subscribe to and purchase, in Euro and/or foreign currencies, where permitted, on each occasion, within legal limits and with the necessary increases in share capital to service the loans.*

*Article 28 - Transitional Clause*

*The provisions of art. 15 and 22 aimed at ensuring compliance with the current legislation concerning gender balance will be enforced for the first six consecutive terms of office of the Board of Directors and of the Board of Legal Auditors subsequent to January 1, 2020.*

*For the same purpose, the notice of call of the Shareholders' Meeting can contain additional indications on the candidate list forming methods.*

*2) to grant to the Chairman of the Board of Directors and to the CEO, separately and with the right to sub-delegate, the broadest powers to implement all actions necessary for the complete fulfillment of the above-mentioned resolutions, including, but not limited to, the power to file and register with the corresponding Register of Companies the updated Company Charter with the approved amendments.”*

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This Explanatory Report is drawn up pursuant to art. 125 ter of Decree Law n. 58 dated February 24, 1998 (Consolidated Law on Finance - “TUF”), and art. 72 of TUF Implementing Regulation n. 11971/1999 (“Issuers’ Regulation”), including any subsequent modification and addition and in compliance with scheme 3 of Annex 3A of the above-mentioned Issuers’ Regulation.

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*This is an English courtesy translation of the original documentation prepared in Italian language. Please consider that only the original version in Italian language has legal value.*

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September 24, 2020

On behalf of the Board of Directors: The Chairman (signed)