

Explanatory report of the Board of Directors prepared pursuant to article 125-ter of Legislative Decree no. 58 of February 24, 1998 (Consolidated Law on Finance or “TUF”), of articles 72 and 84-ter of Consob Regulation no. 11971 of May 14, 1999 (the “Issuers’ Regulation”), in compliance with schedule no. 3 of annex 3A of said Regulation, on the second item on the agenda of the extraordinary part of the Sesa S.p.A. Shareholders’ Meeting convened for August 28 and August 29, 2024, on first and second call respectively:

2. Amendment of art. 7 of the Articles of Association: proposal to amend the matters to which the increased voting right applies. Pertinent and consequent resolutions.

Dear Shareholders,

this report is prepared pursuant to art. 125-ter of Legislative Decree 58/1998, as subsequently amended and supplemented (“TUF”) and articles 72, paragraph 1-bis, and 84-ter of the issuers’ regulation adopted by resolution no. 11971 of May 14, 1999, as subsequently amended and supplemented (“**Issuers’ Regulation**”) and in accordance with the model set forth in Schedule 3 of Annex 3A to the Issuers’ Regulation

The purpose of this report is to illustrate the proposal to amend the Articles of Association that the Board of Directors of Sesa S.p.A. (hereinafter “**Sesa**” or the “**Company**”) intends to submit for your approval, for the elimination of the provision that excludes the application of the increased voting right with reference to certain resolutions on remuneration. With this Report, the Board of Directors intends, in particular, to disclose the reasons for the above-mentioned proposal, also presenting the wording of the new article 7 of the Articles of Association.

1. Reasons for and content of the proposed amendment to the Articles of Association.

1.1 Introduction

As you know, the Ordinary and Extraordinary Shareholders’ Meeting of your Company, held on August 28, 2020, resolved to amend article 7 of the Articles of Association, envisaging the introduction of the right to an increased voting right pursuant to art. 127-*quinquies* of the TUF, assigning two votes to each share.

In particular, pursuant to the aforementioned provision, the voting right increases if:

(i) the share has belonged to the same person, by virtue of a real right legitimising the exercise of voting rights (full ownership with voting rights or bare ownership with voting rights or usufruct with voting rights) for a continuous period of at least twenty-four months; (ii) the recurrence of the prerequisite referred to in point (i) above is attested by continuous registration in the special list specifically established and maintained by the Company, as well as by a specific communication attesting to the shareholding and referring to the date of the continuous period, issued by the intermediary in the forms and with the effects envisaged by the applicable regulations.

Again pursuant to article 7 of the Articles of Association, the increased voting right does not, however, apply with regard to resolutions of the Shareholders' Meeting concerning:

- (i) the determination of the remuneration of the members of the corporate bodies,
- (ii) the approval of remuneration plans based on financial instruments;
- (iii) the approval of the remuneration policy prepared by the Board of Directors.

1.2 Elimination from the Articles of Association of the list of matters for which the increased voting right does not apply

Following a detailed analysis of the current market scenario, it should be noted that there are no issuers whose Articles of Association envisage a limitation of the perimeter of the increase in voting rights, which consequently applies to all resolutions of both the ordinary and extraordinary shareholders' meetings.

The limitation in your Company's Articles of Association implicates, among other things, certain difficulties in their application, given that, depending on the resolution in question, the total number of voting rights changes and, consequently, the majority threshold, change.

Furthermore, it should be noted that, taking into consideration the resolutions on remuneration passed in the last three years, these have always been approved with a percentage of votes in favour exceeding 65% of the capital represented at the Shareholders' Meeting, up to 98% when determining the remuneration to be attributed to the members of the Board of Directors.

Also for this reason, therefore, it is deemed appropriate to align with the market benchmark, consequently eliminating the limitation in question.

1.3 Applicability of the increased voting right to the resolution in question and its effects

With regard to the applicability or non-applicability of the increase in voting rights to the resolution to amend the Articles of Association addressed in this report, it should be noted that, although article 7 of the Articles of Association does not take into consideration the case in point herein, the overall interpretation of the rationale underlying the clause in question leads to the conclusion that the increase in voting rights cannot be applied.

Notwithstanding the above, it should be noted that, should the resolution be approved, as it is equivalent to the *ex novo* introduction of the increased voting right with respect to the matters currently excluded from its application, the following scenarios would arise:

- (i) those who are already registered in the special list kept by the Company on the date of registration of the resolution to amend the Articles of Association in the Register of Companies, whether or not they have already obtained the increased voting right, will obtain the increased voting right for resolutions on matters for which it is not currently envisaged, 24 months after registration of the resolution in the Register of Companies;
- (ii) for those who, on the other hand, join the special list after the registration of the resolution in question in the Register of Companies, the increased voting right will accrue 24 months after the registration of the special list, and will automatically extend to all matters falling within the scope of the shareholders' meeting.

2. Comparison of the current and proposed wording of the article for which amendment is proposed.

<i>Current Wording</i>	<i>Proposed Wording</i>
Article 7.) Shares	Article 7.) Shares
Each ordinary share entitles the holder to one vote.	[unchanged]
As an exception to the provisions of the previous paragraph, each ordinary share gives the right to a double vote (and consequently to two votes for each share) where both of the following conditions are met: (a) the share has belonged to the same person, by virtue of a real right legitimising the exercise of voting rights (full ownership with voting rights or bare ownership with voting rights or usufruct with voting rights) for a continuous period of at least twenty-four months; (b) the recurrence of the prerequisite referred to under (a) above is attested by continuous registration, for a period of at least twenty-four months, in the special list specifically established and maintained by the Company in accordance with the forms and contents envisaged in the applicable regulations (the Special List), as well as by a specific communication attesting to the shareholding and referring to the date of the continuous period, issued by the intermediary in the forms and with the effects envisaged by the applicable regulations.	[unchanged]
The increased voting right is not applicable to resolutions of the Shareholders' Meeting concerning the determination of the remuneration of the members of the corporate bodies, the approval of remuneration plans based on financial instruments and the approval of the remuneration policy prepared by the Board of Directors.	The increased voting right is not applicable to resolutions of the Shareholders' Meeting concerning the determination of the remuneration of the members of the corporate bodies, the approval of remuneration plans based on financial instruments and the approval of the remuneration policy prepared by the Board of Directors.
Shareholders who wish to benefit from the increased voting right must register in the Special List.	[unchanged]
A person wishing to be included in the Special List must submit	[unchanged]

<p>a special application in the forms envisaged pursuant to the regulations in force, also attaching a communication, again issued in the forms envisaged by the regulations in force, certifying the ownership of the shares for which the increase in voting rights is requested.</p>	
<p>The increase may also be requested for only part of the shares held by the owner. In the case of entities other than natural persons, the application must specify whether the entity is subject to direct or indirect control by third parties and the identifying data of the controlling entity, if any.</p>	[unchanged]
<p>The Special List is updated by the Company: (i) by the fifth trading day after the end of each calendar month; (ii) by the so-called record date envisaged by the regulations in force in relation to the right to participate and vote in shareholders' meetings.</p>	[unchanged]
<p>The acquisition of the increased voting right is effective as of the first date between: (i) the fifth trading day of the calendar month following the day on which the conditions required by the Articles of Association for the increase in voting rights have been met; or (ii) the so-called record date of any shareholders' meeting, determined in accordance with applicable law, following the date on which the conditions required by the Articles of Association for an increase in voting rights are met.</p>	[unchanged]
<p>The Company proceeds with cancellation from the Special List in the following cases:</p> <p>(i) waiver, even partial, by the party concerned;</p> <p>(ii) communication by the interested party or by the competent intermediary in accordance with the regulations in force, proving that the conditions for the increase in voting rights have ceased to exist or that the ownership of the legitimating real right and/or the relative voting right has been lost;</p> <p>(iii) ex officio, if the Company becomes aware of the occurrence of facts resulting in the loss of the prerequisites for the increase in voting rights or the loss of ownership of the legitimating real right and/or the relative voting right.</p>	[unchanged]

<p>The increase of the voting rights is lost:</p> <p>a) in the event of a transfer of the share for a fee or free of charge, it being understood that “transfer” also means the establishment of a pledge, usufruct or other encumbrance on the share when this implies the loss by the shareholder of voting rights. In the case of a transfer for a fee or free of charge involving only part of the shares with an increased voting right, the transferor retains the increased vote on shares other than those transferred;</p> <p>b) in the event of direct or indirect transfer of controlling interests in companies or entities holding shares with an increased vote above the threshold envisaged in article 120, paragraph 2 of the TUF (the “Change of Control”).</p>	<p>[unchanged]</p>
<p>The increase of the voting rights:</p> <p>a) is maintained in the event of succession, due to death, in favour of the heir and/or legatee;</p> <p>b) is maintained in the event of a merger or demerger of the holder of the shares in favour of the company resulting from the merger or beneficiary of the demerger;</p> <p>c) is extended proportionally to newly issued shares in the event of a capital increase pursuant to art. 2442 of the Italian Civil Code, a capital increase by means of new contributions made in the exercise of option rights, and in the event of the exercise of conversion rights attached to convertible bonds;</p> <p>d) may be granted to the shares assigned in exchange for those to which the increased voting right is attributed, in the event of a merger or demerger of the Company, if this is envisaged in the corresponding plan;</p> <p>e) is retained in the event of a transfer from one portfolio to another of UCIs managed by the same party;</p> <p>f) is retained in the event of a free transfer; (i) by virtue of a family covenant; (ii) to an entity such as a foundation, of which the transferor is a founder; (iii) to a trust of which the</p>	<p>[unchanged]</p>

<p>transferor and/or the transferor's heirs are trustees and/or beneficiaries;</p> <p>g) if the shareholding belongs to a trust, it is retained in the event of a change of trustee.</p>	
<p>In the cases referred to under letters (c) and (d) of the preceding paragraph, the new shares acquire the increased voting right: (i) in the case of newly issued shares to which the holder is entitled in relation to shares which have already accrued the increase in voting rights, from the time of their registration in the Special List, without the need for a further continuous holding period; (ii) in the case of newly issued shares to which the holder is entitled in relation to shares which have not yet accrued the increase in voting rights (but are in the process of accruing them), from the time of completion of the holding period calculated from the time of the original registration in the Special List.</p>	[unchanged]
<p>The person with increased voting rights may at any time irrevocably (fully or partially) waive the increased voting right by means of written notice to be sent to the Company through the competent intermediary in accordance with the regulations in force, it being understood that the increased voting right may be reacquired in relation to the shares for which it was waived with a new registration in the Special List, and the full term of continuous membership of not less than twenty-four months.</p>	[unchanged]
<p>The increase in voting rights is calculated also for the purposes of determining the quorums for meetings and resolutions that refer to percentages of the share capital, but has no effect on the rights, other than voting rights, accruing by virtue of the possession of certain percentages of the share capital.</p>	[unchanged]
<p>For the purposes of this article, the notion of control is that envisaged by the regulatory framework for listed issuers pursuant to art. 93 of the TUF.</p>	[unchanged]

3. Withdrawal right pursuant to art. 2347 of the Italian Civil Code.

It should be noted that the proposals to amend the Articles of Association illustrated above do not determine entitlement to withdraw in accordance with the law.

4. Proposal for resolution to the Extraordinary Shareholders' Meeting.

That said, we submit the following proposed resolution for your approval:

“The Extraordinary Shareholders' Meeting of Sesa S.p.A. having acknowledged the Explanatory Report of the Board of Directors prepared in accordance with the provisions of the laws and regulations in force,

resolves

- 1. to extend the increased vote to all matters within the scope of the Shareholders' Meeting and therefore to approve the amendment to the wording of art. 7 of the Articles of Association, in the text contained in the explanatory report prepared by the Board of Directors;*
- 2. to grant the Board of Directors, and, on its behalf, the Chairman and the Managing Director, acting separately, with the right to sub-delegate, the broadest powers necessary or appropriate to implement the above resolution and to fulfil all the obligations envisaged by the laws and regulations in force at the time, as well as to perform the acts and transactions necessary or appropriate for such purpose, including, purely by way of example, those relating to:
 - (i) the management of relations with any competent body and/or authority;*
 - (ii) the fulfilment of all legal formalities, with the power to make additions, amendments and deletions of a formal and non-substantial nature to the resolution adopted today that may be necessary or otherwise required also at the time of registration in the pertinent Register of Companies.”**

Empoli, July 18, 2024

On behalf of the Board of Directors

The Chairman, Paolo Castellacci