

OVS

OVS S.p.A.

Registered office in Venezia, Via Terraglio, no. 17 – share capital Euro 227,000,000.00 fully paid-up.
Company Register of Venice, taxpayer's code and VAT number 04240010274-REA no. 378007
Internet website: www.ovscorporate.it.

**OVS S.p.A. Board of Directors' explanatory report on the sixth item on the agenda –
Ordinary Part - of the Ordinary and Extraordinary Shareholders' Meeting scheduled on
May 31, 2017 in single call.**

Item no. 6 on the agenda ordinary part

APPOINTMENT OF THE BOARD OF DIRECTORS. 1. DETERMINATION OF THE NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS. 2. DETERMINATION OF THE DURATION OF THE APPOINTMENT OF THE BOARD OF DIRECTORS. 3. APPOINTMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS. 4. APPOINTMENT OF THE CHAIRMAN. 5. DETERMINATION OF THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS.

Dear Shareholders,

With the approval of the financial statements of OVS S.p.A. (“**OVS**” or the “**Company**”) as at 31 January 2017, expires the three-year mandate of the Board of Directors appointed by the Shareholders’ Meeting with the resolution dated 27 October 27 2014.

You are therefore required to appoint the new Board of Directors and, more specifically, to:

1. determine the number of members of the Board of Directors,
2. determine the duration of the appointment,
3. appoint the members, and
4. appoint the Chairman of such body, as well as,
5. determine the remuneration of the members of the Board of Directors.

Pursuant to Article no. 13 of the By-laws, the Shareholders’ Meeting shall appoint a Board of Directors composed by from 7 to 15 members and shall determine the number of its members, within the above limits, prior to their appointment.

It is hereby reminded that, pursuant to the applicable law and regulations, as well as pursuant to Article no. 13 of the By-laws, the appointment of the Board of Directors by the Shareholders’ Meeting shall be made on the basis of lists of candidates.

The directors shall be appointed for a period of three fiscal years or for the period established at the time of the appointment, which may in no event be greater than three fiscal years, and are eligible for re-election.

The directors shall be appointed by the Shareholders’ Meeting, in compliance with the rules in effect from time to time pertaining to gender balance, on the basis of lists submitted by the Shareholders in compliance with the legal and regulatory provisions in effect from time to time, in which the candidates, not more than 15 in number and possessing the requisites provided for by the legal and regulatory provisions in effect from time to time, are to be listed with an assigned sequence number.

Shareholders are invited to submit lists taking into account, pursuant to the Code of Conduct of the listed companies drawn up by the Italian Stock Exchange S.p.A., the opinion of the Board of Directors on this issue; the professional qualifications, experience, including managerial, and gender of the candidates; the issuer's size, complexity and specificity of the sector of activity in which it operates and the size of the Board, also taking into account the continuity in management of the Company. In relation to these aspects, the outgoing Board of Directors, in compliance with the opinion expressed by the Nomination and Remuneration Committee, considering the size and the current needs of the Company, considers that the number of its members may be extended to nine members, thus ensuring a further plurality of professional competence, experience, including managerial and gender, as well as length of service and allowing also the wider distribution of tasks and assignments within the Board itself. The Board reminds that, pursuant to the Code of Conduct adopted by the Company, it is required that a member has adequate knowledge and experience in financial matters or compensation policies and a member has adequate experience in accounting and finance or risk management. The Board of Directors also reminds the need to ensure the presence of an adequate number of independent members, as further specified below. Finally it proposes that the candidates have, as far as possible, a profile concerns the sector commercial and/or retail.

At least 2 directors possessing the requisites of independence established by law or regulatory provisions must sit in the Board.

Each list must indicate which candidates possess the requisites of independence established by the legal and regulatory rules in force from time to time. The independent candidates of each list must be indicated with

the numbers 2/4 of the list with the non-independent candidates.

Lists containing three or more candidates must include candidates belonging to both genders, in such a way the least represented gender shall be granted with at least onethird of the candidates of the list (rounded upwards). It is hereby reminded that, pursuant to Article no. 2 of Law no. 120 dated 12 July 2011 (“Law on the gender balance”), being this the first appointment granted in compliance with such law, the least represented gender shall be granted with at least onefifth of the candidates (rounded upwards).

Each Shareholder may submit or participate to the submission of only one list and each candidate may be presented only in one list, otherwise ineligibility will occur.

Only Shareholders holding, individually or jointly with other Shareholders, at least 1.0% of the Company’s share capital are entitled to submit lists, as established by the Consob resolution no. 19880 issued on 15 February 2017.

The lists of candidates must be filed by the Shareholder or by the Shareholders at the registered office of the Company at least 25 calendar days prior to the date on which the Shareholders’ Meeting is convened (within 6 May 2017), by means of: (i) hand delivery to OVS S.p.A., Legal and Corporate Affairs Department, Via Terraglio, n. 17, 30174 Venezia - Mestre (Italy), during the ordinary business hours, or (ii) by certified electronic mail at the address e-mail corporate@pec.ovs.it.

It is hereby reminded that the ownership of the minimum capital share necessary in order to present the lists, in the percentage referred to above, is ascertained on the basis to the shares resulting registered in the Shareholder’s name at the date on which the lists are filed with Company. The related certification can be provided also after the lists were filed but within the term prescribed for the publishing of the lists by the Company, by means of a communication released by an intermediary authorized pursuant to the regulations in force.

By the deadlines set forth by the legal and regulatory provisions in force from time to time, the following documents must be filed along with each list: (i) statements by which the candidates accept their candidacies and declare, under their own responsibility, that no cause of ineligibility or incompatibility exists and that they possess the requisites prescribed by the laws and regulations in force for the respective positions; (ii) Curriculum Vitæ relating to each candidate’s personal and professional characteristics, indicating the candidate’s potential suitability to be classified as independent, according to the definitions provided by the legal and regulatory provisions in force and the Code of Conduct of the listed companies; (iii) information regarding the identity of the Shareholders presenting the lists, with the indication of the aggregate capital share owned, certified by adequate documentation released by an intermediary authorized pursuant to the applicable law.

Lists which do not meet the above requirements shall be considered not submitted.

The appointed directors must inform the Board of Directors without delay of the loss of the requisites of independence, as well as of supervening causes of ineligibility or incompatibility.

It is hereby reminded that those submitting a “minority list” should follow the recommendations provided by Consob with the Communication no. DEM/9017893 issued on February 26, 2009.

The lists will be made available to the public by the Company at least 21 days prior to the date on which the Shareholders’ Meeting is convened (within 10 May 2017), with the methods prescribed by the law regulations in force.

Each person entitled to vote may vote for only one list.

When the voting ends, the candidates from the two lists which received the greatest number of votes shall be elected, using the following criteria:

(a) directors equal in number to the total number of members to be elected less 1 (one), shall be drawn from the list which received a majority of the votes cast, in the sequential order in which they are listed on that list;

(b) the remaining director shall be drawn from the list receiving the second greatest number of votes at the Shareholders’ Meeting (“minority list”) that is not linked in any way, even indirectly, to those who submitted or voted for the list which came first in number of votes.

In the event of a tie vote for lists, a new vote shall be taken by the entire Shareholders' Meeting, with those candidates being elected who obtain the simple majority of the votes.

If, when the voting ends, a sufficient number of directors which possess the requisites of independence provided for by the legal and regulatory provisions in effect has not been elected, the candidate not possessing such requisites, elected last in sequential order from the list which received the greatest number of votes, shall be excluded and replaced by the subsequent candidate having the requisites of independence drawn from the same list of the excluded candidate. Such procedure, if necessary, shall be repeated until the number of independent directors to be elected is completed. If the candidates elected under the procedures indicated above do not ensure a composition of the Board of Directors that conforms to the gender balance regulations in effect from time to time, the candidate of the better represented gender elected last in sequential order from the list which received the greatest number of votes shall be replaced by the first candidate of the less well represented gender not elected in sequential order. This substitution procedure shall be repeated until a Board of Directors composition complying with the gender balance rules in effect from time to time is reached. Finally, if said procedure does not ensure the result just indicated, the replacement shall be made by a resolution passed by the Shareholders' Meeting by a relative majority, after candidacies by persons belonging to the less well represented gender have been submitted.

In the event that a single list is submitted, the directors shall be drawn from the submitted list, provided that it has been approved by simple majority vote, and if the directors thereby elected do not correspond in number to that of the members of the Board determined by the Shareholders' Meeting, or in the event that no list was submitted or in the event that the list submitted does not permit the appointment of independent directors in compliance with the legal and regulatory provisions in effect, the Shareholders' Meeting shall resolve upon with the statutory majorities; the above without prejudice to compliance with the gender balance regulations in effect from time to time (in such case, being this the first appointment granted in compliance with Law on the gender balance, the least represented gender shall be granted with at least one-fifth (rounded upwards) of the appointed directors).

If during the course of the fiscal year one or more directors should leave their office, the procedures of Article 2386 of the Italian Civil Code shall be followed. If one or more of the directors leaving their office were drawn from a list also containing the names of candidates not elected, the substitution shall be made through the appointment, in sequential order, of persons drawn from the list to which the outgoing director belonged and which are still eligible and disposed to accept the position or, in the absence or unavailability of such candidates on the list, by the appointment of another candidate indicated by the directors drawn from the list to which the outgoing director belonged. In any event, directors leaving their office shall be replaced in such a manner as to assure the presence of the necessary number of directors possessing the requisites of independence established by law and in compliance with the gender balance regulations in effect from time to time.

The Shareholders' Meeting shall elect a Chairman from among the directors drawn from the list which received the greatest number of votes.

For further information on the appointment of the Board of Directors, please refer to the Notice of call available on the Company's website <http://www.ovscorporate.it>, Section Governance/Shareholders' Meeting as well as to Article no. 13 of the By-laws available on the Company's website <http://www.ovscorporate.it>, Section Governance/By-laws.

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“Dear Shareholders,

in consideration of the above, we invite you to resolve upon:

Appointment of the Board of Directors

- *Determination of the number of members of the Board of Directors;*
- *Determination of the duration of the appointment of the Board of Directors;*
- *Appointment of the members of the Board of Directors;*
- *Appointment of the Chairman;*
- *Determination of the remuneration of the members of the Board of Directors.”*

Venezia-Mestre, April 18, 2017

For the Board of Directors
The Chairman, Nicholas Stathopoulos