

# 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](http://www.ovscorporate.it).

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

Item no. 7 on the agenda ordinary part

**APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS FOR THE TERM 2017-2019 AS IS UNTIL THE APPROVAL OF THE FINANCIAL STATEMENTS AS AT 31 JANUARY 2020; APPOINTMENT OF STANDING STATUTORY AUDITORS AND ALTERNATE STATUTORY AUDITORS, APPOINTMENT OF THE CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS. DETERMINATION OF THE ANNUAL COMPENSATION OF THE MEMBERS OF THE BOARD OF STATUTORY AUDITORS.**

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 Statutory Auditors appointed by the Shareholders’ Meeting with the resolution dated 23 July 2014.

Therefore, you are called to take action with regard to the appointment of the members of the new Board of Statutory Auditors for the term 2017-2019, as until the approval of the financial statements as at 31 January 2020, and of the Chairman of such body, as well as to determine the annual compensation of its members.

Pursuant to article 24 of the Company’s By-laws, the Shareholders’ meeting is called to appoint three Standing and two Alternate Statutory Auditors, who will remain in office, pursuant to Article no. 2400, paragraph one, of the Italian Civil Code, for three fiscal years and will cease to hold office on the date of the Shareholders’ Meeting called for the approval of the financial statements of the Company as at 31 January 2020.

Article no. 24 of the Company’s By-laws, in accordance with Article no. 2402 of the Italian Civil Code, provides that the compensation of the Board of Statutory Auditors shall be determined by the Shareholders’ Meeting at the time of the appointment.

It is hereby reminded that, pursuant to the applicable laws and regulations, as well as to Article no. 24 of the Company’s By-laws, the appointment of the Standing Statutory Auditors and of the Alternate Statutory Auditors on the part of the Shareholders’ meeting will be performed on the basis of lists of candidates.

The right to submit the lists pertains only to the Shareholders that, alone or together with other Shareholders, upon the submission of the list, own shares representing at least 1.0% of the share capital, pursuant to what CONSOB established under resolution no. 19880 of 15 February 2017.

The ownership of the minimum amount of shares required to submit the lists is determined with regard to the shares that are registered in favour of the Shareholder on the day when the lists are filed with the registered office of the Company. In order to prove the ownership of the number of shares necessary to submit the lists, the Shareholders that submit or concur in submitting the lists must exhibit and/or forward to the registered office of the Company a copy of the appropriate certification released by the intermediary qualified pursuant to the law, even after the filing of the lists, nonetheless at least twenty-one days before the date of the Shareholders’ meeting, that is 10 May 2017.

Each list must be composed of two sections: one for the appointment of Standing Statutory Auditors and one for the appointment of alternate Statutory Auditors.

The first candidate in each section must be picked from among the statutory auditors (revisori legali) listed in the appropriate registry referred to by Article no. 2397 of the Italian Civil Code.

Each list shall contain the names of one or more candidates for the position of Standing Statutory Auditor and of one or more candidates for the position of alternate Statutory Auditor. The names of the candidates shall be marked in each section by a sequential numbering and their number shall be in no event higher than the number of the members of the company’s body to be appointed.

Each Shareholder or the Shareholders belonging to the same group or participating in a shareholders’ agreement regarding shares of the Company may not submit or vote more than one list, not even through a third person or a fiduciary company. Each candidate may be presented in only one list, under penalty of ineligibility.

The candidates for the position of Statutory Auditor must possess the requirements of independence provided for by Article no. 148, paragraph three, of Legislative Decree of 24 February 1998, no. 58, as well as the requirements of integrity and professionalism provided for by the Italian Ministry of Justice Decree no. 162 of 30 March 2000.

The Statutory Auditors, moreover, shall comply with the restrictions on the accumulation of offices established by CONSOB with Article no. 144-terdecies of Regulation no. 11971 of 14 May 1999 (the "Issuers' Regulation").

The Shareholders are invited to submit the lists considering also the requirements of independence established for the Statutory Auditors by the Corporate Governance Code for listed companies drafted by Borsa Italiana S.p.A..

It is reminded that Article no. 24 of the Company By-laws requires that Standing Statutory Auditors and Alternate Statutory Auditors be appointed in compliance with the rules in effect from time to time pertaining to gender balance, introduced by Law no. 120 of 12 July 2011. Being this the first appointment granted in compliance with such law, the lists that submit a total number of candidates higher than or equal to three must be composed of candidates belonging to both genders, in such a way that at least one fifth (rounded up) of the candidates for the position of Standing Statutory Auditor and at least one fifth (rounded up) of the candidates for the position of Alternate Statutory Auditor, belong to the gender less well represented on such list.

It is reminded, also, that pursuant to Legislative Decree 27 January 2010 no. 39, as amended by Legislative Decree 17 July 2016 no. 135, members of the internal control and auditor (that, for the Company, is identify with the Board of Statutory Auditors), as a whole, must have experience in the operating sector of the business of the Company.

Each list submitting a number of candidates higher than or equal to three shall be composed in such a way that at least one Standing Statutory Auditor and, in order to preserve gender balance in the event of substitutions as well, at least one alternate Statutory Auditor belong to the gender less well represented.

The lists of candidates are to be filed by the Shareholders at least twenty-five days before the scheduled day of the Shareholders' meeting, (that is 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.

The lists are to be filed along with the following documentation and information required by the Company's By-laws and the applicable law: (i) the statements whereby the individual 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 law, regulations and the By-laws; (ii) the information related to the identity of the Shareholders that submitted the lists, along with the indication of the percentage of the share capital owned overall and the certification attesting the ownership of such participation released by an intermediary qualified pursuant to the law, even after the filing of the lists, nonetheless at least twenty-one days before the date of the Shareholders' meeting, (within 10 May 2017); (iii) the curriculum vitae relating to each candidate's personal and professional characteristics and including a list of the administrative and supervisory positions held by each candidate in other companies; and (iv) the declaration of the Shareholders others than those who own, also jointly, a controlling interest or a relative majority, confirming the absence of connections with the latter pursuant to Article no. 144-quinquies of the Issuers' Regulation.

It is reminded that, in the event where – upon the expiration of the above-mentioned deadline for the submission of the lists (6 May 2017) – only one list was filed, or only lists submitted by Shareholders that are connected to each other pursuant to Article no. 144-quinquies of the Issuers' Regulation were filed, it is then possible to submit additional lists until the third day following such date (that is until 9 May 2017). In such case, the minimum participation to the share capital for the submission of the lists will be reduced by half and will be therefore equal to 0.50% of the share capital.

The filed lists, together with the above-mentioned information, will be made available to the public by the Company at least 21 day 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.

The lists for which the provisions recalled above were not complied with are to be considered as not submitted.

Pursuant to Article no 24 of the Company By-laws, the Statutory Auditors shall be appointed as follows:

a) from the list which received the highest number of votes at the Shareholders' Meeting, two Standing members and one Alternate shall be drawn, based on the sequential order in which they are listed in the sections of the list;

b) from the list which received the second highest number of votes at the Shareholders' Meeting and that is not connected in any way, even indirectly, with those who submitted or voted for the list which came first in the number of votes, the remaining Standing member – who shall assume the position of Chairman – and the other Alternate member shall be drawn, based on the sequential order in which they are listed in the sections of the list. In the event that more than one minority list has received the same number of votes, the list candidate most senior in age shall be appointed Standing Statutory Auditor and Alternate Statutory Auditor;

c) in the event that a single list is submitted, the Board of Statutory Auditors shall be drawn entirely there from, provided that the list has been approved by a simple majority vote.

If the procedures indicated above do not ensure a composition of the Board of Statutory Auditors that, in its Standing members, complies with the gender balance regulations applicable from time to time, the necessary replacements shall be made from the candidates for the position of Standing Statutory Auditor on the list which obtained the highest number of votes, in the sequential order in which the candidates are listed.

For further information on the appointment of the Board of Statutory Auditors, please refer to Article no. 24 of the Company By-laws, available on the Company website [www.ovscorporate.it](http://www.ovscorporate.it), Section "Governance/By-laws" and to the notice of call of the Shareholders' Meeting published on today's date on the same website, in the Section "Governance/Shareholders' Meeting".

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"Dear Shareholders,

in light of the above, we invite you to resolve with respect to:

- *the appointment, pursuant to Article no. 24 of the Company's By-laws, of the members of the Board of Statutory Auditors and of the Chairman of the Board of Statutory Auditors, by submitting the lists of candidates for such purpose; and*
- *the determination of the annual compensation of the members of the Board of Statutory Auditors on the basis of the proposals submitted to the Shareholders' Meeting for such purpose."*

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Venezia-Mestre, April 18, 2017

For the Board of Directors  
The Chairman, Nicholas Stathopoulos