

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 fifth item on the agenda of the Shareholders' Meeting – Ordinary Part - scheduled on 9 July 2020 in single call.

Item no. 5 on the agenda – Ordinary Part

APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS FOR THE TERM 2020-2022 AS IS UNTIL THE APPROVAL OF THE FINANCIAL STATEMENTS AS AT 31 JANUARY 2023:

5.1 APPOINTMENT OF STANDING STATUTORY AUDITORS AND ALTERNATE STATUTORY AUDITORS;

5.2 APPOINTMENT OF THE CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS;

5.3 DETERMINATION OF THE ANNUAL COMPENSATION OF THE MEMBERS OF THE BOARD OF STATUTORY AUDITORS.

RELATED AND CONSEQUENT RESOLUTIONS

Dear Shareholders,

With the approval of the financial statements of OVS S.p.A. (“**OVS**” or the “**Company**”) as at 31 January, 2020, expires the three-year mandate of the Board of Statutory Auditors appointed by the Shareholders’ Meeting with the resolution dated 31 May 2017.

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 2020-2022, as until the approval of the financial statements as at 31 January 2023, 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 2023. The outgoing statutory auditors can be re-appointed.

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 2.5% of the share capital, pursuant to what *Determinazione Dirigenziale* Consob no. 29 of 18 February 2020.

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 18 June 2020.

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.

It should be noted that, with reference to the changes made by Law 27 December 2019, no. 160 in art. 148, paragraph 1-bis of the TUF on gender balance in the control body of listed companies, it will consider in line with the new regulation rounding down to the lower unit in relation to the corporate bodies made up of three components, as stated by Article 144-undecies.1 of Issuers' Regulation (approved at least with resolution no 21359/2020) as Consob has communicated (Communication no. 1/20 of 30 January 2020).

In consideration of the foregoing and in light of the provisions of article 24.2 of the Articles of Association, each list containing a number of candidates equal to or greater than three must therefore be composed in such a way that at least one standing auditor and, at least one alternate auditor belongs to the least represented gender to ensure balance among the genders even in the event of replacement.

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.

The lists of candidates must be filed at least twenty-five days before the date scheduled for the Shareholders' Meeting in one of the following ways: (i) by hand delivery to OVS S.p.A., Legal and Corporate Affairs Department, Via Terraglio, n. 17, 30174 Venice - Mestre, during normal office hours, or (ii) by certified email to the email address corporate@pec.ovs.it; however, in consideration of the fact that this term expires on a non-business day (i.e. Sunday 14 June 2020), it is to be considered postponed to the first following working day, i.e. 15 June 2020.

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 18 June 2020); (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 should be reminded that, in the event that - at the expiry of the term indicated above for the filing of the lists - only one list has been filed, or only lists presented by Shareholders who are connected to each other have been filed pursuant to art. 144-quinquies of the Issuers' Regulation, additional lists may be presented up to the third day following that date, and precisely until 17:00 on 18 June 2020; compliance with the aforementioned time is necessary in order to allow the Company to publish the lists filed by the Shareholders within the term provided for by art. 144-ocies of the Consob Issuers Regulation, which also expires on 18 June 2020. In this case, the threshold for participation in the share capital envisaged for the presentation of the lists will be reduced by half and will therefore be equal to 1.25% 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 18 June 2020), 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.

With reference to the remuneration, in accordance with the recommendations of the Chairman of the Corporate Governance Committee of 19 December 2019 - which asked "*the governing bodies and the relevant remuneration committees to verify that the amount of remuneration paid to the members of the control body is adequate to the competence, professionalism and commitment required by their role*" - the Nomination and Remuneration Committee and the Board of Directors analysed the remuneration benchmark of the Boards of Statutory Auditors of companies comparable to OVS and, also considering the time commitment required for the role, expressed their suggestions, for the next three years, regarding an increase in the fixed annual remuneration of the Chairman of the Board of Statutory Auditors to 75,000 euros and effective Auditors to 50,000 euros each, to make them more aligned with the resulting averages from the benchmark analysis.

In addition, the Board of Statutory Auditors sent the Company a summary document of Guidelines on the characteristics relevant to the new Board of Statutory Auditors and on the activities carried out during the assignment, useful for the assessment by the Company's Shareholders and the candidates for Statutory Auditors of commitment and time required and of the adequacy of the remuneration of the members of the Board of Statutory Auditors.

The Board of Directors suggests that shareholders take account of proposing remuneration in line with the above and the guidelines of the Board of Statutory Auditors.

For further information on the appointment of the Board of Statutory Auditors, in addition to the notice published on the Company's website www.ovscorporate.it, in the Governance / Shareholders' Meeting Section, article 24 of the Articles of Association, available on the website of the Company www.ovscorporate.it, in the Governance / Articles of Association Section.

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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.”*

Venezia-Mestre, 26 May 2020

For the Board of Directors
The Chairman, Franco Moschetti