

# OVS

OVS S.p.A.

*Registered Office in Venice-Mestre, Via Terraglio n° 17 - share capital EUR 227,000,000.00 fully paid-up  
Venice Companies Register Number, Tax Code and VAT N° 04240010274 –  
Administrative Economic Index N° VE - 378007  
Corporate website: [www.ovscorporate.it](http://www.ovscorporate.it)*

## **REPORT ON REMUNERATION**

pursuant to Article 123 *ter* of Legislative Decree n° 58 of 24 February 1998

Approved by the Board of Directors' Meeting of 18 April 2018 and amended by the Board of Directors' Meeting  
of 28 May 2018

## INTRODUCTION

This Remuneration Report (the “**Report**”) was approved on 18 April 2018 by the Board of Directors of OVS S.p.A. (the “**Company**” or “**OVS**”), at the proposal of the Nomination and Remuneration, and prepared in compliance with Article 123 *ter* of Legislative Decree n° 58 of 24 February 1998., as amended (the “**Consolidated Finance Act**” or “**CFA**”), with Article 84 *quater* of the Issuers’ Regulations adopted by CONSOB with resolution n° 11971 of 14 May 14 1999, as amended (the “**Issuers’ Regulations**”), and also in line with the recommendations of the Code of Conduct for listed companies promoted by the Corporate Governance Committee set up at Borsa Italiana S.p.A. [the Italian Stock Exchange] (the “**Code of Conduct**” or “**Code**”).

The Board of Directors on 28 May 2018, in view of a more complete disclosure to the market, amended the Report, approved on 18 April 2018 and published on 26 April 2018, with some clarifications

The Report consists of two sections:

- 1) Section I describes (i) the policy adopted by the Company on the remuneration of the Company’s Board of Directors’ members (the “**Directors**”) and key management executives, meaning those persons who have the power and responsibility - directly or indirectly - of planning, directing and controlling the Company’s activities as defined in Annex 1 of the CONSOB Regulation concerning transactions with related parties adopted by resolution n° 17221 of 12 March 2010 (the “**Key Management Executives**”) (the “**Remuneration Policy**” or “**Policy**”) with reference at least to the following financial year, and (ii) the procedures for adopting and implementing the Policy;
- 2) Section II describes the compensation paid in the financial year ending on 31 January 2018, for any reason and in any form, by the Company and its subsidiary companies as well as by the associated companies, to the Directors, Key Management Executives and Board of Statutory Auditors’ members (the “**Auditors**”), providing a representation of each of the items comprising the remuneration. Section II, pursuant to Article 84 *quater*, paragraph 4, of the Issuers’ Regulations, also indicates, in specific tables, the data relating to the shareholdings held - in the Company and its subsidiaries - by Directors, Statutory Auditors and Key Management Executives, as well as by non-legally separated spouses and minor children, either directly or through subsidiaries, trust companies or nominees, as shown in the Shareholders’ Register, the communications received and other information acquired from the said Directors, Statutory Auditors and Key Management Executives.

For the purposes of this Report, it is stated that:

- (a) the Board in office at the date of the Report was appointed by the Ordinary Shareholders’ Meeting of 31 May 2017, until the approval of the financial statements for the year ending on 31 January 2020. The current Board is composed of nine (9) members: Nicholas Stathopoulos (Chairman), Stefano Beraldo (Chief Executive Officer), Vincenzo Cariello (Independent Director), Stefania Criveller (Non-Executive Director), Gabriele Del Torchio (Independent Director), Stefano Ferraresi (Non-Executive Director), Heinz Jürgen Krogner Kornalik (Independent Director), Chiara Mio (Independent Director) and Marvin Teubner (Non-Executive Director);

- (b) the Board of Statutory Auditors in office at the date of the Report was appointed by the Ordinary Shareholders' Meeting of 31 May 2017. The Board of Statutory Auditors, in office until the approval of the financial statements ending on 31 January 2020, is composed of Paola Camagni (Chairman), Roberto Cortellazzo Wiel (Standing Auditor), Eleonora Guerriero (Standing Auditor), Antonella Missaglia (Alternate Auditor) and Stefano Poggi Longostrevi (Alternate Auditor);
- c) in addition to the Chief Executive Officer, three (3) Key Management Executives have been identified:
- Mr Francesco Sama, OVS Director;
  - Mr Massimo Iacobelli, UPIM Director;
  - Mr Nicola Perin, Chief Financial Officer.

The Remuneration Policy, referred to in Section I of this Report, will be submitted to the advisory vote of the Shareholders' Meeting called, pursuant to Article 2364 of the Civil Code, for 31 May 2018 at BEST WESTERN PLUS Quid Hotel Venice Airport, via Terraglio n. 15, 30174 Venezia-Mestre (Italy), at 9:00am, in a single call, to approve the financial statements as at January 31, 2018.

Pursuant to Article 123 *ter*, paragraph 6, of the CFA, the Shareholders' Meeting is in fact required to express itself, with a non-binding resolution, in favour or against Section I of the Report. To this end, according to Article 84 *quater* of the Issuers' Regulations, the Report is submitted to the Italian Stock Exchange and made available to the public at the registered office and on the website [www.ovscorporate.it](http://www.ovscorporate.it), Section Governance/Shareholders' Meeting, no later than twenty-one days before the date of the Shareholders' Meeting.

This document is made available at the registered office and on the Company's website ([www.ovscorporate.it](http://www.ovscorporate.it), Section Governance/Shareholders' Meeting) as well as at the mechanism for the central storage of regulated information "1info" on the website [www.1info.it](http://www.1info.it).

Venice – Mestre, 28 May 2018

The Chairman of the Board of Directors  
Nicholas Stathopoulos

## SECTION I

### REMUNERATION POLICY

#### **A) Bodies and persons involved in preparing and approving the Remuneration Policy; positions and bodies and persons responsible for properly implementing the said Policy.**

The preparation and approval of the OVS Remuneration Policy involves the Board of Directors (the “**Board**” or also the “**Board of Directors**”), the Nomination and Remuneration Committee (the “**Nomination and Remuneration Committee**” or “**Remuneration Committee**” or “**Committee**”) and the Company’s Ordinary Shareholders’ Meeting (the “**Shareholders’ Meeting**”).

The Board holds the exclusive non-delegable power to define the Remuneration Policy based on the proposal made by the Nomination and Remuneration Committee (whose composition and duties are described in paragraph A.2 below) set up within it.

The Board then implements the Remuneration Policy, and in accordance with it sets the remuneration of Directors holding particular offices, at the proposal of the Nomination and Remuneration Committee and having consulted with the Board of Statutory Auditors, within the limits of the aggregate compensation ultimately set by the Shareholders’ Meeting pursuant to Article 2389, paragraph 3, of the Civil Code and Article 22 of the Articles of Association.

The Board prepares and approves annually the Remuneration Report provided for in Article 123 *ter* of the CFA and in Article 84 *quater* of the Issuers’ Regulations.

The Nomination and Remuneration Committee, in accordance with the recommendations contained in Article 6 of the Code of Conduct, is tasked with assisting the Board of Directors, in an advisory and consulting capacity, in its assessments and decisions on the composition of the Board of Directors and the remuneration of the Directors and the Key Management Executives.

The Committee’s functions are described in detail in the paragraph A.2) below.

The Shareholders’ Meeting approves, in ordinary venue, the remuneration of the Directors pursuant to Article 2364, paragraph 1, n° 3, and Article 2389, paragraph 3, of the Civil Code, and Article 22 of the Articles of Association. Pursuant to Article 123 *ter*, paragraph 6, of the CFA, in conjunction with the approval of the financial statements, the Shareholders’ Meeting is also called on to vote in favour or against Section I of the Remuneration Report prepared by the Board.

#### **B) Intervention of the Nomination and Remuneration Committee; composition, powers and operating procedures of the said Committee.**

By resolution of 27 October 2014 with effect from March 2, 2015, the first trading day of the OVS shares on the Stock Exchange, the Board established the Remuneration Committee, approving the relative internal rules governing the Committee’s composition, duties and operating procedures.

On 15 June 2017, after the appointment of the new Board of Directors by the Shareholders’ Meeting held on 31 May 2017, the Board appointed the following four non-executive directors as members of the new Nomination and Remuneration Committee, three of whom are independent within the meaning of the

combined provisions of Article 147 *ter*, paragraph 4, and Article 148, paragraph 3, of the CFA and of Article 3 of the Code of Conduct: Gabriele Del Torchio (Independent Director and Chairman of the Nomination and Remuneration Committee), Vincenzo Cariello (Independent Director), Heinz Jürgen Krogner Kornalik (Independent Director), and Nicholas Stathopoulos (Non-Executive Director).

The regulation of the Committee was amended by the Board of Directors on 12 June 2017 and on 22 March 2018.

The Director Gabriele Del Torchio has adequate knowledge and experience in financial matters and remuneration policies, which were assessed by the Board at the time of appointment.

The Nomination and Remuneration Committee meets when called to do so by its Chairman, whenever the Chairman deems it appropriate, but at least once every six months or when requested by either the Executive Directors or the Chairman of the Board of Statutory Auditors or the Chairman of the Board of Directors.

The Chairman coordinates the Nomination and Remuneration Committee's work.

The Chairman of the Board of Statutory Auditors (or another auditor designated by the same) attends the Nomination and Remuneration Committee's meetings, and, in any case, the other auditors may attend as well.

The Chairman of the Nomination and Remuneration Committee is entitled to invite other persons, whose presence may help to carry out better the functions of the Committee, to attend the Nomination and Remuneration Committee's meetings.

The Nomination and Remuneration Committee's meetings are minuted. The Chairman and the Secretary sign the minutes of the meetings, to be kept by the Secretary in chronological order.

In accordance with the recommendations contained in Article 6 of the Code of Conduct, the Nomination and Remuneration Committee is entrusted with the following advisory and consultative functions, detailed in the rule.

As Nomination Committee

(a) submits opinions to the Board regarding the size and composition of the Board itself and makes recommendations on the professional figures whose presence on the Board would be desirable, as well as on issues related to the maximum number of offices as Director or Auditor in companies listed on Italian or foreign regulated markets and in financial, banking, insurance or large-size companies, which can be considered compatible with the effective performance as a Director of the listed issuer, and on the authorisations of the Shareholders' Meetings granted to the Directors to operate in derogation of the general ban on competition;

(b) proposes candidates as Directors to the Board in cases of co-optation, should it become necessary to replace Independent Directors;

(c) oversees the annual self-assessment program on the performance of the Board of Directors and its Committees, in compliance with the Corporate Governance Code, and deals with the preliminary activity for appointing an external consultant for such self-assessment.

As Remuneration Committee:

(d) submits proposals to the Board to define the remuneration policy for Directors and Key Management Executives;

(e) regularly assesses the adequacy, overall consistency and practical application of the remuneration policy for Directors and Key Management Executives, also on the basis of information provided by the Chief Executive Officer, and submits proposals to the Board on the matter;

(f) submits proposals or express opinions to the Board on the remuneration for Executive Directors and other Directors holding particular offices, as well as on setting the performance targets related to the variable component of the said remuneration, monitoring the implementation of the decisions taken by the Board itself and the actual achievement of the performance targets;

(g) expresses an assessment on particular and specific remuneration issues which the Board may have requested it to examine.

The Nomination and Remuneration Committee is also entitled to submit proposals to the Board of Directors regarding the disbursement of an additional “one-off” amount in circumstances that would justify such measures.

The Nomination and Remuneration Committee is entitled to access to information and corporate functions and departments, ensuring appropriate functional and operational links with the same in order to perform their duties.

It may use external consultants at the Company’s expense, but always within the budget limits approved by the Board of Directors, subject to verification that such consultants are not placed in situations that compromise their independent judgment in practice, and, in particular, that they do not provide the Human Resources Department, the Directors or the Key Management Executives with any services of such significance as to concretely affect the independent judgment of the said consultants.

In line with the recommendations of Article 6.C.6 of the Code of Conduct, no Director may attend the Nomination and Remuneration Committee’s meetings in which proposals on their remuneration are submitted to the Board.

The Nomination and Remuneration Committee’s Chairman reports (i) on its activities to the Board of Directors at least once every six months; and (ii) on the procedures adopted for the exercise of his functions to the Shareholders’ Meeting on an annual basis in conjunction with the approval of the financial statements.

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During the 2017 financial year, the Nomination and Remuneration Committee has, inter alia:

- in its function as the Nomination Committee, in view of the renewal of the administrative body, it has

formulated non-binding proposals and guidelines for shareholders on managerial and professional positions, whose presence on the board would be deemed appropriate and at the request of the Company and expressed his opinion on the appointment of the new Chairman of the Control, Risk and Sustainability Committee.

- in its role as the Remuneration Committee, (i) made proposals to the Board of Directors for the definition of the remuneration policy for directors and managers with strategic responsibilities, in particular by formulating non-binding opinions and proposals regarding the objectives relating to variable short-term remuneration (MBO) and to the criteria for assessing the achievement of these objectives; (ii) issued non-binding opinions and proposals regarding the 2015-2020 Stock Option Plan and the 2017-2022 Stock Option Plan, also suggesting the objectives related to the granting of these benefits and the criteria for assessing the achievement of these objectives; (iii) monitored and verified the actual achievement of the performance targets, as established by the Board of Directors, with regard to the variable remuneration of directors and managers with strategic responsibilities and (iv) following the appointment of the new Board of Directors, expressed its opinion on the remuneration of the members of the Board, the remuneration of directors with special offices, the remuneration due to the directors who are members of the internal committees of the Board and the remuneration of the members of the Supervisory Body.

**C) Name of any independent experts who participated in preparing the Remuneration Policy.**

In 2017, the Committee and the Department for Human Resources and Organisation engaged the services of the company Mercer Italia S.r.l. as external independent expert in the field of the Remuneration activities.

**D) Aims pursued with the Remuneration Policy, its underlying principles and any changes to the Remuneration Policy with respect to the previous financial year.**

The OVS Remuneration Policy is defined, also in line with the Code of Conduct's recommendations, as having the aim:

- of attracting, retaining and motivating individuals with the high personal qualities and professional and managerial skills necessary for achieving the corporate objectives for business development;
- of aligning the interests of the company and the management with those of Shareholders;
- of promoting the creation of value for Shareholders over the medium-to-long term.

Therefore, consistent with the Code's recommendations, the Remuneration Policy for Executive Directors and Key Management Executives is based on the following criteria:

- a) the fixed and variable remuneration components are properly balanced according to the strategic objectives and risk management policy of OVS, also taking account of the business sector in which it operates and the nature of the actual business activities carried out;
- b) the fixed component is sufficient to remunerate the services of the Executive Directors and Key Management Executives should the variable component not be disbursed due to failure to achieve the performance targets set by the Board;
- c) the performance targets - i.e. the economic results and any other specific targets linked to the

disbursement of the variable components (including the targets set for the share-based remuneration plans) - as detailed further on, are predetermined, measurable and linked to the objective of creating value for Shareholders over the medium-to-long term;

- d) the variable remuneration component is composed of a portion related to the short-term criteria and a portion related to the long-term criteria. The latter is higher than the former and is deferred for an appropriate period of time since it is linked to achieving the long-term targets. The length of the deferral is consistent with the nature of the business activities carried out and with the associated risk profiles;
- e) the variable remuneration components have a preconceived maximum value.

The remuneration policy provides for constant monitoring of market trends with special reference to the best practice on remuneration. The comparison with the market is made using analysis carried out by relevant independent advisors. Such benchmarking activity is useful for evaluating the competitiveness of remuneration packages offered in order to attract and retain the most talented people in the market.

The remuneration is consistent with the complexity of the role and assigned responsibilities, with the obtained results and with the quality of the individual contribution.

Economic compatibility of the Remuneration Policy is ensured through compliance with the budget policies defined each year and the identification of thresholds for access to variable pay systems linked to expected profitability.

This Remuneration Policy is substantially in line with the previous one, however presenting new aspects aimed at strengthening it to the principles established by the Code.

**E) Description of the policies regarding the fixed and variable remuneration components, with particular regard to the indication of the relative weight within the overall remuneration and to the distinction between short and medium-to-long term variable components.**

The remuneration of the Chief Executive Officer and of the Key Management Executives is properly balanced in order to ensure consistency between short-term development targets and sustainable value creation for Shareholders over the medium-to-long term; specifically, the remuneration structure consists of:

- (i) a fixed component set to reflect appropriately the particular delegations and offices, and the position and strategic responsibilities assigned;
- (ii) a variable component set within maximum limits and with the purpose of remunerating the expected performance over the short-term (MBOs) and over the medium-to-long term (stock options).

The fixed annual component and the variable remuneration are structured differently in relation to the nature of the position held in the company and to the responsibilities assigned in order to ensure the sustainability of the corporate results and the creation of value for Shareholders over the medium-to-long term.



The targets linked to the variable remuneration are predetermined, measurable and set in order to ensure, through diversified vesting periods and parameters, the remuneration of the performance over both the short and medium-to-long terms.

The Chief Executive Officer and Key Management Executives are beneficiaries of short-term monetary incentive plans (MBO Plans).

The Chief Executive Officer and Key Management Executives are also included among the beneficiaries of financial instruments in the form of Stock Options pursuant to Article 114 *bis* of the CFA.

It should be noted that, with the help of the Remuneration Committee, the Company will evaluate, during the 2018, the possibility of strengthening the long-term incentive structure in order to align more and more the top remuneration package with the interests of shareholders and long-term performance.

The hypotheses under study will be evaluated on the basis of effectiveness and efficiency with respect to the Company's objectives and to the specific business context, starting from the assumption of developing incentive logics consistent with market best practices, with the recommendations of the Code and the current legislation, as well as with the main desired of stakeholder.

With reference to the MBO Plan, the Board of Directors, upon prior consultation with the Remuneration Committee, positively assesses – within the term of 3 years from the date of awarding – that the MBO targets have been determined on the basis of uncorrected data or should a judgment at first instance certified on the account of the beneficiary one of the following events attributable to the beneficiary fraudulent or severally faulted behaviours to the detriment of the Company, causing relevant financial damages to the Company or without which the performance objectives would have not been reached, the Board of Directors, after having heard the Remuneration Committee, keeps the right to obtain from the beneficiary who caused one of such acts and/or facts, the revocation of the MBO effectively paid.

With reference to the long-term plans (Stock Option Plans), their rules provide for:

- (i) revocation and restitution clauses. If the Board of Directors, upon prior consultation with the Remuneration Committee, finds - within 3 years from the initial date of exercise - that the performance objectives have been determined on the basis of uncorrected data or should have been found on the account of the Beneficiary, with a judgment at first instance, fraudulent or severally faulted behaviours to the detriment of the Company, as a consequence of which relevant financial damages occurred to the Company or without which the performance objectives would have not been reached, the Board of Directors, upon prior consultation with the Remuneration Committee, shall reserve to obtain from the beneficiary who is author of one of the acts and/or facts above, the revocation of the exercisable options or the restitution of shares held by the beneficiary, minus a number of shares having a value equal to the exercise price of the options and the taxes, providential and welfare charges connected to the options exercise effectively paid, or the refund of the transfer's value (minus a number of shares value equal to exercise price of the options and the taxes,

providential and welfare charges connected to the option exercise, possibly also by balancing such value with the wages and / or indemnities granted to the b, should the shares held by the Beneficiary already been transferred;

- (ii) a so called malus condition; if, before the initial date of exercise, the Board of Directors, upon prior consultation with the Remuneration Committee, finds that the beneficiary (a) committed some facts expressly provided for the rules, or (b) incurred in a disciplinary action connected with the Organizational and Control Model ex Legislative Decree 231/2001 and the Code of Ethic adopted by the Company, as well as (c) committed any act (also omission) or violation of laws or regulations that involve the Company in a fine, delivered by a Public Authority, the Board of Directors shall reserve to revoke, totally or a part, of the options granted to the beneficiary who commits such acts.

### **Chief Executive Officer and General Manager**

#### **Fixed component**

With reference to the fixed component of the Chief Executive Officer and General Manager, this is defined as an overall of Euro 1,200,000 and includes:

- (i) the annual gross remuneration - resolved by the Board of Directors, upon proposal by the Remuneration Committee, in compliance and in accordance with the resolution of the Shareholders' Meeting held on 31 May 2017 - as a member of the Board of Directors, equal to EUR 50,000;
- (ii) the annual gross remuneration - resolved by the Board of Directors, on the proposal of the Remuneration Committee and in accordance with the resolution of the Shareholders' Meeting of 31 May 2017-, in relation to the office of Chief Executive Officer, equal to EUR 450,000,

It should also be noted that Mr. Stefano Beraldo has as General Manager of the Company, a remuneration provided for by the related employment contract signed between him and the Company, and this remuneration amounts to EUR 500,000.

In addition, the Chief Executive Officer, as General Manager and in force of the employment agreement signed with the Company, receives an amount of EUR 200,000, having “guaranteed nature”, i.e. determined ex ante in a fixed amount, no discretionary and due regardless of the achievement of annual targets or other results, as the annual fee due at the time of approval of the financial statements by the Board of Directors.

#### **Short-term variable component**

With reference to the short-term variable component, it is linked to the achievement of measurable and defined objectives in order to ensure the recognition of yearly performance, over a short-term horizon.

In particular, it is mainly linked to the achievement of the Company's economic, financial and operational performance targets. The actual value to be paid is determined based on the level of achievement of these objectives.

On reaching the target performance, the amount of the annual MBO to be paid is equal to Euro 1,300,000. There is also a minimum incentive threshold, equal to 90% of the target performance, which allows the

payment of 60% of the annual MBO and a maximum incentive level, equal to 130% of the annual MBO, which is paid at the achievement of the performance equal to 115% of the target performance.

The performance targets are set annually by the Board of Directors, upon the proposal of the Remuneration Committee.

The objectives of the annual variable component for 2018 and the relative weight in the short-term variable component are shown below

<b>PERFORMANCE INDICATORS</b>	<b>OBJECTIVE</b>	<b>WEIGHT</b>
EBITDA	Protect the company's profitability	50%
Net Financial Position	Monitoring the company's capacity to generate cash by controlling debt	50%

The Nomination and Remuneration Committee is also entitled to submit proposals to the Board of Directors regarding the disbursement of an additional “one-off” amount in particular circumstances that would justify such measures.

If such particular cases occurred, the Company would provide in the relevant Remuneration Report information related to such exceptions or one-off amounts, describing the decision-making process, the evaluations and the circumstances that motivated these choices.

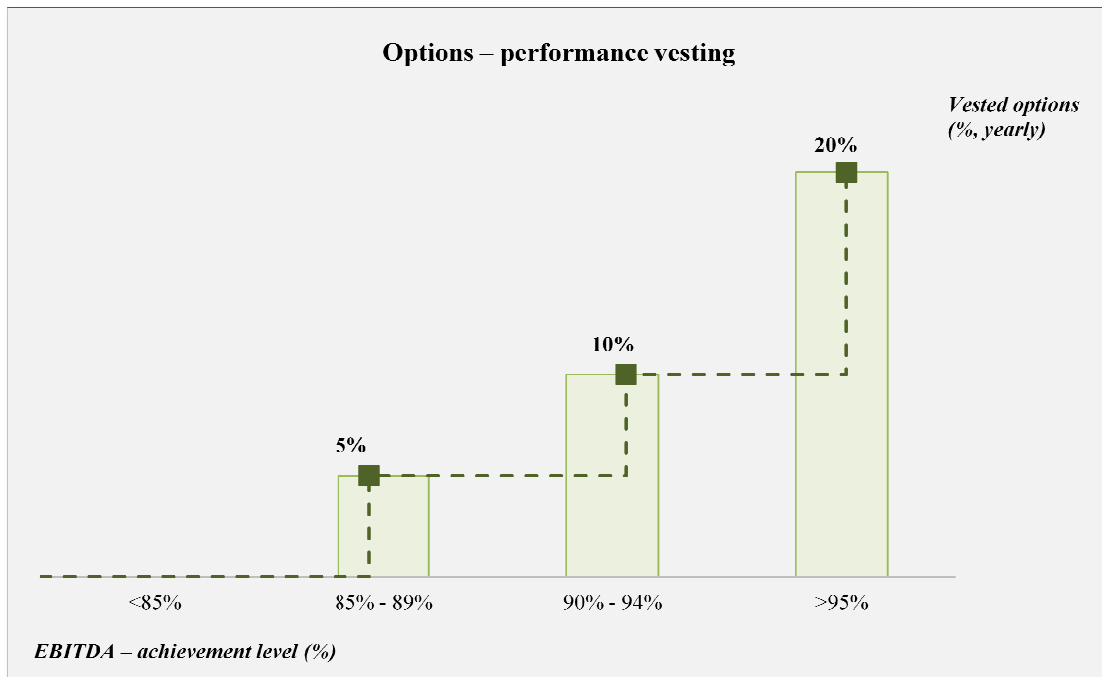
#### ***Long-Term Variable Component***

With reference to the long-term variable Component, the Company set up Stock Option Plans, which also includes the Chief Executive Officer among the beneficiaries, Stock Option Plan 2015-2020 and Stock option Plan 2017- 2022. These Stock Option Plans consist in assigning free-of-charge option rights to subscribe ordinary OVS shares.

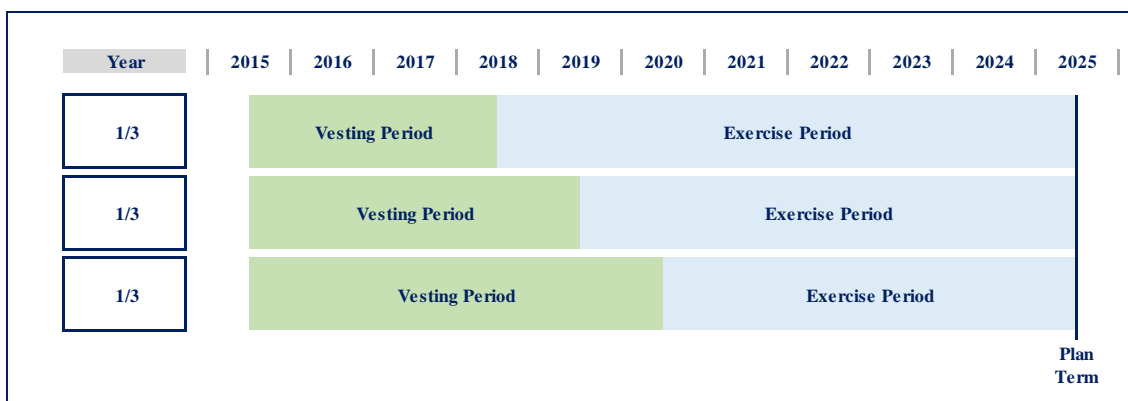
The details of these plans are described in the prospectus published in accordance with law on the company’s website ([www.ovscorporate.it](http://www.ovscorporate.it)).

#### ***Stock Option Plan 2015-2020***

With a view to ensuring the sustainability of the economic and financial performance of OVS over time, the vesting for the options rights granted is subject to the constant achievement on an annual basis of the Company’s EBITDA targets, set by the Board of Directors for each financial year. The option rights granted accrue to a maximum of 20% per year over a period of five years as shown below.



The exercise of the option rights accrued by achieving the EBITDA target is also subject to a vesting period with a minimum term of three years and a maximum term of five years as shown below.



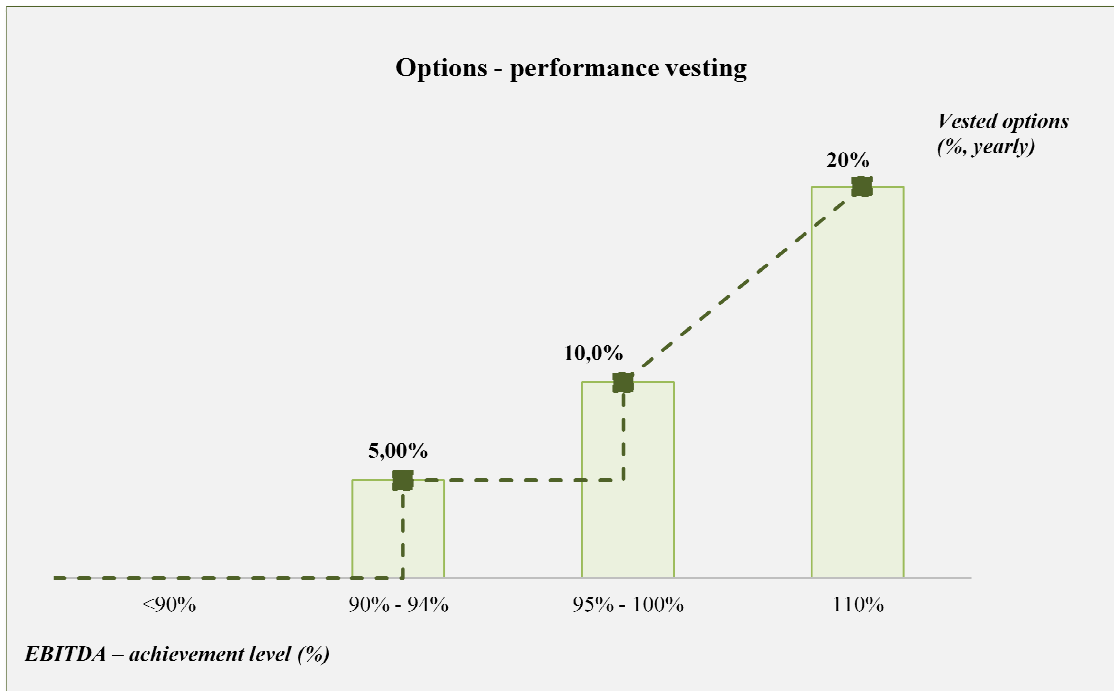
The 2015-2020 Stock Option Plan establishes a lock up period of 12 months applicable to 20% of the shares related to the option, for the Chief Executive Officer.

Pursuant to the Corporate Governance Code, after the above mentioned period, the Chief Executive Officer shall hold a number of shares equal to 20% of the shares under the lock-up, until the end of the mandate.

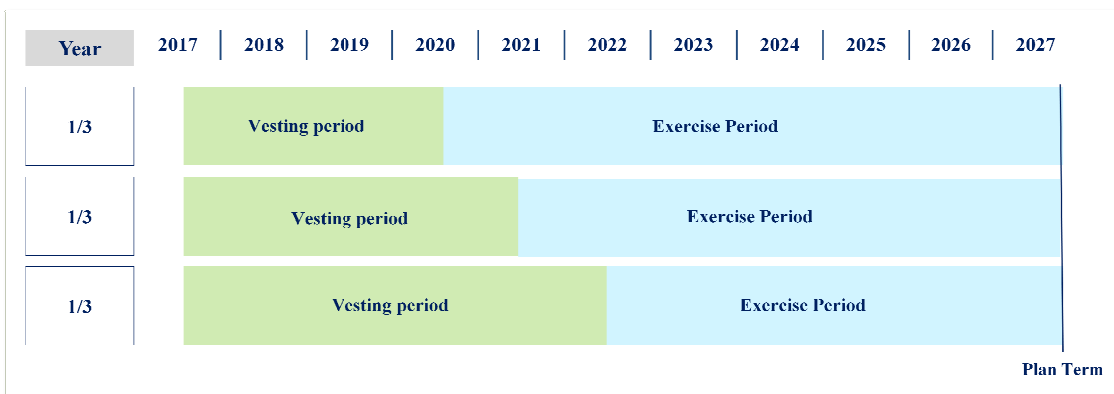
#### Stock Option Plan 2017-2022

Also for this plan, with a view to ensuring the sustainability of the economic and financial performance of OVS over time, the vesting for the options rights granted is subject to the constant achievement on an annual

basis of the Company's EBITDA targets set by the Board of Directors for each financial year. The option rights granted accrue to a maximum of 20% per year over a period of five years as shown below.



The exercise of the option rights accrued by achieving the EBITDA target is also subject to a vesting period with a minimum term of three years and a maximum term of five years as shown below.



The 2017-2022 Stock Option Plan establishes a lock up period of 12 months applicable to 20% of the shares related to the option, for the Chief Executive Officer.

Pursuant to the Corporate Governance Code, after the above mentioned period, the Chief Executive Officer shall hold a number of shares equal to 20% of the shares under the lock-up, until the end of the mandate.

Based on the remuneration structure of the Chief Executive Officer described above, the fixed component is equal to 32% of the total remuneration, while the variable is equal to the remaining 68%, where the short-term component and the medium to long-term variable component have both a weight equal to 34%.

With reference to the benefits and the treatment envisaged in the event of termination of office, reference should be made to the provisions of paragraphs F) and L) below.

### **Key Management Executives**

The remuneration package for Key Management Executives is divided into a fixed component, a short-term variable component, and a medium-to-long term variable component.

#### ***Fixed component***

The fixed remuneration component is linked to the significance of the position, the organisational role held and its responsibilities.

The Company continuously monitors the market practices as regards the fixed remuneration components in order to align itself with the best practices in the field.

The Policy does not contemplate the allocation to Key Management Executives of any additional remuneration for any activities as directors of a subsidiary.

#### ***Short-term variable component***

The short-term variable component is linked to the achievement of predetermined, measurable and defined objectives so as to ensure, through maturation periods and diversified parameters, the remuneration of performance over a short-term horizon.

The general structure of the MBO plan for Key Management Executives is based on the following elements:

- A maximum ceiling of the incentive is applied, in a measure that varies from 40% to 60% of the fixed salary, in relation to the responsibility attributed to the organization;
- A minimum performance threshold is foreseen, equal to 90% of the target performance, below which the annual monetary incentive is not paid. The minimum pay-out varies from 20% to 40% of the fixed salary.

The assigned objectives are selected from the following according to the role and responsibilities assigned:

- ✓ EBITDA of the Company and / or business line - relative weight not less than 50%
- ✓ Other economic-financial targets (eg sales, market shares, margins, cash flow, net financial position) - relative weight not less than 30%
- ✓ quantitative targets related to individual areas of activity and specific objectively measurable projects - relative weight not exceeding 20%

The Remuneration Committee also has the power to submit to the Board of Directors proposals on the provision of additional "*una tantum*" amounts in the presence of particular circumstances that justify such measures.

If such particular cases of derogation in payment of MBO, as mentioned above, or of payment of one-off amounts occurred, the Company would provide in the relevant Remuneration Report information describing the decision-making process, the evaluations and the circumstances that motivated these choices.

### ***Long-Term Variable Component***

The Key Management Executives and other managerial personnel with impact on the company's long-term results are included as beneficiaries of the 2015-2020 Stock Option Plan and 2017-2022 Stock Option Plan described above with reference to the Chief Executive Officer.

Both 2015-2020 Stock Option Plan and 2017-2022 Stock Option Plan establish a lock up period of 12 months applicable to 20% of the shares related to the option, for the Key Management Executives.

The details of these plans are described in the prospectus published in accordance with law on the company's website ([www.ovscorporate.it](http://www.ovscorporate.it)).

Based on the remuneration structure of Key Management Executives, the average pay mix provides for a relative weight of the fixed component equal to 53% of the overall package, an impact of short-term variable remuneration of 25% and a weight of variable remuneration of long-term payment of 22% of the total remuneration.

With reference to the benefits and the treatment envisaged in the event of termination of office, reference should be made to the provisions of paragraphs F) and L) below.

#### **F) Policy followed with regard to non-monetary benefits**

Both Chief Executive Officer and Key Management Executives have the allocation of non-monetary benefits set in line with standard practices and the CCNL and in a reasonable manner with respect to the position and the role held. The non-monetary benefits include use of a car, life insurance policies, accident insurance policies and supplementary health insurance policies other than the mandatory policies.

#### **G) With reference to the variable components, description of the performance targets under which they are assigned, distinguishing between the short and medium term variable components, and information on the link between the variation in the results and the variation in the remuneration.**

Please refer to the description provided in paragraph E) above.

#### **H) Criteria used to assess the performance targets underlying the allocation of shares, options,**

**other financial instruments or other variable remuneration components.**

In relation to the criteria used to assess the performance targets underlying the allocation of shares, options, other financial instruments or other variable remuneration components, please refer to the indications in paragraph E) above.

**I) Information highlighting the consistency of the Remuneration Policy with the pursuit of the company's long-term interests and with the risk management policy.**

Please refer to the description provided in paragraphs D) and E) above.

**J) Vesting period for rights, deferred payment systems, with indication of the deferment periods, the criteria used to set these periods and the *ex post* correction mechanisms.**

With reference to the incentive plan based on financial instruments pursuant to Article 114 *bis* of the CFA, approved by Shareholders' Meeting held on May 26, 2015, named "2015-2020 Stock Option Plan", the policy stated an adequate vesting periods for the right to exercise the allocated options.

Also with reference to the incentive plan based on financial instruments pursuant to Article 114 *bis* of the CFA, approved by the Shareholders' Meeting held on May 31, 2017 named "2017-2022 Stock Option Plan", the policy stated an adequate vesting periods for the right to exercise the allocated options.

Please refer to the indications in paragraph E), above.

**K) Information on the clauses for holding the financial instruments in the portfolio after their acquisition, with indication of the holding periods and the criteria used to set these periods.**

The 2015-2020 Stock Option Plan approved by the Shareholders' Meeting held on May 26, 2015, includes forecasts for holding the financial instruments in the portfolio after their acquisition.

The 2017-2022 Stock Option Plan approved by the Shareholders' Meeting held on May 31, 2017 include forecasts for holding the financial instruments in the portfolio after their acquisition.

As stated in paragraph E), above, each Stock Option Plans provide for:

- for the Chief Executive Officer to establish a lock up period of 12 months applicable to 20% of the shares related to the option and pursuant to the Corporate Governance Code, after the above mentioned period, the Chief Executive Officer shall hold a number of shares equal to 20% of the shares under the lock-up, until the end of the mandate;
- for the Key Management Executives to establish a lock up period of 12 months applicable to 20% of the shares related to the option.

**L) Policy on the treatment contemplated in case of discontinuance of the office or termination of the employment relationship.**

**Chief Executive Officer and General Manager**

Please note the existence of a contract between the Company and Mr Stefano Beraldo, Chief Executive Officer and General Manager of the Company, which provides for the payment of a lump-sum severance indemnity in favour of the Chief Executive Officer in specific cases of early discontinuance of the salaried



employment relationship, due to withdrawal from the employment relationship or revocation of the office without just cause, or in certain cases of resignation for just cause. Should one of these events take place, the Issuer is held to pay a lump-sum severance indemnity for a gross amount of EUR 5,050,000 in addition to the end-of-employment severance entitlements related to the position as General Manager.

It is specified that the amount indicated above would be paid only if the dott. Stefano Beraldo waived the payment of the amounts due to him by CCNL executives for these types of interruptions, and which would entail a similar cost for the company. For the sake of clarity this amount would be equal to 24 monthly salary of remuneration (fix and short-term component).

This contract also includes a non competition commitment that provides a lump-sum indemnity of EUR 350,000 payable in the event of termination of the salaried employment relationship.

### **Key Management Executives**

Please note that there is an agreement between the Company and a Key Management Executive that contemplates the payment of a lump-sum severance indemnity of EUR 1,500,000 in favour of the same in the event of early discontinuance of the salaried employment relationship due to the withdrawal from the employment relationship by the Company without just cause.

Non-compete covenants and agreements may be concluded in compliance with the provisions and limitations of the laws in force.

#### **M) Information on the existence of insurance, social security or pension coverage, other than the mandatory coverage.**

As indicated in paragraph F) above, the non-monetary benefits may include life insurance policies, accident insurance policies and supplementary health insurance policies other than the mandatory policies.

#### **N) Remuneration policy followed with reference: (i) to the Independent Directors; (ii) to the participation in committees; and (iii) to the execution of particular assignments.**

From a general point of view, the remuneration of the Independent Directors is commensurate with the commitment requested, also in relation to participation in the committees and is not linked to either the economic results or specific objectives of the Company and they are not recipients of remuneration plans based on shares, unless motivated by the Shareholders' Meeting.

The Shareholders' Meeting held on 31 May 2017 determined, with reference to the three-year term of office of the Board, the total annual remuneration for members of the Board of Directors, amounting to EUR 1,100,000; this total amount should also be considered inclusive of the remuneration for directors with special duties; the Board of Directors, upon opinion of the Remuneration Committee and of the Board of Statutory Auditors, each for their own responsibility, having to establish the remuneration due to each Director, within the limit set by the aforementioned Shareholders' Meeting.

In accordance with the resolutions of the Shareholders' Meeting, the Board of Directors, upon the proposal

of the Remuneration Committee, resolved to pay annually, inter alia, for each of the years for the three-year term of office of the Board:

- EUR 50,000.00 for each Director;
- EUR 20,000 to each of the members of the committees;
- EUR 25,000 for each Chairman of the committees.

No additional fees were conferred for the performance of particular assignment and the directors Nicholas Stathopoulos, Stefano Ferraresi and Marvin Teubner waived their remuneration as members of the Board of Directors, not receiving any remuneration.

**O) Indications on the possible use, as reference, of remuneration policies of other companies as a reference.**

The Company's Remuneration Policy has been prepared using, as benchmark, other reference companies, according to different evaluation criteria, including, for example, dimensional elements and / or business and / or of particular interest with reference to the employment market.

## **SECTION II**

### **REPRESENTATION OF THE ITEMS COMPRISING THE REMUNERATION AND COMPENSATION RECEIVED IN THE FINANCIAL YEAR ENDING ON 31 JANUARY 2015 BY THE MEMBERS OF THE BOARD OF DIRECTORS AND THE BOARD OF STATUTORY AUDITORS AND BY THE KEY MANAGEMENT EXECUTIVES.**

This Section II, structured in two parts, provides an adequate representation of each item comprising the remuneration and indicates the compensation of the administrative and audit bodies by name, and, in aggregate, the compensation of the Key Management Executives disbursed in the financial year ending on 31 January 2017. In compliance with Annex 3A, Scheme 7 *bis* of the Issuers' Regulations, the compensation of the Key Management Executives is reported in aggregate since none of them has received a total compensation greater than the total compensation allocated to the Directors in the year ending on 31 January 2018.

The items comprising the remuneration are detailed in Table 1 of Annex 3A, Scheme 7 *bis* of the Issuers' Regulations provided as appendix to Part II of this Section.

#### **PART I – ITEMS COMPRISING THE REMUNERATION**

##### **1) Directors**

The Shareholders' Meeting held on 31 May 2017 determined, with reference to the three-year term of office of the Board, the total annual remuneration for members of the Board of Directors, amounting to EUR 1,100,000; this total amount should also be considered inclusive of the remuneration for directors with special duties; the Board of Directors, upon opinion of the Remuneration Committee and of the Board of Statutory Auditors, each for their own responsibility, having to establish the remuneration due to each Director, within the limit set by the aforementioned Shareholders' Meeting.

With reference to the members of the outgoing Board of Directors, who remained in office until 31 May 2017, it is specified that the same (confirmed as members of the new Board appointed by the Shareholders' Meeting of 31 May 2017) received the pro rata for the year 2017 of what had been approved for the previous mandate by the Company's Shareholders' Meeting of 27 October 2014 and by the Board of Directors<sup>1</sup>.

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<sup>1</sup> *The Company's Shareholders' Meeting of 27 October 2014 resolved to grant, as of the first trading day of the Shares on the Electronic Stock Exchange, to all the Board of Directors' members, including the directors holding particular offices, a fixed annual gross compensation totalling EUR 900,000, while leaving it the Board of Directors to allocate this amount among the board directors, and expressly authorising the Board of Directors itself to allocate any other remuneration within the aforesaid maximum amount to the directors holding particular offices. The Board of Directors resolved to allocate, effectively subordinated to the commencement of trading of the shares on the Electronic Stock Exchange,*

## **2) Remuneration of Executive Directors and Key Management Executives; monetary and non-monetary benefits in favour of the same.**

From a general point of view, as stated in paragraph E) Section I, the remuneration of the Chief Executive Officer and of the Key Management Executives is properly balanced in order to ensure consistency between short-term development targets and sustainable value creation for Shareholders over the medium-to-long term. Specifically, the remuneration structure consists of:

- a fixed component set to reflect appropriately the particular delegations and offices, and the position and strategic responsibilities assigned;
- a variable component set within maximum limits and with the purpose of remunerating the expected performance over the short-term (MBO) and over the medium-to-long term (Stock Option Plans).

The fixed annual component and the variable remuneration are structured differently in relation to the nature of the position held in the company and to the responsibilities assigned in order to ensure the sustainability of the corporate results and the creation of value for Shareholders over the medium-to-long term.

The targets linked to the variable remuneration are predetermined, measurable and set in order to ensure, through diversified vesting periods and parameters, the remuneration of the performance both over the short and medium-to-long term.

The Chief Executive Officer and Key Management Executives are beneficiaries of short-term monetary incentive plans (MBO Plan).

The Chief Executive Officer and Key Management Executives are also included among the beneficiaries of financial instruments in the form of Stock Options pursuant to Article 114 *bis* of the CFA.

The Nomination and Remuneration Committee entitled to submit to the Board of Directors proposal regarding the granting of an additional “one-off” amount based on the occurrence of facts justifying such kind of awards.

### **Chief Executive Officer**

With the exception of the pro rata of 2017 based on the resolution regarding the previous mandate, the structure of the remuneration of the Chief Executive Officer Mr Stefano Beraldo for 2017 is designed as

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*exclusively a fixed annual gross remuneration of EUR 450,000 to the Chief Executive Officer; a fixed gross annual remuneration of EUR 100,000 (including the remuneration for the office as Board of Directors' member and for the appointment as Chairman of the Audit and Risk Committee and as Chairman of the Nomination and Remuneration Committee) to Director Gabriele Del Torchio; and a fixed gross annual remuneration of EUR 80,000 to the Independent Director Heinz Jürgen Krogner Kornalik; resolving further unanimously to waive, therefore, the distribution of additional compensation to the Board of Directors' members in office.*

follows.

A. With reference to the fixed component it includes:

- (i) the annual gross remuneration - resolved by the Board of Directors, upon proposal by the Remuneration Committee, in compliance and in accordance with the resolution of the Shareholders' Meeting held on 31 May 2017 - as a member of the Board of Directors, equal to EUR 50,000;
- (ii) the annual gross remuneration - resolved by the Board of Directors, on the proposal of the Remuneration Committee and in accordance with the resolution of the Shareholders' Meeting of 31 May 2017-, in relation to the office of Chief Executive Officer, equal to EUR 450,000.

It should also be noted that Mr. Stefano Beraldo has as General Manager of the Company, a remuneration provided for by the related employment contract signed between him and the Company, and this remuneration amounts to EUR 500,000.

In addition, the Chief Executive Officer, as General Manager and in force of the employment agreement signed with the Company, receives an amount of EUR 200,000, having “guaranteed nature”, i.e. determined ex ante in a fixed amount, no discretionary and due regardless of the achievement of annual targets or other results, as the annual fee due at the time of approval of the financial statements by the Board of Directors.

B. A short-term variable remuneration (MBO), linked to achieving targets, measurable and set in order to ensure the remuneration of the performance over the short term. This short-term variable remuneration is linked to achieving the Company's EBITDA and Net Financial Position (NFP) targets, targets that for the financial year 2017 were been set by the Board of Directors, upon proposal of the Committee, during the meetings held on 18 April 2017. The actual value of the variable remuneration to be paid out was set based on the degree of achievement of these targets. In case of achievement of the budget targets, its value was set to EUR 1,300,000. The Board of Directors, on proposal of the Remuneration Committee, sets the amount of the bonus to be paid, whether the results are different from budget targets, taking into consideration the Company's overall economic results, the market condition and in line with the Board assessment of the Chief Executive Officer overall performance.

The Board of Directors on April 18, 2018, which resolved on the 2017 MBO, considered, in accordance with the Remuneration Policy approved by the Board on 18 April 2017, although the performance targets set by the Board – during the meeting held on 18 April 2017 - were not reached at 100%. and in consideration of the overall performance, to recognize to the Chief Executive Officer an amount equal to 80% of the value that would have been paid if the target was reached, i.e. an amount equal to Euro 1,040,000. This figure is indicated in the tables in Part II of this section.

Furthermore, for the sake of completeness of information, the Board of Directors held on 18 April 2017, upon the proposal of the Remuneration Committee, resolved the adoption of a incentive program (reward program) linked to the c.d. Charles Voegelé project, for a total amount of EUR 10,000,000 of which 45% would have been allocated to the Chief Executive Officer and the remaining 55% would

have been allocated to other managers based on their respective position and expected results in relation to their contribution. This bonus should have been linked to "economic results indicated in the Budget 2019 related to the Project (i.e, royalties and EBITDA generated by the Charles Voegele business)". The guidelines relating to this bonus provided that (i) the condition for the payment of the bonus was "the achievement of the economic results indicated in the Budget 2019 relating to the Project", which would have been verified at the end of the 2019 financial year (31st January 2020 ), and therefore in the course of 2020 (ii) there could be an anticipation of a part (1/3) of the bonus (linked to the possible partial achievement of the results) to be verified during the 2019 financial year through a comparison between the numbers reported by the 2019 budget and the results of the financial statements 2018 (as at 31 January 2019), to be approved in 2019. The regulation of the plan, implementing the guidelines indicated above, should have been approved during the 2017 - early months of 2018.

On 18 April 2018, the Board of Directors, upon proposal of the Remuneration Committee, decided to cancel this incentive program (bonus program) in light of the substantial change in the contents of the c.d. Charles Voegele project.

C. Long-Term Variable Composition -- Stock Option Plans, as described in paragraph E) Section I.

With reference to the 2015-2020 Stock Option Plan, the Chief Executive Officer was assigned no. 2,291,375 options, which will vest and can be exercised in compliance with the 2015-2020 Plan.

Verifying the performance targets set for 2017, although the EBITDA levels were not reached at 95%, as stated by the Plan, , the Board of Directors, after having received a favorable opinion from the Remuneration Committee, taking into consideration the EBITDA reached and the market context, deemed it appropriate to allow the exercise of the options, in compliance with the plan regulations, in the percentage of 20% of the potentially exercisable options, instead of 10%, pursuant to the provisions of the Plan itself.

At the date of such report the Chief Executive Officer has accrued altogether 60% of the options granted, that may be exercised in compliance with and within the limits set by the regulation of the aforementioned plan. 1/3 of Options Exercisable may be exercised in 2018 until 8 June 2025 (First Vesting Period).

With reference to the 2017-2022 Stock Option Plan, the Chief Executive Officer was assigned no. 1,500,000 options, which will vest and can be exercised in compliance with the 2017-2022 Plan.

Verifying the performance targets set for 2017, although the EBITDA levels were not reached at 95% as stated by the Plan, , the Board of Directors, after having received a favorable opinion from the Remuneration Committee, taking into consideration the EBITDA reached and the market context, deemed it appropriate to allow the exercise of the options, in compliance with the plan regulations, in the percentage of 10% of the potentially exercisable options, instead of 5%, pursuant to the provisions of the Plan itself.

At the date of this report the Chief Executive Officer has accrued 10% of the options granted. The options may be exercised in accordance with and within the limits set by the regulation of the

aforementioned Plan.

The details of these plans are illustrated in the information documents published in accordance with the law on the company's website ([www.ovscorporate.it](http://www.ovscorporate.it)).

### Benefits

As stated in paragraph F) Section I, the Chief Executive Officer is entitled to non-monetary benefits set in line with market practices. The non-monetary benefits include use of a car, life insurance policies, accident insurance policies and additional health insurance policies other than the mandatory ones.

### Treatment contemplated in case of discontinuance of the office

As stated in paragraph L) Section I,

Please note the existence of a contract between the Company and Mr Stefano Beraldo, Chief Executive Officer and General Manager of the Company, which provides for the payment of a lump-sum severance indemnity in favour of the Chief Executive Officer in specific cases of early discontinuance of the salaried employment relationship, due to withdrawal from the employment relationship or revocation of the office without just cause, or in certain cases of resignation for just cause. Should one of these events take place, the Issuer is held to pay a lump-sum severance indemnity for a gross amount of EUR 5,050,000 in addition to the end-of-employment severance entitlements related to the position as General Manager.

It is specified that the amount indicated above would be paid only if the dott. Stefano Beraldo waived the payment of the amounts due to him by CCNL executives for these types of interruptions, and which would entail a similar cost for the company. For the sake of clarity this amount would be equal to 24 monthly salary of remuneration (fix and short-term component).

This contract also includes a non competition commitment that provides a lump-sum indemnity of EUR 350,000 payable in the event of termination of the salaried employment relationship.

### Key Management Executives

The remuneration package for Key Management Executives is divided into a fixed component, a short-term variable component, and a medium-to-long term variable component.

- A. The fixed remuneration component is linked to the significance of the position, the organisational role held and its responsibilities. The Company continuously monitors the market practices as regards the fixed remuneration components in order to align itself with the best practices in the field.

The Policy does not contemplate the allocation to Key Management Executives of any additional remuneration for any activities as directors of a subsidiary.

- B. The variable remuneration component is linked to achieving targets that are predetermined, measurable and set in order to ensure, through diversified vesting periods and parameters, the remuneration of the performance over the short term.

The targets assigned by the Board of Directors, upon proposal of the Remuneration Committee, during the meeting held on 18 April 2017 with reference the MBO 2017, were selected from the following depending on the position and responsibilities assigned:

- ✓ EBITDA of the Company and/or the business line
- ✓ Trend of sales and margins
- ✓ Cash flow
- ✓ Net financial position

Other quantitative targets were linked to the areas of individual activities and objectively measurable specific projects.

The general structure of the MBO 2017 Plan for Key Management Executives is based on the following criteria:

- a ceiling is applied to the incentive, varying from 30% to 60% of the fixed remuneration in relation to the responsibility assigned in the organisation;
- there are target and minimum and maximum thresholds corresponding to different level of awards minimum, target and maximum.

The Board of Directors on April 18, 2018, which resolved on the 2017 MBO, considered, in accordance with the Remuneration Policy approved by the Board on 18 April 2017, although the performance targets set by the Board – during the meeting held on 18 April 2017 - were not reached at 100%. and in consideration of the overall performance, to recognize to Key Management Executives an amount between 70% and 90% of the value that would have been paid if the target was reached, i.e. an overall amount equal to Euro 429,000. This figure is indicated in the tables in Part II of this section.

In consideration of the fact that the Executives with Strategic Responsibilities could have been included among the relative beneficiaries, with reference to the c.d. bonus Charles Voegelé, please refer to the above for the Chief Executive Officer.

The Nomination and Remuneration Committee was also entitled to submit proposals to the Board of Directors regarding the disbursement of an additional “one-off” amount in circumstances that would justify such measures.

C. With reference to the Long-Term Variable Remuneration reference is made to paragraph E) section I.

With reference to the 2015-2020 Stock Option Plan, Key Management Executives have been allocated overall and in aggregate no. 920,000 options, which will vest and can be exercised in compliance with the 2015-2020 Plan.

Verifying the performance targets set for 2017, although the EBITDA levels were not reached at 95% as stated by the Plan, the Board of Directors, after having received a favorable opinion from the Remuneration Committee, taking into consideration the EBITDA reached and the market context,



deemed it appropriate to allow the exercise of the options, in compliance with the plan regulations, in the percentage of 20% of the potentially exercisable options, instead of 10%, pursuant to the provisions of the Plan itself.

At the date of this report, each above-mentioned beneficiary have been accrued altogether 60% of his options granted. The options may be exercised in accordance with and within the limits set by the regulation of the aforementioned plan.

With reference to the 2017-2022 Stock Option Plan, the Key Management Executives have been allocated overall and in aggregate no. 660,000 options, which will vest and can be exercised in compliance with the 2017-2022 Plan.

Verifying the performance targets set for 2017, although EBITDA levels were not reached as stated by the Plan, the Board of Directors, after having received a favorable opinion from the Remuneration Committee, taking into consideration the EBITDA reached and the market context, deemed it appropriate to allow the exercise of the options, in compliance with the plan regulations, in the percentage of 10% of the potentially exercisable options, instead of 5%, pursuant to the provisions of the Plan itself.

At the date of this report, each above-mentioned beneficiary each aforementioned beneficiary accrued 10% of his rights granted. The options may be exercised in accordance with and within the limits set by the regulation of the aforementioned plan.

For more details, please refer to the prospectus relating to the plans 2015-2020 Stock Option Plan and 2017-2022 Stock Option Plan, available on the company's website ([www.ovscorporate.it](http://www.ovscorporate.it)).

#### Benefits

As stated in is paragraph E) section I, the Key Management Executives are entitled to non-monetary benefits set in line with market practices and in application of the National Collective Labour Agreement. The non-monetary benefits include use of a car, life insurance policies, accident insurance policies and additional health insurance policies other than the mandatory ones.

#### Policy on the treatment contemplated in case of discontinuance of the office or termination of the employment relationship and Non-Compete Covenant.

As stated in is paragraph L) section I, please note that there is an agreement between the Company and a Key Management Executive that contemplates the payment of a lump-sum severance indemnity of EUR 1,500,000 in favour of the same in the event of early discontinuance of the salaried employment relationship due to the withdrawal from the employment relationship by the Company without just cause.

Non-compete covenants and agreements may be concluded in compliance with the provisions and limitations of the laws in force.

### **3) Treatment contemplated for Non-Executive Directors**

The Shareholders' Meeting held on 31 May 2017 determined, with reference to the three-year term of office of the Board, the total annual remuneration for members of the Board of Directors, amounting to EUR 1,100,000; this total amount should also be considered inclusive of the remuneration for directors with special duties; the Board of Directors, upon opinion of the Remuneration Committee and of the Board of Statutory Auditors, each for their own responsibility, having to establish the remuneration due to each Director, within the limit set by the aforementioned Shareholders' Meeting.

In accordance with the resolutions of the Shareholders' Meeting, the Board of Directors, upon the proposal of the Remuneration Committee, resolved to pay annually, inter alia, for each of the years for the three-year term of office of the Board:

- EUR 50,000.00 for each Director;
- EUR 20,000 to each of the members of the committees;
- EUR 25,000 for each Chairman of the committees.

No additional fees were conferred for the performance of particular assignment and the directors Nicholas Stathopoulos, Stefano Ferraresi and Marvin Teubner waived their remuneration as members of the Board of Directors, not receiving any remuneration.

With reference to the accrued rate received by the directors who are members of the Board expired on May 31, 2017 following the appointment of the new Board of Directors, reference is made to the matters indicated in paragraph 1, Part I, Section II.

#### **4) Remuneration of the Auditors and monetary and non-monetary benefits in favour of the same.**

The Company's Shareholders' Meeting of 31 July 2017 resolved to allocate an annual gross compensation to the Board of Statutory Auditors' member as follows: EUR 62,000 to the Board's Chairman, and EUR 42,000 to each of the Standing Auditors.

With reference to the members of the outgoing Board of Statutory Auditors, which expired on 31 May 2017 following the Shareholders' Meeting of 31 May 2017 which appointed the new Board of Statutory Auditors, the Shareholders' Meeting of 23 July 2014 resolved to assign to the members of the Board of Statutory Auditors a fee gross annual income as follows: EUR 62,000 to the Chairman of the Board of Statutory Auditors and EUR 42,000 to each of the Statutory Auditors. The outgoing auditors therefore accepted the accrual of what was decided at the time of their appointment.

## **PART II**

The items comprising the remuneration are detailed in Table 1 of Annex 3A, Scheme 7 *bis* of the Issuers' Regulations provided as appendix to Part II of this Section.

This Report also includes Table no. 1 and Table no. 2, which are required by Annex 3A, Scheme 7 *ter* of the Issuers' Regulations and which set out the shareholdings held in the Company and its subsidiaries by the Directors, Statutory Auditors and Key Management Executives, in compliance with Article 84 *quater*, paragraph 4, of the Issuers' Regulations.

**TABLE 1 – required by Annex 3A, Scheme 7 bis of the Issuers’ Regulations – Compensation paid in 2015 to members of administrative and audit bodies and to key management executives.**

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period for which position has been held	Position end-date	Fixed Compensation €	Compensation for participation in committees	Non equity variable compensation		Non-monetary benefits	Other compensation	Total	Fair Value of equity compensation	Indemnity for end of position or cessation of employment relationship
						Bonus and other incentives	Profit-sharing					
<b>Nicholas Stathopoulos #</b>	<b>Chairman of the Board of Directors</b>	FY as at 31.01.2018	31.01.2020									
(I) Compensation paid by the company that prepares the financial statements												
(II) Compensation paid by the subsidiaries and associates												
(III) Total												
<b>Stefano Beraldo #</b>	<b>CEO and GM</b>	FY as at 31.01.2018	31.01.2020									
(I) Compensation paid by the company that prepares the financial statements				483,333 remuneration as director & CEO <sup>1</sup> 500,001 compensation as GM		1,040,000 <sup>2</sup>		24,318	200,000 <sup>3</sup>	2,247,652	1,330,375	
(II) Compensation paid by the subsidiaries and associates												
(III) Total				983,334		1,040,000		24,318	200,000	2,247,652	1,330,375	
<b>Gabriele Del Torchio #</b>	<b>Director</b>	FY as at 31.01.2018	31.01.2020									

<sup>2</sup> The Board of Directors held on April 18, 2018, which resolved on the 2017 MBO, considered, in accordance with the Remuneration Policy approved by the Board on 18 April 2017, although the performance targets set by the Board - during the meeting held on 18 April 2017 - were not reached at 100%. and in consideration of the overall performance, to recognize an amount equal to 80% of the value that would have been paid if the target was reached.

<sup>3</sup> In addition, the Chief Executive Officer, as General Manager and in force of the employment agreement signed with the Company, receives an amount of EUR 200,000, having “guaranteed nature”, i.e. determined ex ante in a fixed amount, no discretionary and due regardless of the achievement of annual targets or other results, as an annual fee due at the time of approval of the financial statements by the Board of Directors

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period for which position has been held	Position end-date	Fixed Compensation €	Compensation for participation in committees	Non equity variable compensation		Non-monetary benefits	Other compensation	Total	Fair Value of equity compensation	Indemnity for end of position or cessation of employment relationship
						Bonus and other incentives	Profit-sharing					
(I) Compensation paid by the company that prepares the financial statements				50,000 <sup>1</sup>	23,180 [CCRS] <sup>1</sup> 25,000 [CNR] <sup>1</sup> 9,931 [COPC]					108,000		
(II) Compensation paid by the subsidiaries and associates												
(III) Total				50,000	58,111					108,000		
<b>Stefano Ferraresi #</b>	<b>Director</b>	FY as at 31.01.2018	31.01.2020									
(I) Compensation paid by the company that prepares the financial statements												
(II) Compensation paid by the subsidiaries and associates												
(III) Total												
<b>Heinz Jürgen Krogner Kormalik #</b>	<b>Director</b>	FY as at 31.01.2018	31.01.2020									
(I) Compensation paid by the company that prepares the financial statements				60,000 <sup>1</sup>	13,333 [CNR] 7,944 [COPC]					81,278		
(II) Compensation paid by the subsidiaries and associates												
(III) Total				60,000	21,278					81,278		
<b>Chiara Mio</b>	<b>Director</b>	FY as at 31.01.2018	31.01.2020									
(I) Compensation paid by the company that prepares the financial statements				33,333	15,153 [CCRS] 7,944 [COPC]					56,431		
(II) Compensation paid by the subsidiaries and associates												
(III) Total				33,333	23,097					56,431		

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period for which position has been held	Position end-date	Fixed Compensation €	Compensation for participation in committees	Non equity variable compensation		Non-monetary benefits	Other compensation	Total	Fair Value of equity compensation	Indemnity for end of position or cessation of employment relationship
						Bonus and other incentives	Profit-sharing					
<b>Marvin Teubner #</b>	<b>Director</b>	FY as at 31.01.2018	31.01.2020									
(I) Compensation paid by the company that prepares the financial statements												
(II) Compensation paid by the subsidiaries and associates												
(III) Total												
<b>Stefania Criveller</b>	<b>Director</b>	FY as at 31.01.2018	31.01.2020									
(I) Compensation paid by the company that prepares the financial statements				33,333						33,333		
(II) Compensation paid by the subsidiaries and associates												
(III) Total				33,333						33,333		
<b>Vincenzo Cariello</b>	<b>Director</b>	FY as at 31.01.2018	31.01.2020									
(I) Compensation paid by the company that prepares the financial statements				33,333	13,333 [CCRS] 13,333 [CNR] 7,288 [COPC]					67,288		
(II) Compensation paid by the subsidiaries and associates												
(III) Total				33,333	33,955					67,288		
<b>3*</b>	<b>Directors with strategic responsibilities</b>	FY as at 31.01.2018	NA									

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period for which position has been held	Position end-date	Fixed Compensation €	Compensation for participation in committees	Non equity variable compensation		Non-monetary benefits	Other compensation	Total	Fair Value of equity compensation	Indemnity for end of position or cessation of employment relationship
						Bonus and other incentives	Profit-sharing					
(I) Compensation paid by the company that prepares the financial statements			1,340,288			429,000 <sup>4</sup>		16,105		1,785,393	543,264	
(II) Compensation paid by the subsidiaries and associates												
(III) Total			1,340,288			429,000		16,105		1,785,393	543,264	
<b>Paola Camagni</b>	<b>Chairman of the Statutory Auditors</b>	FY as at 31.01.2018	31.01.2020									
(I) Compensation paid by the company that prepares the financial statements				46,500						46,500		
(II) Compensation paid by the subsidiaries and associates												
(III) Total				46,500						46,500		
<b>Roberto Cortellazzo Wiel #</b>	<b>Statutory Auditors</b>	FY as at 31.01.2018	31.01.2020									
(I) Compensation paid by the company that prepares the financial statements				42,000 <sup>1</sup>	17,559 [OdV] <sup>1</sup>					59,559		
(II) Compensation paid by the subsidiaries and associates												
(III) Total				42,000	17,559					59,559		
<b>Eleonora Guerriero</b>	<b>Statutory Auditors</b>	FY as at 31.01.2018	31.01.2020									

<sup>4</sup> The Board of Directors held on April 18, 2018, which resolved on the 2017 MBO, considered, in accordance with the Remuneration Policy approved by the Board on 18 April 2017, although the performance targets set by the Board - during the meeting held on 18 April 2017 - were not reached at 100%. and in consideration of the overall performance, to recognize an amount equal to between 70% and 90% of the value that would have been paid if the target was reached

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period for which position has been held	Position end-date	Fixed Compensation €	Compensation for participation in committees	Non equity variable compensation		Non-monetary benefits	Other compensation	Total	Fair Value of equity compensation	Indemnity for end of position or cessation of employment relationship
						Bonus and other incentives	Profit-sharing					
(I) Compensation paid by the company that prepares the financial statements				28.192						28.192		
(II) Compensation paid by the subsidiaries and associates												
(III) Total				28.192						28.192		

Legenda:

CCRS = member of Control and Risk and Sustainability (until 20.09.2017 Control and Risk Committee)

CNR = member of Nomination and Remuneration Committee

COPC = member of Transaction with Related Parties Committee

OdV = Organismo di Vigilanza – Supervisory Board

1 Including *quota parte* of compensation for the period from the beginning of the 2017 financial year (1 February 2017) to the expiry of the previous mandate as the CEO (31 May 2017). In fact the current Board of Directors and the current Board of Statutory Auditors were appointed by the Shareholders' Meeting of 31 May 2017. Some Directors and a Statutory Auditor were members of the outgoing corporate bodies [marked with #], therefore the compensation indicated also includes the amount received with reference to the period from the beginning of the year (1 February 2017) at the expiry of the mandate (31 May 2017) paid on the basis of what had been decided by the previous corporate bodies until the expiry of the mandate, that was the approval of the financial statements as of 31.01.2017.

\* It is specified that all the information regarding Mr. Stefano Beraldo, as General Manager, is included in the nominative part of the table.

Pursuant to Annex 3 – Scheme 7-bis Issuers' Regulation, the fixed salary from employment is indicated gross of tax and social security expenses to be paid by the employee, excluding any compulsory collective social security charges to be paid by the company and severance indemnity (TFR) allocations



**TABLE 2: Stock options allocated to members of the management body, general manager and directors with strategic responsibilities**

A	B	(1)	Options held at the beginning of the financial year (FY)			Option allocated during the FY						Option exercised during the FY			Options expired during the FY	Option held at the end of FY	Options for FY
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2) + (5) - (11) - (14)	(16)
Name and surname	Position	Plan	No. of options	Exercise price	Exercise period (from - to)	No. of options	Exercise price	Exercise period (from - to)	Fair value at allocation date	Allocation date	Market price underlying shares at option allocation	No. of options	Exercise price	Market price underlying shares at the exercise date	No. of options	No. of options	Fair value
Stefano Beraldo	CEO and GM																
(1) Compensation paid by the company that prepares the financial statements		Plan 2015-2020	2,291,375	€ 4.88	1/3 of the Exercisable Option after 36 months from the Date of Attribution (2018)  1/3 of the Exercisable Option after 48 months from the Date of Attribution (2019)  The pay-off of the Exercisable Option after 60 months from the Date of Attribution (2020)  Until 08.06.2025							0			0	2,291,375	1,093,700

A	B	(1)	Options held at the beginning of the financial year (FY)			Option allocated during the FY						Option exercised during the FY			Options expired during the FY	Option held at the end of FY	Options for FY
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2) + (5) - (11) - (14)	(16)
Name and surname	Position	Plan	No. of options	Exercise price	Exercise period (from - to)	No. of options	Exercise price	Exercise period (from - to)	Fair value at allocation date	Allocation date	Market price underlying shares at option allocation	No. of options	Exercise price	Market price underlying shares at the exercise date	No. of options	No. of options	Fair value
		Plan 2017-2022				1,500,000	€ 6.39	1/3 of the Exercisable Option after 36 months from the Date of Attribution (2020)  1/3 of the Exercisable Option after 48 months from the Date of Attribution (2021)  The pay-off of the Exercisable Option after 60 months from the Date of Attribution (2022)  Until 30.06.2027	236,675	20/28.09.2017	€ 6.675					1,500,000	236,675
(II) Compensation paid by the subsidiaries and associates																	
(III) Total			2,291,375			1,500,000			236,675			0			0	3,791,375	1,330,375

A	B	Options held at the beginning of the financial year (FY)				Option allocated during the FY						Option exercised during the FY			Options expired during the FY	Option held at the end of FY	Options for FY
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2) + (5) - (11) - (14)	(16)
Name and surname	Position	Plan	No. of options	Exercise price	Exercise period (from - to)	No. of options	Exercise price	Exercise period (from - to)	Fair value at allocation date	Allocation date	Market price underlying shares at option allocation	No. of options	Exercise price	Market price underlying shares at the exercise date	No. of options	No. of options	Fair value
(3)*	Directors with strategic responsibilities																
(1) Compensation paid by the company that prepares the financial statements		Plan 2015-2020	920,000	€ 4.88	1/3 of the Exercisable Option after 36 months from the Date of Attribution (2018)  1/3 of the Exercisable Option after 48 months from the Date of Attribution (2019)  The pay-off of the Exercisable Option after 60 months from the Date of Attribution (2020)  Until 08.06.2025							0			0	920,000	439,127

A	B	(1)	Options held at the beginning of the financial year (FY)			Option allocated during the FY						Option exercised during the FY			Options expired during the FY	Option held at the end of FY	Options for FY
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2) + (5) - (11) - (14)	(16)
Name and surname	Position	Plan	No. of options	Exercise price	Exercise period (from - to)	No. of options	Exercise price	Exercise period (from - to)	Fair value at allocation date	Allocation date	Market price underlying shares at option allocation	No. of options	Exercise price	Market price underlying shares at the exercise date	No. of options	No. of options	Fair value
		Plan 2017-2022				660,000	€ 6.39	1/3 of the Exercisable Option after 36 months from the Date of Attribution (2020)  1/3 of the Exercisable Option after 48 months from the Date of Attribution (2021)  The pay-off of the Exercisable Option after 60 months from the Date of Attribution (2022)  Until 30.06.2027	104,137	20/28.09.2017	€ 6.675					660,000	104,137
II) Compensation paid by the subsidiaries and associates																	
(III) Total			920,000			660,000			104,147			0			0	1,580,000	543,264

**TABLE 3B: Monetary incentive plans for members of the management body, general manager and directors with strategic responsibilities**

A	B	(1)	(2)			(3)			(4)
Name and Surname	Position	Plan	Bonus for year			Bonus for previous years			Other bonus
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferred period	No longer payable	Payable/Paid	Deferred again	
<b>Beraldo Stefano</b>	<b>Chief Executive Officer and General Manager</b>								
(I) Compensation paid by the company that prepares the financial statements			1,040,000 <sup>5</sup>						
(II) Compensation paid by the subsidiaries and associates									
(III) Total			1.040,000						
<b>3*</b>	<b>Directors with – strategic responsibilities</b>								
(I) Compensation paid by the company that prepares the financial			429,000 <sup>6</sup>						

<sup>5</sup> The Board of Directors held on April 18, 2018, which resolved on the 2017 MBO, considered, in accordance with the Remuneration Policy approved by the Board on 18 April 2017, although the performance targets set by the Board - during the meeting held on 18 April 2017 - were not reached at 100%. and in consideration of the overall performance, to recognize an amount equal to 80% of the value that would have been paid if the target was reached.

<sup>6</sup> The Board of Directors held on April 18, 2018, which resolved on the 2017 MBO, considered, in accordance with the Remuneration Policy approved by the Board on 18 April 2017, although the performance targets set by the Board - during the meeting held on 18 April 2017 - were not reached at 100%. and in consideration of the overall performance, to recognize an amount equal to between 70% and 90% of the value that would have been paid if the target was reached.

statements									
(II) Compensation paid by the subsidiaries and associates									
(III) Total			429,000						

\* It is specified that all the information regarding Mr. Stefano Beraldo, as General Manager, is included in the nominative part of the table.

**TABLE 1 – required by Annex 3A, Scheme 7 *ter* of the Issuers’ Regulations – Information on the shareholdings of members of the administrative and control bodies.**

Name and Surname	Position	Investee Company	No. of shares owned at end of previous FY	No. of shares purchased	No. of shares sold	No. Of shares owned at end of FY in progress
Nicholas Stathopoulos	Chairman of the Board of Directors	OVS S.p.A.	-	-	-	-
Stefano Beraldo	Chief Executive Officer and General Manager	OVS S.p.A.	99,219	49,880	80,000	69,099
	Person closely associated [spouse]			23,200		23,200
	Person closely associated [controlled company]			1,924,841		1,924,841
Gabriele Del Torchio	Director	OVS S.p.A.	-	-	-	-
Stefano Ferraresi	Director	OVS S.p.A.	-	-	-	-
Lori Hall-Kimm	Director	OVS S.p.A.	-	-	-	-
Heinz Jürgen Krogner Kornalik	Director	OVS S.p.A.	-	-	-	-
Jérôme Pierre Losson	Director	OVS S.p.A.	-	-	-	-
Giuseppe Moretti	Chairman of the Statutory Auditors	OVS S.p.A.	-	-	-	-
Roberto Cortellazzo Wiel	Statutory Auditors	OVS S.p.A.	-	-	-	-
Lucio Giulio Ricci	Statutory Auditors	OVS S.p.A.	-	-	-	-

**TABLE 2 – required by Annex 3A, Scheme 7 *ter* of the Issuers’ Regulations – Information on the shareholdings of Key Management Executives.**

No. Of Directors with Strategic responsibilities	Investee Company	No. of shares owned at end of previous FY	No. of shares purchased	No. of shares sold	No. Of shares owned at end of FY in progress
3*	OVS S.p.A.	0	94,350	0	94,350

\* It is specified that all the information regarding Mr. Stefano Beraldo, as General Manager, is included in the nominative part of the table.

Venice – Mestre, 28 May 2018

The Chairman of the Board of Directors  
Nicholas Stathopoulos