

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*

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 26 May 2020

Letter from the Chairman of the Nomination and Remuneration Committee

Dear Shareholders,

as Chairman of the Nomination and Remuneration Committee of OVS and in the name of the members of the Committee, I have the pleasure to present you with our annual Report on policy on remuneration and fees paid for the 2019 year.

The Nomination and Remuneration Committee worked during 2019 with the aim of accepting all the stimuli and suggestions received from the Shareholders and Stakeholders with a view to consolidating the Group's remuneration strategy, making it increasingly transparent, clear, effective and aligned with the guidelines of the Borsa Italiana Corporate Governance Code, market practices and the interests of you Shareholders.

Specifically, the commitment made by the Nomination and Remuneration Committee, in collaboration with the Human Resources Department and making, has been striving to integrate the compensation policy with some innovative elements in support of the many challenges some of which required by the new regulatory provisions, reinforcing the aims of the policy to pursue the long-term interests and sustainability of the Company, others aimed at keeping the principles of the policy unchanged even in the exceptional situation that has affected the Company in the first months of 2020.

To this aim, the process of evolution of the Group remuneration strategy also concerned the Short Term Incentive System offered to Top Management (MBO 2020) in order to further consolidate the engagement of these figures on the challenging objectives of the Company also with reference to non financial objectives. Among the changes introduced, within the MBO system, we highlight a change of the weight of KPIs in order to align them to the situation that will characterize the business during 2020. The Long term incentive system has been straight by ad hoc action.

Finally, with the aim of making the reading of the annual Report clear, and transparent, the Committee has continue to have a high level of disclosure of the Compensation Policy towards the market, guaranteeing detailed information and graphic elements functional to the correct understanding of the main elements which make up the Group remuneration systems in line with best market practices.

On behalf of all the OVS Nomination and Remuneration Committee, we thank the Shareholders and Stakeholders in general for their valuable contribution to the continuous improvement of the Group's remuneration policies.

Chiara Mio

Chairman of the Nomination and Remuneration Committee

Introduction

This Report on remuneration policy and on fees paid (the “**Report**”) was approved on 26 May 2020 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. July 2018 edition [the Italian Stock Exchange] (the “**Code of Conduct**” or “**Code**”).

The Report consists of two sections:

- 1) Section I describes clearly and comprehensibly (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**”) and without exceptions of article 2402 of the Italian Civil Code, of the controlling bodies , and (ii) the procedures for adopting and implementing the Policy;
- 2) Section II describes clearly and comprehensibly 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. From next Report, as stated on article 123-ter, paragraph 4 b-bis) of TUF, the session will illustrate as the Company will take note of the vote that will be expressed, on such Session II.

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

- (a) the Board in office at the date of the approval of the present Report is composed of nine (9) members: Franco Moschetti (Chairman), Stefano Beraldo (Chief Executive Officer), , Gabriele Del Torchio (Independent Director), Elena Garavaglia (Independent Director), Heinz Jürgen Krogner Kornalik (Independent Director), Massimiliano Magrini (Independent Director), Chiara Mio (Independent Director) and Giovanni Tamburi (Non-Executive Director and Vice-Chairman).

The Board of Directors will remain in office until the approval of the financial statements for the year

ending 31 January 2020.

- (b) the Board of Statutory Auditors in office at the date of the Report is composed of Stefano Poggi Longostrevi (Chairman), Roberto Cortellazzo Wiel (Standing Auditor), Eleonora Guerriero (Standing Auditor), Antonella Missaglia (Alternate Auditor) and Emanuela Italia Fusa (Alternate Auditor).

The Board of Statutory Auditors will remain until the approval of the financial statements at 31 January 2020;

- (c) in addition to the Chief Executive Officer, three (3) Key Management Executives have been identified:
- Ismail Seyis, OVS Brand Director;
 - Massimo Iacobelli, UPIM Brand Director;
 - Nicola Perin, Chief Financial Officer.

The Remuneration Policy, referred to in Section I of this Report, will be submitted to the vote of the Shareholders' Meeting called, pursuant to Article 2364 of the Civil Code, for 9 July 2020 at legal offices of the Company, via Terraglio n. 17, 30174 Venezia-Mestre (Italy), at 11:00am, in a single call, to approve the financial statements as at 31 January 2020.

Pursuant to Article 123 *ter*, paragraph 3-bis and 3-ter, of the CFA, the Shareholders' Meeting is in fact required to express itself, with a binding resolution, in favour or against Section I of the Report, while pursuant to art. 123-ter paragraph 6 of the CFA is required to express itself, with a non-binding resolution, in favour or against in relation to Section II 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, Section Governance/Shareholders' Meeting 2020, 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, Section Governance/Shareholders' Meeting) as well as at the mechanism for the central storage of regulated information "1info" on the website www.1info.it.

Venice – Mestre, 26 May 2020

The Chairman of the Board of Directors
Franco Moschetti

EXECUTIVE SUMMARY - Remuneration Policy 2020

For the sake of completeness, we inform you that the current Chief Executive Officer has communicated that he wants¹ to reduce the remuneration due to him as Director and as Chief Executive Officer by 10%, relating to the half-year following the COVID 19 emergency. Part of this figure has already contributed to the creation of an internal solidarity fund which aims to respond to extraordinary situations that have affected, or could affect, collaborators of OVS S.p.A. non-managers and their families, as a consequence of COVID19 health risk.

The establishment of this fund was decided by all OVS executives, a part of their salary in April 2020 was devolved on it. The remainder will be counted as a reduction in 2020 costs.

The Executives with Strategic Responsibilities and other executive Directors of OVS also decided to reduce their remuneration in ways similar to those decided by the Chief Executive Officer.

On 8 May 2020, following the CEO's initiative, the directors decided to adopt a similar initiative to reduce the emoluments including those due to them for participation in the intra-board committees; the Company has undertaken to donate a sum equal to the amount of the reduction to support the needs of employees linked to the emergency context caused by the Covid pandemic - 19.

Remuneration element	Scope	Conditions of implementation	Amount / Values %	Page references
Fixed remuneration	Remuneration component defined in a manner congruous with respect to the proxies and to specific offices and to the strategic role and responsibilities assigned.	It is defined on the basis of the positioning deriving from the comparison with the reference market.	<p>CEO/GM: € 1.200.000:</p> <ul style="list-style-type: none"> • € 50.000 (ex art. 2389 comma 1) * • € 450.000 (ex art. 2389 comma 3) * • € 500.000 RAL • € 200.000 <i>guaranteed nature</i> <p>CHAIRMAN</p> <ul style="list-style-type: none"> • € 50.000 (ex art. 2389 comma 1) * • € 50.000 (ex art. 2389 comma 3) * <p>MSR: related to the role and level of responsibility, as well as to the experience and strategic importance of the resource.</p>	<p>Pag. 16</p> <p>Pag. 24</p>

¹ This also in the event that he is re-elected by the Shareholders' Meeting which will appoint the new Board of Directors.

Remuneration element	Scope	Conditions of implementation	Amount / Values %	Page references
Short-term Variable Remuneration	Remuneration component defined within predetermined maximum limits and is aimed at remunerating the expected short-term performance (one year).	<p>CEO/GM: Performance goals:</p> <ol style="list-style-type: none"> Economic and Financial goals (for 60%) Strategic non financial goals (for 40%) <p>MSR: Performance goals:</p> <ol style="list-style-type: none"> Economic-financial goals (for 40%) with exclusion of CFO (for 60%) Strategic Goals (for 60%) with exclusion of CFO (for 40%) 	<p>CEO/GM: Target: € 1.300.000 Minimum: 40% of the Target Maximum: 130% of the Target</p> <p>MSR: Target:</p> <ul style="list-style-type: none"> CFO: 100% bonus target (equal to 40% of the Fixed) DG OVS: 100% bonus target (equal to 60% of the Fixed) DG Upim: 100% bonus target (equal to 60% of the Fixed) <p>For 2020, the current CEO (in case of reconfirmation) and MSR have declared that they want to reduce the amount of the MBO by 20%, which can eventually be paid if the targets are reached.</p>	<p>Pagg. 16-18</p> <p>Pagg. 24-25</p>
Long-term Variable Remuneration	Remuneration component defined with the aim of aligning the interests of shareholders and creating value over the long term.	<p>Stock Option Plans SOP 2015-2020, SOP 2017-2022 and SOP 2019 – 2022</p> <p>Long term monetary Incentive Plan</p>		Pagg. 18 and ss
Severance	Indemnity for termination of office or early termination of the employment relationship and non-competition agreements.	<p>Indemnity of end of office/relationship</p> <ul style="list-style-type: none"> CEO/GM: Withdrawal from the employment relationship, revocation of the office without just cause, certain cases of resignation for just cause <p>MSR: None</p> <p>Non competition clause</p> <ul style="list-style-type: none"> CEO/GM: Recognition of a lump-sum compensation payable in the event of termination of the employment relationship. <p>MSR: Can be activated</p>	<p>Indemnity of end of office/relationship</p> <p>CEO/GM: € 5.050.000 (only in the event that it waives the amount due from CCNL Executives that would amount approximately to 24 months of Fixed and Short Term Variable).</p> <p>MSR: none</p> <p>Non competition clause</p> <p>CEO/GM: € 350.000 MSR: current limits set by the law</p>	Pagg. 28-29

[It should be noted that with reference to the remuneration of the directors, including those vested with particular offices, on which the new Board of Directors will resolve, after consulting the Nomination and Remuneration Committee, following the Shareholders' Meeting that will proceed to appoint the new corporate bodies, what is indicated has been suggested as a guideline by the outgoing Nomination and Remuneration Committee and by the Board of Directors]*

SECTION I - Remuneration Policy 2020

1. Remuneration Policy for Directors and Executives with Strategic Responsibilities

- 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**”).



Shareholders' Meeting

The OVS Shareholders' Meeting:

- approves the remuneration of the Directors in the ordinary session pursuant to art. 2364, paragraph 1, no. 3 and 2389, paragraph 3, code civ., as well as art. 22 of the articles of association;
- pursuant to art. 123-ter, paragraphs 3-bis and 3-ter, of the TUF, on the occasion of the approval of the financial statements, the Shareholders' Meeting is also called to deliberate in favor or against on Section I of the remuneration report prepared by the Board, the vote it is binding;
- pursuant to art. 123-ter, paragraph 6, of the TUF on the occasion of the approval of the financial statements, the Assembly is also called to deliberate in favor or against on Section II of the remuneration report prepared by the Board, the vote is not binding;
- approves the share-based incentive plans proposed by the Board of Directors, remitting their attribution to the Board.

Board of Directors

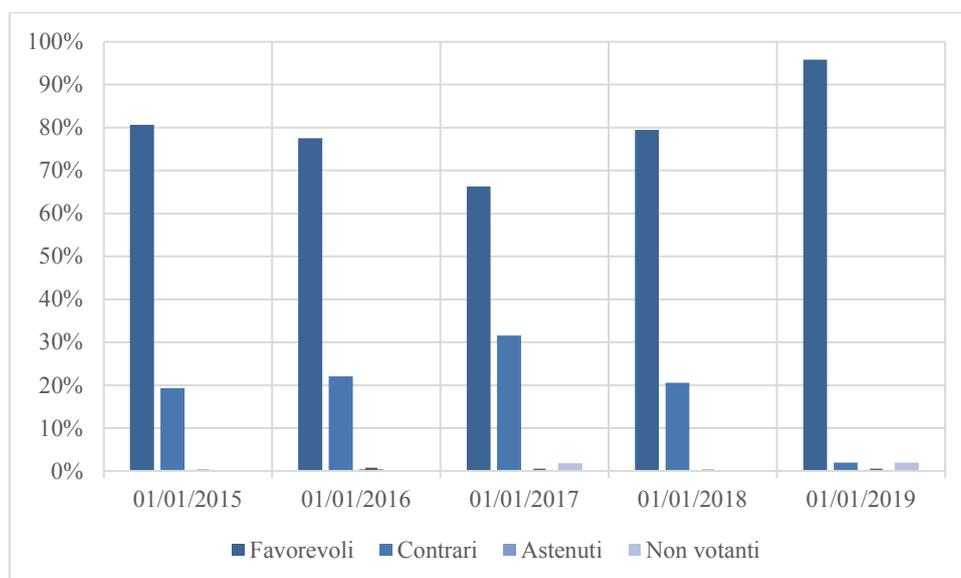
- The Board holds the exclusive non-delegable power to define the Remuneration Policy based on the proposal made by the Nomination and Remuneration Committee set up within it

- The Board 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

- 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 performance of the shareholders' meeting results on the OVS Annual Remuneration Report from 2015 to 2019 is shown below.



Duration of the Policy

In order to guarantee continuous discussion with the shareholders and to facilitate their involvement in the definition of the guidelines of the Company's Remuneration Policy and, at the same time, to maintain the necessary flexibility to respond promptly to present and future needs, this Remuneration Policy it has an annual duration and will be followed for at least the next financial year (2020). Furthermore, it is considered appropriate that the same may be reviewed next year also in consideration of the process, not yet completed, of the transposition of the Shareholder's Right Directive II Directive, from which the changes to the new Report on

the remuneration policy and the remuneration paid originate.

If the Shareholders' Meeting does not approve the Remuneration Policy, the Company will pay remuneration in accordance with the latest Policy approved by the Shareholders' Meeting itself.

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 proceeded to appoint the members of the new Nomination and Remuneration Committee.

The Committee is at the moment composed by the following four non-executive directors, 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: Chiara Mio (Independent Director and Chairman of the Nomination and Remuneration Committee)², Elena Garavaglia (Independent Director), Heinz Jürgen Krogner Kornalik (Independent Director), and Giovanni Tamburi (Non-Executive Director)³.

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

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

² The Board of Directors has proceeded with a reorganization of its internal committees, following the resignation from the committees, due to the professional commitments of the director Gabriele Del Torchio, who continues to be part of the Board of Directors, and has been appointed member and Chairman of the Committee Appointments and Remuneration Chiara Mio. Press release of 11 December 2019.

³ On 13 March 2019, Nikos Stathopoulos had resigned as a member of the Company's Appointments and Remuneration Committee and the Board of Directors had appointed Giovanni Tamburi as his replacement on the Committee, the other members remaining unchanged. Press release of 13 March 2019.

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 expresses 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.

During the 2019 financial year, the Nomination and Remuneration Committee has, inter alia:

Function of the Committee	Activities carried out in 2019
Nomination Committee:	<ul style="list-style-type: none"> ✓ supervised the annual self-assessment of the Board and its Committees pursuant to the Code, analyzing the results obtained from the aforementioned process as well as providing suggestions and proposals ✓ took note of the contents of the letter from the chairman of the Corporate Governance Committee of 19 December 2019 sent to all issuers with particular reference to the board review recommendations ✓ oversaw the drafting of the succession plan for the Chief Executive Officer and the drafting of the succession plan for Executives with Strategic Responsibilities
Remuneration Committee:	<ul style="list-style-type: none"> ✓ submitted proposals to the Board of Directors for the definition of the remuneration policy for directors and executives with strategic responsibilities, in particular by formulating non-binding opinions and proposals regarding the objectives relating to the short-term variable remuneration (MBO) and the criteria for assessing the achievement of these objectives; ✓ issued non-binding opinions and proposals regarding the 2015-2020 Stock Option Plan and the 2017-2022 Stock Option Plan, also suggesting the objectives connected with the granting of these benefits and the criteria for assessing the achievement of these objectives; ✓ monitored and verified the effective achievement of the performance targets, as established by the Board of Directors, in relation to the variable remuneration of the directors and managers with strategic responsibilities; ✓ analyzed the contents of the Remuneration Report, approved on April 17, 2018 and published on April 26, 2019, also reviewing its contents with a view to more complete market disclosure, including some clarifications and/or clarifications; ✓ expressed its own opinions and made suggestions regarding the remuneration of executives with strategic responsibilities; ✓ took note of the contents of the letter from the chairman of the Corporate Governance Committee of 19 December 2018 sent to all issuers with particular reference to recommendations on remuneration; ✓ made suggestions for the adoption of a new medium-long term incentive plan, Stock Option Plan 2019-2022 and following its approval by the Shareholders' Meeting, it approved the list of Beneficiaries (in particular the Chief Executive Officer and Executives with Strategic Responsibilities) and the options assigned to each of them.

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

In 2019, 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.

For 2020, in line with company policy, the Remuneration Committee has been supported by the Human Resources and Organization Organizational Unit, which in turn makes use of information from external experts such as Mercer Italia S.r.l ..

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;
- pursuing the long-term and sustainability interests of the Company..

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 or by the study and analysis of information available on the market. 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 in line with the previous one, however presenting new aspects; among the innovations introduced, some of which in consideration of the provisions of Directive (EU) 2017/828 (so-called Shareholders Rights Directive II ("SHRII")) as well as the consequent Legislative Decree No. 49 of 2019, as well as the introduction of a Long term monetary Incentive Plan, as better specified below. Within the MBO system innovations, are highlighted the introduction of non-financial strategic objectives both for the Chief Executive Officer and for all Managers with Strategic and Strategic Responsibilities with a consequent review of the weights relating to the target objectives.

[Any exceptions to the Remuneration policy](#)

As required by article 123-ter of the TUF, the Company attributes compensation in accordance with the Remuneration Policy; however, in the presence of exceptional circumstances - as defined also in light of the applicable reference regulations, i.e. those situations in which the derogation from the remuneration policy is necessary for the pursuit of the long-term interests and sustainability of the Company as a whole or for ensure its ability to stay on the market - the Company may temporarily derogate from the Policy.

Such exceptional circumstances may include, for example, the need to attract and / or retain key managerial figures in a competitive market, the need to incentivize such figures with respect to specific objectives, as well as exceptional and unforeseeable circumstances that may impact the reference market of the Society.

These changes may affect, inter alia and for example, the granting of a one-time entry bonus to a new key managerial figure or the review of the remuneration of a key managerial figure for retention purposes; the introduction or modification of the reward system, always with a view to entering a new managerial figure or retention also in light of exceptional and unpredictable circumstances that impact the Company's reference market.

To proceed with these exceptions, the Procedure for Related Party Transactions adopted by the Company and in force from time to time will apply, where the Remuneration Committee will have a proactive role and without

prejudice to the decision-making competence of the Board of Directors.

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 mainly 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), subject to Performance conditions.

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 (Stock Option Plan 2015-2020, Stock Option Plan 2017-2022 and Stock Option Plan 2019-2022).

The possibility for the Board of Directors, upon proposal of the Remuneration Committee, to adopt, in the context of the 2020 Remuneration Policy, a long-term monetary incentive plan of a multi-year duration in favor of the Chief Executive Officer and Executives with Strategic Responsibilities (the so-called Long term monetary Incentive Plan), in addition to the current Stock Option Plans to ensure adequate commitment with respect to the significant challenges imposed by the external and internal context of the company, especially at this time. In particular, from the analysis of the internal and external factors that influence the current Stock Option Plans, it emerges that the incentive power of the same is severely limited by the real convenience of exercising the options and by the fact that they end their period of validity with the exercise 2021. Considering the complicated competitive context, also in light of the considerations on the business scenario of the sector, it

was considered important to evaluate a remuneration offer capable of protecting managerial capital, present at the moment and mainly composed of the current Chief Executive Officer and Director General and Executives with Strategic Responsibilities, of the Company to ensure business continuity, speed and reaction effectiveness. Regardless, then, of the considerations on the incentive power, since the current Stock Option Plans do not allow to cover the entire horizon of the new mandate (financial years 2020-2022 and which will end with the approval of the financial statements at 31 January 2023) it was considered It is appropriate to start a long-term incentive plan aligned with the mandate of the new board rather than to hypothesize the launch of a new plan starting from 2021.

In order to present this Long term monetary Incentive Plan to the Remuneration Committee and the Board of Directors, the Human Resources Department made use of the support of the company Mercer Italia S.r.l ..

Information on the structure of long-term incentive effect are given hereunder.

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 in a congruous way with respect to the delegations and particular offices and to the strategic role and responsibilities assigned and includes and includes:

- (i) the annual gross remuneration - as a member of the Board of Directors;
- (ii) the annual gross remuneration in relation to the office of Chief Executive Officer,

It should also be noted that 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.

The details relating to the amounts paid to the Chief Executive Officer in 2019 are contained in the Second Section of the Remuneration Report.

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 and also, for 2020, non financial goals.

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.

For the economic, financial and operative of the Company, there is also a minimum predetermined performance threshold compared to performance target, which allows the payment of 40% of the annual MBO (corresponding to the achievement of the specific reference performance target). It is also stated a maximum predetermined threshold, which allow at the achievement of it the payment of the 130% of the annual MBO, corresponding to the achievement of the specific reference performance target).

In the event of his re-election, the CEO has declared for 2020 that he wants to reduce the amount of the MBO by 20%, which can be paid if the targets are achieved.

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

The performance objectives of the annual variable component for 2020 and the relative weight in the short-term variable component, as approved by the Board of Directors held on 26 May 2020, upon favourable opinion of the Remuneration Committee of 26 May 2020, are the follow:

Economic and Financial Objectives (EBITDA OVS SpA - 40%, Net Financial Position - 20%, for a total weight equal to 60% and Non-Financial Strategic Objectives linked to sustainability (20%) and the positive overcoming of the emergency linked to COVID-19 (20%) for an overall weight equal to 40%.

With reference to the non-financial strategic objectives, their achievement at 100% will result in a disbursement equal to 100%. If the level of achievement of the same is lower than the target, no provision will be made; if the level of achievement is higher than the target, the disbursement will still be 100%..

In the event of extraordinary transactions and/or profound changes in the macroeconomic and business scenario, as well as the occurrence during the year of exceptional and unpredictable circumstances that impact the Company's reference market, the Nomination and Remuneration Committee also has the right to submit to the Board of Directors a possible revision of the targets / percentages of the performance levels as indicated above for the purpose of protecting the value and purposes of the retention system thus guaranteeing constant alignment between the corporate objectives and the objectives underlying the incentive systems of the Management.

It is understood that in such cases, the Company will provide in the relevant Remuneration Report, information relating to these changes, describing the decision-making process, the assessments and the circumstances that motivated these choices.

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.

Also in this casw, 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 choices⁴.

Long-Term Variable Component

With reference to the long-term variable Component, the Company set up three Stock Option Plans, which

⁴ It should be noted that in the last four financial years no proposals have been formulated for the payment of *una tantum* additional amounts.

also includes the Chief Executive Officer among the beneficiaries.

The Plans are the following:

- 1) Stock Option Plan 2015-2020, approved by the Shareholders' Meeting on May 26, 2015 ("Stock Option Plan 2015-2020");
- 2) Stock option Plan 2017- 2022, approved by the Shareholders' Meeting on May 31, 2017 ("Stock Option Plan 2017-2022");
- 3) Stock option Plan 2017- 2023, approved by the Shareholders' Meeting on May 31, 2019 ("Stock Option Plan 2019-2022").

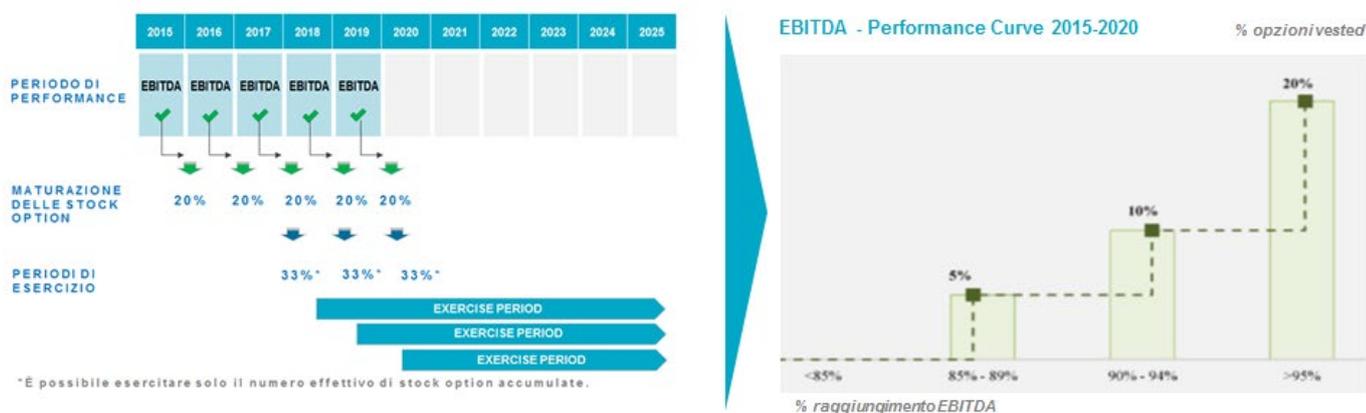
A new Stock Option Plan 2019-2022, moreover (see above) will be submitted for the approval of the Shareholders' Meeting called for May 31, 2019; in line with the previous plans, among its beneficiaries, could include, among others, the Chief Executive Officer, as well as other managers of the Company.

The incentive system above consist in assigning free-of-charge option rights to subscribe ordinary OVS shares. The rights assigned to each beneficiary accrue, as explained below, only if pre-established access conditions and a performance objective are achieved.

The details of these plans are described in the prospectus published in accordance with law on the company's website (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.

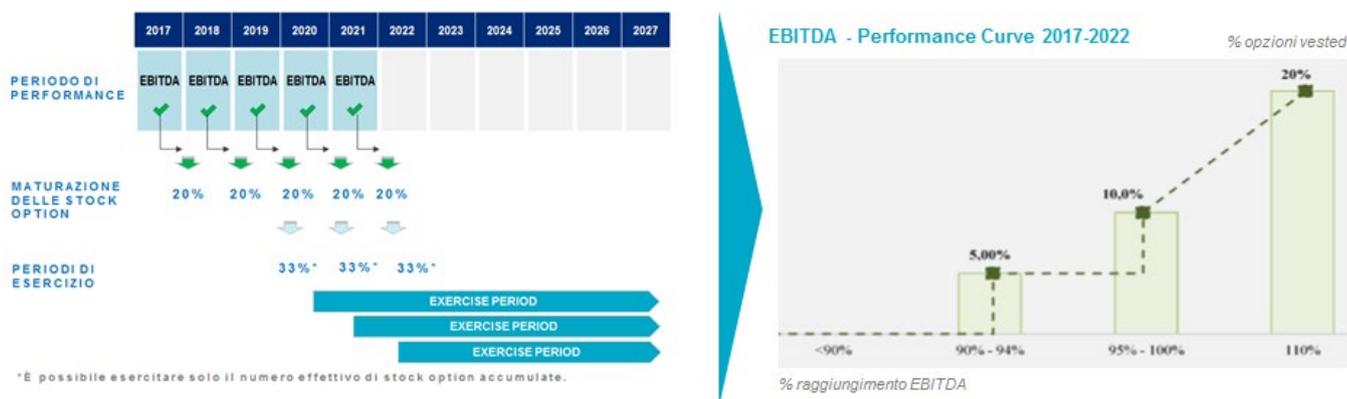
The Stock Option Plan 2015-2020 establishes a lock up period of 12 months applicable to 20% of the shares

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 Stock Option Plan 2017-2022 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 2019-2022

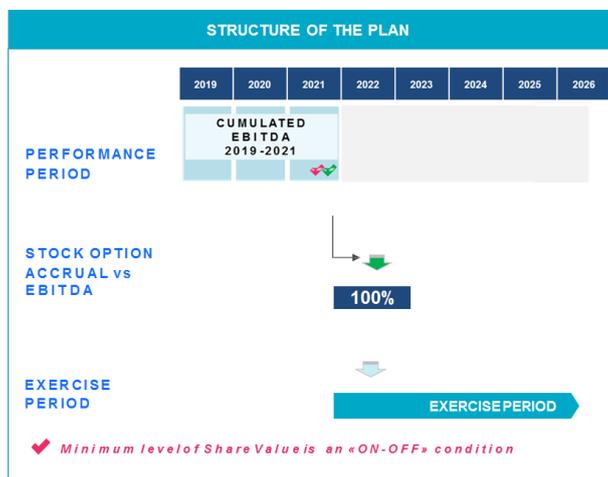
The instrument underlying the Stock Option Plan 2019-2022 (Stock Option) was considered the best vehicle through which to direct the involved resources towards the creation of medium long-term value, given the specific context in which the Company found itself, namely, inter alia, a high focus on value growth of the action.

The Plan provides for a single assignment of the options in 2019 (closed plan) and a vesting period of 3 years. The Plan provides for the allocation of options by the Board of Directors, after consulting the Remuneration Committee in a single solution to the identified beneficiary.

In 2019 the granting of option rights by the Board of Directors upon proposal of Remuneration Committee, for the subscription of ordinary OVS shares - at a predefined price (exercise price), whose maturation will be

subject to an Access Condition and a Performance Condition, as defined and specify below⁵.

The Board of Directors will determine, after the end of a three-year vesting period, the number of options actually accrued by each beneficiary based on the satisfaction of the Access Condition to the Plan as well as the level of achievement of the Performance Condition, as specified below.



Condition of Access to the plan (c.d. Gate)

The transformation of the options assigned into options accrued and therefore exercisable, to the extent and under the conditions established pursuant to the Stock Option Plan 2019-2022, is primarily subject to verification by the Board of Directors, at the end of the performance period, of the fulfilment of the access condition to the piano (so-called Gate) (“**Access Condition**”), that consists in the achievement of a minimum value of the OVS share price; if this value is lower than the Access Condition, the plan will have no effect for the identified beneficiaries, thus not giving rise to any possibility of transforming the Options assigned in Options accrued and exercisable.

Specifically, this Access Condition consists in the achievement of a minimum value of the OVS share price, equal to Euro 2.50, to be calculated as weighted average daily closing price during the second half of the year before the end of the 2021 financial year (i.e. in the period from 1 August 2021 to 31 January 2022).

This value equal to Euro 2.50, set by the Board of Directors on April 17, 2019 at the proposal of the Remuneration Committee, considering an appropriate performance in terms of return for the shareholders of OVS SpA also taking into account the liquidity and of the specific risk factor of the sector in which the company operates.

This determination was made considering as a reference the current closing price (as of 15 April 2019), equal to euro 1.67, that of the average of the last 30 calendar days, equal to € 1.64 and that of the average of the last 50 days of calendar, equal to Euro 1.59; this reference values were compared with the yield of the FTSEMIB

5 In accordance with the guidelines of the Stock Option Plan 2019-2022 relating to the allocation of options and taking into consideration the difference between the Access Condition and the Exercise Price, the value of the options assigned will be equal to a multiple of between 0.6 and 3 times the RAL of the beneficiaries.

index of the last 3 years, equal to + 25% and of the last 5 years, equal to + 3.1%. The comparison shows that the Euro 2.5 target determines an expected return of 49.8% compared to the closing price on April 15, which is 25% higher than the yield of the 3-year and 46-year FTSEMIB Storico 7% higher than the performance of the historical FTSEMIB at 5 years. The average price of the stock of OVS over the last 50 and 30 days, on the other hand, reflects even more significant returns: compared to the yield of the FTSEMIB at 3 years, the former reflects a return of 31.9% higher than the latter of 27.1%, while if we consider the performance of the FTSEMIB at 5 years, the former reflects a higher return of 54.1%, the latter instead of 49.3%. Even considering the price at which the transaction between Tamburi Investment Partners S.p.A. and BC Partners took place, equal to Euro 1.85, the upside is significant and equal to 35.1%.

Performance condition

The Stock Option Plan 2019-2022 provides for the achievement of a performance condition which is conditioned by the right of each beneficiary to accrue Exercisable Options (the "**Performance Condition**"). More precisely, the options assigned to each beneficiary, subject to verification that the Access Condition to the plan has been exceeded, will accrue in relation to the achievement of a pre-set cumulative EBITDA target value for the three-year period 2019-2021 (from 01.02.2019, starting of 2019 fiscal year, to 31.02.2022, ending of 2021 fiscal year).

This value of cumulated EBITDA was determined equal to Euro 550 million by the Board of Directors held on 17 April 2019, upon proposal of Remuneration Committee, and will be calculated applying the same accounting principles adopted by OVS for the consolidated financial statements as at 31 January 2019.

With respect to the number of options initially allocated, the beneficiary will be recognized a percentage of the same as specified in Table 1.

Cumulated Ebitda Target Achievement 2019-2021	% Accrued Options on assigned Options
Less than 90%	0%
90%	30%
95%	50%
100%	100%

If a three-year cumulative EBITDA level is reached between the percentages indicated in Table 1 above, a linear interpolation will be performed to determine the percentage of options accrued with respect to the Options assigned. In any case, the number of options accrued may never exceed 100% of the options assigned.



The verification of the achievement of the Access Condition and of the Performance Condition will be carried out by the Board of Directors of the Company following the approval of the consolidated financial statements of the OVS Group by the same Board at the end of the three-year reference period of the plan.

Each beneficiary may exercise the options actually accrued based on the achievement of the Performance Condition up to the plan expiry date (30 June 2026) - except as provided in terms of holding - at the defined exercise price.

For any further details please refer to the illustrative report document information prepared pursuant to 114 bis of the Consolidated Law on Finance [www.ovscorporate.it/Corporate/Shareholders' Meeting 2019](http://www.ovscorporate.it/Corporate/Shareholders%20Meeting%202019).

For the Chief Executive Officer, a 12-month lock-up period is applied to 30% of the shares deriving from the exercise of the options.

In compliance with the recommendations of the Corporate Governance Code, even after the unavailability period indicated above, the Chief Executive Officer will hold a number of shares at least equal to 30% of the shares subject to the lock-up commitment until the end of the mandate.

Long term monetary Incentive Plan

On the favorable opinion of the Remuneration Committee, the Board of Directors of 26 May 2020 approved the adoption, within the 2020 Remuneration Policy, of a three-year Long term monetary Incentive Plan (for the Board's term of office for the years 2020-2022, which will end with the approval of the financial statements as at 31 January 2023) for the current Chief Executive Officer - if confirmed - for an amount of € 3,000,000 (equal to two years, meaning the remuneration per year total annual consisting of fixed remuneration plus the average of the variable paid in the last three years); the amount of the Long term monetary Incentive Plan will be disbursed in a single tranche if in June 2023, after the approval of the financial statements for the 2022

financial year, the beneficiary is still part of OVS as CEO.

It was considered appropriate to adopt this Long term monetary Incentive Plan in addition to the current Stock Option Plans to ensure adequate commitment with respect to the significant challenges imposed by the external and internal context of the company, especially at this time. In particular, the analysis of the internal and external factors that influence the current Stock Option Plans shows that the incentive power of the same is severely limited by the real convenience of exercising the options and by the fact that they end their period of validity with the 2021 financial year. Considering the complicated competitive context, also in light of the considerations on the business scenario of the sector, it was considered important to evaluate a remuneration offer capable of protecting the managerial capital of the Company to ensure business continuity, speed and reaction effectiveness. Regardless, then, of the considerations on the incentive power, since the current Stock Option Plans do not allow to cover the entire horizon of the new mandate (which will be in office for the years 2020-2022 and which will end with the approval of the financial statements at 31 January 2023) it was considered appropriate to start a long-term incentive plan in line with the mandate of the new board rather than to hypothesize the launch of new plans starting from 2021.

Pay Mix of the Chief Executive Officer

Based on the remuneration structure of the Chief Executive Officer described above, following is the remuneration pay mix with reference to the hypothesis of achieving the performance targets at the target.

The fixed component is equal to 33% of the total remuneration, while the variable is equal to the remaining 67%, where the short-term component and the medium to long-term variable component have a weight equal to, respectively, 35% and 32%.

Following is the representation of the pay mix of the Chief Executive Officer:

<i>Base Salary</i>	<i>STI</i>	<i>LTI</i>
<i>33%</i>	<i>35%</i>	<i>32%</i>

Pay mix based on the adoption of Long term monetary Incentive Plan

<i>First and Second year</i>		
<i>Base Salary</i>	<i>STI</i>	<i>LTI</i>
<i>28%</i>	<i>30%</i>	<i>42%</i>

<i>Third year</i>		
<i>Base Salary</i>	<i>STI</i>	<i>LTI</i>
<i>34%</i>	<i>37%</i>	<i>29%</i>

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).

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 time horizon.

For 2020, strategic objectives have been included for all Managers with Strategic Responsibilities and consequently the weights related to each KPI have been reviewed, in order to make the system balanced and aligned with the challenges that the Company will have to face during 2020.

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

- upon reaching the performance target an incentive of 100% of the target bonus is paid, which is equal to 40% or 60% of the fixed remuneration, in relation to the responsibility attributed to the individual Executive with Strategic Responsibilities in the organization;
- there is a predetermined minimum performance threshold with respect to the target performance for which an incentive of 40% of the target bonus is paid, which in turn is equal to 40% or 60% of the fixed remuneration, below which the annual monetary incentive is not paid;
- it is also envisaged that upon reaching a predetermined maximum performance with respect to the target performance, a value (maximum incentive cap) equal to 130% of the target bonus is paid, which in turn is equal to 40% or 60% of the fixed remuneration, in relation to the responsibility attributed to the individual Executive with Strategic Responsibilities in the organization.

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 30%

- ✓ Other economic-financial targets (eg sales, market shares, margins, cash flow, net financial position) - relative weight not less than 10%
- ✓ strategic targets non –financial related to individual areas of activity and specific objectively measurable projects - relative weight not exceeding 60%. With reference to this strategic goal, if the achievement level of the same is lower than the Target, no disbursement linked to the Strategic Goal will be envisaged.

In the event of extraordinary transactions and/or profound changes in the macroeconomic and business scenario as well as the occurrence during the year of exceptional and unpredictable circumstances that impact the Company's reference market, the Nomination and Remuneration Committee also has the right to submit to the Board of Directors a possible revision of the targets / percentages of the performance levels as indicated above for the purpose of protecting the value and purposes of the retention system thus ensuring constant alignment between the corporate objectives and the objectives underlying the incentive systems of Management.

It is understood that in such cases, the Company will provide in the relevant Remuneration Report, information relating to these changes, describing the decision-making process, the assessments and the circumstances that motivated these choices.

For 2020, Executives with Strategic Responsibilities have declared that they want to reduce the amount of the MBO by 20%, which may be paid if the targets are reached.

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 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 Stock Option Plan 2015-2020, Stock Option Plan 2017-2022 and Stock Option Plan 2019-2022.

All the above Stock Option Plans establish a lock up period of 12 months applicable to 20%, with reference to Stock Option Plan 2015-2020 and Stock Option Plan 2017-2022, or 30%, with reference to Stock Option Plan 2019-2022, of the shares related to the option, for the Key Management Executives.

The details of these plans are described in the illustrative report and prospectus published in accordance with law on the company's website www.ovscorporate.it.

Long term monetary Incentive Plan

The Board of Directors of 26 May 2020, on the favorable opinion of the Remuneration Committee, approved the adoption, within the 2020 Remuneration Policy, of a three-year Long term monetary Incentive Plan (for the mandate period of the Board for the years 2020-2022, which will end with the approval of the financial statements as of January 31, 2023) for Executives with Strategic Responsibilities. For more details, please refer to what is indicated for the CEO. The amount of the Long term monetary Incentive Plan for Executives with Strategic Responsibilities will be set by the Chief Executive Officer up to a maximum of two years (meaning the total annual remuneration made up of fixed remuneration plus the average of the variable paid in the last three years) . The Bonus will be paid in a single tranche if in June 2023, after the approval of the financial statements for the 2022 financial year, the beneficiary is still part of the OVS as an Executive with Strategic Responsibilities.

Average Pay Mix of the Key Management Executives

Based on the remuneration structure of Key Management Executives, the average pay mix for 2020 provides for a relative weight of the fixed component equal to about 51% of the overall package, an impact of short-term variable remuneration of about 31% (if target is achieved) and a weight of variable remuneration of long-term payment of about 18% of the total remuneration (if target is achieved).

Following is the representation of the pay mix of the Key Management Executives:

<i>Base Salary</i>	<i>STI</i>	<i>LTI</i>
<i>51%</i>	<i>31%</i>	<i>18%</i>

It should be noted that this pay mix is calculated excluding the possible impact of the new Stock Option Plan 2019-2022, which was not, at the date of this Report, still approved by the Shareholders' Meeting and executed. It is specified that in the event of adoption and execution of the new Stock Option Plan 2019-2022, the percentage relating to the long-term component, indicated in the pay mix, will remain unchanged or will be increased.

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 "Stock Option Plan 2015-2020", 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 "Stock Option Plan 2017-2022", the policy stated an adequate vesting periods for the right to exercise the allocated options.

Also the incentive plan based on financial instruments pursuant to art. 114-bis of the TUF, approved by the Shareholders' Meeting on 31 May 2019 called "Stock Option Plan 2019 - 2022", the Policy provides that it contemplates an adequate vesting period for the right to exercise the assigned options (vesting period).

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

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

The Stock Option Plan 2019 - 2022, approved by the Shareholders' Meeting on 31 May 2019, includes the approval the maintenance of the financial instruments in the portfolio after their acquisition.

As stated in paragraph E), above, both Stock Option Plan 2015-2020 and Stock Option Plan 2017-2022 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.

Stock Option Plan 2019-2022 provides for:

- for the Chief Executive Officer to establish a lock up period of 12 months applicable to 30% 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 30% 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 30% 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 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 of the Company.

It is specified that the amount indicated above would be paid only if 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

There are no agreements between the Company and a Key Management Executive that contemplate the payment of an indemnity in case of anticipated termination of the employment relationship .

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.

For the remuneration paid to independent directors during the 2019 financial year, please refer to what is indicated in Section II of the Remuneration Report.

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

For the preparation of the Company's Remuneration Policy 2020, remuneration benchmarking activities were

carried out, and were taken into consideration, as reference market, companies, comparable to OVS according to different evaluation criteria, including, for example, dimensional elements and / or business and / or of particular interest with reference to the employment market.

The details relating to the remuneration references used for the roles of Chief Executive Officer and Managers with Strategic Responsibilities:

Role	Selection criteria
Chief Executive Officer and General Manager	Selection of a panel of 12 listed Italian companies deemed comparable to OVS following a careful selection which considered: <ol style="list-style-type: none"> 1. dimensional elements (Market capitalization, Turnover, Number of Employees and analysis of the growth of the value of the stock in the last three years); 2. elements related to the business context in which OVS operates (eg selection of companies operating in the fashion retail sector, Consumer Goods and E-Commerce).
Managers with Strategic Responsibilities	Mercer Executive Remuneration Guide Western Europe 2019 survey Peer group composed of Italian and international companies operating specifically in the Retail and Apparel sectors

2. Remuneration Policy of the Board of Statutory Auditors

The remuneration of the Company's Board of Statutory Auditors is commensurate with the commitment required, the relevance of the role held as well as the dimensional and sectoral characteristics of the Company, consistently with what is indicated in art. 8.C.4 of the Corporate Governance Code.

Since the ordinary Shareholders' Meeting convened for 9 July 2020, will be called to resolve on the renewal of the control body as well as, pursuant to art. 2402 of the Italian Civil Code, the remuneration for the entire duration of the assignment, in accordance with the recommendations of the Chairman of the Corporate Governance Committee of 19 December 2019 - which asked "*to the governing bodies and the relevant committees responsible for remuneration to verify that the amount of the remuneration paid to [...] the members of the control body is adequate to the competence, professionalism and commitment required by their role*" - the Remuneration Committee and the Board of Directors have analyzed the remuneration benchmark of the Boards of Statutory Auditors of companies comparable to OVS and, also considering the time commitment required to carry out the role, they have expressed their suggestions to the Shareholders, for the next three years, regarding an increase in the fixed annual remuneration of the President of the Board of Statutory Auditors to € 75,000 and effective Auditors to € 50,000 each, to make them more aligned with the averages resulting 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 the adequacy of the remuneration of the members of the Board of Statutory Auditors.

The Company's Shareholders will therefore be called, among other things, to determine the compensation of the members of the Board of Statutory Auditors taking into account the recommendations contained in art. 8 of the Corporate Governance Code, without prejudice to the limits of art. 2402 of the Civil Code.

3. Indications for the new mandate

Since the ordinary Shareholders' Meeting convened for 9 July 2020, it will be called to resolve on the renewal of the Administrative Body, in accordance with the recommendations of the Chairman of the Corporate Governance Committee of 19 December 2019 - which asked "*the administrative bodies and the relevant remuneration committees to verify that the amount of the remuneration paid to non-executive directors [...] is adequate for the competence, professionalism and commitment required by their position*" - the Remuneration Committee, on 18 March 2020, and the Board of Directors, on 26 May 2020, analyzed the benchmark remuneration of non-executive directors, including remuneration for participation in intra-board committees, of companies comparable to OVS; they verified the adequacy of the current fixed remuneration of € 50,000 for each member of the Board of Directors, and have expressed their suggestions for the next three years, and in particular:

- i) remuneration for the performance of particular tasks, equal to 50,000 euros per year for the President of the Board of Directors;
- ii) a realignment of the fixed annual remuneration for the Chairman of the Committees and the members of the same in relation to the number of average meetings held by the committees during a financial year, suggesting 30,000 euros for the Chairman and 25,000 euros for the members of the Risk Control Committee and Sustainability, and € 25,000 for the President and € 20,000 for the members of the Appointments and Remuneration Committee;
- iii) the inclusion of a attendance fee (€ 1,500 for the Chairman and € 1,000 per member) at the meeting, replacing the fixed remuneration for the Chairman of the Related Party Transactions Committee and the members of the Committee - given the fact that the meetings are called ad hoc for individual operations.

With reference to further suggestions regarding the annual remuneration of the members of the Board of Directors, referred to in point 4 on the agenda of the Shareholders' Meeting of 9 July 2020, please also refer to what is indicated in the specific explanatory report of the Board of Directors drawn up pursuant to art. 125-ter of the TUF.

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 2020. 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 2020.

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 member of the Board of Directors, who terminated his office during the 2019 financial year or that were co-opted during 2019, it is specified that they received the pro rata for the year 2019.

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

The structure of the remuneration of the Chief Executive Officer Stefano Beraldo is designed as 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 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.

The above-said data are indicated in the charts under Part II of the present section.

- 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 2019 were been set by the Board of Directors, upon proposal of the Committee, during the meetings held on 17 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 particular, in accordance with the Policy adopted for 2019 to achieve the target performance (performance objective), the amount of the annual MBO to be paid would be equal to Euro 1,300,000.

There was also a minimum incentive threshold, equal to 90% of the target performance (performance target), which allowed the disbursement of 60% of the annual MBO and a maximum incentive level, equal to 130% of the annual MBO, which is paid upon achievement of the performance equal to 115% of the target performance (performance objective).

During the verification of the targets for the 2019 MBO, carried out by the Board of Directors on 26 May 2020, it was considered that the targets set by the Board itself during its meeting of April 17, 2019 have been reached at 90.9% and 91.6%.

According to the applicable system, amount shall be given in this regard is equal to Euro 841,831.

In consideration of the context of the exceptional situation connected to the epidemic of Coronavirus COVID-19 infections that the Company is facing, the Board of Directors, with the favorable opinion of the Remuneration Committee, has considered that this amount will be paid for 50% in August 2020, and for the remaining 50% in October 2020.

The above-said data are indicated in the charts under Part II of the present section.

In the 2019 policy it was stated that the Remuneration Committee also had the right to submit proposals to the Board of Directors regarding the granting of additional "*una tantum*" amounts in the presence of circumstances such as to justify such measures. During the 2019 financial year, no *una tantum* amount was paid.

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

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

2020.

Verifying the performance targets 2019, carried out by the Board of Directors of May 26, 2020, it was found that the target set by the aforementioned Board during the meeting of 17 April 2019 was achieved at 90.9%. In accordance with the regulation of the plan, 10% of options has matured.

At the date of such report the Chief Executive Officer has accrued altogether 70% of the options granted, that may be exercised in compliance with and within the limits set by the regulation of the aforementioned plan.

It is specified that, in accordance with the regulation of the Plan, in 2020 the so-called c.d. Third Vesting Period shall start.

With reference to the Stock Option Plan 2017-2022, 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 2019, carried out by the Board of Directors on 26 May 2020, it was found that the target set by the aforementioned Board during the meeting of 17 April 2019, was achieved at 90.9%. In accordance with the regulation of the plan, 5% of options has matured.

At the date of this report the Chief Executive Officer has accrued 15% of the options granted. The options may be exercised in accordance with and within the limits set by the regulation of the aforementioned Plan.

It should be noted that, in accordance with the regulation of the 2017-2022 Stock Option Plan, in 2020 the so-called First Vesting Period

With reference to the 2019-2022 Stock Option Plan, the Chief Executive Officer was assigned no. 1,900,000 options, which will mature and can be exercised in accordance with the provisions of the 2019-2022 Stock Option Plan itself.

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).

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 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 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 17 April 2019 with reference the MBO 2019, were selected from the following depending on the position and responsibilities assigned:

- ✓ Company and/or business line EBITDA - relative weight not less than 40%
- ✓ Other economic-financial objectives (for example sales, market shares, margins, cash flow, Net financial position) - relative weight not lower than 30%
- ✓ With the exclusion of Chief Financial Officer, quantitative objectives related to individual business areas and to objectively measurable specific projects - relative weight not exceeding 20%

The general structure of the MBO 2019 Plan for Key Management Executives is based on the following criteria:

- the incentive to achieve the target performance varies from 40% to 60% of the fixed remuneration, in relation to the responsibility attributed to the individual Executive with Strategic Responsibilities in the organization;

- a maximum cap is applied to the incentive to achieve a performance equal to 115% of the target objective which varies from 50% to 70% of the fixed remuneration, in relation to the responsibility attributed to the individual Executive with Strategic Responsibilities in the organization;
- there is a minimum performance threshold, equal to 90% of the target performance (performance target), below which the annual monetary incentive is not paid. If the minimum performance is achieved, the minimum payout varies from 30% to 50% of the fixed remuneration..

In the 2019 policy it was stated that the Remuneration Committee also had the right to submit proposals to the Board of Directors regarding the granting of additional "*una tantum*" amounts in the presence of circumstances such as to justify such measures. During the 2019 financial year, no *una tantum* amount was paid.

When verifying the targets for the MBO 2019, performed by the Board of Directors on 26 May 2020, it was found that targets set by the aforementioned Board during the meeting of 17 April 2019 were achieved from 90% to 96% for the economic – financial goals (with the exception of a target of a Managers with Strategic Responsibilities) and at 100% for the strategic goals.

In application of the principles of the MBO 2019 system, therefore, an amount equal, in aggregate, to Euro 458,628 will be paid.

In consideration of the context of the exceptional situation connected to the epidemic of Coronavirus COVID-19 infections that the Company is facing, the Board of Directors, with the favorable opinion of the Remuneration Committee, considered that this amount will be paid 50% in August 2020, and the remaining 50% in October 2020.

These data are indicated in the tables in Part II of this section.

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

With reference to the Stock Option Plan 2015-2020, Key Management Executives have been allocated overall and in aggregate no. 730,000 options, which will vest and can be exercised in compliance with the Stock Option Plan 2015-2020.

Verifying the performance targets 2019 carried out by the Board of Directors on 26 May 2020, it was found that the target set by the aforementioned Board during the meeting of 17 April 2019, was achieved at 90.9%. In accordance with the regulation of the plan, 10% of options has matured.

At the date of this report, each above-mentioned beneficiary have been accrued altogether 70% of his options granted. The options may be exercised in accordance with and within the limits set by the regulation of the aforementioned plan.

It is specified that, in accordance with the regulation of the Stock Option Plan 2015-2020, in 2020 the so-called Third Vesting Period shall start.

With reference to the Stock Option Plan 2017-2022, the Key Management Executives have been allocated overall and in aggregate n. 440,000 options, which will vest and can be exercised in compliance with the Stock Option Plan 2017-2022.

Verifying the performance targets 2019 carried out by the Board of Directors on 26 May 2020, it was found that the target established by the aforementioned Board during the meeting of 17 April 2019, was reached at 90.9%. In accordance with the regulation of the plan, 5% percentage of options have matured. At the date of this report, each above-mentioned beneficiary each aforementioned beneficiary accrued 15% of his rights granted. The options may be exercised in accordance with and within the limits set by the regulation of the aforementioned plan.

It should be noted that, in accordance with the regulation of the 2015-2020 Stock Option Plan, in 2020 the so-called First Vesting Period.

With reference to the 2019-2022 Stock Option Plan, Executives with Strategic Responsibilities were assigned overall and in aggregate n. 940,000 options, which will mature and can be exercised in accordance with the provisions of the 2019-2022 Stock Option Plan.

For more details, please refer to the prospectus relating to the plans Stock Option Plan 2015-2020 Stock Option Plan 2017-2022 and Stock Option Plan 2019-2022, available on the company's website 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.

There are not agreement between the Company and Managers with Strategic Responsibilities that provided for the payment of a lump-sum indemnity in the event of early termination of the employment relationship.

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.

It is précised that the directors Nicholas Stathopoulos, resigned from 31 May 2019, Stefano Ferraresi and Marvin Teubner, these last two resigned on 11 March 2019 effective from 13 March 2019, had waived their remuneration as members of the Board of Directors, not receiving any remuneration in 2019.

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.

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 2018 to members of administrative and audit bodies and to key management executives (from 01.02.2019 to 31.01.2020 – Fiscal Year 2019).

(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				
Franco Moschetti	Chairman of the BoD (appointed GM Assembled 31.05.2019)	FY 31.01.2020	31.01.2020									
(I) Compensation paid by the company that prepares the financial statements				33,333	2,500 [CCRS]					35,833		
(II) Compensation paid by the subsidiaries and associates												
(III) Total				33,333	2,500					35,833		
Stefano Beraldo	CEO and Managing Director	FY 31.01.2020	31.01.2020									
(I) Compensation paid by the company that prepares the financial statements				500,000 as Director and CEO 500,000 as GM		841,831 ⁶		18,401	200,000 ⁷	2,060,232	(28,122)	
(II) Compensation paid by the subsidiaries and associates												
(III) Total				1,000,000		841,831 ¹⁰		18,401	200,000	2,060,232	(28,122)	

⁶ In consideration of the context of the exceptional situation connected to the epidemic of Coronavirus COVID-19 infections that the Company is facing, the Board of Directors, with the favorable opinion of the Remuneration Committee, has considered that this amount is paid for a 50% in August 2020, and the remaining 50% in October 2020.

⁷ In addition, the Chief Executive Officer, in the capacity of General Manager and pursuant to the employment contract signed by him with the Company, receives an amount equal to € 200,000 with "guaranteed nature", in the sense of identified ex ante in a fixed and non-fixed measure 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.

(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				
Giovanni Tamburi	Director – Vice – Chairman (coopted 13.03.2019 confirmed GM 31.05.2019)	FY 31.01.2020	31.01.2020									
(I) Compensation paid by the company that prepares the financial statements				41,666	16,666 [CNR]					58,332		
(II) Compensation paid by the subsidiaries and associates												
(III) Total				41,666	16,666					58,332		
Gabriele Del Torchio	Director	FY 31.01.2020	131.01.2020									
(I) Compensation paid by the company that prepares the financial statements				50,000	16,666 [CCRS] 20,833 [CNR] 20,833 [COPC]					108,332		
(II) Compensation paid by the subsidiaries and associates												
(III) Total				50,000	58,332					108,332		
Elena Garavaglia	Director (coopted 20.06.2018 and confirmed GM 31.05.2019)	FY 31.01.2020	31.01.2020									
(I) Compensation paid by the company that prepares the financial statements				50,000	20,000 [CCRS] 20,000 [CNR] 20,000 [COPC]					110,000		
(II) Compensation paid by the subsidiaries and												

(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				
associates												
(III) Total				50,000	60,000					110,000		
Alessandra Gritti	Director (coopted 13.03.2019 confirmed GM 31.05.2019)	FY 31.01.2020	31.01.2020									
(I) Compensation paid by the company that prepares the financial statements				41,666						41,666		
(II) Compensation paid by the subsidiaries and associates												
(III) Total				41,666						41,666		
Heinz Krogner	Director	FY 31.01.2019	31.01.2020									
(I) Compensation paid by the company that prepares the financial statements				50,000	20,000 [CNR] 20,000 [COPC]					90,000		
(II) Compensation paid by the subsidiaries and associates												
(III) Total				50,000	40,000					90,000		
Massimiliano Magrini	Director (coopted 13.03.2019 confirmed GM 31.05.2019)	FY 31.01.2020	31.01.2020									
(I) Compensation paid by the company that prepares the financial statements				41,666	3,125 [COPC]					44,791		
(II) Compensation paid by the												

(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				
subsidiaries and associates												
(III) Total				41,666	3,125					44,791		
Chiara Mio	Director	FY 31.01.2019	31.01.2020									
(I) Compensation paid by the company that prepares the financial statements				50,000	25,000 [CCRS] 20,000 [COPC] 4,166 [CNR]					99,166		
(II) Compensation paid by the subsidiaries and associates												
(III) Total				50,000	49,166					99,166		
Nicholas Stathopoulos	Chairman of the BoD	FY 31.01.2020	31.05.2019									
(I) Compensation paid by the company that prepares the financial statements												
(II) Compensation paid by the subsidiaries and associates												
(III) Total												
Stefania Criveller	Director	FY 31.01.2019	11.03.2019									
(I) Compensation paid by the company that prepares the financial statements				4,166						4,166		
(II) Compensation paid by the subsidiaries and associates												
(III) Total				4,166						4,166		

(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				
Stefano Ferraresi	Director	FY 31.01.2019	11.03.2019									
(I) Compensation paid by the company that prepares the financial statements												
(II) Compensation paid by the subsidiaries and associates												
(III) Total												
Marvin Teubner	Director	FY 31.01.2018	11.03.2019									
(I) Compensation paid by the company that prepares the financial statements												
(II) Compensation paid by the subsidiaries and associates												
(III) Total												
3*	Managers with Strategic Responsibilities	FY 31.01.2019	NA									
(I) Compensation paid by the company that prepares the financial statements				1,150,000		458,628 ⁸		87,015		1,695,643	11,231	⁹

⁸In consideration of the context of the exceptional situation connected to the epidemic of Coronavirus COVID-19 infections that the Company is facing, the Board of Directors, with the favorable opinion of the Remuneration Committee, has considered that this amount is paid for a 50% in August 2020, and the remaining 50% in October 2020.

(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				
(II) Compensation paid by the subsidiaries and associates												
(III) Total				1,150,000		458,628		87,015		1,695,643	11,231	1
Stefano Poggi Longostrevi	Chairman of the BSA	FY 31.01.2019	31.01.2020									
(I) Compensation paid by the company that prepares the financial statements				62,000						62,000		
(II) Compensation paid by the subsidiaries and associates												
(III) Total				62,000						62,000		
Roberto Cortellazzo Wiel	Standing Statutory Auditor	FY 31.01.2019	31.01.2020									
(I) Compensation paid by the company that prepares the financial statements				42,000	15,000 [OdV]					57,000		
(II) Compensation paid by the subsidiaries and associates												
(III) Total				42,000	15,000					57,000		
Eleonora Guerriero	Standing Statutory Auditor	FY 31.01.2019	31.01.2020									
(I) Compensation paid by the company that prepares the financial statements				42,000						42,000		

(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				
(II) Compensation paid by the subsidiaries and associates												
(III) Total				42,000						42,000		

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

It is reminded that:

- Directors Stefano Ferraresi, Marvin Teubner and Stefania Criveller resigned on 11.03.2019. On 13.03.2019 the Board of Directors co-opted Giovanni Tamburi, Alessandra Gritti and Massimiliano Magrini. The co-opted directors were confirmed by the Shareholders' Meeting of May 31, 2019

- The Chairman of the Board of Directors Nicholas Stathopoulos had resigned effectively from the Shareholders' Meeting for the approval of the financial statements at 31.01.2019, held on May 31, 2019. The Shareholders' Meeting appointed Franco Moschetti as Chairman of the Board of Directors .

* 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 as at 31.01.2020

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	(333,541)

			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
A	B	(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
		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										0	1,500,000	166,877
		2019-2022 Plan				1.900.000	€ 1,85	Period between strating date of Exercize (1 July 2022) and the Expiring Date (30 June 2026)	0.35 (each option)	19.06.2019	€ 1,43					1.900.00	138,542
(II) Compensation paid by the subsidiaries and associates																	
(III) Totale			3,791,375			1,900,000						0			0	5,691,375	(28,122)

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
(3)*	Directors with strategic responsibilities																
(1) Compensation paid by the company that prepares the financial statements		Plan 2015-2020	730,000	€ 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			0	730,000	(106,262)

			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
A	B	(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
		Plan 2017-2022	440,000	€ 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											440,000	48,951
		Piano 2019-2022				940,000	€ 1.85	Period between strating date of Exercize (1.07.2022) and the Expiring Date (30 June 2026)	0,35 (each option)	19.06.2019	€ 1.43					940,000	68,542
II) Compensation paid by the subsidiaries and associates																	
(III) Total			1,170,000			940,000						0			0	2,110,000	11,231

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

A Name and Surname	B Position	(1) Plan	(2)			(3)			(4) Other bonus
			Bonus for year			Bonus for previous years			
			(A) Payable/Paid	(B) Deferred	(C) Deferred period	(A) No longer payable	(B) Payable/Paid	(C) Deferred again	
Beraldo Stefano	Chief Executive Officer and General Manager								
(I) Compensation paid by the company that prepares the financial statements			841,831 **						
(II) Compensation paid by the subsidiaries and associates									
(III) Total			841,831						
3*	Directors with – strategic responsibilities								
(I) Compensation paid by the company that prepares the financial statements			548,628 **						
(II) Compensation paid by the subsidiaries and associates									
(III) Total			548,628						

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

** In consideration of the context of the exceptional situation connected to the epidemic of Coronavirus COVID-19 infections that the Company is facing, the Board of Directors, with the favorable opinion of the Remuneration Committee, has considered that this amount is paid for a 50% in August 2020, and the remaining 50% in October 2020.

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 from 01.02.2019 to 31.01.2020 (Fiscal Year 2019).

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
Franco Moschetti	Chairman of the Board of Directors	OVS S.p.A.	-	-	-	-
Stefano Beraldo	Chief Executive Officer and General Manager	OVS S.p.A.	1,918,646	211,210		2,129,856
	Person closely associated [spouse]					
	Person closely associated [controlled company]					
Giovanni Tamburi	Director	OVS S.p.A.	-	-	-	-
Gabriele Del Torchio	Director	OVS S.p.A.	-	-	-	-
Elena Garavaglia	Director *	OVS S.p.A.	-	-	-	-
Alessandra Gritti	Director*	OVS S.p.A.	-	-	-	-
Heinz Jürgen Krogner Kornalik	Director	OVS S.p.A.	-	-	-	-
Massimiliano Magrini	Director*	OVS S.p.A.	NA	After the appointment 0	-	30,000
Chiara Mio	Director	OVS S.p.A.	-	-	-	-
Stefano Poggi Longostrevi	Chairman of the Board of Statutory Auditors	OVS S.p.A.	-	-	-	-
Roberto Cortellazzo Wiel	Statutory Auditors	OVS S.p.A.	-	-	-	-
Eleonora Guerriero	Statutory Auditors	OVS S.p.A.	-	-	-	-
Directors Resigned during the FY						
Nicholas Stathopoulos	Chairman of BoD until 31.05.2019 *	OVS S.p.A.	-	-	-	-
Stefania Criveller	Directo until 13.03.2019*	OVS S.p.A.	-	-	-	-
Stefano Ferraresi	Directo until 13.03.2019*	OVS S.p.A.	-	-	-	-
Marvin Teubner	Directo until 13.03.2019 *	OVS S.p.A.	-	-	-	-

* * It should be noted that Directors Stefano Ferraresi, Marvin Teubner and Stefania Criveller resigned on 11.03.2019. On 13.03.2019 the Board of Directors co-opted Giovanni Tamburi, Alessandra Gritti and Massimiliano Magrini (who at the time of his appointment declared to own 30,000 shares), which were confirmed by the Shareholders' Meeting of 31.05. .2019. The Chairman of the Board of Directors Nicholas Stathopoulos had resigned effectively from the Shareholders 'Meeting for the approval of the financial statements at 31.01.2019, held on 31 May 2019. The Shareholders' Meeting here appointed Franco Moschetti as Chairman of the Board.

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.	328,550	72,000	0	400,550

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

Venice – Mestre, 26 May 2020

The Chairman of the Board of Directors
Franco Moschetti