

# OVS

OVS S.p.A.

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

## **REPORT ON REMUNERATION**

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

Approved by the Board of Directors' Meeting of 14 April 2016

## INTRODUCTION

This Remuneration Report (the “**Report**”) was approved on 22 April 2015 by the Board of Directors of OVS S.p.A. (the “**Company**” or “**OVS**”), at the proposal of the Nomination and Remuneration, and prepared in compliance with Article 123 *ter* of Legislative Decree n° 58 of 24 February 1998., as amended (the “**Consolidated Finance Act**” or “**CFA**”), with Article 84 *quater* of the Issuers’ Regulations adopted by CONSOB with resolution n° 11971 of 14 May 14 1999, as amended (the “**Issuers’ Regulations**”), and also in line with the recommendations of the Code of Conduct for listed companies promoted by the Corporate Governance Committee set up at Borsa Italiana S.p.A. [the Italian Stock Exchange] (the “**Code of Conduct**”).

The Report consists of two sections:

- 1) Section I describes (i) the policy adopted by the Company on the remuneration of the Company’s Board of Directors’ members (the “**Directors**”) and key management executives, meaning those persons who have the power and responsibility - directly or indirectly - of planning, directing and controlling the Company’s activities as defined in Annex 1 of the CONSOB Regulation concerning transactions with related parties adopted by resolution n° 17221 of 12 March 2010 (the “**Key Management Executives**”) (the “**Remuneration Policy**” or “**Policy**”) with reference at least to the following financial year, and (ii) the procedures for adopting and implementing the Policy;
- 2) Section II describes the compensation paid in the financial year ending on 31 January 2016, for any reason and in any form, by the Company and its subsidiary companies as well as by the associated companies, to the Directors, Key Management Executives and Board of Statutory Auditors’ members (the “**Auditors**”), providing a representation of each of the items comprising the remuneration. Section II, pursuant to Article 84 *quater*, paragraph 4, of the Issuers’ Regulations, also indicates, in specific tables, the data relating to the shareholdings held - in the Company and its subsidiaries - by Directors, Statutory Auditors and Key Management Executives, as well as by non-legally separated spouses and minor children, either directly or through subsidiaries, trust companies or nominees, as shown in the Shareholders’ Register, the communications received and other information acquired from the said Directors, Statutory Auditors and Key Management Executives.

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

- (a) the Board in office at the date of the Report was appointed by the Ordinary Shareholders’ Meeting of 27 October 2014 with effect from 2 March 2015, the first trading day of the OVS shares on the Stock Exchange, from which date the Company has acquired the status of a company with listed shares pursuant to Article 119 of the CFA, until the approval of the financial statements for the year ending on 31 December 2017, with the exception of the Director Marvin Teubner, who was coopted by the Board of Directors on April 14, 2016, following the resignation of Lori Hall-Kimm, and will remain in office until the Shareholders’ Meeting called on May 25, 2016 that confirms him or appointed a new Directors. The current Board is composed of seven (7) members: Nicholas Stathopoulos (Chairman), Stefano Beraldo (Chief Executive Officer), Gabriele

Del Torchio (Independent Director), Heinz Jürgen Krogner Kornalik (Independent Director), Stefano Ferraresi (Non-Executive Director), Marvin Teubner (Non-Executive Director) and Jérôme Pierre Losson (Non-Executive Director);

- (b) the Board of Statutory Auditors in office at the date of the Report was appointed by the Ordinary Shareholders' Meeting of 23 July 2014. Please take note that Mr Michele Furlanetto, appointed as Alternate Auditor by the Ordinary Shareholders' Meeting of 23 July 2014, resigned his office on 24 October 2014, and to replace Mr Michele Furlanetto, the Ordinary Shareholders' Meeting of 27 October 2014 resolved to appoint Mr Lorenzo Boer for a period of three financial years and, therefore, until the date of the Shareholders' Meeting that approves the financial statements at January 31, 2017. The Board of Statutory Auditors, in office until the approval of the financial statements ending on 31 January 2017, is composed of Giuseppe Moretti (Chairman), Roberto Cortellazzo Wiel (Standing Auditor), Lucio Giulio Ricci (Standing Auditor), Lorenzo Boer (Alternate Auditor) and Stefano Lenoci (Alternate Auditor);
- c) in addition to the Chief Executive Officer, three (3) Key Management Executives have been identified:
- Mr Francesco Sama, OVS Director;
  - Mr Massimo Iacobelli, UPIM Director;
  - Mr Nicola Perin, Chief Financial Officer.

The Remuneration Policy, referred to in Section I of this Report, will be submitted to the advisory vote of the Shareholders' Meeting called, pursuant to Article 2364 of the Civil Code, for 25 May 2016 at BEST WESTERN PLUS Quid Hotel Venice Airport, via Terraglio n. 15, 30174 Venezia-Mestre (Italy), at 9:00am, in a single call, to approve the financial statements as at January 31, 2015.

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

This document is made available at the registered office and on the Company's website ([www.ovscorporate.it](http://www.ovscorporate.it), Section Governance/Shareholders' Meeting).

Venice – Mestre, 14 April 2016

The Chairman of the Board of Directors  
Nicholas Stathopoulos

## SECTION I

### REMUNERATION POLICY

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

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

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

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

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

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

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

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

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

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

On 27 October 2014, immediately after the appointment of the independent directors by the Shareholders’ Meeting held on the same date, the Board appointed the following three non-executive directors as members

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

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

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

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

The Chairman of the Board of Statutory Auditors (or another auditor designated by the same) attends the Nomination and Remuneration Committee's meetings, and, in any case, the other auditors may attend as well. The Chairman of the Nomination and Remuneration Committee is entitled to invite other persons, whose presence may help to carry out better the functions of the Committee, to attend the Nomination and Remuneration Committee's meetings.

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

In accordance with the recommendations contained in Article 6 of the Code of Conduct, the Nomination and Remuneration Committee is entrusted with the following advisory and consultative functions, detailed in the rules: (a) to submit opinions to the Board regarding the size and composition of the Board itself and to make 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) to propose candidates as Directors to the Board in cases of co-optation, should it become necessary to replace Independent Directors; (c) to submit proposals to the Board to define the remuneration policy for Directors and Key Management Executives; (d) to regularly assess 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 to submit proposals to the Board on the matter; (e) to submit proposals or express opinions to the Board on the remuneration for Executive Directors and other Directors holding particular offices, as well as on setting the performance targets related to the variable component of the said remuneration, monitoring the implementation of the decisions taken by the Board itself and the actual achievement of the performance targets.

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.

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

In 2015, the Department for Human Resources and Organisation engaged the services of the company Hay Group as external independent expert in the field of the Remuneration activities.

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

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

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

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

- a) the fixed and variable remuneration components are properly balanced according to the strategic objectives and risk management policy of OVS, also taking account of the business sector in which it operates and the nature of the actual business activities carried out;
- b) the fixed component is sufficient to remunerate the services of the Executive Directors and Key Management Executives should the variable component not be disbursed due to failure to achieve the performance targets set by the Board;
- c) the performance targets - i.e. the economic results and any other specific targets linked to the disbursement of the variable components (including the targets set for the share-based remuneration plans) - as detailed further on, are predetermined, measurable and linked to the objective of creating value for Shareholders over the medium-to-long term;
- d) the variable remuneration component is composed of a portion related to the short-term criteria and a portion related to the long-term criteria. The latter, in terms of entity, is much higher than the

former and is deferred for an appropriate period of time since it is linked to achieving the long-term targets. The length of the deferral is consistent with the nature of the business activities carried out and with the associated risk profiles;

- e) the variable remuneration components have a preconceived maximum value.

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

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

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

**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.**

Please refer to the specific indications in Section II of this Report.

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

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

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

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

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

The Chief Executive Officer and Key Management Executives are also included among the beneficiaries of financial instruments in the form of Stock Options pursuant to Article 114 *bis* of the CFA (2015-2020 Stock Option Plan).

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

The Policy calls for the allocation of non-monetary benefits set in line with standard practices 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 and in Section II, paragraph 2, below.

**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 Section II, paragraph 2, below.

**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 and in Section II, paragraph 2, below.

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

With reference to the incentive plan based on financial instruments pursuant to Article 114 *bis* of the CFA, approved by Shareholders' Meeting held on May 26, 2015, named "2015-2020 Stock Option Plan", the policy stated an adequate vesting periods for the right to exercise the allocated options. Please refer to the indications in Section II, paragraph 2, below.

**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 incentive plan based on financial instruments pursuant to Article 114 *bis* of the CFA, approved by the Shareholders' Meeting held on May 26, 2015 (2015-2020 Stock Option Plan), calls for the inclusion of forecasts for holding the financial instruments in the portfolio after their acquisition. Please refer to the indications in Section II, paragraph 2, below.



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

Please refer to the indications in Section II, paragraph 2.

**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.**

Please refer to the description already provided in this Section and to the indications in Section II, paragraphs 2 and 3, below.

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

The Company's Remuneration Policy has not been prepared using, as benchmark, other reference Italian and companies.

## **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 2016. 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 2016.

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 Company's Shareholders' Meeting of 27 October 2014 resolved to grant, as of the first trading day of the Shares on the Electronic Stock Exchange, to all the Board of Directors' members, including the directors holding particular offices, a fixed annual gross compensation totalling EUR 900.00, while leaving it the Board of Directors to allocate this amount among the board directors, and expressly authorising the Board of Directors itself to allocate any other remuneration within the aforesaid maximum amount to the directors holding particular offices.

The Board of Directors' Meeting of 27 October 2014, confirmed by the Board of Directors held on April 22, 2015 upon favourable opinion of the Nomination and Remuneration Committee insofar as this might have been necessary, resolved to allocate, effectively subordinated to the commencement of trading of the shares on the Electronic Stock Exchange, exclusively a fixed annual gross remuneration of EUR 450,000 to the Chief Executive Officer; a fixed gross annual remuneration of EUR 100,000 (including the remuneration for the office as Board of Directors' member and for the appointment as Chairman of the Audit and Risk Committee and as Chairman of the Nomination and Remuneration Committee) to Director Gabriele Del Torchio; and a fixed gross annual remuneration of EUR 80,000 to the Independent Director Heinz Jürgen Krogner Kornalik; resolving further unanimously to waive, therefore, the distribution of additional compensation to the Board of Directors' members in office.

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

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 Plan) and over the medium-to-long term (2015-2020 Stock Option Plan).

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 (2015-2020 Stock Option Plan).

The Nomination and Remuneration Committee is 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.

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 severely 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 2015-2020 Stock Option Plan, its rules provides 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**

The structure of the remuneration of the Chief Executive Officer Mr Stefano Beraldo for 2016 is designed as follows:

- a fix remuneration includes the remuneration as General Manager of the Company and the compensation as Chief Executive Officer, for a total amount of Euro 950,000. The Chief Executive Officer receives also, in addition of the fix remuneration, an annual sum of Euro 200,000 at the approval of the financial statements by the Board of Directors;
- a short-term variable remuneration (MBO Plan), 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. The actual value of the variable remuneration to be paid out is set based on the degree to which these targets are achieved. If the budget targets are achieved, its value is equal to Euro 1,300,000. The Board of Directors, on proposal of the Nomination and Remuneration Committee, sets the amount of the bonus to be paid, whether the results are different from budget targets, taking into consideration the Company's overall economic results, the market condition and in line with the Board assessment of the Chief Executive Officer overall performance.

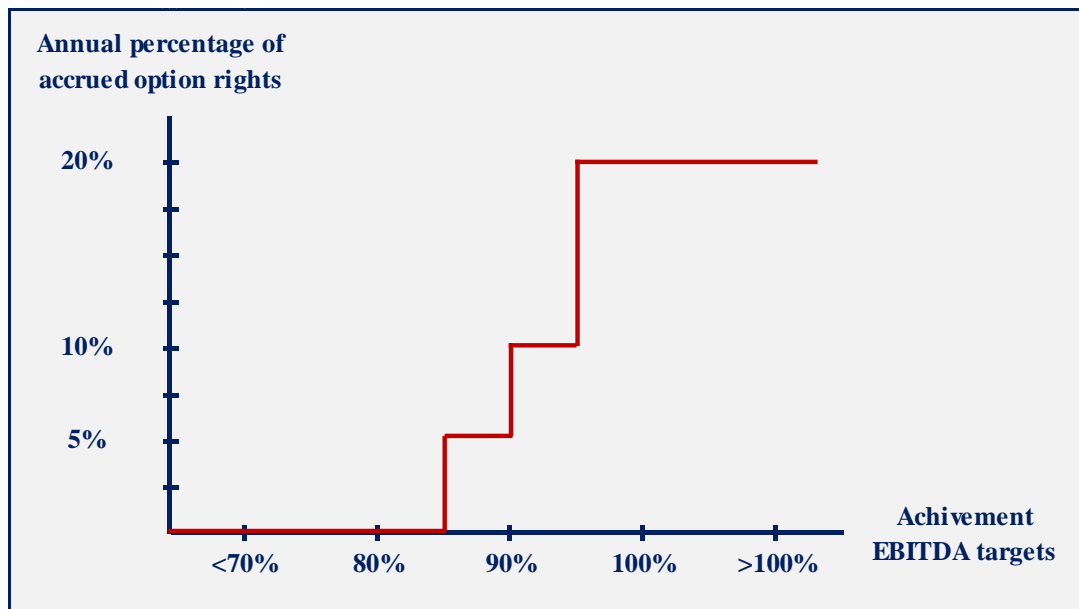
The Nomination and Remuneration Committee is also entitled to submit proposals to the Board of

Directors regarding the disbursement of an additional “one-off” amount in circumstances that would justify such measures.

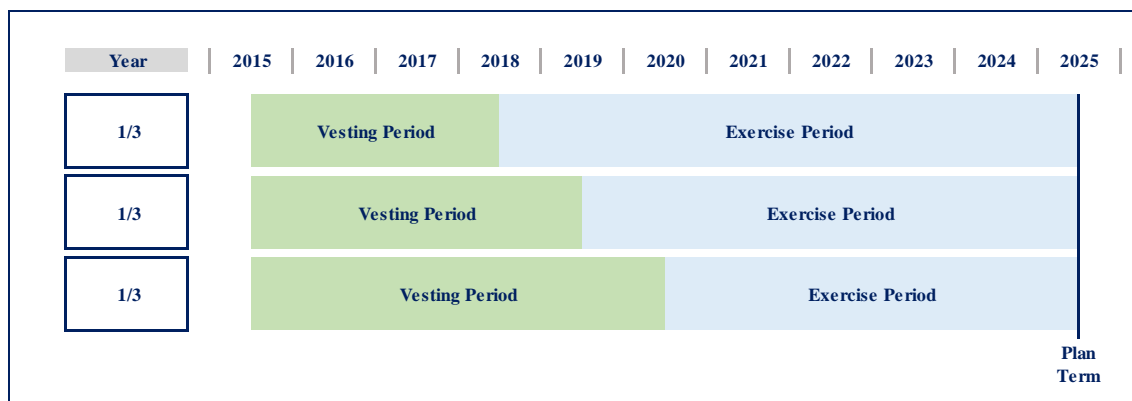
**Long-Term Variable Remuneration -- Stock Option Plan**

The Company sets up a Stock Option Plan (2015-2020 Stock Option Plan), which also includes the Chief Executive Officer among the beneficiaries. This plan consists in assigning free-of-charge option rights to subscribe ordinary OVS shares. The details of this plan are described in the prospectus published in accordance with law on the company’s website ([www.ovscorporate.it](http://www.ovscorporate.it)).

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. 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 annual EBITDA target is also subject to a vesting period with a minimum term of three years and a maximum term of five years as shown below.



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

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.

### ***Benefits***

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***

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

This contract also includes 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.

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 Remuneration -- MBO Plan***

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 are selected from the following depending on the position and responsibilities assigned:

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

✓ Net financial position

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

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

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

The 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.

#### ***Long-Term Variable Remuneration -- Stock Option Plan***

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

For more details, please refer to the prospectus relating to the plan available on the company's website ([www.ovscorporate.it](http://www.ovscorporate.it)).

#### ***Benefits***

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.***

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

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

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

The remuneration of the Directors is structured to attract and motivate the best professional and skilled figures in order to ensure the best execution of the respective offices and the achievement of the purposes of

the Remuneration Policy described in paragraph D) above. Please refer to the indications given in paragraph 1) above.

The remuneration of Independent Directors is commensurate with the commitment required, also in relation to participation in advisory committees, and it is linked neither to economic results nor to specific objectives of the Company; the Independent Directors are not beneficiaries of share-based compensation plans, except by reasoned decision of the Shareholders' Meeting.

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

The Company's Shareholders' Meeting of 23 July 2014 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 n° 1 and Table n° 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.



(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period for which position has been held	Position end-date	Fixed Compensation €	Compensation for participation in committees	Non equity variable compensation		Non-monetary benefits	Other compensation	Total	Fair Value of equity compensation	Indemnity for end of position or cessation of employment relationship
						Bonus and other incentives	Profit-sharing					
(I) Compensation paid by the company that prepares the financial statements				45,834	45,834					91,667		
(II) Compensation paid by the subsidiaries and associates												
(III) Total				45,834	45,834					91,667		
<b>Stefano Ferraresi</b>	<b>Director</b>	FY as at 31.01.2015	31.01.2017									
(I) Compensation paid by the company that prepares the financial statements												
(II) Compensation paid by the subsidiaries and associates												
(III) Total												
<b>Lori Hall-Kimm</b>	<b>Director</b>	FY as at 31.01.2015	Until 17.12.2015									
(I) Compensation paid by the company that prepares the financial statements												
(II) Compensation paid by the subsidiaries and associates												

(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					
(III) Total												
<b>Heinz Jürgen Krogner Kornalik</b>	<b>Director</b>	FY as at 31.01.2015	31.01.2017									
(I) Compensation paid by the company that prepares the financial statements				73,334						73,334		
(II) Compensation paid by the subsidiaries and associates												
(III) Total				73,334						73,334		
<b>Jérôme Pierre Losson</b>	<b>Director</b>	FY as at 31.01.2015	31.01.2017									
(I) Compensation paid by the company that prepares the financial statements												
(II) Compensation paid by the subsidiaries and associates												
(III) Total												
<b>3*</b>	<b>Directors with strategic responsibilities</b>	FY as at 31.01.2015	31.01.2017									

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period for which position has been held	Position end-date	Fixed Compensation €	Compensation for participation in committees	Non equity variable compensation		Non-monetary benefits	Other compensation	Total	Fair Value of equity compensation	Indemnity for end of position or cessation of employment relationship
						Bonus and other incentives	Profit-sharing					
(I) Compensation paid by the company that prepares the financial statements				1,237,000		542,000		12,117		1,791,117	266,349.87	
(II) Compensation paid by the subsidiaries and associates												
(III) Total				1,237,000		542,000		12,117		1,791,117	266,349.87	
<b>Giuseppe Moretti</b>	<b>Chairman of the Statutory Auditors</b>	FY as at 31.01.2015	31.01.2017									
(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		
<b>Roberto Cortellazzo Wiel</b>	<b>Statutory Auditors</b>	FY as at 31.01.2015	31.01.2017									
(I) Compensation paid by the company that prepares the financial statements				42,000	20,000 (Supervisory Com)					62,000		

(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	20,000					62,000		
<b>Lucio Giulio Ricci</b>	<b>Statutory Auditors</b>	FY as at 31.01.2015	31.01.2017									
(I) Compensation paid by the company that prepares the financial statements				42,000						42,000		
(II) Compensation paid by the subsidiaries and associates												
(III) Total				42,000						42,000		

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

(\*) Resolved during the FY, not paid since it was effected from the beginning of the negotiations.

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

A	B	(1)	Options held at the beginning of the financial year (FY)			Option allocated during the FY						Option exercised during the FY			Options expired during the FY	Option held at the end of FY	Options for FY
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2) + (5) - (11) - (14)	(16)
Name and surname	Position	Plan	No. of options	Exercise price	Exercise period (from - to)	No. of options	Exercise price	Exercise period (from - to)	Fair value at allocation date	Allocation date	Market price underlying shares at option allocation	No. of options	Exercise price	Market price underlying shares at the exercise date	No. of options	No. of options	Fair value
<b>Stefano Beraldo</b>	<b>CEO and GM</b>																
(I) Compensation paid by the company that prepares the financial statements		<b>Plan 2015-2020</b>	0			2,291,375	€ 4.88	1/3 delle maturate dal 08.06.2018 1/3 delle maturate dal 08.06.2019 1/3 delle maturate dal 08.06.2020 Fino al 08.06.2015	€287,237.46 €211,135.37 €167,005.13	08.06.2015	€ 4.75	0			0	2,291,375	€287,237.46 €211,135.37 €167,005.13
(II) Compensation paid by the subsidiaries and associates																	
(III) Total			0			2,291,375			663,377.96			0			0	2,291,375	663,377.96
<b>(3)*</b>	<b>Directors with strategic responsibilities</b>																
(I) Compensation paid by the company that prepares the financial statements		<b>Plan 2015-2020</b>	0			920,000	€ 4.88	1/3 delle maturate dal 08.06.2018 1/3 delle maturate dal 08.06.2019 1/3 delle maturate dal 08.06.2020 Fino al 08.06.2015	€115,327.46 €84,772.04 €66,250.36	08.06.2015	€ 4.75	0			0	920,000	€115,327.46 €84,772.04 €66,250.36
(II) Compensation paid by the subsidiaries and associates																	
(III) Total			0			920,000			266,349.87			0			0	920,000	266,349.87

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

A	B	(1)	(2)			(3)			(4)
Name and Surname	Position	Plan	Bonus for year			Bonus for previous years			Other bonus
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferred period	No longer payable	Payable/Paid	Deferred again	
<b>Beraldo Stefano</b>	<b>Chief Executive Officer and General Manager</b>								
(I) Compensation paid by the company that prepares the financial statements			1,940,000	FY2015		200,000			
(II) Compensation paid by the subsidiaries and associates									
(III) Total			1,940,000			200,000			
<b>3*</b>	<b>Directors with – strategic responsibilities</b>								
(I) Compensation paid by the company that prepares the financial statements			542,000	FY2015		373,000			
(II) Compensation paid by the subsidiaries and associates									
(III) Total			542,000			373,000			

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



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

<b>Name and Surname</b>	<b>Position</b>	<b>Investee Company</b>	<b>No. of shares owned at end of previous FY</b>	<b>No. of shares purchased</b>	<b>No. of shares sold</b>	<b>No. Of shares owned at end of FY in progress</b>
Nicholas Stathopoulos	Chairman of the Board of Directors	OVS S.p.A.	-	-	-	-
Stefano Beraldo	Chief Executive Officer	OVS S.p.A.	-	-	-	-
Gabriele Del Torchio	Director	OVS S.p.A.	-	-	-	-
Stefano Ferraresi	Director	OVS S.p.A.	-	-	-	-
Lori Hall-Kimm	Director	OVS S.p.A.	-	-	-	-
Heinz Jürgen Krogner Kornalik	Director	OVS S.p.A.	-	-	-	-
Jérôme Pierre Losson	Director	OVS S.p.A.	-	-	-	-
Giuseppe Moretti	Chairman of the Statutory Auditors	OVS S.p.A.	-	-	-	-
Roberto Cortellazzo Wiel	Statutory Auditors	OVS S.p.A.	-	-	-	-
Lucio Giulio Ricci	Statutory Auditors	OVS S.p.A.	-	-	-	-

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

<b>No. Of Directors with Strategic responsibilities</b>	<b>Investee Company</b>	<b>No. of shares owned at end of previous FY</b>	<b>No. of shares purchased</b>	<b>No. of shares sold</b>	<b>No. Of shares owned at end of FY in progress</b>
<b>3*</b>	OVS S.p.A.	-	-	-	-

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

Venice – Mestre, 14 April 2015

The Chairman of the Board of Directors  
Nicholas Stathopoulos