

OVS

OVS S.p.A.

Registered office in Venezia, Via Terraglio, no. 17 – share capital Euro 227,000,000.00 fully paid-up.
Company Register of Venice, taxpayer's code and VAT number 04240010274-REA no. 378007
Internet website: www.ovscorporate.it.

OVS S.p.A. Board of Directors' explanatory report on the fourth item on the agenda – of the Shareholders' Meeting – Ordinary Part - scheduled on 9 July 2020 in single call.

Item no. 4 on the agenda – Ordinary Part

APPOINTMENT OF THE BOARD OF DIRECTORS.

4.1 DETERMINATION OF THE NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS

4.2 DETERMINATION OF THE DURATION OF THE APPOINTMENT OF THE BOARD OF DIRECTORS

4.3 APPOINTMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS

4.4 APPOINTMENT OF THE CHAIRMAN

4.5 DETERMINATION OF THE ANNUAL REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

RELATED AND CONSEQUENT RESOLUTIONS

Dear Shareholders,

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

You are therefore required to appoint the new Board of Directors and, more specifically, to:

1. determine the number of members of the Board of Directors,
2. determine the duration of the appointment,
3. appoint the members, and
4. appoint the Chairman of such body, as well as,
5. determine the annual remuneration of the members of the Board of Directors.

Pursuant to Article no. 13 of the By-laws, the Shareholders’ Meeting shall appoint a Board of Directors composed by from 7 to 15 members and shall determine the number of its members, within the above limits, prior to their appointment.

It is hereby reminded that, pursuant to the applicable law and regulations, as well as pursuant to Article no. 13 of the By-laws, the appointment of the Board of Directors by the Shareholders’ Meeting shall be made on the basis of lists of candidates.

The directors shall be appointed for a period of three fiscal years or for the period established at the time of the appointment, which may in no event be greater than three fiscal years, and are eligible for re-election.

The directors shall be appointed by the Shareholders’ Meeting, in compliance with the rules in effect from time to time pertaining to gender balance, on the basis of lists submitted in compliance with the legal and regulatory provisions in effect from time to time, in which the candidates, not more than 15 in number and possessing the requisites provided for by the legal and regulatory provisions in effect from time to time, are to be listed with an assigned sequence number.

At least 2 directors possessing the requisites of independence established by law or regulatory provisions must sit in the Board.

Each list must indicate which candidates possess the requisites of independence established by the legal and regulatory rules in force from time to time. The independent candidates of each list must be indicated with the numbers 2/4 of the list with the non-independent candidates.

Lists that present a number of candidates equal to or greater than three must be composed of candidates belonging to both genders, in compliance with the provisions in effect from time to time regarding gender balance, in order to ensure that the Board of Directors is composed at least two fifths of directors of the less represented gender, with rounding, in case of fractional number, to the higher unit.

Each Shareholder may submit or participate to the submission of only one list and each candidate may be presented only in one list, otherwise ineligibility will occur.

The outgoing Board of Directors as well as Shareholders holding, individually or jointly with other Shareholders, at least 2.5% of the Company’s share capital as established by the *Determinazione Dirigenziale* Consob resolution no. 29 issued on 18 February 2020, are entitled to submit lists.

The lists of candidates must be filed at the registered office of the Company at least 25 calendar days prior to the date on which the Shareholders' Meeting is convened in single call, by means of: (i) hand delivery to OVS S.p.A., Legal and Corporate Affairs Department, Via Terraglio, n. 17, 30174 Venezia - Mestre (Italy), during the ordinary business hours, or (ii) by certified electronic mail at the address e-mail corporate@pec.ovs.it. However, in consideration of the fact that this term expires on a non-business day (i.e. Sunday 14 June 2020), it is postponed to the first following working day, i.e. 15 June 2020.

It is hereby reminded that the ownership of the minimum capital share necessary in order to present the lists, in the percentage referred to above, is ascertained on the basis to the shares resulting registered in the Shareholder's name at the date on which the lists are filed with Company. The related certification can be provided also after the lists were filed but within the term prescribed for the publishing of the lists by the Company, by means of a communication released by an intermediary authorized pursuant to the regulations in force.

By the deadlines set forth by the legal and regulatory provisions ad above indicated, the following documents must be filed along with each list: (i) statements by which the candidates accept their candidacies and declare, under their own responsibility, that no cause of ineligibility or incompatibility exists and that they possess the requisites prescribed by the laws and regulations in force for the respective positions; (ii) Curriculum Vitae relating to each candidate's personal and professional characteristics, indicating the candidate's potential suitability to be classified as independent, according to the definitions provided by the legal and regulatory provisions in force and the Corporate Governance Code of the listed companies; (iii) information regarding the identity of the Shareholders presenting the lists, with the indication of the aggregate capital share owned, certified by adequate documentation released by an intermediary authorized pursuant to the applicable law.

Lists which do not meet the above requirements shall be considered not submitted.

The appointed directors must inform the Board of Directors without delay of the loss of the requisites of independence, as well as of supervening causes of ineligibility or incompatibility.

It is hereby reminded that those submitting a "minority list" should follow the recommendations provided by Consob with the Communication no. DEM/9017893 issued on February 26, 2009.

The lists will be made available to the public by the Company at least 21 days prior to the date on which the Shareholders' Meeting is convened (within 18 June 2020), with the methods prescribed by the law regulations in force.

Each person entitled to vote may vote for only one list.

When the voting ends, the candidates from the two lists which received the greatest number of votes shall be elected, using the following criteria:

- (a) directors equal in number to the total number of members to be elected less 1 (one), shall be drawn from the list which received a majority of the votes cast, in the sequential order in which they are listed on that list;
- (b) the remaining director shall be drawn from the list receiving the second greatest number of votes at the Shareholders' Meeting ("minority list") that is not linked in any way, even indirectly, to those who submitted or voted for the list which came first in number of votes.

In the event of a tie vote for lists, a new vote shall be taken by the entire Shareholders' Meeting, with those candidates being elected who obtain the simple majority of the votes.

If, when the voting ends, a sufficient number of directors which possess the requisites of independence provided for by the legal and regulatory provisions in effect has not been elected, the candidate not possessing such requisites, elected last in sequential order from the list which received the greatest number of votes, shall be excluded and replaced by the subsequent candidate having the requisites of independence drawn from the same list of the excluded candidate. Such procedure, if necessary, shall be repeated until the number of independent directors to be elected is completed. If the candidates elected under the procedures indicated above do not ensure a composition of the Board of Directors that conforms to the gender balance regulations in effect from time to time, the candidate of the better represented gender elected last in sequential order from the list which received the greatest number of votes shall be replaced by the first candidate of the less well represented gender not elected in sequential order. This substitution procedure shall be repeated until a Board of Directors composition complying with the gender balance rules in effect from time to time is reached. Finally, if said procedure does not ensure the

result just indicated, the replacement shall be made by a resolution passed by the Shareholders' Meeting by a relative majority, after candidacies by persons belonging to the less well represented gender have been submitted.

In the event that a single list is submitted, the directors shall be drawn from the submitted list, provided that it has been approved by simple majority vote, and if the directors thereby elected do not correspond in number to that of the members of the Board determined by the Shareholders' Meeting, or in the event that no list was submitted or in the event that the list submitted does not permit the appointment of independent directors in compliance with the legal and regulatory provisions in effect, the Shareholders' Meeting shall resolve upon with the statutory majorities; the above without prejudice to compliance with the gender balance regulations in effect from time to time (the least represented gender shall be granted with at least two-fifth (rounded upwards) of the appointed directors).

If during the course of the fiscal year one or more directors should leave their office, the procedures of Article 2386 of the Italian Civil Code shall be followed. If one or more of the directors leaving their office were drawn from a list also containing the names of candidates not elected, the substitution shall be made through the appointment, in sequential order, of persons drawn from the list to which the outgoing director belonged and which are still eligible and disposed to accept the position or, in the absence or unavailability of such candidates on the list, by the appointment of another candidate indicated by the directors drawn from the list to which the outgoing director belonged. In any event, directors leaving their office shall be replaced in such a manner as to assure the presence of the necessary number of directors possessing the requisites of independence established by law and in compliance with the gender balance regulations in effect from time to time.

The Shareholders' Meeting shall elect a Chairman from among the directors drawn from the list which received the greatest number of votes.

For further information on the appointment of the Board of Directors, please refer to the Notice of call available on the Company's website www.ovscorporate.it, Section Governance/Shareholders' Meeting 2020 as well as to Article no. 13 of the By-laws available on the Company's website www.ovscorporate.it, Section Governance/By-laws.

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Shareholders are invited to submit lists taking into account, in accordance with the Corporate Governance Code for listed companies drawn up by Borsa Italiana SpA, also the opinion of the Board of Directors on the subject, which are summarized below and the need to ensure continuity in the management.

* * *

The outgoing Board of Directors, during the meeting of 26 May 2020, with the abstention of the Director taken by the so-called minority list of the Shareholders' Meeting of May 31, 2017, resolved to present its own list made up of 9 candidates for directors.

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Indications of the outgoing Board of Directors on the specific points subject to resolution in relation to item no. 4 on the agenda and guideline on the qualitative and quantitative composition of the Board

Determination of the number of members

In relation to this aspect, the expiring Board of Directors, on the bases of the results of the board evaluation performed for the 2019 financial year and taking into consideration the opinion formulated by the Nomination and Remuneration Committee during the meeting of 7 May 2020 on dimension and composition of the Board of Directors and on recommendations on the professional whose presence within the Board is deemed appropriate, considering the size and necessities of the Company and the possible needs and challenges that the new Board of Directors will face in the next three years, believes that the number of its members can be confirmed to nine members.

This number has shown to allow a constructive debate within the Board of Directors and at the same time the expression of a plurality of professional skills and experience, including managerial, as well as an adequate diversification of gender and seniority. It also made possible a more efficient and effective distribution of tasks within the Board itself.

It is also believed that the number of 9 directors is adequate to maintain a correct balance between executive and non-executive and or independent directors, functional to a fruitful board discussion and to an efficient and effective management of the functioning of the administrative body, as well as to the establishment of internal committees that the new Board of Directors will establish.

Determination of the duration of the appointment

The Board proposes to determine the three-year term of office of the Board of Directors in office, considering it adequate in relation to the need for long-term planning of the Company's policies.

Appointment of the members

It should be reminded that the Corporate Governance Code recommends that for the appointment of directors procedures that ensure transparency of the process and a balanced composition of the Board will be followed. The Code underlines the importance of the involvement of the nomination committee in the event that the Board of Directors will present a list for the renewal of the Board.

Without prejudice to the provisions of legislation, also regulatory, applicable and statutory provisions, on the basis of the recommendations of the Corporate Governance Code of listed companies and in accordance with the provisions of article 123-bis of Legislative Decree no. 24 February 1998, n. 58 ("TUF"), with which specific disclosure obligations have been introduced for issuers, during the meeting of February 28, 2019, the Board of Directors adopted policies regarding diversity in relation to the composition of the board of directors and management relating to aspects such as age, gender and the training and professional path. For details, refer to the document summarizing the guidelines and corporate bodies involved in matters of diversity in the composition of the administration and management body followed by OVS, published on the Company's website www.ovscorporate.it in the Section Governance/Shareholders' Meeting 2020, as well as illustrated in the annual report on corporate governance and ownership structures.

The Board of Directors, on the basis of the results of the board evaluation for the year 2019 and having taken into consideration the opinion of the Nomination and Remuneration Committee issued on 7 May 2020 on dimension and composition of the Board of Directors and recommendations of professionals whose presence within the Board is deemed appropriate, deems that the current composition at the level of professional figures - retail, finance, digital, management, economy - is adequate, and they suggest, in consideration of the presentation of lists for the next Shareholders' Meeting, as well as confirming professionalism in line with those currently present, to still insert figures who know the company's business and a director with significant experience in the field of "legal-corporate" - corporate governance of listed companies.

The Board of Directors reminds that, pursuant to the Corporate Governance Code to which the Company adheres, it is required that a member has adequate knowledge and experience in financial or remuneration policies and a member has adequate experience in accounting and financial matters or risk management. The Board of Directors also recalls the need to ensure the presence of an adequate number of independent and/or non-executive members for the effective management and organization of the committees.

In compliance with the above and as indicated in the press release of 26 May 2020, the outgoing Board of Directors resolved to present its own list of candidates for the office of director ("**List of the BoD**") and identified the candidates, with the abstention of the Director taken from the so-called minority list of the Shareholders' Meeting of May 31, 2017. In accordance with the provisions of the Corporate Governance Code, the BoD List was presented to the Nomination and Remuneration Committee and the latter, on May 26, 2020, deemed that the BoD List complies with the indications expressed during the assessment regarding the composition, size and diversity of the Board

The BoD List is composed of 9 candidates, a number that would allow 8 out of 9 directors to be drawn from it, in the event that the Shareholders' Meeting approved the proposal to appoint an administrative body made up of 9 members, the BoD List was the most voted and there was a cd list minority.

In selecting the candidates to be included in the BoD List, the Board of Directors took into account the diversity policies in the composition of the Board of Directors adopted and followed by the Company, as contained in the

above-mentioned document that summarizes them, the indications emerged from the 2019 board evaluation as well as the above-mentioned opinion of the Nomination and Remuneration Committee on 7 May 2020.

The relation between executive directors, non-executive directors and independent directors was also assessed in the identification of the composition of the BoD List. The high number of non-executive directors and independent directors (overall 89% -8/9 - of the members), with different characteristics and profiles, is in fact considered a safeguard for the Shareholders and an excellent support for the management of the business. Four of the eight non-executive directors are in possession of the requirements to qualify as independent pursuant to article 148, paragraph 3, of the T.U.F. and pursuant to the Corporate Governance Code.

With reference to the gender discipline, if the BoD List obtains the majority of votes, the above-mentioned discipline would be respected regardless of the gender to which any directors drawn from competing lists belonged.

The List of the BoD will be filed within the terms of the law.

Appointment of the Chairman

The Board of Directors, having taken note of the above-mentioned opinion of the Nomination and Remuneration Committee issued on 7 May 2020 and the results of the board evaluation for the 2019 will propose its own candidate for the office of Chairman.

Determination of the annual remuneration of the members of the Board of Directors.

Pursuant to the Articles of Association (article 22) "*22.1 Members of the board of directors are also entitled to compensation in the form of profit sharing or subscription rights, to be determined by the shareholders' meeting. The fees thus determined remain unchanged until otherwise determined by the shareholders' meeting. The Shareholders' Meeting can establish compensation in an overall amount for all directors, including those with specific offices. 22.2 The remuneration of directors vested with particular offices in accordance with the articles of association is established by the board of directors, after hearing the opinion of the board of statutory auditors, in compliance with the overall amount possibly established by the meeting*".

Taking note of the opinion made by the Nomination and Remuneration Committee on 18 March 2020, the Board of Directors believes that it suggests that the Shareholders' Meeting determine the remuneration for the office of director, leaving to the Board of Directors the determination of the remuneration of directors with particular offices. This would allow the administrative body to have flexibility in order to identify the economic treatment to guarantee retention of the profiles of excellence that will make up the new Board of Directors, also adjusting their remuneration over time if the activities and structure of the Committees and the activities of the Board may change, also in consideration of the evolution of the Company's business and the evolution of law, including regulations. It is understood that the remuneration for directors with particular offices will be determined in accordance with the legislation, including regulatory, in force and the remuneration policy adopted from time to time by the Company and in compliance with the safeguards envisaged by current regulations.

In the light of the foregoing, the Board of Directors proposes to recognize as remuneration for the office of director the same fee paid during the last term, that is Euro 50,000 annually to each director for each of the three-year financial years, as in line with best practice, with the remuneration of companies comparable to OVS and adequate for the commitment required.

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Dear Shareholders,

in light of the foregoing, the Board of Directors invites you to resolve on the appointment of the Board of Directors:

- determination of the number of members of the Board of Directors;
- determination of the term of office of the Board of Directors;
- appointment of the members of the Board of Directors;
- appointment of the Chairman;
- determination of the annual remuneration of the members of the Board of Directors

and below indicates the proposals:

- with reference to the determination of the number of members of the Board of Directors, the Board of Directors proposes to determine the number of members at 9
- with reference to the determination of the term of office of the Board of Directors, the Board of Directors proposes to set the term of office of the Directors appointed by the Shareholders' Meeting in three financial years, who will therefore remain in office until the Shareholders' Meeting called to approve the financial statements which will close on January 31, 2023
- with reference to the appointment of the members of the Board of Directors, the Board of Directors proposes to vote in favour of the list that will be presented by the Board of Directors
- with reference to the appointment of the Chairman, the Board of Directors proposes to vote in favour of the candidate who will be proposed on the list that will be presented by the Board of Directors;
- with reference to the determination of the annual remuneration of the members of the Board of Directors, we propose that you fix the remuneration to each director for each of the three-year periods in Euro 50,000 annually, it being understood that the remuneration of the directors with particular offices (i.e. by way of example Chairman of the Board of Directors, executive Directors, members and chairmen of the Committees) will be, in accordance with the statutory provisions, established by the board of directors, after hearing the opinion of the board of statutory auditors.

Venezia-Mestre, 26 May 2020

For the Board of Directors
The Chairman, Franco Moschetti