

# 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](http://www.ovscorporate.it).

**OVS S.p.A. Board of Directors' explanatory report on the seventh item on the agenda of the Shareholders' Meeting – Ordinary Part - scheduled on May 31, 2019 in single call .**

Item n. 7 on the agenda – Ordinary Part

**APPOINTMENT OF THE CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS AND OF AN ALTERNATE AUDITOR PURSUANT TO AND FOR THE PURPOSES OF ARTICLE 24.2 OF THE BYLAWS. RELATED AND CONSEQUENT RESOLUTIONS.**

Dear Shareholders,

the Board of Directors has called you in the ordinary session to discuss and resolve on the integration of the Board of Statutory Auditors. In this regard it is recalled that the Shareholders' Meeting of May 31, 2017 had appointed as members of the Board of Statutory Auditors:

- Ms. Paola Camagni (Chairman of the Board of Statutory Auditors, sole candidate for standing auditor in the minority list);
- Mr. Roberto Cortellazzo Wiel (Standing Auditor candidate from the majority list);
- Ms. Eleonora Guerriero (Standing Auditor candidate from the majority list);
- Ms. Antonella Missaglia (Alternate Auditor nominated from the majority list);
- Mr. Stefano Poggi Longostrevi (Alternate Auditor, sole candidate for alternate auditor on the minority list).

Following the resignation of the Statutory Auditor Ms Paola Camagni - Chairman of the Board of Statutory Auditors, drawn from the list of directors minority, on 1 June 2018 Mr. Stefano Poggi Longostrevi, elected from the same list, took over the office, pursuant to art. 24.2 of the Bylaws, with a term of office until the called Shareholders' Meeting.

In relation to the above, it should be noted that art. 24 of the Bylaws provides, among other things, that:

- (i) the Board of Statutory Auditors of OVS S.p.A. consists of three standing auditors and two alternates;
- (ii) the Statutory Auditors possess the requisites of eligibility, independence, professionalism and integrity required by law and other applicable provisions;
- (iii) the composition of the Board ensures the balance between genders in accordance with the provisions of applicable laws and regulations;
- (iv) in the event of the replacement of a Statutory Auditor, the alternate auditor belonging to the same list as the auditor substituted takes over;
- (v) when the shareholders' meeting must appoint the statutory auditors and/or alternates necessary for the integration of the Board of Statutory Auditors, it proceeds as follows:

*"if Statutory Auditors elected on the majority list need to be replaced, the appointment is to be made by relative majority vote, without any list restriction; if Statutory Auditors elected from the minority list need to be replaced, the Shareholders' Meeting shall replace them by relative majority vote, selecting them, where possible, from among the candidates indicated on the list to which the Statutory Auditor to be replaced belonged, or on the minority list that obtained the second greatest number of votes. If the application of these procedures does not allow, for any reason, the replacement of the auditors designated by the minority, the meeting will proceed with a relative majority vote, subject to the presentation of candidacies by members who, alone or together with others, are overall holders of shares with voting rights representing at least the percentage referred above in relation to the procedure for the presentation of lists<sup>1</sup>; however, in ascertaining the results of this last vote, the votes of the shareholders who, according to the communications given pursuant to the current regulations, hold, even indirectly or even jointly with other shareholders adhering to a significant shareholders' agreement pursuant to the art. 122 of Legislative Decree 58/1998, the relative majority of the votes that can be exercised at the shareholders' meeting, as well as the shareholders who*

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<sup>1</sup> It should be remembered that the article 24.2 of the By-Laws provides, with reference to the percentage in relation to the procedure for the presentation of lists, that "Only those shareholders who, alone or together with other shareholders, hold shares are entitled to present the lists representing at least 2.5% of the capital or of the different shareholding in the share capital established by the laws and regulations in force ". It should be noted that the Consob determination of 02/20/2019 "Publication of the shareholding required for the presentation of the lists of candidates for the election of the administrative and control bodies" states that "Without prejudice to any lower quota envisaged by the By-Laws, the minimum quota required for the presentation of the lists of candidates for the election of the administrative and control bodies of the company indicated below is 4.5% ". Therefore the applicable percentage applicable will be the By-Laws percentage of 2.5%.

*control, are controlled by or are subject to their common control. The replacement procedures referred to in the preceding paragraphs must in any case ensure compliance with the current regulations concerning the balance between genders. "*

In light of the aforementioned provisions and taking into account that the replacement of Ms. Camagni with Mr. Poggi Longostrevi was carried out in compliance with the aforementioned provisions (since the same was drawn from the same list to which Ms. Camagni belonged), is proposed to the Meeting to carry on in compliance with the provisions of Article 24.2 of the Company Bylaws.

With regard to the integration of the Board of Statutory Auditors through the appointment of an alternate auditor, since no other candidates are indicated on the single list presented at the time and identified as a minority list, the procedure indicated in point (v) above applies.

In order to be able to report the Company's Board of Statutory Auditors to the composition required by the Bylaws, you are therefore called to resolve on the appointment of a Standing Statutory Auditor and an Alternate statutory Auditor pursuant to the By-laws, reminding that the Standing Statutory Auditor representing the minority will be the Chairman of the Board of Statutory Auditors, ensuring compliance with current legislation on the subject of the balance between genders and the principle of representation of minorities.

In particular, since the integration concerns the Statutory Auditors representing the minority, you will be called to resolve pursuant to the provision of article 24.2 of the Company's By-laws and:

- with reference to the Standing Statutory Auditors that will be also the Chairman of the Board of Statutory Auditors *"if Statutory Auditors elected from the minority list need to be replaced, the Shareholders' Meeting shall replace them by relative majority vote, selecting them, where possible, from among the candidates indicated on the list to which the Statutory Auditor to be replaced belonged, or on the minority list that obtained the second greatest number of votes."*
- with reference to the Alternate Statutory Auditors *"If the application of these procedures does not allow, for any reason, the replacement of the auditors designated by the minority, the meeting will proceed with a relative majority vote, subject to the presentation of candidacies by members who, alone or together with others, are overall holders of shares with voting rights representing at least the percentage referred above in relation to the procedure for the presentation of lists<sup>2</sup>; however, in ascertaining the results of this last vote, the votes of the shareholders who, according to the communications given pursuant to the current regulations, hold, even indirectly or even jointly with other shareholders adhering to a significant shareholders' agreement pursuant to the art. 122 of Legislative Decree 58/1998, the relative majority of the votes that can be exercised at the shareholders' meeting, as well as the shareholders who control, are controlled by or are subject to their common control. The replacement procedures referred to in the preceding paragraphs must in any case ensure compliance with the current regulations concerning the balance between genders. "*

The procedure of substitution as above has to assure, in any case, the respect of the applicable regulation on gender balance.

The Board of Statutory Auditors thus integrated - with the remuneration pursuant to the resolutions of the OVS Shareholders' Meeting of May 31, 2017 - will remain in office until the date of the Shareholders' Meeting that will be called to approve the financial statements for the year ended January 31, 2010.

Shareholders entitled to vote who wish to submit applications must submit: a) appropriate documentation containing the declarations in which the individual candidates accept the candidacy and certify, under their own responsibility, that there are no grounds for ineligibility and incompatibility, as well as the existence of the legislative and statutory requirements prescribed for the office; b) for each candidate a curriculum vitae concerning the personal and professional characteristics and including the list of the administration and control positions held by each candidate in other companies and c) any other or different declaration, information and/or document required by law and by applicable regulatory standards.

In consideration of the above, even though no time limits are envisaged for submitting proposals by legal or statutory provisions, those entitled to present a proposal for appointment to the Meeting are kindly invited to

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anticipate, as far as possible, such proposal, with reference to the date of the Shareholders' Meeting itself, filing it (together with the abovementioned documentation) at the registered office of the Company (Via Terraglio no. 17, Venezia-Mestre (VE) - for the attention of the Legal and Corporate Department), or through a communication sent by certified e-mail at corporate@ovs.pec.it. (in this regard it is specified to transmit together with the aforementioned documentation information that allows the identification of the subject who makes the deposit and a reference telephone number).

Proposers must also send to the Company the appropriate certification proving their participation in the share capital at the date of submission of the proposal (or to the so-called record date, if later). However, certification is not necessary if the Company receives a communication concerning the right to attend the Meeting, issued by an authorized intermediary. The possibility remains for those entitled to present proposals in the Meeting, provided they are accompanied by the aforementioned documentation.

In this case, timely information regarding the presentation of the proposal will be provided on the Company's website, in the section dedicated to the Shareholders' Meeting.

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In relation to the above, you will be called upon to deliberate, with separate votes, expressing your vote on the individual candidates that will be presented, in compliance with the above for the appointment of a Statutory Auditor and an Alternate Statutory Auditor, reminding that the Statutory Auditor of the minority will also be Chairman of the Board of Statutory Auditors.

Venice-Mestre, April 17, 2019

For the Board of Directors  
The Chairman, Nicholas Stathopoulos