



**GVS S.p.A.**

*Registered office in Zola Predosa (BO), Via Roma, 50 - share capital Euro 1,750,000.00 fully paid up.*

*Bologna Register of Companies and tax code 03636630372 and VAT number 00644831208 - Economic and Administrative Index (REA) BO-305386*

*Explanatory Report by the directors on the fourth item on the agenda of the Shareholders' Meeting convened in an ordinary session for 28 April 2022, at single call.*

**Fourth item on the agenda - Proposal to adjust the compensation of the independent auditors for FYs 2021-2028; Related and consequent resolutions.**

Shareholders,

The Board of Directors has convened the Ordinary Shareholders' Meeting to examine and approve the integration, on the basis of a reasoned proposal by the Board of Auditors, of the fees for the statutory audit of the accounts of GVS S.p.A. (the "**Company**") granted by the Shareholders' Meeting on 14 February 2020 to the independent auditors PricewaterhouseCoopers S.p.A. ("**PwC**") for FYs 2021 through 2028.

In a communication dated 16 November 2021, PwC pointed out that the statutory audit activities on the Company's annual and consolidated financial statements as at 31 December 2021 involved a greater commitment mainly in relation to the expansion of the audit scope resulting from the Group's growth by external lines (in particular, the acquisition of RPB Safety LLC, Goodman Brands LLC and RPB Safety LTD).

PwC has, therefore, proposed the following fee adjustment for the years ending 31 December 2021, and thereafter until the end of the nine-year period (2022-2028).

	<b>Hours</b>	<b>Fees</b>
Engaged to perform a limited audit with materiality limitation, without issuance of a separate audit report, of the RPB Group's balance sheet as of 31 August 2021	400	29,000
Engaged to perform an audit with materiality limitation, without issuance of a separate audit report, of the consolidation file as of 31 December 2021 of RPB Safety LLC and fact-finding investigation of Goodman Brands LLC and RPB Safety LTD as of the same date	200	15,000
Engaged to perform an audit with materiality limitation, without issuance of a separate audit report, of the annual consolidation file and engaged to perform a limited audit of the semi-annual consolidation file for each financial year ending 31 December 2022 and through the end of the Nine Year Period of RPB Safety LLC and fact-finding investigation of Goodman Brands LLC and RPB Safety LTD	350	25,000

The fees indicated above do not include VAT and out-of-pocket expenses, which will be invoiced on the basis of the actual cost incurred by PwC and within the limits of 4% of the agreed fees, and secretarial fees, nor the supervisory contribution in favour of CONSOB or other Supervisory Authority, which may be envisaged for such assignments following the entry into force of new regulatory provisions issued by the competent Authorities.

The Board of Auditors - in compliance with the provisions set out in art. 13, paragraph 1 Legislative Decree no. 39/2010, according to which "*the Shareholders' Meeting - based on a reasoned proposal of the supervisory body - shall appoint the independent auditors and determine the fees payable to the independent auditors or the independent auditing firm for the entire duration of the appointment and the parameters for the adjustment of the fees*" - examined PwC's request, in order to formulate the proposal for which it is responsible.

Reference should be made in full to the Board of Auditors' proposal, attached to this report, for further information on the adjustment requested, as well as on the preliminary and assessment activities carried out by the Board of Auditors.

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Shareholders,

You are now, therefore, invited to approve the integration of the fees of the Independent Auditors PricewaterhouseCoopers S.p.A., for the financial year closing on 31 December 2021 and for the following financial years until the end of the nine-year period (2022-2028), according to the terms and

conditions proposed by the Board of Auditors.

Zola Predosa (BO), 22 March 2022

For the Board of Directors

The Chair, Grazia Valentini