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 third item on the agenda of the shareholders' meeting convened in an ordinary session for 03 May 2023, at single call.

Third item on the agenda **- "Approval of the "GVS 2023-2025 Performance Shares Plan. Related and consequent resolutions."**

Shareholders,

this explanatory report on item 3 on the agenda, in ordinary session, of the Shareholders' Meeting of GVS S.p.A. ("**GVS**" or the "**Company**") convened in a single call for 3 May 2023 is prepared by the Board of Directors pursuant to Articles 114-*bis* and 125-*ter* of Legislative Decree 58 of 1998, as amended (the "**CFA**" (TUF)) and Article 84-*ter* of the regulation adopted by Consob Resolution No. 11971 of 14 May 1999, as subsequently amended and supplemented (the "**Issuers' Regulation**").

This report is made available to the public, within the terms of the law and regulations, at the Company's registered office, on the Company's website (www.gvs.com), as well as in the other ways provided for by the regulations in force.

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The Board of Directors has convened you, in ordinary session, to submit for your approval, pursuant to Article 114-*bis* of the CFA (TUF), the adoption of a plan for the free assignment of GVS shares called "*GVS 2023-2025 Shares Performance Plan*" (the "**Plan**").

The conditions, terms and procedures for the implementation of the Plan are also illustrated in the information document, drafted pursuant to Article 84-*bis* of the Issuers' Regulations and in accordance with Schedule no. 7 of Annex 3A to the Issuers' Regulations, which will be made available within the terms and according to the procedures provided for by the applicable laws and regulations.

1. Reasons for adopting the Plan

In accordance with the remuneration policy adopted by the Company and the recommendations set forth in Article 5 of the Corporate Governance Code for Listed Companies of Borsa Italiana S.p.A. in the January 2020 edition, the Board of Directors submits the Plan for approval to the shareholders, as a form of management incentive and retention, aimed at *(i)* aligning the interests of the Beneficiaries with those of the shareholders in the medium-long term, *(ii*) rewarding the achievement of the *targets* envisaged in the industrial plan of the group headed by GVS (the "**Group**"), and *(iii)* retaining the figures deemed strategic for the implementation of the business development and growth plan of the Company and the Group.

The Plan is also intended to replace the previous 2020-2022 Performance Shares Plan, which expired on 31 December 2022.

2. Recipients

The Plan is reserved for executive directors, executives with strategic responsibilities and other persons who will be identified by name by the Board of Directors from among the executive directors and employees of the Company and the Group, after hearing the opinion of the Appointments and Remuneration Committee, for the importance of their roles in the Company's organisation as well as for the key role they play in the pursuit of the Company's sustainable success in the medium-long term (the '**Beneficiaries**').

3. Procedures and clauses for Plan implementation

Each Beneficiary, identified by the Company's Board of Directors, will be granted, free of charge, a personal number of rights to receive GVS shares, which, once vested, will give their holders the right to convert them into ordinary shares of the Company upon verification of:

(i) the achievement by the Company of at least one of the performance targets identified below; and

(ii) the relationship between the Beneficiary and the Company, or the company of the relevant Group, is still in existence (and is not in a notice period) at the grant date of the shares and the Beneficiary's status as a Beneficiary within the Company or the Group was not terminated, with reference to the role held (except in the case of the so-called good leavers).

The number of GVS shares expected to be assigned to each Beneficiary upon achievement of 100% of the performance objectives (the "**Target Number of Shares**") will be established by the Board of Directors which will define, following the approval of the Plan by the Shareholders' Meeting, a predetermined Target Number of Shares distinguished by categories of Beneficiaries who are homogeneous in terms of the strategic nature of the role held, the Beneficiary's responsibilities, the degree of market exposure, the impact of their respective activities to the benefit of the entire Group and their remuneration levels.

The number of shares to be effectively allocated to each Beneficiary shall be determined by the Board of Directors on the basis of the Target Number of Shares, reduced or increased according to the level of achievement of the performance objectives, it being understood that in any case, regardless of the level of over-performance that may have been achieved, the total number of shares allocated to each Beneficiary may not exceed 150% of his or her Target Number of Shares.

In particular, given the Target Number of Shares for each Beneficiary, the number of Shares to be allocated to that Beneficiary will depend on:

(i) for 30% of its amount, by the achievement of the performance target based on the Adjusted EBITDA Margin;

(ii) for 30% of its amount, by the achievement of the performance target based on the difference between the total value of the company's financial debts and liquid assets (NFP) as determined in accordance with the indications of the CONSOB Communication of 28 July 2006, consistent with the values reported in the Company's consolidated financial statements at the end of the period;

(iii) for 20% of its amount, from the achievement of the performance target based on ESG metrics aimed at increasing the Group's sustainability with respect to the quality of products placed on the market that have a direct impact on customer satisfaction and the health and safety of end users; and

(iv) for the remaining 20% of its amount, by the achievement of the performance objective based on the relative TSR, i.e. on the overall return for a shareholder given by the increase of the GVS share price during a reference timeframe and by any dividends paid during the same timeframe, compared to the FTSE Italia Mid Cap index.

The assessment of the achievement of the *performance* targets and the possible Allocation of the Shares to each Beneficiary will be carried out by the Board of Directors, based on the indications provided by the Nomination and Remuneration Committee and the competent functions, no later than the 15th calendar day following the date of approval of the Group's consolidated financial statements for the year ending 31 December 2025.

The Plan is a three-year closed plan with a single allocation. The vesting period for the rights to receive shares runs from 1 January 2023 to 31 December 2025. The shares attributable to the Beneficiaries under the Plan will revert in whole or in part (i) from the treasury shares held by the Company, or possibly purchased by the Company pursuant to the authorisations issued by the Shareholders' Meeting or, if necessary, further Shareholders' Meeting authorisations to be issued pursuant to Articles 2357 and 2357-*ter* of the Italian Civil Code; and/or (ii) from any share capital increases, also pursuant to Article 2349, paragraph 1 of the Italian Civil Code.

This is without prejudice to the Company's right to pay the Beneficiaries a cash sum, in place - in whole or in part - of the shares that it should assign to each Beneficiary under the Plan, calculated as an amount equal to the arithmetic average of the official prices of GVS shares on Euronext Milan, a market organised and managed by Borsa Italiana S.p.A., in the month prior to the date of assignment of the shares.

4. Support for the plan by the Special Fund for the encouragement of worker participation in enterprises, referred to in Article 4, paragraph 112 of Law no. 350 of 24 December 2003

The Plan does not receive any support from the Special Fund for the Encouragement of Workers' Participation in Enterprises, referred to in Article 4(112) of Law no. 350 of 24 December 2003.

5. Availability constraints on the shares, with particular reference to the terms within which subsequent transfer to the same company or third parties is permitted or prohibited

The right to receive the shares shall be attributed personally to each Beneficiary and may not be transferred by deed between living persons, nor be subject to liens or be the subject of other acts of disposal for any reason whatsoever.

The Plan envisages, for all Beneficiaries, unless otherwise determined by the Board of Directors, an obligation to maintain at least 50% of the shares that may be granted, for a lock-up period (from the effective date of their grant) of 2 years, net of the shares that may be sold to cover the applicable legal charges.

Lastly, the Plan provides for the return of the shares (in whole or in part) or restitution of the sale value (in whole or in part) if, within the term of 3 years from the date of allocation, it is found that the performance objectives have been ascertained by the Board of Directors on the basis of data that has proven to be manifestly erroneous, or it is ascertained the Grantee is found to have *(i)* committed fraudulent or grossly negligent conduct to the detriment of the Group, *(ii)* breached its loyalty obligations to the Group, or *(iii)* whose conduct resulted in a significant financial or asset loss for the Group (so-called clawback or *malus*).

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Shareholders,

In light of the foregoing, the Board of Directors proposes that you pass the following resolutions:

"*The Ordinary Shareholders' Meeting of GVS S.p.A., on the basis of the report of the Board of Directors and having regard to the information document made available to the public pursuant to the applicable regulations, as well as in compliance with the current and applicable regulations*

resolved

1. *to approve, pursuant to and for the purposes of Article 114-bis of the Consolidated Law on Finance, the plan called "GVS 2023 - 2025 Performance Shares Plan", the main terms, conditions and implementation methods of which are illustrated in the Board of Directors' report and in the information document drafted pursuant to Article 114-bis of the CFA (TUF) and Article 84-bis of the Issuers' Regulation;*

2. *to vest the Board of Directors, with the power to sub-delegate, with the broadest powers necessary or appropriate to fully and completely implement the "2023-2025 GVS Performance Shares Plan" including, but not limited to, the power to*
    a. *identify the beneficiaries of the "2023-2025 GVS Performance Shares Plan" and determine the number of rights to receive shares to be granted to each of them;*
    b. *determine in detail the specific targets associated with the performance objectives to which the awarding of bonuses should be subordinated;*
    c. *verify the achievement of performance targets, consequently determine the number of shares to be effectively allocated to each beneficiary;*
    d. *approve the regulations of the "2023-2025 GVS Performance Shares Plan" and make any amendments or additions thereto that may be useful or necessary in accordance with the provisions thereof, and exercise all the tasks and functions assigned to the Board of Directors by the regulations;*
    e. *to make to the regulation of the "2023-2025 GVS Performance Shares Plan", autonomously and without the need for further approval by the Shareholders' Meeting of the Company, after hearing the opinion of the Appointments and Remuneration Committee, all the amendments and additions deemed necessary or appropriate to keep unchanged, within the limits allowed by the regulations applicable at the time, the substantial and economic contents of the plan upon the occurrence of events not specifically regulated in the regulation, such as (i) extraordinary transactions on the Company's capital, including, but not limited to, capital reductions due to losses through the cancellation of shares, increases in the Company's capital, either free of charge or for cash, offered in option to shareholders or without pre-emptive rights, possibly also to be paid in kind, or the regrouping or splitting of shares that may affect the shares (ii) merger or demerger operations, purchase or sale of shareholdings,*

companies or branches of companies; or (iii) legislative or regulatory changes or other events that may affect the rights to receive shares, the shares and the Company;

f. perform any act, fulfilment, formality, communication also towards the public or any Authority that may be necessary and/or appropriate for the purposes of the management and/or implementation of the "2023-2025 GVS Performance Shares Plan";

3. to grant the Board of Directors, and on its behalf the Chief Executive Officer, with the right to sub-delegate to third parties and also by means of special proxies appointed for the purpose, the broadest powers necessary and/or appropriate, without any exclusion whatsoever, to execute what has been previously resolved"

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Milan, 21 March 2023

For the Board of Directors

The Chairman

Grazia Valentini