

A BEAUTIFUL FUTURE FOR ALL



A BEAUTIFUL FUTURE FOR ALL

With this inaugural sustainability report, OVS begins an important journey of sharing.

OVS has a long path ahead, but today it confirms a specific commitment begun some time ago.

It does so to help create a better future for our children. It does so because it has a clear vision of this future and how to reach it.

The future will be beautiful and accessible to all. Like OVS fashion.

	INTRODUCTION	004
	Interview with Stefano Beraldo – CEO OVS SpA	004
	Methodology note	007
	2016 in brief	008
	#wecare Manifesto	009
	Overview of OVS SpA – Short history of a successful group	010
	Group structure	012
	Our trademarks	014
	Mission and Values	016
	We design a sustainable fashion	018
	#wecare Programme	020
	Our stakeholders	022
	Materiality analysis	024
1	HIGH VALUE PRODUCTS	027
	Key Facts	028
	Objectives	029
	Sustainable design	030
	Materials	030
	Sustainable cotton	032
	Quality and safety	033
	Respect for animals	035
	Circular approach	036
2	RESPONSIBLE PRODUCTION	039
	Key Facts	040
	Objectives	041
	Supply chain management	042
	Industry Collaboration	045
	Suppliers	046
3	PEOPLE AND CULTURE	049
	Key Facts	050
	Objectives	051
	Our people	052
	#wecare Initiatives	059

4	STAKEHOLDERS	061
	Key Facts	062
	Objectives	063
	Value creation	064
	Community	066
	Communication	071
5	SUSTAINABLE STORES	073
	Key Facts	074
	Objectives	075
	Standard Profile	076
	The Relamping project	078
	Breeam Certification	079
6	NATURAL RESOURCES	081
	Key Facts	082
	Objectives	083
	Energy	084
	Emissions	086
	Water	087
	Waste	088
7	GOVERNANCE AND VALUE CREATION	091
	Key Facts	092
	Objectives	093
	Corporate Governance	094
	Sustainability Governance	096
	Business integrity	097
	Risk Assessment	098
	GRI STANDARDS TABLE	100
	INDEPENDENT AUDITORS REPORT	110

INTERVIEW WITH STEFANO BERALDO

– CEO OVS SPA



What does sustainability represent for you and how important is it for OVS SpA?

Sustainability is an essential characteristic for a company, since it is closely connected with the capacity to flourish over time. I think that a sustainability strategy is an absolute priority for OVS SpA and it definitely is for me, as CEO. In the past, sustainability was mainly understood in many companies as a concern for financial and economic stability and compliance with laws and regulations. For some years, the more evolved companies like OVS SpA, have understood that their sustainability coincides with the capacity to systematically create value for all the

sustainability coincides with the capacity to systematically create value for all the stakeholders

stakeholders, while also producing economic value and a positive impact on people and on nature. In the coming years this need will increase due to the exponential acceleration of environmental, social, technological and cultural trends require a more active role of companies in helping face some of the great challenges of our time.

How sustainable is OVS SpA?

Environmental and social impact has always been of great concern to OVS SpA, since our policy has always been to act on the basis of the highest standards of respect for people and the environment. In recent years, the innovative push in this direction has been increasing, with greater awareness and skills both in top management and in all the company personnel. They have been fully involved in a complete training programme. We have organised an innovation programme based on the principles of sustainability, involving all the dimensions, such as corporate culture, design, products, materials, the supply chain, logistics and points of sale which in some cases, have been international examples of design complying with the highest standards of sustainability. For us, 2015 was the year of acceleration; we were the only Italian

We have organised an innovation programme based on the principles of sustainability, involving all the dimensions, such as corporate culture, design, products, materials, the supply chain, logistics and points of sale

retailer at EXPO 2015, with a Store pavilion selling sustainable clothing. The pavilion was removed and rebuilt at the Venice headquarters as a childcare centre. Currently, the topics of sustainability involve all the functions, coordinated in the OVS SpA "#wecare" programme, under the guidance of the Sustainability Director. Dozens of actions interrelated in a strategy defining clear operational priorities, in line with the objectives of the business plan. As to the quantitative aspect of our sustainability, we have identified as series of indicators that we constantly keep monitored to promptly verify critical aspects and improvements.

How can you reconcile sustainability and purchases in countries such as Bangladesh or Myanmar?

OVS SpA produces in countries which, thanks to the development produced by the growth of industrial sectors like textiles, have been able to rapidly come out of a state of poverty. This progress would not otherwise have been made possible or would have required a very long time. For example, in Bangladesh the job opportunities offered by OVS SpA have contributed to the quality of life for thousands of people and their families, with a very fast improvement in literacy and the role of women in society. OVS SpA operates everywhere in compliance with the highest standards in human rights and working conditions of the people who produce the garments.

In Bangladesh the job opportunities offered by OVS SpA have contributed to the quality of life for thousands of people and their families

The people involved in the production of OVS SpA garments are several thousands. Collaborating with our suppliers in the introduction of better practices and technologies, both from the product quality and the environmental impact point of view, we help produce a positive impact in the industrial districts in the countries where we work, accelerating widespread improvement.

What are the main challenges for fast fashion with respect to sustainability and how does OVS SpA want to face them?

OVS SpA makes available quality garments and Italian design at accessible costs for millions of people. Working with large volumes, our activities have wide-ranging impact, which we know of and constantly monitor. We are thus active on various fronts, including a focus on equal opportunities between men and women

wherever we operate, the systematic search for efficiency in all our production processes and all our operations, trials on how to 'close cycles' to operate with zero waste and zero emissions. The frontier for the future consists in managing to produce all our items starting from natural materials, ethically cultivated and without the use of chemical substances that accumulate in the environment, or starting from closed-cycle materials (such as recycled synthetic fibres). Obviously, we are also proceeding in the area of energy efficiency with increasing use of forms of

The frontier for the future consists in managing to produce all our items starting from natural materials, ethically cultivated and without the use of chemical substances that accumulate in the environment, or starting from closed-cycle materials

renewable energy to power our activities, being aware of the opportunity of the decarbonisation of our company, highlighted in the COP22 agreements. Our "#wecare" programme introduces increasingly natural materials, eliminating any risk of toxicity from our products and production processes and involving all the suppliers in a development path that we intend to pursue with increasing determination. Since we are a market leader in Italy, with millions of consumers and a range mostly dedicated to the family market, we are firmly convinced of the cultural and educational role we have to play in society. Continuing the activities undertaken in recent years, we will thus provide correct information and educate our clients on the important topics of sustainability. This will start with the young generation using projects to involve them such as the Kids Creative Lab, or tools for transparency such as this Sustainability Report.

What is lacking in the fashion system that could channel all the other players to a more sustainable level?

We believe that there is still inadequate awareness of the challenges and opportunities connected with a sustainable dimension. Not everybody understands the acceleration, which is not linear but exponential, of the pressure of social and environmental trends that make it indispensable to spread more evolved business paradigms. There is still a lack of competences in top company teams, since in the past they have often delegated these topics to more operational levels, such as Quality or Safety, without fully understanding

There is still a lack of competences in top company teams, since in the past they have often delegated these topics to more operational levels, such as Quality or Safety, without fully understanding the strategic aspect

the strategic aspect, and closely connected with the results of the business in the medium/ long term. The enhancement of this awareness leads to a rapid dissemination of tools, protocols and methodologies allowing various actors, including competitors, to join forces to speed up the positive transformation of the entire industry. The progress made in recent months is very promising in this respect. For example, we can cite the protocol, accepted by us, of the National Chamber of Italian Fashion for the elimination of toxic substances; the development of initiatives for Industry Collaboration, such as the Sustainable Apparel Coalition or the Better Cotton Initiative, in which OVS SpA is the first Italian Brand. OVS SpA is also the first company in Italy in our sector to monitor its performance and to define objectives for improvement with Benefit Impact Assessment, the most advanced international protocol for measuring social and environmental impact.

What is the return on investment in sustainability?

I would like to highlight three prospects. The first one is connected with the return on investment in terms of innovation, which is enormous and constantly perceivable inside and outside the company. In order to act in a sustainable manner, we must necessarily set higher, more challenging targets, which requires us to constantly rethink and improve what we do. There is always a better way to do things, and sustainability guarantees a strong incentive to innovation, as well as being a necessary condition for innovation to occur. The second prospect is more financial, and is linked to recognition of the risks and costs of non-sustainability, i.e. the incapacity to move early with respect to the problems that must inevitably be faced if sustainability is not developed carefully and skilfully. A third aspect regards consumers, already acquired or potential, who increasingly take for granted that the company they patronise complies with the highest standards of product safety and health and care for people and the environment, from the production of the raw materials to the disposal of used products. We have to develop the confidence of millions of our customers on a daily basis, acting with a sense of responsibility. It is therefore essential to act every day in accordance with a profound commitment to sustainability.

Why have you drafted a sustainability report?

Sustainability has always been very important for us, and with the "#wecare" programme we have given our commitment a strategic orientation. We have started a complete path involving a systemic approach to all the company sectors. We keep their development under control, measuring the material aspects with a series of quantitative indicators. For some years we have measured these indicators for internal use, but now we want to make them public to further share and improve our commitment and our way. We have thus decided to publish the first report to help enhance awareness and promote a culture of sustainability both inside and outside the company.

METHODOLOGY NOTE



The reference period for this report is from **1st of February 2016** → **31st January 2017**

This first Sustainability Report of OVS SpA represents an essential step of our innovation path towards a sustainable business model.

The company moved by the will to communicate performance achieved during the last years in the economic, social and environmental areas.

This report has been written according to "GRI Sustainability Reporting Standards" published in 2016 by Global Reporting Initiative (GRI). Information and data in this report are referred to topics identified as relevant for OVS SpA and its stakeholders within economic, environmental and social scope.

The coverage of standard is related to relevant topics and it is compliant to the "Core" application level.

Information and data referred to previous years are reported only for comparison purposes, to allow for an evaluation of the dynamic trend in a medium term period.

The reference period for this report is from 1st of February 2016 to 31st January 2017.

The document is referred to OVS SpA. The cases where qualitative or quantitative information are referred to a different perimeter, are explicitly highlighted.

The assurance of this report is performed by an external and independent auditing firm: this activity has been concluded by issuing the Attestation released by the Auditors.

Headquarters

OVS SpA
Via Terraglio n.17
30174
Venezia – Mestre

Contacts

Corporate Sustainability
sustainability@ovs.it
Investor Relations
investor.relations@ovs.it

2016 IN BRIEF

1,469

stores in 39 countries^[1]

33.4

millions OEKO-TEX certified garments

7,756

people in Italy

8

million garments in organic cotton

1st

store in Italy BREEAM Refurbishment & Fit-Out certified

100%

of energy for the HQ from renewable resources

1st

Italian brand to join the Better Cotton Initiative

100%

of new suppliers assessed with respect to social performance

1st

Italian company to form part of the Sustainable Apparel Coalition

1,400,000

children involved in the 5th edition of the Kids Creative Lab

13,6%

Reduction of direct CO₂ emissions by 13.6% and indirect emissions by 3.5% compared to 2015

15

Sustainability Ambassadors to disseminate the sustainability strategy throughout the organisation

^[1] Number of direct and affiliated stores with OVS, OVS Kids, UPIM and BluKids signs

#wecare MANIFESTO

We are aware of the role that we can have in **TAKING CARE OF A MORE SUSTAINABLE FUTURE** for the environment, for the millions of customers who trust us and for all the people who collaborate with us.

We want to create **BEAUTIFUL, ACCESSIBLE GARMENTS** that have a **POSITIVE IMPACT** on the world and people who live in it.

We know that we have a **LONG PATH** ahead of us, and are committed to improving it with **EVERY STEP**.

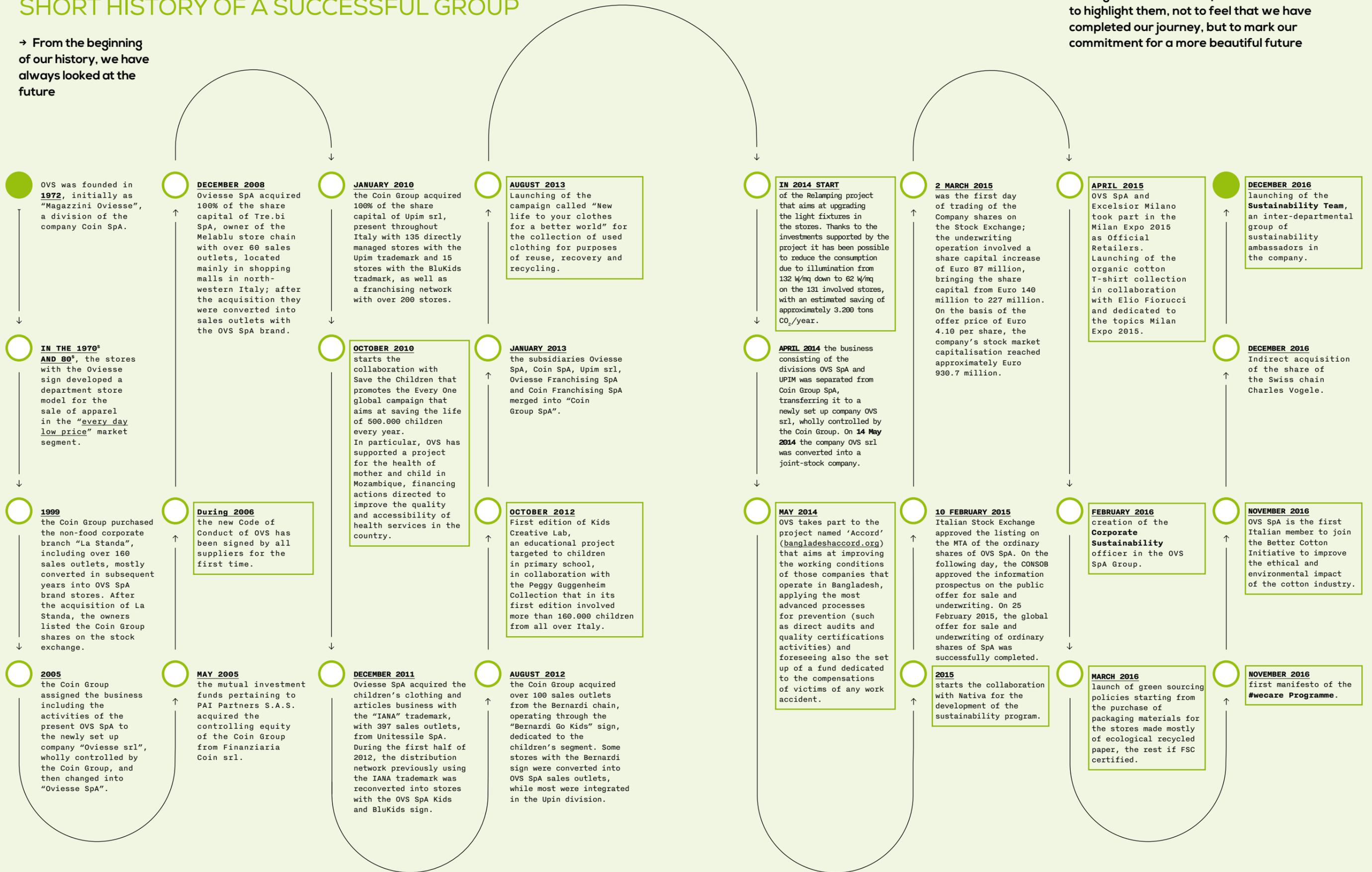
Every day, we ask ourselves what the best thing is and think about what we do for **DESIGNING A FASHION** where the **BEAUTIFUL** is also necessarily **GOOD**.

OVERVIEW OF OVS SPA

SHORT HISTORY OF A SUCCESSFUL GROUP

→ From the beginning of our history, we have always looked at the future

→ We believe that the milestones indicated in the green boxes are important and we want to highlight them, not to feel that we have completed our journey, but to mark our commitment for a more beautiful future



GROUP STRUCTURE



OVS SpA is the leading group in Italy in the apparel market through the creation, manufacturing and marketing of garments for women, men and children through the trademarks OVS SpA and UPIM.

The OVS brand, with the gradual expansion of its network, has succeeded over time in developing customer confidence, achieving a brand awareness on the Italian market of 97% in 2013 (source: Doxa).

OVS SpA also owns the UPIM trademark, covering the market value segment of clothing products for women, men and children in Italy, and is mainly addressed to the family market. UPIM, present in Italy since 1928, was acquired in January 2010.

The Group operates on the basis of the vertical integration retail business model and involves the following activities: product development entrusted to a team of product managers, designers and merchandisers. On the basis of a structure highly specialised in sourcing with a strong presence in the key geographical areas, they create, develop and commissions the manufacturing by external suppliers of the merchandise mix, under the artistic guidance of the fashion coordinator and the organisational coordination of the category manager.

OVS SpA operates through its sales network with stores of varying sizes in terms of area and different types of management (direct sale or franchising). The Group is also the leader in the children's category in Italy, and in the past 4 years has received the "Retailer of the Year" award for some product categories.

The retail network, managed under the various store signs, mainly operates in Italy with 1,244 stores (of which 697 directly managed), and also covers some foreign countries with 225 stores (of which 14 directly managed).

FIGURE 1
DISTRIBUTION OF STORES



OUR TRADEMARKS



OVS

The OVS brand occupies the top position in Italy in the segment of clothing products for women, men and children (source: Euromonitor International, 2013) with a market share in Italy of 7.4% (2016). OVS leadership was also confirmed by the high visibility of the trademark with a brand awareness rate in Italy of 97% (Doxa, 2013) thanks to the long history of the brand, which has been present in Italy since 1972, the sales network widespread throughout the entire country and the process of evolution of the collections to higher style content.

The process of trademark renovation started in 2007 has enabled OVS to be recognised and appreciated on the market as **a brand able to combine quality everyday fashion and the best price possible** and to interact with its customers through the traditional means as well as the new multimedia channels.

The identity of the trademark is reflected in the product portfolio, well balanced by type, categories and offer combining basic clothing with articles having more style content. The strength of the brand is based on **price leadership without compromise over product quality**.



UPIM

Founded in 1928, Upim opened the first store in Verona. Its long history as a department store came to a turning point in 2009, when Coin Group acquired the brand and completely renewed the formula. The Bernardi chain stores, acquired by the Group in 2012, will also go under the Upim sign.

The value proposition of Upim is "being close to people" in the local area and neighbourhood, commercially advantageous because of its low prices for day to day shopping, and a wide-ranging offer responding to service requirements in various segments, and with its clear, direct communication.

The offer by UPIM is addressed mainly to the family market, with special focus on the quality/price ratio and the supply of current products that are tasteful, and at the same time characterised by being simple and functional; in other words, products not completely influenced by fashion trends, but having features of on-going collections that can be newly proposed and appreciated over time.



OVS Kids

With a market share of over 10%, OVS Kids is a leader in Italy in apparel for children. OVS Kids is present in all the OVS sales outlets, also as an independent store, and has the following characteristics:

- the target: children aged 0 to 14;
- a wide range guaranteed by over 7,000 articles for over 11,000 combinations;
- high quality, natural fabrics and Italian design;
- a good quality/price ratio;
- an international presence with over 150 stores in Italy and abroad.



Blukids

Blukids is the UPIM garment trademark dedicated to children aged 0 to 14 years, with an "active" clothing line.

Entering in the Coin Group in 2009, it has become a reference point for low cost, accessible shopping, focused on the daily needs of mothers and children.

The concept of Blukids communication portrays real children, not advertising stereotypes. Their attractiveness consists in being authentic and the clothes they wear are designed for this lifestyle.

Thus the pay off line "Child-proof".



CROFF

The historic Italian brand CROFF is the Upim line for home textiles and accessories. The collections express the different worlds of the home, from table and kitchen linen to fittings and accessories, with a range of basic, quality products at accessible prices.

The assortment is periodically renewed with the insertion of seasonal collections integrated into the range of ongoing lines.



Shaka

Shaka Innovative Beauty is the OVS SpA trademark dedicated to cosmetics, make up, professional make up accessories and the bath and skincare line.

The wide overall choice at prices that are always accessible is combined with very great care for the quality of the products, 100% made in Europe.

MISSION AND VALUES

→ The **MISSION** di OVS SpA is to “make what is beautiful accessible to all”, and its success is based on concrete values inspiring the behaviour of all the persons taking part in the corporate processes.

Value Creation

Working in OVS SpA is a source of growth, value and well-being for everyone. Everyone’s daily commitment is aimed at improving everything being managed to that each person’s contribution really makes the difference.

We create value through a concrete approach to the solution, the necessity and sustainability that the mission, objectives, resources and time factors require. Every day we always create value for the customers, the stakeholders and the shareholders through small and large actions that our enthusiasm leads us to undertake.

Imagination

We are a company that welcomes and encourages everyone’s ideas for imagining ever more new and possible scenarios. We encourage imagination and courage to do what others have not yet done.

Innovation

We are not afraid of choosing and adopting change in its diversity, or of going outside of the usual places and pathways.

We want to be recognised and accepted as a force guiding and not following the market.

Openness

Being a place for encounter, discussion and exchange of ideas and actions. Respecting people, the individual qualities and everyone’s needs.

Always being attentive and willing to listen to the changing world, the needs, desires and dreams of the customers, and ready to respond to the expectations of all the stakeholders by providing accessible beauty to everyone, in all the forms that people associate with this beauty.



Italian Lifestyle

Capitalising the positive aspects of being Italian, consisting of a passion for their work, creativity in identifying the solutions, sensitivity for beautiful things, and proper choices and actions we are called on the undertake every day. Care for details, familiarity with the beautiful, a propensity to natural creativity that day by day can be converted into concrete value.

Respect

Promoting behaviour that acknowledges the value of single persons and their ideas through large and small gestures in day to day relations, actions and activities. Listening to what people say (which is different from just hearing) and concern for persons and their desires. Stimulus to action and participation by the recognition and celebration of merit so that positive behaviour will spread. In work, in business relations and in global relationships with the customers, the stakeholders and the environment.

These fundamental values guide our daily behaviour and provide a positive impact on the environment and on ourselves, influencing and concretely improving the lives of the people who work in the company, and for the consumers who daily encounter our trademark.

WE DESIGN A SUSTAINABLE FASHION

Sustainability strategy

The roots of the OVS identity lie in creativity and innovation, with the Italian passion for beautiful things, and the courage to change continuously to take advantage of new opportunities.

We are cut out for fashion and apply the creativity of our DNA to create beautiful apparel to satisfy today's tastes and guarantee the future of our planet. Our sustainability programme involves a strategic and systemic dimension for our commitment to ensure that all our actions take into account the environmental and social impact inevitably associated with these. The programme is based on the scientific framework and the principles of sustainable innovation developed in years of research by The Natural Step, non-government organisation born in Sweden in 1989 that operates in Italy via the benefit corporation Nativa, that is collaborating with us on our sustainable innovation programme #wecare.

These principles provide a concrete definition of sustainability, understandable to all, and are necessary, sufficient and universal to set out a sustainable future.

In a sustainable society:



- **Nature is not subject to systematically increasing of concentrations of substances from the earth's crust**
(e.g. heavy metals and fossil fuels)



- **Nature is not subject to systematically increasing of concentrations of substances produced by society**
(e.g., wastes and pesticides)



- **Nature is not subject to systematic degradation by physical means**
(e.g., deforestation and overbuilding)



- **There are no structural obstacles to people's fundamental needs, promoting health, influence, competence, impartiality and meaning.**



"Ovs SpA has chosen to apply the framework of The Natural Step to give a scientific and strategic basis to the #wecare programme. For decades, we have been assisting companies in the definition of their path for a successful future, and are especially glad to work with OVS SpA, which has always been a company loved by Italian families. Here we have found people inspired by

a growing awareness of the role that the business can play for individuals, the local area and the entire industry, ready to come forward for a collaborative acceleration of a serious path based on the principles of sustainable innovation."

Eric Ezechieli

Chairman of The Natural Step International and Co-Founder of Nativa

With the challenges the world is facing today, we cannot be stuck in an old business model focused on short term profit instead of considering all the types of impact on the social and environmental aspect. There is thus a growing community of companies that incorporate sustainability in their business model.

With the #wecare programme, we are committed to improving the current business paradigms in the world of fashion, utilising tools and skills made available also thanks to movements, such as the Benefit Corporations, that aim to redefine success in business. The Benefit Corp are companies that satisfy the highest standards of responsibility and transparency, and aspire to use the business to face and solve environmental and social problems. In the world, over 50,000 companies utilise the B Impact Assessment as a tool for ongoing measurement and improvement.



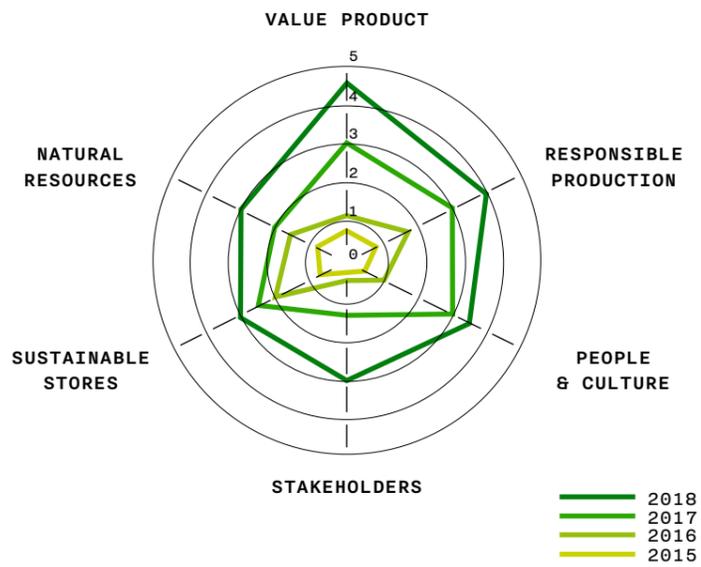
The B Impact Assessment, developed by the non-profit entity B Lab, originated from the integration of global, independent standards of measurement for the evaluation of social and environmental performance. It enables a company to measure its absolute impact and to compare it with the relevant benchmark. The impact assessment is conducted on 4 areas of analysis (employees, community, environment and governance) and on the company business model.

Starting from 2016, OVS SpA has used the B Impact Assessment to integrate its assessment and analysis models, to have an overall view of the impact produced by the organisation and initiatives under way. This tool also enables us to identify the areas for priority improvement and the future objectives of the #wecare plan.

#WECARE PROGRAMME

FIGURE 2
SUSTAINABILITY MATURITY MODEL

OVS #wecare programme



Clothes are the expression of personality, and we want to be a source of inspiration, responsible and focused on our customers, without ever compromising the quality, the look and the price.

Our clothes are the result of efforts expended to innovate, investing in new technologies and ideas, consolidating good relationships with all the different Stakeholders.

Thanks to the #wecare programme, we have strengthened our awareness, and we produce value in what we do, so that our customers will benefit every day they choose us. We have worked to transform our supplier chain into a supplier chain of value where every ring can be the start of systemic change.

We choose quality materials and processes for our products, considering the impact of the entire lifecycle of our garments. We communicate to our customers all the care we have devoted to that garment and inspire them to practice recycling of the fibres.

Building “future proof” production models to create prosperity in harmony with the natural social systems is not only an essential condition to proceed, but also a responsibility shared by all. OVS SpA has adopted this objective, but our commitment can produce a real change only if shared by those who work with us, starting from the supplier chain.

The push towards innovation in the direction of sustainability is also an effective stimulus to develop ever better products. The constant search for positive production processes and material enables us to enhance the quality and make it tangible to customers.

The activities plan for the #wecare programme is structured towards interdependent developments developed in steps to gradually increase our sustainability profile through a systemic approach.

The scale 1-5 in the above radar graph is described in detail in the following table, and refers to the maturity model that we adopt for our sustainability actions, developed on the basis of international best practices in the retail apparel industry.

TABLE 1
DESCRIPTION OF THE SUSTAINABILITY MATURITY MODEL

	1	2 3	4 5
VALUE PRODUCTS	The company has a limited knowledge of the origin and impact of the materials it buys and of the sustainability profile of its products.	The company understands the implications of the sustainability of the entire lifecycle. The sustainability characteristics of the product are taken into consideration in the same way as cost and quality as an intentional design criterion.	Sustainability is a driver of product innovation. All the aspects of design and development incorporate sustainability as the key driver.
RESPONSIBLE PRODUCTION	No particular concern for sustainability in the choice of suppliers. No checking of worker conditions and environmental impact on the entire production chain.	Sustainability is a criterion for the choice of suppliers. The suppliers are regularly well checked and the well-being of their workers is at least at a minimum level of acceptability. The company relates proactively with its suppliers and influences them to act in a sustainable manner.	Excellent environmental and social sustainability practices are applied on the entire production chain. The treatment of the workers extends to the well-being of the community and society. There is tangible evidence of the positive impact generated by the initiatives for improvement involving suppliers.
PEOPLE AND CULTURE	The policies connected with sustainability are communicated to all the employees in the company. Sustainability is not yet present in the training courses and development activities.	The sustainability programme is known and well communicated internally. The employees are constantly trained on sustainability. The company measures and acts to systematically improve the well-being of the employees through initiatives for involvement in sustainability.	Sustainability is at the centre of the corporate vision and culture. The employees know they are supported in the corporate decisions placing sustainability before short term results.
STAKEHOLDER	Despite the positive efforts in reporting, the seriousness and importance of sustainability per the company are not evident to the stakeholders	The stakeholders can see a serious commitment to sustainability in corporate activities. The customers who intend to shop in a sustainable manner can find all the information on the products for an aware choice.	The profile and impact of the actions of the company for sustainability are more eloquent than any report or statement of social responsibility. The company enjoys a good reputation in sustainability with respect to all the stakeholders.
SUSTAINABLE STORES	The design of the stores and the details of improvement are widely based on efficiency, costs of construction and the operating costs. The construction plans comprise the use of some sustainable materials and take energy efficiency into consideration.	The criteria of sustainability are defined for all the construction works. The choice of architects and contractors takes into full consideration their sustainability background. The specifications of material, the air quality, energy sources and the efficient positioning of the location are all relevant factors in the construction plans.	The organisation ensures that no opportunity for sustainability is ignored in the design, construction, development and refurbishing of the store network.
NATURAL RESOURCES	The company plans do not take into consideration the future availability of resource or the implications deriving from the finishing of natural resources.	The use of limited resources is well understood by the company and every effort is made to reduce the demand for critical materials and other resources through the reduction, elimination and replacement. There are clear objectives for reduction of the carbon footprint.	The company has clear evidence of improvement of the activities that have not involved an increase in the consumption of natural resources. There is an action plan to achieve neutrality in terms of carbon without compensation of the emissions.

OUR STAKEHOLDERS

One of the fundamental aspects of the strategic plan we have drafted is the involvement of the stakeholders. It is crucial to inform people in a clear and transparent way, to disseminate awareness in the choice of garments.

We therefore involve our stakeholder in our initiatives, making them protagonists in a world that works to give everyone the freedom to wear on a daily basis Italian style, innovative and sustainable.

TABLE 2
STAKEHOLDER MAPPING

Stakeholder	Interest of the Stakeholders	Interest of OVS SpA for the Stakeholders
CUSTOMERS	<ul style="list-style-type: none"> → Satisfying their need to buy → Accessible and safe clothing for their family → Expressing their personality with brands visibly reflecting to the values → Having a fashionable appearance 	<ul style="list-style-type: none"> → Satisfying customers → Increasing the propensity to buy and the value of the OVS SpA brand
HEADQUARTERS STAFF	<ul style="list-style-type: none"> → Professional fulfilment → Enhanced sense and scope of their role → Increasing their skills → Well-being during the working day (Concentration, diet, stress level etc.) 	<ul style="list-style-type: none"> → Increasing employee productivity → Increasing the sense of belonging to the company → Reducing the turn-over rate → Making employees ambassadors of the OVS SpA values
COMPETITORS	<ul style="list-style-type: none"> → Acquiring market shares through distinctive methods → Common interest in improving the reputation of fast fashion 	<ul style="list-style-type: none"> → Systematically improving the environmental and social practices of suppliers → Promoting their economic development
SUPPLIERS	<ul style="list-style-type: none"> → Consolidating over time the relationship with OVS SpA and increasing the value of the relationship → Improving their practices 	<ul style="list-style-type: none"> → Stringere rapporti proficui per generare valore condiviso → Aumentare il livello di accettazione dell'impresa
LOCAL COMMUNITIES IN PRODUCER COUNTRIES	<ul style="list-style-type: none"> → Support by the company together with the institutions in developing countries → Employment and rights 	<ul style="list-style-type: none"> → Creating positive relationships to produce shared value → Increasing the company's level of acceptance
LOCAL COMMUNITIES AND SALES OUTLETS (ITALY)	<ul style="list-style-type: none"> → Support by the company together with the institutions for impact to the common benefit 	<ul style="list-style-type: none"> → Creating positive relationships to produce shared value → Increasing the company's level of acceptance
PRESSURE GROUPS	<ul style="list-style-type: none"> → Ensuring that OVS SpA is part of the solution in solving global environmental problems by reducing the impact of the fashion industry → Increasing consumer transparency and information to make their choices more aware → Bringing attention to sustainable brands with respect to "Green washers" 	<ul style="list-style-type: none"> → Appearing as a serious brand with a clear strategy in terms of environmental and social sustainability

Stakeholder	Interest of the Stakeholders	Interest of OVS SpA for the Stakeholders
INSTITUTIONS	<ul style="list-style-type: none"> → Ensuring respect of the rules → Providing incentives to the company if it is virtuous, improving access to and availability of resources for the public 	<ul style="list-style-type: none"> → Using the institutions to create a positive impact
OPINION LEADER	<ul style="list-style-type: none"> → Stimulating the emergence of new trends 	<ul style="list-style-type: none"> → Appearing to be a cool brand
STORE STAFF	<ul style="list-style-type: none"> → Promuovere il benessere all'interno dello store (temperatura, livello di stress,..) → Facilitare l'interazione con il cliente con argomenti distintivi 	<ul style="list-style-type: none"> → Increasing employee productivity → Facilitating interaction with customers by distinctive approaches → Reducing the turn-over rate
INVESTORS	<ul style="list-style-type: none"> → Increasing the value of the shares → Reducing the risk associated with investment → For funds: Target on environmental, social and governance due diligence 	<ul style="list-style-type: none"> → Communicating sustainability as a strategy for minimising risk and creation of value for investors over the long term.
FRANCHISEE	<ul style="list-style-type: none"> → Improving their performance → Increasing the attractiveness of the brand 	<ul style="list-style-type: none"> → Setting up long term partnerships in line with OVS SpA values
INDUSTRY COALITIONS	<ul style="list-style-type: none"> → Acquiring new affiliates → Obtaining an active role of the affiliate to improve working conditions and reduce the use and impact of harmful substances in the supply chain of the apparel industry 	<ul style="list-style-type: none"> → Joining coalitions in a strategic way in order to increase the visibility of OVS SpA and maximise the impact, exploiting economies of scale produced by industry collaboration

FIGURE 3
SURVEY RESULTS

Thinking about your last purchases of garments, how much do you think it was important for your decisions considering environmental and social impacts of product?

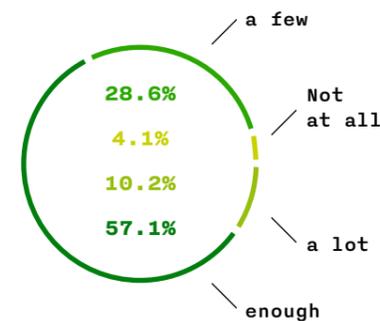
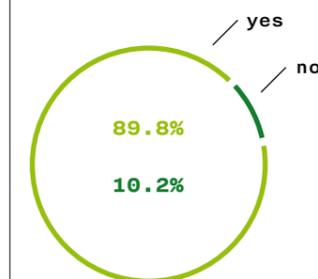


FIGURE 4
SURVEY RESULTS

Would you be influenced in your shopping decisions by knowing the sustainability profile of OVS products?



In order to define the strong and weak points of OVS SpA in terms of sustainability with respect to competitors, and to better plan the actions in the various branches of the #wecare programme, we have conducted a comparative market analysis. We have thus been able to identify the most relevant aspects of our programme for our representative customers, and define the sustainable growth targets by their significance, and the specific intervention plan to achieve them.

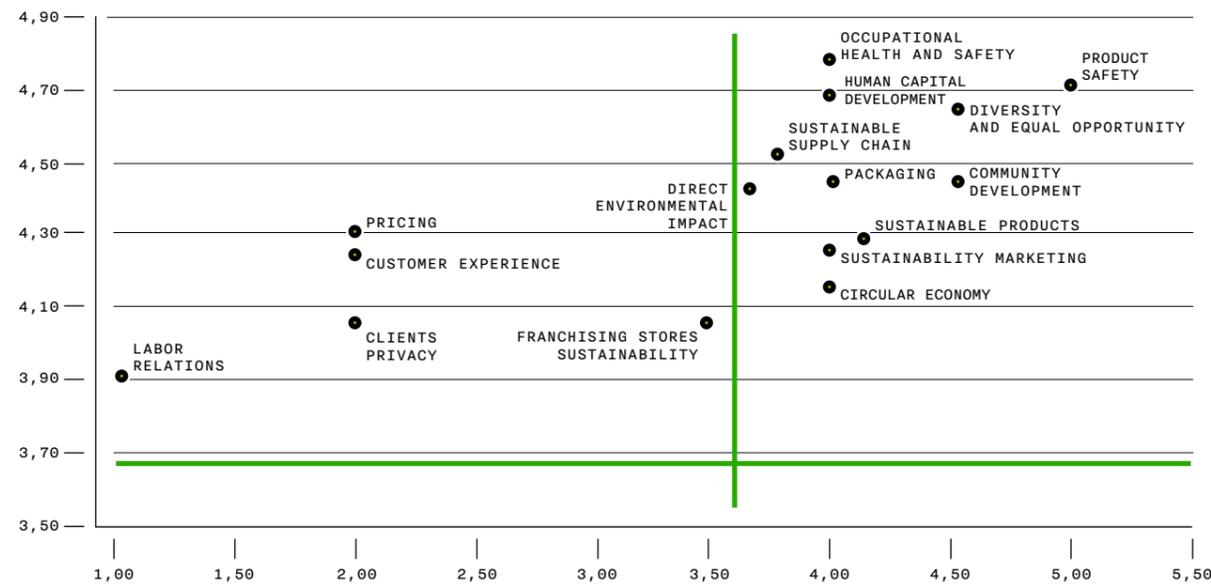
Over 67% of those interviewed say that the sustainability characteristics of the product influence their choices in purchasing garments. Approximately 90% of the interviewees are very interested in knowing about the sustainability characteristics of the OVS SpA products and this would influence their buying choices.

MATERIALITY ANALYSIS

OVS SpA, in compliance with the GRI standards, has consulted some categories of Stakeholders in order to determine the ranking of the relevant topics to be covered in the sustainability report for 2016.

The following graph shows a summary of the assessments made on the responses provided by employees, collaborators and customers.

FIGURE 5
CHART OF MATERIAL TOPICS



As shown in the above chart, there is a linear correlation between the topics relevant for OVS SpA and the topics relevant for the Stakeholders, with a substantial overlapping of interests inside and outside the company.

The priority areas emerging from the analysis are already covered by the #wecare programme with measurement and structured processes. The following paragraphs show details of the activities and the KPI of the programme with special focus on the topics in which the Stakeholder are mainly interested and which are therefore material for us.

TABLE 3
LINKS BETWEEN MATERIAL TOPICS AND THE REPORTING INDEX

Topic #wecare	Relevant Topics for Stakeholders
HIGH VALUE PRODUCTS	 Sustainable products; Product safety; Circular Economy.
RESPONSIBLE PRODUCTION	 Sustainable chain; Development of communities; Occupational Health & Safety.
PEOPLE AND CULTURE	 Development of Human Capital; Diversity & Equal Opportunity.
STAKEHOLDER	 Sustainability Marketing; Development of communities.
SUSTAINABLE STORES	 Direct environmental impact.
NATURAL RESOURCES	 Direct environmental impact; Packaging.

1

HIGH VALUE PRODUCTS

OUR
GREATEST INSPIRATION
IS QUALITY, INCLUDING
QUALITY OF THE LIFE
WE WILL LIVE.

The fashion industry has always been popular because it reflects creativity and self-expression. At the same time it is responsible for serious social and environmental impacts, in terms of water consumption, waste production and pollution.

Our challenge in this area is to achieve the combination of a strong creative drive and the reduction of the impacts associated with our products.

Innovation for sustainability is also an effective incentive to develop better products: the constant search for virtuous materials, production processes and designs makes it possible to improve quality and make it tangible for customer.



KEY FACTS

→ 33.4% of total orders, kids apparel and underwear in particular, was OEKO-TEX 100 certified, further guaranteeing the safety of our garments.

→ In 2016 alone, OVS SpA collected 123,410 kg of used clothes for reuse or recycling, thus avoiding disposal in landfills.

→ We have developed and tested a method for systematically monitoring the impact of the OVS offer on the planet (in terms of materials, suppliers and production processes) starting from product development, in order to adopt solutions that improve sustainability.

→ OVS SpA purchased 210 tonnes of cotton from certified organic farms for the production of over 8 million garments.

100%

100% of our product references are tested in order to guarantee quality and safety.

OBJECTIVES

→ To assess 100% of apparel product references based on a sustainability rating.

100%

To use organic or recycled fibres, or those from crops of the Better Cotton Initiative, for 100% of our cotton products by 2020.

→ To launch, in cooperation with suppliers and a technical partner, an innovative technological transfer project for the recovery

and treatment of offcuts and fabric scraps generated during the packaging phase of clothes for transformation into dye.



Sustainable design



The improvements that are identified by analysing the potential impacts of a garment on the environment and for the people who make it and wear it are even more effective if this assessment is carried out starting from the initial design phase of the product.

Implementing this analysis when the materials are selected, fabric processing and treatment techniques are chosen and decisions are made on the location and organization of the production chain, the challenges that arise from the commitment to create more sustainable fashion can be anticipated with a strategic long-term approach, benefitting from the greater freedom to address them effectively.



We use a guide to design more sustainable products

For this reason a product sustainability rating tool is currently being developed and tested to systematically monitor the impact of the OVS SpA offer on the planet in terms of materials, suppliers and production processes, thus promoting the adoption of solutions that improve sustainability.

Moreover, we have provided our designers with specific training and guidelines aimed at improving their awareness of the impacts associated with materials

Moreover, we have provided our designers with specific training and guidelines aimed at improving their awareness of the impacts associated with materials, processes and other important design aspects, to guide product design towards the aim of mitigating its environmental impact.

Materials

It is estimated that the impact of materials represents around 60% of the overall footprint of a garment throughout its life cycle.

We constantly monitor all products used for our apparel products.

TABLE 4
BREAKDOWN OF MATERIALS

Material	Year 2016	% 2016	Year 2015	% 2015
Cotton	25.777.719,56	71,68%	24.597.884,26	72,57%
Polyester	5.146.610,37	14,31%	4.523.939,55	13,35%
Polyamide	1.409.409,33	3,92%	1.421.434,42	4,19%
Viscose	1.391.247,36	3,87%	1.171.568,44	3,46%
Acrylic	1.059.907,03	2,95%	985.141,46	2,91%
Elastane	423.418,52	1,18%	434.574,08	1,28%
Polyurethane	263.961,18	0,73%	280.057,19	0,83%
Linen	113.002,55	0,31%	110.671,71	0,33%
Wool	92.225,19	0,26%	113.648,93	0,34%
Other 35 materials	284.479,96	0,79%	255.510,29	0,75%

We want sustainability to characterise all of our products, starting from the materials for our entire product portfolio and for this reason we do not limit ourselves to a capsule collection. We are thus working to identify solutions that can be applied to our collections across the board and that significantly contribute to our constant improvement, also through international partnerships.

In fact, OVS SpA is the first Italian company to participate in the ECAP (European clothing Action Plan) project, which aims to introduce a lower impact fashion industry model, focusing on materials in particular. The first step was to assess the footprint of OVS SpA products and explore more sustainable alternatives at the end of product life to think about how to close the circle right from material selection.



"We are delighted that OVS SpA is a participant in the European Clothing Action Plan, an EU LIFE funded project aiming to create a circular approach to fashion across Europe. Through ECAP, OVS SpA is developing and implementing a sustainable fibre strategy which will reduce

their environmental footprint, whilst helping to meet the overarching targets of this important project."

Leigh Mapledoram

Head of Products and Services,
WRAP (on behalf of ECAP partners)

Sustainable cotton

Cotton is the most important fabric for us and our customers appreciate its versatility and natural feel. Nevertheless, we are aware that being natural does not always mean having a low impact. Traditional cotton crops, although involving only 2.4% of cultivated land, are responsible for the use of 24% of insecticides and 11% of pesticides used globally, causing damage to both farmers and local communities, while requiring an excessive consumption of water and chemical fertilizers.

Textile Exchange - Organic Cotton Round Table 2016

However there is an alternative: a more sustainable cotton grown ethically through the drastic reduction of all harmful chemical substances

However there is an alternative: a more sustainable cotton grown ethically through the drastic reduction of all harmful chemical substances. With this approach water consumption drops, with a 90% reduction in this regard, soil quality improves and better working conditions for the people involved in the supply chain are promoted.

OVS SpA has thus decided to strategically promote the cultivation of sustainable cotton without compromising people and the environment. This is why we have undertaken to progressively purchase sustainable cotton only and we are the first Italian

retailer to have joined the Better Cotton Initiative (<http://bettercotton.org>) in 2016, an initiative born to actively support the transformation of the global cotton industry and radically reduce the impact on the environment and cotton growers.

90%

Water consumption reduction



FOCUS ON THE BETTER COTTON INITIATIVE

The BCI (Better Cotton Initiative) is an international association that promotes the more sustainable cultivation of cotton, respecting the environment along the entire supply chain, from farmers to ginners and manufacturers. The BCI aims to achieve long-term change.

The BCI Standard envisages six points:

- 1 The development and adoption of a protocol on farming methods (use of pesticides, soil, water, habitat, working conditions);
- 2 BCI training for growers with local partners to promote training courses on farming practices;
- 3 Farmers accreditation to obtain the BCI farmers' license; the training program requires participants to keep field books and the regular assessment by independent local certifiers;
- 4 Connection between different players along the supply chain;
- 5 Promotion of the Better Cotton approach and the communication of data, information and case studies;
- 6 Monitoring and assessment of mechanisms for measuring progress and assurance of the achievement of the positive impact desired.

Furthermore, we support organic agriculture especially for the production of kids' apparel. For the products of the 2016 collections, OVS SpA purchased 210 tonnes of cotton from certified organic growers for the creation of over 8 million garments.

Our aim is to use organic or recycled fibres, or those from crops of the Better Cotton Initiative for 100% of our cotton products by 2020.

Quality and safety

We consider the safety and quality of products an essential prerequisite for our product offer, also considering the market share we represent and our leading position in the kids' apparel segment.

For this reason, we perform over 20,000 tests a year on our products to guarantee the quality and safety of the same. Within the OVS SpA Group, there is a department dedicated to quality assurance with the task of ensuring that the quality of products for sale meets the established standards in terms of internal production, material and processing requirements, in compliance with current legislation.


+20.000
we secure the safety of our product with more than 20.000 tests

The quality assurance department thus establishes the product quality standards for all suppliers, both Italian and foreign, and constant reviews the "production requirements" to adapt them to the increasing regulatory and market requirements, defining specific standards with the product managers for each product line.

All of our garments are physically and chemically tested to ensure they respect the limits on potentially hazardous substances defined by OVS SpA, which are safer than those established by law and are gathered in our Restricted Substances List.

Definition of clear quality and safety standards

Each product must comply with the most stringent quality standards with regard to both materials and production processes.

We require our manufacturers, as an integral part of their contracts, to apply the most stringent restrictions on the use of chemicals, in line with the provisions in force in the European Union and - acting with precaution - we have established parameters for the residues of harmful chemicals on garments that are stricter than the legal limits, especially concerning garments for children up to 36 months.

As an additional guarantee for the kids' apparel and underwear of OVS SpA, we have obtained OEKO-TEX 100 (Class I and II) certification, and



wish to extend this to outer garments. This certification ensures that each garment is created using eco-friendly materials and processing methods, so as to offer a further guarantee on the safety of the finished product, controlling the same according to criteria that are more stringent than the national and international parameters. Careful product verification and regular company audits also make it possible to raise awareness about responsible use of chemical substances in the industry, in the long-term and on a global scale.

For its 2016 collections, OVA SpA purchased 38,240,050 Oeko-Tex certified garments, equal to 33.4% of all orders and a 15% increase compared with 2015 (33,243,337 garments).

The use of certified organic cotton together with OEKO-TEX, especially for the "Fagottino" clothing line for children under the age of 36 months completed the commitment to this age group.

A control system that checks full compliance with standards
100% of product references subject to verification

The quality of products is subject to constant control processes: verifications are carried out on garments, accessories, cosmetics and home textiles from the initial design phase, with the involvement of qualified independent parties that certify compliance with legal requirements and the quality requirements defined by OVS SpA.

All batches of clothing, footwear, jewellery, cosmetics, and articles intended for contact with food are required to undergo checks with samples taken directly during production and analysed at the ISO17025 certified laboratories of leading international companies.

These control activities are carried out at Italian suppliers, at the reconditioning facilities in Italy where supplies from abroad are shipped and at foreign suppliers. In the latter case the inspections are carried out on site by units dedicated to operational quality at the subsidiaries of the Group present in countries of production, always relying on analyses and inspections carried out by certifiers and specialised laboratories.

In case of non-compliance with the minimum production, quality and performance requirements, we seek to intervene with reconditioning where possible, followed by additional tests to allow sale. In case of non-compliance with aspects related to product safety or toxicity, margins for corrective action are more limited, resulting in the cancellation of orders and the disposal of non-compliant products.

No cases of product recalls for quality or safety issues in 2016

As retailer of a wide range of clothing produces, accessories, cosmetics and own brand household products, the OVS SpA Group is exposed to the risk of liability for defective products pursuant to the provisions of the consumption code.

In recent years, thanks to careful controls, the OVS SpA Group has not been involved in any proceedings or transactions related to claims for damaged caused by defective products sold.

Excluding the use of blasting techniques for the finishing of denim garments

Blasting techniques are used to give denim fabrics a vintage look, but are associated with severe risks for the health of workers involved in the production chain, who without the effective use of protective equipment could contract silicosis. At our plants we make sure this is replaced with safer techniques.

Respect for animals

Designers of the Group are asked, where there is a valid alternative, to replace materials of animal origin with more virtuous materials from an environmental and ethical standpoint. Where this is not possible, they favour solutions that guarantee the exclusion of any form of animal abuse.



→ **for down**

exclusive use of certified Downpass feathers that guarantee full traceability. The animal welfare is guaranteed by the prohibition of live animal plucking, also ensuring lower environmental impact given that the feathers come from animals bred for food production



→ **for leather**

exclusive use of synthetic leather in order to protect animals and reduce the environmental impact in terms of water resources consumed, emissions and the use of highly toxic substances for treating leather

OVS has abolished the use of animal fur in its collections some time ago, signing a formal agreement with the LAV and the Fur Free Alliance, demonstrating its special attention to issues regarding the protection and respect for the environment and the animal kingdom.

www.lav.it/en/news/ovs-fur-free

Circular approach



We collect used clothes in our stores to reuse or recycle them

The earth is a closed system for matter and open one for energy, so we have to remember that everything we produce and consume remains inside as if we were in a spaceship. Our challenge in this area is to be guided by a new concept of production and consumption, passing from a linear input-output model to a circular one, in which each element has a new life and can be regenerated. What is not consumed should be absorbed by another process.

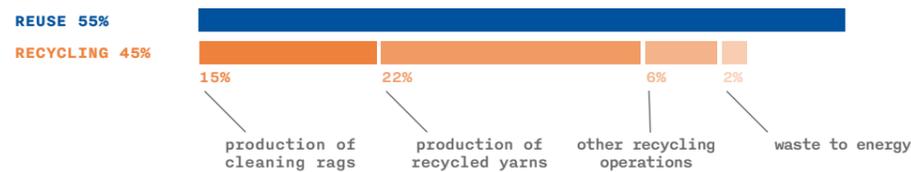
In Italy, in 2014, 99,000 tonnes of recycled textile waste was collected, approximately 1.6 kg per person per year, a mere 12% of the total recyclable amount. This figure was very low, especially if we consider that the consumption of textile products stands at around 14 kg/person and is well below the European average (data from Humana People to People Italia).

Collection of used clothes

In 2013, OVS SpA launched an initiative asking its consumers to collect and recycle used garments to avoid the impact of their disposal. The clothes gathered by OVS SpA were selected, analysed and transformed according to rigid standards and using the most advanced technologies in collaboration with I:CO, an international operator in textile recycling. Garments are carefully inspected: if they can still be worn, they are treated and placed back on the market as second-hand clothes; otherwise, based on their condition they can be transformed into different products or broken down into textile fibres to recover new raw material or be used to produce energy.

Since the start of the initiative, OVS SpA has collected almost 600 tonnes of used garments. In 2016 alone, 123,410 kg were collected.

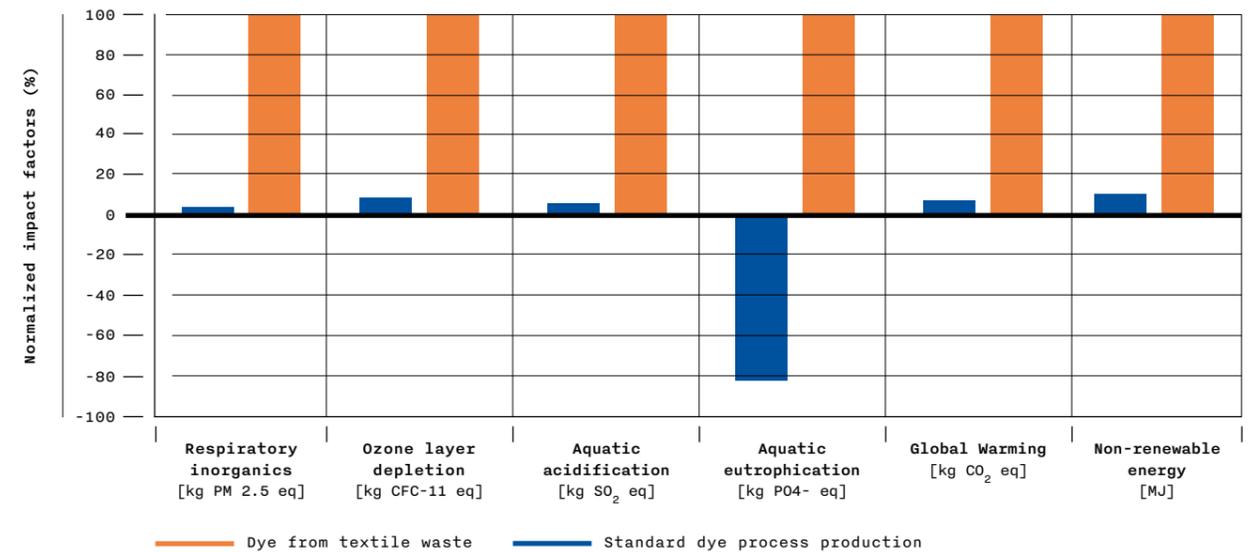
In 2016, the garments collected were sent to the following destinations:



Our agreement with the technical partner also involved the donation of 2 euro cents to Save the Children for each kilo of clothes recovered, thus promoting care for the planet with a focus on important social campaigns.

Recycrom

The goal we set ourselves is to gradually increase the use of recycled fibres to give real value to the recovery process for end-of-life clothes that we are committed to. This has led us to activate certain research projects including an innovative technological transfer project for the recovery and treatment of offcuts and fabric scraps generated during the packaging of clothes to be transformed into dye. One of the phases with the greatest impact during the lifecycle of garments is without doubt the dying phase. OVS SpA has developed, in partnership with an innovative Italian start-up, the Recycrom technology that allows the processing of offcuts and fabric cuts generated during the packaging of clothes, transforming them into dye and reducing the related impacts by more than 95%.



RIPORTACI I CAPI BLUKIDS 0-36 MESI CHE NON UTILIZZI PIÙ

Il Filo dell'Amore

Though the charity and environmental sustainability project "Il Filo dell'Amore", which involves over 300 stores of the Upim and Blukids network across the country, OVS SpA intends to follow the growth of children who wear the brand and at the same time help families in difficulty, launching a program for the collection and reuse of second hand garments. In fact, we promoted the collection of clothes to be donated to homes of the association Amici dei Bambini, an NGO formed by a movement of adoptive and foster families who have been dealing with the emergency abandonment of children since 1986. Aware of how fast children grow, especially infants, by purchasing garments from the Blukids 0-36 months collection during 2016 and saving the receipt, customers may return the clothes to the store after using them (from 1 February to 30 June 2017), provided they are clean and in tact. The garments will be donated to the homes of Amici dei Bambini and customers will receive a 20% discount on kids apparel and underwear, valid until 5 July 2017.

A photograph of two men standing on a rocky coastline. The man on the left is wearing a white t-shirt and dark shorts, with a backpack. The man on the right is wearing a black t-shirt and light blue shorts, wearing sunglasses. In the foreground, there is a large roll of fabric, possibly a garment, partially covered with a green mesh. The background shows a clear blue sky and a body of water.

WE COUNT ON THOUSANDS OF PEOPLE WHO COUNTS ON US

Sustainable fashion is impossible without a responsible co-evolution model involving all players in the value chain, generating visible advantages for the company and its suppliers.

Our garments production involves millions of people in countries where the fashion industry itself is the bigger driver of growth, offering stable employment opportunities.

We operate everywhere in compliance with the highest standards in human rights and working conditions of the people who produce the garments and we collaborate with our suppliers in the introduction of better practices and technologies, both from the product quality and the environmental impact point of view, with the aim to help producing a positive impact in the countries where we work, accelerating a shared positive improvement.

KEY FACTS

→ We have issued all suppliers a new Code of Conduct, which introduces mandatory guidelines on environmental performance and the respect of stakeholders for suppliers in the search for the continuous improvement of transparency and social and environmental sustainability

→ We have launched a new audit program based on the new versions of the Code of Conduct

→ We reviewed our vendor rating system in order to integrate Sustainability KPIs within main indicators

100%

We have completed the social audit on 100% of new suppliers

OBJECTIVES

→ To fully roll out the periodic audit plan based on the new Code of Conduct

→ To integrate the sustainability assessment of suppliers by using the HIGG index of the Sustainable Apparel Coalition

→ To involve Key Suppliers in a shared plan to adopt good practices aimed to improve social and environmental performance

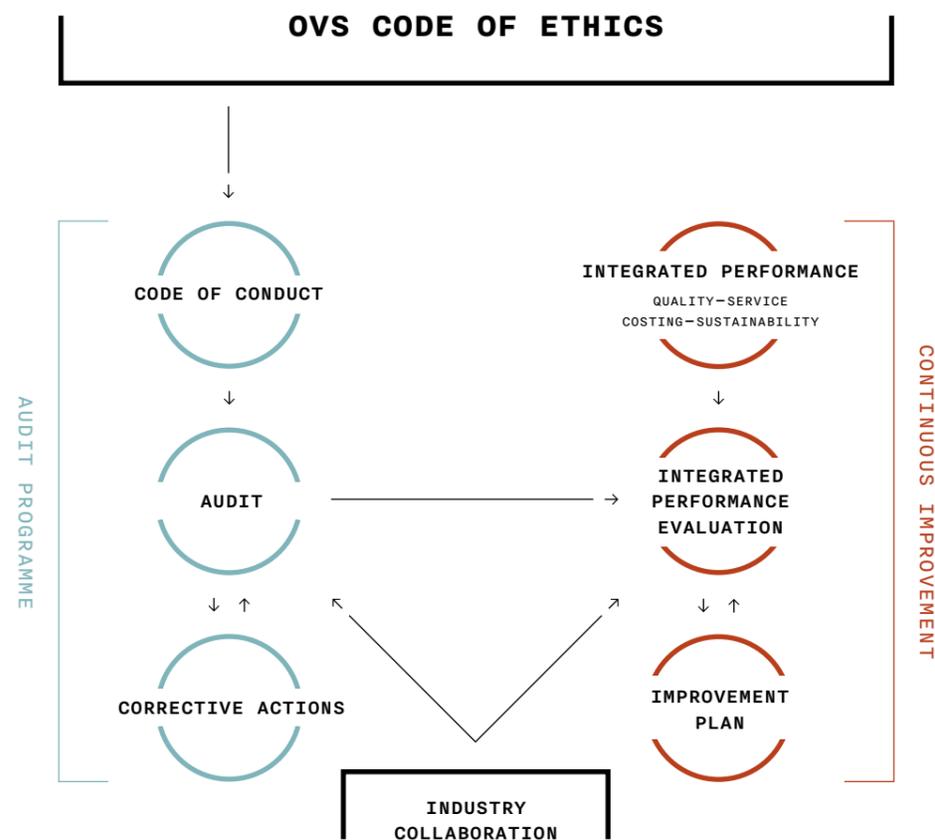
100%

To adopt a summary index for the assessment of environmental and social sustainability in the vendor rating process for 100% of apparel suppliers



Supply chain management

The activities and relationships with our suppliers are defined in an operating framework to ensure that practices and working conditions respect our core values and contribute to spreading a positive impact on people and the environment.



Our Code of Ethics describes the values that inspire and guide all of our actions, and ensures that we only work with partners that completely share the same values. It helps us achieve common results and set new objectives for respecting the planet, for the communities we operate in and for future generations.

These values have been defined in operational terms in the Code of Conduct that defines binding guidelines on environmental and social standards in order to gradually improve the level of transparency and sustainability of all our suppliers. This does not represent a simple list of directives, but a shared responsibility that generates a virtuous cycle for all, at an economic, environmental and social level, particularly helping to improve working conditions with positive impacts on local communities.

The Code governs in detail the social and environmental practices of all those who work for OVS SpA with the aim of describing standards of conduct in three essential areas – people, the environment, compliance and transparency – with reference to international standards such as the UN Convention on the Rights of the Child, the Universal Declaration of Human Rights, ILO Conventions and industry best practices.



we make sure our suppliers respect our Code of Conduct

When accepting to work with us, our suppliers are required to commit to the principles outlined in the Code for their own behaviours. We work together with our suppliers to make sure this is not just a formal commitment, but it translates into a conscious involvement of the entire supply chain in order to establish collaborative and long lasting relationships.

In fact, we are present in all the countries where we operate with more than 40 local professionals dedicated to checking on the existing conditions of the production facilities. Furthermore, to ensure compliance with the principles enshrined in the Code and to measure the actual environmental and social performance of our supply chain, we run a periodic audit plan. The protocol we apply for these audits has been revised in 2016 to better monitor the environmental and social practices of suppliers. In 2017 we are working to make this new tool fully operational.

The monitoring activity on our suppliers is performed by OVS Sourcing, a subsidiary with local offices in Hong Kong, Bangladesh, Turkey and India, which manages the audit activity exclusively for OVS SpA and providing sourcing, quality assurance and control services. In addition, we rely on controls by third-party auditors and we adhere to several Industry Collaboration initiatives. In Bangladesh, where we source over 40% of our production volumes, we are one of the subscribers of the Accord program. Thanks to this initiative, we are able to monitor the safety of working conditions for the whole production of our direct suppliers (details in the box in the following paragraph).

TABLE 5
NUMBER OF SUPPLIERS EVALUATED BY SOCIAL PARAMETERS

Indicator	2016	2015
Total number of new suppliers	93	76
Total number of new suppliers assessed according to social criteria	93	76
% of new suppliers assessed according to social criteria	100%	100%

We are aware that to improve our performance we must collaborate closely with our suppliers. For this reason, we redefined our operating framework in 2016, planning a continuous improvement process.

We utilize a rating system that measures the sustainability profile of each vendor

In order to comprehensively evaluate the performance of suppliers and their ability to effectively manage their business, also with regard to the protection of the environment, workers and local communities, we have defined a new concept of quality of service that includes Sustainability among other evaluation criteria (Quality, Service and Costing). In particular, we utilize a rating system that measures the sustainability profile of each vendor based on information gathered through a self-assessment process, subsequently verified with the audit program. This system considers the vendors' ability to mitigate their impacts on the environment and ensure adequate working conditions, assesses the level of inherent risk in the industry or country where the supplier operates and on the degree of transparency and external commitment of the supplier with regard to corporate social responsibility. This data is then integrated with other KPIs in the standard assessment of business performances to get an integrated measure of all the characteristics relevant to the business.

In 2016 we have used a new rating system to assess the performance of suppliers that represent 80% of our clothing production.

In 2017, OVS SpA will complete the rating of its suppliers, applying the above evaluation process, which will include social and environmental considerations (the latter not covered up to 2016).

Under transparency and cooperation considerations, we openly share the assessment results with the factories, to identify areas of improvement.

OVS SpA undertakes to treat with due diligence all reports, including those by external parties, regarding any supplier conduct not meeting the shared ethical and environmental standards, and to verify and sanction any violations ascertained in a suitable manner.

Industry Collaboration

In order to develop a supply chain that creates real development opportunities for local communities in which it operates, OVS SpA participates in international initiatives aimed at improving sustainability in the industry.



Sustainable Apparel Coalition (SAC)

aims to develop sustainable practices in the apparel industry to avoid unnecessary environmental damage and produce a positive impact on the individuals and communities associated in the business (cooperation in 2016, formal membership in 2017).



Better Cotton Initiative

<http://bettercotton.org> - details in the dedicated previous chapter.



ACCORD

The Accord on Fire and building safety in Bangladesh, signed in 2013 in the aftermath of the Rana Plaza incident, is an agreement promoted by the OECD at an international level between contracting companies, trade unions and the Bangladeshi garment manufacturer association for verifying and implementing workplace safety in the local textile industry participating in the agreement (since May 2014).



BETTER FACTORIES CAMBODIA

A non-governmental organization working with local governments and institutions for the protection of workers in countries at risk of human rights and labour violations (since March 2015).



UNICEF Business Lab

Multi-stakeholder platform promoted by UNICEF Italy to facilitate the integration of human rights in the core business of companies to support due diligence and risk management.

ACCORD ON FIRE AND BUILDING SAFETY

Accord on Fire and Building Safety in Bangladesh is an independent initiative involving 215 companies operating in the field of clothing worldwide, involving more than 3,000 factories and reaching more than two million workers. The Accord was born after the Rana Plaza incident, where in 2013 a whole building collapsed, causing the death of more than 1100 workers. The agreement aims to stimulate collaboration across the industry to improve safety of all garment manufacturing plants in Bangladesh. The agreement also includes training programs for the promotion of good practices in terms of prevention and safety.

Thanks to our membership to the Accord on Fire and Building Safety, all the factories we work with in Bangladesh are periodically controlled to ensure their safety in relation to the stability of buildings and risks related to fire and electricity. The audits are not announced and are conducted under the Accord Building Standard protocol, largely based on the Bangladesh National Building Code and the result of continuous updates supervised by ILO and from collaboration between Accord, the National Tripartite Plan of Action and the Alliance for Bangladesh Worker Safety.

The result of audits together with pictures taken during inspections are made public on the site, as well as the corrective actions in progress.

Initial inspections are conducted by international engineering bodies to identify possible corrective actions and to schedule them in a 5-year intervention plan. In case of structural weaknesses requiring immediate intervention, an emergency intervention plan for evacuation and safety of the building is implemented, with production on hold until the issue is resolved.

For all direct suppliers in the country, we directly follow the audits and of any necessary recovery plan over the last few years, with a higher rate of progress than the average of the other companies involved (since 2014 we have defined and followed up 84 improvement plans).

In addition, another major milestone of the initiative is the workforce training program aimed to raise awareness about possible risk scenarios and to widely spread the adoption of good practices on Safety and Prevention.

Suppliers

The production of a garment involves a complex world of activities often carried out by different entities each specialised in a different activity: weaving, dyeing, moulding, cutting, sewing and packaging, button application and finishing, washing, ironing and packaging. Consequently OVS SpA manages a global supply network, often located in emerging countries with very diverse cultural sensitivities, and different abilities to manage corporate activities with the complete protection of the environment, workers and local communities. With this awareness, OVS SpA offers its suppliers relationships that aim to develop close cooperation based on the support of continuous product and process innovation, systematically improving the environmental and social sustainability practices. Every supply relationship pursues the joint goals of effective support to our business, as well as the creation of a positive impact on local communities, contributing to improve the working conditions at the production sites of our suppliers and to support economic development in production areas.

TABLE 6
ORDER ORIGIN

Made in	#Suppliers 2016	Orders 2016	Order delta	#Suppliers 2015	Orders 2015
BANGLADESH	76	255.769.025,36	+6%	71	240.520.364,17
CHINA	223	167.935.203,75	-	260	167.655.631,40
INDIA	79	57.860.352,80	+25%	81	46.209.067,09
ITALY	171	34.862.494,84	+14%	177	30.678.708,89
MYANMAR	9	13.881.400,15	+116%	4	6.427.810,70
CAMBODIA	11	12.103.289,78	+12%	12	10.794.137,01
PAKISTAN	13	11.168.883,16	+62%	13	6.879.193,47
TURKEY	28	9.874.608,04	+7%	25	9.188.652,35
VIETNAM	7	5.992.399,37	+100%	5	2.999.477,80
TUNISIA	10	5.397.980,58	-19%	7	6.669.570,98
Other countries	144	30.253.691,98	-27%	129,00	41.424.431,51
TOTAL	771,00	605.099.329,81	+6%	784,00	569.447.045,37

We decided to streamline the number of our suppliers in order to increase our control and management, and to develop a path of common growth with the same in the long-term. In 2016 we also increased our local production by 14%, increasing the proportion Made in Italy, for cosmetic products in particular.

3

PEOPLE
AND CULTURE

IN OUR COMPANY, RESPECT IS ALWAYS FASHIONABLE.

The first rule in the world of fashion is that everyone has their own style and should be able to express their own personality. This approach applies to our customers, but also guides the relationship between the people of OVS SpA: we are all different from the rest and our uniqueness is that assets that fuels our creativity.

Each person has talent and potential that is best expressed thanks to comparison and integration with those of other people. We therefore believe in the potential of teamwork with the awareness victory is the result of a team effort.

For the same reason we promote a comfortable and collaborative working environment that builds trust and promotes the welfare of people.



KEY FACTS

→ 100% of office staff was involved in regular performance reviews to analyse the objectives reached and to define career paths

→ The #wecare training program based on the principles of sustainable innovation underlying our approach, which involved 45% of our office staff in 2016

→ In 2016, we invested 315,000 euros in training

4,487

Training activities provided involved a total of 4487 people (34% more compared to 2015) for an average of 9 hours per person

OBJECTIVES

→ To activate a parenting program for OVS mothers and fathers, to enhance naturally developed skills when they become parents

→ To encourage solutions for sustainable home-to-work mobility

→ To implement KPIs to measure the impacts of the actions of OVS SpA on its collaborators

→ To promote health promotion programs within the company, starting from office staff, through campaigns to reduce smoking addiction, review the snacks and beverages available at the offices, the installation of sanitation points and good practices for the prevention of infectious diseases

100%

To extend the training on Sustainability to 100% office and stores staff during 2017



Our people

The success of OVS SpA depends on the work of 6500 people worldwide. About half have been working with the company for more than 10 years.

TABLE 7
HEADCOUNT DISTRIBUTION

Employees	2016			2015		
	Men	Women	Total	Men	Women	Total
ITALY	1.311	4.917	6.228	1.292	4.827	6.119
BANGLADESH	90	2	92	88	2	90
CHINA	12	10	22	13	10	23
HONG KONG	7	85	92	7	82	89
INDIA	41	12	53	42	11	53
TURKEY	1	8	9	1	8	9
TOTAL	1.462	5.034	6.496	1.443	4.940	6.383

People in Italy

The total number of OVS SpA (Italia) employees (excluding subsidiaries) as at 31 January 2017, hired with a permanent contract, was equal to 6,228 people (corresponding to 5,377 Full Time Equivalents), four out of five were women, equal to 4,917 people (4,085 FTE) and 1,311 men (1,293 FTE). Store personnel accounts for 5446 units.

TABLE 8
BREAKDOWN OF WORKFORCE IN ITALY

Role	2016		
	Men	Women	Total
MANAGERS	51	14	65
PROFESSIONALS	187	85	272
EMPLOYEES	1.014	4.768	5.782
WORKERS	59	50	109
TOTAL	1.311	4.917	6.228

In 2016, the company also relied on the collaboration of 1528 temporary employees.

The type of activities carried out in the network of OVS SpA stores requires a flexible operating model with the extensive use of part-time solutions. In fact, 30% of our permanent employees work part-time (1,856 people).

We have a significant female presence, with women making up 79% of the workforce. At a management level, female presence is reduced, representing 29%.

TABLE 9
BREAKDOWN OF STAFF BY QUALIFICATION IN ITALY

Qualification	2016		
	Men	Women	Total
UNIVERSITY DEGREE OR EQUIVALENT	250	470	720
HIGH SCHOOL DIPLOMA	772	2.903	3.675
COMPULSORY EDUCATION	248	1.137	1.385
NOT RECORDED	41	407	448
TOTAL	1.311	4.917	6.228

The majority of staff employed by OVS SpA with a permanent contract is between the ages of 31 and 40. There are also a number of young employees under the age of 30, recording a total of nearly 700 units. The average age is 40.8 years old. With regard to seniority, about half of the corporate workforce has been working for the Group for over 10 years.

TABLE 10
WORKFORCE BY AGE GROUP IN ITALY

Age group	2016		
	Men	Women	Total
<29	167	525	692
30-39	444	1837	2281
40-49	328	1667	1995
>50	372	888	1260
TOTAL	1.311	4.917	6.228

The sales network of the Group is present throughout Italy, and the staff is distributed likewise: 60% is employed in the North; 22% works in Central Italy and 18% in Southern Italy and the Islands.

TABLE 11
HEADCOUNT BY ITALIAN REGION IN ITALY

Employees by region	2016		
	Permanent	Temporary	Total
ITALY - NORTH EAST	1.906	397	2.303
ITALY - NORTH WEST	1.803	509	2.312
CENTRAL ITALY	1.350	359	1.709
SOUTHERN ITALY AND ISLANDS	1.168	264	1.432
TOTAL	6.227	1.529	7.756

Health and safety protection

In compliance with regulations regarding environmental protection and workplace health and safety, OVS SpA makes the investments necessary to guarantee the safe and responsible management of production and a safe workplace for workers.

There were 194 work related injuries (including those during travel) in 2016 (54 more than in 2015). OVS SpA provided 11,240 hours of training for the management of workplace health and safety.

Promoting diversity

As indicated in the Code of Ethics, at OVS SpA we recognise the value of people and we are committed to providing equal employment opportunities without discrimination based on ethnicity, religion, opinions, nationality, sexual orientation, gender identity, physical condition, age and social status, positively evaluating situations of "diversity", even more important in light of the internationalisation of the group.

Commitment goes beyond the conviction and sanctioning of any forms of discrimination or obstacles to professional or individual growth due to prejudices or hostile attitudes to diversity: in fact, the group intends to proactively develop and promote an inclusive environment tailored to the needs of everyone, where all can best express their potential, enhancing the expression of different points of view and the person contribution each individual as a tool for enrichment and development.

4 out of 5

4 out of 5 workers are women and female staff make up 79% of the workforce

This commitment also stems from an important observation: throughout our sales network and at our headquarters 4 out of 5 workers are women and female staff make up 79% of the workforce. For this reason, we have to pay special attention to our policies on **parental leave and work-life balance**, seeking the continuous improvement of their effectiveness to reduce the risk of interrupting employment as a result of difficulties combining work with family commitments.

In light of this, OVS SpA allows its male and female workers to reduce their working hours, benefitting from a **part-time** formula. With regard to workers with permanent contracts, in 2016 1,856 employees of OVS SpA, 98% women, benefitted from reduced working hours. Thanks to this tool, in 2016, 213 employees of OVS SpA benefitted from parental leave, of which 4% men, and almost all of these – 210 – chose to resume employment after the period of leave.



We have repurposed our Expo temporary store into a nursery for 45 children

Finally, among the initiatives undertaken by the Group to facilitate the reconciliation of parenthood and work, it is worth mentioning the decision to reconvert the temporary store of OVS SpA located at the Milan EXPO 2015 site into a **company nursery**. The initiative, currently under construction provides for the transfer of the structure to the OVS SpA headquarters in Mestre and will welcome 45 preschool children of OVS SpA parents and other Venetian families. The building will be designed to meet at least Gold level LEED certification requirements.

Training

The #wecare sustainability program is based on the participation of all. For this we have activated a comprehensive training program to provide all the tools necessary to become agents of change, with the big and small decisions to be made at the company every day.

The #wecare training program on sustainable innovation principles underlying our approach was provided to more than 50% of office staff in 2016, 468 employees and we intend to extend this training to all office and store employees during 2017.

In general, OVS SpA focuses a lot of attention on the development of employee skills to enhance talent and to support the personal and professional growth of each individual.

These initiatives consist of classroom activities, on-the-job training, project work and social learning. The main programs for skill development are:

- **Induction program**
this provides all skills related to the position at OVS SpA (organizational relationships, efficient use of IT instruments, English language skills).
- **Product and purchasing school**
this is designed to strengthen all distinctive style, product and management skills that distinguish all democratic fashion professionals.
- **Academy**
allows staff to successfully face new managerial challenges.
- **OVS Retail School**
today this is the main Italian corporate school dedicated to the training of new Store Managers, teaching the specific skills required to operate effectively in the OVS SpA sales network as a retailer and visual merchandiser.
- **UPIM Retail School**
provides constant updating for retailers and visual merchandisers working for the UPIM sales network.
- **OVS Store Management School**
innovative training program for the achievement of the Store Manager Diploma, which aims to continuously develop the skills required to excel in this role.

Training is mainly provided online as well as in person, to meet legal requirements while improving the skills and abilities of each individual.

All training programs involve a final test that assesses the level of learning to define the effectiveness and popularity of the course and to allow the continuous improvement of the training offered.

In 2016, the Group implemented an integrated plan intended to enhance its resources, by focusing on employee skills and optimising the organizational and operating structures.

The main goal was to ensure the presence of people able to support the programs constantly growing in Italy and abroad and to launch new projects to develop the offer and optimise operations.



The main actions activated to improve skills and involve collaborators concerned:

- The reorganization and strengthening of all corporate training programs, expanding the use of e-learning opportunities;
- The reinforcement of cooperation with universities, developing programs aimed at integrating distinct business skills and openness to research and innovation, with regard to digitalisation and data mining in particular;
- The launch of new talent management programs to best make use of the potential of internal resources, exposing them to projects aimed at growth and innovating the performance management process;
- The recruitment of specialised professionals to ensure new skills, especially in the world of style and products.
- Focus on language training to support the internationalisation of the organisation.

In 2016, we invested 315,000 euros in training. The training activities provided involved a total of 4487 people (34% more compared with 2015) of which 54% women.

Training activities mainly consisted of professional training (44%) following by workplace Health and Safety training (20%).

TABLE 12
HOURS OF TRAINING BY TYPE

Type of training	Hours 2016
MANAGERIAL TRAINING	9.418
PROFESSIONAL TRAINING	24.692
LINGUISTIC TRAINING	5.100
TRAINING ON CODE OF ETHICS (231 ORGANIZATIONAL MODEL, ETC.)	400
HEALTH & SAFETY TRAINING	11.240
OPERATION	3.600
SOFT SKILLS	1.820
TOTAL	56.270

In 2016, an average of 9 hours of training per employee were provided, up 18% from the previous year, much of which was dedicated to matters of sustainable innovation. On average, women were provided less training, around 6.2 hours per capita, compared to their male colleagues who received 19.5 hours per capita.

Finally, in order to improve the wellbeing of people working for the company, we launched the "Health & Wellbeing Program" to expand knowledge on personal health and wellbeing, focusing on the following topics: household first aid, nutrition and wellbeing, the impacts of smoking and ways to stop, concentration exercises, healthcare prevention for holidays abroad.

Development and compensation

Through equity participation plans in the form of “equity-settled” stock options, upon the achievement of certain performance targets, OVS SpA offers management staff and key persons of the Group a remuneration system that provides for the free allocation of ordinary shares in OVS SpA. This way the variable remuneration of key personnel is linked to the actual performance of the Company and the creation of value for shareholders in the long-term, thus building a competitive incentive system that attracts and encourages the loyalty of qualified professionals while supporting the development of the Company.^[1]

In line with this incentive policy, a structured system has been developed to regularly assess the work performance of people at OVS SpA, with formal comparison to analyse the degree of achievement of the expected results and the career growth path.

The regular assessment system for individual performance in 2016 involved 100% of office and warehouse staff and 13% of OVS SpA employees working for the sales network (mainly Store Managers). The system involves regular formal meetings with managers and individual or group assessments in the field by direct superiors or human resources staff.

Remuneration

Each year, the process of defining compensation plans considers several variables such as: the salary budget, individual results and benchmarking with other companies through market studies. This process includes the definition of bonuses exceptional to those defined by the incentive plans, which follow different criteria. In general, the remuneration of management staff also includes a variable (up to 20%) based on individual annual results with a common threshold. For certain positions, there can be recruitment incentives based on the results obtained during a certain period of time (normally 6-12 months). Some talented employees may be involved in special career paths that result in faster than average remuneration growth, depending on their position and their performance.

To complete remuneration, OVS SpA staff is offered free membership to a supplementary pension fund and a healthcare plan guaranteed for all employees regardless of their contract type (temporary/permanent and part time/full time).

All employees are also offered the possibility to pay for purchases at Company’s stores through interest-free instalments, as well as a wide range of discounts with gyms, fitness centres and other recreational clubs in the area, and many other opportunities available through a dedicated internal web portal.

OVS SpA staff is offered free membership to a supplementary pension fund and a healthcare plan regardless of their contract type

#wecare Initiatives

In addition to the awareness program for office staff on issues related to sustainable innovation, we have organised activities so we may all make a concrete contribution even in everyday actions.

79,775
Km were saved

We have provided employees with a carpooling platform to reduce the greenhouse gas emissions associated with travel to and from work – in 2016 around 79,775 km were saved, reducing CO₂ emission by more than 7 tonnes, corresponding to the planting of a small forest of 140 trees per year.

7
ton CO₂ avoided

To reduce the use of disposable plastic bottles, we installed micro filtered water fountains and all employees reviewed a free water bottle, this reducing the use of plastic bottles by 60%, saving more than a tonne of CO₂. The bottled selected was produced by Dopper, a Dutch Benefit Corporation. The bottle is made of sustainable materials, without BPA or other harmful additives, it is non-corrosive and heat resistant, Cradle-to-Cradle certified, and contributes to finance water purification projects in Nepal.

Thanks to this initiative, OVS SpA employees saved a total of Euro 30,000 for the purchase of plastic water bottles and also significantly reduced the consumption of soft drinks. Stations were equipped for the separation and recycling of waste generated at the headquarters thanks to which we recycle 88% of office waste.

TABLE 13
OFFICE WASTE BY CATEGORY

Type of Waste	Amount (Kg)
EMPTY TONER CARTRIDGES OTHER THAN 080317	358
PAPER AND CARDBOARD PACKAGING	19.280
PACKAGING IN MULTIPLE MATERIALS	5.790
ALKALINE BATTERIES	50
OTHER BATTERIES AND ACCUMULATORS	20
PAPER AND CARDBOARD	24.100
FLUORESCENT TUBES CONTAINING MERCURY	25
TOTAL	49.623

WE BELIEVE SUSTAINABILITY IS SUSTAINING WHAT YOU BELIEVE IN



With our activities, we aim at creating value for all our stakeholders, not only economic value.

We are also strongly linked to the local territory and communities that are part of our daily activities and we consider crucial, even for the growth of our business itself, that our clients, colleagues and collaborators, such as our suppliers and all of our stakeholders, may live and count on cohesive communities, moved by a shared sense of responsibility towards each other and by a shared culture of law and respect of the common good.

KEY FACTS

→ We coordinated fundraising activities by consumers for a total of over 400,000 to support projects with Save The Children and other charity organizations

→ We involved employees and loyal consumers in the evaluation of material issues for the preparation of our first sustainability report

→ In 2016, we provided approximately 70,000 euros to organizations for local social, cultural and environmental initiatives

1,400,000

We involved 1,400,000 children in the Kids Creative Lab dedicated to marine sustainability

OBJECTIVES

→ To create a website dedicated to information on the OVS SpA sustainability program

→ To introduce communication items to stores on the #wecare program

→ To extend the evaluation of key issues for the report to other categories of priority stakeholders



Value creation

A large part of the economic value distributed by OVS SpA goes towards remunerating and supporting the businesses of the supply chain.

TABLE 14
ECONOMIC VALUE GENERATED

ECONOMIC VALUE GENERATED AND DISTRIBUTED (EUR/1000)

	2016	2015
ECONOMIC VALUE GENERATED BY THE GROUP	1.455.516	1.413.798
NET SALES	1.357.883	1.314.089
OTHER INCOME	65.910	60.243
FINANCE INCOME	20.668	18.977
IMPAIRMENT LOSSES ON FINANCIAL ASSETS	1.480	828
WRITE-DOWN OF RECEIVABLES	1.200	1.800
EXCHANGE DIFFERENCES	11.579	20.769
INCOME/EXPENSE FROM THE SALE OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	204	897
IMPAIRMENT LOSSES ON PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	40	355
ECONOMIC VALUE DISTRIBUTED BY THE GROUP	1.351.100	1.305.969
OPERATING COSTS	990.390	964.125
EMPLOYEE REMUNERATION	273.911	259.271
LENDERS' REMUNERATION	15.063	26.287
INVESTORS' REMUNERATION	34.050 ²	34.050
CIVIL SERVICE REMUNERATION*	37.615	22.183
EXTERNAL DONATIONS	71	53

ECONOMIC VALUE GENERATED AND DISTRIBUTED (EUR/1000)

	2016	2015
ECONOMIC VALUE WITHHELD BY THE GROUP	104.416	107.829
DEPRECIATION AND AMORTISATION	56.796	53.783
PROVISIONS	1.200	1.910
RESERVES	46.420	52.136

Italy is still the country accounting for most of the value distributed.

TABLE 15
VALUE DISTRIBUTED BY COUNTRY

Country	Percentage
ITALY	54%
BANGLADESH	20%
CHINA	11%
HONG KONG	5%
INDIA	4%
PAKISTAN	1%
OTHER 43 COUNTRIES	5%

^[2] Draft figure, subject to BoD approval

Community

We have strong ties with the local communities that are part of our day-to-day operations, and consider it crucial—including for the growth of our business—that our customers, employees, suppliers, and stakeholders can live in, and rely on, tight communities, driven by a shared sense of responsibility towards others as well as a widespread culture of abiding by the law and protecting the common good.

Therefore, we actively support the people and organisations that promote the social development of the local communities we operate in, seeking to create shared value—also for future generations.

Considering the importance of children for our business, we specifically support initiatives and projects centred on them, promoting their creativity as well as a healthy and active lifestyle.

Looking forward, our goal is integrating these social impact projects more and more into our business strategy, establishing over the years an active presence in social initiatives through robust partnerships with leading Italian and international social organisations.

In 2016, we invested 468,507 euros in social, cultural and environmental activities in local communities.

In 2016, we invested 468,507 euros in social, cultural and environmental activities in local communities. Among other things, we supported the Kids Creative Lab project, and donated to Universities and charities. In addition, we raised 400K from consumers to support projects developed with Save The Children for the earthquake as well as other charities. In 2016, OVS SpA donated 70,892 euros to non-profit associations.



Save the Children

Since 2010, OVS SpA has been working together with Save The Children, a leading international independent organisation that defends and promotes children's rights, by coordinating fund-raising campaigns through its stores.

Kids Creative Labs



Kids Creative Lab — Quinta edizione

OVS SpA shows its commitment to strengthening its ties with children and foster their growth through an ambitious educational project - the Kids Creative Lab - in partnership with the renowned Peggy Guggenheim Collection.

The edition that ended in 2016 was titled C-ARTE and featured the world-famous Pakistani artist Rashid Rana, who created an exclusive work: a single copy of a large digital photo printout made with the



pictures of landscapes submitted by participants. The event was held in Venice, where it all started, and involved 1 million children, 35,000 classrooms, and 4,000 schools. It ended with an exhibition presented in partnership with the Cà Foscari University and sponsored by the Municipality of Venice.

In 2016, OVS SpA and the Peggy Guggenheim Collection launched also the 5th edition of the project, which is focused on Art & Sustainability and is shattering all records. The educational project born from the partnership between

the Peggy Guggenheim Collection and OVS SpA brought together over 1,400,000 children, 50,000 classrooms, and 6,000 schools. This year, the focus is on sustainability and the protection of the marine ecosystem, and the special world-famous "guests" are the artists Lucy + Jorge Orta. After addressing over the years issues such as the relationship between art and fashion, ecology, nature, agriculture, food, and biodiversity, the fifth edition of Kids Creative Lab consists in a cross-disciplinary project

focused on the urgent and important topic of sustainability and its implications for ecology and the protection of the environment, as well as the education and development of future generations with reference to these issues.

Lucy + Jorge Orta are known around the world for their commitment to projects that raise awareness about the sustainable development of the planet, and they have made collective participation a cornerstone of their work. In partnership with the Education Department of the Peggy Guggenheim Collection, Lucy + Jorge Orta designed and developed a creative laboratory for classrooms centred on water and the increasingly precarious balance of the marine ecosystem, with the aid of the "SostenART" Artist Kit.

SostenART is a reflection on the sustainable and artistic recycling of plastic, as well as an invitation to send an SOS to protect ocean wildlife through a metaphorical message in a bottle. The laboratory requires participants to write a collaborative text using the "Cadavre exquis" (Exquisite corpse) technique beloved by Surrealism's principal founder André Breton and surrealist artists in general. It consists in assembling a message with the help of multiple people, who are unaware of what the others have contributed. The resulting text is then translated according to a colour code and put into a plastic bottle. Lucy + Jorge Orta will then use all the bottles containing children's encrypted and colourful messages to create a single large installation—an evocative sea landscape.



Arts of Italy

Created and developed by OVS SpA, Arts of Italy is the innovative project that seeks to raise awareness about the importance of protecting and promoting Italy's artistic treasures. It is a journey through time to discover Italy's rich artistic and cultural heritage, seeking to expand the collective cultural and aesthetic imagination by promoting a newfound sense of taste. By setting for itself this ambitious goal, OVS SpA celebrates Italy's less-known art with a limited-edition collection, and donates financial resources to breathe new life into monuments of outstanding historical value.

OVS SpA's creative team thus created a limited-edition capsule collection with a strong visual impact, inspired by important Italian artworks. OVS Arts of Italy is an ambitious and bold project with an important goal: expanding the collective cultural and aesthetic imagination by promoting a newfound sense of taste. The project was promoted through a campaign that featured famous Italian testimonials (the fashion designer Marta Ferri, the author Chiara Gamberale, the actresses Eleonora Giovanardi and Margareth Madé, the actors Silvio Muccino and Alessandro Preziosi, the art critic Achille Bonito Oliva, and the composer Giovanni Allevi). OVS SpA Arts of Italy also involved a parallel initiative that engaged the public in a video contest in partnership with Fondazione Ente dello Spettacolo.



BullisNO

In 2016, OVS SpA launched 'BullisNO' – Chi bulla perde (Bullies always lose), a social project against bullying and cyberbullying in partnership with Fare x Bene Onlus, an association that supports, promotes and protects individual rights. The project provides teachers and parents with the means to tackle their complex educational mission as well as combat and deal with the consequences of bullying and cyberbullying.



The project involved remote training initiatives for 90 teachers, with training video tutorials featuring expert professionals such as psychologists, educators, teachers and professors, magistrates, lawyers, and postal police.

The project also involved creating a list of ten rules for parents, which is available online (<http://www.OVSeKids.it/solidarieta/decalogo-bullisno-chi-bulla-perde/>) as well as in print at OVS SpA stores (1,200,000 flyers) and is intended to help face challenging situations.

Finally, children directly participated in a creative contest to select the testimonials of future campaigns by creating a video.



Una classe di tutto rispetto

Over 240 classrooms and 6000 children participated in the second edition of "Una classe di tutto rispetto" (A respectable classroom), an educational project promoting the values of respect, kindness and solidarity by Upim—the reference for democratic shopping—and Giunti Progetti Educativi.

The educational campaign "Una classe di tutto rispetto" seeks to raise awareness among children about the importance of respecting differences—be they related to culture, character, or disabilities—identifying and preventing bullying or abuses, as well as paying attention to, and taking care of, people and places. It also aims to introduce them to important concepts such as solidarity, hospitality, and sharing.

The third and fourth grades of the primary schools in the municipalities involved received the free "Una classe di tutto rispetto" kit, consisting in children's books and teacher's guides created with the help of experts in pedagogy and teaching. Each class identified and did a good action with the help of a teacher, and then presented it with special swallow-shaped cut-outs. These good actions consisted in visits to hospitals and centres for the elderly or needy families, as well as initiatives such as cleaning gardens,

squares and streets. This showed that solidarity and protecting the environment are key aspects of a civil society.

The children's works were featured in "La gentilezza vola lontano!" (Kindness flies a long way), the contest associated with the initiative: a panel of experts selected the best swallows from among the ones created by the over 6000 children, and these were then displayed at some Upim stores. The classrooms that ranked first in each city won an interactive whiteboard, and those in second and third place received several books.

Convivio

Convivio

OVS SpA was the official partner of the 13th edition of Convivio, Italy's largest charity exhibition/market, which was held in Milan between 8 and 12 June 2016. The five days of charity shopping sought to tackle the problem of Aids through concrete actions. OVS SpA produced the 3000 official t-shirts of the 2016 edition for the several testimonials of Convivio, volunteers, and sales staff.

Bimbi in ufficio

For years now, OVS SpA has been taking part in the initiative Bimbi in Ufficio (Children in the Office), opening its doors to the children of employees and their families as part of its activities to improve work & life integration. In the 2016 edition, 181 children spent a special day with mom and dad, taking a tour of the company to find out what their parents do when they are not at home as well as participating in several educational laboratories and recreational activities.



Healthy Diet

To celebrate the launch of OVS SpA & KIDS, a new space dedicated to providing advice, insights and ideas to parents and children, OVS SpA hosted Marco Bianchi at the Milan flagship store in Corso Buenos Aires. The science populariser of the Umberto Veronesi Foundation discussed how to give children have a balanced and tasty diet.

Communication

Marketing and communication strategy

OVS SpA was set up within the Coin Group in 1972. By gradually expanding its network and making significant investments in marketing and advertising campaigns, it has become an increasingly popular and respected brand: in 2013, it achieved a brand awareness of 97% in Italy, and 38% of Italian customers named it as their preferred clothing retailer (source: Doxa, 2013).

This was made possible also by the complex rebranding launched in 2007, which transformed OVS SpA's value proposition from a brand focused on price into one recognised for its style and image. The brand itself changed from Oviessè to OVS SpA Industry, and eventually became OVS SpA in 2012.

The constant advertising and promotional support is still key for the development and growth of the brand as well as its recognition. The company enhances conventional communication channels (radio, television, print, and out-of-home media) and promotions through the internet and social networks with below-the-line marketing strategies. For instance, the OVS SpA Group participates in the world's largest fashion events held in Italy, such as the Fashion Week or Salone del Mobile in Milan or Pitti Immagine in Florence. The Group celebrates these events with special set-ups at its main local stores to promote them.

The Group has strengthened its relationship with customers, as well as its ability to understand and interpret their tastes, through a comprehensive loyalty programme launched in 2009. This allows customers to request two different types of loyalty cards: the OVS SpA Card and the OVS SpA Student Card.

Currently, there are approximately 3.2m(subscribed)- 2.3m (active) OVS, UPIM and Bluekids loyalty cards, and in the last two years the OVS brand has become the largest non-food mass retailer in terms of loyalty cards issued and used.

Each electronic loyalty card gives users access to a series of services as well as exclusive deals through a loyalty programme.

2,3

thousand active
loyalty cards

A POINT OF SALE IS A STARTING POINT FOR A BETTER WORLD.

We are the biggest Italian retailer and we manage a network of around 700 stores in Italy. One of our priorities is the design and management of our spaces with the objective of reducing our impacts and at the same time improving the internal comfort of the people using them.

For this reason, we consider the full sustainability profile of our stores to evaluate the impact of our design choices on people and environment, considering their full life cycle.



KEY FACTS

→ The Milan store in Corso Buenos Aires has obtained the BREEAM (Building Research Establishment

Environmental Assessment Method) certification, becoming Italy's first BREEAM International RFO

(Refurbishment and Fit-Out) certified store, and is powered 100% by certified renewable energy sources

11.177.285 kWh

With the second phase of the Relamping project, we have saved 11,177,285 kWh, i.e. approximately 2.6 million Euro, by reducing lighting from 132W/sq m to 62W/sq m, saving approximately 4,400 tonnes of CO₂ emissions

OBJECTIVES

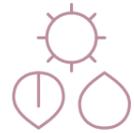
→ Implement the environmentally-friendly design criteria of the OVS Standard Profile for all new openings

100%

Power 100% of Italian stores with certified renewable energy sources



Standard Profile



we design
sustainable stores

One of the Group's priority is improving the sustainability of its network of stores, starting with the newly opened ones. Thus, we developed a specific OVS SpA standard for the stores, establishing the design criteria to be adopted for all new openings in an attempt to minimise the environmental impact over the building's entire life cycle—from the integrated design stages to construction and communication to visitors.

The guidelines set the following goals:

- reducing operating costs by adopting a comprehensive approach that incorporates sustainability criteria during the design, construction and operation of the store;
- minimising energy consumption and polluting emissions;
- systematically improving the store's environmental quality and comfort, from the air conditioning and air quality to the lighting, materials used, and cleanliness;
- boosting productivity and employee retention;

The OVS SpA store—the cornerstone of our business and the key point of contact with the customer—is increasingly becoming a space for meeting others and sharing a concrete commitment to make fashion sustainable.

The environment was designed with these values in mind: the store is accessible to everyone, well-suited for families and welcoming, and built with environmentally-friendly materials as well as solutions that ensure energy efficiency and a comfortable climate.

The Standard Profile of OVS SpA Stores draws on the main international green building standards (e.g. LEED, BREEAM, etc.).

The guidelines explain how to make the building more sustainable by focusing on the following areas:

- **management:** this concerns managing the construction site and minimising the impact on surrounding areas, introducing new dedicated roles to the Team, such as the head of commissioning
- **health and wellness:** this refers to all the actions to ensure the environments are healthy and safe for the occupants. Some internal quality indicators are related to natural and artificial lighting, the visual connection of regularly occupied spaces with the external areas, the thermal comfort of the occupants, acoustic performance, and indoor air quality in general
- **energy:** this area concerns measuring, controlling and optimising energy use through reporting and monitoring systems

- **transportation:** this concerns promoting alternative mobility solutions and connecting the store to public transportation systems, considering the opportunity of locating stores in urban areas near public services available to the community
- **water:** this area aims to reduce and optimise water consumption through strategies to minimise potential leaks, use efficient sanitary wares and fittings, and increase the use of non-potable water
- **materials:** this concerns analysing the construction materials used in order to favour low impact materials. Special emphasis is placed on product certifications, recycling, and the life cycle assessment
- **waste:** this concerns curbing waste generation in the construction phase as well as operations by setting up waste sorting areas, composting, using recycled materials or components in construction, and using machines capable of reducing the volume of waste generated
- **pollution:** this area refers to the reduction of all forms of pollution: energy, acoustic, light pollution, etc.



The Relamping project

Each newly opened OVS SpA store uses LED lighting, and in 2014 we launched the Relamping project, which seeks to replace outdated lighting fixtures at existing stores.

Thanks to the investments made in previous years, in 2016 the company achieved important energy savings:

11,177,285
kWh

- It saved 11,177,285 kWh, i.e. approximately 2.6 million Euro, by reducing lighting from 132W/sq m to 62W/sq m across the 131 stores concerned

9,600
tonnes

- Since the start of the project, the company has saved approximately 9,600 tonnes of CO₂, the same amount of emissions that would be produced by driving a car around the equator nearly 1200 times



Breem Certification

The Milan store in corso Buenos Aires represents a first important step in this direction. The building was designed to the most advanced sustainability standards, obtaining the BREEAM (Building Research Establishment Environmental Assessment Method) certification with a GOOD rating. This is Italy's first BREEAM International RFO (Refurbishment and Fit-Out) 2015 certified store.

The company has also introduced requirements concerning the traceability of the materials used, the control of the store's life cycle, the reduction in energy (-30% compared to a conventional store) and water consumption (-40%), and the improvement of indoor comfort.



→ Waste

The company looked at the entire cycle of waste generated by construction work to optimise the recycling of raw materials and the traceability of unsorted waste



→ Suppliers

We worked only with businesses with ISO14001 or equivalent certification



→ Ventilation

We have installed CO₂ sensors in densely populated spaces, integrating them with the ventilation system to optimise air flow based on actual needs



→ Transportation

Dedicated bike racks and showers for the employees that commute by bicycle



→ Energy

100% LED lighting system, spaces with occupancy sensors, and escalators that automatically slow down. Renewable energy

NO CHANCE IS WASTED
TO BUILD
A MORE BEAUTIFUL
FUTURE.

Every activity induces an environmental impact due to the consumption of limited natural resources, the deterioration of ecosystems and of the related biodiversity, the emissions of CO₂ and other green-house gasses that contribute to global warming.

In OVS, we believe that protecting the environment and the limited natural resources is one of our guiding principles and a duty to the future generations.



KEY FACTS

→ We focused our efforts on the waste generated at our head office, improving waste sorting, avoiding to send over 45 tonnes of waste to the landfill, and reducing plastic bottles by 60%

→ We recycled nearly 70% of packing materials

→ Our head office is 100% powered by renewable energy sources

→ We reduced our overall energy consumption by 1.1%, and consumption per sq m by 6%

1000

We have planted a forest in Cameroon counting more than 1000 trees.

OBJECTIVES

→ Launch a programme to raise awareness among consumers about the importance of reducing packing materials

→ Reduce the absolute amount of waste generated

→ Further improve the recycling of packing materials

→ Create a more accurate system for measuring consumption to launch reduction initiatives

100%

To source only certified renewable energy for 100% of our stores in Italy



Energy



Our stores electricity comes from renewable resources

To reduce energy consumption, the Group launched a specific programme to curb energy requirements, resulting in a positive impact for the environment as well as the business in terms of lower operating costs.

A key factor of the success of the energy saving programme was making Store teams accountable and actively engaging them by sharing best practices, providing specific training to store managers tied to incentive and recognition schemes, and submitting quarterly energy consumption reports to each store, highlighting the areas for improvement.

Implementing this programme was made possible by the simultaneous launch of a centralised control system for energy consumption and costs, allowing to monitor them on a daily basis for each store. Thanks to the partnership with the Centomilacandele consortium, a subsidiary of the Group, we developed a web-based platform capable of tracking hourly energy consumption and compare it with the previous year, allowing to identify unusual spikes in consumption.

The speed and ease with which we can analyse the data enables us to promptly report anomalies to the Store, allowing the manager or maintenance personnel to act.

TABLE 16
FOSSIL FUEL CONSUMPTION

	Methane consumption (m ³)			Diesel (L)			LPG		
	2016	2015	VAR	2016	2015	VAR	2016	2015	VAR
HEAD OFFICE	73.527	79.600	-8%	-	-	-	-	-	-
WAREHOUSES	93.116	95.162	-2%	-	-	-	-	-	-
STORES	930.465	801.501	16%	647.465	964.781	-33%	5.270	7.490	-30%
TOTAL	1.097.108	976.263	12%	647.465	964.781	-33%	5.270	7.490	-30%

TABLE 17
ELECTRICITY CONSUMPTION

	Electricity (kWh)		
	2016	2015	VAR
HEAD OFFICE	3.266.960	3.183.347	+2, 6%
WAREHOUSES	5.121.274	4.474.583	+14, 5%
STORES	170.799.717	173.516.946	-1, 6%
TOTAL	179.187.951	181.174.876	-1, 1%

Thanks to our energy efficiency initiatives, we have reduced consumption per square metre at our stores by 6%.

TABLE 18
CONSUMPTION PER SQ M

Consumption per square metre (Kwh/sq m)		
2016	2015	VAR
265	282	-6%

In 2016, we generated 1,030 KWh from solar panels, meeting the energy requirements of our branch in Villanova Castelnaso.

In 2016, our head office was 100% powered by certified renewable energy sources (mostly hydroelectric power), reporting a total energy consumption of approximately 85,600 KWh.

Similarly, our Flagship Milan Store in Corso Buenos Aires was entirely powered by renewable energy.

In 2017, we will power our head office and stores with 100% renewable energy.

Emissions

OVS SpA generates approximately **3,800 tonnes of direct CO₂ emissions**. These are generated mainly by burning diesel, natural gas, and LPG to heat our Stores (74% of scope 1 emissions).

Indirect CO₂ emissions amounted to **59,720 equivalent tonnes**, deriving largely from electricity consumption at our Stores (95% of scope 2 emissions).

TABLE 19
SCOPE 1 EMISSIONS

Source	Measurement unit	Consumption	Emissions (CO ₂ Kg)	Consumption	Emissions (CO ₂ Kg)
NATURAL GAS	mc	1.097.108	2.145.045,55	976.263	1.908.771,61
DIESEL	l	647.465	1.713.736,26	964.781	2.553.620,94
LPG	l	5.270	9.004,11	7.490	12797,11
TOTAL	-	-	3.867.785,92	-	4.475.189,67

In 2016 alone, we reduced CO₂ direct (Scope 1) emissions from the sources listed in the above table by 13.6%.

Besides these emissions, there were also 5.49 tonnes generated by the fluorinated gases used in air-conditioning systems.

TABLE 20
SCOPE 2 EMISSIONS

	Measurement unit	Consumption	Emissions (CO ₂ Kg)	Consumption	Emissions (CO ₂ Kg)
ELECTRICITY	kWh	179.188.981	57.824.899,33	181.174.876	59.896.414,01
PURCHASED	kWh	179.187.951		181.174.876	-
OF WHICH GREEN CERTIFIED	-	4.279.000		0	-
GENERATED	kWh	1.030		0	-
DISTRICT HEATING	kWh	2.712.477	976.491,72	2.898.801	1.043.568,36
TOTAL	-	181.901.458	58.801.391,05	184.073.677	60.939.982,37

Concerning indirect (Scope2) emissions, in 2016 alone we reduced them by approximately 2% through energy efficiency initiatives and by purchasing renewable energy.

Water

In 2016, OVS SpA's consumed 847,338 m³ of water. Here below is the breakdown.

TABLE 21
WATER CONSUMPTION

	2016	2015
HEAD OFFICE	24.482	31.925
WAREHOUSES	15.821	19.051
STORES - ACTUAL	677.887	598.712
STORES - ESTIMATE	129.148	120.932
TOTAL	847.338	770.620

The data on water consumption was calculated based on the readings of the relevant meters. The total was approximately 718 thousand cubic metres. As for the rest, we estimated consumption using an average per square metre that does not include the stores with special characteristics (cooling towers, condensing boilers, etc.)

The comparison between the two periods shows that water efficiency has improved at the head office and warehouses, while consumption was up at the stores due to the expansion of the network.

The water used comes mainly from municipal water systems.

Concerning water consumption, the data gathered at the stores is the sum of the consumption directly attributable to OVS SpA and other consumption by third parties that cannot be currently estimated reliably.

This happens when OVS SpA subleases part of the leased space to third parties without installing a dedicated meter to measure the third party's consumption. OVS SpA charges third parties for their consumption using methods that are not necessarily based on actual consumption.

Waste

In recent years, OVS SpA has been paying increasing attention to curbing the generation of waste throughout the production cycle. Specifically, we have taken some important actions:

- we started collecting second-hand clothes in 2013. In 2016, this allowed us to avoid sending 600 tonnes of clothes to the landfill (see dedicated section)
- we installed new recycling points at the company, avoiding to send approximately 180 tonnes of waste to the landfill every year
- we have optimised the life cycle of packing materials by using reusable poly bags and managing clothes hangers more efficiently to reduce the generation of waste (see the focus box)
- in our logistics operations, we use secondary packing materials that are recycled multiple times in distribution processes; in addition, their design is optimised to reduce the waste of paper during production
- we adopted 'green purchasing' policies. For instance, most of the paper we purchase is recycled (and the rest is FSC certified)

TABLE 22
AMOUNT OF WASTE BY TYPE

Waste	Quantity (Kg)		
	Warehouses	Head office	Stores
NON-HAZARDOUS WASTE	3.974.051	49.578	9.570.330
PAPER AND CARDBOARD	3.235.650	43.380	290.178
MIXED PACKAGING	620.426	5.790	6.957.319
WOOD	70.490	-	982.903
METAL	-	-	-
PLASTICS	-	-	219.751
IRON AND STEEL	47.470	-	186.973
ACCUMULATORS	-	50	3.810
TONER	-	358	5.369
GENERAL WASTE	-	-	898.234
ELECTRICAL APPLIANCES	-	-	25.788

Waste	Quantity (Kg)		
	Warehouses	Head office	Stores
HAZARDOUS WASTE	1.908	45	91.302
ACCUMULATORS	-	20	75.798
FLUORESCENT LAMPS	-	25	12.028
GLASS	980	-	-
FIRE EXTINGUISHERS	928	-	-
PACKAGING OF HAZARDOUS SUBSTANCES	-	-	3.476
TOTAL	3.975.959	49.623	9.661.632

Information in the previous Table 22 have been determined basing on actual data for headquarters, warehouses and part of the stores. The remaining part has been estimated through an average value per square meter, by type of waste.



We have planted a forest with more than 1000 trees

In addition, with the revenues arising from waste sorting at the head office, we planted more than 1,000 trees in Cameroon in partnership with Treedom and IRAD. The forests in the Congo basin are facing an environmental disaster because of illegal logging. The tree-planting project we support involves around 1,300 people and boosts rural economic growth, contributes to reducing CO2 emissions, combats the ongoing deforestation in the area, and stabilises the local hydrogeological balance (www.treedom.net/it/projects/cameroon)

Reducing packing materials

OVS SpA constantly monitors the use of packing materials, recycling as much as possible. A few years ago, it launched the RIUTILIZZAMI project to recover and recycle the packing materials used at the logistical hub as well as the packages sent to the stores. In 2016, the RIUTILIZZAMI Programme allowed to recycle:

1,813,193
189,599

→ 1,813,193 cardboard boxes received from suppliers, i.e. 67% of the total

→ 189,599 cardboard boxes received from the stores, i.e. 6% of total packages distributed

This allowed to limit the number of newly purchased cardboard boxes to 2,582,320 units, saving over 1,600 tonnes of paper. At the storehouse in Pontenure, we also activated a process to recondition wood pallets. There, an employee repairs damaged pallets, avoiding to dispose of them as waste. We recycle wood pallets. We properly dispose of clothes hangers. We do not give them to our customers in order to recycle them at our stores. We recycle the hangers that are no longer usable, because they are either broken or obsolete, in partnership with one of our supplier, which uses them to produce new hangers. In 2016, we recycled hangers for a total approximately 11,440 Kg of plastic.



WE ALL FEEL INVOLVED,
BECAUSE WE ARE.

Our corporate activities that sustain the maximization of economical value and the return of investment for shareholders, are based on correctness, transparency and the reduction of risks associated to the impacts that our corporate operations may have on the environment and on people relating to us.

KEY FACTS

→ We prepared our first sustainability report in accordance with the GRI standard

→ We set up the Sustainability Steering Committee, a high-level coordinating body responsible for assessing the aspects that have the greatest impact on,

or are the most critical for, the development of the business, as well as defining a sustainable growth strategy shared by the entire organisation

15

We developed a network of 15 contact persons in all functions, the Sustainability Ambassadors, to promote the sustainability strategy across the entire organisation

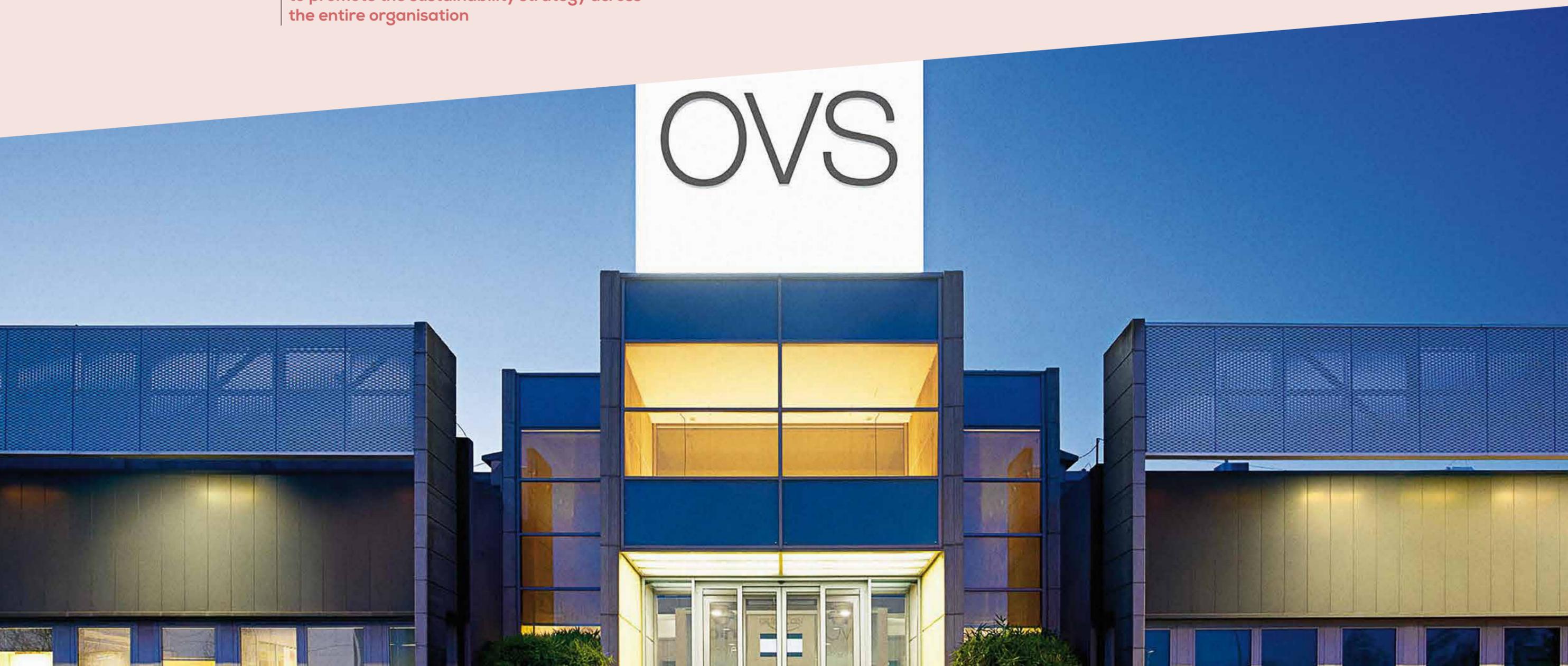
OBJECTIVES

→ Integrate sustainability in the fundamental values and behaviours of the company

→ Integrate gender equality in the Board of Directors

B Impact Assessment

Systematically assess sustainability performance through the B Impact Assessment



OVS

Corporate Governance

OVS SpA has a conventional governance and control structure³, which consists of:

- **The General Meeting:** comprising all OVS SpA shareholders, this is the company's highest decision-making body, passing resolutions pursuant to and on the issues identified by Law and the By-Laws, in either ordinary or extraordinary form;
- **The Board of Directors:** along with the Board of Statutory Auditors, it is the body at the top of the Group's governance. It has all powers for the ordinary and extraordinary administration of the company, except for the ones expressly reserved by Law to the General Meeting;
- **The Board of Statutory Auditors:** it oversees compliance with the Law and the By-Laws as well as with the principles of sound management;
- **The Control and Risks Committee:** it supports the Board of Directors in making judgements and decisions concerning the internal control and risk management system;
- **The Remuneration Committee:** it supports the Board of Directors in making judgements and decisions concerning the composition of the Board of Directors as well as the remuneration of directors and key management personnel;
- **The Financial Reporting Officer:** he or she is responsible for preparing the company's accounting documents.

The appointment and replacement of Directors are governed by applicable laws as transposed, within the allowed limits, into the provisions of the By-Laws in accordance with the Italian Civil Code.

The appointment as Director is conditional on meeting the requirements established by Law, the By-Laws, and other applicable provisions.

The provisions in the By-Laws governing the composition and appointment of the Board of Directors are suited to ensure compliance with the provisions in art 147-ter of the Consolidated Law on Finance and the relevant enabling legislation.

Pursuant to art. 19.3 of the By-Laws, and in accordance with best practices, the Chief Executive Officer promptly reports to the Board of Directors and the Board of Statutory Auditors at least every quarter, and in any case at the meetings of the Board of Directors, on operations

^[3] For more information: on the Company's website: www.ovscorporate.it, in the Governance section, you can find the "The Report on Corporate Governance and Ownership Structure", which describes also the internal control and risk management system

TABLE 23
BOARD COMPOSITION

Board of Directors composition	MEN	WOMEN	31-40 YEARS OLD	41-50 YEARS OLD	OVER 50 YEARS OLD	EXECUTIVE	NON-EXECUTIVE	INDEPENDENCE	NOT INDEPENDENCE	TENURE ON THE GOVERNANCE BODY	NATIONALITY	ACADEMIC BACKGROUND
NICHOLAS STATHOPOULOS	•			•			•	•	•	3	Greek	Graduate degree in business administration
STEFANO BERALDO	•			•	•			•	•	3	Italian	Graduate degree in business and economics
STEFANO FERRARESI	•			•			•	•	•	3	Italian	Graduate degree in business and economics
JÉRÔME PIERRE LOSSON	•			•			•	•	•	3	French	Graduate degree in physics + MBA
MARVIN TEUBNER	•			•			•	•	•	3	German	Graduate Degree in Economics and Operations Research
GABRIELE DEL TORCHIO	•			•			•	•	•	3	Italian	Graduate Degree in Economics and Banking
HEINZ JÜRGEN KROGNER KORNALIK	•			•			•	•	•	3	German	Graduate

and the outlook, as well as the transactions that are the most significant for the financial performance, financial position and cash flows, or based on their size or characteristics, carried out by the Company and its subsidiaries; specifically, it reports on the transactions in which they have an interest, either on their own behalf or on behalf of third parties, or that are influenced by the managing and coordinating entity, if any.

For more information on the operation and appointment of the corporate bodies, please refer to the Report on Corporate Governance.

The Board of Directors (the "Board" or "Board of Directors"), the Appointments and Remuneration Committee (the "Appointments and Remuneration Committee") and the Annual General Meeting (the "Meeting") are involved in the preparation and approval of OVS SpA's Remuneration Policy.

The Board has exclusive responsibility for defining the Remuneration Policy based on the proposal of the Appointments and Remuneration Committee, which is set up within the Board itself

Then, the Board implements the Remuneration Policy, defining the Remuneration of Directors with special roles accordingly upon the proposal of the Appointments and Remuneration Committee and after consulting with the Board of Statutory Auditors, up to the overall maximum amount established by the General Meeting, if any, pursuant to art. 2389, paragraph 3 of the Italian Civil Code and art. 22 of the By-Laws.

Every year, the Board prepares and approve the Remuneration Report required by art. 123-ter of the Consolidated Law on Finance and art. 84-quater of the Issuers' Regulations, to which reference should be made for further information.

Sustainability Governance

The **Sustainability Steering Committee**: it is a high-level coordinating body composed of the Chief Executive Officer, the General Managers, and the Heads of the following functions: Corporate Sustainability, Business Innovation and Change Management, Administration, Finance and Control, Human Resources and Organisation, Legal Affairs, and Internal Auditing. It assesses the aspects that have the greatest impact on, or are the most critical for, the development of the business while respecting the environment and meeting the expectations of stakeholders, defining a sustainable growth strategy shared by the entire organisation, identifying potential synergies and the most effective methods of coordination, and monitoring their actual implementation;

Sustainability Ambassador

To manage and promote the sustainable innovation programme #wecare, OVS SpA set up a Sustainability Team of 15 in-house experts that assist OVS SpA's departments in implementing the programme in the various areas.

The Company identified the ambassadors based on the following key requirements:



Business integrity

Concerning conflicts of interest, OVS SpA has adopted an Organisation and Management Model in accordance with Italian Legislative Decree 8 June 2011 no. 231 (the "Model").

The OVS SpA's Model, most recently updated on 14 December 2017, consists of two parts. The first part is an overview that describes the Model's purposes and recipients as well as the components of the preventive control system, and, in accordance with Italian Legislative Decree 231/2001, the structure, operation and responsibilities of the Supervisory Body, which, pursuant to art. 6 of Italian Legislative Decree 231/2001, oversees the operation of, and compliance with, the Model. In addition, the first part of the Model includes training and information activities for employees on the contents of the Model and the disciplinary system in the event of violations of its provisions.

The second part of the Model is a special part that describes the crimes set out in Italian Legislative Decree 231/2001 and the relevant sanctions with reference to the areas at risk of committing the crimes identified by the Model.

The Internal Control System outlined by the Model is complemented by the Company's Code of Ethics, which sets out the corporate values for all the group companies, establishing the rights, duties and responsibilities of anyone that, in any capacity, operates within them or works with them, be they employees, representatives, partners, the civil service, public-sector employees, shareholders, and in general any party with which the Company has a relationship. The Supervisory Body is composed of Messrs Roberto Cortellazzo Wiel (Chairman), Michele Furlanetto, and Marco Pessi.

In compliance with Italian Legislative Decree 231/2001, the Supervisory Body reports directly to the top management and has no connection with the Company's operations, ensuring its autonomy and independence in the discharge of its duties. (www.ovscorporate.it/it/governance/modello-231-e-codice-etico)

The assessment of the company's exposure to the risk of corruption was conducted as part of the activities required by Italian Legislative Decree 231 et seq. and included in the management, organisation and control model. The policies and procedures that are part of the Model seek to mitigate the risk of corruption in day-to-day operations; the effectiveness and efficiency of internal regulations is monitored regularly as part of the audit plans of the Internal Audit functions, as well as more generally by the Supervisory Body. The Company also has confidential channels of communication for anyone wishing to report cases of corruption or behaviours in breach of the code of ethics, the law and regulations.

For information on related-party transactions, please refer to the website www.OVScorporate.it/it/governance/regolamenti-e-procedure

Risk Assessment

The risk assessment is performed as part of the regular Risk assessment process conducted by management.

The Board of Directors is responsible for the adequacy of the risk management process, and specifically for assessing risks, preparing countermeasures to mitigate them, and monitoring the effectiveness of the process. Please refer to the Report on Corporate Governance for more details.

Generally, the performance of the retail sector follows a seasonal pattern. Significant changes in seasonal temperatures disrupt sales plans and pose risks to the achievement of the targets. Over time, we have developed product strategies intended to reduce the seasonality of our offer, curbing the risk to which the company remains nonetheless exposed because of the nature of the collections it sells. The company is also exposed to climate change and the relevant natural disasters in the countries where it procures its supplies or sells its products (e.g. floods, earthquakes).

On the one hand, we have launched environmental impact reduction programmes as part of our sustainability project, and on the other hand, we have prepared potential alternative procurement sources or entered into insurance policies to mitigate the risk and/or impact.

Here below are the impacts associated with the identified risks:

- **Image and reputation**
- **Reduction in sales**
- **Reduction in margins**
- **Fines**
- **Legal proceedings**

OUR SUSTAINABILITY REPORT

This is our first public Sustainability report for OVS SpA, resulting from the work by the Sustainability Committee and the Sustainability Team. We are voluntarily communicating our strategy before it becomes a regulatory mandate and are beginning to share the results of our sustainable innovation program #wecare.

Because a more beautiful future starts from the present.

GRI Standards Table

GENERAL STANDARD DISCLOSURE

STANDARD		PAGES / NOTES
Organization profile		
GRI 102-1	Name of organization	7
GRI 102-2	Activities, brands, products, and services	12;14
GRI 102-3	Location of headquarters	7
GRI 102-4	Location of operations	12;47
GRI 102-5	Ownership and legal form	12
GRI 102-6	Markets served	12
GRI 102-7	Scale of the organization	12
GRI 102-8	Information on employees and other workers	52
GRI 102-9	A description of the organization's supply chain	45;46
GRI 102-10	Significant changes to the organization's size, structure, ownership, or supply chain which took place during the reporting period	This is the first OVS sustainability report
GRI 102-11	Whether and how the organization applies the Precautionary Principle or approach	OVS adopts a precautionary approach for the reduction of the environmental impacts relative to the production processes and the products following the 15th principle of the ONU declaration in Rio de Janeiro
GRI 102-12	A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	45
GRI 102-13	A list of the main memberships of industry or other associations, and national or international advocacy organizations.	OVS does not hold governing positions in any national or international industry associations

STANDARD	PAGES / NOTES	
Strategy		
GRI 102-14	A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability	4
Ethics and integrity		
GRI 102-16	A description of the organization's values, principles, standards, and norms of behavior	16
Governance		
GRI 102-18	The governance structure and its composition	94
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	22
GRI 102-22	Composition of the highest governance body and its committees	95
GRI 102-32	Highest governance body's role in sustainability reporting	96
Stakeholder Engagement		
GRI 102-40	List of stakeholder groups	22
GRI 102-41	Collective bargaining agreements	OVS complies with the requirements for collective bargaining agreements by applying the reference CCNL
GRI 102-42	The basis for identifying and selecting stakeholders with whom to engage	23
GRI 102-43	Approach to stakeholder engagement	22
GRI 102-44	Key topics and concerns raised	22

STANDARD	PAGES / NOTES	
Reporting practice		
GRI 102-45	Entities included in the consolidated financial statements	7
GRI 102-46	Defining report content and topic Boundaries	7
GRI 102-47	List of material topics	24
GRI 102-48	The effect of any restatements of information given in previous reports, and the reasons for such restatements	This is the first OVS sustainability report
GRI 102-49	Significant changes from previous reporting periods in the list of material topics and topic Boundaries	This is the first OVS sustainability report
GRI 102-50	Reporting period for the information provided	7
GRI 102-51	If applicable, the date of the most recent previous report	This is the first OVS sustainability report
GRI 102-52	Reporting cycle	This is the first OVS sustainability report, which will be followed annually by other reports
GRI 102-53	Contact point for questions regarding the report	7
GRI 102-54	Claims of reporting in accordance with the GRI Standards	7
GRI 102-55	GRI content index	101
GRI 102-56	A description of the organization's policy and current practice with regard to seeking external assurance for the report	11

TOPIC SPECIFIC STANDARD / ECONOMIC STANDARD

STANDARD		PAGES / NOTES
Non material aspects – Economic performance		
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach	64
GRI 201-1	Direct economic value generated and distributed	64
GRI 201-3	Defined benefit plan obligations and other retirement plans	59
GRI 201-4	Financial assistance received from government	OVS did not obtain funding from public entities during 2016
Non material aspects – Market Presence		
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach	59
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	59
Non material aspects – Indirect economic impacts		
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach	66
GRI 203-1	Extent of development of significant infrastructure investments and services supported	66
Material aspects - Procurement Practices		
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach	42
GRI 204-1	Proportion of spending on local suppliers	42

STANDARD		PAGES / NOTES
Non Material Aspect – Anti-Corruption		
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach	62
GRI 205-2	Communication and training about anti-corruption policies and procedures	62
GRI 205-3	Confirmed incidents of corruption and actions taken	During 2016 no cases of corruption have been reported
Non Material Aspect – Anti-Competitive Behaviour		
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach	91
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	During 2016 no cases of corruption have been reported
TOPIC SPECIFIC STANDARD / STANDARD AMBIENTALI		
Material Aspect – Materials		
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach	30
GRI 301-1	Materials used	30
GRI 301-3	Reclaimed products and their packaging materials	33
Material Aspect – Energy		
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach	84
GRI 302-1	Energy consumption within the organization	84
GRI 302-4	Reduction of energy consumption	84
Material Aspect – Water		
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach	87
GRI 303-1	Water withdrawal by source	87

STANDARD	PAGES / NOTES
Material Aspect – Emissions	
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach 86
GRI 305-1	Direct (Scope 1) GHG emissions 86
GRI 305-2	Energy indirect (Scope 2) GHG emissions 86
GRI 305-5	Reduction of GHG emissions 86
GRI 305-6	Emissions of ozone-depleting substances (ODS) 86
Material Aspect – Effluents and waste	
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach 88
GRI 306-2	Waste by type and disposal method OVS is committed to complete the reporting of missing information by 2019
Non Material Aspect – Environmental Compliance	
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach 81;91;73
GRI 307-1	Non-compliance with environmental laws and regulations During 2016 OVS did not receive any fines or penalties for non-compliance with environmental laws and regulations
Material Aspect – Environmental evaluation of suppliers	
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach 46
GRI 308-1	New suppliers that were screened using environmental criteria 46
GRI 308-2	Negative environmental impacts in the supply chain and actions taken 46

TOPIC SPECIFIC STANDARD / SOCIAL STANDARD	PAGES / NOTES
Material Aspect – Employment	
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach 49
GRI 401-1	New hires and employee turnover by age group, gender and geographical area OVS is committed to complete the reporting of missing information by 2019
GRI 401-3	Total number of employees that returned to work in the reporting period after parental leave ended 52
Material Aspect – Occupational Health and Safety	
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach 54;33
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by category OVS is committed to complete the reporting of missing information by 2019
Material Aspect – Training and Education	
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach 55
GRI 404-1	Average hours of training per year per employee 57
GRI 404-2	Programs for upgrading employee skills and transition assistance programs 56
GRI 404-3	Percentage of employees receiving regular performance and career development reviews 58
Material Aspect – Diversity and Equal Opportunity	
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach 54
GRI 405-1	Diversity of governance bodies and employees 95

STANDARD		PAGES / NOTES
Material Aspect – Non discrimination		
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach	52
GRI 406-1	Incidents of discrimination and corrective actions taken	During 2016, OVS did not record episodes related to discriminatory practices
Material Aspect – Child Labor		
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach	42;49
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	OVS is committed to complete the reporting of missing information by 2019
Material Aspect – Forced or Compulsory Labor		
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach	42;49
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	OVS is committed to complete the reporting of missing information by 2019
Material Aspect – Local Communities Rights		
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach	66
GRI 411-1	Incidents of violations involving rights of local communities people	During 2016, OVS did not record any human rights violations
Material Aspect – Human Rights Assessment		
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach	42;49
GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	OVS is committed to complete the reporting of missing information by 2019
Material Aspect – Local Communities		
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach	66
GRI 413-2	Operations with local community engagement, impact assessments, and development programs	OVS is committed to complete the reporting of missing information by 2019

STANDARD		PAGES / NOTES
Material Aspect – Supplier Assessment for Labor Practices		
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach	42
GRI 414-1	New suppliers that were screened using social criteria	43
Non Material Aspect – Public Policy		
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach	91
GRI 415-1	Political contributions	During 2016 OVS did not receive political contributions
Material Aspect – Customer Health and Safety		
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach	27;33
GRI 416-1	Assessment of the health and safety impacts of product and service categories	27;33
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	During 2016 OVS did not report any non compliance related to the health and safety of products and services during their lifecycle
Material Aspect – Marketing and product labelling		
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach	71
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	During 2016 OVS did not report any non compliance related to product information and labeling
GRI 417-3	Incidents of non-compliance concerning marketing communications	During 2016 OVS did not report any non compliance related to marketing communication
Material Aspect – Socio Economic Compliance		
GRI 103-1; 103-2; 103-3	General requirements for reporting the management approach	91
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	During 2016 OVS did not record any non compliance related to laws or regulations

Independent auditors report

Deloitte.

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

INDEPENDENT AUDITORS' REPORT ON THE "SUSTAINABILITY REPORT" 2016

To the Board of Directors of OVS S.p.A.

We have performed a limited assurance engagement on the sustainability information included in the Sustainability Report of OVS S.p.A. as of January 31, 2017.

Directors' responsibility on the sustainability information

The Directors are responsible for the preparation of the sustainability information included in the Sustainability Report in accordance with the "GRI Sustainability Reporting Standards" issued in 2016 by the Global Reporting Initiative (GRI), as stated in the paragraph "Methodology Note" of the Sustainability Report, and for such internal control as they determine is necessary to enable the preparation of a Sustainability Report that is free from material misstatement, whether due to frauds or unintentional behaviours or events. The Directors are also responsible for defining OVS S.p.A.'s objectives regarding the sustainability performance and the reporting of the achieved results, for the identification of the stakeholders and the significant aspects to report.

Auditors' responsibility

Our responsibility is to issue this report based on the procedures performed. We conducted our work in accordance with the criteria established in the "International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000"), issued by the International Auditing and Assurance Standards Board for limited assurance engagements. The standard requires the compliance with ethical principles, including independence requirements, and that we plan and perform the engagement to obtain limited assurance whether the Sustainability Report is free from material misstatement. These procedures included inquiries, primarily with OVS S.p.A.'s personnel responsible for the preparation of the Sustainability Report, analysis of documents, recalculations and other evidence gathering procedures as appropriate.

The procedures performed on the Sustainability Report consisted in verifying its compliance with the principles for defining report content and quality set out in the "GRI Sustainability Reporting Standards", and are summarised as follows:

- comparing the economic and financial data reported in the paragraph "Economic value" included in the Sustainability Report with those reported in the OVS S.p.A. Annual Report as of January 31, 2017, on which another auditor issued the auditors' report (pursuant to articles 14 and 16 of Legislative Decree no. 39 of 27 January, 2010), dated May 9, 2017;
- analysing, through interviews, the governance system and the management process of the matters related to sustainable development regarding the strategy and operations of OVS S.p.A.;
- analysing the process relating to the definition of material aspects disclosed in the Sustainability Report, with reference to the methods used for the identification and prioritisation of material aspects for stakeholders and to the internal validation of the process results;

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.

Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239 | Partita IVA: IT 03049560166

Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società inglese a responsabilità limitata ("DTTL"), le member firm aderenti al suo network e le entità a esse correlate. DTTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTTL (denominata anche "Deloitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informativa completa relativa alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo www.deloitte.com/about.

© Deloitte & Touche S.p.A.

- analysing how the processes underlying the generation, collection and management of quantitative data of the Sustainability Report operate. In particular, we have performed:
 - interviews and discussions with the management of OVS S.p.A. to gather information about the accounting and reporting systems used in preparing the Sustainability Report, as well as on the internal control procedures supporting the gathering, aggregation, processing and transmittal of data and information to the department responsible for the preparation of the Sustainability Report;
 - analysis, on a sample basis, of the documentation supporting the preparation of the Sustainability Report, in order to gather the evidence of processes in place, their adequacy, and that the internal control system correctly manages data and information in connection with the objectives described in the Sustainability Report;
- analysing the compliance and the internal consistency of the qualitative information disclosed in the Sustainability Report, in relation to the guidelines identified in the paragraph “Directors’ responsibility on the sustainability information”;
- analysing the stakeholders engagement process, in terms of methods applied, through the analysis of the minutes of the meetings or any other available documentation about the main topics arisen in the discussion with them;
- obtaining the representation letter signed by the Chief Executive Officer of OVS S.p.A., on the compliance of the Sustainability Report with the guidelines identified in the paragraph “Directors’ responsibility on the sustainability information”, as well as the reliability and completeness of the data and information disclosed.

Data and information subject to our limited assurance are reported, as required by the “GRI Sustainability Reporting Standards” issued in 2016 by the Global Reporting Initiative (GRI), in the “GRI Standards Table” of the Sustainability Report.

The procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of OVS S.p.A. as of January 31, 2017 is not prepared, in all material respects, in accordance with the “GRI Sustainability Reporting Standards” issued in 2016 by the Global Reporting Initiative (GRI), as stated in the paragraph “Methodology Note” of the Sustainability Report.

DELOITTE & TOUCHE S.p.A.

Franco Amelio
Partner

Milan, May 15th, 2017

Contacts

Simone Colombo
head of corporate sustainability

Nicola Perin
chief financial officer

sustainability@ovs.it

investor.relations@ovs.it



NATIVA™

Arkage
ARTATTACK GROUP

A **Nativa** and **Arkage**
publication for **OVS SpA**



Download the **OVS #wecare** app to view the highlights of the 2016 Sustainability Report directly from your smartphone.

Available for Android and iOS.