

(COURTESY TRANSLATION FOR THE CONVENIENCE OF INTERNATIONAL READERS –  
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**REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS'S MEETING OF TOD'S S.P.A., PURSUANT  
TO ARTICLE 153 OF LEGISLATIVE DECREE N° 58/1998**

Dear Shareholders,

during financial year ended on December 31<sup>st</sup>, 2015, we carried out the supervisory activity provided by law, in accordance with the new rules of conduct for the Board of Statutory Auditors recommended by the Italian Board of Professional Accountants and Auditors, attending the meetings of corporate bodies, carrying out periodic audits and meeting with the managers of the Independent Auditor, the Control and Risk Committee and the Executive in charge of preparing Company's accounting documents, to exchange information on the activities undertaken by them, and to assess the timetable of scheduled internal control operations.

The Board of Statutory Auditors' members who held office as at the date of this Report were appointed by the Shareholders' Meeting held on April 19<sup>th</sup>, 2013, for the three-year period from 2013 to 2015: therefore, their term of office expired at the time of the approval of the financial statements at December 31<sup>st</sup>, 2015 and the Shareholders' Meeting shall take steps to replace them.

As regards the audits concerning bookkeeping and Financial Statements, they were carried out by the Independent Auditors PricewaterhouseCoopers S.p.A., which were appointed by the Shareholders' Meeting held on April 19<sup>th</sup>, 2012, to carry out the statutory audit of accounts for the financial years from 2012 to 2020.

Tod's S.p.A. is the holding company of the Group and, therefore, it also prepares the consolidated financial statements; it is not subject to any management and coordination activities on the part of third parties.

The Board of Statutory Auditors points out that on April 22<sup>nd</sup>, 2015 the Shareholders' Meeting of Tod's S.p.A. appointed the new members of the Board of Directors, which will hold office for the three-year period from 2015 to 2017.

This report has been prepared in compliance with the applicable laws and regulations for listed companies, since the shares of Tod's S.p.A. are traded on the MTA organized and managed by Borsa Italiana S.p.A.

Pursuant to article 153 of Legislative Decree no. 58/1998, as well as taking into account the indications provided by CONSOB on corporate controls and activities of the Board of Statutory Auditors, we report the following:

- we have supervised and checked compliance with the law and the by-laws of the Company;
- the Directors provided us, with the required periodicity, information on the activities undertaken by them and on the most significant economic, financial and capital transactions carried out by the Company and its subsidiaries during the financial year, and also verified that the same were in accordance with law and the articles of association and were not manifestly imprudent

or risky, in potential conflict of interests, in breach of the resolutions passed by the Shareholders' Meeting or likely to affect the integrity of the Company's assets and its business continuity;

- we have not found nor received information from the Board of Directors, the Independent Auditors or the Control and Risk Committee regarding the existence of atypical and/or unusual transactions carried out with third parties, related parties or other companies of the same group;
- in the explanatory notes attached to the consolidated financial statements of Tod's Group, as well as in the explanatory notes attached to the statutory financial statements of Tod's S.p.A., the directors have provided an account of the ordinary transactions undertaken with other Group companies and/or related parties during the course of the financial year. Reference is here made to such documents with regard to matters falling within our purview, and especially in respect of their features and economic and financial effects.
- With regard to such transactions, the Board of Statutory Auditors, with the help of the Board of Directors and Control and Risk Committee, verified the existence of and compliance with procedures aimed at ensuring that said transactions are conducted at fair terms and in the Company's interest, and that the same can be reasonably considered in line with the principles of correct administration, compatible with the Articles of Association of the Company and coherent with the purpose of the applicable laws and regulations ;on 27 January 2016 Tod's S.p.A., also through its subsidiaries Partecipazioni Internazionali S.r.l. (subsequently renamed Roger Vivier S.p.A.) and Roger Vivier France s.a.s., completed a transaction with related parties of greater importance pursuant to Article 4, paragraph 1, letter a), of Consob Regulation 17221/2010, which also constituted a significant acquisition pursuant to Article 71 of the Issuers' Regulation. This transaction concerned:
  - the acquisition by Roger Vivier S.p.A. of the Roger Vivier brand (licensed to Tod's S.p.A.) from the related party Gousson Consultadaria e Marketing S.r.l. at an overall price equal to Euro 415 million;
  - the acquisition by Roger Vivier France S.a.s. from the related party Gousson Consultadaria e Marketing S.r.l. of the entire share capital of Roger Vivier Paris S.a.s., the company that operates the Roger Vivier flagship store located in Paris, at an overall price equal to Euro 20 million;
  - the reinvestment by Gousson Consultadaria e Marketing S.r.l. of an amount of Euro 207.5 million in Tod's S.p.A., through the subscription of a capital increase, which was resolved by the Extraordinary Shareholders' Meeting of Tod's S.p.A. on 13 January 2016, reserved for Gousson Consultadaria e Marketing S.r.l.;
  - the payment by Gousson Consultadaria e Marketing S.r.l. of an indemnity of Euro 25 million to Tod's S.p.A. for the restrictions on the methods of distribution arising from the licence agreement and aimed at maintaining the prestige of the Roger Vivier brand.

In relation to this transaction as a whole, the Board of Statutory Auditors has been verifying, since the beginning of the negotiations and for the entire duration of the same, as well as afterwards, whether the transaction is as simple as possible to be measured, as well as fair and market friendly, and whether it is profitable and consistent with the Group's interests, as well as correct from a material point of view;

- since the conditions have not been met, no mention has been made of atypical and/or unusual transactions;
- we have monitored the compliance of the Procedure on transactions with related Parties, adopted by the Company pursuant to Consob Regulation n. 17221 of March 12<sup>th</sup> 2010, as further amended and supplemented, with the principles included in the same Consob Regulation as well as the actual implementation of said Procedure by the Company. The information pertaining to transactions with Group companies and/or related parties, contained, in particular, in the paragraphs "Transactions with related parties" of the explanatory notes attached to the IAS/IFRS consolidated financial statements of Tod's Group and in the explanatory notes to the statutory IAS/IFRS financial statements of Tod's S.p.A., are adequate in light of the Company's size and structure;
- we ascertained that the information flows supplied by controlled companies outside EU are adequate in order to audit annual and interim accounts as provided for by article 36 of Market Regulations adopted by Consob resolution no. 16191 of October 29<sup>th</sup> 2007;
- the Independent Auditors have transmitted to the Board of Statutory Auditors their reports on both the statutory financial statements of Tod's S.p.A. and the consolidated financial statements of Tod's Group, drafted in accordance with articles 14 and 16 of Legislative Decree no. 39 of January 27<sup>th</sup> 2010, in which they expressed an opinion with no remarks on the financial statements, thereby certifying that the same are in accordance with the rules governing financial statements;
- neither complaints - pursuant to article 2408 of the Italian Civil Code - nor reports were received during the financial year;
- the received information shows that in 2015 - in addition to the tasks provided for listed companies by the applicable laws and regulation as indicated in the explanatory notes to the individual IAS/IFRS financial statements of Tod's S.p.A. - the Independent Auditors and the other subjects belonging to their "network" have been entrusted to provide further services other than auditing for a total consideration of Euro 548 thousand, which is consistent with the provisions of article 17 of Legislative Decree no. 39/2010. The assessment carried out by the board of auditors in respect of independence of the auditing firm pursuant to article 19 of Legislative Decree no. 39/2010, revealed no critical aspects worthy of mention;
- we verified the correct and adequate application of criteria and procedures adopted by the Board of Directors in order to assess and assure the independence of its members. Furthermore, we verified the meeting of such independence criteria also by the members to the Board of Statutory Auditors, in compliance with the principles provided for by the Corporate Governance Code (as amended, as regards other aspects, in July 2015);

- during the financial year we have issued our opinions as provided for by the law;
- during the course of the financial year we attended the Shareholders' Meeting held on April 22<sup>nd</sup>, 2015;
- during the course of the financial year the Board of Statutory Auditors' members attended 9 meetings of the Board of Directors and 5 meetings of the Executive Committee. Its Chairman or another Auditor attended 6 meetings of the Risks and Control Committee, as well as 9 meetings of the Committee of Independent Directors and 4 meetings of the Compensation Committee;
- 7 meetings of the Board of Statutory Auditors were held;
- to the extent of our powers and purview, we ascertained and monitored the compliance with the principles of correct administration and the appropriateness of the organisational structure and the instructions given by the Company to its subsidiaries pursuant to article 114, paragraph 2 of Legislative Decree no. 58/1998, through direct observation, information gathered during meetings with company officers in charge of corporate organisation, and exchanges of significant information during meetings with the Independent Auditors and with the Executive in charge of preparing Company's accounting documents;
- to the extent of our powers and purview, we ascertained and monitored, pursuant to article 19 of Legislative Decree no. 39/2010, the appropriateness and efficacy of the internal control and risk management system, as well as the activities undertaken by the internal auditor staff, the appropriateness and efficacy of the administrative/accounting system and the reliability of the latter to faithfully reflect the management of the Company, by obtaining information from the company officers in charge of the relevant corporate departments, by examining corporate documents and analysing the results of the work undertaken by the Independent Auditors, and by attending the meetings of the Control and Risk Committee and organizing meetings with the Executive Directors in charge of the Internal Control and Risk Management System as well as with the Executive in charge of preparing Company's accounting documents;
- the financial reporting process was monitored pursuant to article 19 of Legislative Decree no. 39/2010;
- the Independent Auditors issued the report provided by article 19 of Legislative Decree 39/2010, which does not show evidence of any material flaws in the internal auditing system;
- no aspects material or worthy of mention resulted from the contacts with the corresponding bodies of those subsidiaries where no members of the board of auditors were already in office;
- no aspects material or worthy of mention resulted from the meetings held with the Independent Auditors pursuant to article 150, paragraph 3, of Legislative Decree no. 58/1998, nor have any material lack have been detected in the internal control system as far as the financial reporting process is concerned;
- we verified the procedures for the proper implementation of the rules of corporate governance provided by the Corporate Governance Code for listed companies, adopted by the Board of Directors in 2006. At the meeting of November 11<sup>th</sup> 2015, the

Board of Directors of Tod's S.p.A. identified, as "*strategically significant subsidiaries*", the following companies: Tod's France Sas, Tod's Japan KK, Deva Inc., Tod's Hong Kong Ltd. and Tod's (Shanghai) Trading Co. Ltd. And Tod's Korea Inc.;

- through direct checks and information obtained from the Independent Auditors and the Executive in charge of preparing the Company's accounting documents, we verified the compliance with statutory provisions pertaining to the preparation and layout of the consolidated financial statements of Tod's Group, the individual financial statements of Tod's S.p.A. and the reports related thereto. Our monitoring activities did not detect any facts requiring a report to internal control bodies or worthy of mention in this report;
- pursuant to article 19 of Legislative Decree no. 39/2010, the statutory auditing of the annual accounts and the consolidated accounts was duly monitored.

The Company adopted an Organizational and Managerial Model pursuant to Legislative Decree no. 231/2001 which has been updated by the Board of Directors most recently during its meeting held on August 7<sup>th</sup> 2013.

Taking into account all the above and with regard to matters falling within our purview, we have not found any reasons hindering the approval of the financial statements as at December 31<sup>st</sup>, 2015 and we have no comments to make on the proposed distribution of dividends as recommended in the directors' report to the individual IAS/IFRS financial statements of Tod's S.p.A.

Milan, March 30<sup>th</sup>, 2016

For the Board of Statutory Auditors

Dr.ssa Giulia Pusterla – Chairman