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## TOD'S S.p.A.

COMPANY CAPITAL 66,187,078 EUROS, FULLY PAID UP  
REGISTERED OFFICE AT VIA FILIPPO DELLA VALLE 1, SANT'ELPIDIO A MARE (FM) –  
TAX CODE AND FERMO COMPANY REGISTER NO. 01113570442

### REMUNERATION REPORT

#### PURSUANT TO THE TERMS OF ARTICLE 123-*TER* OF LEGISLATIVE DECREE 58 OF 24 FEBRUARY 1998

Dear Shareholders,

Pursuant to the terms of article 123-*ter* of legislative decree 58 of 24 February 1998, (the T.U.F., or Financial Services Act), with subsequent amendments and additions, and article 84-*quater* of Consob resolution no. 11971/99 (the Regulations on Issuers), with subsequent amendments and additions, the Board of Directors of Tod's S.p.A. (also referred to below as the “Company” or “Issuer”) places this Remuneration Report at your disposal. The report consists of two sections: *(i)* the first of which contains a description of the remuneration policy of the board of directors, general manager and managers with strategic responsibilities for the 2016 financial year, and the procedures by means of which that policy was adopted; *(ii)* while the second presents each of the items into which the remuneration can be broken down, evidencing the consistency with the remuneration policy applied by the Company during the fiscal year 2015, and describes the payments

made in the 2015 financial year to the members of the board of directors and the control board, the general manager and the managers with strategic responsibilities.

Pursuant to the terms of article 123-*ter*, paragraph 6, of the T.U.F., the Ordinary Shareholders' Meeting due to be held at the registered office of the company, Via Filippo Della Valle 1, Sant'Elpidio a Mare (FM), at 11.00 am on 20 April 2016 or, if a second call is required, at the same time and in the same place on 27 April 2016, will be called upon to vote in favour of or against the first section of the Remuneration Report, in accordance with the terms of article 123-*ter*, paragraph 3, of the T.U.F. The resolution to this effect shall not be binding.

Please note that this Remuneration Report was examined and approved by the Board of Directors on 14 March 2016, and is available at the registered office of the Company, on the Company website [www.todsgroup.com](http://www.todsgroup.com) and through the authorised storage device 1info at the address www.1info.it.

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## **SECTION I**

This section describes the “Remuneration Policies and Procedures for their Implementation within the Tod's S.p.A. Group”, as adopted by the Board of Directors – on the proposal of the Remuneration Committee – during its meeting of 11 November 2011 (also referred to below as the “Remuneration Policies and Procedures”) and finally amended by resolution dated 11 November 2015, with a view to laying down the guidelines to be followed by all the company bodies in the 2016 financial year to determine the remuneration due to the directors – the executive directors in particular – the general manager and the managers with strategic responsibilities within the Company.

The Remuneration Policies and Procedures adopted by the Company, and all changes to these in general, are the responsibility of the Board of Directors, with the assistance of the Remuneration Committee.

We should point out that we did not take the retribution policies of other companies as a reference in laying down the Remuneration Policies and Procedures.

**(A) Bodies involved in the drafting and approval of the remuneration policies**

On the basis of the procedure approved by Tod's S.p.A., the bodies involved in the adoption and implementation of the remuneration policies are as follows (in accordance with their respective responsibilities, which are established in line with the legislation and regulations in force and the recommendations set out in the Code of Self-discipline of quoted companies, July 2015 edition: a) the Shareholders' Meeting, b) the Board of Directors, c) the Remuneration Committee, d) the Delegated Bodies and e) the Board of Statutory Auditors.

On the matter of remuneration, the **Shareholders' Meeting**:

- a) determines the payments due to the members of the Board of Directors and Executive Committee and the Statutory Auditors, pursuant to the terms of article 2364, paragraph 1, point 3, of the civil code. Such payments are established in such a way as to attract, retain and motivate persons in possession of the professional skills necessary to manage the Company in a successful manner;
- b) votes – from year to year, at the time of the approval of the financial statements – for or against the remuneration policy (as defined by the Board of Directors on the proposal of the Remuneration Committee) for the members of the administrative bodies, general managers and other managers with strategic responsibilities, pursuant to the terms of article 123-ter, paragraph 6, of the T.U.F. The resolution passed in this way is not

binding, and the results of the voting process have to be made known to the market in accordance with the terms of article 125-*quater*, paragraph 2, of the T.U.F.;

- c) receives appropriate information on the implementation of the payment policies;
- d) resolves on remuneration plans based on financial instruments geared towards the directors, employees and collaborators, including managers with strategic responsibilities, pursuant to the terms of article 114-*bis* of the T.U.F.

**The Board of Directors:**

- a) determines the remuneration due to the directors upon whom special mandates have been conferred, following consultations with the Board of Statutory Auditors, and upon the proposal of the Remuneration Committee;
- b) upon the proposal of the Remuneration Committee, lays down the general policy for the remuneration of the directors – with particular reference to the executive directors and those upon whom special mandates have been conferred – and the managers with strategic responsibilities;
- c) approves the remuneration report pursuant to the terms of article 123-*ter* of the T.U.F., which has to be published at least twenty one days prior to the Shareholders' Meeting as set forth in article 2364, paragraph 2, of the civil code;
- d) draws up the remuneration plans based on shares or other financial instruments, with the assistance of the Remuneration Committee, and submits these to the Shareholders' Meeting for approval pursuant to the terms of article 114-*bis* of the T.U.F.;
- e) implements the remuneration plans based on financial instruments upon the delegation of the Shareholders' Meeting, together with or assisted by the Remuneration Committee;

f) sets up a Remuneration Committee from within its members. One member of this Committee has to have appropriate knowledge of and experience in the area of finance, and the Board will assess the skills of that member at the time of appointment.

**'The Remuneration Committee:**

- a) presents its proposals for the remuneration of the executive directors and those with special mandates to the Board. Following consultations with the delegated bodies, it takes the necessary action to identify and set the performance objectives, on the basis of which the variable component of the payments due is calculated;
- b) presents proposals to the Board of Directors on the policy for the remuneration of the Executive Directors, the directors with special mandates and the managers with strategic responsibilities;
- c) assists the Board of Directors in drawing up and implementing the payment plans based on financial instruments;
- d) assesses the suitability and effective application of the remuneration policy at regular intervals, making use of the information supplied by the delegated bodies if the assessment regards the remuneration of managers with strategic responsibilities;
- e) presents proposals of all kinds on the matter of remuneration to the Board of Directors;
- f) monitors the application of the decisions adopted by the Board of Directors on remuneration, with the assessment, among other factors, of the effective achievement of the performance targets and considers, if appropriate, the application of claw-back mechanisms;
- g) reports to the Shareholders on its operating methods. For that purpose, it is recommended that the Chairman or another member of the Remuneration Committee attend the Annual Shareholders' Meeting;

h) when deemed necessary or useful to carry out its tasks, it may make use of outside consultants specialising in remuneration policies. Such consultants have to be independent, and should therefore carry out no significant operations on behalf of the Company's human resources department, the controlling shareholders or directors of the Company, or managers with strategic responsibilities. An assessment on the independence of the outside consultants is carried out by the Remuneration Committee before any mandate is conferred upon them.

The **delegated bodies**, that is, the members of the Board of Directors to whom powers have been delegated:

- a) assist the Remuneration Committee in drawing up the proposals for the setting of the performance objectives linked to the payment of the variable salary components;
- b) submit the draft payment plans based on financial instruments to the Remuneration Committee or, as the case may be, assist the Committee in drafting such plans;
- c) provide the Remuneration Committee with all the useful information to enable this latter to assess the appropriate nature and the effective implementation of the remuneration policy, with particular reference to the payments due to managers with strategic responsibilities;
- d) implement the remuneration policies adopted by the Company.

On the matter of remuneration, the **Board of Auditors** plays a consultancy role, by means of which:

- a) it expresses the opinions required in law, with particular reference to the remuneration proposals for the directors upon whom special mandates have been conferred, pursuant to the terms of article 2389, paragraph 3, of the civil code. In expressing its opinions, it takes into account the consistency of the proposals put forward by the Remuneration Committee to the Board of Directors with the remuneration policy;

b) the Chairman of the Board of Auditors – or any other auditor nominated by this latter for the purpose – should attend the meetings of the Remuneration Committee, if possible.

**(B) Remuneration Committee**

The Board of Directors of Tod's S.p.A. has set up a Remuneration Committee from within its members, having consultative and recommendatory functions.

The Remuneration Committee consists of at least three members, the majority of whom have to be independent as described in article 3 of the Code of Self-discipline for quoted companies. The Board of Directors will ensure that at least one member of the Remuneration Committee has suitable knowledge of and experience in the area of finance and/or remuneration policies, as shall be determined by the Board at the time of appointment of the members.

During its meeting of 22 April 2015, following checks on their non-executive and independent positions in accordance with the legislation and the Code of Self-discipline, the Board resolved to appoint the Remuneration Committee for the three year period 2015-17, and up to the approval of the financial statements for the year ended 31 December 2017, made up of the non-executive, independent directors Luigi Abete (Chairman), Vincenzo Manes and Sveva Dalmasso .

In the course of its operations, the Remuneration Committee has the right of access to information and the Company bodies necessary to enable it to carry out its tasks, and may make use of outside consultants if authorised to do so by the Board of Directors.

During the financial year 2015, the Remuneration Committee discharged its consultative and recommendatory functions by, *inter alia*, (i) evaluating whether or not Managing Directors had, in actual fact, met their performance targets for the financial year 2014; (ii) assessing the adequacy, overall consistency and actual application of the

remuneration policy in the 2014 financial year; *(iii)* putting forward the proposal to the Board of Directors as to setting out and establishing the performance targets for the 2015 financial year for executive directors and directors who hold special positions; *(iv)* putting forward its proposals to the Board of Directors as to the updating of the Remuneration Policies and Procedures, and proposing, among other things, to take action on both the ranges that are taken as a reference for establishing the variable remuneration of the delegated bodies compared to the fixed one, and on the structuring of components into annual variable remuneration (“Management by Objectives” or “MBO”) and medium/long-term variable remuneration (“Long Term Incentive” or “LTI”); lastly, by *(v)* evaluating whether or not the delegated bodies had, in actual fact, met their assigned performance targets for 2015; *(vi)* assessing the overall consistency and appropriateness of the Company’s prevailing Remuneration Policies and Procedures, and the concrete implementation of the same during the financial year 2015. Further information on the Committee activities, and full description of its internal procedures, are provided in the relevant section of the 2015 Report on Corporate Governance and the Company’s Ownership Structure, filed, together with the Annual Financial Statements, pursuant to the same procedures followed in respect of this Report, and available for consultation on the Company’s website [www.todsgroup.com](http://www.todsgroup.com) and through the authorised storage device 1info at the address www.1info.it.

**(C) Independent consultants**

No contributions from outside independent consultants were sought in the drafting of the Remuneration Policies and Procedures.

**(D) Aims and general principles of the Remuneration Policies and Procedures – Changes with respect to the previous financial year, if any**

The Remuneration Policies and Procedures were adopted by the Company on 11 November 2011 and were finally amended by a Board of Directors' resolution dated 11 November 2015, taking action on both the ranges that are taken as a reference for establishing the variable remuneration of the delegated bodies compared to the fixed one, and on the structuring of components into annual variable remuneration ("Management by Objectives" or "MBO") and medium/long-term variable remuneration ("Long Term Incentive" or "LTI"); therefore, the Remuneration Policies and Procedures will be submitted to the Shareholders' Meeting to be held on 20 April 2016, in the last updated version of November 2015. These Policies and Procedures are aimed at:

- (i) laying down the methods for the determination of the payments due to the directors – and the executive directors in particular – and managers with strategic responsibilities of the Company, in accordance with the regulations which apply and national and international best practices, as reflected in the Code of Self-discipline;
- (ii) identifying the parties and/or bodies involved in the adoption and implementation of the Remuneration Policies and Procedures, by proposing, resolving on and/or determining the payments due to the directors and managers with strategic responsibilities, expressing opinions on such matters, or assessing the correct implementation of the resolutions or decisions by the competent bodies;
- (iii) guaranteeing maximum transparency on remuneration in dealings with existing or potential investors, by means of an appropriate explanation of (a) the decision making processes and (b) the inspiring criteria behind the Remuneration Policies and Procedures;
- (iv) delegating responsibility to the various bodies involved in defining the payments due to the directors and managers with strategic responsibilities;

(v) guaranteeing remuneration capable of attracting, retaining and motivating persons with specific professional skills, to ensure the successful and competitive management of the Company.

By formalising the Remuneration Policies and Procedures, it is the Company's intention to ensure the correct structuring and implementation of the remuneration systems, and to make sure that the payments made – in particular - to the executive directors and managers with strategic responsibilities do not conflict with the Company's objectives and values, its medium to long term strategies and its prudent risk management policies.

The aim of the Remuneration Policies and Procedures is to ensure that the interests of the directors and managers with strategic responsibilities are in line with the achievement of the priority objective of creating value for the shareholders in the medium to long term, with the adoption of appropriate incentives, in cash or based on financial instruments, linked to the Company performance objectives. These incentives have to take into account the risks taken on and the capital necessary to conduct the Company business.

#### **(E) Remuneration Policies and Procedures: fixed and variable components**

In terms of the fixed and variable remuneration components, the Company Remuneration Policies and Procedure lay down the following.

As a general rule, the remuneration of the executive directors and managers with strategic responsibilities has an incentive nature and consists of two separate components: (i) a fixed and (ii) an annual variable component ("Management by Objectives" or "MBO"), this latter linked to the achievement of predetermined short-term performance objectives, which need not necessarily be of an economic nature, and may consist of cash payments (bonuses or other pecuniary incentives) or a share in the financial year profits.

The remuneration payable to executive directors and managers with strategic responsibilities may also include the allocation of medium/long-period variable

remuneration component (“Long Term Incentive” or “LTI”), aimed at both their attainment of predetermined medium/long-term objectives and retaining the Group’s key resources (retention). The LTI scheme provides for remuneration plans based on financial instruments and/or the payment of a cash remuneration (bonus or any other cash incentive) or a share of the profits reported for the financial year.

In implementing the incentives for the executive directors and balancing them against the prudent management of risks, the Board of Directors has to take the following aspects of the Remuneration Policies and Procedures into account: (i) the specific nature of the powers delegated to each executive director, and/or the tasks and roles of these latter within the Company, in such a way as to ensure that the variable components (MBO and/or LTI) are in line with the nature of the tasks allocated to them; (ii) the need to avoid that an incentive variable remuneration (MBO and/or LTI) be based on altered results or on results that later proved to be clearly incorrect.

As a general rule, the policy of Tod’s S.p.A. lays down that the annual variable incentive component (MBO) and/or the medium/long-term variable remuneration component (LTI) are due to the members of the delegated bodies as they are granted delegated individual powers.

The remuneration due to the non-executive directors (including the independent directors) and the members of the non-delegated bodies is normally laid down on a fixed basis, and determined in proportion to the nature of the commitment effectively required of them, taking their membership of one or more committees into account.

The fixed remuneration payable to the non-executive directors (including the independent directors) and the members of the non-delegated bodies may consist of an ‘absolute’ sum or the payment of fees in exchange for their presence at the meetings which they are required to attend, committee meetings included.

If a proposal to that effect by the Remuneration Committee is approved by the Board of Directors, a minor component of the payments due to the non-executive directors may also be of a variable nature, linked to the economic results achieved by the Company.

The Chairman and Vice-Chairman of the Company are payable on a fixed basis, unless the Chairman and Vice-Chairman should also be in possession of delegated powers.

In implementing the Remuneration Policies and Procedures, the Board of Directors and Remuneration Committee may take into account the fact that a member of a delegated body is also a significant shareholder of the Company. The remuneration due to that party may therefore not be subject to any variable components, given that the position of significant shareholder is in itself an incentive to perform (solely for the purposes of the Remuneration Policies and Procedures, the expression significant shareholder means any shareholder accounting for at least 5% of the Company capital, directly or indirectly).

No form of variable remuneration will be payable to the members of the Board of Statutory Auditors.

The Remuneration Policies and Procedures lay down that, as a general rule, the variable component has to be determined within the following ranges:

- for the delegated bodies, the variable component has to be no less than 30% and no more than 200% of the fixed component, taking into account (i) the specific nature of the powers conferred, and/or (ii) the effective tasks and role within the Company. The variable component may exceed these values if the Board of Directors should decide to adopt a fixed component which is of a reduced nature with respect to the market benchmark, as well as every time particularly challenging performance targets are set out (acting in consultation with the Remuneration Committee);
- for the managers with strategic responsibilities, the variable component will be no less than 10% and no more than 40% of the fixed component.

For the above purposes, the term fixed component means the total cash remuneration received by the executive director in exchange for the mandate held (the so-called “*corporate relationship*” within the Company: director’s fees, Chairman or Vice-Chairman’s fees, fees for attending meetings, etc.), in addition to the payments received for the offices held within the Group (the Group “*corporate relationship*”) and, where applicable, the total gross fixed remuneration payable for the employment relationship within the Company and Group (the so called “*employment relationship*” either within the Company and the Group).

The fees for attendance at the Board meetings and any lump sum expense refunds also form part of the fixed component.

As laid down in the company’s Remuneration Policies and Procedures, the fixed component must in any case provide sufficient remuneration for the service rendered in the event of non-payment of the short-term variable component due to failure to achieve the performance objectives laid down by the Board of Directors.

The same principles apply to the determination of the payments due to managers with strategic responsibilities by the delegated bodies or any other relevant party. It is also possible to award medium/long-term variable remuneration components (LTI) to Delegated Bodies and Managers with strategic responsibilities), to be set out - including by means of parameters that are larger than and/or different from those envisaged for short-term variable components – by taking account of the following elements: (i) the functions and duties actually performed within the Company; (ii) the ability to contribute to the Company’s and Group’s development; (iii) the amount of total fees received; and (iv) loyalty and retention requirements.

The current Remuneration Policies and Procedures distinguish between short term and medium to long term variable components; The former components are linked to general objectives that are predetermined, measurable and linked to the creation of value for the

shareholders over a period of time which is normally no less than twelve months; medium/long-term variable remuneration components are linked to general objectives that are predetermined, measurable and linked to the creation of value for the shareholders over a medium/long-term period of time which is normally no less than thirty months (LTI). The medium-long-term variable remuneration components are set out – including by means of parameters that are larger than and/or different from those referred to above with regard to short-term variable components – by taking account of the following elements: (i) the functions and duties actually performed within the Company; (ii) the ability to contribute to the Company's and Group's development; (iii) the amount of total fees received; and (iv) loyalty and retention requirements.

. In any case, in order to avoid that variable remuneration components are based on altered results or on results that later proved to be clearly incorrect, claw-backs mechanisms are envisaged in accordance with the principles set out in paragraph G) below.

#### **(F) Non-pecuniary benefits**

The Remuneration Policies and Procedures lay down that the directors and managers with strategic responsibilities may be entitled to non-pecuniary benefits – such as company cars – in accordance with and in proportion to the nature of the objectives pursued by them.

#### **(G) Performance objectives and other parameters**

On the basis of the current Remuneration Policies and Procedures, the short-term variable components allocated to the delegated bodies and managers with strategic responsibilities have to be linked to general objectives which are predetermined, measurable and linked to the creation of value for the shareholders over a period of time which is normally no less than twelve months. However, they may also receive medium/long-term variable remuneration components linked to general objectives which are predetermined,

measurable and linked to the creation of value for the shareholders over a medium/long-term period which is normally no less than thirty months.

The performance objectives may vary in nature, in accordance with the tasks and roles allocated.

The short-term variable components (MBO) allocated to the delegated bodies responsible for the development and expansion of the Company business are normally linked to the economic, capital and financial key financial figures of the Tod's Group as a whole, including but not necessarily limited to the EBITDA, turnover and net financial position.

The short-term variable components (MBO) allocated to the delegated bodies carrying out administrative and control duties and the managers with strategic responsibilities are normally linked to specific targets which take the nature of the roles and tasks in question into account.

In setting out the targets – including on a combined basis – the Board of Directors shall take account of the principle of prudence in risk management. While allocating variable remuneration components, the Board of Directors, on the proposal of the Remuneration Committee, may link the change in the results to the payment of the short-term variable remuneration (MBO), according to a preset range.

In any case, the same person may also receive more than one short-term variable remuneration component (MBO) linked to the attainment of different performance targets.

Medium/long-term variable components (LTI) may be linked to both the achievement of predetermined performance targets in terms of financial position, results of operations and cash flows of the TOD'S Group as a whole in the medium/long-term and an increase in the Tod's share price on the stock exchange, as well as to different, predetermined specific objectives (e.g. the achievement of a specific strategic result) and – with a view to loyalty and retention – to a certain length of service with the Company.

In any case, these objectives will be set out by the Board of Directors by taking account of (i) the functions and duties actually performed within the Company, as well as ii) the ability to contribute to the Company's and Group's development.

In special cases, the performance objectives may also be of an individual/qualitative nature (and therefore linked to a qualitative operating assessment, which is not necessarily linked to the achievement of the performance objectives).

The Remuneration Policies and Procedures lay down that if the target (both for MBO and LTI) is not achieved due to extraordinary and/or unforeseeable factors, the Remuneration Committee may, in exceptional cases and by unanimous agreement, express a positive judgment on the performance and propose to the Board of Directors that the variable component (MBO and/or LTI) be paid, in full or in part.

The payment of the variable components of the remuneration may also be linked to other incentive and/or loyalty parameters, such as the completion of determined periods of service within the Company.

In exceptional cases and on a non-recurring-basis, it will be possible to also allocate – including at a later time - bonuses and one-off payments, on a discretionary basis, to delegated bodies and managers with strategic responsibilities, in relation to the attainment or the methods of attainment of specific objectives (other than those set out for the payment of variable remuneration components), which are attained through extraordinary individual contributions.

It should also be pointed out that, given the nature of the business conducted by Tod's S.p.A., any delay in the payment of a portion of the variable components (MBO/LTI) of the remuneration has not been considered to be a critical element for the purposes of a correct management of corporate risks within the context of the preparation of the Group's Remuneration Policies and Procedures; vice versa, while assigning variable

remuneration components and related targets (and, therefore, as the case may be, within the framework of a Board of Directors' resolution and/or the completion of a contractual arrangement), the Company establishes claw-back mechanisms which are consistent with the following principles:

- (i) if, within a period of three years from the payment of a variable component (MBO and/or LTI), it is found that such component was received on the basis of data that have been fraudulently altered or that are clearly incorrect, the Company is entitled to demand the return of the amounts it has paid out;
- (ii) if, within a period of three years from the payment of a variable component (MBO and/or LTI), it is found that such component was received through fraudulent conduct or gross negligence in breach of the law, regulations or corporate procedures, the Company is entitled to demand the return of the amounts it has paid out;
- (iii) for the purposes of the foregoing provisions, the assessment as to whether there exist a fraudulent conduct and/or material breaches is the responsibility of the Independent Directors Committee and of the Board of Statutory Auditors, which will meet and jointly resolve on the matter, under the chair of the eldest Independent Director;
- (iv) the Company is entitled to offset any amounts being requested for refund against such amounts as may be payable for any reason whatsoever to the beneficiary of a variable remuneration (MBO and/or LTI); in such case, any offsetting scheme shall be effective, after having assessed whether there exist a fraudulent conduct and/or material breaches pursuant to point (iii) above, as from the date of a notice given by the Company to the other party as to the exercise of its power to offset amounts; this shall apply without prejudice to any other action provided for by law for the purpose of protecting the corporate assets and interests, also in terms of the reputation and image of the Company.

**(H) Criteria adopted to assess the performance objectives**

As mentioned above, the remuneration policy adopted by the Tod's Group identifies different objectives, in accordance with the tasks and roles allocated to the individuals within the Company. The short-term variable components allocated to the delegated bodies responsible for the development and expansion of the Company business are as a rule linked to the economic, capital and financial performance of the Group, as described above. The short-term variable components allocated to the delegated bodies who carry out an administrative or controlling role and the managers with strategic responsibilities are generally linked to specific targets which take the nature of the roles and tasks assigned to them into account.

As mentioned, the objectives whose attainment is linked to the payment of medium/long-term variable components shall also be set out by taking account (i) the functions and duties actually performed within the Company, as well as (ii) the ability to contribute to the Company's and Group's development.

**(I) Consistency of the policy with the pursuit of the long term interests of Tod's and the risk management policy**

The Board of Directors has adopted a remuneration policy based on criteria which we believe are consistent with the pursuit of the short, medium and long term interests of the Company, and in line with the principles of prudent risk management, including the following: (i) the setting of predetermined, measurable objectives to which the variable remuneration components (MBO and/or LTI) are linked, (ii) objectives whose nature vary in accordance with the tasks and roles performed within the Company by those subject to variable remuneration components, (iii) as a general rule, no variable remuneration components are payable to the non-executive and independent directors, (iv) suitably balanced parameters are laid down for the determination of the short-term variable components within a range in proportion to the fixed salaries paid at Group level; (v) the

objectives are set, as regards short-term variable remuneration components, for periods of no less than twelve months (the minimum deemed appropriate and consistent with the trend of the market in which the Tod's Group operates), while, as regards medium/long-term variable remuneration components, for periods of no less than thirty months; (vi) the provision for claw-back mechanisms aimed at avoiding that an incentive variable remuneration payable to executive directors and managers with strategic responsibilities be based on altered results or on results that later proved to be clearly incorrect.

**(J)-(K) Payment plans pursuant to the terms of article 114-*bis* of the T.U.F.: vesting period, lock-up, retrospective correction mechanisms**

On the date of approval of this Report, no payment plans based on financial instruments pursuant to article 114-*bis* of the T.U.F. are in force; in this regard, it should be noted that the Board of Directors, with the support of the Remuneration Committee, has resolved to put forward a proposal to the Shareholders' Meeting to be held on 20 April 2016 as to the adoption of a medium/long-term incentive plan pursuant to article 114-*bis* of the T.U.F., which will be reserved for the CEO Stefano Sincini.

The Remuneration Policies and Procedures lay down that remuneration plans based on financial instruments are drawn up by the Board of Directors with the assistance of the Remuneration Committee and approved by the Shareholders' Meeting. For this reason, such plans are normally geared towards:

- (i) executive directors of the Company and its parent and controlled companies,
- (ii) managers with strategic responsibilities, and other employees and collaborators (not necessarily in possession of employment contracts) of the Company and its parent and controlled companies.

No remuneration in the form of shares (or other financial instruments) is due to the non-executive directors, unless otherwise resolved by the Shareholders' Meeting on the basis of just motives.

In drawing up the plans, the Board of Directors has to adopt the following criteria:

- a) a period of vesting lasting for a given number of years applies,
- b) the entitlement of the right on completion of the vesting period is normally subject to predetermined, measurable performance objectives,
- c) the plans have to be structured in such a way as to pursue the objective of creating loyalty. This may involve the adoption of such mechanisms as share retention, for example (the obligation to reinvest a quota of the premiums allocated in Company shares, etc.).

The maintenance periods and the specific criteria to be used to determine these will be laid down by the Board of Directors from time to time, with the assistance of the Remuneration Committee, and will be submitted to the Shareholders' Meeting for approval pursuant to the terms of article 114-*bis* of the T.U.F.

#### **(L) Severance payments**

The Remuneration Policies and Procedures lay down first and foremost that the payments due in the event of termination of the working relationship are subject to the terms of the relevant national collective bargaining employment contract in force, as applicable to the employment relationship in question ("*employment relationship*"). With regard to the position of director ("*corporate relationship*"), the Board may lay down specific indemnities, in the Company's interest, in the case of termination of the relationship in advance or non-renewal. If the Board of Directors should decide to adopt specific indemnities in the Company's interest (such as an indemnity in exchange for the stipulation of non-competition agreements) or to stipulate specific consultancy contracts with the administrator no longer in office, such decisions have to be taken in line with the medium

to long term strategy, values and interests of the Tod's Group and will in any case take the following guiding principles into account:

- i) the indemnity cannot be paid if the termination of the working relationship with the director is due to failure to achieve acceptable results (except in the case of non-competition agreements);
- ii) any consultancy contracts will be limited to predetermined periods of time and the aspects strictly necessary in the interests of the Company, with a view to guaranteeing continuity of action for the efficient and effective management of the Group;
- iii) other than in exceptional circumstances, the payments due to the director will not exceed the global remuneration received by this latter over a period of 24 months in the course of the working relationship;
- iv) the Company shall disclose, by means of a specific press release to the market and according to the procedures from time to time provided for by the regulations in force, any detailed information on the allocation or payment of indemnities on termination of office and/or of the relationship with an executive director or a general manager, in accordance with the principles set out in the Code of Self-Discipline of Listed Companies.

There are no specific criteria of correlation between any severance payments and the Company performance.

#### **(M) Insurance cover**

The Company takes out insurance cover and may take out social security or pension cover other than those which are compulsory in law. Such cover will in any case be in accordance with the nature of and in proportion to the objectives pursued.

On the date of approval of this report, no social security or pension cover other than that which is compulsory in law is in place. The Company has stipulated a Directors & Officers insurance policy which covers the directors, statutory auditors, general managers,

executives with strategic responsibilities and in any case the key figures at the Company and its controlled and affiliated companies in the event of third party liability due to negligence or misconduct in the performance of their duties.

**(N) Independent directors, Committee members and directors invested with specific tasks and functions.**

As already noted, under prevailing Remuneration Policies and Procedures, the emoluments of non-executive directors, including independent directors, is generally established on a fixed lump-sum basis, in light of the actual commitment required for the discharge of their duties, taking due account of, *inter alia*, their attendance at one or more Committee meetings.

The fixed, lump-sum emoluments of non-executive directors who also sit on one or more of the Committees set up within the Board of Directors, includes pre-established attendance fees payable subject to attendance at Committee meetings.

Where warranted in the Company's interest, an insignificant portion of the emoluments of non-executive directors may also comprise a variable component, linked to the Company's economic performance, but only subject to a decision, duly supported by a statement of grounds, adopted by the Board of Directors at the behest of the Remuneration Committee.

The emoluments of directors invested with specific task and functions (Chairman, Vice-Chairperson(s), etc.) are established by the Board of Directors at the motion of the Remuneration Committee, and upon hearing the opinion of the Board of Statutory Auditors, in accordance with article 2389, paragraph 3, of the Italian Civil Code, and generally comprise a fixed, lump-sum amount, save in the case of directors who are also invested with delegated Board powers and/or functions, on an individual basis.

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The proposed resolution to be submitted to the Shareholders' Meeting in accordance with the legislation in force, which has already been placed in the public domain along with the report on the items on the agenda, drawn up pursuant to the terms of article 125-*ter* of the T.U.F., is as follows:

“The Shareholders' Meeting:

- having examined articles 123-*ter* of legislative decree 58 of 24 February 1998 and 84-*quater* of Consob resolution no. 11971/99;
- having taken note of the remuneration report drawn up by the Board of Directors;
- having acknowledged that, pursuant to the terms of article 123-*ter*, paragraph 6, of legislative decree 58 of 24 February 1998, this resolution will not be binding on the Board of Directors, hereby

### **RESOLVES**

to approve section one of the remuneration report drawn up by the Board of Directors pursuant to the terms of article 123-*ter* of legislative decree 58 of 24 February 1998, with particular reference to the remuneration policy of Tod's S.p.A.”.

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### **SECTION II**

This section, namely for the members of the administrative and control bodies and the general manager:

- a) presents a true and fair view of each of the items comprising the aforesaid emoluments, with specific emphasis on compliance with the Remuneration Policies and Procedures described in the first section of this Report;
- b) provides a breakdown of the emoluments paid by the Company and its subsidiaries and associated undertakings, to the abovementioned directors, officers and executives in 2015, for any reason or cause, and in any manner or form whatsoever.

No other executives with strategic responsibilities work for the Company who received, during the financial year in question, aggregate fees exceeding the higher remuneration paid to directors.

Therefore, any disclosure of information will be in aggregate form for executives with strategic responsibilities.

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## **PART ONE**

The details of the payments made to the members of the administrative and control bodies, the general manager and the other managers with strategic responsibilities in the 2015 financial year are set out in the tables below.

The remuneration payable to the members of the Board of Directors and Executive Committee is determined by the Shareholders' Meeting in accordance with the terms of article 2364 of the civil code, in addition to which they are entitled to payments for taking part in each board meeting, the amount of which is also determined by the Shareholders' Meeting at the time when the appointments are made.

The additional components of remuneration payable to board members consist of: (i) payments for special mandates under the terms of article 2389, paragraph 3, of the civil

code (Diego Della Valle, Andrea Della Valle, , Emilio Macellari and Stefano Sincini); (ii) payments for mandates within Group companies (Stefano Sincini); (iii) payments for professional services (Maurizio Boscarato, Emilio Macellari and Michele Scannavini), and (iv) payments for membership of the Control Body (Luigi Cambri); (v) remuneration for the members of the Committees set up within the Board of Directors.

In line with the Company's Remuneration Policies and Procedures, the fees due to delegated bodies (Diego Della Valle, Andrea Della Valle, Emilio Macellari and Stefano Sincini), as well as to managers with strategic responsibilities, are made up of fixed amounts and variable cash components payable subject to the attainment of pre-established performance targets set by the Board of Directors, acting in consultation with the Remuneration Committee, in respect of Board members invested with delegated powers, and by the latter, with regard to managers with strategic responsibilities.

It must be pointed out that the variable components assigned for the 2015 financial year have not yet been earned and, therefore, they will not be paid.

The emoluments of the non-delegated bodies and non-executive directors, are established on a fixed, lump-sum basis.

The members of the Board of Statutory Auditors also receive a fee determined by the Shareholders' Meeting at the time when the appointments are made (a member of the Board of Statutory Auditors is also a member of the Control Body). Pursuant to Remuneration Policies and Procedures, members of the Board of Statutory Auditors do not receive any form of variable remuneration.

Please also note that:

- no payment plans based on financial instruments pursuant to the terms of article 114-*bis* of the T.U.F. are currently in force; in this regard, it should be pointed out that the Shareholders' Meeting to be held on 20 April 2016 will be called upon to approve a

medium/long-term incentive plan pursuant to article 114-*bis* of the T.U.F., which will be reserved for the CEO Stefano Sincini;- there are currently no specific agreements in force on severance payments, the maintenance or allocation of non-pecuniary benefits in the event of termination of the working relationship, payments for non-competition agreements, or agreements for the stipulation of consultancy contracts for the period subsequent to the termination of the working relationship.

## **PART TWO**

**PAYMENTS MADE TO THE MEMBERS OF THE ADMINISTRATIVE AND CONTROL BODIES, GENERAL MANAGERS AND  
OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES**

A	B	C	D	1	2	3	4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation (note 1)	Compensation for committee participation	Variable non equity compensation	Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
DIEGO DELLA VALLE	Chairman & CEO	2015-2017	31.12.17								
(1) Compensation in the company preparing the financial statement		1,832,100	8,700						1,840,800		
(2) Compensation from subsidiaries and associates											
(3) Total		1,832,100	8,700						1,840,800		

**Note (1) - Details of fixed compensation**

Compensation for the office	30,000
Compensation for specific offices pursuant to art. 2389, par. 3 Italian C.C.	1,800,000
Attendance tokens	2,100
Total	1,832,100

A	B	C	D	1	2	3	4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation (note 1)	Compensation for committee participation	Variable non equity compensation	Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
ANDREA DELLA VALLE	Vice-chairman & CEO	2015-2017	31.12.17								
(1) Compensation in the company preparing the financial statement		1,232,100	9,000						1,241,100		
(2) Compensation from subsidiaries and associates											
(3) Total		1,232,100	9,000						1,241,100		

**Note (1) - Details of fixed compensation**

Compensation for the office	30,000
Compensation for specific offices pursuant to art. 2389, par. 3 Italian C.C.	1,200,000
Attendance tokens	2,100
Total	1,232,100

A	B	C	D	1	2	3	4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation	Compensation for committee participation	Variable non equity compensation	Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
LUIGI ABETE	Director	2015-2017	31.12.17								
(1) Compensation in the company preparing the financial statement		31,800	10,980.82						42,780.82		
(2) Compensation from subsidiaries and associates											
(3) Total		31,800	10,980.82						42,780.82		

A	B	C	D	1	2	3	4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation	Compensation for committee participation	Variable non equity compensation	Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
MAURIZIO BOSCARATO	Director	2015-2017	31.12.17								
(1) Compensation in the company preparing the financial statement				32,700	9,300				220,000	262,000	
(2) Compensation from subsidiaries and associates											
(3) Total				32,700	9,300				220,000	262,000	

(\*)Professional consultancy

A	B	C	D	1	2	3	4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation	Compensation for committee participation	Variable non equity compensation	Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
LUIGI CAMBRI	Director	2015-2017	31.12.17								
(1) Compensation in the company preparing the financial statement				32,700	14,161.64				9,000	55,861.64	
(2) Compensation from subsidiaries and associates											
(3) Total				32,700	14,161.64				9,000	55,861.64	

(\*)President of Supervisory body

A	B	C	D	1	2	3	4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation	Compensation for committee participation	Variable non equity compensation	Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
LUCA C. DI MONTEZEMOLO	Director	2015-2017	22.01.2016								
(1) Compensation in the company preparing the financial statement				31,500						31,500	
(2) Compensation from subsidiaries and associates											
(3) Total				31,500						31,500	

A	B	C	D	1	2	3	4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation	Compensation for committee participation	Variable non equity compensation	Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
EMANUELE DELLA VALLE	Director	2015-2017	31.12.17								
(1) Compensation in the company preparing the financial statement				31,200						31,200	
(2) Compensation from subsidiaries and associates											
(3) Total				31,200						31,200	

Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation (note 1)	Compensation for committee participation	Variable non equity compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
FABRIZIO DELLA VALLE	Director	2012-2014	31.12.14								72,226.03	
(1) Compensation in the company preparing the financial statement				69,945.21	2,280.82						72,226.03	
(2) Compensation from subsidiaries and associates												
(3) Total				69,945.21	2,280.82						72,226.03	

**Note (1) - Details of fixed compensation**

Compensation for the office	9,123.29
Compensation for specific offices pursuant to art. 2389, par. 3 Italian C.C.	60,821.92
Total	69,945.21

A	B	C	D	1	2	3		4	5	6	7	8
						Fixed compensation (note 1)	Compensation for committee participation					
Name and surname	Office	Period for which office was held	Office expiry									
EMILIO MACELLARI	Director	2015-2017	31.12.17									
(1) Compensation in the company preparing the financial statement				232,700	9,000					480,000	721,700	
(2) Compensation from subsidiaries and associates												
(3) Total				232,700	9,000					480,000	721,700	

(\*)Professional consultancy

**Note (1) - Details of fixed compensation**

Compensation for the office	30,000
Compensation for specific offices pursuant to art. 2389, par. 3 Italian C.C.	200,000
Attendance tokens	2,700
Total	232,700

A	B	C	D	1	2	3		4	5	6	7	8
						Fixed compensation (note 1)	Compensation for committee participation					
Name and surname	Office	Period for which office was held	Office expiry									
PIERFRANCESCO SAVIOTTI	Director	2015-2017	31.12.17									
(1) Compensation in the company preparing the financial statement				30,900	14,461.64					45,361.64		
(2) Compensation from subsidiaries and associates												
(3) Total				30,900	14,461.64					45,361.64		

Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation (note 1)	Compensation for committee participation	Variable non equity compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
STEFANO SINCINI	Director & CEO	2015-2017	31.12.17									
(1) Compensation in the company preparing the financial statement				1,142,556.80	9,000			3,924.96		1,155,481.76		
(2) Compensation from subsidiaries and associates				111,000						111,000		
(3) Total				1,253,556.80	9,000			3,924.96		1,266,481.76		

**Note (1) - Details of fixed compensation**

Compensation for the office	30,000
Compensation for specific offices pursuant to art. 2389, par. 3 Italian C.C.	445,446.57
Attendance tokens	2,700
One-off non-recurring compensation for the position as CEO	200,000
Retribution from employment	464,410.23
Total	1,142,556.80

A	B	C	D	1	2	3		4	5	6	7	8	
						Fixed compensation	Compensation for committee participation						
Name and surname	Office	Period for which office was held	Office expiry										
VINCENZO MANES	Director	2015-2017	31.12.17										
(1) Compensation in the company preparing the financial statement				22,676.71	14,038.36					36,715.07			
(2) Compensation from subsidiaries and associates													
(3) Total				22,676.71	14,038.36					36,715.07			

A	B	C	D	1	2	3		4	5	6	7	8	
						Fixed compensation	Compensation for committee participation						
Name and surname	Office	Period for which office was held	Office expiry										
MICHELE SCANNAVINI	Director	2015-2017	31.12.17										
(1) Compensation in the company preparing the financial statement				22,676.71					32,500	55,176.71			
(2) Compensation from subsidiaries and associates													
(3) Total				22,676.71					32,500	55,176.71			

A Name and surname	B Office	C Period for which office was held	D Office expiry	1 Fixed compensatio n	2 Compensation for committee participation	3 Variable non equity compensation		4 Non- monetary benefits	5 Other remuneration	6 Total	7 Fair value of equity compensa- tion	8 Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profitsharing					
CINZIA OGLIO	Director	2015-2017	31.12.17									
(1) Compensation in the company preparing the financial statement				170,276.76		31,200		3,292.08		204,768.84		
(2) Compensation from subsidiaries and associates												
(3) Total				170,276.76		31,200		3,292.08		204,768.84		

**Note (1) - Details of fixed compensation**

Compensation for the office	20,876.71
Attendance tokens	1,800
Retribution from employment	147,600.05
Total	170,276.76

A Name and surname	B Office	C Period for which office was held	D Office expiry	1 Fixed compensatio n	2 Compensation for committee participation	3 Variable non equity compensation		4 Non- monetary benefits	5 Other remuneration	6 Total	7 Fair value of equity compensa- tion	8 Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profitsharing					
ROMINA GUGLIELMETTI	Director	2015-2017	31.12.17									
(1) Compensation in the company preparing the financial statement				22,676.17	14,338.36					37,015.07		
(2) Compensation from subsidiaries and associates												
(3) Total				22,676.17	14,338.36					37,015.07		

A Name and surname	B Office	C Period for which office was held	D Office expiry	1 Fixed compensatio n	2 Compensation for committee participation	3 Variable non equity compensation		4 Non- monetary benefits	5 Other remuneration	6 Total	7 Fair value of equity compensa- tion	8 Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profitsharing					
SVEVA DALMASSO	Director	2015-2017	31.12.17									
(1) Compensation in the company preparing the financial statement				22,676.71	6,119.18					28,795.89		
(2) Compensation from subsidiaries and associates												
(3) Total				22,676.71	6,119.18					28,795.89		

A	B	C	D	1	2	3	4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation	Compensation for committee participation	Variable non equity compensation	Non-monetary benefits	Other remuneration (*)	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
GIULIA PUSTERLA	Chairman of the Board of statutory auditors	2013-2015	31.12.15							90,000.00	
(1) Compensation in the company preparing the financial statement											
				90,000.00						90,000.00	
(2) Compensation from subsidiaries and associates											
(3) Total											
				90,000.00						90,000.00	

A	B	C	D	1	2	3	4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation	Compensation for committee participation	Variable non equity compensation	Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
ENRICO COLOMBO	Statutory auditor	2013-2015	31.12.15								
(1) Compensation in the company preparing the financial statement											
				60,000.00				9,000	69,000.00		
(2) Compensation from subsidiaries and associates											
				27,000.00					27,000.00		
(3) Total											
				87,000.00				9,000	96,000.00		

(\*) Member of Supervisory body

A	B	C	D	1	2	3	4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation	Compensation for committee participation	Variable non equity compensation	Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
FABRIZIO REDAELLI	Statutory auditor	2013-2015	31.12.15								
(1) Compensation in the company preparing the financial statement											
				60,000.00					60,000.00		
(2) Compensation from subsidiaries and associates											
(3) Total											
				60,000.00					60,000.00		

A	B	C	D	1	2	3	4	5	6	7	8
Name and surname (include General manager)	Office	Period for which office was held	Office expiry	Fixed compensation	Compensation for committee participation	Variable non equity compensation	Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
Executives with strategic responsibilities	-	-	-								
(1) Compensation in the company preparing the financial statement											
				825,771	9,000	42,252		7,046,64	884,069,65		
(2) Compensation from subsidiaries and associates											
				117,000					117,000,00		
(3) Total											
				942,771	9,000	42,252		7,046,64	1,001,069,65		

**SHARES HELD BY THE MEMBERS OF THE ADMINISTRATIVE AND CONTROL BODIES AND BY  
EXECUTIVES WITH STRATEGIC RESPONSIBILITIES**

<b>Name and surname</b>	<b>Office</b>	<b>Company</b>	<b>No of shares</b>		<b>No of shares</b>	
			<b>Held</b>	<b>as at 31.12.14</b>	<b>No of shares purchased</b>	<b>No of shares sold</b>
Diego Della Valle	Chairman and CEO	Tod's S.p.A.	17,591,509			17,591,509
Andrea Della Valle	Vice-Chairman and CEO	Tod's S.p.A.	268,716			268,716
Luigi Abete	Director	Tod's S.p.A.	-			-
Maurizio Boscarato	Director	Tod's S.p.A.	-			-
Luigi Cambri	Director	Tod's S.p.A.	480			480
Luca Cordero di Montezemolo (*)	Director	Tod's S.p.A.	233,200			233,200
Sveva Dalmasso	Director	Tod's S.p.A.				580
Emanuele Della Valle	Director	Tod's S.p.A.	5,000			5,000
Romina Guglielmetti	Director	Tod's S.p.A.				
Emilio Macellari	Director	Tod's S.p.A.	5,000			5,000
Vincenzo Manes	Director	Tod's S.p.A.	-			-
Cinzia Ogglio	Director	Tod's S.p.A.	-			-
Pierfrancesco Saviotti	Director	Tod's S.p.A.	3,200			3,200
Michele Scannavini	Director	Tod's S.p.A.				
Stefano Sincini	Director and CEO	Tod's S.p.A.	-			-
Fabrizio Della Valle (**)	Director	Tod's S.p.A.	-			-
Giulia Pusterla	Chairman of the Board of Statutory Auditors	Tod's S.p.A.	-			-
Enrico Colombo	Statutory auditor	Tod's S.p.A.	-			-
Fabrizio Redaelli	Statutory auditor	Tod's S.p.A.	750			750
<hr/>						
Executives with strategic responsibilities		Tod's S.p.A.		-		-

(\*) He ceased to hold office with effect from 22 January 2016.

(\*\*) He ceased to hold office with the approval of the financial statements at 31 December 2014.

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Milan, 14 March 2016

Diego Della Valle

Chairman

For the Board of Directors