

**(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>, 2017, we carried out the supervisory activity provided by law, in accordance with the 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 members of 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 20<sup>th</sup>, 2016, for the three-year period from 2016 to 2018.

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.

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;
- since the conditions have not been met, no mention has been made of atypical and/or unusual transactions;
- 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, as well as the Board of Directors and the 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;

- 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 as at 31<sup>st</sup> December 2017, drafted in accordance with articles 14 and 16 of Legislative Decree no. 39 of January 27<sup>th</sup> 2010<sup>1</sup> and with article 10 of UE Regulation 537/2014, in which they expressed an opinion with no remarks on the financial statements, thereby certifying that the same are

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<sup>1</sup> The provisions of Legislative Decree 39/2010 have been amended by EU Regulation no. 537/2014 of 16 April 2014 concerning the statutory audit of Public Interest Entities and of the Directive no. 2014/56 of 16 April 2014, implemented in our national legislation through Legislative Decree 135/2016.

in accordance with the rules governing financial statements. The reports also include the conformity and consistency assessment required by art. 14, paragraph 2, letter e) of the same Legislative Decree and a section on the key aspects of the audit (Key Audit Matters) introduced by the new international auditing standards (*ISA Italia*) as amended in 2017;

- 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 2017 - 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 181 thousand, which is consistent with the provisions of article 17 of Legislative Decree no. 39/2010. The assessment carried out by the Board of Statutory 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 applicable Corporate Governance Code;
- 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 extraordinary Shareholders' Meeting held on April 21<sup>st</sup>, 2017;
- during the course of the financial year the Board of Statutory Auditors' members attended 6 meetings of the Board of Directors, 4 meetings of the Executive Committee, its Chairman or another Auditor attended 6 meetings of the Risks and Control Committee and 1 meeting of the Compensation Committee, its Chairman attended even 2 meetings of the Committee of Independent Directors;
- 8 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, with the Executive in charge of preparing Company's accounting documents and with the other statutory auditors of the Company's subsidiaries;
- to the extent of our powers and purview, we ascertained and monitored, pursuant to article 19 of Legislative Decree no. 39/2010 and to article 11 of UE Regulation, 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 and finally adapted by resolution of October 24<sup>th</sup> 2016. At the meeting of November 6<sup>th</sup> 2017, 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., Tod's (Shanghai) Trading Co. Ltd. And Tod's Korea Inc., Roger Vivier S.p.A. and Roger Vivier France Sas;
- 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;
- conformity with the provisions of law concerning the drafting of the non-financial statement of the Tod's Group, drawn up pursuant to articles 3 and 4 of Legislative Decree 30 December 2016, n. 254 and in compliance with the GRI Sustainability Reporting Standards and the "Guidelines on the communication of non-financial information" issued by the European Commission on June 26, 2017 was duly monitored. The non-financial statement, included in the annual report, has been approved by the Company's Board of Directors on March 13, 2018 and, pursuant to Legislative Decree 254/2016, submitted to a judgment of conformity by the auditing firm PriceWaterhouseCoopers SpA and also published on the Company's corporate website;

The auditing company PriceWaterhouseCoopers S.p.A. has been entrusted by Tod's with the task provided for by article 3 paragraph 10 of Legislative Decree 254/2016 and by article 5 of the Consob Regulation implementing the Decree (adopted with Resolution No. 20267 of 18 January 2018). PriceWaterhouseCoopers has issued a report on the conformity assessment (limited assurance engagement) pursuant to articles 3 and 4 of Legislative Decree 254/2016 on the basis of an auditing activity carried out in accordance with the ISAE3000 "International Standard on Assurance Engagements 3000 - Revised". The Board of Statutory Auditors has no remarks to make regarding the non-financial statement of Tod's Group;

We acknowledge that the Corporate Governance and Ownership Structure Report for FY 2017, pursuant to art. 123-bis, paragraph 2, letter d-bis) of the TUF, provides the required information about diversity policies applied by Tod's in relation to the composition of the administrative body and the board of statutory auditors on issues such as age, gender composition, training and professional background, as well as a description of the objectives, implementing measures and results of such policies;

- 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>, 2017 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 29<sup>th</sup>, 2018

For the Board of Statutory Auditors

Dr.ssa Giulia Pusterla – Chairman