

(COURTESY TRANSLATION FOR THE CONVENIENCE OF INTERNATIONAL READERS  
FOR THE OFFICIAL DOCUMENTS PLEASE REFER TO THE ITALIAN VERSION)

## 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

### REPORT ON REMUNERATION POLICY AND FEES PAID 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, as well as of article 84-*quater* and Annex 3A, Schedule 7-*bis* 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 Report on remuneration policy and fees paid 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, other Managers with strategic responsibilities and – without prejudice to the provisions of article 2402 of the Italian Civil Code – of the members of the control body for the financial years from 2020 to 2022, as well as of 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

2019, and describes the payments made in the 2019 financial year to the members of the board of directors and the control board, the General Manager and other Managers with strategic responsibilities.

Pursuant to the terms of article 123-*ter*, paragraphs 3-*bis* and 6, of the T.U.F., the next Shareholders' Meeting due to be held to approve the financial statements for the 2019 financial year will be called upon to vote in favour of or against:

- (i) the Remuneration policy described in the first section of the Report in accordance with the terms of article 123-*ter*, paragraph 3, of the T.U.F. The resolution shall be binding in accordance with article 123-*ter*, paragraph 3-*ter*, of the T.U.F.;
- (ii) as regards the second section of the Report in accordance with the terms of article 123-*ter*, paragraph 4, of the T.U.F., the resolution shall not be binding in accordance with article 123-*ter*, paragraph 6, of the T.U.F..

Please note that this Report on remuneration policy and fees paid in 2019 was examined and approved by the Board of Directors on 12 March 2020, 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](http://www.1info.it).

§      §      §

## SECTION I

This section describes the “Remuneration Policy 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 12 March 2020 (also referred to below as the “**Remuneration Policy**”), with a view to laying down the guidelines to be followed by all the company bodies to determine the remuneration due to

the Directors (the executive Directors in particular), the General Manager, other Managers with strategic responsibilities and – without prejudice to the provisions of article 2402 of the Italian Civil Code – to the Statutory Auditors within the Company.

The Remuneration Policy adopted by the Company, and all changes to it in general, is designed by the Board of Directors, with the assistance of the Remuneration Committee, and is submitted for approval by the Ordinary Shareholders' Meeting of the Company.

In accordance with article 123-*ter*, paragraph 3-*ter*, of the T.U.F., the Remuneration Policy approved by the Shareholders' Meeting is binding – and, except as provided for below – is to be observed by the Company's competent corporate bodies. Exceptions to the Remuneration Policy may be made in special circumstances, in compliance with the conditions laid down in paragraph O.

The Remuneration Policy has a maximum term of three financial periods, as resolved by the Shareholders' Meeting that approved it; it ceases to be effective in any case on the date on which a new Remuneration Policy is approved by the Shareholders' Meeting after having been submitted by the Board of Directors. In any case, this provision shall apply without prejudice to the Board of Directors' right to submit a new Remuneration Policy, and/or any amendments it considers desirable, to the Shareholders' Meeting even before the expiry of the validity of the current Remuneration Policy already approved by the Shareholders' Meeting.

The Remuneration Policy described in this section has a term of three financial years (2020-2022) and shall be submitted for approval by the next Shareholders' Meeting. We should point out that we did not take the retribution policies of other companies as a reference in laying down the Remuneration Policy.

## **(A) Bodies involved in the drafting and approval of the Remuneration Policy**

On the basis of the procedure approved by Tod's S.p.A., the bodies involved in the adoption and implementation of the Remuneration Policy 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-regulation of listed companies, July 2018 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 Italian 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. In accordance with article 2402 of the Italian Civil Code, the annual fees due to standing Auditors are set by the Shareholders' Meeting when the Board of Statutory Auditors is appointed and applies for the Board's entire term of office. The Board of Directors refrains from making specific proposals in the matter and suggests that Shareholders present proposals, within the lists submitted for the appointment of the Board of Directors and the Board of Statutory Auditors, regarding basic annual fees to be paid to Directors and to the members of the Executive Committee, as well as annual fees to be paid to standing Auditors;
- b) approves the Remuneration Policy (defined by the Board of Directors on the proposal of the Remuneration Committee) for the members of the governing and control bodies, General Managers and other Managers with strategic responsibilities, which is described in the first section of the Report on remuneration policy and fees paid prepared by the Board

of Directors, pursuant to the terms of article 123-*ter*, paragraph 3-*bis*, of the T.U.F. The resolution is binding in accordance with article 123-*ter*, paragraph 3-*ter*, of the T.U.F. 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 and votes either for or against the second section of the Report on remuneration policy and fees paid prepared by the Board of Directors, in accordance with article 123-*ter*, paragraph 6, of the T.U.F.; the resolution is not binding and the results of voting must be made known to the market in accordance with article 125-*quater*, paragraph 2, of the T.U.F;
- 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) on the proposal of the Remuneration Committee, lays down the remuneration policy for Directors – and in particular for Executive Directors and other Directors performing particular duties –, the General Manager, other Managers with strategic responsibilities and – without prejudice to the provisions of article 2402 of the Italian Civil Code – the Statutory Auditors and submits it for approval by the Shareholders' Meeting;
- b) 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, as well as – again upon the proposal of said Committee – the remuneration due to the General Manager, in compliance with the remuneration policy approved by the Shareholders' Meeting (and, where applicable, with the conditions for the related exceptions);

- c) approves the Report on remuneration policy and fees paid 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 Italian 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 to the Board of Directors regarding the adoption of the Remuneration Policy for Directors, the General Manager, other Managers with strategic responsibilities and, without prejudice to the provisions of article 2402 of the Italian Civil Code, and Statutory Auditors;
- b) presents its proposals for the remuneration of the Executive Directors and those with special mandates to the Board, as well as of the General Manager. 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 components of their remuneration are calculated, in compliance with the Remuneration Policy approved by the Shareholders' Meeting (unless the conditions for the related exceptions are met);
- 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, as well as the General Manager:

- 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 Company's Remuneration Policy approved by the Shareholders' Meeting.

On the matter of remuneration, the **Board of Statutory 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 Italian 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 approved by the Shareholders' Meeting;
- b) the Chairman of the Board of Statutory 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-regulation for

Listed 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 19 April 2018, following checks on their non-executive and independent positions in accordance with the legislation and the Code of Self-regulation for Listed Companies, the Board resolved to appoint the Remuneration Committee for the three year period 2018-20, and until the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2020, made up of the non-executive, independent directors Vincenzo Manes (Chairman), Luigi Abete 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 2019, the Remuneration Committee discharged its consultative and recommendatory functions by, *inter alia*: (i) evaluating whether or not the Director with delegated powers for finance and administration, the Chief executive Officer and the General Manager had, in actual fact, met their performance targets for the financial year 2018; (ii) assessing the adequacy, overall consistency and actual application of the Remuneration Policy in the 2018 financial year; (iii) putting forward the proposal to the Board of Directors as to setting out and establishing the additional variable remuneration under article 2389, paragraph 3, of the Italian Civil Code, payable to the Chairman and the Vice-Chairman, as well as to setting out and establishing the performance targets that are to be linked to incentive components of remuneration, for the 2019 financial year, for the Chairman, the Vice-Chairman, the Director vested with delegated powers for finance and administration, as well as for the Chief Executive Officer and General Manager; (iv)

presenting its proposal to the Board for the payment of a special bonus to the Director vested with delegated powers for finance and administration in relation to the successful completion of the transaction concerning the sale of the Omotesando property in Tokyo.

Finally, the Remuneration Committee, among others: *(v)* assessed whether or not the Managing Directors and the General Manager had, in actual fact, met their assigned performance targets for 2019, *(vi)* as well as established whether the Remuneration Policy adopted by the Company had been adequate, overall consistent and applied actually during the financial year 2019, as well as put forward to the Board of Directors *(vii)* the proposal to update the Remuneration Policy, in order to also apply the regulatory amendments brought in by Legislative Decree 49/2019 adopting Directive (EU) 2017/828 (SRD2, as regards the encouragement of long-term Shareholder engagement), and *(viii)* setting out and establishing the performance targets for the 2020 financial year for the Director vested with delegated powers for finance and administration and the General Manager. A full description of the Committee's internal procedures is provided in the relevant section of the 2019 Report on Corporate Governance and the Company's Ownership Structure, filed, together with the 2019 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](http://www.1info.it).

#### **(C) Independent consultants**

No contributions from outside independent consultants were sought in the drafting of the Remuneration Policy.

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

The Remuneration Policy described in this section of the Report was adopted by the Board of Directors – on the proposal of the Remuneration Committee - at the board meeting held on 12 March 2020 in order to apply the regulatory amendments brought in by Legislative Decree 49/2019 adopting SRD2 Directive, while taking due consideration of the Corporate Governance Committee's recommendations and guidance reflected in the principles of Self-regulation.

The Remuneration Policy is aimed at:

- (i) laying down the methods for the determination of the payments due to the Directors – and the Executive Directors in particular –, Managers with strategic responsibilities and the Statutory Auditors of the Issuer, in accordance with the regulations which apply and national and international best practices, as reflected in the Code of Self-regulation of Listed Companies;
- (ii) identifying the parties and/or bodies involved in the adoption and implementation of the Remuneration Policy, which – within the sphere of their responsibilities - propose, resolve on and/or determine the payments due to the Directors, Managers with strategic responsibilities and Statutory Auditors, 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 Policy;
- (iv) delegating responsibility to the various bodies involved in defining the payments due to the Directors, Managers with strategic responsibilities and Statutory Auditors;
- (v) contributing to the corporate strategy, the pursuit of long-term interests and the sustainability of the business activities carried out by the Company and the Tod's Group.

The Remuneration Policy intends to guarantee remuneration capable of attracting, retaining and motivating persons with specific professional expertise and skills, thus ensuring the successful and competitive management of the Company in the long-term.

By formalising the Remuneration Policy, 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 actually contribute to the pursuit of the Company's objectives and values, its medium to long-term strategies and sustainability of its business, in accordance with prudent risk management policies.

The Remuneration Policy must ensure that the interests of the Directors, Managers with strategic responsibilities and Statutory Auditors are in line with the achievement of the priority objective of creating value for the shareholders in the medium to long term, while taking account of the interests of other stakeholders relevant to the Company's business, and – at the same time – the adoption of appropriate incentives for Executive Directors, the General Manager and other Managers with strategic responsibilities, either 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.

The Remuneration Policy recommends that objectives be set in such a way that they cannot be attained by means of short-term management decisions that, potentially, could undermine the sustainability of the Company's business activities and/or its capacity to generate profit in the long term.

The main amendments aimed at updating the Remuneration Policy with respect to the previous financial year are: (i) the various responsibilities of the bodies involved in the approval of the Policy, in order to reflect the developments provided for in the new

paragraphs 3-*bis* and 3-*ter* of article 123-*ter* of the T.U.F.; (ii) the disclosure of general information regarding the standing auditors' fees in the Remuneration Policy in accordance with the provisions of article 123-*ter*, paragraph 3.a of the T.U.F. (in any case without prejudice to the provisions of article 2402 of the Italian Civil Code, according to which Statutory Auditors' fees are set for their entire term of office); (iii) a provision that the Remuneration Policy has a term of three years, according to the time limit set out in article 123-*ter*, paragraph 3-*bis*, of the T.U.F., although the governing body may also submit amendments to the Policy, and/or a new remuneration policy, to the Shareholders' Meeting before the current Policy expires; (iv) a specification of the manner in which the Remuneration Policy contributes to the Company's strategy, the pursuit of long-term interests and the sustainability of the business activities carried out by the Company and the Tod's Group; (v) a general provision to the effect that the remuneration of Delegated Bodies and of managers with strategic responsibilities must allow for medium- to long-term incentive components in addition to short-term incentive components and that the benchmarks for the calculation of LTI components should be defined as accurately as possible; (vi) the inclusion of non-financial targets to be established in tune with the Company's sustainability policy and plan among the objectives linked to the calculation of the components of the incentive pay that is to be awarded; (vii) a precise analysis, as required by article 123-*ter*, paragraph 3-*bis*, of the T.U.F., concerning the provisions in the Remuneration Policy to which exceptions may be made, the special circumstances in which such exceptions can be made and the procedural conditions for implementing the exceptions; and (viii) specific limits to the discretionary bonuses and one-off payments that can be made, including any made *ex post*, to Delegated Bodies and Managers with strategic responsibilities.

#### **(E) Remuneration Policy: fixed and variable components**

The Remuneration Policy adopted by the Board of Directors – on the proposal of the Remuneration Committee – at the board meeting held on 12 March 2020 lays down the following provisions in terms of the fixed and variable remuneration components.

In accordance with article 2389, paragraph 1, of the Italian Civil Code and article 23 of the Company's Articles of Association, members of the Board of Directors and the Executive Committee are entitled to the refund of their expenses and annual fixed basic fees as set by the Shareholders' Meeting for the term of their office; in accordance with article 2389, paragraph 3, of the Italian Civil Code, Directors filling particular positions are also entitled to an additional annual fixed amount of fees, which is set taking into account the duties and responsibilities they are assigned, the authority vested in them and, if applicable, their membership of one or more Board of Directors committees.

The Directors' fixed remuneration consists of a predetermined "absolute" sum and an attendance fee for the Board and committee meetings that they take part in.

The amounts of these fees are set at a level that is sufficient to attract, retain and motivate persons gifted with the professional qualities necessary to manage the Company successfully.

As a general rule, the remuneration of the Executive Directors and Managers with strategic responsibilities has also an incentive nature and therefore consists of: (i) a fixed component; (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 cash incentives) or a share in the financial year profits; (iii) a 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 and the remuneration system's consistency with the pursuit of corporate objectives and strategies, long-term interests and the sustainability of the business activities carried out by the Company and the Tod's Group, the Board of Directors has to take the following aspects of the Remuneration Policy 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 Remuneration Policy of Tod's S.p.A. lays down that the annual variable component (MBO) and a medium/long-term variable remuneration incentive component (LTI) are due to the members of the Delegated Bodies and to the General Manager, 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 expertise, professionalism and the nature of the commitment effectively required of them, taking their membership of one or more Committees into account.

If a proposal to that effect by the Remuneration Committee is approved by the Board of Directors by a reasoned decision, a minor component of the payments due to the

non-Executive Directors may also be of a variable nature, linked to the results achieved by the Company, including results of operations, in the interests of 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 Policy, 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 (MBO and/or LTI), given that the position of significant shareholder is in itself an incentive to perform (solely for the purposes of the Remuneration Policy, 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 Statutory Auditors' fixed fees must in all cases be adequate to the competence, professionalism and commitment required by the weight of the role they play, by the Company's size and by its importance in its sector.

The current Remuneration Policy distinguishes between variable short- and medium-to long term objectives; the former are linked to general objectives that are predetermined and measurable and that lead to the creation of value for Shareholders over a time horizon that is normally not shorter than twelve months; the latter are linked to general objectives that are predetermined and measurable and that lead to the creation of value for Shareholders over a medium- to long-term period, which is normally not shorter than thirty-six months (LTI).

The Remuneration Policy provides that the short-term variable remuneration component has to be determined within the following ranges:

- for the Delegated Bodies and the General Manager, the target 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, so that the variable component is consistent with the nature of the powers granted and the duties assigned;
- for other Managers with strategic responsibilities, the target 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 by the beneficiary for the offices held within the Group (the Group "*corporate relationship*", excluding cases in which there is an obligation to return to Tod's S.p.A. fees paid by subsidiaries) and, where applicable, the total gross fixed remuneration payable for the (self- and/or subordinate) employment relationship within the Group (the so called "*employment relationship*" either within the Company and the Group).

The fees for attendance at the Board and Board Committee meetings, where applicable (to be calculated following the criterion of a reasonable estimate of the number of meetings expected during the reporting period) and any lump sum expense refunds also form part of the fixed component.

In any case, the Remuneration Policy specifies that the fixed component must 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.

In order to contribute to the corporate strategy, the pursuit of long-term interests and the sustainability of the business over the medium- to long-term period, the Remuneration Policy also generally provides for the award of medium/long-term variable remuneration components (LTI) to Delegated bodies, the General Manager and other Managers with strategic responsibilities, to be set out 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 medium/long-term development; (iii) the amount of total fees received; and (iv) loyalty and retention requirements.

Generally, the medium- to long-term variable remuneration component (LTI) will be determined within the following ranges:

- as regards Delegated Bodies, the target LTI variable component must be not lower than 50% and not higher than 300% of the fixed component;
- as regards other Managers with strategic responsibilities, the target LTI variable component must be not lower than 50% and not higher than 150% of the fixed component.

Tod's S.p.A.'s competent bodies may decide on a link between the variation in results and the payment of variable remuneration components (MBO/LTI) on the basis of a predetermined scale with both entry thresholds (under which the MBO/LTI target bonus will not be paid) and over-performance pay mechanisms (generally up to 150% of the

target MBO/LTI bonus); there may also be limits to the payment of incentive bonuses and/or clauses safeguarding the Company.

Tod's S.p.A.'s competent bodies may also subject the accrual of the right to incentive remuneration components (both MBO and LTI) to the maintenance of the relevant relationship with the Company until whatever date is pre-arranged from time to time for the payment of the incentive bonuses.

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-cash benefits**

The Remuneration Policy lays down that the Directors and Managers with strategic responsibilities may be entitled to non-cash 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 Policy, the short-term variable components allocated to the Delegated Bodies, the General Manager and other 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 (i) twelve months for short-term incentive components (MBO) and (ii) thirty-six months for medium- to long-term incentive components (LTI).

The objectives to which the payment of incentive remuneration components are linked must be structured in such a way that they cannot be attained by means of short-term management decisions that, potentially, could undermine the sustainability of the Company's business activities and/or its capacity to generate profit in the long term.

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 and to the General Manager responsible for the development and expansion of the Company business are normally mainly 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, results from financial operations, insolvency and the level of inventory stock.

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, it being understood that obviously they may be – even partially – linked to the performance of the Tod's Group in terms of results of operations, financial position and cash flows.

Tod's S.p.A.'s competent bodies will also identify, where applicable and in accordance with the sustainability policy and plan adopted by the Company from time to time, non-financial performance objectives to which the accrual of a portion of short-term variable remuneration component is linked (including, but not limited to, monitoring and abating environmental impacts, energy saving, reduction of greenhouse gases, responsible consumption of materials, equal opportunities and non-discrimination, sustainable working conditions and standards, responsible management of the supply chain, solidarity projects and initiatives to sustain Italian identity and values, adoption of anti-corruption systems and the strategic sustainability of the business).

Tod's S.p.A.'s competent bodies may also link the accrual of a portion of the short-term variable remuneration component to individual or qualitative performance related to a

qualitative assessment of the work of the person concerned regardless of the attainment of financial and/or non-financial objectives.

In setting out the targets and determining the weight of each target – including on a combined basis – the Board of Directors shall take account of the principle of prudence in risk management and the Company's corporate strategy. 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 (which may provide for both entry thresholds under which the bonus for each target will not be paid and over-performance pay mechanisms generally up to 150% of the bonus for each target, as well as there may also be limits to the payment of MBO bonuses and/or clauses safeguarding the Company, where applicable).

The medium/long-term variable remuneration components (LTI) awarded to Delegated Bodies, the General Manager and other Managers with strategic responsibilities 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, either financial and/or non-financial) and – with a view to loyalty and retention – to a certain length of service with the Company, as well as to individual or qualitative performance objectives.

In any case, these objectives will be set out by the Board of Directors (with reference to Delegated Bodies and the General Manager) and by the Delegated Bodies (with reference to other Managers with strategic responsibilities) 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 over the medium- to long-term period.

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.

Tod's S.p.A.'s competent bodies may also subject the accrual of the right to incentive remuneration components (both MBO and LTI) to the maintenance of the relevant relationship with the Company until whatever date is pre-arranged from time to time for the payment of incentive bonuses.

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 other 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, as well as in order to assist in acquiring and retaining human resources with the specific high-level competencies and professionalism deemed necessary to achieve the Tod's Group's objectives. Such one-off bonuses and payment may not exceed 100% of the fixed annual fees payable to the Delegated Body and the General Manager and 50% of the fixed annual fees payable to the Manager with strategic responsibilities.

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 and the pursuit of the interests and sustainability of the business within the context of the preparation of the Remuneration

Policy; 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 and to the General Manager 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, it being understood that obviously they may be – even partially – linked to the performance of the Tod's Group in terms of results of operations, financial position and cash flows.

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 medium- to long-term 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 and which contribute to the corporate strategy and the sustainability of the business activities carried out by the Company and the Tod's Group; in this regard, reference should be made to: (i) the provision for remuneration that is sufficient to attract, retain and motivate persons gifted with competencies and professionalism that assist the Company to operate successfully and remain competitive in the long term; (ii) incentive remuneration, both

short- and medium- to long-term, which is to be determined observing prudent risk management policies; (iii) the setting of predetermined, measurable objectives to which the variable remuneration components (MBO and/or LTI) are linked; (iv) objectives whose nature vary in accordance with the tasks and roles performed within the Company by those subject to variable remuneration components; (v) setting performance targets in such a way that they cannot be attained by means of short-term management decisions that, potentially, could undermine the sustainability of the Company's business activities and/or its capacity to generate profit in the long term; (vi) no variable remuneration components are payable to the non-executive and independent Directors; (vii) setting suitably balanced parameters for the determination of both short- and medium/long-term variable components within a range in proportion to the fixed salaries paid at Group level; (viii) setting objectives, 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-six months; (ix) 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**

The Remuneration Policy lays 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 (including the General Manager) 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..

As at the date of approval of this Report no remuneration plan was in place, which was based on financial instruments pursuant to 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 regulated in compliance with the terms of the relevant national collective bargaining employment contract in force, as applicable to the employment relationship in question ( “*employment*

*relationship*”), with the possibility for the Company to conventionally recognise a higher seniority for the employee.

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 Director or with the Manager with strategic responsibilities who have ceased to hold office (in addition to the provisions laid down in the national collective agreement applicable in the sector), 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 relationship is due to failure to achieve acceptable results (except in the case of non-competition agreements and subject to compliance with the provisions laid down in the national collective agreement applicable in the sector);
- (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 Executive Director or to the Manager with strategic responsibilities (excluding those relating to non-competition agreements and those payable in compliance with the provisions laid down in the national collective agreement applicable in the sector) will not exceed the global remuneration received by this latter over a period of 24 months in the course of the working relationship;

- (iv) other than in exceptional circumstances, additional payments (if any) to be paid to the Executive Director or to the Manager with strategic responsibilities relating to non-competition agreements may not exceed, for each year of the term of the non-competition agreement, the annual global remuneration received by this latter in the course of the working relationship;
- (v) 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-regulation 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 to the benefit of Directors, Managers with strategic responsibilities and Statutory Auditors, 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, other Managers with strategic responsibilities and/or 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, the Remuneration Policy provides that 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 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.

O) Exceptions to the Remuneration Policy: special circumstances and procedural conditions

In special circumstances, temporary exceptions to the Remuneration Policy may be made subject to the conditions laid down in this paragraph.

In detail, Tod's S.p.A.'s competent bodies may:

- award Delegated Bodies, the General Manager and/or other Managers with strategic responsibilities, MBO and/or LTI remuneration components above the thresholds required for each category of beneficiary in the Remuneration Policy whenever they choose to apply a fixed component reasonably lower than the market benchmark, as well as whenever particularly challenging performance targets are set;
- award a beneficiary more than one short-term variable remuneration component (MBO) linked to the attainment of different performance objectives, or not award individual Delegated Bodies and/or Managers with strategic responsibilities MBO and/or LTI remuneration components (it is not an exception to the Remuneration Policy if MBO and/or LTI remuneration components are not awarded to Delegated Bodies which are also important Company Shareholders);
- also award discretionary *ex post* bonuses and one-off payments in amounts higher than the thresholds set out for each category of beneficiary in the Remuneration Policy for the attainment, or the manner of attainment, of particular objectives (other than those set out for the payment of variable remuneration components), achieved by means of outstanding individual contributions, as well as in order to assist in acquiring and retaining human resources with the specific high-level competencies and professionalism deemed necessary to achieve the Tod's Group's objectives;
- award the variable component (MBO and/or LTI), either in whole or in part, even if the targets (both for MBO and for LTI) have not been attained if this is due to extraordinary and/or unforeseeable factors;
- award an individual Executive Director, General Manager and/or Manager with strategic responsibilities, an indemnity/allowance for the termination of the governance and/or work relationship with the Company (not counting amounts under non-competition agreements or those payable under the applicable national collective labour agreement)

above total remuneration paid to the director or manager concerned should this person have continued to work for the Company for 24 months; as well as award amounts, under non-competition agreements after the termination of any relationship with the Company and for each year of the term of the non-competition agreement, in excess of total annual remuneration paid to the director or manager concerned should this person have continued to work for the Company;

- allow an individual Executive Director, General Manager and/or Manager with strategic responsibilities, to maintain the rights to incentive plans (both MBO and LTI, either in cash or based on financial instruments) if the relationship with the Company terminates before the end of the incentive plan's vesting period;
- waive claw-back mechanisms in the framework of a settlement agreement with the person concerned.

The special circumstances in which one of the exceptions listed in the preceding paragraph is allowed are those in which the exception is necessary in pursuit of the Company and the Group's long-term interests and the sustainability of the conduct of their business activities or for ensuring the Company and Group's capacity to stay in the market; they include, but are not limited to, the following situations:

- (i) the need to acquire and/or retain persons who have competencies and professionalism that are deemed to be strategic for the interests and/or the sustainability of the activities carried out by the Company and/or by the Tod's Group;
- (ii) the need to motivate persons deemed to be key resources where the failure to attain performance targets is the result of extraneous and/or extraordinary and/or unforeseeable circumstances or, in any case, circumstances beyond the control of each beneficiary of the incentive component;

- (iii) the need to manage a turnover of persons in key roles and/or positions for the interests of the Company and/or the Tod's Group and/or the sustainability of their activities;
- (iv) the need to safeguard corporate know-how;
- (v) the Company's interest in settling a dispute that has already arisen and/or that could arise.

In any case of exceptions to the Remuneration Policy set out in this paragraph, the Company will apply the process and fulfil the obligations laid down in the Procedure for Related-Party Transactions adopted by the Company in accordance with the Consob Regulation no. 17221/2010 (as amended and supplemented), even if the circumstances for an exception mentioned in the said Procedure arise (for example if the amount involved in the transaction can be defined as negligible). In any case this provision shall apply without prejudice to the fact that it is necessary to obtain the prior opinion of the Board of Statutory Auditors in accordance with article 2389, paragraph 3, of the Italian Civil Code if the exception regards the remuneration of Directors filling particular positions.

§      §      §

## Proposal for resolution

The proposal for resolution submitted by your Board of Directors to the Shareholders' Meeting, in compliance with the applicable provisions of law, is reported below:

### *“The Shareholders’ Meeting:*

- having regard to articles 123-ter of Legislative Decree 58 of 24 February 1998 and 84-quater of the Regulation adopted by Consob resolution no. 11971/1999;*
- having acknowledged the remuneration policy described in the first section of the Report on remuneration policy and fees paid prepared by the Board of Directors;*
- taking account that, in accordance with article 123-ter, paragraph 3-bis, of Legislative Decree 58 of 24 February 1998, this resolution will be binding on the Board of Directors;*

### RESOLVES

*to approve the remuneration policy of Tod’s S.p.A. described in the first section of the Report on remuneration policy and fees paid prepared by the Board of Directors in accordance with article 123-ter of Legislative Decree 58 of 24 February 1998.”*

§        §        §

## SECTION II

This section, namely for the members of the administrative and control bodies and the General Managers:

- a) presents a true and fair view of each of the items comprising the aforesaid emoluments, with specific emphasis on compliance with the Remuneration Policy with reference to the 2019 financial year;

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 2019, for any reason or cause, and in any manner or form whatsoever.

No other Managers 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 Managers with strategic responsibilities.

§      §      §

## PART ONE

The details of the payments made to the members of the administrative and control bodies, the General Managers and the other Managers with strategic responsibilities, in the 2019 financial year are set out in the tables reported 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 Italian 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 Italian Civil Code (Diego Della Valle, Andrea Della Valle, Emilio Macellari and Umberto Macchi di Cellere); (ii) payments for professional services (Maurizio Boscarato and Emilio

Macellari); (iii) payments for membership of the Control Body (Romina Guglielmetti); (iv) remuneration for the members of the Committees set up within the Board of Directors.

In line with the Remuneration Policy adopted by the Company, the fees due to Delegated Bodies (Diego Della Valle, Andrea Della Valle, Emilio Macellari), the General Manager (Umberto Macchi di Cellere) and other Managers with strategic responsibilities for the 2019 financial year, have been 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 Delegated Bodies and the General Manager, and by the Delegated Bodies for Managers with strategic responsibilities.

It must be pointed out that the variable components accrued for the 2019 financial year are reported in the relevant tables provided in the second part of this section, to which reference should be made.

The emoluments of the non-delegated bodies and non-executive Directors have been established on a fixed basis in the implementation of the Remuneration Policy.

The members of the Board of Statutory Auditors also received fixed fees during the 2019 financial year, which were determined by the Shareholders' Meeting at the time when the appointments were made (a member of the Board of Statutory Auditors is also a member of the Control Body). In the implementation of the Remuneration Policy, members of the Board of Statutory Auditors do not receive any form of variable remuneration.

Please also note that:

- with reference to the Chief Executive Officer and General Manager Mr Macchi di Cellere, he will be entitled to receive the compensation in lieu of notice, as well as a comprehensive gross indemnity based on the length of service with the Company (2 months for seniority

of up to 2 years; 6 months for seniority of between 2 and 6 years; 10 months for seniority of between 6 and 10 years; 15 months for seniority of between 10 and 15 years; 21 months for seniority of more than 15 years) in the cases of the Company's withdrawal without cause or justification, in compliance with the applicable National Collective Labour Agreement applicable to the Executives of Companies providing Goods and Services; for the sole purposes of estimating the compensation in lieu of notice and any additional indemnity, a conventional higher seniority (two years more) has been recognised as per contract;

- there are no specific agreements in force on severance payments, the maintenance or allocation of non-cash 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.

The statement in table form presented for the disclosure of information to the Shareholders' Meeting provides the final amounts of fees paid during the 2019 financial year.

It should be noted that, in accordance with article 123-ter, paragraph 6, of the T.U.F., the Shareholders' Meeting is called upon to vote for or against the second section of the Report required by article 123-ter, paragraph 4, of the T.U.F. and this resolution will not be binding in accordance with article 123-ter, paragraph 6, of the T.U.F..

Therefore, the proposal for resolution submitted by your Board of Directors to the Shareholders' Meeting, in compliance with the applicable provisions of law, is reported below:

*“The Shareholders' Meeting:*

- *having regard to articles 123-ter of Legislative Decree 58 of 24 February 1998 and 84-quater of the Regulation adopted by Consob resolution no. 11971/1999;*
- *having acknowledged the second section of the Report on remuneration policy and fees paid prepared by the Board of Directors;*
- *taking account that, in accordance with article 123-ter, paragraph 6, of Legislative Decree 58 of 24 February 1998, this resolution will not be binding on the Board of Directors;*

RESOLVES

*to give its favourable opinion on the second section of the Report on remuneration policy and fees paid prepared by the Board of Directors of Tod's S.p.A. in accordance with article 123-ter of Legislative Decree 58 of 24 February 1998."*

## **PART TWO**

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

A Name and surname	B Office	C Period for which office was held	D Office expiry	1 Fixed compensatio n (note 1)	2 Compensation for committee participation	3 Variable non equity compensation		4 Non- monetary benefits	5 Other remuneratio n	6 Total	7 Fair value of equity compensa- tion	8 Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
DIEGO DELLA VALLE	Chairman & CEO	2018-2020	31.12.20									
(1) Compensation in the company preparing the financial statement				1.838.800	10.400					1.849.200		
(2) Compensation from subsidiaries and associates												
(3) Total				1.838.800	10.400					1.849.200		

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

Compensation for the office	36.000
Compensation for specific offices pursuant to art. 2389, par. 3 Italian C.C.	1.800.000
Attendance tokens	2.800
Total	1.838.800

A Name and surname	B Office	C Period for which office was held	D Office expiry	1 Fixed compensatio n (note 1)	2 Compensation for committee participation	3 Variable non equity compensation		4 Non- monetary benefits	5 Other remuneratio n	6 Total	7 Fair value of equity compensa- tion	8 Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
ANDREA DELLA VALLE	Vice-chairman & CEO	2018-2020	31.12.20									
(1) Compensation in the company preparing the financial statement				1.238.450	10.050					1.248.500		
(2) Compensation from subsidiaries and associates												
(3) Total				1.238.450	10.050					1.248.500		

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

Compensation for the office	36.000
Compensation for specific offices pursuant to art. 2389, par. 3 Italian C.C.	1.200.000
Attendance tokens	2.450
Total	1.238.450

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 remuneratio n	6 Total	7 Fair value of equity compensa- tion	8 Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
LUIGI ABETE	Director	2018-2020	31.12.20								47.800	
(1) Compensation in the company preparing the financial statement				38.450	9.350						47.800	
(2) Compensation from subsidiaries and associates												
(3) Total				38.450	9.350						47.800	
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 remuneratio n	6 Total	7 Fair value of equity compensa- tion	8 Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
MAURIZIO BOSCARATO	Director	2018-2020	31.12.20								220.000	269.550
(1) Compensation in the company preparing the financial statement				38.800	10.750						220.000	269.550
(2) Compensation from subsidiaries and associates												
(3) Total				38.800	10.750						220.000	269.550
(*) Professional consultancy												
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 remuneratio n	6 Total	7 Fair value of equity compensa- tion	8 Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
MARILU CAPPARELLI	Director	2018-2020	31.12.20								38.450	
(1) Compensation in the company preparing the financial statement				38.450							38.450	
(2) Compensation from subsidiaries and associates												
(3) Total				38.450							38.450	

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
SVEVA DALMASSO	Director	2018-2020	31.12.20							58.200	
(1) Compensation in the company preparing the financial statement				38.800	19.400						
(2) Compensation from subsidiaries and associates											
(3) Total				38.800	19.400					58.200	
<hr/>											
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	2018-2020	31.12.20							36.000	
(1) Compensation in the company preparing the financial statement				36.000						36.000	
(2) Compensation from subsidiaries and associates											
(3) Total				36.000						36.000	
<hr/>											
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
GABRIELE DEL TORCHIO	Director	2018-2020	31.12.20							38.100	
(1) Compensation in the company preparing the financial statement				38.100						38.100	
(2) Compensation from subsidiaries and associates											
(3) Total				38.100						38.100	

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	Profit sharing					
ROMINA GUGLIELMETTI	Director	2018-2020	31.12.20									
(1) Compensation in the company preparing the financial statement				38.800	20.800				10.750	70.350		
(2) Compensation from subsidiaries and associates												
(3) Total				38.800	20.800				10.750	70.350		

(\*) President of Supervisory body

A Name and surname	B Office	C Period for which office was held	D Office expiry	1 Fixed compensatio n (note 1)	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	Profit sharing					
UMBERTO MACCHI DI CELERE	Director & CEO	2018-2020	31.12.20									
(1) Compensation in the company preparing the financial statement				993.450	10.400	70.000		3.965		1.077.815		
(2) Compensation from subsidiaries and associates												
(3) Total				993.450	10.400	70.000		3.965		1.077.815		

Note (1) - Details of fixed compensation

Compensation for the office	36.000
Compensation for specific offices pursuant to art. 2389, par. 3 Italian C.C.	205.000
Attendance tokens	2.450
Retribution from employment	750.000
Total	993.450

A Name and surname	B Office	C Period for which office was held	D Office expiry	1 Fixed compensatio n (note 1)	2 Compensation for committee participation	3 Variable non equity compensation		4 Non- monetary benefits	5 Other remuneratio n (*)	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					
EMILIO MACELLARI	Director	2018-2020	31.12.20									
(1) Compensation in the company preparing the financial statement				238.800	10.400	565.625			480.000	1.294.825		
(2) Compensation from subsidiaries and associates				15.000						15.000		
(3) Total				253.800	10.400	565.625			480.000	1.309.825		

(\*) Professional consultancy

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

Compensation for the office	36.000
Compensation for specific offices pursuant to art. 2389, par. 3 Italian C.C.	200.000
Attendance tokens	2.800
Total	238.800

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 remuneratio n (*)	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					
VINCENZO MANES	Director	2018-2020	31.12.20									
(1) Compensation in the company preparing the financial statement				38.450	30.150					68.600		
(2) Compensation from subsidiaries and associates												
(3) Total				38.450	30.150					68.600		

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 remuneratio n (*)	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	2018-2020	31.12.20									
(1) Compensation in the company preparing the financial statement				200.800		30.294		2.900		233.994		
(2) Compensation from subsidiaries and associates												
(3) Total				200.800		30.294		2.900		233.994		

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

Compensation for the office	36.000
Attendance tokens	2.800
Retribution from employment	162.000
Total	200.800

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
EMANUELA PRANDELLI	Director	2018-2020	31.12.20							38.800	

(1) Compensation in the company preparing the financial statement	38.800									38.800	
(2) Compensation from subsidiaries and associates											
(3) Total	38.800									38.800	

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
PIERFRANCESCO SAVIOTTI	Director	2018-2020	31.12.20							38.800	

(1) Compensation in the company preparing the financial statement	38.800									38.800	
(2) Compensation from subsidiaries and associates											
(3) Total	38.800									38.800	

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	2019-2021	31.12.21							90.000	

(1) Compensation in the company preparing the financial statement	90.000									90.000	
(2) Compensation from subsidiaries and associates											
(3) Total	90.000									90.000	

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	Profit sharing					
ENRICO COLOMBO	Statutory auditor	2019-2021	31.12.21							10.400	70.400	
(1) Compensation in the company preparing the financial statement				60.000								
(2) Compensation from subsidiaries and associates				49.500						2.835	52.335	
(3) Total				109.500						13.235	122.735	

(\*) Member of Supervisory body

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	Profit sharing					
FABRIZIO REDAELLI	Statutory auditor	2019-2021	31.12.21							60.000		
(1) Compensation in the company preparing the financial statement				60.000								
(2) Compensation from subsidiaries and associates												
(3) Total				60.000						60.000		

A Name and surname (include General manager)	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	Profit sharing					
Executives with strategic responsibilities	-	-	-									
(1) Compensation in the company preparing the financial statement				1.354.810	10.400	134.475		2.954		1.502.639		
(2) Compensation from subsidiaries and associates				15.000						15.000		
(3) Total				1.369.810	10.400	134.475		2.954		1.517.639		

**MONETARY INCENTIVE PLANS IN FAVOUR OF THE MEMBERS OF THE ADMINISTRATIVE AND CONTROL BODIES, GENERAL MANAGER AND  
OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES**

A	B	(1)	(2)			(3)			(4)
Surname and name	Office	Plan	Year end bonus			Previous years bonus			Other bonuses
MACCHI DI CELLERE UMBERTO	Director & CEO		(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Reporting period	No longer payable	Payable/Paid	Further deferred	
(I) Compensation in the company preparing the financial statement	MBO 2019 – Director-Board of Directors 11/03/2019	Euro 70.000,00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
(II) Compensation from subsidiaries and associates	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
(III) Total		Euro 70.000,00							

A	B	(1)	(2)			(3)			(4)
Surname and name	Office	Plan	Year end bonus			Previous years bonus			Other bonuses
MACELLARI EMILIO	Executive Director		(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Reporting period	No longer payable	Payable/Paid	Further deferred	
(I) Compensation in the company preparing the financial statement	MBO 2019 Board of Directors 11/03/2019	Euro 65.625,00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	Euro 500.000,00
(II) Compensation from subsidiaries and associates	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
(III) Total		Euro 65.625,00							Euro 500.000,00

A	B	(1)	(2)			(3)			(4)
Surname and name	Office	Plan	Year end bonus			Previos years bonus			Other bonuses
OGLIO CINZIA	Director		(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Reporting period	No longer payable	Payable/Paid	Further deferred	
(I) Compensation in the company preparing the financial statement	MBO 2019-Director	Euro 30.294,00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
(II) Compensation from subsidiaries and associates	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
(III) Total		Euro 30.294,00							

A	B	(1)	(2)			(3)			(4)
Surname and name	Office	Plan	Year end bonus			Previos years bonus			Other bonuses
Executive with strategic responsibilities			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Reporting period	No longer payable	Payable/Paid	Further deferred	
(I) Compensation in the company preparing the financial statement	MBO 2019	Euro 64.475,00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
(II) Compensation from subsidiaries and associates	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
(III) Total		Euro 64.475,00							

**SHARES HELD BY THE MEMBERS OF THE ADMINISTRATIVE AND CONTROL BODIES,**

**GENERAL MANAGERS AND OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES**

Name and surname	Office	Company	No of shares held as at 31.12.18	No of shares purchased	No of shares sold	No of shares held as at 31.12.19
Diego Della Valle	Chairman and CEO	Tod's S.p.A.	20,075,647	3,235,549		23,311,196
Andrea Della Valle	Vice-Chairman and CEO	Tod's S.p.A.	268,716			268,716
Umberto Macchi di Cellere	Director and CEO	Tod's S.p.A.	-			-
Luigi Abete	Director	Tod's S.p.A.	-			-
Maurizio Boscarato	Director	Tod's S.p.A.	-			-
Marilù Capparelli	Director	Tod's S.p.A.	-			-
Sveva Dalmasso	Director	Tod's S.p.A.	580			580
Emanuele Della Valle	Director	Tod's S.p.A.	5,000			5,000
Gabriele del Torchio	Director	Tod's S.p.A.	-			-
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.	-			-
Emanuela Prandelli	Director	Tod's S.p.A.	-			-
Pierfrancesco Saviotti	Director	Tod's S.p.A.	3,200			3,200
<b>BOARD OF STATUTORY AUDITORS</b>						
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
<b>EXECUTIVES WITH STRATEGIC RESPONSABILITIES</b>						
Executives with strategic responsibilities		Tod's S.p.A.	-			-

§      §      §

Milan, 12 March 2020

For the Board of Directors

The Chairman

Diego Della Valle