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# Tod's S.p.A.

## **CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE REPORT** **PURSUANT TO ARTICLE 123-BIS OF THE CONSOLIDATED LAW ON** **FINANCE**

**(TRADITIONAL MANAGEMENT AND CONTROL MODEL)**

Tod's S.p.A.

Internet website [www.todsgroup.com](http://www.todsgroup.com)

Financial Year January 1<sup>st</sup> – December 31<sup>st</sup> 2022

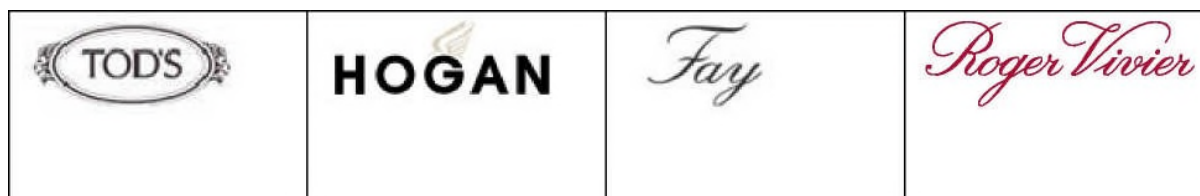
Approved by the Board of Directors' meeting held on March 13<sup>th</sup>, 2023

Tod's S.p.A. – Share Capital Euro 66,187,078 entirely paid – Registered office in Sant'Elpidio a Mare (FM), via Filippo Della Valle no.1 – Fiscal Code and Registration Number with the Company Register of Fermo 01113570442

Shareholders,

In accordance with the applicable statutory and regulatory provisions, the Borsa Italiana Regulation instructions and the ninth edition of the *“Format for the corporate governance and ownership structure report”* disseminated by the Market Operating Company in January 2022, the Tod’s S.p.A. Board of Directors publishes the following complete report on its corporate governance system. Reference is made herein to the principles and the recommendations contained in the Corporate Governance Code of Listed Companies in the edition approved by the Corporate Governance Committee of Borsa Italiana on January 31<sup>st</sup>, 2020 (hereinafter also referred to as the **“Code”** or the **“CG Code”**).

This report, which was approved by the Board of Directors’ meeting held on March 13<sup>th</sup>, 2023, also contains information on the ownership structure pursuant to Article 123-bis of Legislative Decree no. 58/98 and it is available to the public, in compliance with regulatory provisions, at the Company’s registered office, through the authorized storage device 1Info at the address [www.1info.it](http://www.1info.it), as well as in the “Governance” section of the Company’s web site [www.todsgroup.com](http://www.todsgroup.com), pursuant to applicable laws and regulations.



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## GLOSSARY

**CG Code:** the Corporate Governance Code for Listed Companies, approved in January 2020 by the Corporate Governance Committee.

**Cod. civ. / c.c.:** the Italian Civil Code.

**Committee / CG Committee / Corporate Governance Committee:** the Italian Corporate Governance Committee for listed companies, promoted by Borsa Italiana S.p.A., as well as by ABI, Ania, Assogestioni, Assonime and Confindustria.

**Board / Board of Directors:** the Board of Directors of Tod's S.p.A.

**Issuer / Company:** Tod's S.p.A.

**Financial Year:** the financial year running from January 1<sup>st</sup> to December 31<sup>st</sup>, 2022, to which this Report pertains.

**Issuer Regulation:** the Regulation issued by Consob with resolution no. 11971 of May 14<sup>th</sup>, 1999 (as amended) concerning issuers.

**Market Regulation:** the Regulation issued by Consob with resolution no. 20249 of December 28<sup>th</sup>, 2017 (as amended) concerning financial markets.

**Related Parties Regulation:** the Regulation issued by Consob with resolution no. 17221 of March 12<sup>th</sup>, 2010 (as amended) concerning transaction with related parties.

**Report:** this Corporate Governance and Ownership Structure Report that is required to be prepared and published by listed companies pursuant to Art. 123-*bis* TUF.

**Remuneration Report:** the report on remuneration policy and fees paid that is required to be prepared and published by listed companies pursuant to Art. 123-*ter* TUF and Art. 84-*quater* of the Issuer Regulation.

**TUF:** Legislative decree 58 of February 24<sup>th</sup>, 1998 (Consolidate Law on Finance).

## 1. PROFILE OF ISSUER

### 1.1. Overview of the Company's corporate governance system.

Tod's S.p.A.'s corporate governance system is based on the conventional (so-called "Latin") model. Accordingly, the Company's corporate bodies include the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors. The Board of Directors is, in turn, made up of Board Committees: the Executive Committee, the Control and Risk Committee and the Nomination and Remuneration Committee.

**A) The Shareholders' Meeting:** the powers, role and functions of the Shareholders' Meeting are established under the law and the Company's Article of Association, to which full reference is made in this Report, together with the Regulation of the Shareholder's Meeting.

**B) The Board of Directors:** the Board of Directors is made up of a number of members comprised between three and fifteen, as determined from time to time by the Shareholder's Meeting. Regardless, the composition of the Board of Directors must guarantee gender balance, in compliance with applicable statutory and regulatory provisions.

The Board elects from among its members a Chairman and, if necessary, a Vice Chairman.

Pursuant to Articles of Associations, legal representative of the Company vests in the Chairman or any other person delegated to discharge the Chair's functions, under his or her own signature. Legal representation also vests separately in the Vice Chairman, if appointed, as well as, in all appointed managing directors and general managers, to the extent of their delegated powers.

As explained in greater detail below, the Board of Directors is vested with the broadest powers of ordinary and extraordinary company management (to the sole exception of those powers expressly reserved under law to the competence of the Shareholders' Meeting), including the power to approve mergers in the cases contemplated in Article 2505 and 2505-bis of the Italian Civil Code, the setting up and closure of secondary offices, reductions in share capital in the case of withdrawal by Shareholders, as well as amendments to the Articles of Association with a view to bringing the same in line with applicable regulations and transfers of the Company's registered offices within Italy.

Pursuant to Article 25 of the Articles of Association, the Board of Directors enjoys the exclusive prerogative, in addition to the duties that cannot be delegated pursuant to law, of (i) defining the general policy for management and organizational development, (ii) defining the rules for drafting and amendment of internal regulations, and (iii) appointing and dismissing general managers. Moreover, pursuant to Article 5 of "*Procedure on Related parties Transaction of Tod's S.p.A.*" (hereinafter also referred as the "**Procedure on Related Parties Transactions**") and, in accordance with Article 25 of the Articles of Association as well as with article 8 of the Related Parties Regulation. The Board of Directors is invested with exclusive discretionary powers to authorize highly significant related-party transactions, on the basis of favourable advisory opinion rendered in such regard by the Control and Risk Committee (or, otherwise, to seek shareholder approval of such transactions, in the event where such approval is required pursuant to application rules and regulations).

**C) Committees:** the Board of Directors includes an Executive Committee, which provides the Company with an agile decision-making process.

The Executive Committee is invested with all the powers not expressly reserved to the competence of the Board of Directors under law, the Articles of Association, or the corporate governance Principles adopted by the Company, as set forth in greater detail below.

Pursuant to self-regulatory provisions, the Board of Directors must also appoint a Control and Risk Committee and the Nomination and Remuneration Committee, invested with preliminary consideration, recommendatory and advisory functions.

The Control and Risk Committee has been invested with the relevant functions and responsibilities, which the Related Parties Regulation recommends to be vested on a committee solely composed of non-executive and independent directors,

with reference to related-party transactions of both greater and lesser significance, except for those operations concerning the fees due to directors and other managers with strategic responsibilities, where no exemption applies, which are under the competence of the Nomination and Remuneration Committee.

By a resolution passed by the Board of Directors on April 21<sup>st</sup>, 2021, the Control and Risk Committee was also granted the power to deal with the sustainability issues relating to the conduct of the business activity of the Company and its interaction with any and all stakeholders.

**D) The Board of Statutory Auditors:** is made up of three Standing Auditors and two Alternate Auditors and is the Company's management control body. Regardless, the composition of the Board of Statutory Auditors must guarantee gender balance, in compliance with applicable statutory and regulatory provisions. The Board of Statutory Auditors is responsible of supervising that, during its operations, the Company complies with the law and Articles of Association and the principles of correct administration and it imparts adequate instructions to its internal bodies and subsidiaries. The Board of Statutory Auditors is also required to monitor the adequacy of the Company's organizational structure concerning aspects of responsibility on the Internal Control and Risk management System and of the administrative-accounting system, as well as the reliability of the latter to represent correctly the management-related issues, by carrying out the necessary checks for this purpose. In compliance with Article 19 of Legislative Decree 39 of 27 January 2010, currently in force, the Board of Statutory Auditors is required (i) to inform the Company's Board of Directors of the results of the statutory audit of accounts and provide the governing body with the additional report referred to in Article 11 of Regulation (EU) 537/2014, accompanied by observations (if any); (ii) to monitor the financial reporting process and submit any recommendation or proposal aimed at ensuring its integrity; (iii) to check the efficacy of the internal quality control and business risk management system and, if applicable, of internal audit as regards financial reporting, without violating its independence; (iv) to monitor the statutory audit of separate financial statements and- if required- of consolidated financial statements, also taking account of any possible result and conclusion of quality control processes carried out by CONSOB according to Article 26, paragraph 6, of Regulation (EU) 537/2014, where available; (v) to establish and monitor the independence of independent auditors or of the accounting firm according to Articles 10, 10-bis, 10-ter, 10-quater and 17 of legislative Decree 39/2010 and Article 6 of regulation (EU) 537/2014, in particular as regards the provision of adequate services other than auditing to the Company, in accordance with Article 5 of said regulation; (vi) to carry out any procedure aimed at selection independent auditors or accounting firms and advise on independent auditors or accounting firms to be appointed pursuant to Article 16 of regulation (EU) 537/2014.

The Board of Statutory Auditors is also required to oversee the procedures adopted to effectively implement the corporate governance rules envisaged in the codes of conduct drawn up by the regulated markets management companies or by the Trade Associations with which the Company declares to comply by means of public disclosures, as well as to monitor the adequacy of the provisions imparted by the Company to its subsidiaries so that the latter provide the Company with all the information required to comply with the notification obligations envisaged by law.

**E) The Issuer and sustainable success:** the pursuit of the objective of sustainable success means, for the Board of Directors and, in general, for the Issuer, to conduct its business with an eye to future opportunities, while orienting business strategies towards the creation of shareholder value and taking account of the interests of the Company's other stakeholders in the medium and long term. In designing its sustainability strategy, the Tod's Group action is inspired by three pillars:

- ethicality, i.e. the continuous pursuit of honesty, fairness, confidentiality, transparency and reliability in its relations with all stakeholders;

- tradition and innovation that come from a history of quality and excellence spanning more than a century and based on passion, creativity and the enhancement of the attractiveness of Made in Italy goods, which are inseparable elements of the qualitative excellence of the products of the Group's brands;
- solidarity and Italianness, to be understood as responsibility towards the community (with a focus on the weaker segments of the population) and towards the local areas in which the Group operates.

The projects and initiatives that the Company has carried out over the years demonstrates its commitment and attention to the issue of "social sustainability".

For more information, reference should be made to the consolidate non- financial statement prepared pursuant to Legislative Decree no. 254/2016 and included in the annual Financial Report for the 2022 financial year, which is available at the registered office, through the authorized storage system 1info at the address: [www.1info.it](http://www.1info.it) and on the Company's website at the address: [www.todsgroup.com](http://www.todsgroup.com).

It should be noted that the issuer does not fall within the definition of SME referred to in Article 1, paragraph 1, *w-quater*), of TUF and Article 2-ter of the Issuer Regulation.

It should be noted that, by the Framework Resolution dated April 21<sup>st</sup>, 2021, the Board of Directors, in line with the Company's well-established tradition of applying industry best practices, deemed it appropriate to describe the Company under the Code as a "large company" and a "concentrated-ownership company": it is therefore the recipient of the recommendations addressed to this category of issuers (despite the fact that it does not formally meet the requirement of capitalisation in excess of Euro 1 billion on the last trading day of each of the three previous calendar years, since the Company exceeded the aforementioned capitalisation threshold in the financial years 2021 and 2022, but not during the 2020 financial year).

## **2. INFORMATION ON SHAREHOLDERS' OWNERSHIP (pursuant to Art. 123-bis, paragraph 1, Consolidate Law on Finance) AT MARCH 10<sup>th</sup>, 2022.**

The following sections provide more detailed information on the ownership structure at the date of March 13<sup>th</sup>, 2023 on which this Report was approved, pursuant to the applicable provisions of Article 123-*bis* TUF.

### **a) Structure of share capital (pursuant to Ar. 123-bis, paragraph 1, letter a), TUF).**

The entire share capital of Tod's S.p.A. is comprised by ordinary voting shares, which are listed on the Italian Electronic Stock Exchange managed by Borsa Italiana S.p.A..

The current Share Capital, fully subscribed and paid-up, amounts to Euro 66,187,078.00 (sixty six million one hundred eighty-seven thousand and seventy-eight) divided into 33,093,539 (thirty-three million ninety-three thousand five hundred thirty-nine) ordinary shares, which are all shares of no par value.

There are no share-based incentive plans in place, which involve share capital increases, even without payment, at the approval date of this Report.

It should be noted that the Company has not issued financial instruments that grant the right to subscribe to new shares.

For more information, reference should be made to the Table 1 reported in the appendix attached to the report.

### **b) Restrictions on shares transfer (pursuant to Ar. 123-bis, paragraph 1, letter b), TUF).**

The Articles of Association of Tod's S.p.A. do not envisage restrictions on the transfer of shares, limits on stock ownership, or the approval of corporate bodies or Shareholders for the admission of new Shareholders.



**c) Major Shareholders (pursuant to Ar. 123-bis, paragraph 1, letter c), TUF).**

According to the information provided in the register of Shareholders and the updates available at the approval date of this Report, including the notices received by the Company pursuant to Article 120 of the TUF, as well as all other information available to it, the parties which are direct or indirect owners of more than 3% of the subscriber and paid-in share capital are listed in Table no. 1 attached as an appendix to the Report.

**d) Instruments allowing holders special rights (pursuant to Ar. 123-bis, paragraph 1, letter d), TUF).**

The Company has not issued shares that grant special rights of control, and the Articles of Association do not envisage special powers for certain Shareholder or owners of particular classes of stock.

In compliance with Article 127-*quinquies* of TUF, Article 7 of the Company's Article of Association provides for each share to be entitled to double voting (and therefore two votes for each share) if both the following conditions are satisfied: (a) the shares has been possessed by the same person, by virtue of a real legitimate right for the exercise of the voting right (full ownership or bare ownership of voting rights or usufruct with voting rights) for an uninterrupted period of not shorter than twenty-four months; (b) the fulfilment of the requirement under letter (a) is attested by the registration for an uninterrupted period of not shorter than twenty-four months in the special list kept by the Company for this purpose, as well as by a specific notice concerning the share ownership, given on the expiry date of the uninterrupted period by the intermediary with which the shares have been deposited pursuant to the regulations in force.

The acquisition of the increased voting rights comes into effect on the earlier between (i) the fifth trading day of the calendar month following that in which the conditions laid down in the Articles of Association for obtaining the increased voting rights have been fulfilled; or (ii) the record date of a Shareholders' Meeting (if any), set in accordance with the regulations in force, following the date on which the conditions laid down in the Articles of Association for obtaining the increased voting rights have been fulfilled. In this regard, it is recalled that the extraordinary Shareholders' Meeting, which was held on April 21<sup>st</sup>, 2021, resolved to amend Article 7 of the Article of Association in order to bring the regulations under consideration into line with the most recent guidelines provided by Consob in its Notice no. 0214548 of April 18<sup>th</sup>, 2019; this shall be made by providing for increased voting rights to be granted subject only to the satisfaction of the legal requirements, i.e. to the circumstances that the Company's shares have been registers on the special list and have belonged to the same person for a continuous period of not less that twenty-four months, as from the date of their registration in the list, with effect from the date on which the conditions required by the Articles of Association are met for increased voting rights.

According to Article 7 of the Company's Articles of Association, increased voting rights also count towards the quorum for the constitution of the Shareholders' meeting and for resolution regarding share capital quotas, while they have no effects on rights, other than voting rights, to which shareholders are entitled by virtue of the possession of certain share capital quotas.

For more information, reference should be made to the Rules for increased voting rights, which is available in the section "*Governance / Increased Voting Right*" of the Company's website [www.todsgroup.com](http://www.todsgroup.com); in accordance with Article 143-*quater* of the Issuer Regulation, the personal details of the Shareholders who have applied for and obtained the registration in he special list are also published in the above-mentioned section, specifying the related shareholding, which however exceed the threshold set out in Article 120, paragraph 2, of TUF, and the record date, as well as of the Shareholders who have obtained increased voting rights.

The total amount of voting rights will be published by the Company's website within the time limits set out in Article 85-*bis* of the Issuer Regulation (i.e., in view of the Shareholders' meeting called on first call for April 19<sup>th</sup>, 2023, by the day after the record date falling on April 6<sup>th</sup>, 2023).

**e) Employees stock ownership: how to exercise voting rights (pursuant to Art. 123-bis, paragraph 1, letter e), TUF).**

There are no provisions for any employee share ownership system and the Articles of Association of Tod's S.p.A. do not include special provisions regarding the exercise of voting rights by employees who own Company stock.

**f) Restrictions on voting rights (pursuant to Art. 123-bis, paragraph 1, letter f), TUF).**

The Articles of Association of Tod's S.p.A. include neither special provisions imposing restrictions or limits on voting rights, nor the separation of the financial rights connected with shares from their ownership.

**g) Shareholders' agreements (pursuant to Art. 123-bis, paragraph 1, letter g), TUF).**

The Company was unaware of any shareholders' agreements pursuant to Article 122 TUF at the approval date of this Report.

For the sake of completeness, it should be noted that on January 23<sup>rd</sup>, 2023, the agreement was mutually terminated, which had been signed between DI.VI. Finanziaria di Diego Della Valle & C. S.r.l., DeVa Finance S.r.l. and Delphine S.A.S. (jointly, the "**Parties**") on August 3<sup>rd</sup>, 2022, concerning Tod's ordinary shares. As stated in the key disclosures prepared pursuant to Art. 122, paragraph 2, TUF and Art. 130 of the Issuer Regulation and disseminated and published in accordance with the law on August 5<sup>th</sup>, 2022, the agreement in question: (i) was relevant for the purposes of Art. 122, paragraphs 1 and 5, letters a), c) and d-bis), TUF and was aimed at regulating: (a) certain obligations and commitments of the Parties in relation to the voluntary total takeover bid pursuant to Arts. 102 et seq. of the TUF announced by DeVa Finance S. r.l. on August 3<sup>rd</sup>, 2022 and concluded on October 25<sup>th</sup>, 2022; (b) certain provisions regarding Tod's corporate governance and the transfer of Tod's shares following their delisting; and (ii) concerned all Tod's ordinary shares owned by the Parties, totalling no. 19,952,957, representing 60.29% of Tod's share capital and, due to the increased voting rights pursuant to Arts. 127-*quinquies* of the TUF and Art. 7 of Tod's Articles of Association, 69.09% of the voting rights that can be exercised at Tod's shareholders' meetings. The mutual termination of the agreement follows a: (a) the non-fulfilment of the "*Condition on Threshold*" (as defined in the offering document relating to the voluntary total takeover bid published on September 23<sup>rd</sup>, 2022), resulting in its ineffectiveness, as per the press releases of October 26<sup>th</sup>, 2022; as well as (b) DeVa Finance S.r.l.'s waiver to pursue delisting by means of the merger by incorporation of Tod's into it, as per the press release of December 9<sup>th</sup>, 2022.

**h) Change of control clauses (pursuant to Art. 123-bis, paragraph 1, letter h), TUF) and bylaws on takeover bids (pursuant to Article 104, paragraph 1-ter and 104-bis, paragraph 1).**

As at the date of approval of this Report, there were no significant agreements in place to which the Issuer or other group Company is a party which become effective, are amended or terminate if a change of control occurs involving the Company, except for a syndicated loan agreement entered into January 2021, providing for the bank's right of withdrawal in accordance with Article 1845 of the Italian Civil Code and for the borrower's obligation to early repay the entire disbursed amount (in addition to additional charges) within 10 business days of the occurrence of a change of control involving the Issuer.

In respect of takeover bids, it is hereby specified that the Issuer's Articles of Association (i) provide for no departure from the "passivity" rule entrenched in Article 104, paragraph 1 and 1-bis of the TUF, and (ii) do not require the application of the neutralization rules set forth in Article 104-bis, paragraph 2 and 3, of the TUF.

**i) Proxies for Share Capital increase and authorization to purchase treasury shares (pursuant to Art. 123-bis, paragraph 1, letter m), TUF).**

Pursuant to Article 6 of the Articles of Association, the Extraordinary Shareholders' meeting may delegate powers to the Board of Directors to make capital increase, even by excluding any right of option. As at the date of approval of this Report, the Board has not been empowered by the meeting to increase the Share Capital, in accordance with Article 2443 of the Italian Civil Code.

The Articles of Association envisage that the Company can issue bearer or registered participating financial instruments in compliance with the provisions of law but, currently, does not establish the relevant issuance procedures and conditions, or the other characteristics required by law.

In accordance with Article 2357 and following articles of the Italian Civil Code, the ordinary Shareholders' Meeting held on April 27<sup>th</sup>, 2022 authorized the Board of Directors to purchase treasury shares until one fifth of the Share Capital is reached, over a period of 18 months commencing from the date the resolution was passed; the authorization also includes the power to assign the treasury shares which may be purchased, not subject to time limits, even before completing the purchases.

The purchases, in accordance with Article 132 of the TUF and Article 144-*bis* of the Issuer Regulation may be made (i) through a public purchase or swap offer, (ii) on the market or possibly on multilateral trading systems, in compliance with the operating procedures established by the market management company, (iii) by buying and selling derivative instruments traded on regulated markets or possibly on multilateral trading systems, which envisage the physical delivery of the underlying shares, in compliance with the regulatory provisions time by time applicable, (iv) by way of allotment to the Shareholders, in proportion to the shares they hold, of a put option to be exercised within 18 months starting from the date when the Shareholders' Meeting has adopted the related resolution, (v) according to the procedures set up by market practices permitted by Consob pursuant to Article 13 of Regulation (EU) No. 596/2014, and finally (vi) in the other ways allowed by the regulations applicable from time to time and/or the guidelines adopted by the Supervisory Authority; in any case, this shall apply in compliance with every applicable regulation, including the applicable EU standards.

The purchase price of each treasury share, including the accessory purchase charges, shall correspond to a minimum of no less than 15% and to a maximum of no more than 15% compared to the mean official trading prices recorded on the Italian Electronic Stock Exchange over the three sessions preceding the purchase; whereas, the selling price to third parties must correspond to no less than 95% of the mean official prices recorded on the Italian Electronic Stock Exchange over the three days preceding the sale (this price limit may be departed from in cases of swaps or assignments of treasury shares in the framework of executing industrial and/or commercial projects and/or other projects of interest to the Issuer or to the Group, and in the case of assignment and/or transfer of shares or stock options for the execution of stock option plans based on financial instruments and/or serving the issue of other financial instruments convertible into shares and/or programmes for the award of shares, free of charge).

Neither the Issuer nor its subsidiaries held Tod's S.p.A. shares as at December 31<sup>st</sup>, 2022, i.e. at the end of the financial year.

#### **j) Management and coordination activities (pursuant to Art. 2497 et seq. Italian Civil Code).**

Even though the Company is subject to control by DI.VI. Finanziaria di Diego Della Valle & C. S.r.l. (in accordance with Article 93 of TUF) neither the latter Company nor any other party has imposed guidelines and /or interfered in the management operations of Tod's S.p.A. (or any of the companies controlled by the Issuer): in fact, therefore, management of the Issuer and its subsidiaries is not managed and coordinated by third parties outside the Tod's S.p.A. Group.

It should also be noted that the governing body of DI.VI. Finanziaria di Diego Della Valle & C. S.r.l. believes that it does not carry out the management and coordination activities prescribed by Art. 2497 of the Italian Civil Code since:

- the shareholder has no organization in place to carry out this activity, as it does not have employees or other collaborators who are able to provide support to the work performed by the sole director;

- it does not prepare the budgets and plans of TOD'S;
- it does not give any directive or instructions to the subsidiary, does not require to be informed in advance, or to approve its most significant transactions, nor those of ordinary management;
- there are no committees or working groups, either formal or informal, established among the representatives of DI.VI. Finanziaria di Diego Della Valle & C. S.r.l..

As of the date of this Report no changes have occurred in relation to the conditions referred to above.

Therefore, the Company is not subject to management and coordination activities by the Parent Company DI.VI. Finanziaria di Diego Della Valle & C. S.r.l., nor by any other party, pursuant to Articles 2497 et seq. Italian Civil Code.

In accordance with the principles of corporate governance – and as illustrated in greater detail below – the transactions of a particular strategic, economic, equity and financial significance executed by the Tod's S.p.A. Group are subject to prior review and exclusive approval by the Board of Directors of the Company; the Board of Directors – as verified lastly on March 6<sup>th</sup>, 2023 – comprises no. 8 Directors who meet the (non-executive and) independence requirements prescribed by Article 148 of TUF; of these, 6 Directors also meet the independence requirements prescribed by Article 2, recommendation 7, of the Code.

It is deemed that the responsibility, the authority of the non-executive and independent Directors and their significant weight when making Board decisions represents an additional guarantee that all the decisions made by the Board of Directors are adopted in the exclusive interest of the Company and are not subject to directives or interference by third parties reflecting interests which are outside the Group's interests.

It is hereby confirmed that all companies controlled by the Company are subject to the Issuer's management and coordination.

\* \* \*

It is specified that:

- the information requested by Article 123-bis, paragraph 1, sub-section i) of the Consolidated Law on Finance (TUF) (*"agreement between the Company and its Directors...which envisage indemnities in the event of resignation or dismissal without just cause or if their employment relationship terminates following a public purchase offer"*) are illustrated in the Report on the Remuneration policy and the fees paid, as drawn up in accordance with Article 123-ter of the TUF;
- the information requested under Article 123-bis, paragraph 1, sub-section l) of the Consolidated Law on Finance (TUF) (*"provisions applicable to the appointment and substitution of Directors...as well as to the amendment of the Articles of Association, if different from the legislative and regulatory provisions applicable as a supplementary measure"*) are illustrated in the section of this Report dedicated to the Board of Directors (paragraph 4.1).

### 3. COMPLIANCE (pursuant to Art. 123-bis, paragraph 2, letter a), TUF)

By a framework resolution passed on April 21<sup>st</sup>, 2021, the Company's Board of Directors adopted the CG Code (accessible to the general public on the website of the Corporate Governance Committee on page: <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>). It should be noted that the process to comply with the CG Code was started by the Company's Board of Directors since January 27<sup>th</sup>, 2021, the date when the governing body resolved to bring its Guidelines of the Internal Control and Risk Management System into line with the developments brought in by the CG Code.

Before describing the Issuer's corporate governance structure, it must be pointed out that at its November 10<sup>th</sup>, 2022 meeting, the Company' Board of Directors identified the following companies as "strategic subsidiaries": Tod's France S.a.s.,

Tod's Japan KK, Deva Inc., Tod's Hong Kong Ltd., Tod's (Shanghai) Trading Co. Ltd., Tod's Korea Inc., Roger Vivier S.p.A., Roger Vivier France S.a.s., which are respectively subject to their own national legislation. In the opinion of the Board of Directors, this circumstance does not have a material impact on the Issuer's governance structure.

## **4. BOARD OF DIRECTORS**

### **4.1. Functions of the Board of Directors**

As already detailed in the Corporate Governance and Ownership Structure Reports prepared for the previous years, the Company's Board of Directors plays a key role in setting the strategic objectives of the Issuer and, more in general, of the Group.

With reference to Principles I and II of the Code, it should be noted that the Board of Directors sets out the Issuer's strategies by orienting them towards the sustainability of the business activity and monitors their implementation. More specifically, the pursuit of sustainable success, i.e. the creation of value in the long term to the benefit of shareholders and taking account of the interests of stakeholders that are relevant to its activities, is a priority in the work of the governing body, which is also responsible for integrating sustainability objectives into the business plan, the internal control and risk management system (see Section 9) and remuneration policies (see Section 8).

Moreover, in accordance with Principle III of the CG Code, the Board of Directors designs the corporate governance system that is most suited to the performance of business activities (i) by taking account of the amounts of autonomy offered by the legal system, on the one hand, and (ii) on the other hand, by evaluating and promoting any appropriate changes, submitting them, when applicable, to the Shareholders' Meeting.

With regard to the first issue, the Company has adopted the traditional administration and control system; with regard to the second issue, it is worth noting, among others, the voluntary adoption of the rules on increased voting rights regulated under Article 7 of the Company's Articles of Association, as finally amended by the Shareholders' Meeting held on April 21<sup>st</sup>, 2021, provided that the Company's shares have been registered in the special list and have belonged to the same person for a continuous period of not less than twenty-four months, as from the date of registration in the special list (see Section 13).

In relation to Principle IV, it should be noted that the Issuer's Board of Directors promotes dialogue, in the most appropriate forms, with the shareholders and the other stakeholders that are relevant to the Issuer. For this purpose, it should be noted that, by the above-mentioned framework resolution adopted on April 21<sup>st</sup>, 2021, the Company's Board of Directors has adopted its own policy for the management of dialogue with the general public of Shareholders, which has been published in the *"Governance / Governance Model"* section of the Company's website at [www.todsgroup.com](http://www.todsgroup.com) (see Section 12).

The Board of Directors has ample powers of ordinary and extraordinary administration, with it being responsible for all those matters that are not expressly reserved by law and Articles of Association to the purview of the Shareholders' Meeting.

Pursuant to Article 24 of the Articles of Association, the Board of Directors is empowered to approve mergers in the cases contemplated in Articles 2505 and 2505-bis of the Italian Civil Code, the setting up and closure of secondary offices, reductions in share capital in the case of withdrawal by Shareholders, amendments to the Articles of Association as necessary to comply with applicable regulations, and transfer of the Company's registered office within Italy.

Under Article 25 of the Articles of Association, the Board of Directors is reserved the exclusive prerogative, in addition to the duties that cannot be delegated pursuant to law, of defining the general policy for management and organizational development, defining the rules for the drafting and amendment of internal regulations, appointing and dismissing general managers. Moreover, pursuant to Article 5 of the Procedure on Related parties Regulation, in accordance with Article 25 of

the Articles of Association and Article 8 of the Related Parties Regulation, the Board of Directors is duly empowered to authorize highly significant related-party transactions (or the related proposal for the resolution to be submitted to the Shareholders' Meeting for those matters falling within the competence of the Shareholders' Meeting), on the basis of a favourable advisory opinion rendered in such regard by the Control and Risk Committee.

Furthermore, in relation to Recommendations no. 1, no. 2 and no. 3 of the CG Code, it should be pointed out that, in addition to its responsibilities pursuant to the law and the Articles of Association (and within the limits of the same), the Board of Directors has reserved to itself the exclusive prerogative to:

- a) Examine and approve any possible operational plans of the Company and the Group it heads, including on the basis of the analysis of issues relevant to the generation of long-term value, as carried out with the support of the Executive Committee, whose composition and functions are determined by the Board of Directors;
- b) Periodically monitor the implementation of the aforesaid plans, and assess the general performance of operations, while comparing achieved results with budgeted targets;
- c) Define the nature and level of risk as compatible with the strategic objectives of the Company, including any and all elements in its assessment, which may become of importance with a view to the sustainable success of the Company;
- d) Set out the corporate governance system of the Company and the structure of the Group it controls, as well as evaluate the adequacy of the organizational, administrative and accounting structure of the Company, and of its subsidiaries having strategic relevance, particularly in regard to the internal control and risk management system;
- e) Resolve upon the transactions of the Company and its subsidiaries, which have significant impact on the Company's strategies, profitability, assets and liabilities or financial position, and, towards such end, establish general criteria for identifying the transactions which might have significant impact;
- f) In view of assuring proper management of Company information, adopt, on the proposal of the Chairman, a procedure for internal management and public disclosure of documents and information concerning the Company, and especially inside information (see Section 5);
- g) if deemed necessary to set out a corporate governance system that is more functional to the Company's needs, draw up reasoned proposals to be submitted to the Shareholders' Meeting concerning the choice and characteristics of the corporate model (traditional, "one-tier", "two-tier"), the size, composition and appointment of the Board and the term of office of its members, the allocation of administrative and financial rights attached to the shares, the percentages established for the exercise of the prerogatives protecting minorities;
- h) at the proposal of the Chairman, adopt and describe in the corporate governance report a policy for managing dialogue with the general public of Shareholders, while also taking account of the engagement policies adopted by institutional investors and asset managers.

In addition to the powers described above, the Board of Directors shall:

- a) define and update the principles and indications contained in the "Guidelines", with the support and prior opinion of the Control and Risk Committee, so that the principal risks faced by the Issuer and its subsidiaries are correctly identified, and adequately measured, managed and monitored, while also determining the degree of compatibility of these risks with business management that is consistent with the identified strategic objectives, and including, in its assessments, such elements as may be significant with a view to the sustainable success of the Issuer and of the Tod's Group;
- b) appoint, from among its members (i) one or more Managing Directors in charge of setting up and maintaining an effective Internal Control and Risk Management System, as well as (ii) a Control and Risk Committee, with the task of providing support, including adequate investigation, for the findings and decisions of the Board of Directors relating to the

Internal Control and Risk Management System, and those related to the approval of interim financial and non-financial reports;

c) periodically, and as a rule on the occasion of (or prior to) the meeting for the approval of the annual financial report, approve the strategies and policies for managing the main risks of the Issuer and the Tod's Group, with particular attention to companies having strategic importance, on the basis of the analysis of the Director responsible for the Internal Control and Risk Management System and with the support and prior opinion of the Control and Risk Committee, which, for this purpose, reports to the Board on the conditions of the Internal Control and Risk Management System, including in relation to those factors from which risks may arise for the Company and the Group; in its evaluations, the Board of Directors shall include such elements as may be relevant with a view to the sustainable success of the Issuer and the Tod's Group;

d) periodically, and as a rule on the occasion of (or prior to) the meetings for the approval of the annual financial report and the half-year financial report, verify - with the support and prior opinion of the Control and Risk Committee - the adequacy of the Internal Control and Risk Management System, according to the characteristics of the business and its assumed risk profile and its effectiveness, while ensuring that:

- the duties and responsibilities are allocated clearly and appropriately;

- the control functions, including the Head of the Internal audit function, the Financial Reporting Manager and the Supervisory Body, are provided with adequate professionalism and resources to perform their duties and enjoy an appropriate degree of autonomy within the company organization, so as to ensure their effectiveness and impartiality of judgement; the Head of the Internal audit function must in any case be guaranteed independence from each manager of operational areas subject to his monitoring activity;

e) as a rule, at the meeting called to approve the half-year financial report, or at a Board meeting to be held in the fourth quarter of the financial year, identify the companies of strategic importance within the Tod's Group;

f) approve - at least on an annual basis, and as a rule on the occasion of (or prior to) the meeting for the approval of the annual financial report, with the support and prior opinion of the Control and Risk Committee - the work plan prepared by the Head of the Internal audit function, after having heard the Board of Statutory Auditors and the Director responsible for the Internal Control and Risk Management System;

g) describe - with the support of the Control and Risk Committee - the principal elements of the Internal Control and Risk Management System, as well as the methods of coordination between the persons involved, in the annual report on corporate governance, while specifying the relevant national and international models and best practices, and give its evaluation of the adequacy of that system, while also giving an account of the choices made as to the composition of the Supervisory Body;

h) assess, with the support of the Control and Risk Committee, and after consulting with the Board of Statutory Auditors, the results stated by the independent auditor in any letter of suggestions and in the additional report addressed to the Board of Statutory Auditors;

i) at the proposal of the Director responsible for the Internal Control and Risk Management System, after obtaining the favourable opinion of the Control and Risk Committee, and consulting with the Board of Statutory Auditors:

- appoint and dismiss the Head of the Internal audit Function;

- assure that he is provided with adequate resources to perform his duties;

- set his remuneration consistently with corporate policy;

l) with the support of the Control and Risk Committee, appoint and dismiss the members of the Issuer's Supervisory Body, established and operating pursuant to Legislative Decree no. 231/2001, while ensuring the coordination of work between the various persons involved in the Internal Control and Risk Management System;



- m) adopt the Organizational, Management and Control Model prepared pursuant to Legislative Decree no. 231/2001 and approve any amendments thereto in accordance with the regulatory provisions in force from time to time;
- n) adopt, in accordance with the laws and regulations in force from time to time, the Tod's Group's procedure for related-party transactions and perform any additional tasks assigned to it under that procedure and pursuant to the rules in force from time to time, in accordance with the regulatory provisions in force from time to time; and
- o) appoint a Director in charge of the Whistleblowing System.

In implementation of the principles and responsibilities described hereinabove, the Board of Directors, during the 2022 Financial Year, as well as in early 2023, among other things:

- a) examined and approved, at the meeting held on January 25<sup>th</sup>, 2022, the criteria for the preparation of the business plans of the Company and of the Group it controls, including on the basis of the analysis of the issues relevant to the generation of long-term value, as carried out with the support of the Executive Committee;
- b) monitored the implementation of the business plan and assessed, both during the Financial Year and, most recently, on March 13<sup>th</sup>, 2023, the general performance of operations on the basis of the information received from the delegated bodies, while comparing achieved results with budgeted targets;
- c) assessed the adequacy of the organizational, administrative and accounting structure of the Issuer and strategic subsidiaries, with specific regard to the internal control and risk management system, during the Financial Year and, finally, at the meeting held to approve the Annual Financial Report at December 31<sup>st</sup>, 2022. In particular, said assessments were carried out on the basis of the analysis by the Director responsible for Internal Control after obtaining the opinion of the Control and Risk Committee, which was able to continuously monitor the adequacy and effective functioning of the internal control and risk management system of both the Issuer and the Group, particularly those of its strategic subsidiaries (see Section 9);
- d) confirmed the criteria for reporting the significant transactions carried out by the Tod's Group that are reserved for the prior consideration and approval by the Board of Directors, as stated in the *"Guidelines for Significant Transactions of Tod's S.p.A."* (available on the Company's website at [www.todsgroup.com](http://www.todsgroup.com) in the *"Corporate Governance/Procedures and Regulations"* section);
- e) confirmed the specific procedure for the internal management and public disclosure of documents and information concerning the Company, with particular reference to inside information, as adopted by the Board of Directors on the proposal of the Chairman (see Section 5);
- f) carried out, in the Financial Year and, finally, on March 2<sup>nd</sup>, 2022, the evaluation of the functioning of the Board of Directors and its committees, as well as of their size and composition (self-assessment);
- g) approved - during the meeting of January 25<sup>th</sup>, 2023 - the *"Tod's Group Diversity, Equity and Inclusion Protection Policy"*, which aims to encourage the dissemination and promotion of the principles of governance and social sustainability that have always guided the Tod's Group in the transparent and responsible performance of its activities in line with what is stated in the Code of Ethics and the Sustainability Policy;
- h) verified - during the meeting of March 6<sup>th</sup>, 2023 - ongoing compliance with the requirements of (non-executive) status and independence in accordance with the criteria established by Art. 148 of the TUF, in the case of 8 Directors, as well as ongoing compliance with the independence requirements set forth in Art. 2, recommendation 7, of the Code in the case of 6 Directors;
- i) approved - during the meeting of March 6<sup>th</sup>, 2023 - the update of the Sustainability Policy for the purposes of fostering the dissemination among stakeholders of the principles of social and environmental sustainability that have always underpinned the Group's business strategy, together with the new Sustainability Plan for the three-year period from 2023 to 2025, as well as the Policy for philanthropy, solidarity and community support initiatives, which



formalizes the guidelines and procedures for the disbursement of donations and charitable initiatives in line with the objectives promoted by the new Sustainability Policy and in compliance with the principles of integrity and transparency set forth in the Group's Code of Ethics and Anti-corruption Policy;

- j) carried out – during the meeting on March 13<sup>th</sup>, 2023 - the periodic review of the adequacy and suitability of the Environmental Policy and the Occupational Health and Safety Policy.

#### **4.2 Appointment and replacement (pursuant to Art. 123-bis, paragraph 1, letter I), TUF)**

In accordance with Article 147-ter of the Consolidated Law on Finance (TUF), the Articles of Associations of the Company (Article 17), envisage that the Board of Directors is to be elected according to the voting slate procedure, in compliance with applicable gender balance laws and regulations.

Shareholders owning a shareholding that is at least equal to the shareholding established by Consob , as required by law and by regulations, and that corresponds to 1% of the Share Capital at the approval date of this Report are entitled to present the slates of nominees to allocate the Directors to be elected, as duly established by Art. 144-quater of the Issuer Regulations and by Consob Director's Decision no. 76 of January 30<sup>th</sup>, 2023; ownership of the aforesaid minimum participating interest is established pursuant to law, taking due account of the shares registered in the name of the Shareholder in question, as at the date on which the slates are filed with the Company.

In accordance with Article 147-ter, paragraph 4 of the Consolidated Law on Finance (TUF), the Articles of Association envisage that at least two nominees are required to meet the independence requirements established by law and are to be indicated at least in the second and seventh position on each slate.

The Articles of Association do not provide for independence requirements other than those established for the Statutory Auditors pursuant to Art. 148, par. TUF, nor for honorability and /or professionalism requirements other than those established by law for the appointment of directors.

The slates of nominees presented by the Shareholders must be registered at the Registered Office – together with the relevant documentation issued by the authorized intermediaries, the nominees' curricula and the respective declarations and attestations required by the law and regulations in force and by the Articles of Association – within the deadline provided under Art. 147-ter, par. 1-bis of TUF, i.e. at least twenty-five (25) days before the date established for the Meeting in first call, which is due to resolve on the appointment of the members of the Board of Directors.

The aforesaid documents issued by authorized intermediaries certifying ownership of the minimum shareholding required to submit slates, may be forwarded even after the slates have been filed, albeit within no more than twenty-one days prior to the scheduled date of the related Shareholder's Meeting.

It should be noted that the Articles of Association do not provide for the possibility for the outgoing members of the Board of Directors to submit a list for the election of the governing body, nor do they provide that, for the allocation of the directors to be elected, lists are not taken into account which have not obtained a percentage of votes equal to at least half of that required by the Articles of Association for the submission of such lists.

For six consecutive terms beginning with the first time that the new Board of Directors is elected after January 1<sup>st</sup>, 2020, each slate containing three or more nominees must be composed in such a way as to guarantee that the gender balance of the Board of Directors satisfies the minimum quota required by applicable statutory and regulatory provisions; at present these rules provide for the less represented gender to hold a quota equal to at least two-fifths of the elected Directors (rounded up to the nearest whole number if the application of the criterion on the allocation of quotas between genders does not result in a whole number of members of the Board of Directors).

The Board of Directors is elected on the basis of the following procedure:

- a) the Directors to be elected, except one, are taken from the slate that obtained the highest number of votes cast by the Shareholders, in the sequential order in which they are listed in the slate concerned;

b) the remaining Director is taken from the slate that obtained the highest number of votes cast in the Meeting after the first slate, and is not associated in any way, not even indirectly, with the Shareholders who presents or voted for the slate that ranked first based on the number of votes.

If, upon conclusion of voting, the composition of the Board of Directors does not satisfy the gender balance enjoined by applicable laws and regulations, the nominee of the most highly represented gender who was the last to be elected in the sequential order of the slate that received the highest number of votes shall be replaced by the first candidate of the least represented gender who was not elected on the same slate, in the sequential order of that slate, without prejudice to satisfaction of the minimum number of legally qualified independent directors. The elected nominees shall be replaced according to the same procedure until the composition of the Board of Directors complies with applicable laws and regulations.

If this procedure does not guarantee the final result indicated hereinabove, the Shareholder's Meeting shall make the necessary changes by resolution with the statutory majority of votes.

With respect to the proportionate election of Directors, the Articles of Association do not provide for a minimum percentage of votes that the slates must have obtained in the Shareholders' Meeting.

If only one slate of nominees is submitted or qualified for election, all the nominees on that list shall be elected to the Board of Directors in the sequential order in which they appear on that slate. If necessary, the procedure described in the preceding paragraph shall be applied.

If one or more seats should be vacated during the year, they shall be filled pursuant to law, in compliance with the provisions governing the composition of the Board of Directors established by law and Article 17 of the Articles of Association.

Please note that the Board of Directors membership is not subject to any provision of law concerning the relevant labour sector other than those provided by the TUF.

It should also be noted that, by a resolution passed on March 6<sup>th</sup>, 2018, the Board of Directors approved its diversity policy, which will be dealt with below and which was reviewed and confirmed by the Board under the Framework Resolution of April 21<sup>st</sup>, 2021 referred to above.

For more information on the role of the Board of Directors and board committees in self-assessment, appointment and succession processes, reference should be made to Section 7.

#### **4.3 Membership (pursuant to Art. 123-bis, paragraph 2, letters d) and d-bis), TUF).**

The Board of Directors in office at the approval date of his Report was approved by the Shareholders' Meeting of April 21<sup>st</sup>, 2021, which had set the total number of directors' seats at 15 (fifteen) and set their term of office at three financial years, which will therefore expire with the Shareholders' Meeting to be called for the approval of the Financial Statements for the financial year ended December 31<sup>st</sup>, 2023.

It should be noted that the members of the Board of Directors were all taken from the single list submitted by the majority Shareholder Di.Vi. Finanziaria di Diego Della Valle & C. S.r.l. (holding a stake of 50.291% of the share capital), which obtained favourable votes equal to 98.552% of the voting share capital in attendance) and which listed the following candidates: 1) Diego Della Valle; 2) Vincenzo Ugo Manes; 3) Andrea Della Valle; 4) Luigi Abete; 5) Maria Capparelli; 6) Luca Cordero di Montezemolo; 7) Sveva Dalmasso; 8) Chiara Ferragni; 9) Romina Guglielmetti; 10) Umberto Macchi Di Cellere; 11) Emilio Macellari; 12) Cinzia Oglio; 13) Emanuela Prandelli; 14) Pierfrancesco Saviotti; 15) Maurizio Boscarato.

For the sake of completeness, it is recalled, as already noted in the Corporate Governance Report for the 2021 Financial Year, that:

- on June 1<sup>st</sup>, 2021 the non-executive Director Maurizio Boscarato resigned from his position as Director, with immediate effect;
- on June 7<sup>th</sup>, 2021, the Board of Directors, in accordance with the provisions of Article 2386 of the Italian Civil Code and Article 18 of the Company's Articles of Association, resolved to co-opt Michele Scannavini to the position of Director, having regard to the criteria set forth in the current Policy on diversity within the Board of Directors and Mr Scannavini's previous successful experience within the Company's Board of Directors;
- subsequently, the relationships between the Company and Mr Umberto Macchi di Cellere had been terminated on November 10<sup>th</sup>, 2021, following the review of the Tod's Group's governance structure decided by the Board of Directors on October 8<sup>th</sup>, 2021 (with the Chairman Diego Della Valle and the Vice Chairman Andrea Della Valle retaining the position of Chief Executive Officer, with similar powers, and replacing the managing Director Umberto Macchi di Cellere with the General Manager Simona Cattaneo, with the aim of shortening the decision-making chain and thus speeding up decision-making, with the Group's operational structure and all First-line managers). On this occasion, the Board, with the help of the Nomination and Remuneration Committee and after having heard the Board of Statutory Auditors, verified the actual impact of the resignation of Mr Macchi di Cellere on the functioning of the Board and its Committees, with specific regard to the system of delegated management powers and the organization of positions within the Board; it also considered that the size and composition of the Board were adequate with respect to the Company's operations and the criteria set forth in the current Policy on diversity of the Board of Directors, while believing, on the basis of a prognostic assessment, that the termination of an executive member's service would not have compromised the efficient functioning of the Board and the Executive Committee, and resolving not to co-opt a new Director to replace the resigning Mr Macchi di Cellere and to postpone any decision regarding the reduction in the number of members of the Board of Directors to 14, or the possible appointment of a new Director, to the first possible session of the Shareholders' Meeting.

Therefore, it should be noted that during the Financial Year:

- the Shareholders' Meeting, by a resolution adopted on April 27<sup>th</sup>, 2022, (i) reset the number of members of the Board of Directors at 14 (fourteen); (ii) integrated the composition of the Board of Directors by appointing Mr Scannavini to the position of Director, until the expiry of the term of office of the present Board of Directors and, therefore, until the Shareholders' Meeting called to approve the financial statements for the financial year ended December 31<sup>st</sup>, 2023, upon proposal by the majority Shareholder Di.Vi. Finanziaria di Diego Della Valle & C. S.r.l., taking account of the recommendations laid down in the Board of Directors' Report on the items on the agenda of the aforesaid Shareholders' Meeting and the current Board of Directors' Diversity Policy.

In relation to Principle V of the CG Code, it should be noted that the Board of Directors is composed of executive and non-executive Directors, who all have the professionalism and skills appropriate to the duties entrusted to them. The number and skills of the non-executive Directors are such as to ensure that they have a significant influence in the adoption of Board resolutions and to ensure effective monitoring of operations. In compliance with Principle VI of the CG Code, a significant component of non-executive Directors is independent, as recently verified during the board meeting held on March 6<sup>th</sup>, 2023 (out of 11 non-executive Directors, 8 Directors meet the independence requirements prescribed by law and 6 Directors also meet the independence requirements provided for by the Code).

Please find below the personal information and professional qualifications of each director holding office, also in accordance with Article 144-*decies* of the Issuer regulation:

1) Diego Della Valle, Chairman and Chief executive Officer, was born in Sant'Elpidio a Mare (FM) on December 30<sup>th</sup>, 1953. Founder of Tod's S.p.A., he has developed it to the point of transforming it into the parent company of a multinational Group that is a leader in the luxury market. He has been Chairman and Chief Executive Officer of Tod's S.p.A. since 2000. In 2000 he received a degree *honoris causa* in Business and Economics from the University of Ancona;

- 2) Andrea Della Valle, Vice Chairman and Managing Director of Tod's S.p.A. since 2000, was born in Sant'Elpidio a Mare (FM) on September 26<sup>th</sup> 1965. He began his training and preparation in the United States. He has also been appointed as Director responsible for the internal control and risk management system and Director responsible for the whistleblowing system. In 2022 he received a degree *honoris causa* in Business and Economics from the University of Ancona;
- 3) Luigi Abete, independent director without executive authority, was born in Rome (RM) on February 17<sup>th</sup>, 1947, Graduated in law, he was Chairman of Confindustria from 1992 to 1996. He was Chairman of Banca Nazionale del Lavoro S.p.A. from 1998 to 2021. In 2007 he received a degree *honoris causa* in Business and economics from the University of Sannio. He was the Chairman of FeBAF (*Federazione Banche, Assicurazione e Finanza*) from 2014 to 2021. He has been a member of the Board of Directors of Tod's S.p.A. since October 7<sup>th</sup>, 2000;
- 4) Emilio Macellari, director with executive authority, "*procuratore*" (attorney-in-fact), was born in Civitanova Marche (MC) on March 11<sup>th</sup>, 1958. Graduated in law and political science, he is an independent professional and the owner of his consulting firm. He has worked with the Group since 1976, handling corporate and tax issues. He sits on the boards of directors of various Italian and foreign subsidiaries and has been a member of the Company's Board of Directors since 2000;
- 5) Michele Scannavini, non-executive Director, was born in Ferrara (FE), on April 21<sup>st</sup>, 1959. Graduated in Economics and Business at L. Bocconi University, he gained significant experience in the Coty Group, which is a leader in the cosmetics sector, until becoming CEO in 2012. He served as a director of Tod's S.p.A. in the three-year period from 2015 to 2018 and was first co-opted by the Company's Board of Directors on June 7<sup>th</sup>, 2021, and then appointed Director by the Shareholders' Meeting of April 27<sup>th</sup>, 2022 until the expiry of the term of office of the present Board of Directors and, therefore, until the Shareholders' Meeting called to approve the financial statements for the financial year ending December 31<sup>st</sup>, 2023. He has established a professional relationship with the Group concerning the provision of consulting services in support of top management;
- 6) Pierfrancesco Saviotti, independent director without executive authority, was born in Alessandria (AL) on June 16<sup>th</sup>, 1942. He was Chief Executive Officer of Banca Commerciale Italiana and General Manager (Loan Business Unit) of Banca Intesa. He has been Senior Advisor for Italy and Vice Chairman of Merrill Lynch Europe, as well as Chief Executive Officer of Banco Popolare Società Cooperativa. He sits on the Board of Directors of the Company since October 7<sup>th</sup>, 2000;
- 7) Vincenzo Manes, non-executive and independent director, was appointed as Lead Independent Director on April 19<sup>th</sup>, 2018. He was born in Venafro (IS) on April 1<sup>st</sup>, 1960. He graduated in economics and Commerce from Luiss University in Rome. He is the founder and Chairman of Intek group (a holding company listed on the Milan Stock Exchange and operating in the sectors of industry, finance and renewable energy), as well as of the Dynamo Foundation, aimed at contributing to the development of philanthropy in Italy. In 2013 he was awarded the honour of Knight of Labour (*Cavaliere del Lavoro*). He has been a member of the Company's Board of Directors since April 22<sup>nd</sup>, 2015;
- 8) Cinzia Oglio, non-executive director, was born in Vigevano (PV) on December 5<sup>th</sup>, 1970. She graduated in Economics and Commerce from L. Bocconi University. She has been the investor relations manager of the Group since 2001 and has been a member of the Company's Board of Directors since April 22<sup>nd</sup>, 2015;
- 9) Romina Guglielmetti, non-executive director, was born in Piacenza (PC) on March 18<sup>th</sup>, 1973. She is a lawyer and operates her own firm in Milan. She has gained a significant experience in the field of company law, banking law, corporate governance and financial markets. She has been a member of the Board of directors of some major Italian companies and of the Company since April 22<sup>nd</sup>, 2015;
- 10) Sveva Dalmasso, non-executive and independent director, was born in Rome on November 9<sup>th</sup>, 1956. She has graduated in Law, is a notary public and her office is located in Milan. From 1998 to 2003 she held the position of Standing

Auditor of the National Notaries' Provident Fund (*Cassa Nazionale del Notariato*). She has been a member of the Company's Board of Directors since April 22<sup>nd</sup>, 2015;

11) Maria (also called Marilù) Capparelli, non-executive and independent director, was born in Naples on June 11<sup>th</sup>, 1974. She is a lawyer and holds the position of Legal Affairs manager at Google Inc.. She has been sitting on the Board of Directors of RCS Mediagroup S.p.A. and on that of the Company since April 19<sup>th</sup>, 2018;

12) Emanuela Prandelli, non-executive and independent director, was born in Lecco on July 17<sup>th</sup>, 1970. After graduating in economics from L. Bocconi University, she is now LVMH Associate Professor of Fashion & Luxury Management at the Department of Management of L. Bocconi University, where she is also Director of the Master's program in Fashion, Design & Experience. She has been a member of the Company's Board of Directors since April 19<sup>th</sup>, 2018;

13) Chiara Ferragni, non-executive Director, was born in Cremona on May 7<sup>th</sup>, 1987. She is a digital entrepreneur, founder of TBS Crew S.r.l. and owner of the Chiara Ferragni Brand with the same name, which has been distinguishing clothing, footwear and accessories since 2013. She has received important awards, including "most influential person of 2020" for Vanity Fair magazine, and most recently the Ambrogino d'Oro for her efforts against the Coronavirus. She has been a member of the Company's Board of Directors since April 21<sup>st</sup>, 2021;

14) Luca Cordero di Montezemolo, non-executive and independent Director, was born in Bologna (BO) on August 31<sup>st</sup>, 1947. Graduated in Law, he has been the Chairman of Ferrari S.p.A., Fiat S.p.A., Alitalia S.p.A. and Confindustria. He is a member of the Boards of Directors of prestigious national and international organizations and companies. He was a director of Tod's S.p.A. from 2001 to 2015.

Please note that the Board of Directors of the Company has reviewed the satisfaction of the aforementioned requirements of executive/non-executive authority and independence/non-independence in accordance with the principles set out in Article 148, paragraph 3, of the TUF and Recommendation no. 7 of the CG Code on the occasion of the first board meeting held after the appointment and, finally, at the Board of Directors' meeting held on March 6<sup>th</sup>, 2023.

The information concerning each Director holding office as at the reporting date is reported in an appendix attached hereto as Table 2.

It should be noted that there have been no further changes in the composition of the Board of Directors since the end of the Financial Year.

#### **Diversity criteria and policy in the composition of the Board and the company organization**

The Company has applied diversity criteria, including gender criteria, to the composition of the Board of Directors in order to ensure that its members have an adequate level of competence and professionalism.

More specifically, as regards gender diversity, it should be noted that more than a third of the members of the Board of Directors holding office, and precisely two fifths of the total members of the Board of Directors set by the Shareholders' Meeting held on April 21<sup>st</sup>, 2021, as reset by the Shareholders' Meeting on April 27<sup>th</sup>, 2022 (i.e. 6 out of 14 members), belong to the less represented gender, in compliance with the regulations currently applicable to the Company and the criterion prescribed by recommendation no. 8 of the CG Code and the current diversity policy adopted by the Board of Directors. It should be noted that, by a resolution passed on November 11<sup>th</sup>, 2020, the Board of Directors brought Articles 17 and 27 of the Company's Articles of Associations (concerning the election of the Board of Directors and of the Board of Statutory Auditors, respectively) into line with Law 160 of 27 December 2019 ("2020 Budget Law"); this law amended the criteria governing gender balance in governing and control bodies of listed companies (introduced by Law of July 12<sup>th</sup>, 2011), replacing, among other things, Articles 17-ter, paragraph 1-ter and 148, paragraph 1-bis, of the consolidated Law on Finance.

By virtue of the reformed text of Articles 17 and 27 of the Articles of Association, the quota to be reserved to the less represented gender within governing and control bodies is equal to *“at least two fifths”*; this criterion applies for six consecutive mandates *“with effect from the first renewal of the mandate of governing and control bodies of companies listed on regulated markets”* after January 1<sup>st</sup>, 2020.

Without prejudice to the fundamentally important requisites of competence and professionalism of Directors, the Company has also determined other diversity criteria, which ensure that the governing body as composed is fit to perform the duties for which it is responsible, in the conviction that a balanced and harmonious composition of the Board of Directors is the basic requirements for the efficient conduct of business.

While also taking account of its ownership structures, the Company pursued these objectives by adopting a diversity Policy in the composition of the Board of Directors on the one hand and on the other the guidelines provided to the Shareholders at the time of the presentation of the lists for the renewal of the Board's term of office.

Specifically, in accordance with article 123-bis, paragraph 2, letter d-bis), the Company adopted, by a resolution passed by the Board of Directors on March 6<sup>th</sup>, 2018, its own diversity policy in relation to the composition of the governing body of Tod's S.p.A., also on the basis of the outcome of the periodic self-assessment procedure, which was finally reviewed and confirmed by the Board of Directors by the Framework Resolution passed on April 21<sup>st</sup>, 2021.

This policy is aimed at identifying an optimal composition of the Board of Directors, so that the latter may perform its duties in the most effective manner, making decisions that may actually benefit from the contribution of a number of persons with qualified and diversified skills, capable of examining the issues being dealt with from different perspectives.

Specifically, the diversity policy adopted by the Company's Board of Directors provides that:

- (i) the Board of Directors should be composed by a majority of non-executive directors, who should perform an important function to encourage the exchange of opinions and contribute to monitoring the decisions made by executive directors;
- (ii) one third of directors should, as a rule, meet the independence requirements prescribed by law and by the CG Code, so as to allow an heterogeneous composition of the Board Committees (which must be composed by a majority of independent directors), in any case without prejudice to compliance with the current regulations applicable from time to time in the matter of gender balance;
- (iii) the composition of the Board of Directors must in any case endure gender balance in accordance with the provisions of law and of the Articles of Association in force from time to time, both upon appointment and during the term of office;
- (iv) it would be necessary to ensure a balanced combination of different age groups within the Board of Directors, so as to allow a balanced plurality of perspectives and managerial and professional expertise;
- (v) the board members should be persons who have such managerial and/or professional and/or academic and/or institutional back ground as to realize a mix of skills and expertise that are different and complementary between each other. Specifically:
  - a. the board members with a managerial background should have gained competence and experience in positions of responsibility in the luxury business sector or in sectors of businesses that are closely related to those conducted by the Company, or in any case within industrial groups of considerable size and/or complexity, as well as be persons whose performance is highly oriented to strategy and results in compliance with the principles of proper corporate and business management, while also having regard to social sustainability and digital innovation issues;
  - b. the board members with a managerial back ground should have gained competence and experience in positions of responsibility with accredited professional firms, consulting firms or other organizations and have provided

their professional services in the fields of economy, accounting, law (with specific reference to commercial, corporate, tax and financial markets law), finance, as well as in the field of risk management and remuneration policy, with specific regard to business activities;

- c. the board members with an academic and/or institutional background should possess such competence and expertise as may be required to strengthen the business of the Tod's Group;
- (vi) the Chairman should be an authoritative and experienced person capable of ensuring, during the term of office a correct, efficient and effective management of the proceedings of the Board of Directors, within which the Chairman is responsible for creating a strong spirit of cohesion, while being guarantor for the Board's work all Shareholders and stakeholders. The Chairman should encourage the participation of all directors in board debates on equal terms and possess adequate experience in managing issues of key importance to the Board, as well as specific managerial and entrepreneurial skills in the luxury business sector;
- (vii) the Chief Executive Officers should be authoritative persons, with recognized strategic vision and a thorough knowledge of the luxury business sector, as well as of its trends and their development. They should have gained considerable and successful experience as members of the top management of companies of considerable size and/or complexity operating worldwide, as well as possess adequate competence and expertise in the fields of economy and finance. They should also have recognized leadership skills and a management style focused on the ability to create a team spirit among collaborators.

In order for the Company's Board of Directors to be able to perform its duties in the most effective manner, it is essential that all directors ensure such available times, as may be adequate and responsible performance of its duties.

As to the methods of implementation, the abovementioned policy intends, first of all, to direct the candidates designate by the Shareholders upon the renewal of the Board of Directors, ensuring an appropriate consideration of the benefits that might be obtained from an optimal composition of the Board itself, in line with the various diversity criteria reported above. The Board of Directors will also take account of the composition criteria set out in the above-mentioned policy when it is necessary to replace one or more directors who have ceased to hold their position during the term of office, without prejudice to compliance with the composition criteria set out b law and by the Company's Articles of Association.

On the occasion of the renewal of the governing body, it should be noted that the outgoing Board of Directors has given – in the Report on the issues on the agenda prepared pursuant to Article 125-ter of TUF – some guidance on the managerial and professional profiles whose presence on the governing body are considered desirable, suggesting that the Shareholders include in the list (i) candidates with a managerial and/or professional and/or academic and/or institutional background, so that a mix of diverse and complementary competencies and experience is created; (ii) a sufficient number of candidate who meet the requirements of independence so that at least one third of the members of the Board of Directors is normally made up of Independent Directors; (iii) candidates from different age brackets to provide a balanced number of professionals in the Board, some with future prospects and others with already acquired managerial and professional experience; (iv) persons of both genders in lists containing three or more candidates, so that the composition of the Board ensures gender equality to the extent set out in Article 147-ter, paragraph 1-ter, of TUF (i.e. ensures that the less represented gender is in a proportion of at least two fifths of the Directors elected).

Following the appointment resolved upon by the Shareholders' Meeting held on April 21<sup>st</sup>, 2021, and finally on the occasion of the board's meeting held on March 6<sup>th</sup>, 2023, the governing body holding office established that its composition meets the diversity requirements mentioned above.

In relation to Recommendation no. 8 of the CG Code, it should be noted that, within its organizational structure, and thus in the management of its human resources, the Company and the Group more in general base themselves on diversity and multiculturalism, which are fundamentally important principles for an international entity like the Group. A heterogeneous



workforce is also a precious tool for understanding the particular needs of all the different markets and responding to them in the best possible way.

The Company's intention to observe these values is also affirmed in the Code of Ethics, in which the Group states that it ensures respect for diversity and equal opportunities at every level of its organization, observing merit criteria and without any discrimination at all arising from factors such as age, gender, sexual orientation, race, language, nationality, political or religious beliefs or membership of a trade union.

It is also worth noting the Company's recent adoption of the "*Diversity, Equity and Inclusion Protection Policy*" adopted by the Board of Directors by a resolution dated January 25<sup>th</sup>, 2023. According to the policy, the Group aims, in line with the principles set forth in the Code of Ethics and the Sustainability Policy, to counter any form of discrimination in the workplace, promoting full equality between men and women, fostering meritocracy and the enhancement of the potential of individuals, and supporting multiculturalism in all company activities and environments.

In order to further strengthen its commitment, the Company has also adhered to the ten principles of the United Nations Global Compact, contributing to the achievement of the UN Agenda 2030 sustainable development goals.

As at December 31<sup>st</sup>, 2022, the female staff members accounted for 66.2% of the Group's total workforce, showing a slight increase compared to 65.7% in the previous year. There were substantial numbers of female staff members in Group companies in all Regions of the world. Furthermore men and women were equally distributed among the top management (executives and middle managers), even with a light preponderance of women (58.2%, up compared to 56.9% in the previous year).

#### **Maximum number of simultaneous appointments within other corporations**

In relation to Recommendation no. 15 of the CG Code, it is hereby confirmed that, as at the date of approval of this Report, (a) the Board of Directors did not deem it necessary or appropriate to establish general principles for determining the maximum number of Directors or Statutory Auditor appointments which may be considered compatible with effective performance as Company Director (considering, *inter alia*, membership of the Directors on the standing committees of the Board of Directors); (b) the failure to determine the maximum number of appointments essentially reflects the variety of situations that are theoretically possible and that can differ according to the characteristics of the individual board member, the type, size and complexity and peculiarities of the business sector of the companies in which the additional positions are held, as well as to the specific functions performed (executive, non-executive or independent director; committee member; standing auditor or chairman of the board of statutory auditors, etc.); (c) the aforementioned decision was finally confirmed by the Board of Directors on the occasion of the Framework Resolution of April 21<sup>st</sup> 2022; (d) as an alternative to the determination of a maximum number of positions, the Board of Directors opted for an assessment of the individual cases, in relation to the characteristics of each Director (experience, characteristics of the offices held etc.) from which to deduce the compatibility of the positions held with the acceptance of the office on the Issuer's Board of Directors and Committees.

#### **4.4 Functioning of the Board of Directors (pursuant to Art. 123-bis, paragraph 2, letter d), TUF)**

In relation to Principle IX of the CG Code, it should be noted that the Board of Directors, with the said framework resolution adopted on April 21<sup>st</sup>, 2021, approved a regulation governing the composition, duties, rules and operating procedures of the governing body, including the procedures for recording minutes of meetings and the procedures for managing information to Directors, while also setting the time limits for sending information in advance and the procedures for protecting the confidentiality of data and information provided, so as not to prejudice the timeliness and completeness of information flows.



In compliance with Recommendation no. 11 of the Code, it should be noted that the "*Rules for the functioning of the Board of Directors of Tod's S.p.A.*" (the "BoD Rules") provide, among others, that (i) if the Shareholders' Meeting has not already done so, pursuant to Article 19 of the Articles of Association, the Board of Directors elects from among its members a Chairman, who shall convene the Board meetings, set the agenda for the related meetings, plan and coordinate its proceedings and work and ensure, with the help of the Secretary, that the Directors are provided with adequate information on the items on the agenda; (ii) specific minutes of each meeting of the Board of Directors are to be drawn up by the secretary (appointed by the Board, on the proposal of the Chairman), (iii) the minutes must adequately record the progress of the work and any dissent expressed by the members of the Board on individual issues and the reasons for such dissent; (iv) following the meeting, a draft of the minutes must be normally sent to all the Directors and standing Statutory Auditors for any possible observations, which are then collected by the Secretary; (v) the final text of the minutes must be drafted by the Secretary, submitted for approval by the Chairman of the meeting and the Board of Directors at the next possible Board meeting and subsequently reported in the appropriate corporate book on the part of the Secretary.

As regards the management of information to Directors, the BoD Rules provide that the documentation supporting Board meetings must be made available to Directors and Statutory Auditors in such a way as to ensure the necessary security and confidentiality and well in advance of the date of the Board meeting. If possible, the aforesaid documentation shall be made available at the same time as the date on which the meeting is convened and, in any case, within the time limit – which is regarded as appropriate - of at least two working days prior to the meeting, by uploading it onto the specific IT platform implemented by the Company and accessible to all members of the Board and the Board of Statutory Auditors or by equivalent methods and tools (without prejudice to cases of urgency, when the documentation is made available as promptly as possible).

If it is not possible to comply with the above-mentioned time limit, the BoD Rules provide that the Chairman - with the help of the Secretary - shall ensure that during the meeting adequate and detailed in-depth analyses are carried out on the subject, including, where necessary, with the help of the competent corporate functions.

In relation to Recommendation no. 11 of the CG Code, it should also be noted that, with reference to the Board meetings held during the Financial Year, the aforementioned time limit of at least two working days for making the documentation available for the meetings was generally complied with, as also emerged in the context of the self-assessment carried out by the Board of Directors at the meeting held on March 2<sup>nd</sup>, 2022, which resulted in an overall favourable opinion of all the Directors on the completeness, clarity, usability and timeliness of the information to be provided before the meetings, such as to allow each Director to adequately prepare for Board meetings and to intervene and act in an informed manner.

In relation to Principle XII of the CG Code, it should be noted that each Director ensured adequate time availability for the diligent performance of the duties entrusted to him.

In fact, the Board meetings were regularly and assiduously attended by the Directors; the percentage of attendance of each Director at the Board meetings is shown in Table 2.

The Board of Directors met 11 times, even remotely, in the course of the Financial Year, with 6 meetings being planned for the current financial year (3 of which have already been held, including the one for approval of this report). Board of Directors meetings normally last on average 2 hours.

It should be noted that, in compliance with the provisions of Article 22 of the Articles of Association, the BoD Rules allow participants in Board meetings to intervene remotely, through the use of teleconferencing or videoconferencing means, provided that all participants can be identified by the Chairman and the other participants, that they are allowed to follow the discussion, to intervene in real time in the discussion of the topics discussed, to receive documentation and to be able to send it. In this case, the Board meeting is deemed to be held in the place where the Chairman and Secretary are located or - if different (e.g. if extraordinary events occur, which do not allow their simultaneous participation in the meeting,

including the occurrence of emergency situations due to pandemics or epidemics) - in the place where the Secretary is located. It is the responsibility of those who participate remotely to ensure the proper functioning of the equipment, as well as to manage the confidentiality profiles of the communication.

Board of Directors meetings are held with the direct participation of all its members. Their diverse expertise allow them to analyze and investigate the matters set on the agenda from different perspectives, enriching the exchange of opinions that is essential to all pondered and informed decisions. The Chairman ensures that the time required to allow for a constructive discussion is dedicated to the items on the agenda, while encouraging board members to make contributions during the proceedings of the meetings.

#### **4.5 Role of the Chairman of the Board of Directors**

In relation to Principle X of the CG Code, it should be noted that the Chairman plays a liaison role between executive Directors and non-executive Directors and ensures the effective functioning of the Board proceedings, guaranteeing the most appropriate management of the timing of meetings, fostering the optimization of discussions and calibrating their extent, according to the importance of the items on the agenda.

During the Financial Year, the Chairman of the Board of Directors, with the help of the Secretary:

- a) ensured that the documentation required for the meetings of the Board of Directors was made available to the Directors and standing Statutory Auditors in such a way as to ensure the necessary security and confidentiality and well in advance of the date of the Board meeting. More specifically, the aforesaid documentation was mostly made available to the Directors and Statutory Auditors at the same time as the meeting was convened and, in any case, in compliance with the time limit of at least two working days before the meeting set in the BoD Rules, by uploading it onto the specific IT platform implemented by the Company, accessible to all members of the Board and the Board of Statutory Auditors. When it was not possible to comply with the aforementioned period of notice, the Chairman in any case ensured that, during the meeting, the appropriate additional information was provided to enable the Directors to act in an informed manner in the performance of their duties;
- b) ensured that the work of the Board committees with preliminary consideration and advisory functions and in a proactive role was coordinated with the activities of the Board. For this purpose, it should be noted that the Chairman of each Committee (or whoever replaces him or her pursuant to the provisions of the respective Rules of the relevant Committee) shall inform the Board of Directors of the work performed at the first possible meeting;
- c) ensured that the Company's executives responsible for the competent corporate functions attended the Board meetings, when deemed appropriate by the Chairman or requested by one or more Directors, to provide the necessary details on the items on the agenda. For this purpose, it should be noted that some of the Board meetings held during the Financial Year were attended by the Company's managers (including the General Manager, the Head of the Management Control Office, the Head of the Governance and Corporate Affairs Office);
- d) ensured that all Directors and Statutory Auditors participated, after their appointment and during their term of office, in projects aimed at providing them with an adequate knowledge of the business sectors in which the Company operates and of corporate dynamics and their evolution, even with a view to the sustainable success of the Company itself, as well as of the principles of proper risk management and of the regulatory and self-regulatory framework of reference. For this purpose, it should be noted that specific induction sessions were held during the Financial Year. More specifically, induction sessions were held for the benefit of the Risk and Control Committee and of the Board of Statutory Auditors on the following topics: protocols and procedures put in place by the Tod's Group to manage the Covid-19 health emergency, the Procedure for impairment test on goodwill and intangible assets with an indefinite useful life, the rules governing transactions with Related Parties, information security and cyber risk protection

measures, as well as on the rules of the Takeover Bid in relation to the voluntary Takeover Bid promoted by Deva Finance S.r.l. on August 3rd, 2022 over the total shares of the Issuer. For the benefit of the Independent Directors, an induction session was also held on the status of implementation of the CG Code.

Finally, it should be noted that, in compliance with Recommendation no. 3 of the CG Code, the Board was duly informed by the Chairman during the Financial Year about the development and significant contents of the dialogue with the Shareholders. More in detail, at the meetings held on September 7<sup>th</sup>, September 22<sup>nd</sup>, and October 14<sup>th</sup>, 2022, the Board was promptly informed regarding the content of the letters sent by two institutional investors in connection with the above-mentioned Takeover Bid; the governing body actively participated in the discussion concerning the appropriateness and manner of responding to the letters received from the above-mentioned shareholders.

### **Board Secretary**

For the organization of its work, the Board has appointed the Secretary of the Board of Directors on the proposal of the Chairman.

In compliance with Recommendation no. 18 of the CG Code, it should be noted that the Board has the right to pass resolutions, on the proposal of the Chairman, on the appointment and dismissal of the Secretary and the definition of his professional requirements and related powers, which are set out in the BoD Rules.

The Secretary of the Board of Directors is appointed from among persons - whether Directors, employees of the Company or third parties - who have gained a total experience of at least three years (i) in the corporate sector, with specific regard to issues concerning companies listed on a regulated market or (ii) in the performance of administration or control work or in the performance of managerial duties in companies listed on a regulated market.

During the Financial Year, the Secretary supported the activities of the Chairman and provided, with impartial judgment, assistance and advice to the Board on all issues relevant to the proper functioning of the corporate governance system.

## **4.6 Executive directors**

### **Managing Directors**

The Board of Directors operates, not only directly and as a panel, but also through:

- the Chairman,
- the Vice Chairman,
- the Managing Directors (whom the Company has appointed in the persons of the Chairman, the Vice Chairman and the Chief Executive Officers),
- the Executive Committee.

The Directors who were granted delegated management powers are: the Chairman, Diego Della Valle, the Vice Chairman, Andrea Della Valle, and the Director Emilio Macellari.

The Board of Directors also appointed Simona Cattaneo as the General Manager of the Company.

The **Chairman**, Mr. **Diego Della Valle** is also a **Managing Director** vested –under his own sole signature and with authority to sub delegate, as well as with the legal representation of the Company and all the other responsibilities imposed on the Chairman pursuant to the Articles of Association- with full powers to:

- a. request the opening of current accounts, the granting of credit lines and overdraft facilities, signing the related agreements and documents, without an limit on amount;
- b. withdraw amounts for the current accounts already opened or to be opened in the Company's name as well as issue and accept bills, without any limit on the amount;

- c. negotiate, conclude and enter into agreements, instruments, letters or declarations concerning guarantees, surety policies, letters of patronage or guarantees on first demand in favour of the Company and the companies controlled directly or indirectly, including all counter guarantee or surety or acceptance instruments and declarations which may be requested;
- d. negotiate, sign, amend and terminate, with credit institutions and/or third parties, contracts concerning derivative financial instruments - including those for the management and/or hedging of financial risks associated with fluctuations in exchange and interest rates, which are not traded on regulated markets (OTC) - as well as all preparatory, related and/or consequent documents, deeds and contracts deemed necessary or even only useful for the completion of the former;
- e. purchase and sell personal and real property of any nature and kind whatsoever, as well as enter into finance lease agreements;
- f. recruit, appoint, suspend and dismiss Company executives and employees in general, save for General Managers who can only be appointed and dismissed by the Board of Directors;
- g. file lawsuits, court motions and administrative petitions, at all level of jurisdiction as well as on appeal to the Court of Cassation and for revocation, designate arbitrators and grant powers of attorney to lawyers and attorneys *ad litem*; appoint special attorneys-in-fact in general;
- h. sign and file with any and all the Tax Authorities, declarations of commitment, attachments, motions, including for suspension, accepting and signing any and all settlements reached with the said Offices;
- i. undertake any and all actions of routine business administration, including, without limitations, the power:
  - to sign, on the Company's behalf, any and all business correspondence, deeds and agreements, including finance lease agreements;
  - to sign agreements and contracts with suppliers, customers, consultants and collaborators as well as any and all other agreements and contracts in keeping with the Company's corporate object;
  - to purchase and sell vehicles, personal property, office machines and equipment in general;
  - to purchase the materials, products and machinery necessary or useful to the Company's business;
  - to enter into and terminate leases, as well as utilities contracts for the supply of electricity, water, gas and telephone services;
  - to enter into and terminate insurance contracts of any nature or kind whatsoever, and to settle, pay and collect any and all sums due by way of indemnity or compensation, regardless of amount, issuing valid receipt therefore;
  - to issue credit and debit notes as well as to collect amounts due to the Company, even through bills or notes, issuing full and final receipt therefore;
  - to adjust accounts with customers and suppliers, approving or contesting the accounts in question;
  - to file for declaration of insolvency, bankruptcy protection proceedings, proceedings for subjection to special administration and to bring insolvency proceedings in general, with all the related powers, without exception or exclusion, including the power to file for proof of debt and declarations of the existence of debt, and to accept or refuse settlements proposed by debtors or the parties in charge of the procedure, to waive rights and to enter into settlement agreements;
  - to accept and pay debts, collect any and all amounts due for any reason or cause whatsoever, from private and public bodies, and issue the related receipts;
  - to pick up or have picked up any correspondence, packages or shipments, including registered and insured letters or other special mail, from the Post Office, the Railways, the Customs and any and all good carriers

or transport companies in general, issuing the related discharges and receipts, as well as to collect postal and telegraphic money orders and railway cheques, issuing the related receipts;

- to accept and enter into arbitration clauses and proceedings, appointing sole arbitrators or a panel of arbitrators, both in formal and informal proceedings, including *ex aequo et bono* proceedings, waiving, if necessary, the right to raise further claims or file appeals against or motions for the review of the related awards;
- to make deposits or have deposits made on the current accounts opened or to be opened in the name and on behalf of the Company with Banks and Post office and to endorsement of cheques and bills for collection and discount;
- to endorse bills issued by customers, by way of payment of debts;

j. execute urgent, extraordinary administration acts, except for the acts reserved to the exclusive jurisdiction of the Meeting or the Board of Directors, according to law or the Articles of Association, or in compliance with the applicable, also the principles of the Corporate Governance Code. The Board of Directors shall be informed of such acts in the first Meeting after their execution.

Likewise, the **Vice Chairman**, Mr. **Andrea Della Valle**, was appointed as **Managing Director** and invested – under his own sole signature and with authority to sub-delegate, as well as with the legal representation of the Company and all the other responsibilities imposed to the Chairman pursuant to the Articles of Association – with full powers to:

- a. request the opening of current accounts, the granting of credit lines and overdraft facilities, signing the related agreements and documents, without an limit on amount;
- b. withdraw amounts for the current accounts already opened or to be opened in the Company's name as well as issue and accept bills, without any limit on the amount;
- c. negotiate, conclude and enter into agreements, instruments, letters or declarations concerning guarantees, surety policies, letters of patronage or guarantees on first demand in favour of the Company and the companies controlled directly or indirectly, including all counter guarantee or surety or acceptance instruments and declarations which may be requested;
- d. negotiate, sign, amend and terminate, with credit institutions and/or third parties, contracts concerning derivative financial instruments - including those for the management and/or hedging of financial risks associated with fluctuations in exchange and interest rates, which are not traded on regulated markets (OTC) - as well as all preparatory, related and/or consequent documents, deeds and contracts deemed necessary or even only useful for the completion of the former;
- e. purchase and sell personal and real property of any nature and kind whatsoever, as well as enter into finance lease agreements;
- f. recruit, appoint, suspend and dismiss Company executives and employees in general, save for General Managers who can only be appointed and dismissed by the Board of Directors;
- g. file lawsuits, court motions and administrative petitions, at all level of jurisdiction as well as on appeal to the Court of Cassation and for revocation, designate arbitrators and grant powers of attorney to lawyers and attorneys ad litem; appoint special attorneys-in-fact in general;
- h. sign and file with any and all the Tax Authorities, declarations of commitment, attachments, motions, including for suspension, accepting and signing any and all settlements reached with the said Offices;
- i. undertake any and all actions of routine business administration, including, without limitations, the power:
  - to sign, on the Company's behalf, any and all business correspondence, deeds and agreements, including finance lease agreements;

- to sign agreements and contracts with suppliers, customers, consultants and collaborators as well as any and all other agreements and contracts in keeping with the Company's corporate object;
  - to purchase and sell vehicles, personal property, office machines and equipment in general;
  - to purchase the materials, products and machinery necessary or useful to the Company's business;
  - to enter into and terminate leases, as well as utilities contracts for the supply of electricity, water, gas and telephone services;
  - to enter into and terminate insurance contracts of any nature or kind whatsoever, and to settle, pay and collect any and all sums due by way of indemnity or compensation, regardless of amount, issuing valid receipt therefore;
  - to issue credit and debit notes as well as to collect amounts due to the Company, even through bills or notes, issuing full and final receipt therefore;
  - to adjust accounts with customers and suppliers, approving or contesting the accounts in question;
  - to file for declaration of insolvency, bankruptcy protection proceedings, proceedings for subjection to special administration and to bring insolvency proceedings in general, with all the related powers, without exception or exclusion, including the power to file for proof of debt and declarations of the existence of debt, and to accept or refuse settlements proposed by debtors or the parties in charge of the procedure, to waive rights and to enter into settlement agreements;
  - to accept and pay debts, collect any and all amounts due for any reason or cause whatsoever, from private and public bodies, and issue the related receipts;
  - to pick up or have picked up any correspondence, packages or shipments, including registered and insured letters or other special mail, from the Post Office, the Railways, the Customs and any and all good carriers or transport companies in general, issuing the related discharges and receipts, as well as to collect postal and telegraphic money orders and railway cheques, issuing the related receipts;
  - to accept and enter into arbitration clauses and proceedings, appointing sole arbitrators or a panel of arbitrators, both in formal and informal proceedings, including *ex aequo et bono* proceedings, waiving, if necessary, the right to raise further claims or file appeals against or motions for the review of the related awards;
  - to make deposits or have deposits made on the current accounts opened or to be opened in the name and on behalf of the Company with Banks and Post office and to endorsement of cheques and bills for collection and discount;
  - to endorse bills issued by customers, by way of payment of debts;
- j. execute urgent, extraordinary administration acts, except for the acts reserved to the exclusive jurisdiction of the Meeting or the Board of Directors, according to law or the Articles of Association, or in compliance with the applicable, also the principles of the Corporate Governance Code. The Board of Directors shall be informed of such acts in the first Meeting after their execution.

Andrea Della Valle was also appointed as Director responsible for the Internal Control and Risk Management System, as well as Director responsible for the Whistleblowing system by a resolution passed by the Board of Directors on April 21<sup>st</sup>, 2021.

By a resolution passed by the Board of Directors on April 21<sup>st</sup>, 2021, the Director **Emilio Macellari** was delegated specific authority (*i*) to supervise and coordinate the financial management of the Company, with specific regard to the operations of the existing financial sources, the control and planning of flows, the financial strategy to cover potential investments, including the preliminary borrowing of possible funds in consideration of development projects, and the more efficient

management of available financial resources, as well as the power, with separate signature and with the right to sub-delegate, to negotiate, sign, amend and terminate, with credit institutions and/or third parties, contracts concerning derivative financial instruments - including those for the management and/or hedging of financial risks associated with fluctuations in exchange and interest rates, which are not traded on regulated markets (OTC) - and all preparatory, related and/or consequent documents, deeds and contracts deemed necessary or even only useful for the completion of the former, (ii) to supervise and coordinate the complex administrative apparatus of the Company, including the activities of corporate bodies, to assure its most effective organization, guarantee the Company and the Group the most efficient and dynamic support for the Managing Director's project planning activities, (iii) to supervise and coordinate relations with institutional investors and other shareholders in compliance with applicable internal procedures, as well as (iv) to file lawsuits, court motions and administrative petitions, at all levels of jurisdiction as well as on appeal to the Court of Cassation and for revocation, designate arbitrators and grant powers of attorney to lawyers and attorneys *ad litteram*; appoint special attorney-in- fact in general.

The Board of Directors also appointed Mrs Simona Cattaneo as General Manager of the Company, granting her, by resolution of November 10<sup>th</sup>, 2021, with separate signature, the necessary powers, to:

- a) sign and file with any and all Tax Authorities, periodic declarations and communications, declarations of commitment, attachments, motions, including for suspension, Intrastat and CUPE forms;
- b) sign and file request and notices to the Chamber of Commerce, the Register of Companies and any other public body (e.g. Municipal, provincial and Regional Governments, INAIL [Italian Institute for Insurance against Accidents at Work], INPS [Italian Social Security Institute], healthcare units and Fire Brigades, as well and any other body that is similar or can be treated as such);
- c) issue debit notes, as well as to collect amounts due to the Company, even through bills or notes, issuing receipts and discharges, including non-final ones;
- d) demand any sum owing on any basis both from private persons or public bodies and issue the related receipts;
- e) pick up or have picked up any correspondence, packages or shipments, including registered and insured letters or other special mail, from Post and Telegraph Offices, the Railways, the Customs and any and all goods carriers or transport companies in general, issuing the related discharges and receipts, as well as to collect postal and telegraphic money orders and railway cheques, issuing the related receipts;
- f) undertake any and all acts of routine business administration and, in particular, including but not limited to, the following ones:
  - sign correspondence relating to the Company's business, acts and contracts;
  - sign, amend and terminate master agreements to govern the conditions for the procurement of raw and ancillary materials, processed and finished products, including issuing purchase orders which commit the Company to paying amounts of not over Euro 200 thousand per transaction;
  - purchase and sell vehicles, personal property, office machines and equipment in general up to an amount of not over Euro 200 thousand per transaction or per single year in the event of contracts with a term of more than one year;
  - purchase the materials, products and machinery necessary or useful to the conduct of the company business up to an amount of not over Euro 200 thousand per transaction or per single year in the event of contracts with a term of more than one year;
  - enter into, amend and terminate gratuitous loan agreements and lease agreements, for both personal and real property, including finance leases, up to an amount of not over Euro 200 thousand per transaction or per single year in the event of contracts with a term of more than one year;

- enter into, amend or terminate utilities contracts for the supply of energy, electricity, water, gas and telephone services;
  - enter into, amend or terminate insurance contracts of any kind whatsoever, which commit the Company to paying a premium of up to Euro 200 thousand p.a., as well as settle, liquidate and collect damages for any amount, issuing receipts;
  - enter into, amend and terminate works contracts, supply contracts for the purchase of goods or the provision of services, transport contracts, rental contracts, up to an amount of not over Euro 200 thousand per transaction or contract, or per single year in the event of contracts with a term of more than one year;
  - enter into, amend and terminate agreements and contracts with consultants and collaborators, as well as contracts for the provision of intellectual work and/or the provision of professional services, up to an amount of not over Euro 200 thousand per transaction or contract, or per single year in the event of contracts with a term of more than one year;
  - enter into, amend and terminate any other contract, concerning the corporate purpose, up to an amount of not over Euro 200 thousand per transaction or contract, or per single year in the event of contracts with a term of more than one year;
- g) bring – with reference to proceedings with a value of less than Euro 200 thousand - any action and lodge any application in judicial and administrative courts of all levels, including the appearance as aggrieved parties in civil actions within criminal proceedings, and in Supreme Court cases and revocation proceedings, conciliate, settle and waive both rights and actions, as well as appoint arbitrators and grant powers to lawyers and attorneys for litigation purposes;
- h) appoint attorneys with limited authority in general for single legal transactions, vesting them with powers within the limit of his own powers and giving notice thereof to the Executive Committee.

with joint signature with the Vice General Manager, Rodolfo Ubaldi, the power to:

- a) sign, amend and terminate agreements and contracts with customers and retailers, franchise and distribution agreements, as well as any other agreement aimed at distributing and selling the Tod's Groups' products;
- b) sign, amend and terminate master agreements to govern the conditions for the procurement of raw and ancillary materials, processed and finished products, including issuing purchase orders which commit the Company to paying amounts of between Euro 500 thousand and to Euro 1 million per transaction;
- c) purchase and sell vehicles, personal property, office machines and equipment in general up to an amount of between Euro 200 thousand and Euro 500 thousand per transaction, or per single year in the event of contracts with a term of more than one year;
- d) purchase the materials, products and machinery necessary or useful to the conduct of the company business up to an amount of between Euro 200 thousand and Euro 500 thousand per transaction, or per single year in the event of contracts with a term of more than one year;
- e) enter into, amend and terminate gratuitous loan agreements and lease agreements, for both personal and real property, including finance leases, up to an amount of between Euro 200 thousand and Euro 500 thousand per transaction or contract, or per single year in the event of contracts with a term of more than one year;
- f) enter into, amend or terminate insurance contracts of any kind whatsoever, which commit the Company to paying a premium of between Euro 200 thousand and Euro 500 thousand per year, as well as settle, liquidate and collect damages for any amount, issuing receipts;



- g) enter into, amend and terminate works contracts, supply contracts for the purchase of goods or the provision of services, transport contracts, rental contracts, up to an amount of between Euro 200 thousand and Euro 500 thousand per transaction or contract, or per single year in the event of contracts with a term of more than one year;
  - h) enter into, amend and terminate agreements and contracts with consultants and collaborators, as well as contracts for the provision of intellectual work and/or the provision of professional services, up to an amount of between Euro 200 thousand and Euro 500 thousand per transaction or contract, or per single year in the event of contracts with a term of more than one year;
  - i) enter into, amend and terminate any other contract, concerning the corporate purpose, up to an amount of between Euro 200 thousand and Euro 500 thousand per transaction or contract, or per single year in the event of contracts with a term of more than one year;
  - j) bring – with reference to proceedings with a value of more than Euro 200 thousand and up to Euro 500 thousand - any action and lodge any application in judicial and administrative courts of all levels, including the appearance as aggrieved parties in civil actions within criminal proceedings, and in Supreme Court cases and revocation proceedings, conciliate, settle and waive both rights and actions, as well as appoint arbitrators and grant powers to lawyers and attorneys for litigation purposes;
  - k) file for declaration of insolvency, bankruptcy protection proceedings, proceedings for subjection to special administration and to bring insolvency proceedings in general, with all the related powers;
- all in compliance with the powers reserved for the Shareholders' Meeting, the Board of Directors or the Executive Committee, by law or by the Articles of Association, or in compliance with the applicable principles, including those of the Corporate Governance Code.

The General Manager, Mrs Simona Cattaneo, shall report to the Executive Committee on the operations performed in the exercise of delegated powers at the first possible meeting.

By resolution of November 10<sup>th</sup>, 2021, the Board of Directors appointed the General Manager, Simona Cattaneo, as the Employer pursuant to and for the purposes of Legislative Decree no. 81 of April 9<sup>th</sup>, 2008 for the organizational units listed in the relevant resolution granting powers and for the offices/production units other than those referred to in the appointment of Employer granted to the Industrial Director of the Company, Mr Mirko Bartoloni by resolution of April 21<sup>st</sup>, 2021.

In relation to Recommendation no. 4 of the CG Code, it should be noted that, among managing directors, the Chairman of the Board of Directors, Mr Diego Della Valle, and the Vice Chairman, Mr Andrea Della Valle, are the main persons responsible for business management (Chief Executive Officers).

#### **Chairman of the Board of Directors**

With regard to Recommendation no. 4 of the Code, note is made that the Board of Directors confirmed its opinion and decided that the Issuer's corporate governance is perfectly consistent with the Company's interests, including in regard to the concentration of duties, considering, *inter alia*, the fact that (i) the Chairman, to whom operating authority has been delegated, is he Directors who has worked for the greatest number of years at the firm, and his role is not limited to institutional and representative functions, but instead fully engaged in Company operations, which is essential to its realizing optimum performance; (ii) operating authority has also been delegated to other Directors, in addition to the Chairman (there are a total of three Directors with executive authority and similar powers are envisaged for the Chairman and the Vice Chairman), and to the General Manager of the Company.

With reference to Recommendation no. 13 of the CG Code, and taking account that the Chairman of the Board of Directors, Mr. Diego Della Valle, is also the controlling shareholder of the Issuer, the Board of Directors found, in the aforementioned Framework Resolution of April 21<sup>st</sup>, 2021, that it was appropriate to appoint a Lead Independent Director who would be delegated the functions suggested by the CG Code.

#### **Executive Committee (pursuant to Art. 123-bis, paragraph 2, letter d), TUF)**

The current Executive Committee is made up of the following three members: Diego Della Valle (Chairman), Andrea Della Valle (Vice Chairman) and Emilio Macellari.

The Executive Committee was appointed by the Board on April 21<sup>st</sup>, 2021 for a three-year term up to the expiry of the term of office of the Board and Directors and, therefore, until the date of the Shareholders' Meeting, which will be called to approve the financial statements for financial year 2023.

The Executive Committee, like the other Board committees, has adopted its own rules that govern its composition, duties, norms and operating procedures.

In light of the Company's size, as well as in the interest of promoting managerial efficiency, whilst also boosting the flexibility and speed of operations, the Executive Committee is expressly invested with all the powers attributed to the Board of Directors, save for those reserved under law (section 2381 of the Italian Civil Code), or the Articles of Association, to the Board itself, without prejudice to the powers reserved solely to the Board of Directors, in compliance with the principles of the Code and any and all applicable rules and regulations, as already described above.

The Executive Committee met 3 times during the Financial year and at least four Meetings are scheduled for the current financial year (two of which have already taken place). In general, the Executive Committee's Meetings have an average duration of about 4 hours and 30 minutes.

The Executive Committee's work is coordinated by the Chairman; the minutes of the Committee's meetings are duly recorded and the Chairman of the Executive Committee gives notice thereof at the first possible Board of Directors' meeting.

The Meetings recorded the regular and diligent participation of its members (in fact, the percentage participation of each Committee Member in the Meetings held is indicated in Table no. 2 attached hereto).

Since the end of the Financial Year, there have been no other changes in the composition of the Executive Committee.

#### **Reporting obligations towards the Board by managing directors**

The Managing Directors and other executive directors, as well as the Executive Committee; shall, at least on a quarterly basis:

- provide the Board of Directors with a full account of the routine as well as atypical or unusual activities undertaken in performance of the tasks and duties delegated to each of them respectively;
- seek Board authorization for effecting significant transactions subject to mandatory Board approval pursuant to the "Tod's S.p.A.'s Guidelines on particularly significant transactions" approved by the Board of Directors on November 11<sup>th</sup>, 2010, which were finally reviewed and confirmed by the Framework resolution of April 21<sup>st</sup>, 2021;
- submit a full report on the conclusion of related-party transactions, both to the Board of Directors and the Board of Statutory Auditors.

The Board repeatedly asserted (in the Framework Resolution of April 21<sup>st</sup> 2021), the principle that company directors, officers and/or internal committees or bodies delegated with specific tasks or powers, must provide the Board of Directors a full account of the activities undertaken in discharge of their respective delegated tasks and/or powers, at least on a quarterly basis.

In any event, the Executive Committee is required to submit to the Board of Directors, at the earliest opportunity, and in any case, at least on a quarterly basis, a summary report of its most significant decisions, and/or any and all other matters that ought to be brought to the Board's attention.

During the course of the Year, all company directors, officers and/or internal committees and/or bodies invested with delegated powers, duly provided the Board of Directors with an account of the activities undertaken by each of them in exercise of their respective delegated powers, at the earliest opportunity thereafter, or otherwise, on a quarterly basis.

#### **Other Executive Directors**

Board Members Emilio Macellari is also an Executive Director, in addition to the managing Directors Diego Della Valle and Andrea Della Valle. Mr. Emilio Macellari was conferred with special powers of attorney within the Issuer.

#### **4.7 Independent Directors and Lead Independent Director**

Immediately after the appointment, which took place by a resolution passed by the Shareholders' Meeting on April 21<sup>st</sup>, 2021, the Board of Directors deemed that (i) the independence requirements prescribed by law were met by Directors Luigi Abete, Marilù Capparelli, Luca Cordero di Montezemolo, Sveva Dalmasso, Chiara Ferragni, Romina Guglielmetti, Vincenzo Manes, Emanuela Prandelli and Pierfrancesco Saviotti, and (ii) the independence requirements prescribed by Recommendation no. 7 of the Code were met by Directors Marilù Capparelli, Luca Cordero di Montezemolo, Sveva Dalmasso, Chiara Ferragni, Romina Guglielmetti, Vincenzo Manes and Emanuela Prandelli.

In this context, the Board also acknowledged that the number of its members and their skills are appropriate to the needs of the business and the functioning of the Board, as well as the establishment of the Committees.

The Chairman of the Board of Directors did not qualify as independent because he is a controlling shareholder of the Company.

On the proposal of the Control and Risk Committee, the Board of Directors set, at the meeting held on September 8<sup>th</sup>, 2021, at the end of a benchmarking analysis, the qualitative and quantitative parameters suitable for assessing the significance of cases such as to compromise the independence of Directors, pursuant to Recommendation no. 7, letters c) and d), of the Code, subsequently also adding this provision to the Rules for the functioning of the Board of Directors of Tod's S.p.A..

With regard to quantitative parameters, a relationship of a commercial, financial or professional nature is considered significant (and, therefore, such as to compromise the Director's independence) if its annual value exceeds at least one of the following parameters: (i) 10% of the annual turnover of the subsidiary and/or professional/consulting firm of which the director is a member, executive director or partner, (ii) 20% of the director's gross annual income. In addition, the additional annual remuneration (accrued by the Director towards the Company and/or its subsidiaries and/or the parent company) is considered significant, according to these criteria, if it is equal to or greater than 80% of the total fixed annual remuneration due for the office of Director and for any participation in the Board Committees.

With regard to qualitative parameters, a commercial/financial or professional relationship is considered significant when it (i) is of strategic importance for the Company and/or its subsidiaries and/or the parent company, (ii) concerns strategic consulting (in favour of the Company and/or its subsidiaries and/or the parent company) and/or assistance and consulting in relation to a transaction of strategic importance to the Company and/or its subsidiaries and/or the parent company. With regard to professional relationships, if the director is a partner of a professional firm or of a consulting firm, the significance of the relationship is also assessed with regard to the effect it could have on the position and role of the Director within the professional or consulting firm, even if the quantitative parameters are not exceeded.

As noted at the beginning of this paragraph, at the meeting held on April 21<sup>st</sup>, 2021, after its appointment, the Board of Directors, based on the information provided by each Director, and also following the self-assessment, deemed that the

independence requirements prescribed by law were met by nine members, i.e. Directors Luigi Abete, Marilù Capparelli, Luca Cordero di Montezemolo, Sveva Dalmaso, Chiara Ferragni, Romina Guglielmetti, Vincenzo Manes, Emanuela Prandelli and Pierfrancesco Saviotti. Seven of the Directors elected by the Shareholders' Meeting held on April 21<sup>st</sup>, 2021 were found to meet the independence requirements set out in Recommendation no. 7 of the Code, and specifically: Marilù Capparelli, Luca Cordero di Montezemolo, Sveva Dalmaso, Chiara Ferragni, Romina Guglielmetti, Vincenzo Manes and Emanuela Prandelli.

The outcome of the Board's assessments was made public in a notice disclosed to the market, in accordance with the provisions laid down under Recommendation no. 10 of the Code and Art. 144-*novies* of the Issuer Regulation.

In accordance with Recommendation no. 6 of the Code, the compliance with the independence requirements was assessed during the Financial Year, by the Board of Directors at the meetings held on March 2<sup>nd</sup>, 2022 (as already noted in the Corporate Governance Report of 2022, to which reference should be made) and September 7<sup>th</sup>, 2022 and, finally, on March 6<sup>th</sup>, 2023.

More in detail, at the meeting held on September 7<sup>th</sup>, 2022, the Board of Directors, after having taken note of the statement made by Director Chiara Ferragni, attested to the fact that she no longer meets the independence requirement pursuant to Art. 148 of the TUF and Art. 2, recommendation 7, of the CG Code, due to the occasional provision of advertising services she has rendered in favour of the Company subject to the favorable opinion of the Control and Risk Committee, not being able to rule out, in advance, the opportunity of similar collaborations with the Tod's Group in the future.

The outcome of the Board's assessment was disclosed through a press release disseminated to the market. Finally, at the meeting held on March 6<sup>th</sup>, 2023, the Board assessed the existence of (i) the independence requirements provided by law in the case of eight of its members, namely, the Directors: Luigi Abete, Marilù Capparelli, Luca Cordero di Montezemolo, Sveva Dalmaso, Romina Guglielmetti, Vincenzo Manes, Emanuela Prandelli and Pierfrancesco Saviotti; (ii) the independence requirements set forth in Recommendation No. 7 of the Code for six of the Directors, namely: Marilù Capparelli, Luca Cordero di Montezemolo, Sveva Dalmaso, Romina Guglielmetti, Vincenzo Manes and Emanuela Prandelli.

In making the assessments referred to above, the Board considered any available information and, in particular, that provided by each Director, taking account of all the independence criteria provided for by both the TUF and Recommendation no. 7 of the Code, which were applied without any exception.

Each non-executive director provided all the elements necessary or useful for the Board's evaluations.

After conducting the appropriate reviews, the Board of Statutory Auditors found that the principles and procedures adopted by the Board to assess the independence of its Members had been properly applied.

In relation to Recommendation no. 5 of the Code, it should be noted that, during the Financial Year, the Independent Directors met, in the absence of other Directors, and under the coordination of the Lead Independent Director, 7 times, in order to also perform the duties assigned to them in relation to the takeover bid promoted on August 3<sup>rd</sup>, 2022 by Deva Finance S.r.l. on all the shares of the Company.

Finally, on December 22<sup>nd</sup>, 2022, the Independent Directors met in order to verify the state of implementation by the Company of the recommendations of the CG Code. At that meeting, the Directors expressed their appreciation for the timeliness with which the Company had complied with the recommendations of the Code, as well as for the adoption of corporate governance practices in addition to those deriving from current laws and regulations. In addition, the Independent Directors expressed their favourable opinion for the Issuer's proper management of the case concerning the letters sent by two institutional investors on the occasion of the Takeover Bid, which was conducted in full compliance with the engagement policy and the principle of information symmetry among Shareholders. On this occasion, the Independent

Directors considered that the "*Policy for the Management of Dialogue with Shareholders*" adopted by the Company by board resolution on January 25<sup>th</sup>, 2021 had proven its adequacy and effectiveness.

It should be noted that all the present independent Directors also met independence requirements within the slates submitted for the appointment of the Board of Directors at the time of the Shareholder's Meeting held on April 21<sup>st</sup>, 2021. It should be recalled that, during the Financial Year, the independence requirements for the non-executive Director Chiara Ferragni ceased to be met, without prejudice to the presence within the governing body of a number of independent directors above the minimum number required by law.

#### **Lead Independent Director**

Considering that the Chairman of the Board of Directors, Mr. Diego Della Valle, is the Issuer's Chief Executive Officer, as well as the controlling Shareholder, the Board of Director deemed it appropriate to comply with the Recommendation no. 13 of the Code concerning the appointment of a Lead Independent Director in order to assign the functions suggested by the Code.

At the aforesaid meeting held on April 21<sup>st</sup>, 2021, the Board appointed the (non-executive and) independent Director Vincenzo Manes as the "Lead Independent Director", by complying with Application Criterion 2.C.4 of the Code and with the recommendation mentioned in the comment concerning Article 2; Vincenzo Manes was assigned the following functions:

- to act as the principal contact and coordinator for requests and contributions made by the non-executive directors and, in particular, the independent directors;
- to cooperate with the Chairman of the Board of Directors in order to ensure that the Directors receive complete and timely flows of information;
- to convene, independently or on request by other directors, special meetings reserved only to independent directors for discussion of the issues deemed to be of interest to the operation of the Board of Directors or corporate management, ensuring, *inter alia*, that the Independent Directors meet at least once a year, without the other Directors.

During the financial year, the Lead Independent Director convened 7 (seven) meetings of Independent Directors only, the last of which was held on December 22<sup>nd</sup>, 2022.

## **5 MANAGEMENT OF CONFIDENTIAL INFORMATION**

In relation to Recommendation no. 1, letter f), of the Code, it should be noted that, according to a proposal submitted by the Chairman and CEO, the Company's Board of Directors has been adopting, since May 15<sup>th</sup>, 2002, the "*Regulation for internal management and public disclosure of documents and information concerning Tod's S.p.A. and the Tod's Group*" in order to ensure the proper management of corporate information.

The abovementioned Regulation was updated on December 22<sup>nd</sup>, 2017, by a decision made by the Chairman and managing Directors, in order to take account of the guidelines provided by the ESMA (final report, guidelines and Q&A) and by Consob (Guidelines on the handling of inside information), and final, on November 7<sup>th</sup>, 2018, in order to adopt the regulatory changes introduced by Legislative Decree 107/2018.

This Regulation regulates the procedures for internal handling and external communication of confidential documents and information concerning the Issuer and the Tod's Group, including "regulated information" pursuant to Article 113-ter of the TUF, i.e. information that must be published by listed issuers in application of laws and regulations in force, and with specific reference to "inside information" pursuant to Article 7 of the Regulation (EU) 596/2014 ("price sensitive information"), i.e. information of a precise nature, which has not been made public, relating, directly or indirectly, to the Company and/or to its financial instruments, and which, if it was made public, would be likely to have a significant effect

on the prices of those financial instruments, including derivatives (in accordance with the recommendations provided in the Consob Guidelines on the handling of inside information, the abovementioned Regulations set out, among other things, the criteria for the identification of inside information and the categories of relevant information that might be subsequently regarded as inside information).

In addition to prescribing the obligation for Directors, Statutory Auditors, Investor relations manager and all employees in general to maintain the confidentiality of price-sensitive information and scrupulously comply with the disclosure procedure, this document defines the various responsibilities for approval and disclosure of material information. It is published in the Governance / Procedures and Regulations section on the Company's website ([www.todsgroup.com](http://www.todsgroup.com)).

In compliance with Article 17 of Regulation (EU) 596/2014, the abovementioned Regulation allows the Company to postpone, by a resolution to be jointly passed by the Chairman and the Vice Chairman or, if required, by the Board of Directors and under its own responsibility, the public disclosure of inside information, provided that all the conditions are fulfilled, which are provided for the European and national laws and regulations, as applicable from time to time. Furthermore, the Company may be allowed, by a resolution to be jointly passed by the Chairman and the Vice Chairman or, if required, by the Board of Directors, to carry out "market soundings", including through third parties that act in its name or on his behalf: these consist of the disclosure of information, prior to the announcement of a transaction, in order to gauge the interest of potential investors in a possible transaction and related terms and conditions, such as potential size and pricing, to one or more potential investors, in accordance with the European and national laws and regulations, as applicable from time to time.

## **6 BOARD OF DIRECTORS COMMITTEES (pursuant to Art. 123-bis, paragraph 2, letter d), TUF**

By the Framework Resolution adopted on April 21<sup>st</sup>, 2021, the Board of Directors resolved to comply with Principle XI and Recommendation no. 16 of the Code, by setting up two Committees with preliminary consideration functions, charged with making proposals and giving advice: the Nomination and Remuneration Committee and the Control and Risk Committee.

The Committees shall be made up of at least non-executive 3 independent directors; alternatively, the Nomination and Remuneration Committee and the Control and Risk Committee may be composed of non-executive directors, and the majority of these must also be independent, on condition that the chairmen of these committees be independent directors; one of the members of the Nomination and Remuneration Committee must have adequate knowledge and experience in financial or remuneration policy matters, as shall be determined by the Board of Directors when it appoints them, and one of the members of the Control and Risk Committee must have adequate experience in accounting, finance or risk management, as determined by the Board of Directors when it appoints him.

In addition to the Committees established and functioning in compliance with the Code, the Board of Directors, by means of the Framework Resolution of April 21<sup>st</sup>, 2021, also established an Executive Committee (for the duties and functioning of which, reference should be made to Section 4.6), as already mentioned above.

It should be noted that, since both the Control and Risk Committee and the Nomination and Remuneration Committee are composed exclusively of independent Directors, the Board has also assigned to the Control and Risk Committee the relevant role and responsibilities that the Related Parties Regulation and the "*Procedure on Related parties Transaction of Tod's S.p.A.*" attribute to the committee composed solely of independent Directors with reference to both major and minor transactions to be concluded with related parties, with the exception of related-party transactions concerning the fees due to the Directors and other executives with strategic responsibilities, where no exemption applies, which are attributed to the Nomination and Remuneration Committee.

The duties of individual Committees may be supplemented or amended by a subsequent resolution of the Board of Directors.

With the above-mentioned Framework Resolution of April 21<sup>st</sup>, 2021, the Board approved the Rules of the Control and Risk Committee, the Rules of the Nomination and Remuneration Committee and the Rules of the Executive Committee, which govern the composition, duties, rules and operating procedures of these Committees, including the procedures for recording minutes of the relevant meetings and the procedures for managing the information to be provided to the respective members, with express provision for the deadlines for sending information in advance and the procedures for protecting the confidentiality of the data and information provided in such a way as not to prejudice the timeliness and completeness of the information flows. In particular, all the aforesaid rules provide for the supporting documentation for meetings to be made available in such a way as to ensure the necessary security and confidentiality, by uploading it onto the specific electronic platform used by the Company and, as a rule, where possible, on the same date as the meeting is called, and in any case in compliance with the time limit - considered as being reasonable - of at least two working days before the meetings of the Control and Risk Committee and the Nomination and Remuneration Committee, and at least one day before the meetings of the Executive Committee. In any case, this provision shall apply without prejudice to cases of urgency, in which the documentation is made available as promptly as possible. If it is not possible to comply with the aforesaid time limits set by each regulation for the disclosure of information prior to Committee meetings, the Chairman - with the help of the Secretary - shall ensure that during the meeting adequate and detailed information is provided on the subject, including, where necessary, with the help of the competent corporate functions.

Minutes shall be drafted of all Committee meetings; the Chairman of the Committee shall give notice thereof to the Board of Directors at the first subsequent meeting.

In the performance of their duties, the Committees have the right to access the Company information and functions, as necessary to perform their duties, and to use external advisors in accordance with the conditions that are periodically established by the Board of Directors; on request, each Committee may draw on the resources provided by the Company in order to fulfil its mandate.

The meetings of each Committee may be attended, even at the request of each component of the Committee itself, and with reference to individual items on the agenda, by the executives of the Company and those of the Tod's Group companies, who are responsible for the competent corporate functions according to the subject matter, as well as by other persons, including the members of the Board of Directors and employees of the Company, whose contribution is deemed useful to provide appropriate in-depth analysis of the items on the agenda.

The meetings of the Committees are attended by the Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by him (however the other Statutory Auditors may attend them as well).

The meetings of each Committee are chaired by its own Chairman; in the case of the Chairman's absence or impediment, the meetings of each Committee may be chaired by the oldest member (for the Executive Committee, by the Vice Chairman).

Resolutions can only be validly passed by Committee meetings attended by a majority of Committee members; resolutions are passed by favourable vote of the absolute majority of the Committee members present at Committee meetings, and in the case of a tie, the deciding vote shall be cast by the chairman of the meeting.

Committee meetings may be held by conference call or videoconference, on condition that all participants can be identified by the chairman of the meeting and the other participants, that they can follow and participate in the discussion in real time, as well as receive and send documents; in such case, the Committee meeting shall be deemed to be held in the place where the Chairman and the Secretary are present or – if different – the place where the Secretary is present.

In relation to Recommendation no. 16 of the Code, it should be noted that the Issuer has merged the functions of the Nomination Committee and the Remuneration Committee into a single committee, establishing - as already mentioned – a Nomination and Remuneration Committee that performs the functions of the two Committees envisaged in the Code.

The functions of one or more committees provided for by the Code have not been reserved for the entire Board.

In relation to Recommendation no. 17 of the Code, it should be noted that the composition of the Committees was determined by the Board by giving priority to the competence and experience of their members and avoiding an excessive concentration of tasks.

**Additional committees (other than those provided for by the regulations or recommended by the Code).**

The Issuer's Board of Directors has not deemed it appropriate to establish additional committees other than the Executive Committee (which, among other things, supports the Board in analyzing issues relevant to the generation of value in the long term) and the Committees recommended by the Code (Nomination and Remuneration Committee and Control and Risk Committee).

**7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS - NOMINATION COMMITTEE**

In compliance with Principle XIV of the Code, it should be noted that the Board periodically assesses the effectiveness of its work and the contribution given by its individual members, through a self-assessment process, the implementation of which is supervised by the Nomination and Remuneration Committee.

In consideration of the Issuer's qualification as a "*large company*" and as a "*concentrated-ownership company*" within the meaning of the Code and in compliance with Recommendation no. 22 of the Code, the self-assessment procedure is conducted at least every three years, in view of each renewal of the Board of Directors' term of office, as well as whenever deemed appropriate by the governing body in view of shareholders' resolutions concerning the composition of the Board.

The self-assessment process on its own operations and those of its Committees, as well as on their size and composition was, most recently, carried out by the Board of Directors on March 2<sup>nd</sup>, 2022, in view of the decision on the proposal to be submitted to the Shareholders' Meeting of April 27<sup>th</sup>, 2022 (i.e., reset the number of Directors at 14).

This assessment, which was carried out with the assistance of the Nomination and Remuneration Committee, revealed in particular:

- (i) the full adequacy of the composition of the governing body (composed of 14 members, 11 of whom are non-executive directors) in relation to the Company's operations and the need for the efficient functioning of the Board and its Committees, while establishing that the absence of an executive director has not affected the efficient functioning of the Board and the Executive Committee, even with reference to the system of delegated management powers adopted by the Company;
- (ii) the adequacy of the composition of the governing body with respect to both the gender diversity criteria prescribed by Art. 147-ter, paragraph 1-ter, of the TUF, as finally amended by Law no. 160/2019, and the diversity principles and criteria illustrated in the Diversity Policy adopted by the Board of Directors, ensuring, among other things, a balanced representation of different managerial, institutional and professional profiles within the Board, with particular regard to the luxury sector and to economic, accounting, legal, financial, risk management, remuneration policies and social sustainability issues, as well as a balanced presence of independent members and an adequate representation of genders and age groups, which make it possible to analyze the various issues that are examined, from time to time, by the Board from different perspectives, thus contributing to a mature and complete Board debate, which is the prerequisite for any well-considered and well-informed decision by the Board;



(iii) the adequacy of the number of independent Directors and full compliance with Recommendation no. 5 of the Code (according to which in large companies with concentrated ownership independent Directors make up at least one third of the governing body); and finally

(iv) the adequacy of the functioning of the Board of Directors and its Committees, with specific regard, among others, to (a) the way in which Board meetings are organized, (b) general compliance with the time limit of at least two working days for making the documentation available which is required for meetings (by means of uploading it onto the specific electronic platform implemented by the Company, accessible to Directors and Statutory Auditors, and regarded as suitable to ensure the necessary security and confidentiality of the information) and the completeness, clarity, usability and timeliness of the information to be provided before the Board meetings, such as to enable each Director to adequately prepare for board meetings and to intervene and act in an informed manner, (c) the conduct of board meetings, the quality of the board debate and the completeness of the information received from the delegated bodies, including with reference to the general performance of operations and its outlook, the activity carried out and the most significant economic, financial and equity transactions carried out and (d) the quality and adequacy of the recording of the minutes of board meetings.

For these reasons, the Board of Directors, without prejudice to the exclusive competence of the Shareholders' Meeting, deemed it appropriate to submit the proposal to reset the number of members of the Board of Directors at 14 to the Shareholders' Meeting held on April 27<sup>th</sup>, 2022.

The Shareholders' Meeting, by a resolution adopted on April 27<sup>th</sup>, 2022, (i) reset the number of members of the Board of Directors at 14 (fourteen); (ii) integrated the composition of the Board of Directors by appointing Mr Scannavini to the position of Director, until the expiry of the term of office of the present Board of Directors and, therefore, until the Shareholders' Meeting called to approve the financial statements for the financial year ended December 31<sup>st</sup>, 2023, upon proposal by the majority Shareholder Di.Vi. Finanziaria di Diego Della Valle & C. S.r.l., taking account of the recommendations laid down in the Board of Directors' Report on the items on the agenda of the aforesaid Shareholders' Meeting and the current Board of Directors' Diversity Policy.

Subsequently, on September 7<sup>th</sup>, 2022, the Board, after having taken note of the statement made by Director Chiara Ferragni, carried out an updated assessment of the compliance with the independence requirements under Art. 148 of the TUF and Art. 2, recommendation 7, of the CG Code on the part of its Directors; it also attested to the fact that she no longer meets these requirements as already noted in this Report.

Most recently, the Board reassessed whether its members met the independence requirements at the meeting held on March 6<sup>th</sup>, 2023.

In relation to Principle XIII of the Code, it should be noted that the Board ensures, to the extent of its competence, that the process of appointing Directors is transparent and functional to achieving the optimal composition of the governing body.

Proposals for appointments to the position of Director, which are also accompanied by adequate information on the personal and professional characteristics of the candidates, with an indication of whether they qualify as independent pursuant to Recommendation no. 7 of the Code, are filed at the Company's registered office within the time limits set by the laws and regulations in force from time to time, and promptly published on the Company's website. Moreover, at the end of the self-assessment procedure, the Board identifies, also on the basis of the diversity criteria provided for in the relevant policy adopted by the Issuer since March 6<sup>th</sup>, 2018, the composition of the governing body that is regarded as optimal from time to time.

In relation to Recommendation no. 23 of the Code, it should be noted that, on the occasion of the last renewal of the governing body, which took place by a resolution passed by the shareholders' meeting held on April 21<sup>st</sup>, 2021, the Board

of Directors expressed its orientation on the composition regarded as optimal for the governing body, while taking into account the results of the self-assessment process, as part of the Report on the items on the agenda prepared pursuant to Article 125-ter of the TUF.

This orientation was published on the Issuer's website, as well as on the 1Info authorised storage mechanism used by the Company.

In accordance with Recommendation no. 24 of the Code, it should be noted that the Board of Directors, with the above-mentioned Framework Resolution of April 21<sup>st</sup>, 2021, deemed it appropriate not to adopt a specific plan for the succession of executive Directors, in view of various circumstances, including the limited diffusion and popularity of succession plans in Italy and the rest of Europe, the specific organisation of the Company's shareholding structure, the experience, skills and age of all the current executive bodies that contribute to the management of the Company, as well as the overall system of delegated powers and proxies adopted by the Company, which mitigates the risk of management vacancies and ensures business continuity.

It should be noted that, in the event of a Director leaving office earlier than the ordinary term of office, the rules on co-option provided for by Article 2386 of the Italian Civil Code shall apply, again in compliance with the criteria for the composition of the Board of Directors provided for by law and by Article 17 of the Company's Articles of Association.

## **8. REMUNERATION OF DIRECTORS – NOMINATION AND REMUNERATION COMMITTEE**

### **8.1. REMUNERATION OF DIRECTORS**

In compliance with applicable regulations and in accordance with Principle XVI of the Code, the Board of Directors, by resolution of March 10<sup>th</sup>, 2021, drew up the Company's Remuneration Policy for the three-year period from 2021 to 2023, which was approved by the Shareholders' Meeting held on April 21<sup>st</sup>, 2021.

This document sets out the guidelines that all corporate bodies involved must observe in order to determine the remuneration of Directors, the General Manager, other executives with strategic responsibilities and, without prejudice to the provisions of Article 2402 of the Italian Civil Code, Statutory Auditors, while also taking account of the remuneration received at Group level, both at a procedural level (procedure for designing and implementing remuneration policies) and at a substantive level (criteria that must be complied with when setting out policies).

The remuneration policy and procedures are illustrated in the first section of the Report on remuneration policy and fees paid, prepared pursuant to Art. 123-ter of the TUF and made available to the public at least twenty-one days before the date of the next Shareholders' Meeting, in accordance with the current laws and regulations.

The Report on remuneration policy and fees paid in 2022, to which reference is made in full for any information that is not provided in this Report, is available at the Company's registered office, on the Company's website at [www.todsgroup.com](http://www.todsgroup.com) and on the authorised storage mechanism 1Info at [www.1info.it](http://www.1info.it).

In compliance with Principle XV of the Code, it should be noted that the policy for the remuneration of Directors, Statutory Auditors and top management set out by the Board is functional to the pursuit of the sustainable success of the Company and takes into account the need to rely on, retain and motivate persons with the competence and professionalism required by the role held in the Issuer, as represented in the Report on remuneration policy and fees paid, to which reference should be made.

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**Directors' indemnity in the event of resignation, dismissal or termination following a takeover bid (pursuant to Article 123-bis, paragraph 1, letter i), TUF)**

There are no agreements in place between the Group and any of the other Directors holding office, which envisage the payment of indemnities to them in the event of resignation, dismissal without just cause or termination of the employment relationship following a public purchase offer.

## **8.2 NOMINATION AND REMUNERATION COMMITTEE**

In compliance with Recommendation no. 16 of the Code, the Company's Board of Directors established, under the aforesaid Framework Resolution of April 21<sup>st</sup>, 2021, the Nomination and Remuneration Committee, with preliminary consideration functions, charged with providing advice and making recommendations, as more fully detailed below, on appointments and remuneration, as well as on related-party transactions (limited to those transactions concerning the fees payable to Directors and other Executives with Strategic Responsibilities, where no exemption case exists).

### **Composition and functioning of the Nomination and Remuneration Committee (pursuant to Art. 123-bis, paragraph 2, letter (d) of the TUF)**

In the Board meeting held on April 21<sup>st</sup>, 2021, the Board resolved to establish the Nomination and Remuneration Committee for the 2021-2023 three-year period and up to approval of the Financial Statements referred to the last financial year, after verifying the non-executive and independence requirements in compliance with the principles establishes by law and by the Code. The Committee comprises the following non-executive and independent Directors: Vincenzo Manes (Chairman), Luigi Abete and Sveva Dalmasso.

The Nomination and Remuneration Committee met three times during the Financial Year (with an 77.8% overall attendance rate of its members; the percentage attendance of each Committee member in the meetings held is indicated in the Table no. 3 attached hereto as an appendix); the Committee's meetings were coordinated by its Chairman: minutes were duly drafted and the Chairman gave notice thereof to the Board of Directors at the first subsequent meeting; the meetings lasted about one hour and were attended at least by the Chairman of the Board of Statutory Auditors, in compliance with the principles of Corporate Governance.

During the current financial year, the Nomination and Remuneration Committee met only once and, to-date, one additional meeting has been scheduled.

During the Financial Year, the Committee was made up of three non-executive and independent directors, who are appropriately experienced and credentialed specialists in the fields of finance and remuneration policies.

In compliance with Recommendation no. 26 of the Code and with respect to additional measures aimed at avoiding or managing conflicts of interest, it should be noted that the current 2021-2023 Remuneration Policy approved by the Shareholders' Meeting held on April 21<sup>st</sup>, 2021 establishes that (i) none of the Directors participates in the meetings of the Nomination and Remuneration Committee in which proposals are put forward in relation to their remuneration; (ii) the Remuneration Policy provides that the proposal concerning the remuneration of Directors who are also members of the Nomination and Remuneration Committee shall be put forward by an independent Director (or, in his absence, by a non-executive Director) who is not a member of any of the Board Committees.

The Nomination and Remuneration Committee meetings held during the year were attended by the Chairman of the Board of Statutory Auditors.

### **Functions of the Nomination and Remuneration Committee**

In the application of Recommendations no. 19 and no. 25 of the Code, the Board, with the above-mentioned framework resolution adopted on April 21<sup>st</sup>, 2021, assigned the following preliminary consideration functions, including making proposals and giving advice, to the Nomination and Remuneration Committee:

- with regard to appointments

- (i) assisting the Board of Directors in the self-assessment of the Board and its Committees;
- (ii) assisting the Board of Directors in setting out the optimal composition of the Board and its Committees and in designing and updating the Board of Directors' diversity policy;
- (iii) assisting the Board of Directors in identifying candidates to the office of Director in the event of co-option;

- with regard to remuneration, the following responsibilities:

- (a) making proposals to the Board of Directors on the adoption of the policy for the remuneration of the Directors, the General Manager, other executives with strategic responsibilities and, without prejudice to the provisions of Article 2402 of the Italian Civil Code, the Statutory Auditors;
- (b) submitting to the Board proposals on the remuneration of Executive Directors and those holding specific positions and of the General Manager, as well as - having heard the Delegated Bodies - on the proper identification and setting of adequate performance targets, which allow the calculation of the variable components of their remuneration, in compliance with the remuneration policy approved by the Shareholders' Meeting (unless the conditions apply for the relevant waiver); the proposal concerning the remuneration of Directors who are also members of the Nomination and Remuneration Committee is to be put forward by an independent Director (or, otherwise, by a non-executive Director) who is not a member of any of the Board Committees;
- (c) assisting the Board of Directors in the preparation and implementation of remuneration plans based on financial instruments;
- (d) periodically assessing the adequacy and the concrete application of the Remuneration Policy, making use of the information provided by the delegated bodies when the assessment concerns the remuneration of executives with strategic responsibilities;
- (e) putting forward to the Board of Directors any proposal concerning remuneration;
- (f) monitoring the application of the decisions adopted by the Board of Directors on remuneration, while also assessing the actual achievement of performance targets, and evaluating, where appropriate, the possible application of claw-back mechanisms;
- (g) reporting to the Shareholders on how it performs its duties;
- (h) if it deems it necessary or appropriate for the performance of its duties, making use of third-party consultants who are experts in remuneration policies.

The Nomination and Remuneration Committee is also responsible for transactions with related parties, with specific reference to transactions with related parties concerning the remuneration of Directors and other Executives with strategic responsibilities, where no exemption applies.

During the Financial Year, the Nomination and Remuneration Committee performed its functions, for preliminary consideration, as well as recommendatory and consultative; among the measures that it took were: (i) establishing the process for the self-assessment of the Board and its committees; (ii) making proposals to the Board for identifying and setting performance targets (both financial and non-financial) to which the payment of incentive remuneration components for the Financial Year for Directors holding special offices and for the General Manager should be linked; (iii) considering whether the Executive Directors had actually achieved short-term (MBO 2021) and medium-long term (LTI 2018-2021) performance targets assigned to them (it should be noted that the reported assessment did not involve the former Executive Director and General Manager of the Company, Mr. Macchi Di Cellere, in view of the mutual termination

agreement that the Company reached with him on November 10<sup>th</sup>, 2021 and Mr. Macchi's waivers, provided therein, of any right or claim against the Company and its subsidiaries related to the termination of the employment relationship and the termination of the directorships with all Tod's Group companies, in exchange for the recognition of the early retirement incentive and the normal severance pay provided by the applicable National Collective Labour Agreement, all in compliance with the provisions of the current 2021-2023 Remuneration Policy and the Company's Related-Party Procedure); (iv) it verified that the pay policy was adequate, consistent as a whole and had been applied in practice during the 2021 financial year.

Finally, the Nomination and Remuneration Committee, among other things: (i) carried out the periodic assessment on the achievement of performance targets for the 2022 Financial Year and submitted to the Board proposals for determining and setting the performance targets (both financial and non-financial) that are to be linked to incentive components of remuneration for the 2023 Financial Year for delegated bodies and the General Manager; (ii) submitted proposals to the Board for the determination of additional medium- to long-term incentive remuneration components (LTI 2023-2025) to be awarded to Director with responsibility for Finance and Administration and the General Manager (postponing for the meantime the determination of the medium-long term incentives remuneration components for the Chairman and Vice-Chairman, also considering the intrinsically incentive nature of their position as major shareholders of the Company; (iii) verified that the Company's Remuneration Policy was adequate, consistent as a whole and had been applied in practice during the 2022 financial year.

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In relation to Recommendation no. 17 of the Code, it should be noted that, when executing its functions, the Nomination and Remuneration Committee has the right to access the information and corporate functions necessary to fulfil its duties, as well as to avail itself of third-party consultants, at the Company's expense, provided that the latter are adequately bound by the necessary confidentiality and are not in a situation such as to compromise their independence of judgement. It is hereby confirmed that the Board of Directors has not allocated an ad hoc budget available to the Nomination and Remuneration Committee, but when the Committee deems it is necessary or appropriate to avail itself of external consultants, the Company makes available to the committee from time to time, the resources required for this purpose in order to execute its functions. With reference to the performance of the Committee's functions in the area of transactions with related parties, the provisions laid down in the "Procedure on Related parties Transaction of Tod's S.p.A." shall in any case apply, as in force from time to time and according to applicable legislation.

## **9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM - CONTROL AND RISK COMMITTEE**

With reference to Principle XVIII of the Code, it should be noted that the Board of Directors, in accordance with the Company's strategies and in order to contribute to its sustainable success, has set out its own "*Guidelines for the internal control and risk management system*" (the "**Guidelines**"), aimed at an effective and efficient identification, measurement, management and monitoring of the main corporate risks. The Company's Internal Control and Risk Management System is a set of rules, procedures and organizational structures aimed at monitoring compliance with the Company's strategies and the achievement of the following objectives: (i) effectiveness and efficiency of business processes; (ii) reliability, accuracy of information provided to corporate bodies and the market, including financial and non-financial economic information; (iii) compliance with laws and regulations, as well as with the Company's Articles of Association, rules and procedures; (iv) effective and efficient identification, measurement, management and monitoring of the main risks, in order to contribute to the sustainable success of the Company and the Group; (v) safeguarding the value of the Company's assets and protecting, as far as possible, against losses.

In accordance with Recommendation no. 32 of the CG Code, the audits involve, with different roles and within the sphere of their respective competences (i) the Board of Directors, which plays a role of guidance and evaluation of the adequacy of the Internal Control and Risk Management System and identifies from among its members (a) one or more Managing Directors, responsible for the establishment and maintenance of an effective Internal Control and Risk Management System (hereinafter, the "*Directors responsible for the Internal Control and Risk Management System*"), as well as (b) a Control and Risk Committee, with the task of supporting, through an adequate preliminary consideration activity, the assessments and decisions of the Board of Directors relating to the Internal Control and Risk Management System, as well as those relating to the approval of interim financial and non-financial reports; (ii) the Head of the Internal audit function, who is responsible for verifying that the Internal Control and Risk Management System is functional, adequate and consistent with the guidelines set out by the Board of Directors; (iii) the other company roles and functions with specific tasks in the area of Internal Control and Risk Management, as structured in relation to the company's size, complexity and risk profile (the Supervisory Body, the Financial Reporting Manager, the management control functions and all personnel of Tod's S.p.A.); (iv) the Board of Statutory Auditors, which oversees the effectiveness of the Internal Control and Risk Management System; (v) the Directors and Statutory Auditors of the Issuer's subsidiaries.

The full, updated text of the Guidelines, which were finally adopted by resolution of January 27<sup>th</sup>, 2021, is published in the "Governance" section of the Company's website at [www.todsgroup.com](http://www.todsgroup.com), to which reference should be made herein, for all matters not expressly referred to in this Report.

#### **Main features of the existing risk management and internal control systems in relation to the financial reporting process pursuant to Art. 123-bis, paragraph 2, letter b), TUF**

##### **1) Introduction**

It is hereby confirmed that the Tod's S.p.A.'s Group management and control system relating to the risks concerning the financial reporting process forms an integral part of and is included in the framework of the broader Company and Group internal control system, in accordance with the instructions included in the 9<sup>th</sup> edition of the Format for the Corporate Governance Report distributed by Borsa Italiana S.p.A. in January 2022; the following elements represent important features of the foregoing system: the Code of Ethics, the Organizational, Management and Control Model, in accordance with Legislative Decree No. 231/2001, the Procedure for the identification of internal dealing persons and the disclosure of transactions carried out by them ("*Internal Dealing Procedure*"), the Procedure for creation, management and updating of the Group's Register of persons who have access to the Company's inside information ("*Insider Dealing Procedure*"), the Principles and procedures to execute significant transactions and the Procedure on Related Parties Transactions, the powers and proxies System, the corporate Organizational Chart, the Regulation for the internal management and public disclosure of documents and information concerning Tod's S.p.A. and the Tod's Group, the Risk Analysis process adopted, the Accounting and Administrative control System.

The internal control system concerning financial information is represented by a set of activities designed to identify and assess actions and/or events which may compromise the credibility, accuracy, reliability and timely aspect of the financial information, if they occur.

The internal control system concerning the process to prepare the financial information adopted by the Company is designed to ensure that the administrative and accounting procedures prepared assure the reasonable credibility of the financial information and the organization's ability to produce timely and reliable accounting and financial information, in compliance with the reference accounting standards.

The structured approach adopted to establish the control model refers to international standards and to best practices of the sector, as well as to the Guidelines of the various reference bodies/associations (Andaf, Confindustria, etc.).

## 2) Description of the main characteristics of the existing risk management and internal control system in relation to the financial reporting process

The basic aspect of the control system relating to the financial reporting processes is represented by a risk assessment activity designed to identify and assess the risk areas where events could occur which may compromise achieving reliable financial information.

### a) Phases of the risk management and internal control system existing in relation to the financial reporting process

The Group member companies and the principal corporate processes which contribute to forming the income statement and the balance sheet of the foregoing companies have been identified via the foregoing activity based on a quantitative analysis (numerical importance of each company) and a qualitative analysis (specific, potential or prior risk associated with the business activities engaged in), thereby defining a matrix of corporate processes/legal entities to be checked, based on the identification and assessment of the existing control system in relation to the typical risks which related to the preparation of the financial information to be disclosed externally. All the companies identified as being “significant” are subject to a specific analysis and assessment of the internal control system that governs the preparation of the Financial Statements, in terms of layout and operations.

The tangible items reported in the Financial Statements and the related corporate processes which contribute to their formation are selected in the framework of the “significant companies” identified in order to determine the controls which are able to meet the objectives of the internal control system concerning the financial information.

### b) Role and functions involved

The management and control System concerning financial information is managed by the Financial Reporting Manager duly appointed by the Board of Directors in compliance with the applicable provisions of the Articles of Association. The Financial Reporting Manager is therefore mainly responsible for designing, managing and monitoring the processes concerning, in particular, information flows of an administrative and accounting nature, including automatic data processing and accounting systems, in order to also provide - in the forms provided for by law and the relevant implementing regulations - certification on their adequacy and effective application. It is the duty of the Financial Reporting Manager, first of all, to identify and assess the risks to financial reporting, to identify and implement appropriate controls aimed at mitigating the possibility of such risks materialising, and to monitor and assess the effectiveness of the controls in the context of an adequate and functioning risk management and internal control system, in relation to the financial reporting process.

While performing his activities, the Financial Reporting Manager:

- interacts with the head of the Internal audit Function, who has the prerogative of conducting independent audits of the reliability of the information systems, including the accounting systems;
- is supported by the Function managers involved that assure the completeness and reliability of the information flows sent to the executive Director in charge, with reference to their own area of jurisdiction, for the purposes of preparing the accounting information;
- coordinates the activities performed by the Administrative managers of the significant subsidiary companies;
- supervises the process of preparing the disclosure of non-financial information drawn up by the Company in compliance with the legislation in force from time to time, while ensuring that it provides an understanding of the Tod's Group's business, as well as of its performance, results and related impact;

- establishes a mutual exchange of information with the Control and Risk Committee and with the Board of Directors, reporting on the activities performed and the adequacy of the Internal Control and Risk Management System, with particular reference to the risks related to financial information.

The Financial Reporting Manager duly informs the Board of Statutory Auditors concerning the adequacy, also the organizational adequacy and the reliability of the administrative and accounting system.

Monitoring both the actual application of the risk management System relating to financial information, and its periodic assessment, were performed on an on-going basis throughout the Financial Year with the coordination by the Executive Director in charge who is directly responsible for verifying the correct and timely execution of the management activities in the administrative, accounting and financial activities performed by the Group member companies.

No risks or situations which were not already monitored by the Company emerged from all the checks mentioned.

The Financial Reporting Manager, together with the Chief Executive Officer, provide the attestation envisaged in Article 154-bis, paragraph 5, of the TUF.

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In the implementation of Principle XIX and Recommendation no. 33, letter a), of the Code, it should be noted that, during the Financial Year, the Board of Directors positively assessed the adequacy of the Internal Control and Risk Management System according to the characteristics of the business and its assumed risk profile and its effectiveness, finally at the meetings held to approve the Half-Year Financial Report at June 30<sup>th</sup>, 2022 and the consolidated earnings figures for the Group in the 2022 financial year (Board of Directors meeting held on January 25<sup>th</sup>, 2023); in particular, the assessment was adopted on the basis of the report prepared by the Director responsible for the Internal Control and Risk Management System and with the Control and Risk Committee's support that, in the framework of its own Meetings – which were also attended by the Head of the Internal audit Function (as described later) – was able to verify the actual functioning of both the Issuer's and the Group's Internal Control and Risk management System on an on-going basis, with particular reference to the companies of strategic importance.

With reference to Recommendation no. 33, letter g) of the Code, it is informed that, finally, at the Meeting held on March 13<sup>th</sup>, 2023, the Board of Directors, with the support of the Control and Risk Committee, expressed a positive assessment concerning the status of the Internal Control and Risk Management System, deeming the system to be adequate in overall terms, efficient and effectively functioning.

## **9.1 CHIEF EXECUTIVE OFFICER – DIRECTOR RESPONSIBLE FOR THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

In relation to Recommendation no. 32, letter b), of the Code, it should be noted that the Board of Directors, with the aforementioned Framework Resolution of April 21<sup>st</sup>, 2021, appointed, *inter alia*, the Chief Executive Officer Andrea Della Valle to the position of Director appointed to the Internal Control and Risk Management System.

The Director responsible for the Internal Control and Risk Management System is assigned the following tasks (as specified in the Guidelines):

- a) identify the main risks confronted by the Company, considering the nature of the activities operated by the Issuer and its subsidiaries, focusing in particular on its strategic companies, and submitting them for examination by the Board of Directors at least once annually and normally at the Board of Directors' meeting held to approve the annual financial report;
- b) execute the Guidelines, handling the design, creation and management of the Internal Control and Risk Management System and constantly reviewing its adequacy and effectiveness, while ensuring that it is in line with the operational conditions and the legislative and regulatory framework;



- c) at least once annually, normally when the annual financial report is approved – as well as whenever it is deemed necessary or appropriate, according to the circumstances, as in the case where new material risks arise or there are material increases in the possibilities of risk – submit the corporate risks (including those that might become important with a view to the sustainable success of the Company's and of the Tod's Group's business) and all the control processes implemented and planned to prevent them, reduce them, and effectively and efficiently manage them for examination and review by the Board of Directors, so that the Board of Directors may take informed and conscious decisions on the strategies and policies adopted to manage the main risks of the Issuer and the Tod's Group, with special attention being dedicated to the companies having strategic importance;
- d) propose to the Board of Directors, and inform the Control and Risk Committee thereof, the appointment, revocation and remuneration of the Head of the Internal audit Function and assure the independence and operating autonomy of each head of operating units, verifying that they have adequate resources to discharge their assigned duties;
- e) submit to the Board of Directors the annual work plan prepared by the Head of the Internal audit Function, after obtaining the opinion of the Control and Risk Committee;
- f) adapt the Internal Control and Risk Management System according to changes in operating conditions and the legislative and regulatory framework;
- g) appoint the Internal audit Function to conduct audits of specific operating areas and compliance with internal rules and procedures in the performance of corporate operations, while simultaneously notifying the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors thereof, and if appropriate according to the events being examined, the Chairman of the Board of Directors as well;
- h) promptly report to the Control and Risk Committee (or the Board of Directors) on problems and criticalities arising during the course of its activities or about which it has been informed, so that the Committee (or Board of Directors) may take the appropriate measures.

The Board of Directors also appointed the Chief Executive Officer and Manager responsible for the Internal Control and Risk Management System, Andrea Della Valle, as the Director in charge of the Whistleblowing System, with the functions specified in the Tod's Group's Guidelines on Internal Control and Risk Management System.

In compliance with Recommendation no. 34, letter a) of the Code, the Director appointed to manage the Internal Control and Risk Management System identified the main corporate risks (strategic, operational, financial and compliance) during the Financial Year, taking into account the characteristics of the activities engaged in by the Company and by its subsidiaries, and submitted the details to be examined by the Board, as well as by the Control and Risk Committee-

In accordance with Recommendation no. 34, letter b), of the Code, the delegated Director responsible for the Internal Control and Risk Management System executed the Guidelines during the year, constantly checking the overall adequacy, effectiveness and efficiency of the Internal Control and Risk Management System, and adapting this system to changes in operating conditions and the legislative and regulatory framework.

Lastly, the Board was also given information during the Board Meeting held on March 13<sup>th</sup>, 2022, concerning the adequacy of the Internal Control and Risk Management System in relation to the applicable provisions, also referred to the regulatory provisions.

In accordance with Recommendation no. 34, letter c) of the Code, the Delegated Director may appoint the Internal audit function to carry out checks on specific operational areas and on the compliance with internal rules and procedures in the performance of corporate activities, giving notice thereof to the Chairman of the Control and Risk Committee and to the Chairman of the Board of Statutory Auditors, as well as to the Chairman of the Board of Directors, where applicable, with reference to the events being reviewed.

In relation to the Recommendation no. 34, letter d), of the Code, the delegated Director must also report promptly to the Control and Risk Committee (or to the Board of Directors) about problems and criticalities detected in the performance of their tasks or of which it has, in any case, become aware, in order for the Committee (or the Board) to take appropriate actions.

## **9.2 CONTROL AND RISK COMMITTEE**

In accordance with Recommendation no. 16 of the Code, the Company's Board of Directors has set up an internal Control and Risk Committee to perform functions for preliminary consideration, as well as recommendatory and consultative, as more fully detailed below, in the areas of control and risk and related-party transactions.

### **Composition and functioning of the Control and Risk Committee (pursuant to Art. 123-bis, paragraph 2, letter d))**

After verifying that its directors without executive authority and independent directors satisfied the pre-requisites for being considered such in accordance with both the law and Recommendation no. 7 of the Code, the Board of Directors resolved at the aforementioned Framework Resolution of April 21<sup>st</sup>, 2021, to constitute the Control and Risk Committee. Its members are the following independent directors without executive authority: Romina Guglielmetti (Chairman), Vincenzo Manes and Emanuela Prandelli.

During the Financial Year, the Control and Risk Committee met 8 times and for the current financial year 6 meetings have been scheduled (3 of which have been already held). Usually the Committee meetings have an average duration of approximately one hour and a half.

The meetings are coordinated by the Chairman, Mrs. Guglielmetti, minutes shall be drafted and the Chairman shall give notice thereof to the Board of Directors at the Board of Directors at the first subsequent meeting. The meetings were regularly attended by the directors (the overall percentage rate of attendance was 100%, while the percentage rate of attendance by each Committee Member at the held meetings is indicated in the table no. 2 attached hereto as an appendix).

With regard to Recommendations no. 35 and no. 7 of the Code, note is made that during the financial year, three independent non-executive Directors sat on the Control and Risk Committee. Director Mrs. Romina Guglielmetti was appointed as Chairman of the Committee. The professional experience of the members of the Committee ensures that the Committee disposes of adequate knowledge about accounting, financial and risk management matters and has been deemed adequate by the Board of Directors at the time of appointment.

In relation to Recommendation no. 17 of the Code, it should be noted that the meetings of the Committee held during the Financial Year were attended, on invitation of the Committee and in relation to specific items on the agenda from time to time, by Directors and non-member representatives of the company functions, giving notice thereof to the Chief Executive Officers.

The members of the Board of Statutory Auditors were also allowed to attend the Committee meetings held during the Financial Year.

### **Responsibilities of the Control and Risk Committee**

In compliance with Recommendation no. 33 of the Code, the Control and Risk Committee has been appointed by the Board of Directors to support the governing body in performing the duties entrusted to it by the Code in the area of internal control and risk management.

In line with Recommendations no. 33 and 35 of the Code, the Guidelines, approved by the Board by a resolution dated January 27<sup>th</sup>, 2021, assign the following responsibilities to the Control and Risk Committee:

- a) providing support and issuing opinions to the Board of Directors in setting out and updating the principles and instructions laid down in the Guidelines;
- b) providing support and issuing opinions to the Board of Directors on the assessment of the adequacy of the Internal Control and Risk Management System with respect to the characteristics of the business and the risk profile assumed, as well as its effectiveness, with the aim of ensuring that the main corporate risks are correctly identified and adequately managed. In relation to this, it reports to the Board of Directors, at least every six months, on the work performed, as well as on the adequacy and effectiveness of the Internal Control and Risk Management System;
- c) providing support and issuing opinions to the Board of Directors in the approval of the work plan prepared by the Head of the Internal audit function;
- d) supporting the Board of Directors in assessing the results presented by the independent auditor in the letter of suggestions (if any) and in the additional report addressed to the Board of Statutory Auditors;
- e) providing support and issuing opinions to the Board of Directors on the appointment and dismissal of the Head of the Internal audit function, on the definition of his/her remuneration in line with corporate policies, as well as on the verification that he/she has adequate resources to perform his/her duties;
- f) supporting, by means of an adequate preliminary consideration activity, the assessments and decisions of the Board of Directors relating to the management of risks deriving from prejudicial facts of which the Board of Directors has become aware;
- g) giving opinions on specific aspects relating to the identification of the main corporate risks;
- h) assessing, after having heard the Financial Reporting Manager, the independent auditor and the Board of Statutory Auditors, the correct use of accounting principles and their uniformity for the purposes of preparing the consolidated financial statements;
- i) assessing the correctness of the process of preparing interim financial and non-financial information, so that it correctly represents the business model, the Company's strategies, the impact of its business and the performance achieved, and taking note of the information provided by the delegated bodies and the Financial Reporting Manager on the suitability of interim financial and non-financial information to correctly represent the business model, the Company's strategies, the impact of its business and the performance achieved;
- l) supporting the Board of Directors with regard to the description, in the context of the annual report on corporate governance and ownership structures, of the main features of the Internal Control and Risk Management System and the methods of coordination between the various persons involved in the internal control and risk management system;
- m) examining the content of periodic non-financial information relevant to the Internal Control and Risk Management System;
- n) examining, among others, the interim reports, and those of particular relevance prepared by the Internal audit function;
- o) monitoring the autonomy, adequacy, effectiveness and efficiency of the Internal audit function;
- p) entrusting the Internal audit function with the performance of checks on specific operational areas, while giving notice thereof to the Chairman of the Board of Statutory Auditors;
- q) inviting at any time the Head of the Internal audit function to report on the work performed and on the status of the Internal Control and Risk Management System;
- r) performing any further tasks assigned to it by the Board of Directors;
- s) performing the duties which, in accordance with the regulations in force from time to time, are assigned to it pursuant to the procedure for the approval of transactions with related parties.

It should be noted that the Control and Risk Committee has been charged with the relevant functions and responsibilities which the Related Parties Regulation and the *"Procedure on Related parties Transaction of Tod's S.p.A."* vest in a committee composed only of independent non-executive Directors with reference to related parties transactions of greater and lesser importance, with the exception of related-party transactions concerning the remuneration of Directors and other Executives with strategic responsibilities, where no exemption applies, which are the responsibility of the Nomination and Remuneration Committee.

The Chairman of the Internal Control Committee illustrated the details to the Directors regarding the activities performed by the Committee with reference to the Financial Year, and in particular, the Chairman illustrated to the collective administrative body the Committee's assessments of the adequacy and effectiveness of the Internal Control and Risk Management System at the date of the Board meeting to approve the Annual Financial Report as at December 31<sup>st</sup>, 2021, the half-yearly financial report as at June 30<sup>th</sup>, 2022, as well as at the date of the Board meeting to approve the Annual Financial Report as at December 31<sup>st</sup>, 2022. During the Financial Year the Control and Risk Committee also gave his opinion, among other things, as to the approval of the annual plan prepared by the head of the Internal audit function and assessed, after having heard the financial reporting officer, the independent auditors and the Board of Statutory Auditors, the correct application of the accounting standards and their consistency for the purposes of the preparation of the consolidated financial statements.

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The Meetings of the Committee held during the Financial Year were attended by the Chairman of the Board of Statutory Auditors and, based on the Committee's invitation and in relation to specific items on the Agenda, by the standing auditors of the Board of the Statutory Auditors, by the Head of the Internal audit Function, by the Director appointed to the Internal Control and Risk Management System operations and by the Director in charge of drawing up the corporate accounting documents and the Manager responsible for the Consolidated Financial Statements, as well as by the members of the Supervisory Body.

When executing its functions the Committee has the right to access the corporate information and functions required to perform its duties, as well as to avail itself of external consultants, subject to being authorized by the Board of Directors.

It is hereby confirmed that the Board of Directors has not allocated an ad hoc budget available to the Control and Risk Committee, but when the Committee deems it necessary or appropriate to avail itself of external consultants, the Company makes available to the Committee, from time to time, the resources required to perform its functions.

With reference to the performance of the Committee's functions concerning related-party transactions, the provisions shall apply, which are laid down in the *"Procedure on Related parties Transaction of Tod's S.p.A."* in force from time to time and in the applicable regulations.

### **9.3 HEAD OF INTERNAL AUDIT**

In accordance with Recommendations no. 32, letter d) and no. 33, letter b) of the Code, the Board of Directors appointed the Head of the Internal audit Function at its meeting on April 21<sup>st</sup>, 2021. This individual is delegated to assure that the Internal Control and Risk Management System is functioning, adequate and consistent with the guidelines set out by the Board.

At the approval date of this Report, the Head of the Internal audit Function is Mr. Pierluigi Tassotti. He was appointed by the Board of Directors on recommendation by the Directors Responsible for the Internal Control and Risk Management System, holding office for the time being, after obtaining the favourable opinion of the Control and Risk Committee and the advice of the Board of Statutory Auditors.

In line with Recommendation no. 33, letter b), of the Code, the Board of Directors, with the help of the Director Responsible for the Internal Control and Risk Management System, of the Control and Risk Committee and of the Board of Statutory Auditors, has found that Mr. Tassotti's present remuneration is fair and that it has been set consistently with Company policies, while ensuring that he is provided with adequate resources to perform his duties.

In line with Recommendation no. 36 of the Code, note is made that in regard to the organizational structure and organizational chart of the Company, the Head of the Internal audit Function is not responsible for any operating unit, reports on an operating basis to the Board of Directors and the Control and Risk Committee, and reports hierarchically to the Director responsible for the Internal Control and Risk Management System.

The Head of the Internal audit Function is assigned the duties indicated in Article 6 of the Guidelines. In particular, he:

a) drafts his annual work based on a structure process of analysis and prioritization of principal risks ( the "Audit Plan") and illustrates it to the Director Responsible for the Internal Control and Risk Management System, the Control and Risk Committee, the Board of Statutory Auditors and the Board of Directors early enough so that they may effectively discharge their own duties and, in particular, to make any suggestions that they may deem appropriate;

b) assists the Director Responsible for the Internal Control and Risk Management System in handling the design, management and monitoring of the Internal Control and Risk Management System and identifying the various risk factors, including such elements as may be significant with a view to the sustainable success of the Company and of the Tod's Group;

c) on the basis of the annual work plan, plans and executes direct and specific audits at the Issuer and at all other Group companies, particularly those having strategic importance, in order to detect any faults in the Internal Control and Risk Management System according to the various areas of risk;

d) audits the functionality and fitness of the Internal Control and Risk Management System on a continuous basis and according to specific requirements and in compliance with international standards;

e) on the basis of the audit plan, checks the reliability of the information systems that are part of the accounting system;

f) verifies compliance with the control process rules and procedures and that all parties involved operate in accordance with their assigned objectives. In particular:

- he checks the reliability of information flows, including the automatic data processing systems and accounting systems;
- on the basis of the work plan, he verifies that the procedures adopted by the Issuer and the Group guarantee compliance with applicable statutory and regulatory provisions;

g) also conducts audits on specific issues, as he deems appropriate or on request by the Board of Directors, the Control and Risk Committee, the Director Responsible for the Internal Control and Risk Management System or the Board of Statutory Auditors;

h) using the means and procedures that he deems most appropriate, ascertains that detected operating and functional anomalies of control have been eliminated;

i) maintains organized records of all his activities; this documentation shall be provided on request to the persons in charge of control processes;

l) prepares periodic reports containing adequate information about his activity, the procedures according to which risks are managed, and in compliance with drafted risk containment plans. The periodic reports contain an assessment of the fitness of the Internal Control and Risk Management System. Moreover, on the basis of the control results and the analysis of corporate risks, he also identifies any faults in the Internal Control and Risk Management System and recommends any remedies to be implemented on the System itself. The identified faults and recommended remedies are reported in the Internal audit Reports;

- m) prepares prompt reports on particularly significant events, if necessary, including at the request of the Board of Statutory Auditors;
- n) transmits the reports listed at items j) and k) to the Director Responsible for the Internal Control and Risk Management System, the Chairmen of the Board of Statutory Auditors, the Control and Risk Committee and, as applicable according to the events in question, the Chairman of the Board of Directors and the Compliance program Supervisory Body, except where the subject matter of such reports specifically relates to the activities of those entities; if the audits covers Group companies, the reports are also sent to the delegated bodies of the affected companies. The Control and Risk Committee is responsible for transmitting the reports to the other members of the Board of Directors according to the items listed on the meeting agenda; the Board of Statutory Auditors reviews these documents at the meetings of the Control and Risk Committee;
- o) at least twice a year, and early enough for the Control and Risk Committee, Board of Directors, and the Directors Responsible for the Internal Control and Risk Management System to perform his duties on occasion of Board of Director meetings held to approve the annual report and the half-year report, drafts a semi-annual summary of the principle problems revealed during the six-months period in question and throughout the year. The annual report prepared for the meeting held to approve the annual report also contains an update on the monitored corporate risks that were detected during the year;
- p) in the event of criticalities demanding urgent action, he immediately notifies the Directors Responsible for the Internal Control and Risk Management System and the delegated bodies, and also the Chairmen of the Control and Risk Committee, the Board of Statutory Auditors and, if appropriate, the Chairman of the Board of Directors, to update them on the results of his activity.

The Company's Guidelines of the Internal Control and Risk Management System, which were finally updated on January 27<sup>th</sup>, 2021, provide for the appointment of the Head of the Internal audit function to also supervise the Whistleblowing Function, thus assisting the Director responsible for the Whistleblowing System (the CEO and Director responsible for Internal Control, Andrea Della Valle) in considering any possible irregularity and/or violation reported by the staff members working for the companies in the Tod's Group, while also carrying out inspections aimed at reconstructing the facts, in accordance with the procedure described in the Guidelines. The irregularities and/or violations detected in this manner and any order issued in this regard are then illustrated in the related Internal audit reports.

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During the Financial Year, the Head of Internal audit Function, in consultation with the Board of Statutory Auditors and the Director in charge of the Internal Control and Risk management System audited the functioning and fitness of the Internal Control and Risk Management System in accordance with the Annual Audit Plan for the period, which he had prepared and which had been approved by the Board of Directors on January 25<sup>th</sup>, 2022.

During the Financial Year, the Head of the Internal audit Function had access to all information as necessary to fulfil his mandate, and he prepared periodic reports containing adequate information on his activity, the procedures adopted to manage risk and compliance with the plans drafted to contain them, an assessment of the fitness of the Internal Control and Risk Management System, and reports on particularly significant events. He sent them to the Chairmen of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, as well as the delegated Director, in compliance with Recommendation no. 36, letters b) and d), of the Code.

The findings reported by the Head of the Internal audit Function in his own reports found no particular criticalities or anomalies in the various corporate areas affected by the monitoring activities. They pointed out that all the parties involved complied with the rules and procedures, except for minor exceptions that were all managed in the course of

ordinary audits, monitoring and management of risks, as well as their reasonable satisfaction of set objectives. On the basis of, *inter alia*, the information provided in the reports by the Head of the Internal audit Function, the Board of Directors meeting held on March 10<sup>th</sup>, 2021 issued its own positive and favourable opinion on the adequacy and effectiveness of the Internal Control and Risk management System adopted by the Group.

As envisaged in the Audit Plan, the Head of the Internal audit Function also audited the reliability of the information systems, including the accounting systems, in accordance with recommendation no. 36, letter e) of the Code.

In relation to Recommendation no. 33, letter c), of the Code, the Board of Directors meeting held on January 25<sup>th</sup>, 2023 approved the Audit Plan 2023 prepared by the Internal audit Function on the basis of a structured process of analysis and prioritization of principal risks.

The Board of Directors has not allocated an ad hoc budget available to the Head of the Internal audit Function. Instead, the Company periodically provides him with the resources that he needs to perform his functions.

In accordance with Recommendation no. 33, letter b), of the Code, it is hereby confirmed that the Internal audit Function support is not outsourced to parties outside the Company, not even partially, and it is therefore implemented within the business.

#### **9.4. COMPLIANCE PROGRAM PURSUANT TO LEGISLATIVE DECREE NO. 231/2001**

In order to ensure maximum fairness and transparency in the management of its affairs and business activities, including protection of its image and reputation, the Company has long adopted its own Organisation, Management and Control Model in line with the provisions of Legislative Decree 231 of June 8<sup>th</sup>, 2001, while monitoring its adequacy on an ongoing basis and bringing it into line with regulatory amendments that have an impact on the Tod's Group.

Upon audit of the conformity and effectiveness of its internal control and risk management system in reference to the provisions of the aforementioned decree, the Company also decided to draft a Code of Ethics that sets out the values and principles (of transparency, fairness, fidelity and compliance) that have always characterized the Company's activities, its relations with employees, independent contractors, customers, suppliers, Shareholders and public authorities, and generally everyone with whom business relations are maintained.

Offences which when perpetrated give rise to the entity's administrative liability and which the Compliance Program aims to prevent correspond to the offences envisaged in Legislative decree no. 213/2001, as finally amended and supplemented. In particular, by adopting the Compliance program, the Issuer intends to pursue the following objectives:

- fostering awareness in the recipients of the Compliance Program that breaching the provisions contained therein by committing offences can attract criminal penalties which may be imposed on them, as well as the administrative penalties which may be imposed directly on the Company;
- confirming that such forms of unlawful conduct are condemned strongly by the Company, since such conduct (even in the case where the Company may be apparently in a position to benefit), in addition to being contrary to the provisions of law, are however, also contrary to the ethical principles with which the Company intends to comply when engaging its corporate business;
- allowing the Company to intervene promptly to prevent or hinder the offences concerned from being committed, thanks to a monitoring activity of the business areas subject to risk.

The provisions of the Compliance Program are binding on the Directors, and on everyone who has been conferred with the Company representative, administration and management functions, on employees and on external consultants subject to the Company's corporate management or supervision.

The Board of Directors finally updated the Legislative Decree 231 Compliance Program on September 8<sup>th</sup>, 2021, in order to bring its provisions into line with the regulatory changes which had occurred in the meantime and had entailed the

introduction of new predicate offences giving rise to the entity's administrative liability, on the one hand, and, and on the other hand, the changes in the organizational structure which had occurred in the meantime.

These changes have led, among other things, to the inclusion in the "Special Part" of the Model of the categories of predicate offences laid down in the meantime under Legislative Decree no. 231/2001, which were assessed as applicable during the analysis of the Company's risk profile: tax offences (Art. 25- *quiquiesdecies*) and smuggling (Art. 25- *sexiesdecies*), as well as the introduction of the following offences: discharge of industrial waste water without authorisation or with suspended or revoked authorisation (Art. 137, paragraphs 2 and 3, of Legislative Decree 152/2006) within the scope of environmental offences (Art. 25-*undecies*) and within the scope of Offences against Public Authorities (Articles 24-25).

For the sake of completeness, it should be noted that, as at the date of approval of this Report, the Board of Directors resolved to approve the updated version of the 231 Model (most recently adopted by the Company on September 8<sup>th</sup>, 2021), that became necessary to reflect in the aforementioned model, *inter alia*, the changes in the medium term regarding "whistleblowing", in accordance with Directive (EU) 2019/1937 of the European Parliament and of the Council ("Whistleblowing Directive"), adopted by the Italian government with the very recent Legislative Decree of March 10<sup>th</sup>, 2023 n. 24.

In relation to Recommendation no. 33, letter e), of the Code, it should be noted that the Board has appointed a special Supervisory Body that has complete economic autonomy to oversee the functional operation and compliance with the Model. The Supervisory Body was appointed by the Board of Directors in the meeting held on April 21<sup>st</sup>, 2021, and comprises the following persons: Independent Board Member and Chairman of the Control and Risk Committee, Romina Guglielmetti (Chairman), Enrico Colombo and the Head of the Internal audit function, Pierluigi Tassotti.

The structure assures the full autonomy and independence of the body concerned, as well as the coordination of work between the various persons involved in the internal control and risk management system.

It is hereby confirmed that the subsidiary companies having strategic importance, namely, Tod's France S.a.s., Tod's Japan KK, Deva Inc., Tod's Hong Kong Ltd., Tod's (Shanghai) Trading Co. Ltd., Tod's Korea Inc., Roger Vivier S.p.A. and Roger Vivier France S.a.s., subject to their respective national laws, do not have an organizational Model, in accordance with Italian legislation.

## **9.5 INDEPENDENT AUDITOR**

The Company retained to audit the accounts of the Issuer's and its other subsidiaries is Deloitte & Touche, pursuant to the resolution of the Ordinary Shareholders Meeting of June 3<sup>rd</sup>, 2020.

The engagement for the statutory audit of accounts was granted for the financial years from 2021 to 2029 and the mandate will expire upon approval of the annual report at December 31<sup>st</sup>, 2029.

In relation to Recommendation no. 33, letter f) of the Code, it should be noted that, during the course of the Financial Year, the Board, after having heard the Board of Statutory Auditors, assessed the results presented by the independent auditor in the additional report addressed to the Board of Statutory Auditors.

## **9.6 OFFICER IN CHARGE OF PREPARING COMPANY ACCOUNTS AND OTHER CORPORATE ROLES AND FUNCTIONS**

The Officer in Charge of preparing Company Account is Mr. Rodolfo Ubaldi, the Group's Administrative and Financial Office and the Deputy General Manager.

Pursuant to Article 28-*bis* of the Articles of Association, the Officer must be chosen by the Board of Directors, after the Board of Statutory Auditors has issued its opinion, from the pool of executives who have held management position for at



least three years in the accounting or administrative departments of a listed company or a company whose share capital is not less than Euro 1 million.

The Board of Directors has granted Mr. Ubaldi ample authority as necessary to perform his duties under the law and the Articles of Association, without any specific spending limits other than what is reasonably necessary to discharge his duties. Furthermore, Mr. Ubaldi was given a mandate so that, in collaboration with a Managing Director, he also gives instructions to the subsidiaries belonging to the Tod's Group, for adopting all those measures, administrative and accounting procedures, all other and measures necessary for proper preparation of the consolidated financial statements, and all measures communicated by Mr. Ubaldi pursuant to the TUF, as amended by Law 262/05 and by Legislative Decree 303/06 that can assure the maximum reliability of information flows addressed to the Executive in Charge of Preparing Company Accounts in connection with preparation of corporate accounting documents.

The Executive in Charge of preparing Company Accounts also supervises the process of preparing the disclosure of non-financial information drawn up by the Company in compliance with the legislation in force from time to time, while ensuring that it provides an understanding of the Tod's Group's business, as well as of its performance, results and related impact.

In relation to Recommendation no. 32, letter e), of the Code, it should be noted that, in addition to those described above, the audits and rules aimed at identifying, selecting, measuring, managing and monitoring the main risks relevant to the organisation involve, with different roles and within their respective competences, the management control functions, the legal functions and the operating units dedicated to first and second level control functions, whose activities are directed with effectiveness and impartiality of judgement by qualified personnel with specific experience and knowledge.

#### **9.7 COORDINATION OF PERSONS INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

In accordance with principle XX of the Code, and in accordance with the best practice of listed companies, the Board of Directors has set out the principles that concern the coordination and information flows between the various bodies involved in the Internal Control and Risk Management System, in order to maximise the efficiency of the system itself, reduce duplication of work and ensure effective performance of the duties of the Board of Statutory Auditors.

In particular, periodic joint meetings are to be held by the various bodies delegated responsibility for internal control and risk management (Control and Risk Committee, Board of Statutory Auditors, Compliance Program Supervisory Body, Internal audit Function and Director in charge) in order to identify, beginning with the Company processes identified in the Audit Plan prepared by the Head of the Internal audit Function, the assigned areas for action and analysis by each body, and identify the different perspective taken by each one of them in regard to the same issues, in the light of the different duties assigned to it by the Code (and, in detail, the Control and Risk Committee has the function of supporting the Board of Directors in reaching its decisions and completing its appraisals of the internal control and risk management system, the Board of Statutory Auditors has the function of supervising the adequacy of the internal control and risk management system and the Supervisory Body has the function of supervising the operation, effectiveness and compliance with the Organizational, Management and Control Model drawn up pursuant to Legislative Decree no. 231/2001).

As previously discussed in detail, it is also envisaged that: (i) in accordance with Recommendation no. 37 of the Code, at least the Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by him attend the Control and Risk Committee meetings, without prejudice to the possibility that other Statutory Auditors participate at these meetings; (ii) the reports by the Head of the Internal audit Function must be sent, normally at the same time, to the Director Responsible for the Internal Control and Risk Management System, the Chairmen of the Board of Statutory Auditors, of the Control and Risk Committee and, if appropriate according to the events examined, the Chairman of the Board of Directors, as well as to the Compliance Program Supervisory Body and, if the audits concern other Group companies, the delegated bodies of the affected companies; (iii) at least once annually, the independent auditors shall

meet jointly with the Control and Risk Committee, the Board of Statutory Auditors and the Manager responsible for the drawing up of the financial reports in view of, *inter alia*, assessing the proper use of accounting standards and principles and their uniform application during preparation of the consolidated financial statements.

#### 10. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

The Board of Directors, in compliance with the Related Parties Regulation and after obtaining the opinion, stating the favourable reasons, of a Committee established *ad hoc* and composed solely of Independent Directors, resolved in the meeting held on November 11<sup>th</sup>, 2010 on the internal procedure implementing the legislation concerning the decision process with regard to transactions with related parties of the Company and of the Tod's Group i.e. the "*Procedure on transactions with related parties of Tod's S.p.A.*" (also referred to as the "*Procedure on Related Parties Transactions*"). The Procedure was subsequently amended by the Board of Directors of Tod's S.p.A. by a resolution of May 12<sup>th</sup>, 2021, subject to prior favourable opinion of the Control and Risk Committee and came into force on July 1<sup>st</sup>, 2021.

The current text is available in the *Governance/Procedures and Guidelines* Section of the website [www.todsgroup.com](http://www.todsgroup.com).

This Procedure identifies the transactions with related parties, concluded by the Company and/or its subsidiaries, and regulates the execution of the said transactions in order to guarantee their material and procedural accuracy, in compliance with the provisions of the law and regulations in force and with the principles established by the CG Code.

The Procedure on Related parties Transactions, in compliance with the provisions of the law and regulations in force, distinguishes transactions with related parties between those of lesser importance and those of greater importance, identifying the transactions of greater importance in compliance with the thresholds set out by Annex 3 of the Related Parties Regulation, and responsibility for which lies solely with the Board of Directors.

The Procedure on Related Parties Transactions provides for two different procedures for the investigation and approval of related parties transactions, depending on their (either greater or lesser) relevance (i.e. a "*general*" procedure for all the transactions with related parties of lesser importance, and a "*special*" procedure for those transactions which exceed the thresholds identified by the relevant criteria established by Consob). Both procedures (i.e. general and special) attribute great value to the role of Independent Directors, who are in all cases required to provide an opinion in advance of the execution of the proposed transactions; furthermore it is required that, at least when the "*special*" procedure applies, the above mentioned opinion must be binding on the Board of Directors and the Independent Directors must be involved, *inter alia*, in the preliminary investigation phase preceding the approval of transactions.

The Procedure on Related Parties Transactions provides that the Control and Risk Committee, composed of non-executive and independent directors only, is entrusted with the relevant functions and responsibilities which the Related parties Regulation vests in a committee composed of non-executive and independent directors with reference to transactions of both greater and lesser importance, with the exception of related-party transactions concerning the remuneration of Directors and other Executives with strategic responsibilities, where no exemption applies, which are the responsibility of the Nomination and Remuneration Committee.

Considering that the Issuer complies with the Code, the definition of "*independence*" relevant for the procedure on Related Parties Transactions – in compliance with the provisions of the regulations in force – is provided by Recommendation no. 7 of the Code or by the provisions applicable at any time pursuant to the recommendations included in the same.

As far as disclosure requirements are concerned, the Procedure on Related parties Transactions makes it compulsory to publish an information document concerning each transaction of greater importance, as well as to disclose the opinion of the Independent Directors and – in its essential terms - the opinion of the independent experts.

Furthermore, the Procedure on Related Parties Transactions waives, in compliance with the provisions of the Related Parties regulation, the application of the new legislation to some kinds of transactions, in particular, to transactions of

exiguous amount, to transactions with or between the Issuer's subsidiaries, to transactions with the Issuer's associated companies (provided related parties of the Issuer do not have "*significant*" interests within the above mentioned companies), as well as to the other cases set out in the Related Parties regulation.

Any amendment to the Procedure on Related Parties Transactions shall be approved by the Board of Directors following a favourable opinion of the Control and Risk Committee.

It is hereby confirmed that the Board of Directors did not deem it necessary to adopt specific operating solutions to facilitate the identification and adequate management of situations in which a Director reflects its own interests or third-party interests: thus the Board deems the existing solution adequate with respect to the provisions of Art. 2391 of the Italian Civil Code ("*Directors' Interests*").

## **11. BOARD OF STATUTORY AUDITORS**

### **11.1 APPOINTMENT AND REPLACEMENT**

The Shareholders' Meeting is responsible for appointing the Statutory Auditors and Chairman of the Board of Statutory Auditors.

The procedure for presentation of nominee and voting slates are regulated by the Articles of Associations.

Article 27 of the Articles of Associations aims to ensure that the Chairman of the Board of Statutory Auditors is designated by the minority, from the slate that received the second highest number of votes.

The Board of Statutory Auditors is elected on the basis of slates of nominees submitted by the Shareholders. In particular, as many Shareholders which own a shareholding at least equal to the shareholding established by Consob to elect the administration and control bodies – that corresponds to 1% of the share capital, as provided by Article 144-*quater* of the Issuer Regulation and by Consob Directors' Decision no. 60 of January 28<sup>th</sup>, 2022, at the approval date of this Report – may present a slate that must be registered at the registered office of the Company within the term set out under Art. 147-*ter*, par. 1-*bis*, of TUF, i.e. at least twenty-five days before the date established for the meeting in first call, convened to resolve on the appointment of the members of the Boards of Statutory Auditors. Ownership of the aforesaid minimum shareholding shall be determined pursuant to law, on the basis of the shares registered in the relevant Shareholder's name as at the date on which the slates are filed with the Company.

Each slate must be accompanied by (i) the personal identification data of the Shareholders submitting the same, with an indication of percentage of the Company's share capital held, on the overall, by all the submitting Shareholders collectively; (ii) a statement by the Shareholders who submit the slate in question, but who do not, individually or collectively, hold a controlling or relative majority interest in the Company, certifying that the said Shareholders are not linked to Shareholders holding a controlling or relative majority interest in the Company, by any of the ties or relationships contemplated in Article 144-*quinquies* of the Issuer Regulation; (iii) statements through which the nominees appearing on the slate, accept their candidacy and certify, under their own responsibility, that they do not labour under any of the causes of disqualification or unfitness, and that they meet all the requirements imposed under law and the Articles of Associations for serving the Company's Board of Statutory Auditors; (iv) an exhaustive account of the nominees' personal and professional features; and (v) any and all information requested, in accordance with the provisions of law and the applicable regulations.

According to Art. 27 of the Company's Articles of Association and in the implementation of Law no. 160/2019, for six consecutive terms beginning with the first time that the new Board of Statutory Auditors is elected after January 1<sup>st</sup>, 2021 each slate containing three or more nominees must be composed in such a way as to guarantee that the gender balance of the Board of Statutory Auditors satisfies the minimum quota required by applicable statutory and regulatory provisions, which reserve a quota of two-fifths to the less represented gender. In this regard, it should be noted that, in its

Communication no. 1/20 of January 30<sup>th</sup>, 2020, Consob clarified that, if the corporate bodies are composed of three members (as is typically the case of supervisory bodies), the criterion of rounding up to the nearest whole number is not applicable since it is in fact impossible, from an arithmetic point of view, to ensure the presence of at least two-fifths of both genders in these bodies. Consequently, the provision laid down in Article 144-*undecies*.1, paragraph 3 of the Issuers' Regulation was added to by providing that the criterion of rounding down to the nearest whole number (i.e. one member out of three) is applied for corporate bodies composed of three members. Therefore, taking account of the need to also comply with gender balance in case of replacement of Statutory Auditors during their term of office, each slate containing a number of candidates equal or higher than three must be composed so that within the Board of Statutory Auditors at least one standing Statutory Auditor and one alternate Statutory Auditor who can replace him belong to the less represented gender.

A slate where the foregoing statutory requirements have not been observed is deemed not to have been presented.

If just one slate (or slates "connected" to each other according to the law or regulations) has been deposited by the deadline, other slates may be submitted until three days after that date, and the threshold for presentation is reduced by half.

Two statutory auditors and one alternate auditor are selected from the slate that received the highest number of votes.

A statutory auditor –who shall become Chairman of the Board of Statutory Auditors – and one alternate auditor are taken from the second slate of those that are not connected pursuant to the law and regulation with the Shareholders that submitted or votes for the slate receiving the highest number of votes.

If, upon conclusion of voting, the composition of the Board of Statutory Auditors as represented by its standing and alternate auditors does not satisfy the gender balance enjoined by applicable laws and regulations, the second standing auditor and/or the alternate auditor elected on the slate that received the highest number of votes shall be replaced, as applicable, by the next candidate for the same position but of the least represented gender who was listed on the same slate, so that at least one standing auditor and at least one alternate auditor shall belong to the least represented gender. If this procedure does not guarantee compliance with the laws and regulations applying to the composition of the Board of Statutory Auditors, the Shareholders' Meeting shall make the necessary changes by resolution with the statutory majority of votes.

If a standing statutory auditor is replaced, the alternate auditor belonging to the same slates as the person substituted will take over his position, without prejudice, if possible, to compliance with the laws and regulations applying to the composition of the Board of Statutory Auditors; if this substitution does not result in gender balance mandated by applicable laws and regulations, the Shareholders' Meeting must be called without delay to guarantee statutory compliance. If the Chairman is replaced, the Chairmanship shall be assumed by the alternate auditor replacing the outgoing Chairman. The Shareholders' Meeting called to replace the members of the Board of Statutory Auditors pursuant to law shall comply with the principle of minority representation, as well as with the applicable laws and regulations mandating gender balance.

#### **11.2 COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS (pursuant to Article 123-*bis*, paragraph 2, letter (d), of the TUF)**

The composition of the Board of Statutory Auditors as at the closing date of the Financial Year is indicated in Table no. 3 attached as an appendix hereto.

The Board of Statutory Auditors was appointed for the three-year term from 2022 to 2024 by an Ordinary Shareholders' Meeting resolution on April 27<sup>th</sup>, 2022. Two lists were presented at the election:

a) the first list, presented by the Majority Shareholder DI.VI. Finanziaria di Diego Della Valle & C. S.r.l., put forward the following candidates:

Standing auditors

- 1) Fabrizio Redaelli, born in Milan on January 29<sup>th</sup> 1960,
- 2) Piera Tula, born in Nuoro on August 1<sup>st</sup> 1967,
- 3) Gilfredo Gaetani born in Civitanova Marche on September 22<sup>nd</sup> 1957.

Alternate auditors

- 1) Enrico Maria Colombo, born in Milan on April 10<sup>th</sup> 1959,
- 2) Ines Gandini, born in Rome on November 4<sup>th</sup> 1968.

b) the second list, filed by shareholders holding a total of 1.47% of shares capital put forward the following candidates:

Standing auditor:

- 1) Pierluigi Pace, born in Rome on November 14<sup>th</sup> 1962,

Alternate auditor:

- 2) Myriam Amato, born in Pavia on October 19<sup>th</sup>, 1974.

The list presented by the Majority Shareholder DI.VI. Finanziaria di Diego Della Valle & C. S.r.l., obtained 95.83% of the voting shares: two standing auditors (Fabrizio Redaelli and Piera Tula) and one alternate auditor (Enrico Maria Colombo) were taken from this list.

The second list, not “related” to the list presented by the Majority Shareholder, obtained 4.14% of voting shares: one standing auditor, who took the position of Chairman of the Board of Statutory Auditors (Pierluigi Pace) and one alternate auditor (Mrs. Myriam Amato) were taken from this list.

This procedure was carried out in conformity to current gender equality rules.

The term of the Board of Statutory Auditors will expire on the date of the next Shareholders’ meeting called for the approval of the financial statements at December 31<sup>st</sup>, 2024.

During the Financial Year, the Board of Statutory Auditors met 9 times, and 7 meetings are scheduled for the current financial year (of which two meetings have already taken place). In general, the Board of Statutory Auditors’ meetings have an average duration that varies from two to three hours.

The percentage attendance of each Member on the meetings held is indicated in table 3 shown in appendix.

It is hereby confirmed that, during the Financial Year, the members of the previously serving Board of Statutory Auditors, appointed for the three-year period from 2019 to 2021 by the Shareholders’ Meeting held on April 18<sup>th</sup>, 2019, ceased to hold office and that, consequently and as reported above, the Shareholders’ Meeting of April 27<sup>th</sup>, 2022 appointed, for the three-year period from 2022 to 2024, Pierluigi Pace (Chairman), Fabrizio Redaelli and Piera Tula (Standing Auditors), as Standing Auditors, as well as Enrico Maria Colombo and Myriam Amato as Alternate Auditors; no other changes occurred in the structure of the Board of Statutory Auditors from year-end to the approval date of this Report.

The personal information and professional qualifications of each standing Statutory Auditor are detailed below.

**Pierluigi Pace** was born in Rome (RM) on November 14<sup>th</sup>, 1962. He graduated in Business and Economics at the Luiss Guido Carli University of Rome. He is enrolled in the Register of Certified Accountants of Rome, is an auditor and owns a firms of auditors in Rome.

**Fabrizio Redaelli** was born in Milan (MI) on January 29<sup>th</sup>, 1960. He graduated in Business and Economics at the “L. Bocconi” University of Milan. He is enrolled in the Register of Certified Accountants of Milan, is an auditor and owns a firm of auditors in Milan; he is an expert in corporate finance and evaluations of branches of business.

**Piera Tula**, was born in Nuoro (NU) on August 1<sup>st</sup>, 1967. She graduated in Business and Economics at the L. Bocconi University of Milan. She is enrolled in the Register of Certified Accountants of Milan, is an auditor and carries out, as a senior associate, freelance work at a law and tax firm in Milan; she is an expert in tax and corporate-related matters.

In accordance with Principle VIII, it should be noted that the Company has applied diversity criteria, including gender criteria, to the composition of the Board of Statutory Auditors in order to ensure that its members have an adequate level of competence and professionalism. It should also be noted that the current composition of the control body complies with the diversity principles and criteria set forth in the "*Diversity Policy of the Board of Statutory Auditors*", approved by the control body, ensuring, among other things, (i) a mix of different and complementary skills and experiences that allow for an optimal performance of the supervisory duties entrusted to the Board of Statutory Auditors, (ii) the presence of Statutory Auditors with expertise in the luxury goods business sector or in business sectors that are closely related to those of the Company and set out in the corporate purpose, as well as in economic, accounting, legal, financial and risk management matters, and (iii) the gender balance in compliance with the provisions of law and the Articles of Association in force, which - given that the Board of Statutory Auditors consists of three members and the need to also respect gender balance in case of replacement of Statutory Auditors during their term of office - require that within the Board of Statutory Auditors at least one standing Statutory Auditor and one alternate Statutory Auditor who can replace him belong to the less represented gender.

#### **Diversity criteria and policies**

In particular, in accordance with Article 123-*bis*, paragraph 2, letter d-*bis*) of TUF, the Board of Statutory Auditors adopted, by a resolution passed on March 6<sup>th</sup>, 2018, its own diversity policy in relation to the composition of the governing of Tod's S.p.A., the relevance and validity of which was finally confirmed by the Board of Statutory Auditors on February 28<sup>th</sup>, 2023 within the scope of the periodic self-assessment of the control body.

This policy is aimed at identifying an optimal composition of the Board of Statutory Auditors, so that the latter may perform its supervisory duties in the most effective manner, making decisions that may actually benefit from the contribution of a number of persons with qualified and diversified skills, capable of examining the issues being dealt with from different perspectives.

Specifically, the diversity policy adopted by the Board of Statutory Auditors provides for the optimal composition of the Company's control body to meet the following requirements, which are additional to the honorability, professionalism and independence requirements prescribed by law.

- (i) most of the standing Statutory Auditors should be registered with the specific register;
- (ii) the composition of the Board of Statutory must in any case ensure gender balance in accordance with the provisions of law and of the Articles of Association in force from time to time, both upon appointment and during the term of office;
- (iii) it would be necessary to ensure a balanced combination of different age groups within the Board of Statutory Auditors, so as to allow a balanced plurality of perspectives and expertise;
- (iv) the majority of the members of the Board of Statutory Auditors should possess competence in the luxury business sector or in sectors of businesses that are closely related to those conducted by the Company or specified in the corporate purpose;
- (v) the Statutory Auditors should be persons who have such professional and/or academic and/or institutional background as to realise a mix of skills and expertise that are different and complementary between each other and that, by their features, may allow an optimal performance of the supervisory duties assigned to the Board of Statutory Auditors. Specifically:

- a. the board members with a professional background should have gained competence and experience in positions of responsibility with accredited professional firms, consulting firms or other organizations and have provided their professional services in the fields of economy, accounting, law (with specific reference to commercial, corporate, tax, insolvency and financial markets law), finance, as well as in the field of risk management, with specific regard to business activities;
  - b. the board members with an academic and/or institutional background should possess such competence and expertise, which, by their features, may allow an optimal performance of the supervisory duties assigned to the Board of Statutory Auditors;
- (vi) the Chairman should be an authoritative and experienced person capable of ensuring, during the term of office, an appropriate coordination of the proceedings of the Board of Statutory Auditors with the activities carried out by other persons involved for various reasons in the Company's internal control and risk management system, in order to maximize efficacy and efficiency of internal control and reduce the duplication of activities. The Chairman should ensure a correct, efficient and effective management of the proceedings of the Board of Statutory Auditors, within which the Chairman is responsible for creating a strong spirit of cohesion, while being guarantor for the Board's work all Shareholders and stakeholders.

In order for the Company's Board of Statutory Auditors to be able to perform its supervisory duties in the most effective manner, it is essential that all Statutory Auditors meet the diversity requirements specified above, as well as ensure such available times as may be adequate for a diligent and responsible performance of its duties, taking account of the number and type of the positions held in administration and control bodies of other companies, in compliance with the regulations in force.

The abovementioned policy intends to direct the candidates designated by the Shareholders upon the renewal of the Board of Statutory Auditors, ensuring an appropriate consideration of the benefits that might be obtained from an optimal composition of the control body, in line with the various diversity criteria reported above.

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### **Independence**

The Statutory Auditors' independence has been considered assured, up to now, by compliance with the applicable legislation and the Articles of Association, since the Company did not deem it necessary to also apply to the Statutory Auditors the independence criteria set out in the principles of the corporate governance.

The criteria established by the law and by the Articles of Association were considered for the purpose of assessing the compliance with the independence requirements during the term of office. On the basis of the said criteria, the Board of Statutory Auditors verified the independence of its members immediately after their appointment at a meeting on April 27<sup>th</sup>, 2022; the outcome of the audits carried out after their appointment was promptly provided to the Board of Directors, which published it by issuing a notice to the market. During the Financial Year, and, finally, at the meeting held on February 28<sup>th</sup>, 2023, the Board of Statutory Auditors, as part of the periodic self-appraisal process, verified whether its members continued to meet the independence requirements prescribed by law, informing the Board of Directors of the outcome of these audits at the Board meeting held on March 6<sup>th</sup>, 2023.

In carrying out the above assessment, the Board of Statutory Auditors took into account all the information made available by each member of the Board of Statutory Auditors, deeming that all Auditors meet the requirements of professionalism, competence, honesty and independence required by law and the current Articles of Association.

### **Remuneration**

In accordance with Recommendation no. 30 of the Code, it should be noted that, within the scope of the periodic self-assessment process, the Board of Statutory Auditors has found that the fees due to statutory auditors are adequate to their expertise, professionalism and the commitment required by the importance of the position held, as well as to the Company's size and sector. This assessment, together with the results of the self-appraisal carried out by the Board, was reported to the Board of Directors at the meeting held on March 6<sup>th</sup>, 2023.

#### **Conflict of interest management**

In accordance with Recommendation no. 37 of the Code, a Statutory Auditor who has vested interest in a given Issuer transaction, on its own behalf or on behalf of third parties, shall inform the other Auditors and the Chairman of the Board of Directors promptly and fully concerning the nature, terms, origin and level of its own interest.

Lastly, it is hereby confirmed that, in compliance with Recommendation no. 37 of the Code, the Board of Statutory Auditors performed its activities, coordinating with the Internal audit Function, including through constant exchanges of information, and with the Control and Risk Committee, the meetings of which are attended by the Chairman of the Board of Statutory Auditors, or an auditor appointed by the said Chairman for such purpose. Furthermore, meetings are also scheduled on a periodical basis, and in any case, at least annually, which are jointly held by the bodies responsible for internal control and risk management (Control and Risk Committee, Board of Statutory Auditors, Supervisory Body, Internal audit Function and responsible Director).

## **12. SHAREHOLDERS RELATIONS**

#### **Access to information**

The "Corporate Governance" section of the Company web site [www.todsgroup.com](http://www.todsgroup.com) contains all information that Shareholders need for informed exercise of their rights.

Under the abovementioned framework resolution approved by the Company Board of Directors at the meeting held on April 21<sup>st</sup>, 2021, the Director Mr. Emilio Macellari was appointed as head of relations with institutional investors and other Shareholders, without prejudice to the fact that documents and information regarding the Company must be disclosed in accordance with internal procedures applicable to these relations.

The Company also provided itself with a corporate structure in charge to manage relations with the Shareholders, whose contact information is periodically provided in the Corporate Governance and Ownership Structure Report. The following contact numbers and e-mail address should be used to reach the Investor Relations Manager:

Telephone: 02 77225354 – fax: 02 76009714 – e-mail address: [c.oglio@todsgroup.com](mailto:c.oglio@todsgroup.com).

#### **Shareholder engagement**

With reference to Recommendation no. 3 of the Code, it should be noted that, at the proposal of the Chairman and Chief Executive Officer, the Board of Directors adopted, under the framework resolution of April 21<sup>st</sup>, 2021, the *"Policy for managing dialogue with the Shareholders of Tod's S.p.A."*.

This policy is intended to regulate the methods of engagement and communication with the Company's current and potential Shareholders in order, among other things, to enhance the exchange of information and improve the level of mutual understanding between the Company and its investors, thus fostering the stability of Shareholders' investments and the sustainable success of the Company, in any case in compliance with the provisions laid down in regulation (EU) No.596/2014 and the related implementing provisions on the management and public disclosure of "inside information" and the provisions of the Regulation for the internal management and market disclosure of documents and information concerning Tod's S.p.A. and the Tod's Group.



The full text of the *“Policy for managing dialogue with the Shareholders of Tod’s S.p.A.”* can be found in the *“Governance”* section on the Company’s website at [www.todsgroup.com](http://www.todsgroup.com).

### 13. SHAREHOLDERS MEETINGS

The Shareholders’ Meeting shall be convened by the Directors by means of a Notice of Call to be published in accordance with the procedures and the time limits laid down by law. The Notice of Call shall contain the details of the date, time the place of the meeting and the items to be discussed, as well as the additional information requested by the applicable legislation –also regulations- in force, in accordance with Article 11 of the Articles of Association, without prejudice to the convening powers envisaged by specific provisions of law.

The Company’s Articles of Association allow the Shareholders’ Meeting, both ordinary and extraordinary, to be called, at the discretion of the Board of Directors, in a single call, pursuant to Article 2369, paragraph 1, of the Italian Civil Code, or in more than one call, pursuant to Article 2369, paragraph 2 and ff., of the Italian Civil Code.

The current provision of law are applicable concerning the valid constitution and valid resolutions passed by the ordinary and extraordinary Meeting, also in second and possibly third call.

The Shareholders’ Meeting may resolve on the items within its responsibility, in accordance with the applicable legislation, since additional specific responsibilities are not envisaged by the Articles of Association. It is hereby confirmed that, in compliance with Article 2365, paragraph 2 of the Italian Civil Code, the Articles of Association confer on the Board of Directors the power to resolve the merger in the cases envisaged in Article 2505 and in Article 2505-bis of the Italian Civil Code, establishing and closing secondary offices, reducing the Share Capital if the Shareholders withdraw, adapting the Articles of association to the regulatory provisions and transferring the Registered Office within the country.

By resolution dated April 21<sup>st</sup>, 2017, the Extraordinary Shareholders’ Meeting amended Article 7 of the Company’s Articles of Association, providing for the introduction of increased voting rights regulated by Article 127-*quinquies* of TUF. This provision, which was introduced by Decree Law 91 of 24 June 2014, allows listed companies to have an instrument which gives an incentive to those Shareholders who have decided to give preference to a listing investment in a listed company, strengthening their role in its governance by increasing their voting rights.

Under this provision, each Shareholder who has held the shares for an uninterrupted period of twenty-four months from the date of registration in the special list kept by the Company, is allowed to exercise an increased voting rights for each share.

In this regard, it should be recalled that the extraordinary Shareholders’ Meeting, held on April 21<sup>st</sup>, 2021, resolved to bring Article 7 of the Articles of Association into line with the most recent guidelines provided by Consob under its Notice no. 0214548 of April 18<sup>th</sup>, 2019; this shall be made by providing for increased voting rights to be granted subject only to the satisfaction of the legal requirements, i.e. to the circumstances that the Company’s shares have been registered on the special list and have belonged to the same person for a continuous period of not less that twenty-four months, as from the date of their registration in the list, with effect from the date on which the conditions required by the Articles of Association are met for increased voting rights.

According to Article 7 of the Company’s Article of Association, increased voting rights also count towards the quorum for the constitution of the Shareholders’ meeting and for resolution regarding share capital quotas, while they have no effects on rights, other than voting rights, to which shareholders are entitled by virtue of the possession of certain share capital quotas.

For more information, reference should be made to the Rules for increased voting rights, which is available in the section *“Governance/Increased Voting Right”* of the Company’s website [www.todsgroup.com](http://www.todsgroup.com); in accordance with Article 143-*quarter* of the Issuer Regulation, the personal details of the Shareholders who have applied for the registration in the

special are also published in the abovementioned section, specifying the related shareholdings, which in any case exceed the threshold set out in Article 120, paragraph 2, of TUF, and the record date, as well as of the Shareholders who have obtained increased voting rights. The overall amount of voting rights will be published on the Company's website within the time limits set out in Article 85-*bis* of the Issuers' Regulation.

It is hereby confirmed that at the approval date of this Report, the Meeting may be attended by any person having the right to vote therein and for whom the Company has received the communication issued by the authorized intermediary, based on the intermediary accounting records as at the seventh market day preceding the scheduled date of the Shareholders' Meeting at first calling, pursuant to Article 12 of the Articles of Association and in compliance with the provisions of Art. 83-*sexies* of TUF.

Shareholders have the right to participate by proxy to Shareholders' Meeting, in compliance with the relevant laws, such a power of attorney to be conferred also via electronic means in accordance with the legislation – also regulatory provisions- as applicable from time to time.

The power of attorney can be notified to the Company also by means of a certified e-mail, to the certified e-mail address indicated in the Notice of Call, in compliance with the legislation – also regulatory provisions- as applicable from time to time.

Moreover, in accordance with Article 11 of the Articles of Association, the Meeting may also be held as an audio/video conference. If foreseen in the corresponding Notice of Call, the details of the places which are linked by audio/video means where the participants can meet shall be provided under the Company's responsibility. In any case, the following conditions must be met:

- the Meeting Chairman, also via its own Chairman's office, must be able to ascertain the identity and the legitimate status of the persons in attendance, be able to discipline the meeting's proceedings, establish and announce the results of the votes cast;
- the person preparing the Minutes must be able to follow adequately the events of the Meeting to be reported in the Minutes;
- the persons in attendance must be able to participate in the discussion and cast their vote simultaneously concerning e items on the Agenda.

In these cases, the meeting shall be deemed to be held in the place where the person preparing the Minutes will be present.

It is stated that, in taking account of the containment measures envisaged due to the extraordinary situation of the Covid-19 epidemiological emergency, in accordance with Article 106, paragraph 4 of Decree Law no. 18 of March 17<sup>th</sup>, 2020 ("Cure Italy Decree", converted by Law no. 27 of April 24<sup>th</sup>, 2020, as amended by Decree Law no. 228 of December 30<sup>th</sup>, 2021, converted by Law no. 15 of 2022, and as finally amended by Decree Law no. 198 of December 29<sup>th</sup>, 2022, converted by Law no. 14 of February 24<sup>th</sup>, 2023), attendance at the Shareholders' Meeting by those entitled to vote was allowed (at the Shareholders' Meeting held on June 3<sup>rd</sup>, 2020, April 21<sup>st</sup>, 2021 and April 27<sup>th</sup>, 2022) and will be allowed (at the next Shareholders' Meeting scheduled on April 19<sup>th</sup>, 2023) exclusively through the representative designated by the Company in accordance with Article 135-*undecies* of the TUF.

At the Shareholders' Meeting held on April 21<sup>st</sup>, 2021, which –*inter alia*– renewed the Board of Directors, the controlling shareholder gave adequate public notice of the motions for board resolution as to the number of the Board members, and their fees, as well as to the possible authorization under Article 2390 of the Italian Civil Code; these proposals have been included in the list of agenda items filed, as recommended by the Board of Directors in its Management report on the Agenda of the Shareholders' Meeting.

In addition, at the Shareholders' Meeting held on April 27<sup>th</sup>, 2022, which - among other things - renewed the Board of Statutory Auditors, it should be noted that the Controlling Shareholder informed those present well in advance of the proposed resolution of the Shareholders' Meeting regarding the fees payable to Statutory Auditors, included within the list that had been filed, as recommended by the Board of Directors in the Explanatory Report on the items on the agenda.

The ordinary Shareholders' Meeting approved a Regulation that disciplines the orderly and functional proceedings of the Company's ordinary and extraordinary Meeting ("Meeting regulations") published in the *"Governance/Governance Model"* section on the following Internet web site: [www.todsgroup.com](http://www.todsgroup.com).

Pursuant to Article 9 of the General Meeting Rules, any and all persons entitled to attend the Shareholders' Meeting pursuant to law and the Articles of Association, also have the right to take the floor at the same and to speak about the items placed on the agenda, it being understood that entitled persons intending to avail of such right must seek the Chairman's permission to take the floor, by submitting to the latter a written application to such effect, specifying the item on which the applicant intends to speak, after the Chairman has read out the items placed on the agenda, but before the Chairman puts an end to the debate on the item in respect of which the application to take the floor is submitted. As a general rule, the Chairman shall allow entitled persons to take the floor in the order in which their respective applications to speak, reach the Chair, it being understood that in the event two or more such applications reach the Chair at the same time, the Chairman shall grant the floor to the related applicants following the alphabetical order of their respective surnames. With the Chairman's authorization, applications to take the floor may be submitted by a show of hands, it being understood that in all such cases, the Chairman shall grant the floor to the related applicants following the alphabetical order of their respective surnames.

During the Financial Year a Shareholders' Meeting was held, on April 27<sup>st</sup>, 2022, which was attended by 12 board members via audio conference.

It is hereby confirmed that the Board of Directors has also reported to the Meeting concerning the activities performed and scheduled and has always ensured that the Shareholders receive adequate information concerning the necessary aspects so that they are in a position to make the decisions which concern the Meeting, with full knowledge.

The Shareholders are regularly informed about the procedures governing the functions of the Compensation Committee, both in this Report and by means of the information contained in the Remuneration report prepared pursuant to Art. 123-ter TUF.

#### **14. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (pursuant to Art. 123-bis, paragraph 2, letter a), TUF)**

The Company has implemented the corporate government practices beyond what is envisaged pursuant to the applicable statutory and regulatory provisions.

In December 2020 the Company obtained, in particular, the certification of the environmental management system in compliance with the UNI EN ISO 14001:2015 standard and on November 24<sup>th</sup>, 2022, the Occupational Health and Safety certification in accordance with the ISO 45001:2018 standard for the "Brancadoro" complex (consisting of the head office, the production plant, the raw materials warehouse and the outlet).

The Board of Directors has adopted a specific Environmental Policy in compliance with the UNI EN ISO 14001:2015 standard and a specific Occupational Health and Safety Policy in compliance with the ISO 45001:2018 standard, the adequacy and suitability of which were confirmed by the Board at the meeting held on March 3<sup>rd</sup>, 2023.

It should also be noted that the Company has assigned a committee set up within the Board (the Control and Risk Committee, in this case) the function of supervising sustainability issues relating to the conduct of the business of the Company and its dynamics of interaction with stakeholders.

The Company has also adopted a Code of Conduct for Suppliers, which sets out the principles and rules of conduct with which the Group requires compliance in order to ensure fair, equitable and responsible working conditions throughout its supply chain, and which is inspired by the principles set out in the Fundamental Conventions of the ILO (International Labour Organization) and in the United Nations Universal Declaration of Human Rights and sets out the rules of conduct for which the Group requires compliance with in order to ensure integrity and ethics in governance, anti-corruption, environmental protection, animal welfare and fair, equitable and responsible working conditions throughout the supply chain, as well as a specific Anti-Corruption Policy.

Finally, it is worth noting the Company's recent adoption of the "*Diversity, Equity and Inclusion protection Policy*", which was adopted by the Board of Directors by resolution dated January 25<sup>th</sup>, 2023. Under the policy, the Group aims, in line with the principles set forth in the Code of Ethics and the Sustainability Policy, to counter any form of discrimination in the workplace, promoting full equality between men and women, fostering meritocracy and the enhancement of the potential of individuals, and supporting multiculturalism in all company activities and environments.

In order to further strengthen its commitment, the Company has also adhered to the ten core principles in the areas of protection of human rights, labour standards, environmental protection and anti-corruption, while also contributing to the achievement of the UN Agenda 2030 sustainable development goals (SDGs).

#### 15. CHANGES SINCE THE END OF THE REPORTING PERIOD

There have been no changes in the Company governance structure between the closing date of the financial year and the approval date of this Report.

#### 16. CONSIDERATIONS ON THE CORPORATE GOVERNANCE COMMITTEE'S CHAIRMAN'S LETTER

The Company received a letter dated January 25<sup>th</sup>, 2023, from the Chairman of Corporate Governance Committee, which was submitted for consideration from all Directors and Statutory Auditors, within the sphere of their responsibilities.

The Recommendations for 2023 provided in the abovementioned letter were examined by the governing body at the meetings held on March 6<sup>th</sup>, 2023 and March 13<sup>th</sup>, 2023, as well as, more in detail and within the sphere of the related responsibilities, by the Control and Risk Committee at the meeting held on March 3<sup>rd</sup>, 2023 and by the Nomination and Remuneration Committee at the meeting held on March 8<sup>th</sup>, 2023.

As already reported in the previous paragraphs, it should be noted that:

- this Report clarifies that the Company has deemed it appropriate to adhere to and comply with the Code's recommendations targeted at "*concentrated-ownership companies*" and "*large companies*", in accordance with the Company's established tradition of compliance with industry best practices;
- this Report provides information on the policy for dialogue with shareholders in general, the full text of which is available in the Governance/Governance Model section on the Company's website at [www.todsgroup.com](http://www.todsgroup.com). More specifically, this Report provides summary information on the most relevant issues that have been the subject of the dialogue with shareholders and that have been brought to the attention of the governing body;
- this report provides adequate reasons regarding the decision to grant the Chairman significant delegated management powers having particular regard to the fact that the Chairman is the Director with the greatest number of years of experience in the Company and that his role is not limited to institutional and representative functions, but is fully operational and in this essential for the best performance of the Company;
- the Board of Directors has supervised the preparation of its own rules and those of the Board Committees, paying particular attention to the express provision of the terms that are regarded as appropriate for the submission of

documents and the exclusion of generic confidentiality requirements as possible exemptions from compliance with these terms, illustrating in this Report the substantial compliance with the scheduled period of notice;

- with regard to the management's attendance at the meetings of the Board of Directors and of the board committees, it should be noted that this Report provides information regarding the participation of managers in the meetings of the Board and of its Committees, indicating the functions involved; it should also be noted that the Rules on the functioning of the Board of Directors and the Rules on the functioning of the Board Committees expressly provide for the possibility of ensuring said participation of management in the meetings of the corporate bodies;
- this Report outlines the policy of diversity in the composition of the Company's Board of Directors, and at the Shareholders' Meetings called to renew the governing body, the outgoing members of the Board express their guidelines on the optimal composition of the governing body in the Explanatory Report on the items on the agenda;
- this Report details the qualitative and quantitative criteria identified by the Board of Directors to assess the significance of professional, commercial or financial relationships and additional remuneration such as to compromise in abstract terms the independence of Directors, pursuant to Recommendation no. 7 of the Code;
- the Company has adequately considered, with respect to the Remuneration Policy adopted, the consistency of the parameters set for variable remuneration with the strategic objectives of the business activity and the pursuit of sustainable success, while also providing for predetermined and measurable non-financial objectives to which the accrual of the incentive remuneration components is to be linked. On this point, please refer to the Remuneration Report available on the authorized storage mechanism 1Info and on the Company's website for further detailed information, including on the remuneration components (both fixed and variable) assigned to the delegated bodies.

Milan, March 13<sup>h</sup>, 2023

The Chairman of the Board of Directors  
Diego Della Valle

**TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE AS AT 13 March 2023**

SHARE CAPITAL STRUCTURE				
	No. of shares	No. of voting rights	Listed (identify the markets) / not listed	Rights and Obligations
Ordinary shares (indicating whether the possibility of an increase in voting rights is envisaged)	11.682.426	11.682.426	Euronext Milan	See Article 7 of the Bylaws
Ordinary shares with increased voting rights ISIN IT0005366700	21.411.113	42.822.226	Euronext Milan	See Article 7 of the Bylaws
Multiple-voting shares	-	-	-	-
Other categories of shares with voting rights	-	-	-	-
Savings shares	-	-	-	-
Convertible saving shares	-	-	-	-
Other categories of shares without voting rights	-	-	-	-
Other	-	-	-	-

OTHER FINANCIAL INSTRUMENTS (conferring the right to subscribe newly issued shares)				
	Listed (identify the markets) / not listed	No. of outstanding instruments	Classes of shares serving the conversion/exercise	No. of shares serving the conversion/exercise
Convertible bonds	-	-	-	-
Warrant	-	-	-	-

SIGNIFICANT HOLDING IN SHARE CAPITAL			
DECLARANT	DIRECT SHAREHOLDER	% ON THE SHARE CAPITAL	% SHARE OF VOTING CAPITAL
DIEGO DELLA VALLE	DI.VI. FINANZIARIA DI DIEGO DELLA VALLE & C. SRL	50,29%	61,07%
	DIEGO DELLA VALLE & C. SRL	12,58%	13,48%
	DIEGO DELLA VALLE	0,76%	0,92%
ARNAULT BERNARD	DELPHINE S.A.S.	10,00%	8,02%

**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AT THE END OF THE FINANCIAL YEAR**

Board of Directors													
Position	Members	Year of birth	Date of first appointment (*)	In office from	In office until	List (submitters) (**)	List (M/m) (***)	Exec.	Non-exec.	Indep. as to Code	Indep. as to TUF	No. of other offices (****)	Attendance (*****)
<b>President &amp; CEO</b>	Della Valle Diego	1953	05/08/2000	21/04/2021	31/12/2023	Shareholders	M	X				6	10/11
<b>Vice President &amp; CEO •</b>	Della Valle Andrea	1965	05/08/2000	21/04/2021	31/12/2023	Shareholders	M	X				3	9/11
<b>Director</b>	Abete Luigi	1947	07/10/2000	21/04/2021	31/12/2023	Shareholders	M		X		X	4	11/11
<b>Director</b>	Capparelli Maria	1974	19/04/2018	21/04/2021	31/12/2023	Shareholders	M		X	X	X	-	11/11
<b>Director</b>	Cordero di Montezemolo Luca	1947	21/04/2021	21/04/2021	31/12/2023	Shareholders	M		X	X	X	-	9/11
<b>Director</b>	Dalmasso Sveva	1956	22/04/2015	21/04/2021	31/12/2023	Shareholders	M		X	X	X	-	11/11
<b>Director</b>	Ferragni Chiara	1987	21/04/2021	21/04/2021	31/12/2023	Shareholders	M		X	X	X	2	2/11
<b>Director</b>	Guglielmetti Romina	1973	22/04/2015	21/04/2021	31/12/2023	Shareholders	M		X	X	X	6	11/11
<b>Director</b>	Macellari Emilio	1958	05/08/2000	21/04/2021	31/12/2023	Shareholders	M	X				3	11/11
<b>Director</b> ◦	Manes Vincenzo	1960	22/04/2015	21/04/2021	31/12/2023	Shareholders	M		X	X	X	4	9/11
<b>Director</b>	Oglio Cinzia	1970	22/04/2015	21/04/2021	31/12/2023	Shareholders	M		X			-	11/11
<b>Director</b>	Prandelli Emanuela	1970	19/04/2018	21/04/2021	31/12/2023	Shareholders	M		X	X	X	4	11/11
<b>Director</b>	Saviotti Pierfrancesco	1942	07/10/2000	21/04/2021	31/12/2023	Shareholders	M		X		X	-	11/11
<b>Director</b>	Scannavini Michele	1959	07/06/2021	27/04/2022	31/12/2023	Shareholders	M		X			-	10/11
...DIRECTORS WHO CEASED FROM THE OFFICE DURING THE RELEVANT FINANCIAL YEAR ...													
-	-	-	-	-	-	-	-	-	-	-	-	-	-

No. of meetings held during the relevant financial year: 11

Quorum required for the submission of lists by minorities for the election of one or more members (ex art. 147-ter TUF): 2.5%

#### NOTES

The symbols below must be entered in the column "Position":

• This symbol indicates the director responsible for the internal control and risk management system.

◦ This symbol indicates the Lead Independent Director (LID).

(\*) "Date of first appointment" of each director means the date on which a director is appointed to the issuer's BoD for the very first time.

(\*\*) This column specifies if the list from which each director has been appointed has been submitted by shareholders ("Shareholders") or by the BoD ("Board").

(\*\*\*) This column indicates whether the list from which each director has been drawn is 'majority' (indicating 'M'), or 'minority' (indicating 'm').

(\*\*\*\*) This column specifies the number of positions as director or statutory auditor held by the person concerned in other companies listed on regulated markets, including foreign markets, as well as in finance, banking and insurance companies or large companies. The positions are specified in full in the Corporate Governance Report.

(\*\*\*\*\*) This column shows the attendance of directors at board meetings (indicate the number of meetings attended out of the total number of meetings attended; (e.g. 6/8; 8/8 etc.).

**TABLE 3: STRUCTURE OF THE BOARD COMMITTEES AS OF THE END OF THE FINANCIAL YEAR**

Board of Directors		Executive Committee		Risk and Control Committee		Nomination and Remuneration Committee									
Position/Qualification	Members	(*)	(**)	(*)	(**)	(*)	(**)								
Chairman of the Board of Directors Executive	Della Valle Diego	3/3	P												
Vice- Chairman of the Board of Directors Executive	Della Valle Andrea	3/3	M												
Executive Director	Macellari Emilio	3/3	M												
Non-executive Director Independent by TUF and/or by Code	Guglielmetti Romina			8/8	C										
Non-executive Director Independent by TUF and/or by Code	Manes Vincenzo			6/8	M	2/3	C								
Non-executive Director Independent by TUF and/or by Code	Prandelli Emanuela			8/8	M										
Non-executive Director Independent by TUF	Abete Luigi					2/3	M								
Non-executive Director Independent by TUF and/or by Code	Dalmasso Sveva					3/3	M								
No. of meetings held during the Year:		3		8		3									
.....DIRECTORS WHO CEASED FROM THE OFFICE DURING THE FINANCIAL YEAR.....															
-	-														
..... ANY MEMBERS WHO ARE NOT DIRECTORS .....															
General Manager	Cattaneo Simona														
NOTES (*) This column shows the attendance of Directors at committee meetings (indicate the number of meetings attended compared to the total number of meetings which could have been attended, e.g. 6/8; 8/8 etc.). (**) This column shows the position of the director within the committee: "C": chairman; "M": member.															



**TABLE 4: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AT THE END OF THE FINANCIAL YEAR**

Board of Statutory Auditors									
Position	Members	Year of birth	Date of first appointment (*)	In office from	In office until	List (M/m) (**)	Indip. as to Code	Attendance at the Board meetings (***)	N. of other offices (****)
President	Pace Pierluigi	1962	27/04/2022	27/04/2022	31/12/2024	m	X	5/5	1
Standing Auditor	Tula Piera	1967	27/04/2022	27/04/2022	31/12/2024	M	X	5/5	5
Standing Auditor	Redaelli Fabrizio	1960	26/04/2001	27/04/2022	31/12/2024	M	X	9/9	11
Alternate Auditor	Colombo Enrico	1959	26/04/2001	27/04/2022	31/12/2024	M	X		
Alternate Auditor	Amato Myriam	1974	19/04/2013	27/04/2022	31/12/2024	m			
.....STATUTORY AUDITORS WHO CEASED THE OFFICE DURING THE RELEVANT FINANCIAL YEAR.....									
President	Pusterla Giulia	1960	19/04/2013	18/04/2019	31/12/2021	m	X	4/4	
Standing Auditor	Colombo Enrico	1959	26/04/2001	18/04/2019	31/12/2021	M	X	4/4	

Indicate the number of meetings held during the year: 9

Indicate the quorum required for the submission of lists by minorities for the election of one or more members (pursuant to art. 148 of the Consolidated Law on Finance): 1%.

#### NOTES

(\*) The date of first appointment of each auditor means the date on which the auditor was appointed for the first time (ever) to the Issuer's Board of Statutory Auditors.

(\*\*) This column indicates whether the list from which each auditor was taken is "majority" (by indicating "M"), or "minority" (by indicating "m").

(\*\*\*) This column shows the attendance of the Auditors at the meetings of the Board of Statutory Auditors (indicate the number of meetings attended with respect to the total number of meetings which could have been attended; e.g. 6/8; 8/8 etc.).

(\*\*\*\*) This column shows the number of offices of director or auditor held by the person concerned pursuant to art. 148-bis of the Consolidated Law on Finance and the related implementing provisions contained in the Consob Issuers' Regulations. The complete list of offices is published by Consob on its website pursuant to art. 144-quinquiesdecies of the Consob Issuers' Regulation.