



# **TOD'S GROUP SUSTAINABILITY POLICY**

Approved by the Tod's S.p.A. Board of Directors on 23/01/2019

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## I. SCOPE

TOD's Group (hereinafter also denoted the "Group") Sustainability Policy has been developed with the objective of promoting the spread of social / environmental sustainability standards that have long girded Group activities and its business strategies. Respect for such standards - together with the tenets of equality and impartiality, transparency and reliability, honesty, ethics, good faith and privacy, as cited within the Code of Ethics before - is imperative both within the Group as well as with any parties with whom the Group interacts in its ordinary course of business.

## 2. RECIPIENTS

Recipients of the present Sustainability Policy are the corporate bodies, employees (without exception), contractors (including but not limited to consultants, agents, representatives, brokers, etc.), and anyone who works with TOD'S Group companies in any capacity.

## 3. COMMITMENT

For TOD'S Group, sustainability means conducting its activities with an eye to the future and focusing its business strategy on creating value for stakeholders in the medium and long-term. The Group's sustainability strategy is geared around three core values:

- **Ethics**, namely the continuous pursuit of honesty, fairness, confidentiality, transparency and reliability in its relationship with all stakeholders;
- **Tradition and innovation**, the result of over a century of quality and excellence, based on passion, creativity and the promotion of Made in Italy production, elements that are inseparable from the outstanding quality of the products made by the Group's brands;
- **Solidarity and Italian spirit**, in other words responsibility towards the community (with a focus on the most vulnerable people, both locally and internationally) and towards the area in which the Group is present (with the aim of enhancing Italy's image throughout the world).

## 4. ETHICS

***Ethics** is the value underlying all TOD's Group business operations, and is understood as the set of standards followed in the pursuit of company objectives. Ethical principles are of fundamental importance for the Group and its stakeholders and represent a vital element in day-to-day internal and external relations.*

*These principles enable the Group to operate transparently and safeguard and protect all people with whom it interacts and indeed the environment in which it operates.*

### 4.1 Human resources.

The pillar of Ethics is at the base of any type of interaction the TOD'S Group has with its own persons, as part of a major commitment to promote a stimulating workplace that develops talent, and which is merit-based, healthy, and safe.

Underlying any interactions with Human Resources are the tenets of integrity and transparency, which inform all business operations in accordance with applicable provisions of law and company directives, and in the restriction against any form of corruption, without exception (for further information, please see the TOD'S Group Anti-corruption Policy. Furthermore, the Group fosters the right and freedom of assembly and collective bargaining, participating in dialogues with unions and other related groups.

In its hiring decisions, the Group is guided by a respect for the values of diversity, multiculturalism, and heterogeneity - key tools to understand, and to best respond, to the demands of the international context in which it operates. Other than ensuring respect for human rights, the Group promotes the management and development of its own staff without any discrimination based on factors such as age, sex, sexual orientation, race, language, nationality, political or union-related opinions, or religious creed.

TOD's Group further deems it essential to promote job satisfaction amongst its staff, and undertakes to help them achieve job satisfaction using a variety of resources. On one hand, the Group ensures professional development, and employee optimisation through a structured continuing-education programme; on the other hand, the Group launches a number of worker-wellness initiative intended to help ensure a suitable work/life balance.

The wellness of all TOD'S Group staff is also ensured through promotion of suitable occupational safety and health standards at all Group locations, as well as total compliance with applicable provisions of law in the countries in which it operates.

## **4.2 Environment**

The pillar of Ethics likewise supports the Group's relationship to the environment in which it operates. The goal is not merely to preserve it in the short-term, but to create sustainable development, respecting and safeguarding the rights of the community, as well as future generations.

Therefore, the Group pledges to minimise / optimise the impact its business operations have on the environment, both with respect to its manufacturing sites as well as its shops, and invites all recipients of the instant document to hold themselves to the same standard. The Group's pledge takes shape through various ambitious objectives, including good stewardship of resources, waste reduction, and reduction/optimisation of materials, and lowering greenhouse-gas emissions directly generated by, or tied to the business operations of, the Group.

Moreover, the Group pays serious attention to reducing / optimising energy use, using renewable energy when and where possible. By the same token, the use of water resources is likewise managed and monitored with a view toward continual optimisation.

The Group pledges responsible management of all waste produced, recycling when and where possible, and reducing landfill disposal to a minimum.

The Group further pledges to reduce the consumption of materials such as paper and plastic, opting instead for certified and traceable alternatives.

Finally, in consideration for the international bent and breadth of the Group's distribution apparatus, special attention must be paid to the environmental impact that shipping and logistics have on the environment. In that respect, the Group acts with a view to streamlining operations in order to minimise environmental impact, whilst maintaining and respecting the service-quality levels needed to ensure Customer satisfaction. The Group further pledges, when and where possible, to make use of logistics providers with the gentlest environmental impact.

## 5. TRADITION AND INNOVATION

*TOD'S Group boasts a history based on solid, enduring foundations, on values that have been constantly strengthened for over 100 years, so much so that they constitute the essence of the brand and have brought it international recognition: these values are part of **tradition**, understood as quality, an inherent element of Made in Italy production that is evident in all its products, and expertise, understood as a set of artisan skills handed down from generation to generation. Bolstered by these values, the Group has always promoted their development and protection throughout the supply chain and encouraged their spread among its customers in order to create responsible value in the long term.*

*Though the Group has upheld its values over time, they have not remained static: they have developed in line with the needs of its stakeholders, according to the Group's desire to always respond in a new and original way to their needs, combining tradition and **innovation** and staying true to its mission: to offer a worldwide clientèle products of the highest quality that meet their functional and aspirational needs.*

### 5.1 Responsible management of the supply chain

The uniqueness of Group products has long been based on the values of craftsmanship, design, creativity, tradition, innovation, quality, and promoting Made in Italy as a brand - essential values running from purchasing to processing, through to product distribution, demanding the same degree of care of all trade partners, be they suppliers or external workshops.

In order to ensure joint adherence to the objective of Made-in-Italy excellence, quality, and the fight against counterfeiting, the Group pledges to build and maintain ongoing relationships with suppliers based on mutual trust. These long-lasting relationships shall be predicated on loyalty, ethics, and professionalism. In so doing, the Group can ensure those high standards of quality that have been the hallmark of its brand; a careful selection of the finest raw materials and a series of rigorous controls (both on production processes as well as quality control on finished products) serve to bolster this effort.

Respect for human rights, and the principles of corporate social and environmental sustainability represent, furthermore, fundamental elements of the Group's supplier interactions, along with objective/unbiased assessments based on quality, price, and warranties.

Safeguarding and ensuring Customer wellbeing is likewise pursued through continual monitoring - along the supply chain, and with all finished products - of chemical substances deemed hazardous to consumer health and safety, and dangerous for the environment. Along with such efforts, TOD'S Group carries out random tests on supplied materials in order to verify their compliance with current regulations.

## **5.2 Central importance of the customer**

TOD'S Group has long viewed the understanding of Customer expectations (from the expressed to the latent), the meeting of such expectations, and the willingness to build long-term relationships based on mutual trust, including through marketing campaigns that are increasingly transparent and responsible, to be amongst its core objectives.

The Customer is placed front-and-centre, in terms of all company logistics. That placement is made most concrete when the Group interfaces with the Customers themselves. For this reason, TOD'S Group carefully handles all interactions with its customer base, with a particular pledge to make the shopping experience one-of-a-kind, top quality, and as personalised as possible, based on the characteristics and needs of each customer.

For that reason as well, the Group has made strides towards melding online/offline, digital/retail channels with a view towards creating a single channel offering efficient and timely solutions and answers to Customer needs.

## 6. SOLIDARITY AND ITALIAN SPIRIT

*More than anything else, the idea of **Italian spirit** - italianità - has always been intrinsic to the very essence of the Group. TOD'S has forged its world-renowned reputation by drawing values from the country of Italy, using care and skill to make them its own. The Group is hugely grateful for what Italy has given it and thus strives to give back to local areas, providing support for local communities, particularly the most vulnerable in our society, and promoting art and culture in Italy. The Group's **solidarity** efforts are not just limited to the Italian peninsula, however, despite this being the place in which its roots are firmly set. Given the strong international dimension of the Group, TOD'S is passionate about the well-being of people all over the world and thus works hard to share the excellence it has achieved and the value it has generated over so many years through a range of global projects and initiatives.*

### 6.1. Supporting the country and its economic / industrial system

This country, and its overall economic/industrial system, are elements that are inexorably linked to TOD'S Group history and values. The Group has a long-standing pledge to promote a various programmes to benefit the same.

Specifically, the Group is active in supporting social, humanitarian, and cultural initiatives, in some cases including through the disbursement of grants to foundations, institutions, organisations, or entities dedicated to social or cultural activities, and more generally improving conditions of life, and the spread of a culture of solidarity. The process of disbursing such grants takes place in compliance with applicable law, and is properly documented.

Through such initiatives, the Group intends to give back to the community - from which it constantly draws resources, energy, and artisan expertise - a part of the profits earned.

Solidarity with the community is yet another pledge the Group has pursued with commitment and dedication, both through collaborations with non-profit organisations and entities (supporting solidarity-based projects to help disadvantaged segments within the population) as well as through fundraising campaigns and donations intended to provide a solution to challenging situations.

The Group carefully identifies and selects those non-profit organisations and entities with which it wishes to collaborate, striving for perfect alignment between values and principles in the carrying out of its own activities.

## **6.2. Supporting cultural and artistic heritage**

Supporting Italian culture, celebrating the Italian spirit and promoting the image of Italy around the world are further important objectives for the TOD'S Group, which is active in a range of initiatives designed to protect and promote Italy's historical and cultural heritage. The aim of such projects is, on the one hand, to consolidate the country's wonderful reputation, and on the other to promote its image and spread its values.

To wit, in order to maintain and bolster the Made in Italy brand, the Group pledges to promote and safeguard artistic heritage - both traditional and contemporary. The Group's pledge in that regard takes various shapes, including support for the restoration of works located in Italy, or masterpieces otherwise considered emblematic of its culture.

## **7. METHOD OF APPLICATION**

The Group undertakes to ensure maximum circulation of the instant Sustainability Policy through the use of informational, training, and awareness-raising tools with respect to its content.

Furthermore, the Group shall be responsible for keeping the instant Policy updated over time, and to disclose and disseminate any amendments to Recipients.

## 8. CONCLUSIONS

The present document has been generated in accordance with the standards and rules established in the Group's Code of Ethics, and other official documents of that ilk, which delve further into the issues discussed herein.