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TOD'S S.P.A.

COMPANY CAPITAL 61,218,802 EUROS, FULLY PAID UP

REGISTERED OFFICE AT VIA FILIPPO DELLA VALLE 1, SANT'ELPIDIO A MARE (FM) –

TAX CODE AND FERMO COMPANY REGISTER NO. 01113570442

REMUNERATION REPORT

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

Dear Shareholders,

Pursuant to the terms of article 123-*ter* of legislative decree 58 of 24 February 1998, (the T.U.F., or Financial Services Act), with subsequent amendments and additions, and article 84-*quater* of Consob resolution no. 11971/99 (the Regulations on Issuers), with subsequent amendments and additions, the Board of Directors of Tod's S.p.A. (also referred to below as the "Company" or "Issuer") places this Remuneration Report at your disposal. The report consists of two sections: *(i)* the first of which contains a description of the remuneration policy of the board of directors, general manager and managers with strategic responsibilities for the 2015 financial year, and the procedures by means of which that policy was adopted; *(ii)* while the second presents each of the items into which the remuneration can be broken down, evidencing the consistency with the remuneration policy applied by the Company during the fiscal year 2014, and describes the payments

made in the 2014 financial year to the members of the board of directors and the control board, the general manager and the managers with strategic responsibilities.

Pursuant to the terms of article 123-*ter*, paragraph 6, of the T.U.F., the Ordinary Shareholders' Meeting due to be held at the registered office of the company, Via Filippo Della Valle 1, Sant'Elpidio a Mare (FM), at 9.00 am on 22 April 2015 or, if a second call is required, at the same time and in the same place on 29 April 2015, will be called upon to vote in favour of or against the first section of the Remuneration Report, in accordance with the terms of article 123-*ter*, paragraph 3, of the T.U.F. The resolution to this effect shall not be binding.

Please note that this Remuneration Report was examined and approved by the Board of Directors on 12 March 2015, and is available at the registered office of the Company, on the Company website www.todsgroup.com and through the authorised storage device 1info at the address www.1info.it.

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SECTION I

This section describes the “Remuneration Policies and Procedures for their Implementation within the Tod’s S.p.A. Group”, as adopted by the Board of Directors – on the proposal of the Remuneration Committee – during its meeting of 11 November 2011 (also referred to below as the “Remuneration Policies and Procedures”) and subsequently amended by resolution dated 12 November 2014, with a view to laying down the guidelines to be followed by all the company bodies in the 2015 financial year to determine the remuneration due to the directors – the executive directors in particular – the general manager and the managers with strategic responsibilities within the Company.

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

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

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

On the basis of the procedure approved by Tod's S.p.A., the bodies involved in the adoption and implementation of the remuneration policies are as follows (in accordance with their respective responsibilities, which are established in line with the legislation and regulations in force and the recommendations set out in the Code of Self-discipline of quoted companies, July 2014 edition: a) the Shareholders' Meeting, b) the Board of Directors, c) the Remuneration Committee, d) the Delegated Bodies and e) the Board of Statutory Auditors.

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

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

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

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

The **Board of Directors**:

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

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

The **Remuneration Committee**:

a) presents its proposals for the remuneration of the executive directors and those with special mandates to the Board. Following consultations with the delegated bodies, it takes the necessary action to identify and set the performance objectives, on the basis of which the variable component of the payments due is calculated;

b) presents proposals to the Board of Directors on the general policy for the remuneration of the Executive Directors, the directors with special mandates and the managers with strategic responsibilities;

c) assists the Board of Directors in drawing up and implementing the payment plans based on financial instruments;

d) assesses the suitability and effective application of the general remuneration policy at regular intervals, making use of the information supplied by the delegated bodies if the assessment regards the remuneration of managers with strategic responsibilities;

e) presents proposals of all kinds on the matter of remuneration to the Board of Directors;

f) monitors the application of the decisions adopted by the Board of Directors on remuneration, with the assessment, among other factors, of the effective achievement of the performance targets and considers, if appropriate, the application of claw-back mechanisms;

g) reports to the Shareholders on its operating methods. For that purpose, it is recommended that the Chairman or another member of the Remuneration Committee attend the Annual Shareholders' Meeting;

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

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

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

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

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

by the Remuneration Committee to the Board of Directors with the general remuneration policy;

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

(B) Remuneration Committee

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

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

During its meeting of 19 April 2012, following checks on their non-executive and independent positions in accordance with the legislation and the Code of Self-discipline, the Board resolved to appoint the Remuneration Committee for the three year period 2012-14, and up to the approval of the financial statements for the year ended 31 December 2014, made up of the non-executive, independent directors Luigi Abete (Chairman), Luigi Cambri and Pierfrancesco Saviotti.

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

During the financial year 2014, the Remuneration Committee discharged its consultative and recommendatory functions by, *inter alia*, (i) submitting a recommendation

to the Board to identify and establish performance targets for 2014, for the delegated bodies *(ii)* evaluating whether or not Managing Directors had, in actual fact, met their performance targets for the financial year 2013; *(iii)* putting forward its proposals to the Board of Directors as to the updating of the Remuneration Policies and Procedures in order to adopt the recommendations on remuneration set out in the Code of Self-Discipline (July 2014 edition), as well as in relation to the remuneration structure for directors invested with particular tasks and functions within the meaning of article 2389 of the Italian Civil Code, and lastly, by *(iv)* evaluating whether or not the delegated bodies had, in actual fact, met their assigned performance targets for 2014; as well as *(v)* assessing the overall consistency and appropriateness of the Company's prevailing Remuneration Policies and Procedures, and the concrete implementation of the same during the financial year 2014. Further information on the Committee activities, and full description of its internal procedures, are provided in the relevant section of the 2014 Report on Corporate Governance and the Company's Ownership Structure, filed, together with the Annual Financial Statements, pursuant to the same procedures followed in respect of this Report, and available for consultation on the Company's website www.todsgroup.com and through the authorised storage device 1info at the address www.1info.it.

(C) Independent consultants

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

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

The Remuneration Policies and Procedures were adopted by the Company on 11 November 2011; subsequently, they were amended by a Board of Directors' resolution dated 12 November 2014, in order to take account of the recommendations on

remuneration set out in the last edition of the Code of Self-Discipline (July 2014) (therefore, the Remuneration Policies and Procedures will be submitted to the Shareholders' Meeting to be held on 22 April 2015, in the last updated version of November 2014). These Policies and Procedures are aimed at:

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

By formalising the Remuneration Policies and Procedures, it is the Company's intention to ensure the correct structuring and implementation of the remuneration systems, and to make sure that the payments made – in particular - to the executive directors and managers

with strategic responsibilities do not conflict with the Company's objectives and values, its medium to long term strategies and its prudent risk management policies.

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

As mentioned, the Remuneration Policies and Procedures were updated by the Board of Directors, on a proposal of the Remuneration Committee, at the meeting held on 12 November 2014, in order to adopt the new recommendations set out in Principle 6.P.5., the Application Criterion 6.C.8 and letter f) of Application Criterion 6.C.1 of the Code of Self-Discipline. The amendments made concerned the following issues:

- the tasks of the Remuneration Committee, through the inclusion of a duty to consider the possible application of the so-called claw-back mechanisms;
- the clarification according to which the Board of Directors must act by taking account, *inter alia*, "the need to avoid that an incentive variable remuneration be based on altered results or on results that later proved to be clearly incorrect";
- the inclusion of a provision for claw-back mechanisms within the context of the assignment of performance targets to executive directors and managers with strategic responsibilities (and, therefore, as the case may be, within the framework of a Board of Directors' resolution and/or the completion of a contractual arrangement).

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

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

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

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

As a general rule, the policy of Tod's S.p.A. lays down that the variable incentive component is due to the members of the delegated bodies as they are granted delegated individual powers.

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

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

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

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

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

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

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

- for the delegated bodies, the variable component has to be no less than 30% and no more than 120% of the fixed component, taking into account (i) the specific nature of the powers conferred, and/or (ii) the effective tasks and role within the Company. The variable component may exceed these values if the Board of Directors should decide to adopt a fixed component which is of a reduced nature with respect to the market benchmark;
- for the managers with strategic responsibilities, the variable component will be no less than 10% and no more than 40% of the fixed component.

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

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

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

The same principles apply to the determination of the payments due to managers with strategic responsibilities by the delegated bodies or any other relevant party.

At the present time, the Remuneration Policies and Procedures do not distinguish between short term and medium to long term variable components. In line with the prudent risk management policy, the objectives linked to the trend in the market in which Tod’s Group operates are based on a period of time of no less than twelve months.

Considering, *inter alia*, the nature of the activity carried out (production and distribution of luxury goods in the market), it is believed that a time horizon of twelve months would allow the determination of targets that are adequately consistent with the performance of the market in which the Tod’s Group operates and appropriate to a policy of prudent risk management; in any case, in order to avoid that a variable remuneration is based on altered

results or on results that later proved to be clearly incorrect, claw-backs mechanisms are envisaged in accordance with the principles set out in paragraph G) below.

(F) Non-pecuniary benefits

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

(G) Performance objectives and other parameters

On the basis of the Remuneration Policies and Procedures, the variable component allocated to the delegated bodies and managers with strategic responsibilities has to be linked to general objectives which are predetermined, measurable and linked to the creation of value for the shareholders over a period of time which is normally no less than twelve months.

The performance objectives may vary in nature, in accordance with the tasks and roles allocated. The variable components allocated to the executive directors responsible for the development and expansion of the Company business are normally linked to the economic, capital and financial key financial figures of the Tod's Group as a whole, including but not necessarily limited to the EBITDA, turnover and net financial position. In identifying – also in a combined way - the targets, the Board of Directors has to take the principle of prudent risk management into account. When allocating the variable remuneration components, the Board of Directors has to establish a link between variation in results and variation in remuneration, upon the proposal of the Remuneration Committee.

The variable components allocated to the executive directors carrying out administrative and control duties and the managers with strategic responsibilities are normally linked to specific targets which take the nature of the roles and tasks in question into account. In special cases, the performance objectives may also be of an individual/qualitative nature

(and therefore linked to a qualitative operating assessment, which is not necessarily linked to the achievement of the performance objectives).

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

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

It should also be pointed out that, given the nature of the business conducted by Tod's S.p.A., any delay in the payment of a portion of the variable component of the remuneration has not been considered to be a critical element for the purposes of a correct management of corporate risks within the context of the preparation of the Group's Remuneration Policies and Procedures; vice versa, while assigning the performance targets (and, therefore, as the case may be, within the framework of a Board of Directors' resolution and/or the completion of a contractual arrangement), the Company establishes claw-back mechanisms which are consistent with the following principles:

(i) if, within a period of three years from the payment of a variable component, it is found that such component was received on the basis of data that have been fraudulently altered or that are clearly incorrect, the Company is entitled to demand the return of the amounts it has paid out;

(ii) if, within a period of three years from the payment of a variable component, it is found that such component was received through fraudulent conduct or gross negligence in

breach of the law, regulations or corporate procedures, the Company is entitled to demand the return of the amounts it has paid out;

(iii) for the purposes of the foregoing provisions, the assessment as to whether there exist a fraudulent conduct and/or material breaches is the responsibility of the Independent Directors Committee and of the Board of Statutory Auditors, which will meet and jointly resolve on the matter, under the chair of the eldest Independent Director;

(iv) the Company is entitled to offset any amounts being requested for refund against such amounts as may be payable for any reason whatsoever to the beneficiary of a variable remuneration; in such case, any offsetting scheme shall be effective, after having assessed whether there exist a fraudulent conduct and/or material breaches pursuant to point (iii) above, as from the date of a notice given by the Company to the other party as to the exercise of its power to offset amounts; this shall apply without prejudice to any other action provided for by law for the purpose of protecting the corporate assets and interests, also in terms of the reputation and image of the Company.

(H) Criteria adopted to assess the performance objectives

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

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

The Board of Directors has adopted a remuneration policy based on criteria which we believe are consistent with the pursuit of the short, medium and long term interests of the Company, and in line with the principles of prudent risk management, including the following: (i) the setting of predetermined, measurable objectives to which the variable remuneration components are linked, (ii) objectives whose nature vary in accordance with the tasks and roles performed within the Company by those subject to variable remuneration components, (iii) as a general rule, no variable remuneration components are payable to the non-executive and independent directors, (iv) suitably balanced parameters are laid down for the determination of the variable components within a range in proportion to the fixed salaries paid at Group level; (v) the objectives are set for periods of no less than twelve months, the minimum deemed appropriate and consistent with the trend of the market in which the Tod's Group operates; (vi) the provision for claw-back mechanisms aimed at avoiding that an incentive variable remuneration payable to executive directors and managers with strategic responsibilities be based on altered results or on results that later proved to be clearly incorrect.

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

On the date of approval of this report, no payment plans based on financial instruments pursuant to article 114-*bis* of the T.U.F. are in force.

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

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

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

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

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

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

(L) Severance payments

The Remuneration Policies and Procedures lay down first and foremost that the payments due in the event of termination of the working relationship are subject to the terms of the relevant national collective bargaining employment contract in force, as applicable to the employment relationship in question ("*employment relationship*"). With regard to the position of director ("*corporate relationship*"), the Board may lay down specific indemnities, in the Company's interest, in the case of termination of the relationship in advance or non-

renewal. If the Board of Directors should decide to adopt specific indemnities in the Company's interest (such as an indemnity in exchange for the stipulation of non-competition agreements) or to stipulate specific consultancy contracts with the administrator no longer in office, such decisions have to be taken in line with the medium to long term strategy, values and interests of the Tod's Group and will in any case take the following guiding principles into account:

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

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

(M) Insurance cover

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

On the date of approval of this report, no social security or pension cover other than that which is compulsory in law is in place. The Company has stipulated a Directors & Officers insurance policy which covers the directors, statutory auditors, general managers, executives with strategic responsibilities and in any case the key figures at the Company and its controlled and affiliated companies in the event of third party liability due to negligence or misconduct in the performance of their duties.

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

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

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

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

The emoluments of directors invested with specific task and functions (Chairman, Vice-Chairperson(s), etc.) are established by the Board of Directors at the motion of the

Remuneration Committee, and upon hearing the opinion of the Board of Statutory Auditors, in accordance with article 2389, paragraph 3, of the Italian Civil Code, and generally comprise a fixed, lump-sum amount, save in the case of directors who are also invested with delegated Board powers and/or functions, on an individual basis.

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

“The Shareholders' Meeting:

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

RESOLVES

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

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SECTION II

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

- a) presents a true and fair view of each of the items comprising the aforesaid emoluments, with specific emphasis on compliance with the Remuneration Policies and Procedures described in the first section of this Report;
- b) provides a breakdown of the emoluments paid by the Company and its subsidiaries and associated undertakings, to the abovementioned directors, officers and executives in 2014, for any reason or cause, and in any manner or form whatsoever.

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

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

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PART ONE

The details of the payments made to the members of the administrative and control bodies, the general manager and the other managers with strategic responsibilities in the 2014 financial year are set out in the tables below.

The remuneration payable to the members of the Board of Directors and Executive Committee is determined by the Shareholders' Meeting in accordance with the terms of article 2364 of the civil code, in addition to which they are entitled to payments for taking

part in each board meeting, the amount of which is also determined by the Shareholders' Meeting at the time when the appointments are made.

The additional components of remuneration payable to board members consist of: (i) payments for special mandates under the terms of article 2389, paragraph 3, of the civil code (Diego Della Valle, Andrea Della Valle, Fabrizio Della Valle, Emilio Macellari and Stefano Sincini); (ii) payments for mandates within Group companies (Stefano Sincini); (iii) payments for professional services (Maurizio Boscarato and Emilio Macellari), and (iv) payments for membership of the Control Body (Luigi Cambri); (v) remuneration for the members of the Committees set up within the Board of Directors.

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

It must be further pointed out that no variable component has been established for the financial year 2014.

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

The members of the Board of Statutory Auditors also receive a fee determined by the Shareholders' Meeting at the time when the appointments are made (a member of the Board of Statutory Auditors is also a member of the Control Body). Pursuant to

Remuneration Policies and Procedures, members of the Board of Statutory Auditors do not receive any form of variable remuneration.

Please also note that:

- no payment plans based on financial instruments pursuant to the terms of article 114 of the T.U.F. are currently in force;
- there are currently no specific agreements in force on severance payments, the maintenance or allocation of non-pecuniary benefits in the event of termination of the working relationship, payments for non-competition agreements, or agreements for the stipulation of consultancy contracts for the period subsequent to the termination of the working relationship.

PART TWO

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

A	B	C	D	1	2	3		4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation (note 1)	Compensation for committee participation	Variable non equity compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
DIEGO DELLA VALLE	Chairman & CEO	2012-2014	31.12.14									
(1) Compensation in the company preparing the financial statement				1.831.500	8.700					1.840.200		
(2) Compensation from subsidiaries and associates												
(3) Total				1.831.500	8.700					1.840.200		

Note (1) - Details of fixed compensation

Compensation for the office	30.000
Compensation for specific offices pursuant to art. 2389, par. 3 Italian C.C.	1.800.000
Attendance tokens	1.800
Total	1.831.800

A	B	C	D	1	2	3		4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation (note 1)	Compensation for committee participation	Variable non equity compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
ANDREA DELLA VALLE	Vice-chairman & CEO	2012-2014	31.12.14									
(1) Compensation in the company preparing the financial statement				1.231.800	9.000					1.240.800		
(2) Compensation from subsidiaries and associates												
(3) Total				1.231.800	9.000					1.240.800		

Note (1) - Details of fixed compensation

Compensation for the office	30.000
Compensation for specific offices pursuant to art. 2389, par. 3 Italian C.C.	1.200.000
Attendance tokens	1.800
Total	1.231.800

A	B	C	D	1	2	3		4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation	Compensation for committee participation	Variable non equity compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
LUIGI ABETE	Director	2012-2014	31.12.14									
(1) Compensation in the company preparing the financial statement				31.500	15.600					47.100		
(2) Compensation from subsidiaries and associates												
(3) Total				31.500	15.600					47.100		

A	B	C	D	1	2	3		4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation	Compensation for committee participation	Variable non equity compensation		Non-monetary benefits	Other remuneration (*)	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
MAURIZIO BOSCARATO	Director	2012-2014	31.12.14									
(1) Compensation in the company preparing the financial statement				31.800	9.000				220.000	260.800		
(2) Compensation from subsidiaries and associates												
(3) Total				31.800	9.000				220.000	260.800		

(*) Professional consultancy

A	B	C	D	1	2	3		4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation	Compensation for committee participation	Variable non equity compensation		Non-monetary benefits	Other remuneration (*)	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
LUIGI CAMBRI	Director	2012-2014	31.12.14									
(1) Compensation in the company preparing the financial statement				31.800	24.600				9.000	65.400		
(2) Compensation from subsidiaries and associates												
(3) Total				31.800	24.600				9.000	65.400		

(*) President of Supervisory body

A	B	C	D	1	2	3		4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation	Compensation for committee participation	Variable non equity compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
LUCA C. DI MONTEZEMOLO	Director	2012-2014	31.12.14									
(1) Compensation in the company preparing the financial statement				30.300						30.300		
(2) Compensation from subsidiaries and associates												
(3) Total				30.300						30.300		

A	B	C	D	1	2	3		4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation	Compensation for committee participation	Variable non equity compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
EMANUELE DELLA VALLE	Director	2012-2014	31.12.14									
(1) Compensation in the company preparing the financial statement				31.200						31.200		
(2) Compensation from subsidiaries and associates												
(3) Total				31.200						31.200		

A	B	C	D	1	2	3		4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation (note 1)	Compensation for committee participation	Variable non equity compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
FABRIZIO DELLA VALLE	Director	2012-2014	31.12.14									
(1) Compensation in the company preparing the financial statement				231.800	9.000					240.800		
(2) Compensation from subsidiaries and associates												
(3) Total				231.800	9.000					240.800		

Note (1) - Details of fixed compensation

Compensation for the office	30.000
Compensation for specific offices pursuant to art. 2389, par. 3 Italian C.C.	200.000
Attendance tokens	1.800
Total	231.800

A	B	C	D	1	2	3		4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation (note 1)	Compensation for committee participation	Variable non equity compensation		Non-monetary benefits	Other remuneration (*)	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
EMILIO MACELLARI	Director	2012-2014	31.12.14									
(1) Compensation in the company preparing the financial statement				231.800	9.000				480.000	720.800		
(2) Compensation from subsidiaries and associates												
(3) Total				231.800	9.000				480.000	720.800		

(*) Professional consultancy

Note (1) - Details of fixed compensation

Compensation for the office	30.000
Compensation for specific offices pursuant to art. 2389, par. 3 Italian C.C.	200.000
Attendance tokens	1.800
Total	231.800

A	B	C	D	1	2	3		4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation	Compensation for committee participation	Variable non equity compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
PIERFRANCESCO SAVIOTTI	Director	2012-2014	31.12.14									
(1) Compensation in the company preparing the financial statement				30.900	23.400					54.300		
(2) Compensation from subsidiaries and associates												
(3) Total				30.900	23.400					54.300		

A	B	C	D	1	2	3		4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation (note 1)	Compensation for committee participation	Variable non equity compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
STEFANO SINCINI	Director & CEO	2012-2014	31.12.14									
(1) Compensation in the company preparing the financial statement				652.065	9.000			3.990		665.055		
(2) Compensation from subsidiaries and associates				111.000						111.000		
(3) Total				763.065	9.000			3.990		776.055		

Note (1) - Details of fixed compensation

Compensation for the office	30.000
Compensation for specific offices pursuant to art. 2389, par. 3 Italian C.C.	284.000
Attendance tokens	1.800
Retribution from employment	336.265
Total	652.065

A	B	C	D	1	2	3		4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation	Compensation for committee participation	Variable non equity compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
VITO VARVARO	Director	2012-2014	31.10.14									
(1) Compensation in the company preparing the financial statement				26.500	7.750					34.250		
(2) Compensation from subsidiaries and associates												
(3) Total				26.500	7.750					34.250		

A	B	C	D	1	2	3		4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation	Compensation for committee participation	Variable non equity compensation		Non-monetary benefits	Other remuneration (*)	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
GIULIA PUSTERLA	Chairman of the Board of statutory auditors	2013-2015	31.12.15									
(1) Compensation in the company preparing the financial statement				90.000						90.000		
(2) Compensation from subsidiaries and associates												
(3) Total				90.000						90.000		

A	B	C	D	1	2	3		4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation	Compensation for committee participation	Variable non equity compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
ENRICO COLOMBO	Statutory auditor	2013-2015	31.12.15									
(1) Compensation in the company preparing the financial statement				61.170					9.000	70.170		
(2) Compensation from subsidiaries and associates				27.000						27.000		
(3) Total				88.170					9.000	97.170		

(*) Member of Supervisory body

A	B	C	D	1	2	3		4	5	6	7	8
Name and surname	Office	Period for which office was held	Office expiry	Fixed compensation	Compensation for committee participation	Variable non equity compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
FABRIZIO REDAELLI	Statutory auditor	2013-2015	31.12.15									
(1) Compensation in the company preparing the financial statement				60.000						60.000		
(2) Compensation from subsidiaries and associates												
(3) Total				60.000						60.000		

A	B	C	D	1	2	3		4	5	6	7	8
Name and surname (include General manager)	Office	Period for which office was held	Office expiry	Fixed compensation	Compensation for committee participation	Variable non equity compensation		Non-monetary benefits	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
						Bonus and other incentives	Profit sharing					
Executives with strategic responsibilities	-	-	-									
(1) Compensation in the company preparing the financial statement				659.988	9.000	16.901		7.008		692.897		
(2) Compensation from subsidiaries and associates				117.000						117.000		
(3) Total				776.988	9.000	16.901		7.008		809.897		

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

Name and surname	Office	Company	No of shares		No of shares	
			Held as at 31.12.12	No of shares purchased	No of shares sold	held as at 31.12.13
Diego Della Valle	Chairman and CEO	Tod's S.p.A	17.374.624			17.374.624
Andrea Della Valle	Vice-Chairman and CEO	Tod's S.p.A.	268.716			268.716
Luigi Abete	Director	Tod's S.p.A.	-			-
Maurizio Boscarato	Director	Tod's S.p.A.	-			-
Luigi Cambri	Director	Tod's S.p.A.	480			480
Emanuele Della Valle	Director	Tod's S.p.A.	5.000			5.000
Fabrizio Della Valle	Director	Tod's S.p.A.	-			-
Emilio Macellari	Director	Tod's S.p.A.	5.000			5.000
Luca C. di Montezemolo	Director	Tod's S.p.A.	273.200		40.000	233.200
Pierfrancesco Saviotti	Director	Tod's S.p.A.	3.200			3.200
Stefano Sincini	Director and CEO	Tod's S.p.A.	-			-
Vito Varvaro	Director	Tod's S.p.A.	-			-
Giulia Pusterla	Chairman of the Board of Statutory Auditors	Tod's S.p.A.	-			-
Enrico Colombo	Statutory auditor	Tod's S.p.A.	-			-
Fabrizio Redaelli	Statutory auditor	Tod's S.p.A.	750			750
Executives with strategic responsibilities		Tod's S.p.A.	-			-

(*) He ceased to hold office with effect from 31 October 2014

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Milan, 12 March 2015

Diego Della Valle
Chairman
For the Board of Directors