

# FERRAGAMO

## REPORT OF THE BOARD OF DIRECTORS ON THE PROPOSAL UNDER ITEM 5 ON THE AGENDA, IN ORDINARY PART, OF THE SHAREHOLDERS' MEETING OF SALVATORE FERRAGAMO S.P.A., CONVENED IN A SINGLE CALL, IN ORDINARY AND EXTRAORDINARY SESSION, FOR APRIL 26, 2023

### **5. Report on remuneration policy and compensation paid:**

**5.1 resolutions regarding the Company's remuneration policy referred to in the first section of the report pursuant to Article 123-ter, paragraphs 3-bis and 3-ter, of Legislative Decree No. 58 of February 24, 1998 ("TUF");**

**5.2 resolutions referred to in the second section of the report pursuant to Article 123-ter, paragraph 6, of the TUF.**

Shareholders,

this explanatory report (the "**Report**") has been prepared pursuant to Article 125-ter, paragraph 1, of Legislative Decree No. 58 of February 24, 1998, as amended and supplemented (the "**TUF**") and Article 84-ter of the Regulations adopted by Consob Resolution No. 11971 of May 14, 1999, as amended and supplemented (the "**Issuers' Regulations**").

The Board of Directors submits the report on the remuneration policy and compensation paid (the "**Remuneration Report**") prepared in accordance with the provisions of Article 123-ter of the TUF, Article 84-*quater* and Annex 3A, Schedule 7-*bis* of the Issuers' Regulations and Article 5 of the Corporate Governance Code adopted by the Corporate Governance Committee of Borsa Italiana S.p.A. (the "**Corporate Governance Code**").

Pursuant to Article 123-ter of the TUF, the Remuneration Report is divided into two sections, which are subject to two separate votes (on the first section, the resolution of the Shareholders' Meeting is binding pursuant to Article 123-ter, paragraphs 3-bis and 3-ter of the TUF, while on the second section, the resolution of the Shareholders' Meeting is non-binding and advisory pursuant to Article 123-ter, paragraph 6 of the TUF):

(a) the first section sets out, among others, the Company's policy on the remuneration of members of the Board of Directors, key management personnel and, subject to the provisions of Article 2402 of the Italian Civil Code, members of the Board of Statutory Auditors for the year 2023 (the "**Remuneration Policy**"), as well as the procedures used for the adoption and implementation of such Remuneration Policy;

(b) The second section, among other information, provides:

- (i) an adequate representation of each of the items that make up the remuneration paid during the fiscal year ending December 31, 2022 (the "**Fiscal Year**") in favor of the members of the Company's management and supervisory bodies and, in aggregate, the Company's Strategic

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Executives, highlighting their consistency with the Company's remuneration policy related to the Fiscal Year;

- (ii) an analytical representation of the compensation paid during the Year to the aforementioned persons in any capacity and in any form by the Company and its affiliates or subsidiaries, and illustrates how the Company took into account the vote cast the previous year on the second section of the Remuneration Report.

The Compensation Policy is a tool to support and facilitate the implementation of the new strategic plan communicated to the market on May 10, 2022 (the "**Strategic Plan**") and contribute to the achievement of the Company's sustainable success and the alignment of *stakeholders'* interests with those of *management* in line with the principles and recommendations of the Corporate Governance Code.

In this logic, the Remuneration Policy drawn up by the Board of Directors with the support of the Nomination and Remuneration Committee, compared to the remuneration policy approved by the Shareholders' Meeting on April 12, 2022, presents a revision of the short- and long-term variable incentive systems in order to ensure an increasing alignment with the market environment and Shareholders' expectations.

The design of the new variable incentive systems developed by the Board of Directors, assisted by the Remuneration and Appointments Committee, was guided by the desire to propose a clearer, simpler and more transparent remuneration system, capable of better guaranteeing full consistency between remuneration, sustainable performance and value creation, in line with corporate strategy, the principles and recommendations of the Corporate Governance Code and the guidelines of the Proxy Advisors.

Specifically, the Remuneration Policy introduces a new short-term variable incentive plan that provides a single structure for all participants and aims to harmonize incentive logics with respect to homogeneous population *clusters* and *cross-geography*.

This system includes performance conditions for the group headed by the Company (the "**Group**"), common to all plan participants, of an economic-financial nature, as well as ESG targets, and individual targets defined according to the relevant function or geographic scope, and the role and responsibilities of each beneficiary.

Pursuing the goal of coherence and direction of *management* in support of the Strategic Plan, a long-term incentive system for *management* and key resources has also been provided, based on a combination of equity instruments, *Performance Share* and *Restricted Share*, which meet the dual purpose of (i) directing the behavior of plan beneficiaries with respect to the achievement of the Strategic Plan goals and (ii) ensuring the *retention* of the resources necessary for its implementation.

As anticipated and in line with market best practices, both incentive systems include ESG objectives, through the introduction of objectively measurable indicators related to the *climate* and *diversity equity & inclusion* sphere, consistent with the corporate strategy and sustainability plan. This new element of the Remuneration Policy represents further confirmation of the concrete and genuine attention that the Group has always paid to sustainability issues.

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Finally, in line with market *best practices* and the recommendations in the letter from the Chairman of the Corporate Governance Committee, the level of *disclosure* was further improved, including through graphic elements in the logic of maximum transparency to the market.

Please refer for details to the text of the Remuneration Report made available to the public, within the terms of the law and regulations, at the company's registered office, on the company's website at <https://group.ferragamo.com>, Governance/Shareholders' Meeting 2023 Section, as well as in the other ways provided for by current regulations.

The Shareholders' Meeting is, therefore, called upon to deliberate: (i) with a binding vote, on the Remuneration Policy outlined in the first section of the Remuneration Report; and (ii) in favor or against (thus with a non-binding but advisory vote) on the second section thereof.

\* \* \*

In light of the above, we therefore submit the following proposed resolutions for your approval:

*"The Ordinary Shareholders' Meeting of Salvatore Ferragamo S.p.A., (i) having examined the report of the Board of Directors prepared pursuant to Article 125-ter of Legislative Decree No. 58 of February 24, 1998 (the "TUF"), (ii) having examined the first section of the report on the remuneration policy and compensation paid adopted by the Company and prepared pursuant to Articles 123-ter of the TUF and 84-quater of the regulation adopted by Consob resolution No. 11971/1999 (the "Issuers' Regulations") as well as pursuant to Annex 3A, Schedule 7-bis of the Issuers' Regulations; and (iii) examined the second section of the report on remuneration policy and compensation paid adopted by the Company and prepared pursuant to Articles 123-ter of the TUF and 84-quater of the Issuers' Regulations, as well as pursuant to Annex 3A, Schedule 7-bis of the Issuers' Regulations,*

*resolves*

- *to approve, pursuant to and in accordance with Art. 123-ter, paragraphs 3-bis and 3-ter of the TUF, the first section of the report on the remuneration policy and compensation paid adopted by the Company and prepared pursuant to Articles 123-ter of the TUF and 84-quater of the Issuers' Regulations, which illustrates the Company's policy on the remuneration of members of the management and supervisory bodies, general managers, and executives with strategic responsibilities with reference to the year 2023, as well as the procedures used for the adoption and implementation of this policy; and*
- *to express a favorable opinion, pursuant to and for the purposes of Article 123-ter, paragraph 6, of the TUF, on the second section of the report on the remuneration policy and compensation paid adopted by the Company and prepared pursuant to Articles 123-ter of the TUF and 84-quater of the Issuers' Regulations, which illustrates each of the items that make up the remuneration of the members of the management and supervisory bodies, managers with strategic responsibilities of the*

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*Company as well as the compensation paid to them for any reason and in any form in the fiscal year ending December 31, 2022."*

Florence, March 16, 2023

**For the Board of Directors.**

**The Chairman**

**Leonardo Ferragamo**