

## BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE HIGHLIGHTS

Tiffany & Co. (the “Company”) and its Board of Directors (the “Board”) are committed to maintaining strong corporate governance practices that serve the interests of the Company and its shareholders. The Board recognizes that the Company's corporate governance practices must continually evolve, and the Board monitors developments in governance best practices to ensure that the Company continues to effectively represent the interests of its shareholders. The Board has adopted several corporate governance practices in support of this commitment, including:

- **Independent Chairman** – Roger N. Farah, an independent director, was elected as Chairman of the Board effective October 2, 2017;
- **Annual election of directors;**
- **Majority voting standard for director elections** – each director must be elected by a majority of votes cast, not a plurality;
- **Director resignation policy** – each of the current directors standing for re-election has tendered a resignation letter to the Nominating/Corporate Governance Committee to be considered in the event that he or she does not receive a majority of "for" votes of the votes cast "for" or "against" his or her candidacy. The Nominating/Corporate Governance Committee will then make a recommendation to the Board on whether to accept or reject the resignation or whether other action should be taken;
- **Director independence** – 8 of the Company's 10 directors up for election are independent;
- **Proxy access by-law** – adopted by the Board during Fiscal 2017;
- **Director overboarding policy** – directors may not serve on a total of more than five public company boards (including the Board);
- **Resignation on job change or new directorship** – a director must submit a letter of resignation to the Nominating/Corporate Governance Committee on a change in employment and upon accepting a directorship with another public company (or any other organization that would require a significant time commitment). The Nominating/Corporate Governance Committee may then accept or decline such resignation;
- **Annual self-evaluation** – the Company's non-management directors participate in an annual assessment and evaluation of the workings and efficiency of the Board and each of the committees on which they serve, the results of which are discussed by the full Board;
- **Long-standing policies governing business and ethical conduct;**
- **Commitment to corporate social responsibility;** and
- **Leading compensation practices** – see "Corporate Governance Best Practices" at PS-47.

### THE BOARD, IN GENERAL

The Board is currently composed of 12 members. The Board can fill vacancies and newly created directorships, as well as provide for a greater or lesser number of directors, subject to the terms of the Cooperation Agreement, which limits the Board's ability to increase in size over 12 members (with certain limited exceptions) during the Standstill Period. The Board intends to take action, effective as of

the date of the 2018 Annual Meeting, to establish the number of directors constituting the full Board at 10.

Under the Company's Corporate Governance Principles, directors may not serve on a total of more than five public company boards. Service on the Board is included in that total.

### **THE ROLE OF THE BOARD IN CORPORATE GOVERNANCE**

The Board plays several important roles in the governance of the Company, as set out in the Company's Corporate Governance Principles. The Corporate Governance Principles may be viewed on the Company's website [www.tiffany.com](http://www.tiffany.com), by clicking on "Investors" at the bottom of the page and then selecting "Corporate Governance" from the left-hand column. The responsibilities of the Board include:

- Review and approval of the annual operating plan prepared by management;
- Monitoring of performance in comparison to the annual operating plan;
- Review and approval of the Company's multi-year strategic plan prepared by management;
- Consideration of topics of relevance to the Company's ability to carry out its strategic plan;
- Selection and evaluation of, and determination of whether to retain or replace, the Company's CEO;
- Participation in succession planning for the Company's other executive officers;
- Review and approval of delegations of authority by which management carries out the day-to-day operations of the Company and its subsidiaries;
- Review of management's enterprise risk assessment;
- Review and, if appropriate, modification of Board committee charters;
- Review and approval of the Company's policies or programs with respect to payment of dividends and the repurchase of common stock; and
- Review and approval of significant actions by the Company.

### **BOARD LEADERSHIP STRUCTURE**

Michael J. Kowalski, who served as the Company's Interim CEO from February 5, 2017 to October 2, 2017 and its CEO from 1999 until March 31, 2015, held the position of Chairman of the Board from the end of Fiscal 2002 until October 2, 2017. As such, the role of Chairman of the Board and the office of CEO were held by the same individual for much of the Company's recent history. However, in February 2017, Mr. Kowalski announced that, following the transition of his responsibilities as Interim CEO to the Company's next CEO, he also planned to relinquish his responsibilities as Chairman of the Board. Effective October 2, 2017, and concurrent with Alessandro Bogliolo becoming the Company's CEO, Mr. Kowalski resigned from his position as Chairman of the Board.

Pursuant to the Company's Corporate Governance Principles, it is the responsibility of the Board to determine whether the offices of Chairman of the Board and CEO shall be held by one person or by separate persons, and to further determine whether the person holding the office of Chairman of the Board shall be "independent." Further, in determining which director is elected to serve as Chairman of the Board, the Board broadly considers all relevant facts and circumstances, as well as candidates' business experience, specific areas of expertise and skill set, including their ability to effectively moderate

discussions during Board meetings and their responsiveness to the Board's suggestions for agenda items and information to be provided by management to the Board.

Following Mr. Kowalski's February 2017 announcement, the Board, with the assistance of its Nominating/Corporate Governance Committee, assessed the Board's leadership structure. The Board determined that having an independent, non-executive Chairman would be in the best interest of the Company and its shareholders in light of the recent CEO transition, the ongoing Board refreshment initiatives and the continuing strategic evolution of the Company. The Board believes that a clear division of responsibilities between the leadership of the Board and the executive responsible for the day-to-day operation of the Company's business will best enable Mr. Bogliolo to focus his time and attention on managing the Company, and allow Mr. Farah to dedicate his efforts to Board governance matters and to leading the Board in its fundamental role of providing oversight and guidance regarding the business, operations and strategy of the Company. The Board believes the non-executive Chairman role is also important to provide additional independent oversight of the Company's management and to serve in an advisory capacity to the CEO. In addition, the existence of an independent, non-executive Chairman facilitates communication among the Company's other directors, or between any of them, as well as communication between shareholders and the Company's independent and other non-management directors.

Effective October 2, 2017, the Board elected Roger N. Farah, an independent director who joined the Board in March 2017, as the non-executive Chairman of the Board. Consistent with the Company's Corporate Governance Principles, upon Mr. Farah's election as Chairman, the Board ceased to have a "presiding independent director", a role previously held by Charles K. Marquis in his capacity as chairman of the Nominating/Corporate Governance Committee. The Board considered Mr. Farah's extensive experience as an executive in the luxury retail industry, noting that his in-depth understanding of the industry, consumer behavior and the competitive environment in which the Company operates will be invaluable in advising the CEO and in guiding the Board through key matters within its purview, including the strategic planning process. Additionally, the Board focused on Mr. Farah's service as a director and an executive of multiple U.S. public companies with global operations, noting that such experience has enabled him to develop knowledge of public company governance, compensation, investor relations, regulatory and reporting matters. The Board also noted the expertise Mr. Farah had demonstrated and the insights he had provided during his tenure on the Company's Board to date.

As non-executive Chairman of the Board, Mr. Farah works closely with the CEO, providing advice to the CEO on operational, strategic, organizational and executive management matters. In this capacity, he facilitates communications between the directors and the Company's management. Mr. Farah also approves the schedule of Board meetings, sets the agenda for each Board meeting, after consideration of any items submitted for inclusion by the other directors and Company management, and consults with management regarding the materials to be presented to the Board to ensure such materials are responsive to the Board's requests and needs. As non-executive Chairman, Mr. Farah presides over meetings of the Board as well as meetings of the non-management and independent directors, and has the authority to call such meetings. Both in and outside of Board meetings, Mr. Farah facilitates communication among the directors. Consistent with this role, Mr. Farah works closely with the chair of the Nominating/Corporate Governance Committee to evaluate the performance of the Board and its committees and to provide

oversight with respect to the Board's compliance with corporate governance requirements and best practices.

The Board, with the assistance of the Nominating/Corporate Governance Committee, will reassess the appropriateness of the existing leadership structure as warranted, including following changes in management, in Board composition or in the nature, scope or complexity of the Company's operations.

### **EXECUTIVE SESSIONS OF NON-MANAGEMENT DIRECTORS**

Non-management directors meet regularly in executive session without the participation of management directors or executive officers. This encourages open discussion. In addition, at least once per year the independent directors meet separately in executive session.

### **SHAREHOLDER ENGAGEMENT AND COMMUNICATION WITH NON-MANAGEMENT DIRECTORS**

The Company's Board and management are strongly committed to proactive and ongoing communications with current, potential and former shareholders. The Company's approach to shareholder engagement revolves around providing informative, candid, credible and consistent communications to shareholders, as well as soliciting their feedback. The Company's CEO, Chief Financial Officer ("CFO") and Vice President – Investor Relations, regularly communicate with Company shareholders through one-on-one and group meetings and in conferences in an effort to remain informed regarding shareholder perspectives on strategic, operational and governance matters (including with respect to executive compensation) and to address any questions or concerns from shareholders.

Through the foregoing shareholder engagement practices, the Company's management serves as a liaison between shareholders and the Board. However, shareholders and other interested persons may also contact the Board directly by sending written communications to the entire Board or to any of the non-management directors by addressing their concerns to Roger N. Farah, Chairman of the Board, at the following address: Corporate Secretary (Legal Department), Tiffany & Co., 727 Fifth Avenue, New York, New York 10022. All communications will be compiled by the Corporate Secretary and submitted to the Board or an individual director, as appropriate, on a periodic basis.

### **INDEPENDENT DIRECTORS CONSTITUTE A MAJORITY OF THE BOARD**

The Board has affirmatively determined that each of the following directors and director-nominees is "independent" under the listing standards of the New York Stock Exchange in that none of them has a material relationship with the Company (directly or as a partner, shareholder or officer of any organization that has a relationship with the Company): Rose Marie Bravo, Gary E. Costley, Roger N. Farah, Lawrence K. Fish, Abby F. Kohnstamm, James E. Lillie, Charles K. Marquis, Robert S. Singer, Francesco Trapani and Annie Young-Scriver.

All of the members of the Audit, Nominating/Corporate Governance and Compensation Committees are independent as indicated in the prior paragraph.

The Board also considered the other tests of independence set forth in the New York Stock Exchange Corporate Governance Rules and has determined that each of the above directors and nominees is independent as defined in such Rules.

In addition, the Board has affirmatively determined that Mr. Singer, Mr. Fish, Ms. Kohnstamm, Mr. Marquis and Mr. Trapani meet the additional, heightened independence criteria applicable to audit committee members under the New York Stock Exchange rules.

In determining that Mr. Trapani is independent, the Board specifically considered the Cooperation Agreement, the Trapani Cooperation Agreement and the Nomination Agreement (as defined below). In determining that Mr. Farah and Mr. Lillie are independent, the Board specifically considered the Cooperation Agreement. See "Item 1. Election of the Board" at PS-17 for additional information regarding the Cooperation Agreement and Trapani Cooperation Agreement. See "Additional Compensation from JANA Partners LLC" at PS-108 for additional information regarding the Nomination Agreement.

To the Company's knowledge, none of the other independent directors or director nominees has any direct or indirect relationship with the Company, other than as a director.

#### **BOARD SELF-EVALUATION**

Annually, each non-management director participates in an assessment and evaluation of the Board's performance and the performance of each of the Board committees on which he or she serves. The results of such self-assessments are then discussed by the full Board.

#### **BOARD REFRESHMENT**

Changes to Board composition may result from the Board's self-evaluation practices and related discussions; however, the Board also ensures refreshment through By-law provisions requiring that directors be less than age 74 when elected or appointed, unless the Board waives that provision with respect to an individual director whose continued service is deemed uniquely important to the Company. As a result of this requirement, Gary E. Costley and Charles K. Marquis will not stand for re-election at the 2018 Annual Meeting.

In light of upcoming retirements at the 2017 and 2018 Annual Meetings, in 2015 the Board engaged a leading search firm to assist in its search for new director candidates. In March 2017, after working collaboratively with JANA Partners LLC in connection with the Board's refreshment objectives, the Board appointed three new independent directors as contemplated by the Cooperation Agreement. Alessandro Bogliolo then joined the Board in October 2017. In November 2017, the Nominating/Corporate Governance Committee engaged a new third party search firm to replace the prior one and, in March 2018, the Board nominated Annie Young-Scrivner for election at the 2018 Annual Meeting. Pursuant to the mandatory retirement age provision in the Company's By-laws, the Board expects that Lawrence K. Fish will not stand for re-election at the 2019 Annual Meeting. As such, the Nominating/Corporate Governance Committee is continuing to work with its engaged search firm to evaluate additional candidates for election to the Board. The Board carefully considers its decisions with respect to its optimal size and the selection, nomination and election of individuals to serve as directors;

as such, notwithstanding its ongoing Board refreshment efforts, the Board may or may not nominate additional individuals to serve as directors in the near- to mid-term.

### **RESIGNATION ON JOB CHANGE OR NEW DIRECTORSHIP**

Under the Company's Corporate Governance Principles, a director must submit a letter of resignation to the Nominating/Corporate Governance Committee on a change in employment or significant change in job responsibilities and upon accepting or resolving to accept a directorship with another public company (or any other organization that would require a significant time commitment). The Committee shall promptly determine, in light of the circumstances, whether to accept or decline such resignation. In certain instances, taking into account all relevant factors and circumstances, the Nominating/Corporate Governance Committee may decline such resignation, but recommend to the Board that such director cease participation in one or more committees or that such director not be re-nominated to the Board. If the Nominating/Corporate Governance Committee does not accept such resignation within 10 days of receipt, the resignation will not be effective.

### **MANAGEMENT SUCCESSION PLANNING**

One of the Board's primary responsibilities is to ensure that the Company has a high-quality management team in place. The Board, assisted by the Nominating/Corporate Governance Committee, is responsible for selecting, evaluating the performance of, and determining whether to retain or replace the Company's CEO. Pursuant to the Company's Corporate Governance Principles, any such evaluations and determinations must be made with a view towards the effectiveness and execution of the strategies and decisions set forth by the CEO regarding the Company's long-term strategic plan and long-term financial performance.

In February 2017, the Board determined that accelerating execution of the Company's core business strategies was necessary for the Company to compete more effectively and improve performance, and the Company's then-serving CEO stepped down from that position. On that same date, the Board appointed Michael J. Kowalski as Interim CEO and formed the Search Committee to identify potential candidates for the CEO position. Following the Search Committee's assessment, and the full Board's consideration, of candidates, the Board appointed Alessandro Bogliolo as the Company's CEO effective October 2, 2017.

The Board will, at least annually, evaluate Mr. Bogliolo's performance in connection with a self-assessment performed by Mr. Bogliolo. The Board also evaluates, at least annually, in conjunction with the CEO, the performance and potential of the Company's other executive officers. The Board, assisted by the Nominating/Corporate Governance Committee, also participates in the planning for the succession of the Company's other executive officers.

### **BOARD ROLE IN RISK OVERSIGHT**

The Board believes that (i) management is responsible for identifying, assessing and managing the various risks that may arise in the Company's operations and ensuring that the Board is appropriately aware of any such material risks, and (ii) the Board has a role in overseeing management in the risk management function.

Management's approach to risk management includes systems of authorities and approval levels; internal control checks and balances; analytical methods for making and evaluating decisions; an annual enterprise risk assessment process; annual operating planning; strategic planning; and nurturing a corporate culture that encourages and rewards ethical behavior and supports the TIFFANY & CO. brand image. This approach to risk management reflects these goals: that every risk should, when possible and practicable, be identified, quantified as to impact, assigned a probability factor, and properly delegated to the appropriate member of management for a response. This approach helps to ensure that the Company's enterprise risk management process informs the Company's approach to strategic planning, as well as to managing the day-to-day operations of the business. Operational risks so categorized are also used to inform and shape the internal audit plan and are communicated to the Company's independent registered public accounting firm so that they can be referenced and used, if deemed appropriate, to inform and shape the external audit plan. Strategic risks are specifically addressed in the strategic planning process.

Each year, management is charged with the preparation of detailed business plans for the coming one-year (the annual operating plan) and three-year (the strategic plan) periods and is required to review these plans, as they are developed and refined, with the Board. Such plans include both financial and non-financial considerations. The Board requires management to plan on the basis of realistic assumptions. In this process, the Board endeavors to assess whether management has made an appropriate analysis of the strategic, operational and brand risks inherent in the plans.

Each year, the Board reviews and approves the annual operating plan and the strategic plan. The Board also annually reviews management's enterprise risk management assessment and results. In addition, as part of its general oversight role, the Board has responsibility for assessing material risks that arise in the Company's operations as identified by management and reviews mitigation plans for addressing such risks. These risk areas include, for example, risks related to competition, competitive brand positioning and execution on the Company's strategic initiatives, as well as sourcing, distribution and inventory risks.

The Audit Committee is required to discuss policies with respect to risk assessment and risk management and regularly does so. The Audit Committee concerns itself most specifically with the integrity of the financial reporting process, but also with risks related to employee safety, global security, fraud, litigation and other legal and compliance matters, and data privacy and data protection. The Audit Committee more generally reviews any litigation or other legal or compliance matters that could have a significant impact on the Company's financial results, as well as the status of the Company's income tax returns, any government audits related thereto, and the Company's overall tax strategy. The Audit Committee is further responsible for reviewing and discussing the Company's cybersecurity, data privacy and data security programs and regularly engages with management to monitor the risks related to this complex and evolving area.

The Compensation Committee is responsible for assessing, on an annual basis, potential material risks to the Company from its compensation programs and plans.

The Nominating/Corporate Governance Committee concerns itself principally with the Company's risks related to corporate governance, as well as succession planning for executive officers and directors.

The Finance Committee concerns itself principally with liquidity risk, including risks related to foreign currency exchange rates. The Finance Committee also annually reviews the Company's schedule of, and strategy with respect to, insurance coverage, as part of the Company's risk mitigation initiatives.

The Corporate Social Responsibility Committee assists the Board in its oversight of management's evaluation of risks and opportunities related to ethical and sustainable sourcing, human rights, the environment, supplier conduct, labor conditions, climate change, diversity in employment, charitable giving, government relations and political spending.

The Company has not designated an overall risk management officer and has no formal policy for coordination of risk management oversight amongst the Board committees involved. However, the full Board does approve the duties, responsibilities and procedures with respect to the areas of risk oversight specified in the charter of each committee. Each committee also shares the minutes of its meetings with the Board and reports regularly to the Board, to the extent the full Board is not otherwise present for such meetings. All committee meetings are open to all directors, and most directors regularly attend all committee meetings because such meetings are scheduled on the day of, or the day preceding, Board meetings. The practices and processes set forth in this paragraph represent the Board's approach to coordinating the risk management oversight function. The committee structure of the Board was not organized specifically for the purpose of risk management oversight.

### **BUSINESS CONDUCT POLICY AND CODE OF ETHICS**

The Company has a long-standing policy governing business conduct for all Company employees worldwide. The policy requires compliance with law and avoidance of conflicts of interest and sets standards for various activities to avoid the potential for abuse or the occasion for illegal or unethical activities. This policy covers, among other activities, the protection of confidential Company information, insider information and transactions in Company securities, the acceptance of gifts from those seeking to do business with the Company, the giving of gifts or other items of value to third parties, processing one's own transactions, protection of computer passwords, political contributions made through the use of Company funds, prohibition of discrimination or harassment, theft, unauthorized disposition or unauthorized use of Company assets and reporting dishonest activity. Each year, all employees are required to review the policy, report any violations or conflicts of interest and affirm their obligation to report future violations to management.

The Company has a toll-free "hotline" to receive complaints from employees, vendors, shareholders and other interested parties concerning violations of the Company's policies or questionable financial, accounting, internal controls or auditing matters, as well as incidents of potential or suspected corruption and other legal and regulatory non-compliance. The toll-free phone number is 877-806-7464. The hotline is operated by a third-party service provider to assure the confidentiality and completeness of all information received. Users of this service may elect to remain anonymous.

The Company also has a Code of Business and Ethical Conduct for the directors, the CEO, the CFO and all other executive officers of the Company. The Code advocates and requires those persons to adhere to principles and responsibilities governing professional and ethical conduct. This Code supplements the Company's business conduct policy. Waivers may only be made by the Board. A summary of the Company's business conduct policy and a copy of the Code of Business and Ethical Conduct are posted



on the Company's website, [www.tiffany.com](http://www.tiffany.com), and may be viewed by clicking "Investors" at the bottom of the page, and then selecting "Corporate Governance" from the left-hand column. The Board has not adopted a policy by which it will disclose amendments to, or waivers from, the Company's Code of Business and Ethical Conduct on the Company's website. Accordingly, the Company will file a report on Form 8-K if that Code is amended or if the Board has granted a waiver from such Code, including an implicit waiver. The Company will file such a report only if the waiver applies to the Company's principal executive officer, principal financial officer, principal accounting officer or controller, and if such waiver relates to: honest and ethical conduct; full, fair, accurate, timely and understandable disclosure; compliance with applicable governmental laws, rules and regulations; the prompt internal reporting of violations of the Code; or accountability for adherence to the Code.

#### **LIMITATION ON ADOPTION OF POISON PILL PLANS**

On January 19, 2006, the Board terminated the Company's shareholder rights plan (typically referred to as a "poison pill") and adopted the following policy:

"This Board shall submit the adoption or extension of any poison pill to a stockholder vote before it acts to adopt such poison pill; provided, however, that this Board may act on its own to adopt a poison pill without first submitting such matter to a stockholder vote if, under the circumstance then existing, this Board in the exercise of its fiduciary responsibilities deems it to be in the best interests of the Company and its stockholders to adopt a poison pill without the delay in adoption that is attendant upon the time reasonably anticipated to seek a stockholder vote. If a poison pill is adopted without first submitting such matter to a stockholder vote, the poison pill must be submitted to a stockholder vote within one year after the effective date of the poison pill. Absent such submission to a stockholder vote, and favorable action thereupon, the poison pill will expire on the first anniversary of its effective date."