

SALVATORE FERRAGAMO GROUP
2019 SUSTAINABILITY REPORT

CONSOLIDATED NON-FINANCIAL STATEMENT
PURSUANT TO ITALIAN LEGISLATIVE DECREE 254/2016



LETTER FROM THE CHAIRMAN

Salvatore Ferragamo
RESPONSIBLE PASSION

More than ever before, our society now has to deal with events that threaten the health and safety of both people and ecosystems. As a company, it is our duty to take inspiration from the principles of solidarity and create positive value in our work in order to protect people, safeguard the environment and enhance communities.

For our Company, sustainability and strategy are integrated elements, guided by a sense of responsibility. For this reason, in 2019 we updated our Sustainability Plan with a time horizon up until 2022, aligned with the Strategic Plan, in order to promote further integration between strategic targets and sustainability.

The 2019 Sustainability Report aims to narrate on a year full of major achievements and key commitments. In 2019, we launched the Sustainable Thinking project, which started with the exhibition at the Museo Salvatore Ferragamo. The project involved the whole Company with contests, workshops, conferences and collaborations, engaging all of our people and becoming a real driver for the culture of sustainability.

My mother used to say: "The people working in the Company are the lifeblood of our business". This is the vision that drives us to devote great importance to the people who work with us and to constantly improve their places of work. This year, we adopted an Inclusion Policy, which formalizes our commitment to promoting and protecting the values of inclusion, equality and diversity. Moreover, in order to achieve the highest standards of ethics and business sustainable development, we have obtained the SA8000 social responsibility certification for the Italian perimeter.

For us, it's essential for the culture of sustainability to involve the whole value chain, including the supply chain. This year, we released the Supplier Code of Conduct, which makes ethical and sustainability principles the key focus of our relationship with the supply chain. This drives us to work together to reduce impacts and adopt a common vision of how to do business. To demonstrate how important collaboration is when it comes to sustainability, we signed the Fashion Pact with multiple other fashion and textile brands, whose aim is to set practical and concrete targets for reducing the environmental impact of our industry. In the coming years, we'll work to achieve our goals while striving to improve our performance and to create positive partnerships for our industry. The commitment toward environmental protection enshrined in the Fashion Pact comes in addition to the many initiatives we undertake every day to maximize energy efficiency and reduce CO₂ emissions. These include the ISO 140001 certification which we obtained in 2019 for all our offices and stores in Italy and the LEED Platinum certification for the new Logistics Hub.

All without neglecting our city: Florence. In 2019, we signed a three-year agreement with the Municipality of Florence to support the restoration of the complex of statues in Piazza della Signoria and Michelangelo's David in Piazzale Michelangelo, Florence. It also gives me great pride to have signed a three-year partnership with the Fondazione Meyer to support newborn screening activities and the expansion plan for the Meyer hospital in Florence - a model of excellence and source of pride for the city.

Every day we work hard, with dedication and enthusiasm, with the awareness that our quality not only lies in the master craftsmanship of our products, but also in our ability to manage our business responsibly, with respect for people, the environment and the community.

Ferruccio Ferragamo

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RESPONSIBLE PASSION

Commitment
Sustainability Plan and SDGs
Stakeholders and materiality

"My father also believed in sustainability.
Only then, it was called respect".

Ferruccio Ferragamo

RESPONSIBLE PASSION

COMMITMENT

"Since the introduction of the Brand, creativity, innovation, and world-class craftsmanship have always been the core values of the Salvatore Ferragamo Group, guiding the design and production of any creation. Over the years, the deep connection with the local community and its culture has made the Salvatore Ferragamo Group increasingly aware of the need for a strong commitment to protect the places where it operates and the people that work for the Group, going above and beyond the requirements of domestic and international laws, rules and regulations".

For the Salvatore Ferragamo Group, investing in sustainable development means respecting the values handed down by the Founder and believing that the use of innovative materials, the connection with the local community and the respect for the environment and its own people are key to success, not only of the business, but of all stakeholders.

Sustainability is a positive challenge that the Salvatore Ferragamo Group decided to adopt and interpret in favor of future generations, committing to place social responsibility at the center of its decision-making process and pursuing economic growth objectives that also take into account the positive and negative impacts of its operations on society and the environment.

The commitment to sustainability, intended as a behavioral model to be followed without compromise, has been structured over the years and draws inspiration from the values that underlie the history of the Salvatore Ferragamo Group: a passion for world-class craftsmanship, creativity and innovation. Understanding and respecting these values translate into ethically correct behaviors, both inside and outside the Group, supporting it in terms of economic growth and credibility.



THE GROUP'S MILESTONES - 2019

FASHION PACT

SIGNED AT THE G7 IN BIARRITZ TOGETHER WITH MAJOR PLAYERS FROM THE WORLD OF FASHION AND LUXURY

SUSTAINABLE THINKING

EXHIBITION INAUGURATED AT THE MUSEO SALVATORE FERRAGAMO

SA8000

SOCIAL RESPONSIBILITY CERTIFICATION OBTAINED BY SALVATORE FERRAGAMO

INCLUSION POLICY

ADOPTED BY THE SALVATORE FERRAGAMO GROUP

SUPPLIER CODE OF CONDUCT

SHARED WITH THE GROUP'S SUPPLIERS OF RAW MATERIALS, PROCESSING SERVICES AND FINISHED GOODS.

ISO 14001

ENVIRONMENTAL MANAGEMENT SYSTEM CERTIFICATION OBTAINED FOR ALL OFFICES AND STORES IN ITALY

The company's commitment to the issue of sustainability culminated in 2019 with the launch of the **Sustainable Thinking** project, which since April included exhibitions and side events involving the Museo Salvatore Ferragamo, the Company and other local public institutions. The aim of the project was to offer up food for thought on such an important issue for the future and put forward suggestions for a paradigm shift in the world of fashion, art and architecture. It included an exhibition at the Museo Salvatore Ferragamo and other prestigious venues in Florence, such as Palazzo Vecchio, the city hall, and the Museo Novecento. There were also conferences and workshops led by artists, designers and architects. The day before the exhibition opened, a major **Symposium** was held at the Salone dei Cinquecento in Palazzo Vecchio, organized by key figures on the topic of sustainability. This was a unique opportunity to know what the word sustainability really means, how companies' business models are changing, and where we are with research to improve our environment.

To be transparent about its operations, the Group has committed to reporting on its corporate social responsibility initiatives. Salvatore Ferragamo has been preparing a **Sustainability Report** since 2014, according to international guidelines and with a view to presenting the projects pursued by the Group in terms of corporate social responsibility. The Sustainability Report has received multiple awards over the years: in 2016, it won "Identity and Vision" Special Mention from Biblioteca Bilancio Sociale (BBS) and the Business International Finance Award in the category "Financial Statements, Integrated Reporting, and Financial Communication". The 2018 Sustainability Report was a finalist in the medium-large company category for the "Sustainability

Report Award" - an event organized by the University of Pavia to award Italian companies for their non-financial statements. Lastly, the 2018 Sustainability Report was awarded the Special "Social Commitment" Prize, awarded by Biblioteca Bilancio Sociale (BBS), thanks to the initiatives linking Salvatore Ferragamo to the world of art, culture, community and the local area.

At the organizational level, in order to ensure integrated management of sustainability issues, since 2014 a cross-functional working group called **Green Team** has been set up, dedicated to designing and promoting corporate responsibility initiatives. The team, which consists of people from several corporate functions, allows to bring together cross-functional skills in order to promote an extensive development of sustainability. The main responsibility of the Green Team is improving the quality of the workplace and the internal and external impact of the Company's operations, as well as facilitating a direct relationship with the local community in all its environmental and human facets. The particular structure of the Green Team enables the development of sustainability initiatives within the field of materials research and development, communication, packaging, information systems, logistics, operations, environment and safety, community & charity, purchasing of raw materials, human resources, mobility, store planning and merchandising. In 2019, the e-commerce and IT departments, as well as a representative from Ferragamo Parfums SpA, became part of the Green Team, in order to promote sustainability projects related to the world of fragrances in line with the Brand's creative spirit. Since 2016, the Internal Control and Risks Committee, as part of its supporting role for the Board of Directors, has been responsible for overseeing sustainability

issues with the aim of monitoring the integration of responsible behaviors in business strategies and supervising the Company's relationships with its stakeholders.

In order to disseminate the Group's guiding principles and commitment, the **Sustainability Policy** was published in 2017, with the aim of establishing a corporate culture oriented towards fairness and professionalism, promoting honesty, integrity and transparency, encouraging sustainable development, fostering dialogue on corporate ethics and increasing stakeholder responsibility. Prepared in accordance with the principles and rules of the Group's Code of Ethics as well as the United Nations' framework concerning Sustainable Development Goals (SDGs), the Policy seeks to encourage the Group's governance bodies, employees, and collaborators to share ideas and recommendations to implement sustainability in day-to-day activities.

Over the years, the Company's commitment in the field of sustainability has been characterized by its membership to associations and networks with a view to sharing experiences and best practices.

In August 2019, Salvatore Ferragamo subscribed to the **Fashion Pact**, which brought together 250 fashion and textile brands to set out practical and concrete targets for reducing the environmental impact of this important industry. The targets of the Fashion Pact are based on those of the Science Based Target (SBT) initiative. In particular, they are aimed at revising production processes and reducing the impacts of the industry, focusing on three key areas:

- stop global warming by creating and implementing actions to achieve the goal of zero greenhouse gas emissions by 2050;
- restore biodiversity by safe-

guarding natural ecosystems;

- reduce the fashion industry's negative impacts on the oceans through practical initiatives such as gradually reducing the use of single-use plastics.

Moreover, in light of its commitment in the field of sustainability, in 2019 Salvatore Ferragamo was selected by BlackRock, the largest investment fund in the world, to host the Florence stage of the Italian roadshow on sustainable innovation. The event was held at the historic Palazzo Feroni, where the Chairman and CEO spoke about the Group's pathway to sustainability and the commitment to issues such as environmental protection, inclusion and link with the territory.

In order to implement the universal principles of sustainability and support the United Nations' goals, in December 2018, the Salvatore Ferragamo Group joined the **United Nations Global Compact**, the world's largest corporate sustainability initiative. The United Nations Global Compact provides a universal language for social responsibility and a framework for businesses of all sizes, complexity and location. In addition, this initiative supports companies in working responsibly and making strategic decisions to promote broader social goals.

In December 2018, the Salvatore Ferragamo Group took part in the Make Fashion Circular initiative promoted by the Ellen MacArthur Foundation. Established in 2010 with the aim of speeding up the transition towards circular economy the Ellen MacArthur Foundation has brought circularity on the agenda of the most important decision makers of companies, governments and universities, extending the principles of circularity also to the fashion industry. Indeed, the **Make Fashion Circular** initiative was established with the aim of

stimulating the collaboration and innovation necessary to create a new fashion industry, in line with the principles of circular economy. The Salvatore Ferragamo Group's participation further highlights the Company's commitment towards the virtuous model of circular economy.

In November 2017, the Group signed the **Manifesto for Circular Economy**, which establishes an Alliance aimed at promoting innovative and sustainable projects. The Alliance, promoted by Enel and Intesa San Paolo, involves various "Made in Italy" businesses from different sectors, recognized worldwide. The collaboration aims to develop business models based on sharing, extending products' useful life, re-using and using renewable resources. In November 2018 the Alliance presented a Position Paper with the aim of bringing the issue of the circular economy at the very heart of the political agenda and of making proposals that can set the basis for discussion in developing an Italian approach to this issue.

Furthermore, since 2011 the Salvatore Ferragamo Group has been a member of the **Sustainability Roundtable** sponsored by the Italian Chamber of Fashion, which aims to find an Italian way to making fashion responsible and sustainable as well as encourage the adoption of responsible business models throughout the fashion industry's value chain.

In order to help people connect with the Ferragamo world and strengthen the bond between stakeholders and the Brand, the Group has adopted a strategy that connects the online and offline worlds also with respect to sustainability-related issues. In 2016, the Salvatore Ferragamo Group launched on its website a **section entirely dedicated to corporate responsibility**, highlighting

the most important social responsibility projects that the Group has promoted over the years. Digital versions of the Sustainability Report, for user-friendly browsing on mobile devices, as well as the Sustainability Policy are also available on the website. In 2019, new content was added to the website with the aim of further engaging users. The sustainability initiatives undertaken by the Brand continue to be promoted on social media: in August 2019, the news of the Fashion Pact posted on the Brand's LinkedIn profile attracted around 90,000 views.

SUSTAINABILITY PLAN AND SDGs

As from 2016, the Salvatore Ferragamo Group launched a procedure for defining its sustainability goals, starting from the analysis of the United Nations' Sustainable Development Goals (SDGs) and translating them into concrete actions to be developed in-house. This process drew to a close with the identification of the main goals to be pursued in its operations and with the adoption, in 2017, of the first **Group's Sustainability Plan**.

After signing the Fashion Pact, in 2019 the Group reinforced its commitment in the field of environmental protection by integrating three additional UN Sustainable Development Goals (SDGs) into the Sustainability Plan: Climate action, Life below water and Life on land.

The Sustainability Plan was updated in 2019 with a time horizon up until 2022, aligned with the Strategic Plan, in order to promote further integration between strategic targets and sustainability. It also suggests the mapping of targets as they are achieved, while integrating new challenges for future

development. The Sustainability Plan is shared with top management and the Internal Control and Risks Committee and is updated annually. It aims to create a shared vision of the direction taken at Group-level and to promote a culture of sustainability that respects, protects and promotes excellence. The document identifies the main goals to be achieved in connection with strategy and governance, people and principles, environmental protection, culture and participation, and identifies specific initiatives to be implemented over three years, aimed at achieving the following **goals**:

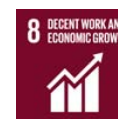
- embedding sustainability into business strategies and making the relationships with internal and external stakeholders more transparent;
- increasing the frequency of internal communication on sustainability-related issues and promoting initiatives to engage stakeholders;
- promoting the Group's sustainability strategy externally;
- enhancing human capital at Group level;
- continuing to focus on occupational health;

- promoting Company Welfare initiatives and strengthening internal communication;
- monitoring the supply chain and collaborating with suppliers for the development of shared projects;
- constantly improving energy and environmental efficiency;
- reducing the use of resources in production and consumption processes;
- monitoring chemical substances inside raw materials and finished products;
- promoting and using sustainable materials and by-products;
- leveraging the Company's know-how and heritage in the context of craftsmanship and Made in Italy products as well as promoting relevant training opportunities (initiatives promoted by the Museo Salvatore Ferragamo and the Fondazione Ferragamo);
- planning and implementing charitable initiatives aimed at protecting the health of women and children as well as promoting Italian culture around the world.



Good health

In line with its own Charity Policy, the Group is committed to promoting and supporting initiatives aimed at protecting the health of women and children.



Decent work and economic growth

The Group focuses its commitment on encouraging and enhancing people's professional development, while respecting the community historical values, in order to encourage innovation and creativity, while also ensuring the healthiness of workplaces.



Climate action

With a view to combating climate change, the Group is committed to protecting and safeguarding the environment through strategies and initiatives intended to minimize the environmental impact of its operations.



Quality education

The Group, in collaboration with the Fondazione Ferragamo, is committed to investing in the education and training of those who intend to work in the fashion and design world and in the highest and most artistic forms of Italian craftsmanship, in line with the stylistic values and canons expressed in the work of its Founder.



Sustainable cities and communities

The Group is committed to directing significant attention and resources to artistic and cultural initiatives, in order to ensure a more responsible management of urban reality and promote culture in all its forms and expressions.



Life below water

The Group is committed to protecting the oceans, seas and marine resources through concrete initiatives such as reducing the use of single-use plastic.



Renewable energy

The Group is committed to protecting and safeguarding the environment through continuous improvement of energy efficiency in its consumption and by promoting the use of renewable sources.



Responsible consumption

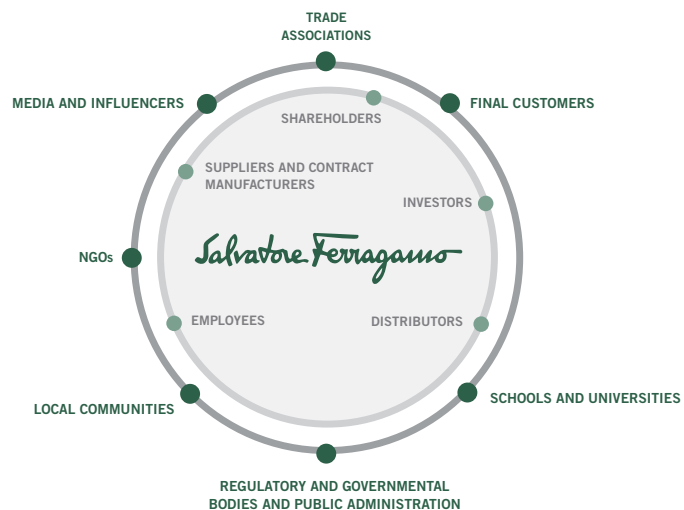
The Group is committed to guaranteeing responsible management in its processes to produce and consume resources, raw materials and packaging materials, investing in quality in order to reduce environmental impact and extend the life cycle of its products, and reporting on its business on the basis of the principle of transparency.



Life on land

In order to restore biodiversity, the Group is committed to implementing meaningful actions to protect species and promote a sustainable use of the terrestrial ecosystem.

SALVATORE FERRAGAMO GROUP'S STAKEHOLDERS' MAP



STAKEHOLDERS AND MATERIALITY

The numerous aspects of the sustainability path undertaken by the Salvatore Ferragamo Group are based on an approach focused on transparency, integrity and reliability, with the aim of engaging stakeholders in the economic, social and environmental goals of its business. The Group does not simply promote social responsibility initiatives, but recognizes the value of sustainability as part of its corporate strategy and puts forward innovative proposals for its stakeholders.

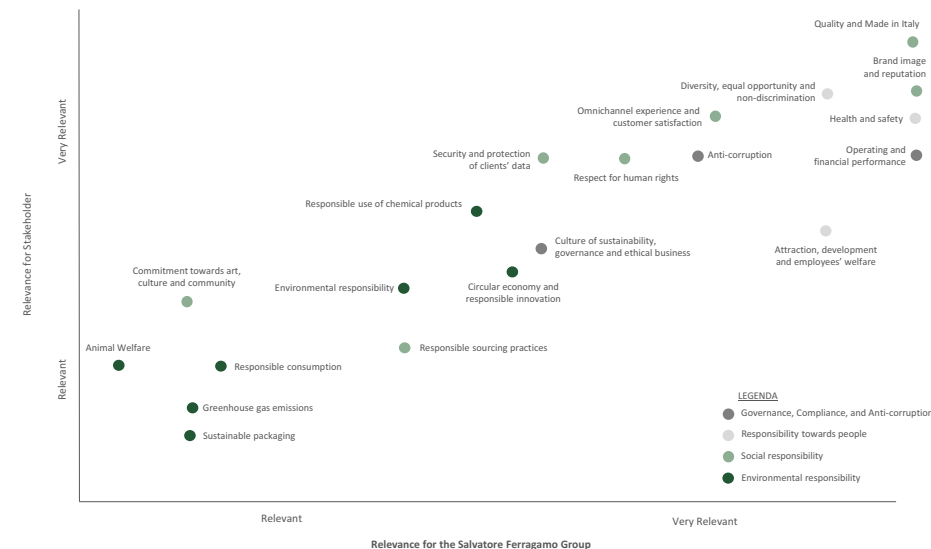
The Salvatore Ferragamo Group has identified and selected its **stakeholders** on the basis of the awareness of its social role and deep connection with the local community, which is necessarily related to its operations, for the purposes of understanding their expectations and translating them into actionable objectives. The

following have been identified as internal stakeholders: employees, shareholders, investors, distributors, suppliers and contract manufacturers. The following have been identified as external stakeholders: final customers, schools and universities, regulatory and governmental bodies and the public administration, local communities, non-governmental organizations (NGOs), media and influencers, and trade associations. The Group's internal and external stakeholders have not changed from those indicated in the 2018 Sustainability Report.

The Salvatore Ferragamo Group's **materiality analysis** reflects both the issues that are material for the Group and the concerns and expectations of its stakeholders. After conducting it for the first time in 2014 with the participation of the

Green Team and top management, the Group updated the materiality analysis in 2016 and, subsequently, in 2018, in accordance with the Guidelines of the Global Reporting Initiative (GRI STANDARDS) as well as the AA1000 Stakeholder Engagement Standard Guidelines for identifying, mapping and defining stakeholders' expectations as well as for processing the results of their engagement and prioritizing them. The materiality analysis was updated on the basis of the inputs by the Green Team and the Group's top management, as well as by engaging different categories of stakeholders, both internal and external to the Group, called upon to express their opinion in the process of defining, assessing and prioritizing material issues. To this end, a survey has been prepared with the aim of identifying, through the assignment of

SALVATORE FERRAGAMO GROUP'S MATERIALITY ANALYSIS



scores, those issues which, for their significance and relevance, should be included in the Non-Financial Statement. This survey was submitted to the Green Team, the Group's Regional Directors and the CEO of the Ferragamo Parfums. The outcome of the analysis is reflected in the materiality matrix. In order to **identify the needs and expectations of its stakeholders**, in 2019 the Company also held two workshops involving the main contract manufacturers of the finished product. The aim was to delve deeper into the principles set out in the Supplier Code of Conduct adopted in 2018. Thanks to a digital and interactive approach, more than 100 participants were able to provide information about the relevance of certain sustainability issues for their business and for the Group. The results reaffirmed the key im-

portance of issues such as: Quality and Made in Italy, Respect for Human Rights, Health and Safety, Environmental Responsibility and Sustainability Culture, Governance and Business Ethics.

This activity was carried out in addition to the stakeholder engagement initiative organized by the Group in 2018 with all suppliers involved in the Rainbow Future shoe value chain, in order to identify the most relevant sustainability issues from their point of view as Group stakeholders. In 2018, the Group also launched a digital platform to be used by corporate employees of Salvatore Ferragamo S.p.A. and the Group's American and European employees to explore present and future projects, results and goals in the field of social responsibility and to express their opinions on the latter. Over the years, stakeholder engagement activities

have also seen the involvement of important universities, Store Managers and Assistant Store Managers of European boutiques and of younger Group employees.

The key aspects being reported on in this document have been identified in the materiality analysis described above and confirmed in 2019, following an analysis of the trends and scenario, both in Italy and globally.



SALVATORE FERRAGAMO GROUP

Numbers
History and market
Responsible management

"Long before climate change set off a global push for sustainability in fashion, one Italian shoemaker was years ahead of the curve".

T Magazine Singapore

SALVATORE FERRAGAMO GROUP

NUMBERS

The Salvatore Ferragamo Group, which has always been a byword for top quality and Made in Italy products, is one of the main players in the luxury industry and its origins date back to 1927. The Group is mainly active in the creation, production and sale of footwear, leather goods, apparel, silk products, and other accessories, as well as fragrances for men and women. In addition, the product range includes eyewear and watches manufactured under license by third parties in Italy and abroad, with the aim of taking advantage of local traditions.

The Salvatore Ferragamo Group includes Salvatore Ferragamo S.p.A. as the Parent Company and the subsidiaries¹, consolidated on a line by line basis, in which the Parent Company holds, directly or indirectly, the majority stakes and over which it exercises control. The subsidiaries are grouped into five geographic areas: Europe, North America, Central and South America, Asia Pacific and Japan.

The Group works constantly to consolidate and increase over time the value of the brand and maintain high quality standards for the products and distribution processes through investments in research, product innovation, IT and business support.



THE GROUP'S MILESTONES - 2019

≈ 90

COUNTRIES WHERE IT OPERATES

OVER 650

STORES WORLDWIDE

OVER 4,200

EMPLOYEES WORLDWIDE

1,377.3

MILLION EURO IN REVENUES

335.5

MILLION EURO IN EBITDA

87.3

MILLION EURO IN NET PROFIT ATTRIBUTABLE TO THE GROUP

¹ For more information on the Group companies, please refer to the Salvatore Ferragamo Group's Annual Report at 31 December 2019, which is available at the following link: group.ferragamo.com/it/investor-relations/documenti-finanziari

HISTORY AND MARKET



1898

Salvatore Ferragamo born in Bonito in the province of Avellino.



1923

After joining his siblings in America, Salvatore Ferragamo opens the Hollywood Boot Shop marking the start of his career as "shoemaker to the stars".



1927

The Salvatore Ferragamo Italia set up, producing women's shoes. Opens the first laboratory in Florence.



1936

Salvatore Ferragamo transfers the shoe laboratory to Palazzo Spini Feroni, which he then bought in 1938 and is still the registered office of the Group.



1938

Salvatore Ferragamo makes the famous Rainbow model for Judy Garland, the year after inventing the patent for the cork wedge heel.



1947

In Dallas Salvatore Ferragamo receives the Neiman Marcus Prize for his "Invisible" sandal.



1950s

The women's leatherwear and Ready-to-Wear lines are created. The success is now international and the store in Florence is visited by celebrities such as Audrey Hepburn and the Dukes of Windsor.



1960s

After the death of the Founder, his wife Wanda takes charge at the Company. In 1965 the production of bags starts.



1970s

Launch of the first men's Ready-to-Wear collections, men's footwear, silk and accessories.



1978

Creation of Vara, one of the most famous shoes by Salvatore Ferragamo.



1986

Opening of the first DOS in Asia (Hong Kong) and entry into the Asian market.



1990

Creation of the bag with the famous Gancini decorative symbol.



1995

Inauguration of the Museo Salvatore Ferragamo at Palazzo Spini Feroni, dedicated to shoes and the Company's history.



1998

Launch of the Salvatore Ferragamo Fragrances and Eyewear lines.



2003

Realization of the first Salvatore Ferragamo watches.



2006

Start of the Ferragamo's Creations collection, a limited production run of some of the most famous shoes made by Salvatore.



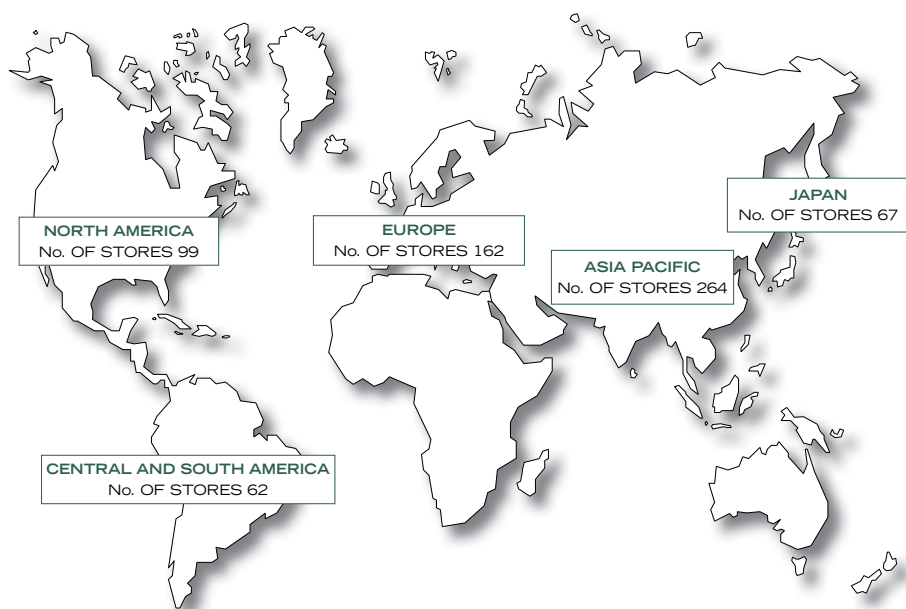
2011

Salvatore Ferragamo S.p.A. listed on the Mercato Telematico Azionario (screen-based stock exchange) organized and managed by Borsa Italiana S.p.A.



2019

Appointment of Paul Andrew as Salvatore Ferragamo's Creative Director.



Considering the whole distribution structure, the Ferragamo Group is present in **about 90 countries across the world**.

At 31 December 2019 the Group's distribution network, consisting of a total of **654 stores**, could rely on 393 directly operated stores (DOS) and 261 single-brand third-party operated stores (TPOS) in the Wholesale and Travel Retail channel, as well as on its presence in leading Department Stores and top-level multi-brand Specialty Stores.

In 2019, the Group's distribution network underwent multiple renovations and saw some new openings: in April 2019, Salvatore Ferragamo opened in Portofino - following those in Florence and Capri - its third store in the world exclusively dedicated to the line

Ferragamo's Creations, featuring some of the Brand's iconic footwear models inspired by the genius of its Founder. Additionally, in October 2019, the Salvatore Ferragamo Uomo store reopened in Rome. For the reopening, a kaleidoscopic digital work was created by artist James Dawe, who exclusively signed a series of video installations featuring photographic fragments of the eternal city and symbols of the Ferragamo world. Furthermore, in 2019 a series of initiatives were also presented in store with international partners for the launch of the Gancini Monogram project. To celebrate the collection, starting in January with the Gancini pop-up store in Tokyo Omotesando, various pop-up stores were opened around the world in collaboration with a

selection of artisan workshops, restaurants and innovative stores in New York, Milan, London, Paris and Shanghai.



RESPONSIBLE MANAGEMENT

Salvatore Ferragamo S.p.A.'s Corporate Governance system complies with the principles of the Corporate Governance Code for listed Companies issued by Borsa Italiana S.p.A. The main corporate governance body is the Board of Directors, which has the primary responsibility for determining and pursuing the strategic objectives of the Company and of the Group. The current Board of Directors was appointed by the Shareholders' Meeting of 20 April 2018 based on the single list submitted by the majority shareholder Ferragamo Finanziaria S.p.A., except for the Director Micaela le Divelec Lemmi, who was co-opted by the Board of Directors on 31 July 2018, pursuant to art. 2386 of the Italian Civil Code, and will remain in the position until approval of the separate financial statements as at 31 December 2020. The Board of Directors has also set up three board committees providing advisory services and making proposals: the Nomination and Remuneration Committee, the Brand and Product Strategic Committee, and the Internal Control and Risks Committee.

Following the amendments to the Italian Corporate Governance Code for listed companies, the Board of Directors of Salvatore Ferragamo S.p.A. resolved to assign the following powers to the Group's **Internal Control and Risks Committee**:

- support, with suitable inquiries, the assessments and decisions of the Board of Directors relating to the management of risks deriving from unfavorable events and facts which the Board has become aware of, including the risks which may be relevant in terms of sustainability (e.g. reputational risks and risks connected with climate change) in the medium/long-term for the Company's business;
- supervise sustainability issues connected to the business undertaken by the Company and its

interaction with all stakeholders.

Concerning risks, the Salvatore Ferragamo Group adopts an **Enterprise Risk Management (ERM)** model designed to support top management in identifying the main business risks and the ways in which they are managed, as well as organizing the system for their monitoring and treatment. The system adopted deals with the following aspects: updating of risk mapping, identification and assessment of the risks and controls adopted to mitigate them and definition of suitable monitoring and management strategies. Moreover, in 2019, in line with the European Commission's recommendations (Guidelines on reporting climate-related information) under the Sustainable Finance Action Plan, the Group embarked on a path to integrate climate-related risk factors into its risk mapping. This activity included an analysis of both the organization's impacts on climate and the climate's impacts on the Group's value chain, so as to determine how physical and interim climate change risks are integrated and mitigated within the Group's ERM system. The process made it possible to increase the level of awareness, understanding and monitoring of climate-related risks and opportunities. The macro-categories of risk and the main impacts in terms of sustainability are described below:

- market and strategic risks, in other words internal and external risks relating to the general and/or specific macroeconomic trends in the markets where the Group operates. As part of this category, the main impacts in terms of sustainability are connected to internal and external events that could impact on the Brand's image and reputation. Risk factors include, for example, the product's appeal to customers in terms of its transparency and sustainability and the failure to move to a lower carbon economy, as it would increase the

company's impact on climate and, in turn, the impact of climate on the company. Other factors include the failure to adopt new, more innovative and environmentally-friendly technologies, the dissemination of information or news and possible breaches relating to the production chain (e.g. greenhouse gas emission management) which, albeit entrusted to outsourced workers, may have an indirect impact on the Brand.

- Operating risks connected to typical processes, which include both external risks, such as those relating to the infringement of intellectual property rights, and internal risks related to the organizational structure, processes and systems adopted by the Group. The main impacts in terms of sustainability are mainly connected to safety and customer satisfaction, including product quality, health, safety and quality of workers' professional life and the value chain.

- Financial risks, in other words those risks impacting directly on the economic result and on the value of the Company's assets. The impacts in terms of sustainability are connected to the economic and financial performance and to the systems adopted for the reliability, timeliness and completeness of financial reporting, as well as to the involvement and transparency of information towards stakeholders and the market in general.

- Internal and external compliance risks connected to the failure to comply with laws and regulations to which the Salvatore Ferragamo Group is subject. With respect to sustainability, the following controls should be mentioned: the adoption of a Code of Ethics, the implementation of an Anti-Corruption Policy, the adoption of an Organization, Management and Control Model pursuant to Italian Legislative Decree 231/2001, and the creation and dissemination of a Supplier Code of Conduct.

The Group's Code of Ethics, which was updated in 2016, outlines the standards of ethics and conduct, including the protection of employees' health and safety, the environment and Made in Italy products, the social value of the company, and the centrality of human resources. On one hand, the Group encourages everyone to spontaneously share, comply with, and disseminate the Code of Ethics; on the other, it requires everyone operating on behalf of the Salvatore Ferragamo Group or coming into contact with the Group to abide by and apply the Code, also envisaging the application of disciplinary and contractual sanctions in the case of violation. During 2018, the **Anti-corruption Policy**, which had already been adopted by the Parent company, was adopted by all the subsidiaries through approval by the individual Boards, its translation into local languages and dissemination to all staff. In line with best practices and in accordance with the most restrictive regulations applied at a global level, this Policy formalizes our strong commitment to fighting corruption, rejecting it in any context or form. Indeed, it sets out the principles, rules of conduct, and controls to be implemented to prevent all possible incidents of corruption. The Group believes it is essential to tackle any behavior that is at odds with the values and principles laid down in its Code of Ethics or that breaches legislation. To cement this, an e-learning course was provided in 2019 to all Group employees.

In addition, the Parent Company has adopted an OHSAS 18001 Occupational Health and Safety Management System for all the Company's offices and stores in Italy. The Salvatore Ferragamo Group has also adopted an **Organization, Management and Control Model** pursuant to Italian Legislative Decree 231/2001 that governs the administrative liability of

legal entities. The latest version of the Model was approved by the Board of Directors in March 2017 and adopted by the subsidiary Ferragamo Parfums S.p.A. after making the necessary changes. The aim is to prevent persons in top positions, or persons subject to their management or supervision, from committing in the interest or for the benefit of the Company the offenses set out in the Decree. The Group has set up a Supervisory Body with independent powers of initiative and control, which is responsible for supervising the implementation of, and compliance with, the Model as well as constantly updating it. To raise awareness with respect to the Model and its guiding principles, the Parent Company regularly offers training sessions for all employees. Salvatore Ferragamo decided to formalize its care and attention for its own people in its Company Regulation that set out the principles underlying the employment relationship, as well as the main rights of Ferragamo employees.

With particular reference to **social topics**, the Group monitors the risks associated with the supply chain, the local community, and occupational health and safety issues. It constantly monitors and regularly evaluates the adequacy of the procurement model and the supply chain as well as compliance with Made in Italy labeling requirements and OSH regulations in terms of impact and probability of occurrence. On the other hand, with reference to **environmental risks**, the Group constantly complies with environmental laws and the risks which stem from the activities, products or services over which the organization has the power of direct control, for example concerning emissions released into the atmosphere, energy and water consumption, or over which the organization has only the power of influence. In the broader con-

text of the Group's Compliance risk, the Group is strongly committed to fighting corruption and bribery. The same applies to employee-related matters and the respect for human rights: the Group considers its human capital to be crucial, and is committed to maximizing people's potential at each step of the production chain while constantly monitoring risk factors.

In order to mitigate the probability and impact of the occurrence of such risks, the Group implements numerous measures relating to the enhancement of the local community, responsible communication and marketing, respect for human rights in the supply chain and the promotion of integrity and ethics in business. In particular, the Group has a specific assessment procedure for contract manufacturers and suppliers of raw materials and finished products, and carries out audits on the production chain. In 2019, the Group disseminated its own **Supplier Code of Conduct**, which it adopted in 2018, to suppliers of raw materials, processing services and finished products. Drawn up with a view to integrating social responsibility and collaborating with its own supply chain, the Supplier Code of Conduct sets out ethical principles and rules of conduct, which supplement the legal, regulatory and procedural standards that underpin commercial relations with the supply chain. The rules and standards of conduct concern business ethics and integrity, labor and human rights, respect for ecosystems and product responsibility.

Failure to comply with the Code of Ethics and internal procedures, including the 231 Model and the Anti-Corruption Policy, as well as applicable laws and regulations, may be reported through dedicated channels, including the **whistle-blowing** system, which covers the entire Group. All employees can use this tool to submit a report,

either anonymously or not, with the utmost confidentiality and privacy. An Ethics Committee is in charge of evaluating the reports received, of carrying out all necessary investigations to establish whether the report is well-founded and of taking the measures deemed necessary. Since 2018, the Group has adopted Whistleblowing Policy to regulate how to send and handle reports of breaches of the Code of Ethics, laws or any other procedure within the Group, in line with best practices and the recent law 179/2017, which introduced whistleblowing for the private sector in Italy. This policy has been provided to all recipients (employees, social bodies and collaborators working on behalf of the Group), while appropriate instructions have been disseminated to all subsidiaries to spread awareness of the policy. Additionally, in 2019 a specific e-learning course on the whistleblowing system was provided to all Group employees.

In 2019, Salvatore Ferragamo obtained the **SA8000:2014** certification for its management system in the area of social responsibility. A committee, called the Social Performance Team (SPT), was set up; it is composed of a balanced number of representatives of workers and management and it oversees the implementation and correct application of SA8000 standard. In addition, in line with the Group's Code of Ethics, Salvatore Ferragamo adopted the SA8000 policy to further confirm the Company's commitment to achieving the highest ethical and sustainable business development standards, upholding and implementing the principles of SA8000 in its corporate activities, in line with applicable legal provisions and main international conventions on human rights and workers' rights. Also in 2019, the Company adopted the **Policy for combating child labour**, which aims to formalize the company's commitment in this area and pre-

vent children from being exposed to situations that may be risky or harmful for their development and physical and mental health. Lastly, further confirming the Group's key focus on its human capital and in line with the Code of Ethics, in 2019 an **Inclusion Policy** was adopted which enshrines the Group's commitment to promoting and protecting inclusion values in all its business activities.



MEMBERS OF THE BOARD OF DIRECTORS OF THE PARENT COMPANY - 31 DECEMBER 2019

	30 - 50		> 50		Tot	
	Men	Women	Men	Women	Men	Women
MEMBERS OF THE BOARD OF DIRECTORS	15%	15%	47%	23%	62%	38%
• OF WHICH EXECUTIVE					25%	40%
• OF WHICH INDEPENDENT					25%	40%

MADE IN ITALY QUALITY

Tradition and innovation
Suppliers and contract manufacturers
Customer focus

"Welcome to the circular economy: also in this
Salvatore Ferragamo was a pioneer".

Io Donna

MADE IN ITALY QUALITY

TRADITION AND INNOVATION

Salvatore Ferragamo was a pioneer in exporting **Made in Italy** quality. Since 1927 Italian craftsmanship has been an essential value at the basis of every creation of the Brand: it is not just a question of manual skills, but also of experience, utmost care and attention to detail, continuous research into materials and technologies, to be incorporated into a hand-crafted and at the same time innovative product, in line with the Founder's creative principles. Relentlessly pursuing innovation is a key value for the Group, rooted in Salvatore Ferragamo's legendary creative talent. The Patent Archive of the Founder has over 350 patents and trademarks, which at the beginning of the 21st century were collected in the patent fund of the State Central Archive, thus encompassing a technical and scientific knowhow of inestimable value. The Founder's restless creativity is reflected in the massive amount of ideas he patented over the years, such as the shell-shaped sole, the wedge, the sculpted heel, the invisible upper, the cage heel, and the metal sole. The Archive is still today a source of innovation and inspiration for the new generations of creative talents.

Passion for materials accompanied Salvatore Ferragamo's work right from his early days in the United States in the 1920s. The material, in the same way as the form and craftsmanship on which the beauty, comfort and durability of a shoe depend, was valorized by Salvatore Ferragamo in every model, so as to leave the material's qualities unchanged and, at the same time, to adapt it to the functionality of the shoe. This interest and continuous experimentation was not only for leather and embroidered uppers, the heirs of a centuries-long tradition of Italian craftsmanship, but also for poorer materials which had never been used for shoes in Ferragamo's time: paper, bark, raffia, hemp, fish skin and cellophane.



THE GROUP'S MILESTONES - 2019

OVER 90%

ITALIAN RAW MATERIAL SUPPLIERS

≈ 50%

FINISHED PRODUCT CONTRACT MANUFACTURERS IN TUSCANY

OVER 280,000

COUNTERFEIT PRODUCTS SEIZED BY CUSTOMS OFFICIALS

OVER 350

PATENTS AND TRADEMARKS

SUPPLIER CODE OF CONDUCT

SHARED WITH THE GROUP'S SUPPLIERS OF RAW MATERIALS, PROCESSING SERVICES, AND FINISHED GOODS

SPECIAL SUSTAINABILITY AWARD

CONFERRED TO THE RAINBOW FUTURE BY BORN AWARDS

Many of the Founder's most famous creations are products of his time and clearly show he was sensitive to the economic and manufacturing changes that swept Italy in the 20th century. To strengthen the sole of his shoes during the autarky of the 1930s, Salvatore Ferragamo had the brilliant idea of using cork and thus created the wedge, one of the fashion industry's most revolutionary and enduring innovations. The change in vision, caused by unfavorable circumstances, becomes for the true creative designer a powerful stimulus to refine research and to find alternative solutions which maintain the key goals of fashion, that are glamour and innovation. This is the lesson that Ferragamo left us with his work: any material, even the most modest and apparently unsuitable for a luxury business, can be brilliantly and creatively adapted when the ideas, which are linked to the materials, are driven by limitless technical and innovative ability. Following the death of his Founder, the Group has consolidated the tradition of experimenting with sustainable and alternative materials by setting up a dedicated function, with the aim to constantly updating what is used.

The Group has always interacted with realities committed to research and experimentation and acknowledges the importance of raising the awareness of its creative teams with respect to the use of sustainable, innovative and high-quality materials. For this reason, in 2019 a seminar was organized for the style, production and material research teams, entitled "Metal free: eco-toxicological and media aspects", given by Professor Gustavo Defeo, one of the world's leading experts in tanning chemistry. During the seminar, the results of his research on the environmental impact of tanning and the consequences of using specific metals were set out. In 2019, the Company actively participated

in several conferences and academies set up to stimulate a conversation on sustainability among Italian and international fashion leaders. Salvatore Ferragamo also participates in the Make Fashion Circular Initiative promoted by the Ellen MacArthur Foundation with the aim of engaging companies on the circular economy issue in the world of fashion starting from the design phases.

With a view to celebrating the link between the tradition of Made in Italy and the Brand's commitment to sustainable development, in 2019, the **42 DEGREES** capsule collection was presented, conceived by two young designers from Salvatore Ferragamo, Flavia Corridori and Luciano Dimotta. The capsule is the result of an in-house competition, which saw the participation of the young designers from Salvatore Ferragamo, who followed the following brief: "create accessories with sustainable materials that are in keeping with the Brand's iconic style". The result was judged by an international jury of experts, journalists and influencers. The capsule, consisting of two sneakers for men and women, a backpack and a shopping bag, was inspired by the iconic "Rainbow" sandal, a model from 1938, which uses the colors of the rainbow. In fact, the collection is named after the 42nd degree: the height of the sun that makes this extraordinary optical phenomenon visible. All the components of the collection are made of Italian materials and are manufactured by companies that operate in Italy and have been present on the market for years, combining tradition and innovation and ensuring a transparent and traceable supply chain. The leather used for the bags and sneakers was exclusively developed for Salvatore Ferragamo with wet-white chrome and metal-free tanning. For the sneakers, the soles contain a high percentage of natural rubber, dyed with colors obtained from plants

cultivated in Italy. The filling of the sole in cork is developed in Sardinia and the footbed insole is 100% made from organic fibers such as corn, kenaf and wool, without any chemical binding agents. The linings are finished with water and not with solvent. The ribbon, which is the connecting element in the collection, is in woven fabric, yarn-dyed with a system which enables a reduction in the consumption of water, fossil fuel and chemical products. The ribbon is made with a yarn obtained from an exclusive hi-tech polymer, which, thanks to a mechanical and not chemical process, transforms 100% of plastic bottles, saving water and energy and with lower CO₂ emissions compared to a standard polyester. The backpack is made with the same material. The capsule collection was launched in stores in April 2019, at the same time as the inauguration of the "Sustainable Thinking" exhibition at the Museo Salvatore Ferragamo. The launch of the in-house contest was also the opportunity to provide further training on the sustainable materials now on the market to a broad audience of stylists and product area managers.

In 2019, again during the Sustainable Thinking exhibition, Ferragamo's Creations, the line created in 2006 to reintroduce the most innovative and important models created by Salvatore Ferragamo throughout his artistic career, launched **five women's models** which faithfully reproduce the originals created by Salvatore Ferragamo from the 1930s to the 50s and which are now in the Brand archive. From the cork heel to the felt, from the cellophane to the raffia, to the patchwork uppers, the models in this capsule bear witness to the creativity of Salvatore Ferragamo: materials and techniques which at the time reflected the creative expression of that period of history and now embrace the world of sustainability.

In 2019, the **Rainbow Future** sandal, which was presented in a limited edition in the Ferragamo's Creation collection, obtained the "Special Sustainability" prize at the Born Awards 2019 - Italy. Organized by BORN, the digital platform that brings together and supports the creativity of the best Italian and international companies, in partnership with Land Rover, each year the BORN Awards recognize creative intelligence in six categories: architecture, interiors, sport, fashion, mobility and technology. The Rainbow Future sandal celebrates the link between the Made in Italy tradition and the Brand's commitment to sustainability. The model, inspired by the principles of sustainability, was presented in a limited edition of 100 pairs. Made with responsible materials and

techniques, the model was born from the legendary Rainbow sandal, one of Salvatore Ferragamo's iconic creations, made in suede in 1938 for the actress Judy Garland. Rainbow Future features a hand-finished wedge in real wood, handcrafted in organic crocheted cotton (certified in accordance with the strict environmental and social GOTS - Global Organic Textile Standards), with lining in leather finished with no carbon dioxide emission or water consumption (Layertech technology). Rainbow Future has obtained the ISO 14067 certification, by virtue of which it was possible to quantify the emissions produced by the manufacturing process and to offset them through reforestation projects, thus making the sandal carbon neutral. To this end, Salva-

tore Ferragamo has called on the support of Treadom, a Florence-based company which promotes the implementation of agri-forest projects and CO₂ offsetting. Treadom has planted 100 orange trees in the countryside around Catania, in the context of sustainable production of high-quality products by means of environmentally friendly processes. A code on the accompanying certificate firmly ties each tree to a pair of Rainbow Future sandals: a precious, symbolic gift by Salvatore Ferragamo to the customers who buy them.



SUPPLIERS AND CONTRACT MANUFACTURERS²

SUPPLIERS IN FIGURES - 2019



While respecting the values of quality and Made in Italy, the Group has always been committed to supporting the development of local communities, promoting Italy's world-class manufacturers and carefully purchasing products and services almost exclusively from Italian suppliers. The philosophy of the Founder, who remained deeply connected to his roots, still lives on in the strategy of the Group, which relies on a wide network of carefully selected and qualified contract manufacturers known for their outstanding craftsmanship. Many of them have been working with Salvatore Ferragamo for years now.

In order to deliver a quality product while making production and distribution cycles more efficient and flexible, the Salvatore Ferragamo Group pays special attention to the key stages of the supply chain, limiting subcontract-

ing to only one tier in order to better monitor quality throughout the supply chain. Similarly, the Group directly manages the product development and industrialization stages, performing quality and safety controls, both at the start and at the end of the manufacturing process, on the whole production.

In selecting the most suitable suppliers, the Group places special emphasis on the technical assessment of raw materials, semi-finished and finished products as well as on the acquisition of documents concerning manufacturing plants - and, in some cases, it follows up with a visit to the premises. In order to ensure the essential quality of the Brand's products, the Salvatore Ferragamo Group uses a selection process for suppliers and contract manufacturers, aimed at assessing whether the potential new partners have

the technical and qualitative prerequisites, the economic and financial prerequisites and all the documentation and certification required to start collaborating. Potential new partners must meet specific requirements in order to qualify as contract manufacturers and suppliers of raw materials or finished products for the Group, such as: acceptance of the Supplier Code of Conduct, Privacy Policy, self-certification of successful verification of the professional and technical requirements, pursuant to Italian Leg. Decree 81/08, the Certification of Labor Compliance (DURC - Documento Unico di Regolarità Contributiva), the signing of the Restricted Substances List (RSL), the statement of compliance with social security, welfare and occupational safety regulations, the statement of acceptance of the subcontracting policy, the list of subcontractors and the signing of the trademark

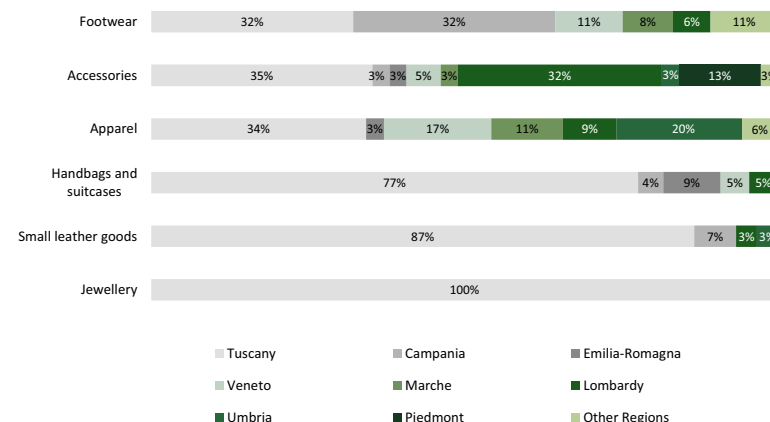
protection agreement. The Group recognizes the importance of manufacturing and selling products which comply, in terms of chemical security, to the laws in force on global markets, in order to protect the health of workers and consumers as well as reduce the environmental impact from manufacturing and throughout the product's life cycle. EU legislation relating to chemical security is based on the REACH regulation concerning the use of chemical substances. For these purposes, environmental and toxicity tests are conducted on several components and finished products such as accessories, footwear structures, leather, textiles, leather

goods, ready to wear, PVC shoes, and rubber soles, by selecting collaborators exclusively among certified raw materials suppliers. Since 2016, the Salvatore Ferragamo Group has been addressing the issue of chemical substances by submitting its Restricted Substances Lists (RSLs). The lists, which were drawn up voluntarily in order to eliminate or restrict the use of some chemical substances during the manufacturing process, were updated in 2018 and were shared with all suppliers and contract manufacturers and signed by them. During 2019, the subscription of the Group's RSLs by suppliers of special works and structures, with both direct and

direct relationships with the Company, was completed.

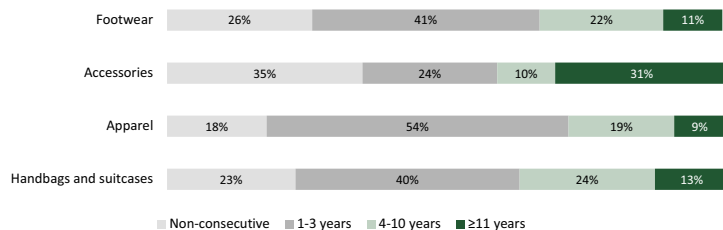
The Group relies on a procurement structure with a high level of technical preparation and works with historic companies, with which it has established an ongoing collaboration. This structure highlights the Group's strong connection to the local territory and, considering the geographic distribution, it has a high percentage of Italian raw material suppliers, equal to around 98% of procurement in 2019.

GEOGRAPHICAL BREAKDOWN OF ITALIAN CONTRACT MANUFACTURERS BY SECTOR - 2019



² The reported data and information exclusively refer to suppliers related to production operations.

YEARS OF PARTNERSHIP CONTINUITY WITH SUPPLIERS BY SECTOR - 2019

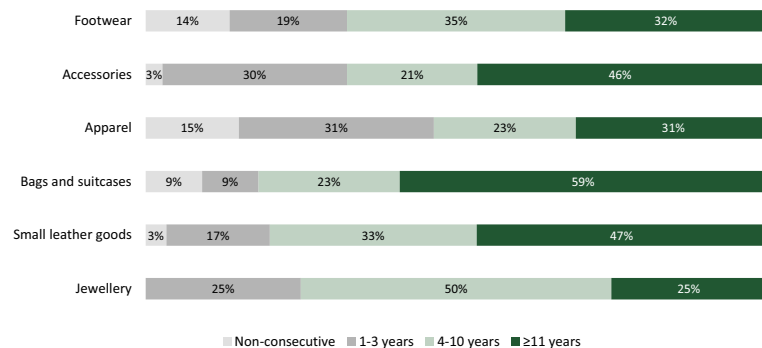


With respect to contract manufacturers, the Salvatore Ferragamo Group works exclusively with highly specialized manufacturing companies that meet the most demanding quality standards, most of them located in Italy. The selection and retention of external contract manufacturers is key to the Brand, mainly for the purposes of maintaining the world-class quality standards of its products as well as protecting Ferragamo's extensive know-how developed over the years. The **retention of external manufacturing facilities** has been traditionally guaranteed by ongoing partnerships, the frequent exchange of information and skills between the Group and contract manufacturers, and the highly spe-

cialized products and production processes involved. Approximately 60% of handbag and suitcase contract manufacturers have worked with Ferragamo for over 11 years and 67% of footwear contract manufacturers have had a work relationship with the Group for over 4 years. This integration is supported by an IT system that connects the main workshops with the Group. This allows to share the progress of production and logistic processes, check whether raw materials are in the workshops' stock, and effectively plan the production stages as well as the procurement of raw materials and components.

In addition, by signing the trademark protection agreement, the Salvatore Ferragamo Group bans external workshops from selling the Brand's products to third parties. Contract manufacturers are required to disclose if they work with any subcontractors, to which they can outsource different production processes, in accordance with the policy limiting subcontracting to just one tier. Furthermore, the Group constantly monitors workshops through inspections performed by technical and production staff.

YEARS OF PARTNERSHIP CONTINUITY WITH CONTRACT MANUFACTURERS BY SECTOR - 2019



For the Group, collaborating with the supply chain is key to achieving the highest ethical and sustainable business development standards: for this reason, it promotes monitoring and awareness-raising initiatives along its supply chain. In 2019, the Company formally diffused the **Supplier Code of Conduct**, setting out the ethical principles and rules of conduct that, along with legal, regulatory and procedural provisions, must govern the Group's business relations with its partners. The Code includes rules and standards of conduct concerning business ethics and integrity, labor and human rights, the respect of ecosystems, including respect of animals and environment protection, and product responsibility. The recipients of the Code are the Group's suppliers of raw materials, manufacturing services and finished goods, and they are responsible for guaranteeing their own compliance with the Code, as well as for disseminating it and asking their employees, suppliers and external collaborators to comply with it. During 2019, two days of training were organized for the main Group's contract manufacturers of finished goods, with the aim of sharing the principles set out in the Supplier Code of Conduct. More than 100 participants at the workshops were able to learn more about the provisions of the Supplier Code of Conduct and the sustainability strategy of Salvatore Ferragamo. The Code, which has been included in the list of documents that should be signed for the qualification of suppliers and contract manufacturers, provides for the request for a formal commitment to comply with the principles and rules contained therein, the monitoring of compliance through an audit plan, as well as the provision, if necessary, of support to achieve full compliance. In order to facilitate the qualification process for its sup-

ply chain, including the signing of the Supplier Code of Conduct, in 2019 the Ferragamo Link platform was launched, which enables immediate and efficient exchanges of documents and information between the company and suppliers.

The Salvatore Ferragamo Group has always paid particular attention to the social, environmental and economic impacts that it generates and considers collaboration with the supply chain essential to achieve the highest ethical and sustainable business development standards. In this context, of particular importance is the responsible procurement of materials derived from animals, which are used in manufacturing processes, for each product category. The Group considers the approach to the issue of animal welfare along the supply chain essential, in the knowledge that the value of products can be maximized only while respecting the environment and biodiversity. To formalize its commitment to animal welfare, during 2019 the Group decided to draw up an **Animal Welfare Policy** in order to guarantee that the whole supply chain acts appropriately in terms of animal welfare. The Policy establishes the minimum requirements, certifications, standards, forms of collaboration, strategies and procurement sources to be favored in order to guarantee such welfare.

In addition, in order to assess compliance with the principles set out in the Supplier Code of Conduct, the Company is setting up a specific audit plan for contract manufacturers and suppliers, who are initially asked to fill in a self-assessment questionnaire. This audit activity accompanies the monitoring of sub-suppliers which the Group has been doing since 2014, in order to assess compliance with ethical and social standards. The audits on the second level of the

supply chain are organized according to a multi-year plan and managed by a specialized external company, in order to verify respect for human and workers' rights, as well as compliance with occupational health, safety and hygiene regulatory standards. The audit process involves several stages. Firstly, subcontractors are required to fill in a pre-assessment survey; then, an on-site audit is carried out, which includes interviews with both employees and the management. Based on the audit findings, the Group prepares an improvement plan with the subcontractor to prevent, mitigate, or remedy any non-compliance. The plan requires implementing specific actions within given deadlines agreed upon by the parties, as well as clearly identifying a person responsible at the supplier. Since 2014, the Group has conducted over **300 audits and about 120 follow-ups**. During 2019, the assessment process mainly involved the categories of women's footwear, men's footwear and leather products. Also in 2020, the Salvatore Ferragamo Group will be committed to continuing this monitoring, in order to guarantee responsible management of its supply chain in compliance with the laws in force.

Always with a view to social responsibility and human rights in the supply chain, in 2019 Salvatore Ferragamo took part in the Social Sustainability Commission of the National Chamber of Italian Fashion, which, in collaboration with Fair Wage, launched an analysis to assess salaries in the Italian fashion supply chain, in order to identify possible problems and highlight the virtuous approach of Made in Italy as good practice.

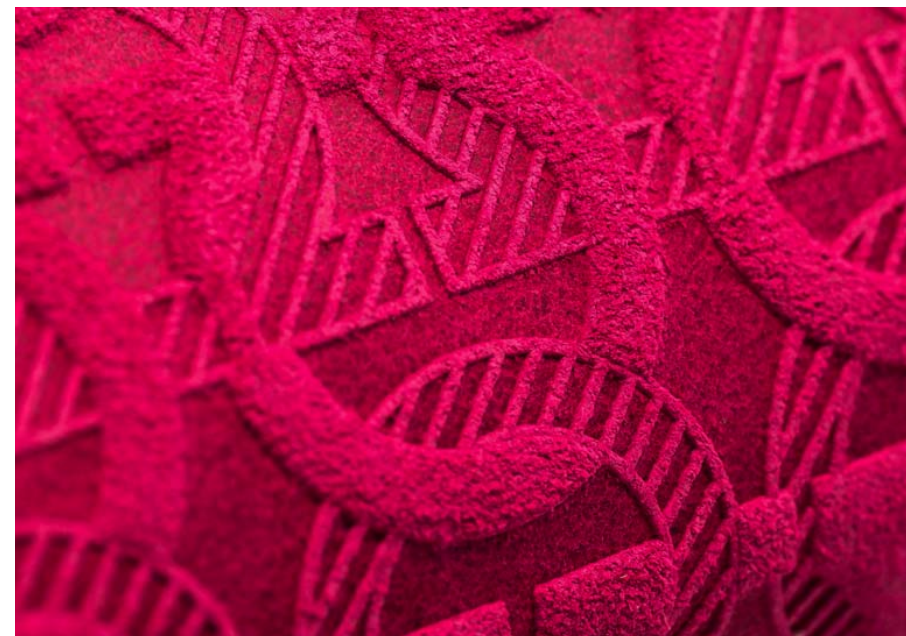
With reference to footwear production, in 2019 at the factory in Osmannoro, the new **Manovia** - the historic unit for prototypes and production consisting of ma-

terial cutters, joiners and fitters - was inaugurated. Established in 1967, the Manovia mainly creates samples and prototypes and fine-tunes the structures (stretchers, heels, insoles, and soles) for the new models. It consists of approximately 20 people, mostly young, who produce 30 to 40 pairs of shoes a day. In addition, the Manovia manufactures models of the highest quality that are part of the Ferragamo's Creations collection. The models are manufactured in limited quantities and numbered. They are entirely handcrafted using the techniques, materials, and finishing details of the Founder. All Ferragamo's Creations shoes feature the Brand's historic logo, designed by Lucio Venna in 1930,

and provide the opportunity to explore Salvatore Ferragamo's creative tradition, celebrating his pioneering vision and know-how.

Since November 2017, the **Modelleria** division for Men's and Women's Leather Goods has been active: a 1,200 square meter workshop where craftsmanship and research meet, designed to pass the know-how of master leather craftsmen on to young talents. With this investment, the Company has created a state-of-the-art workshop that celebrates the world-class technical skills and creativity of the people that research materials, create the style, and make the Ferragamo product. Staying true to its tradi-

tion and craftsmanship, the Group wants to celebrate the "Ferragamo touch" in the world of leather goods, with infinite possibilities for testing innovative types of leather and materials during the processing stages as well as improving the quality and efficiency of development processes. Together, Manovia and Modelleria are key to preserving the know-how passed on by the Founder and carried on by the skilled craftsmen of the Salvatore Ferragamo Group.





CUSTOMER FOCUS

Customer satisfaction has always been the main goal for Salvatore Ferragamo when defining its strategies, from the conception of the product to the service offered at the stores. Respect is the foundation of the relationships with customers. This is why the Group works on several initiatives to deliver a satisfactory and delightful purchase experience that meets the desires of its customers.

At the Reputation Awards 2019, an event realized by the Reputation Institute in collaboration with Borsa Italiana, Italy Rep-Trak@2019 was presented, a study on the reputation of Italian companies in which Salvatore Ferragamo was ranked 11th, the top brand in the fashion and luxury sector. Managing and protecting one's reputation is now a responsibility for all corporate divisions; this recognition highlights the internal cohesion and teamwork and strengthens the Brand's external perception by all stakeholders.

The Group adopts a **customer centricity strategy** that allows to anticipate the needs of existing and potential customers in order to create long-term value. In this light, during 2019 the Brand promoted the development of collections which are more focused on customer needs and which follow the concept of "Buy-now/Wear-now". A further step forward in Customer Centricity was taken with the creation of a new buying process that takes into consideration - starting from the store - the location, the sales history and customers. In addition, during 2019 the Merchandising and Customer Experience teams worked increasingly side by side, to enable a better understanding of current and potential customers, and to propose collections that are more in line with the market.

The store is one of the main touchpoints to communicate and

experience the brand and product through an engaging experience. In this perspective, during 2019 the Customer Relationship Management (CRM), Client Engagement and Customer Care divisions were integrated under the Customer Experience division, with the aim of developing synergy and consistency between customer knowledge, involvement and relationship management. This integration enables the Group not only to enhance the relationship with existing customers and win over new ones, but also to periodically monitor performance. In order to involve and create even more engaging experiences for customers, in 2019 numerous initiatives were developed to support the launch of new products and collections, including: the involvement of a stylist to present the collection and to create specific looks dedicated to customers, the collaboration with Ferragamo Parfums to personalize fragrance bottles, the Gifting service for loyal customers and the "collecting moments" campaign, with the involvement of customers and sales staff who, by shooting with a polaroid, captured unique in-store moments.

To ensure customer understanding and satisfaction, the Group strives to make its sales staff capable of conveying the passion for craftsmanship and quality that characterized Salvatore Ferragamo. In this regard, in 2019 the new "Stardust" training plan was developed, which recalls the Founder's epithet "Shoemaker to the stars" and focuses on the importance of the customer relationship and the training of store managers and sales assistants. The model was developed with the objective of Customer Centricity, following the 4Cs model: Consistency, Collaboration, Community and Communication, focusing on the Customer. The "Stardust" project aims to enhance the role of store manager and sales assistant through workshops focused on meeting

the needs of the customer of the future. The training program was initially developed through focus groups and interviews to identify the training needs of store managers and sales staff, and subsequently saw the organization of workshops in the United States, Europe and China, following a test stage. The cornerstone of the "Stardust" plan retail strategy is directly linked to the customer experience, in order to enable them to experience "Salvatore Ferragamo emotions", such as energy, magic and authenticity. The learning methodology of the training courses is based on a multi-faceted and multisensory approach which leverages both existing skills and knowledge and the values of the Brand, developing the sense of belonging to the Company and to the global training community by adopting consistent means of expression at both corporate and local level. The results have had a very positive impact on the Client Experience and on staff engagement.

Therefore, for the Salvatore Ferragamo Group, **retail staff training** is key to keeping the Brand exclusive and driving engagement. The goal is to make every employee aware of the company's culture, which is made up of traditions as well as strong and distinctive values. The **iLearn platform**, available to all sales staff, continues to be the tool used for the training concerning guidance of new hires and seasonal training. This platform, accessible from PCs, tablets, and smartphones, is based on an adaptive technology that allows perfect viewing from any device. The contents include a general introduction to the history and legacy of Salvatore Ferragamo, information on product storytelling and the selling ceremony, as well as more specific and professional contents related to individual product categories. The Group uses the iLearn platform also to distribute seasonal training programs, ex-

panded and optimized in terms of form and usability, as well as contents, specifically focusing on key selling points and storytelling. At the end of each training module, employees are given tests whose results are tracked by the digital platform; everyone can download their certificate of attendance and digital passport, which includes a record of all digital courses attended. Around 60 digital courses have been published on iLearn in nine languages on the in-store collections. As part of seasonal training, during 2019 the key selling points of the product were once again highlighted, seeking to offer ideas for storytelling aimed at improving the Client Experience.

As part of the initiatives promoted in favor of customers, the Group uses the "Authenticity Tag" system, which protects the consumer that purchases a genuine and Made in Italy Salvatore Ferragamo product, preventing and limiting counterfeiting. This innovative traceability project consists in the implementation and adoption of an NFC (Near Field Communication) solution to uniquely identify Salvatore Ferragamo products. NFC is a radio-frequency technology based on a chip, which stores the data, and an antenna that sends signals using radio waves. The combination of chip and antenna is the so-called Tag. A device known as reader is able to decode the radio signals emitted by the **RFID (Radio Frequency Identification) Tag**. The NFC Tag is embedded into the product at the end of the manufacturing process and activated following a quality control check. It cannot be counterfeited, as it is based on a unique identifier certified and assigned by a manufacturer. It allows to encrypt or protect with a password the data on it, as well as read it from only a few centimeters using new generation smartphones. Industry insiders can also access an application that reads some of the data

stored in the Tag, such as the serial number, the manufacturer number, and the collection the product is part of. The Group has gradually expanded the scope of the project in recent years, and the Tag is currently embedded into all Ferragamo leather products, except for a few models. Moreover, with respect to ties and scarfs, the project will be implemented starting from the next collections.

Over the years, the Salvatore Ferragamo Group has implemented a series of offline and online **anti-counterfeiting measures** to protect its customers and the value of its brands. Its online monitoring activities have enabled it to achieve significant results every year. In 2019, 18,422,922 illicit contents and profiles were removed from the main social media platforms, and a total of 128,878 advertisements of counterfeited products were identified, blocked and removed from online auction sites. Furthermore, 74 illegal websites were also challenged through "almost in rem" actions before the New York court. Still in 2019, the Group carried out constant controls on physical markets through several in-court, out-of-court administrative and criminal proceedings, focusing its efforts on one of the territories where counterfeiting is most widespread, that is in China. In this country, thanks in part to increasing cooperation with local authorities, 194,010 counterfeit products were seized in 2019, compared to a total of 282,434 worldwide. The Group's commitment to combating counterfeiting has delivered remarkable results, also in terms of damage compensation, and has guaranteed constant and efficient protection of industrial and intellectual property rights. These activities will be vigorously renewed in 2020.

The integration of the digital world in the modes of communication completes the Group's brand ex-

perience, offering the possibility to enrich the knowledge of the Brand in an effective and experiential way. In 2019, there was greater connection between customers and the Salvatore Ferragamo's world through the Group-wide optimization of product display and engagement. The innovations introduced included the eCommerce platform and website in Mexico; in addition, product variety in the Ready-to-Wear category has been increased in the online stores in Europe and the United States, guaranteeing online customers access to a catalog similar to that available in Store. In the same direction, on the Chinese market the Visual Merchandising of WeChat Mini-Program has been implemented, and the Japanese market has seen the introduction of ERP SAP, in order to offer an increasingly innovative service aimed at Asian users. In order to be able to control the availability of the various products and to book an appointment, the omni-channel Reserve in Store service has been extended to some European stores and to the Korean store. Instead, in the American market another omni-channel service has been introduced, the Ship from Store, which enables various boutiques to dispatch eCommerce orders directly from the store, reducing delivery costs and times. The most important improvement has been the activation of the new TFour customer care service, aimed at offering online users a service to ensure excellence and prompt order fulfillment. During 2019, TFour started to operate in Europe, the United States, Canada and Mexico and will be gradually introduced worldwide. In order to be able to offer an increasingly customer-oriented service, new upgrades were released for the User Experience Mobile, guaranteeing more fluid and intuitive navigation. Worthy of note was the development and introduction of the MyVara project, an online service which allows users to personalize

the iconic Vara décolleté, choosing from among various colors, letters and special characters in order to create unique models.

The digital initiatives have also involved **social media**, the use of which makes it possible to further engage customers and guarantee a complete experience of the Brand. The year started with the launch of the Gancini project, accompanied by the digital campaign run by the blogger Bryanboy. Amplified by a range of collaborative experiences with craftsmen, the project has been shared on social media in the digital series Gancini Chronicles.

During 2019, Salvatore Ferragamo's digital world was also the catalyst for messages linked to sustainability. From the inauguration of the Sustainable Thinking exhibition to the launch of the 42 Degrees Capsule Collection, social media raised public awareness of environmental responsibility, while the inauguration of the Fountain of Neptune, which was restored thanks to the contribution of Salvatore Ferragamo, was shared on social media, thus celebrating the Company's bond with the local territory. In addition, in 2019 the Fountain of Neptune was the

backdrop for the 2020 Spring-Summer men's collection fashion show, which was held in Piazza della Signoria in Florence during Pitti Immagine Uomo and which was shared on the Brand's digital platforms.

Again in 2019, social media told the story of Salvatore Ferragamo's debut at the Met Gala, one of the biggest fundraising events in the fashion world, which put the Brand in the global spotlight and had a significant impact on social media.

In 2019, the digital campaigns launched by Salvatore Ferragamo also celebrated women, such as the BOXYZ Bag project, which promoted female diversity, bringing together women from all generations and cultures, and the #FollowVara campaign, realized to celebrate the 40th anniversary of the iconic pumps.

Finally, the social platforms also reached the world of perfumes, with the launch of Gillo, a reinterpretation of the fragrance born in 1960 from the Founder's inspiration, and of the perfume Signorina Ribelle. All social media advertising campaigns were designed in line with the Patchwork of Characters philosophy promoted by the Brand's Creative Director, Paul

Andrew, whose vision celebrates "being together" and "inclusion" as models for all ages, cultures and backgrounds.

THE SALVATORE FERRAGAMO GROUP ON SOCIAL MEDIA
GROWTH IN FOLLOWERS (2018 vs 2019)

INSTAGRAM	+30.3%
PINTEREST	+14.8%
LINKEDIN	+26.1%
WEIBO	+23.4%
WECHAT	+53.9%
FACEBOOK	+3.6%





A SHARED HISTORY

Inclusion and equal opportunity
Attracting and developing talent
Wellbeing of people

"A dive into the world of sustainability, not only in terms of manufacturing, but also of the environment and people in all their diversity".

MF Fashion

A SHARED HISTORY

It is people who, every day, with passion and dedication, contribute to the Brand's success, carrying out the Group's business while respecting the heritage and values which have always been a hallmark of the Founder and his family. This is why the Salvatore Ferragamo Group attributes vital importance to the over 4,200 people with whom it works and is committed to ensuring their management based on the principles of fairness, integrity and respect.

The enhancement of human capital at every stage of the manufacturing process translates for the Group into the professional development of its people, the attraction of new talent and the promotion of work-life balance, guaranteeing compliance with occupational health and safety standards. During 2019, the Group further enhanced its commitment by adopting an Inclusion Policy and Salvatore Ferragamo adopted an SA8000 Policy and a Policy for combating child Labor. These initiatives supplement the Code of Ethics, the Group's Sustainability Policy and the Company Regulation, which already established the values and principles underpinning working relationships.

In particular, the Inclusion Policy enshrines the Group's commitment to promoting and protecting the values of inclusion in business activities. Salvatore Ferragamo's SA8000 Policy confirms the corporate commitment to achieve the highest standards of ethics and business sustainable development in compliance with the applicable legal provisions and the main international agreements on human and workers' rights. Finally, the Policy for combating child Labor aims to further formalize the corporate commitment in this field and to avoid minors being exposed to situations that may risk or harm their growth and their physical and mental wellbeing.



THE GROUP'S MILESTONES - 2019

≈ 70%

FEMALE EMPLOYEES

OVER 50%

UNDER 30s AMONG THE NEW RECRUITS

OVER 90%

EMPLOYEES ON PERMANENT CONTRACTS

SA8000

SOCIAL RESPONSIBILITY CERTIFICATION OBTAINED BY SALVATORE FERRAGAMO

INCLUSION POLICY

ADOPTED BY THE SALVATORE FERRAGAMO GROUP

WOMEN EMPOWERMENT PRINCIPLES

ADOPTED BY THE SALVATORE FERRAGAMO GROUP AND PROMOTED BY UN GLOBAL COMPACT AND UN WOMEN

INCLUSION AND EQUAL OPPORTUNITY

Guaranteeing its people the opportunity to grow in a work environment where diversity is considered an added value is a priority for the Group and during 2019 it launched many initiatives in this direction.

The **Inclusion Policy**, which was formally adopted in 2019, is among the main projects taken forward in this sense. The Policy aims to support multiculturalism, which is considered essential to develop innovative and distinctive elements that can increase the Brand's competitiveness and promote equality and equal opportunities, fighting all types of discrimination and condemning any form of harassment. In addition, the Policy sets the goal of promoting meritocracy and fair treatment at all levels, facilitating the development, expression and enhancement of individual potential. As further confirmation of the commitment in terms of inclusion and diversity, in 2020 the Company will join **Valore D**, the first business association in Italy committed to creating a professional world free of discrimination, where gender equality and the culture of inclusion support the growth of the organization itself. The issue of diversity will be at the heart of a training course which will see the involvement of the Group's employees during 2020, with the goal of promoting and raising awareness on the culture of inclusion. The engagement of workers on these issues started in 2019, when the Group's employees were at the center of a project on diversity realized by the profiler Ellie Uyttenbroek and the photographer Ari Versluis, and displayed in the Sustainable Thinking exhibition at the Museo Salvatore Ferragamo. The two artists photographed the Group's employees and grouped them into series, highlighting how people in the company can freely express their individuality. Special emphasis is placed also on providing equal opportunities,

ensuring the same work conditions for male and female employees and promoting initiatives to help balance family and professional life through different types of employment agreements. More specifically, at 31 December 2019 there were 89 male employees and 336 female employees who were on part-time contracts. The latter have always played a key role in the Salvatore Ferragamo Group and female talent underpins the Brand's success, accounting for nearly 70% of its employees and holding around 65% of senior management positions. Women make up a significant 38% of the Parent's Board of Directors, beyond law requirements. In line with this vision and in order to strengthen its commitment to human rights and equal opportunities, in 2019 the Company adopted the **Women's Empowerment Principles** promoted by UN Women and the UN Global Compact. They consist of seven principles which aim to provide companies with a guide on how to promote gender equality and female empowerment in the workplace and in communities in general. In line with the contents of the Code of Ethics and the Inclusion Policy, by adopting these principles, Salvatore Ferragamo intends to reconfirm its commitment in terms of inclusion and respect of the principles of equality and dignity.

The Group adopts remuneration policies that recognize the personal contribution of each employee according to the principles of gender equality and merit. For several years now, the Group has been implementing a remuneration system differentiated for the various employee categories, including also economic incentives contingent on individual and company performance goals aimed at promoting a sense of belonging and teamwork. Finally, as for industrial relations, more than 50% of the Group's employees are covered

by collective bargaining agreements, as required by applicable laws and regulations in the countries where it operates. In addition, these agreements, together with the laws in force in the countries where the Group operates, also regulate the pay aspects as well as the minimum notice periods for significant operating changes. With respect to the Parent company, in 2019 the new supplementary agreement was signed concerning the stipulation of the corporate contract and the results bonus for 2019-2021. This envisaged significant changes in the structure of the Performance Bonus, building an innovative incentive system which aims to reward excellence at work.



ATTRACTING AND DEVELOPING TALENT

Passion and respect are values that characterize Salvatore Ferragamo's way of doing business; the Group is committed to attract talented individuals who believe in these principles and create an environment which favors their diffusion.

In 2019, 1,590 employees joined the Salvatore Ferragamo Group, around 52.3% of them were under 30 and around 66% were women, thus recording a staff turnover of 27%. Moreover, the offer of a stable and long-lasting employment relationship is considered a prerequisite for the company's growth, as well as an important motivational factor. The high proportion of employees on permanent contracts, accounting for 92.4% of the total in 2019, is evidence of the Group's commitment in this sense.

The Group promotes numerous initiatives aimed at attracting talented employees and valorizing them in their professional development. To select top young talents, the Parent company has partnerships with several Italian Universities, Business Schools and Design Academies, organizing presentations, career days, and field projects. During 2019, 23 **employer branding** initiatives were organized with national and international universities, during which Salvatore Ferragamo met 974 candidates, 42 of whom started training programs and work relationships within the company, double the number recorded in the previous year.

As for **specific agreements with universities**, 2019 saw the launch of the first edition of the Master in Shoe Design in partnership with the Polimoda Institute of Florence, a project designed to train the next generation of designers who can combine Ferragamo's creative inheritance and know-how with an innovative vision in line with new market trends. The partnership, which in 2020 will see a second

edition of the Master with a focus on sustainability, led to the recruitment of two young foreign designers who joined the men's and women's footwear creative teams. In 2019, the Company supported the "Sustainability Management track" of the Master in Brand & Business Management, held at Milano Fashion Institute, an inter-university consortium for high-level training in the fashion field founded by Bocconi University, Cattolica University and the Polytechnic of Milan. The aim of the course, offered in collaboration with Cittadelarte Fashion B.E.S.T. and Fashion Technology Accelerator, is to teach how to manage sustainability using a holistic approach, planning successful business strategies and responsible innovation, intercepting the new trends that are influencing the fashion industry. The collaboration included the launch of a field project, dedicated to the students of the Sustainability Management Track, aimed at investigating Salvatore Ferragamo's approach to circular economy, which led to the recruitment of a young female participant to the company team dedicated to sustainability initiatives. In addition, Salvatore Ferragamo offered a work experience to the winning student of the Vogue Talents Contest for the course "New Sustainable Fashion 2019 - Crafting innovative business models through sustainability" of the Milano Fashion Institute. Finally, in 2019, the Company started a collaboration on sustainability with Domus Academy for the launch of a competition to award some scholarships for two Masters in Fashion Management. The Company established the brief for the competition and supported Domus Academy in choosing the winners.

In 2019, field projects also regarded other universities and 20% of the young people who were offered internships came through this channel. In partnership with

the Accademia Costume e Moda in Rome, the "Hands-free Bags" project was launched, involving the students of the Master in Accessories who were asked to develop a capsule collection in men's leather goods with a focus on carryovers, customized creations and some visual merchandising proposals. In addition, in collaboration with MAFED, the Master in Fashion, Experience & Design Management of SDA Bocconi University, a project focused on the Customer Experience was finalized, with the purpose of developing an omnichannel and multisensory experience aimed at attracting and retaining young customers. Finally, the Company collaborated with Cattolica University in Milan for the Master EMLUX, Executive Master in Luxury Goods Management, which included classroom lectures given by the Company's top management on the subject of Digital & Innovation, in preparation for the launch of a competition in which 35 international students were asked to develop media material, for the purpose of communicating corporate values and culture to the Z Generation.

For Salvatore Ferragamo it is important that the corporate culture and sense of belonging are transmitted right from the start of the employment relationship and, for this reason, the Company provides an induction program called "**Discovering Ferragamo**" for all new recruits in Italy. The three-day Classic Induction course consists in a training session to introduce new hires to the Brand, the history of the Founder, and the Group's values, as well as guided tours of the new Logistics Hub, Manovia, the Museum and the Historical Archive in partnership with Fondazione Ferragamo and Museo Salvatore Ferragamo. In addition, in 2019, this Group's program was enriched with a workshop on the Company's values and know-how. The Customized Induction, which

is reserved to executives and managers, is instead organized so that it is tailored to the position the incoming manager is called to cover and, in 2019, it also involved colleagues from regions outside of Italy.

In order to promote the growth of people in the Company, in 2019 the activities to train and develop the talented staff continued, and a project was launched to design a Talent Management system at global level. As part of its own **Ferragamo Excellence Model**, the Parent company identifies nine essential competencies, broken down into Core Competencies and Managerial Competencies, to be enhanced in each employee. Core Competencies are key for all employees and enable them to achieve high levels of performance and quality, as well as promptly address issues and problems as they arise, by working in teams and exploring new ideas and solutions. The Group has identified additional competencies for middle and senior managers focusing on knowledge that is crucial in order to create value and improve competitiveness over time, inspiring enthusiasm and a passion for work and excellence in other people. In 2019, the "Nine Box Grid" methodology adopted by the Parent company was extended to more corporate divisions, in order to strengthen the culture of talent management and to map resources on the basis of performance and potential indicators. Over the next few years, the Group will gradually expand the Talent Management system to all employees, regardless of the geographic area in which they operate, maximizing the potential of key resources across the entire Salvatore Ferragamo Group. Also in 2019, the Company launched "**Ferragamo's Finest**", an important initiative of internal involvement, aimed at both the corporate and retail sides, to increase

the sense of belonging by identifying and rewarding colleagues who best represent the corporate values of passion and respect. All the Group's employees were invited to express a preference by voting for the colleague who best embodies the values of the Brand in day-to-day activities. The 11 winners, the Brand Values Ambassadors, were given the opportunity of a memorable experience by traveling to Florence to get to know the Parent company, visit the Museo Salvatore Ferragamo and Palazzo Spini Feroni. In addition, the winners were able to take part in the Pitti Uomo Fashion Show held in Piazza della Signoria and in other important events linked to the fashion world.

In 2019 the **Internal Job Posting** tool was enhanced at Group level. This enables the constant updating of open positions, promptly informing employees of potential internal growth opportunities. The Group will continue to develop the project in the upcoming years to promote a closer integration between all the areas in which the Salvatore Ferragamo Group operates.

Many of the initiatives carried out internally were promoted thanks to the use of the **Ferragamo Together** digital workplace, which became pivotal in terms of employee engagement. The innovative platform, which can also be used via mobile application, has been designed to facilitate collaboration and the sharing of ideas, information and projects among all Group's employees, increasing the sense of belonging and team spirit. Thanks to Ferragamo Together, in 2019 all the Group's employees were involved in a contest launched during the Sustainable Thinking exhibition at the Museo Salvatore Ferragamo: employees were indeed invited to express their creativity by inventing a slogan on Salvatore Ferragamo and

sustainability. The winner of the contest was chosen by the preferences expressed on the platform and by a jury made up of millennials from the Group. Ferragamo Together also enables the diffusion of content linked to the sustainability projects promoted by the Group through a dedicated section that can be accessed by all employees.

The digitization process the Company is pursuing has led the implementation of a new **eLearning** platform intended to expand the availability of training materials. The platform contributes to promote greater interaction between employees and favors the dissemination of cross-cutting content also with respect to compliance and certifications. Furthermore, with a view to sharing best practices, in 2019 the Knowledge Sharing meetings, open to all the Brand's employees, continued. In particular, during the year, these meetings aimed to promote knowledge of the world of fragrances.



To facilitate staff development, the Group implemented, in continuity with previous years, some performance assessment programs, including the **Performance Appraisal System**, in order to identify strengths and areas of improvement. The system is conceived not only as a monetary incentive system, but also as a development instrument: in fact, the performance appraisal is connected to a position profile and the specific technical skills required. During 2019, over 97% of the Group managers were subject to this type of analysis, as were around 80% of all the Group employees. In Italy, the new supplementary agreement signed for 2019-2021 envisaged, among other things, the extension of the performance assessment process to all employees and for all levels within the organization, in order to increase engagement and to make everyone feel part of the corporate goals and results. In particular, an assessment method was introduced, based on three of the Brand's distinctive elements: initiative, result orientation and customer orientation. The outcome of this assessment will allow to further increase the value of the bonus for the individual, while also rewarding individual performance. In addition, in order to enhance and expand the feedback and assessment culture throughout the Company and to support the application of the assessment expected by the new Performance Bonus, the training content "Capsule Assessment and Self-Assessment" was introduced in Italy and saw the involvement of over 350 employees.

In order to maximize resources in the retail segment and promote the constant improvement of the experience offered to customers in store, in 2019 the **Stitching Together** initiative continued, which allowed retail staff to obtain an increase in variable pay, focusing their energy on the sale of spe-

cific items and on achieving individual performance objectives. In addition, again in the retail sector, a specific staff development program was taken forward, with the aim of defining structured career paths and facilitating internal mobility.

Finally, as part of the initiatives to engage employees and promote team culture, in 2019 was organized a day of **corporate volunteering** involving, for the first time, colleagues from other Regions in which the Group operates. In Italy, the initiative envisaged maintenance, cleaning and gardening activities at the Horticultural Garden in Florence, in collaboration with the Fondazione Angeli del Bello, which is committed to enhancing beauty as well as cleaning and restoring many areas of the city. Salvatore Ferragamo China also undertook gardening and tree planting activities at Changfeng Park, while colleagues from Hong Kong volunteered at an elderly center. Salvatore Ferragamo Korea prepared handmade soaps using natural oils in order to fight the chemical pollution of waterways, while employees of Ferragamo Taiwan helped to clean some beaches.



WELLBEING OF PEOPLE

The Salvatore Ferragamo Group considers the wellbeing of its workers and the climate at the Company essential elements for its success and implements numerous initiatives as part of company welfare aimed at facilitating employees work-life balance.

As from 2014, a **Flexible Benefit Plan** was introduced in Italy, the purpose of which is to support workers and their families in social and cultural activities, in their training and in school fees and costs for their children. The plan consists of the possibility to replace or complement part of the variable pay with benefits in the form of services, to address personal and family needs. Specifically, employees can select their own type of benefit from a vast selection, including areas such as: education, sports, culture and leisure, travel and supplementary pensions. In Italy, the new supplementary agreement signed for 2019-2021 envisaged, among other things, an increase in the value of the Performance Bonus, including the possibility of transforming, in whole or part, the monetary value of the bonus into welfare services for employees on permanent contracts. Employees who choose to convert the bonus will have the right to a further net amount that can be spent on goods and services through the Flexible Benefits portal.

As part of company welfare, Salvatore Ferragamo also provides a series of exclusive **benefits** to its employees through agreements with companies operating in other sectors, such as health and wellness, banks, insurance, tourism, and sports. As regards supplementary healthcare offered to Salvatore Ferragamo's employees, in 2019 a series of improvements were implemented to extend the range of healthcare services covered, such as, for example, the inclusion of the employee's whole household at no extra cost for mid-

dle managers and white-collar and blue-collar workers. In addition, in 2019 a project was started, which will continue during 2020, aimed at implementing a global management plan for the Group's benefits programs, in order to support the Company in achieving important goals in terms of compliance with local regulations, control of insurance coverage as well as cost optimization and uniform and efficient management of employee benefit plans.

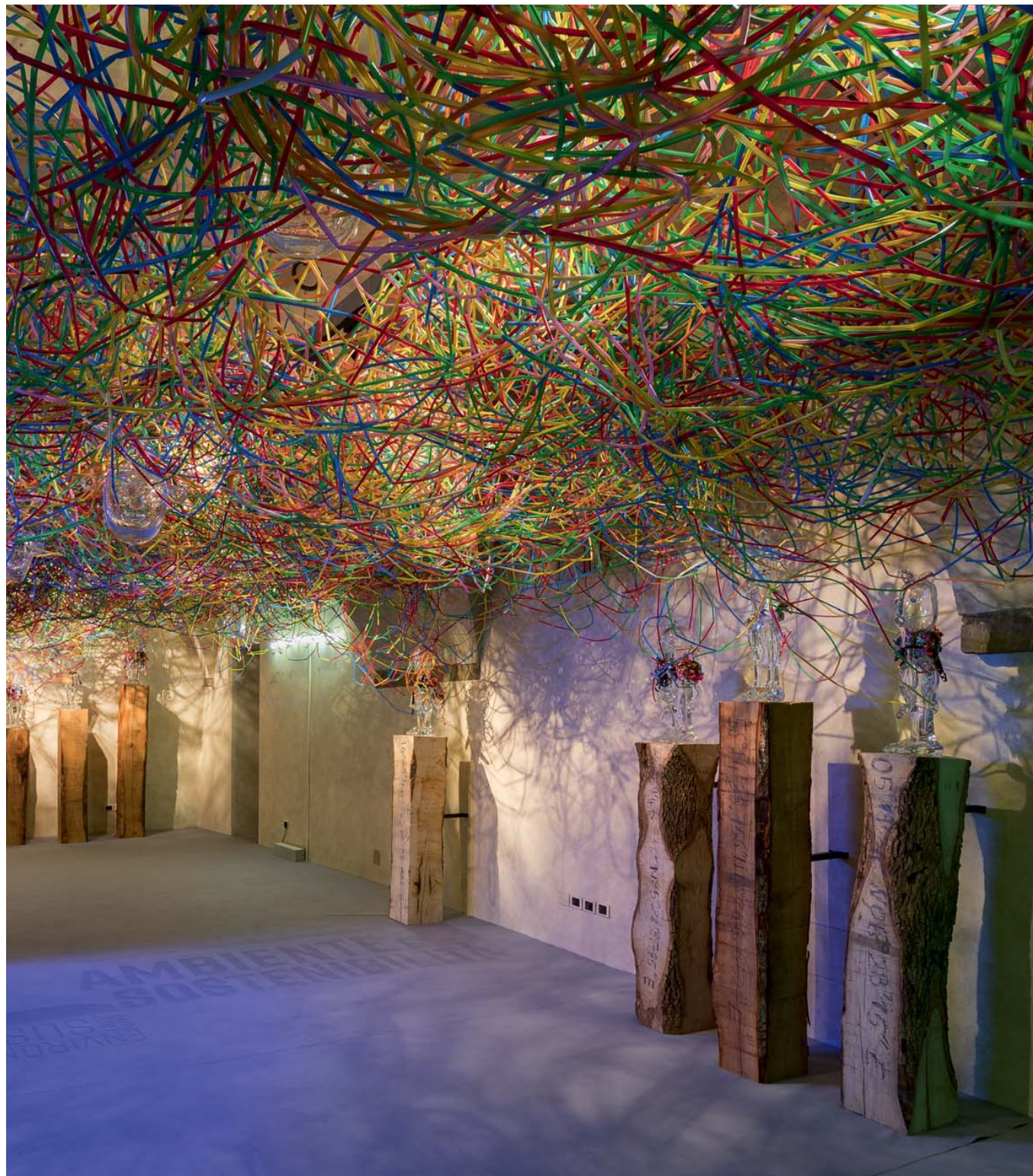
As part of the initiatives to improve work-life balance, an experimental stage continued throughout 2019 aimed at ensuring that Italian employees have greater **working hours flexibility** with respect to start and finish times. Furthermore, during 2019, the **smart working** pilot project was extended to other corporate departments and a new workflow system to manage attendance, with a more innovative and user-friendly interface, was introduced. Finally, in order to optimize employees' time spent commuting, in September 2019, a **Company Shuttle** service was launched in Italy, aimed at improving the quality of the commute and promoting a sustainable approach to mobility.

For Salvatore Ferragamo protecting and safeguarding human resources also takes the form of guaranteeing high occupational health and safety standards. For this reason, in 2019 the Company renewed its **OHSAS 18001:2007** certification relating to the management of health and safety and which is valid for all the administrative offices and the Italian stores. This result strengthens the effectiveness of the existing administrative liability system pursuant to the 231/2001 Model, ensuring that the principles of the relevant policy are properly implemented in all work environments. In addition, in 2019 Salvatore Ferragamo obtained for the scope of its Italian

operations the **SAB000** social responsibility certification, the main social certification standard based on the Universal Declaration of Human Rights, ILO agreements, international human rights laws and national labor laws. The standard encourages organizations to develop, maintain and implement practices that include respect for human and workers' rights, protection against the exploitation of minors and guarantees for workplace health and safety.

Attention to people is reflected also in the creation of workspaces that are both functional and pleasant. Since 2016, the Company has been working together with the Ferragamo Foundation on the **renovation, decoration and embellishment of workspaces**. In 2019, for example, the new Manovia and the New Historical Archive were set up in the Osmannoro site. Finally, again with a view to workplace wellbeing, in 2019, the Company started a collaboration with the University of Florence, which will continue in 2020, in order to undertake a program to assess work-related stress. Besides the assessment expected by the law, seminars, as well as team-building and face-to-face exercises which involved various corporate departments, were organized. In addition, together with the University of Florence, a collaboration was started to analyze methods of integrated ergonomic assessment and design of workstations and industrial machinery with a high level of manual input in the fashion and leather manufacturing sector.





CULTURE AND PARTICIPATION

Link with the community and the local territory
Museo Salvatore Ferragamo
Fondazione Ferragamo

"Today everybody supports the sustainable fashion trend but not everyone devotes a whole exhibition to it".

Vogue Russia

CULTURE AND PARTICIPATION

In 1927 Salvatore Ferragamo returned to Italy after twelve years in the United States and decided to set up his business in Florence, fascinated by the skill of the local craftsmen and by the beauty of the city with its wealth of art and history. Over the years the link with the city of Florence has remained unbroken and has been strengthened through the Company's support for significant restoration projects and numerous charitable initiatives for local causes.

After redefining, in 2014, the Group Charity Policy adopted by all subsidiaries, the Group decided to make several donations to charity initiatives promoting Italy's culture across the world as well as the health of women and children. The purpose of this policy is to provide a reference framework, for all Group subsidiaries, to be followed in defining donations, gifts and any participation in charitable associations, foundations and non-profit organizations. This process facilitates stronger governance and a new approval process, in order to coordinate more effectively charitable actions at an international level. In 2019, the Salvatore Ferragamo Group thus supported communities, charitable bodies and non-profit organizations that work for the causes identified by the Charity Policy, about 85% of which are aimed at promoting Italian culture worldwide.

Since 2017, the Group has doubled down on its commitment to culture and the local community by formalizing, in its Sustainability Policy, its intention to spread Italy's culture throughout the world, with particular regard to the sponsorship of initiatives that pay homage to art, cinema and music, and to actively promote social initiatives, with particular regard to projects in support of women and children.



THE GROUP'S MILESTONES - 2019

OVER 1 MILLION

EURO TO BE DONATED FOR THE RESTORATION OF THE LARGE SCULPTURES IN PIAZZA DELLA SIGNORIA AND OF THE DAVID IN PIAZZALE MICHELANGELO IN FLORENCE IN THE THREE-YEAR PERIOD 2019-2021

OVER 35,000

T-SHIRTS MADE FOR CORRI LA VITA

FONDAZIONE MEYER

BEGINNING OF A THREE-YEAR PARTNERSHIP TO SUPPORT NEWBORN SCREENING ACTIVITIES AND THE EXPANSION PLAN FOR THE MEYER CHILDREN'S HOSPITAL IN FLORENCE

SAN PATRIGNANO COMMUNITY

SUPPORT TO THE WEAVING AND LEATHER GOODS WORKSHOPS

OVER 41,000

VISITORS TO THE MUSEO SALVATORE FERRAGAMO SINCE 2019

SUSTAINABLE THINKING

EXHIBITION INAUGURATED AT THE MUSEO SALVATORE FERRAGAMO

LINK WITH THE COMMUNITY AND THE LOCAL TERRITORY

Right from the start, Salvatore Ferragamo has constantly interfaced with the world of art and culture. A relationship driven over time also by artistic patronage programs aimed at promoting culture and safeguarding Italy's artistic heritage, and in particular that of Florence. This approach includes the new **agreement signed with the City of Florence**, which includes the restoration of the equestrian statue of Cosimo I de' Medici by Giambologna in Piazza della Signoria, the Hercules and Cacus by Baccio Bandinelli and the copy of Michelangelo's David at the entrance of Palazzo Vecchio, the copy of Judith and Holofernes on the "Arengario" platform of Palazzo Vecchio, and the bronze copy of David at Piazzale Michelangelo. This support, which started in 2019, will continue over 2020 and 2021, bearing witness to how the relationship with art, with the city of Florence and with all its surrounding area is an integral part of the Brand's DNA.

Moreover, thanks to Salvatore Ferragamo, in 2019 the **Fountain of Neptune - the so-called "Biancone"** was inaugurated in Piazza della Signoria in Florence. It was returned to its original splendor by a careful and thorough restoration program. This gave the city back its most famous fountain in all its renewed glory thanks to the reactivation of the water system which feeds the majestic water features and which, for the first time in history, brings to life the scenarios imagined and desired by the designer Bartolomeo Ammannati. The restoration of one of the best known and most loved monuments in the city, presented in the year that celebrates 500 years since the birth of Cosimo I who commissioned the work and Caterina de' Medici, was supported thanks to 1.5 million euro provided by Salvatore Ferragamo through Art Bonus. The works, divided into

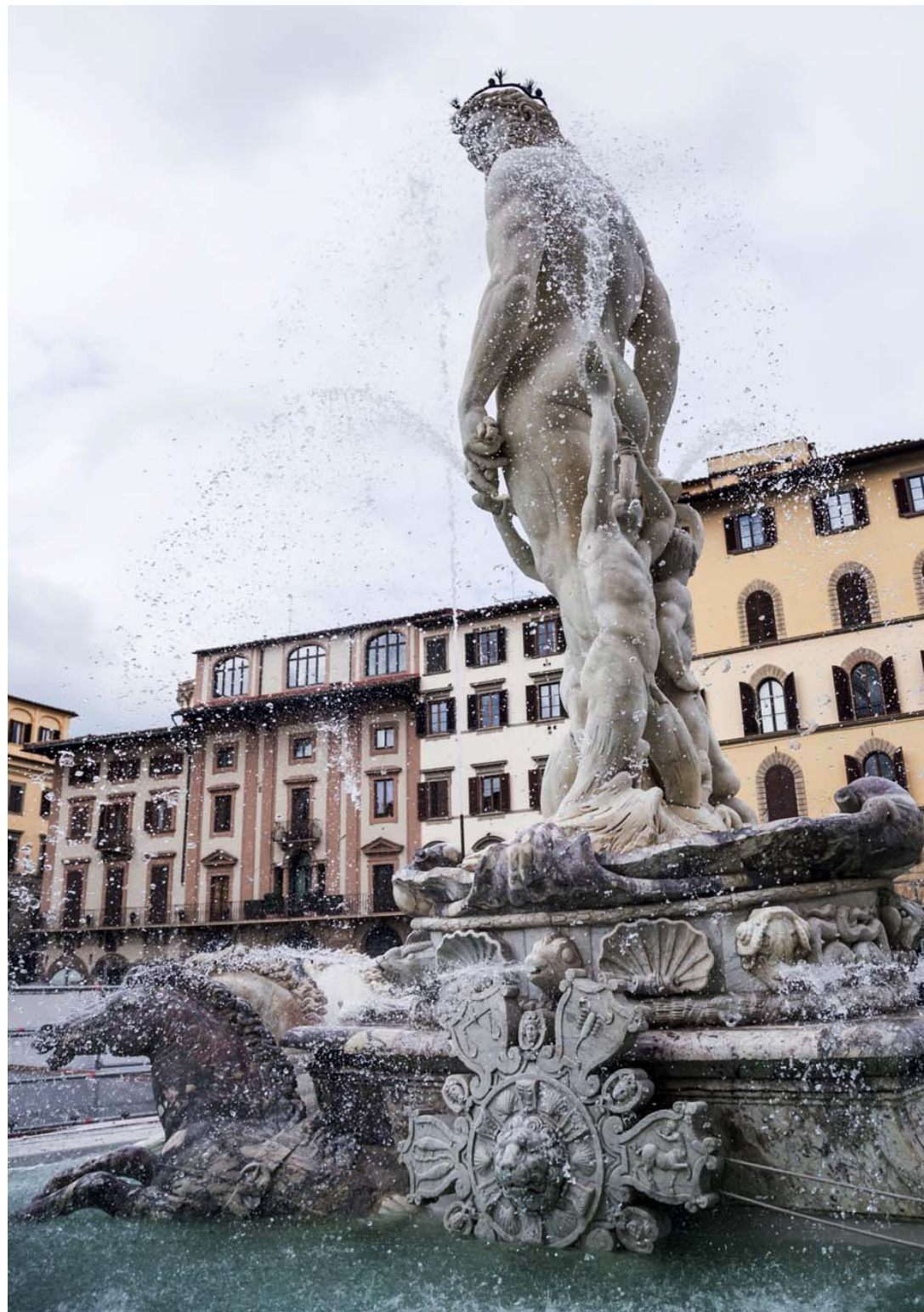
three separate programs, started in February 2017 and initially hid the statue of the "Biancone" from view, nonetheless allowing guided visits to the worksite along a protected route so that around 2,000 people from 90 different countries could appreciate the various stages of the work. The restoration required over 1,250 hours to clean the marble using lasers and 3,200 hours of restoration work on the bronzes, for a total of 764 working days. During the festivities for the end of the works on the Fountain of Neptune, all the Company's employees were invited to take part in the event organized by the Municipality of Florence: for the inauguration of the restored Fountain, Maggio Musicale Fiorentino performed the theatrical piece "E nel marmo e nel bronzo mise acqua e fuoco" (And in the marble and bronze he put water and fire), evoking the spirit of Renaissance and Baroque celebrations with a contemporary touch using modern technologies, such as projected images, lights and sound.

Over the years, Salvatore Ferragamo's charitable contributions have allowed to reopen 8 rooms of the Uffizi Gallery, containing approximately fifty major works of art from 15th-century Florence, as well as to renovate Florence's Colonna della Giustizia in Piazza Santa Trinita and Santa Trinita Bridge and curate the exhibition of Leonardo's Saint Anne painting, usually on display at the Louvre Museum in Paris. In addition, the Company helped preserve Florence's cultural heritage by participating in the British Institute of Florence's fundraising campaign for the renovation of the Harold Acton Library located in Lungarno Guicciardini and supported the renovation of the Campatelli Tower-House, a mid-12th century architectural masterpiece owned by Fondo Ambiente Italiano (FAI, Italy's National Trust) and located in San Gimignano.

In July 2019, in the presence of the Ferragamo family and the municipal authorities, at the crossroads of Ponte Vecchio, Via dei Bardi and Via Guicciardini, in the heart of Florence, Salvatore and Wanda Ferragamo were honored with the inauguration of "**Piazzetta Salvatore e Wanda Ferragamo**". By doing so, the Mayor Dario Nardella, together with the members of the city council, wished to honor the founder of the Brand and his wife, entrepreneurs who contributed to Florence's economic and cultural development, establishing a strong and lasting bond with the city.

The Group supports Italy's culture worldwide through additional projects and donations in all the areas in which it operates. In 2019, for example, the Salvatore Ferragamo Group supported the Italian National Ball in Australia and the Dante Alighieri Society in Hong Kong, as well as the association Save Venice in the United States. In addition, in May 2019 the new Museum of the Statue of Liberty, dedicated to the history and the ideals that the Statue embodies, was opened in New York. At the entrance to the museum there are 50 stars, as many as on the American flag. Each star is a dedication left by the patrons of this project and the Ferragamo family, which supports the museum, decided to dedicate its star to Salvatore and Wanda Ferragamo, so that the memory of them as well as their story remain alive alongside that very monument which welcomed the Founder and many others to the United States.

Since it cares deeply about women's and children's health, in 2019 Salvatore Ferragamo launched an important three-year collaboration (2020-2022) with the **Fondazione Meyer** of the Meyer Children's Hospital in Florence, an outstanding center for pediatric research



and treatment. The collaboration envisages the Company's support for the Hospital's newborn screening activities, through the purchase of a new machine for the neonatal diagnosis of rare diseases and the scientific research into new diseases. In addition, Salvatore Ferragamo will contribute to the plan to expand the Hospital, in particular the Parco della Salute (Health Park), where an important structure dedicated to daytime activities and child neuropsychiatry will be built.

Another initiative to support the excellence of Italian hospitals saw, in 2019, support for the clinical work and research at the Lymphoma Unit of **San Raffaele Hospital in Milan**, by means of a donation. Salvatore Ferragamo provided financial support for the work of two young female researchers specializing in Medical Oncology and Hematology. Specifically, they study the treatment and biological characterization of primary and secondary lymphomas of the central nervous system and indolent extra-nodal lymphomas. The Lymphoma Unit consists of a dynamic and multidisciplinary team in the Onco-Hematological Area of the San Raffaele Scientific Institute consisting of doctors from various units. This clinical research group has already made important contributions in various areas of aggressive and indolent lymphoma and established some of the specific treatments for these illnesses which have been incorporated into most international guidelines.

In September 2019, Salvatore Ferragamo was once again one of the main sponsors of the charitable sporting event "**Corri la Vita**", which in this edition achieved its all-time record of over 37,000 participants. Corri la Vita's proceeds go to non-profit projects for national health facilities specializing in the treatment of breast cancer through psychological support,

physical and social rehabilitation, prevention, training, and palliative care. The funds raised in 2019 were allocated to the EVA project that will involve the whole Florence area (Florence, Prato, Empoli, and Pistoia) in the fight against breast cancer and assistance to cancer patients; in addition to this, it also cooperated with Florence's LILT (the Italian League for the Fight against Cancer) to support the Ce.Ri.On. (ISPRO-LILT Cancer Rehabilitation Center in Villa delle Rose), FILE (Italian Foundation for Palliative Care) and SenoNetwork Italia Onlus, a portal that brings together the Italian Breast Units. To give visibility to the event, Salvatore Ferragamo made over 35,000 t-shirts for the participants and offered free entry to the Museo Salvatore Ferragamo during the whole day, recording over 2,600 visitors. Additionally, in 2019, the Group donated 10% of the income of a day in March 2019 in its Milan Women and Milan Men stores to the Italian League for the Fight against Cancer.

In 2019, the Salvatore Ferragamo Group also continued to support the **San Patrignano Community**, which has been helping the rehabilitation of young drug addicts in Italy for years. The money saved from the decision not to print 2018 Christmas cards was allocated to four work grants, so that two young women from the weaving section and two from the leather-making section could continue their work experience in the Community, once their drug recovery program was complete. In addition, during the inauguration of the Sustainable Thinking exhibition, the young women from the Community's weaving section collaborated on a special set-up for the shop windows of the Salvatore Ferragamo store in Florence, creating eleven large tapestries in a range of textures, one per shop window, using as the warp and the weft the Company's waste mate-

rials which would otherwise have been destroyed. The young women produced eleven combinations that bear witness to their handcraft skills, technical research, dedication to and appreciation of the concept of beauty. In addition, the Company collaborated with the graphics section of the San Patrignano Community entrusting it with the printing of the Group's Sustainability Report for 2018 and 2019.

Since 2019, the Company has supported **Flo Concept**, a social cooperative in Florence which promotes a new fashion business model to boost the confidence and enhance the independence and skills of those who are struggling economically, socially or psychologically, through many initiatives. Salvatore Ferragamo allocated the money saved from the decision not to print 2019 Christmas cards to a work grant for a young Pakistani man from the cooperative. In addition, the Company donated to Flo Concept over 1,000 meters of slow-moving materials, which were destined for disposal, for the realization of gadgets and other products.

In line with its Charity Policy to protect the health of women and children, during the year, the Salvatore Ferragamo supported Trisomia 21 Onlus, the non-profit association born to improve the social and personal skills of children with Down syndrome. Among other initiatives, the Association could count on the support offered by the Salvatore Ferragamo Group's employees through a fundraising initiative. Besides Trisomia 21 Onlus, during the year Salvatore Ferragamo hosted numerous associations in its company space for fundraising initiatives, including: the Onlus Faedesfa association, which operates for the benefit of young children affected by a rare genetic illness, the Italian Multiple Sclerosis Association,

the Italian Association for Cancer Research, and the Tuscan Tumor Association.

To help the needy and reduce waste, starting from 2014, Salvatore Ferragamo has chosen to donate through the **Banco Alimentare ONLUS Association** (Italy's food bank) the excess food from the Company cafeteria to "CEIS - Centro di Solidarietà" in Florence, where a canteen serves both lunch and dinner. The Banco Alimentare ONLUS Association, which collects food and checks its integrity, received approximately 1,300 first courses, more than 1,280 second courses, and over 1,000 side dishes.

Again, as part of its charity initiatives, Salvatore Ferragamo continued to support the **Charity Star** and **Charity Buzz** initiatives, auctioning off tickets for the September fashion show. The revenues obtained from the sale of the tickets were donated to associations operating in research, healthcare and social integration. Specifically, Charity Star collected funds for the Made in Carcere (Made in Prison) association, a social cooperative which helps female prisoners rejoin society and promotes the recycling and reuse of textiles. Charity Buzz, instead, collected funds to support the research and assistance activities of the National Association for the Fight against AIDS (ANLAIDS).

The commitment to social responsibility is not limited to Italy but extends also to all the areas in which the Salvatore Ferragamo Group operates. In Mexico, the Group donated a percentage of revenues from sales of a limited edition model of the Boxyz bag, developed by Paul Andrew together with the artists Frida Escobedo, Luna Paiva and Milena Muzquiz, to the Origen Foundation, which assists women and children, and to the Vergel Arte Foundation in Argen-

tina, which teaches art to hospitalized children. In Taiwan, instead, in 2018 the Group started a major activity of Christmas gifting for less fortunate children who live in remote areas, involving employees who managed to fill 100 Ferragamo shoe boxes with a range of gifts. Furthermore, in line with the Group's Charity Policy, additional donations were made to support local charities, including: The Trillium Health Partners Foundation in Canada, Girls supporting Girls, Champions for Charity and Leukemia & Lymphoma Society in the United States, The Korea Breast Cancer Foundation and Arumjigi Culture Keeper Foundation in Korea, The British School of Tokyo in Japan, The Food for Good Charity Event and Hong Kong Ballet The Nutcracker Benefit in Hong Kong, The Pearl S. Buck foundation in Taiwan.

In addition, also abroad the Company works to support local communities by facilitating their growth. In November 2019, during the Montnapoleone Gala Night in Shanghai, Salvatore Ferragamo received the **2019 Cultural & Sustainable Award** given for the Company's contribution to the growth of the Jing'An district of Shanghai. The award was given to the five companies which, in recent years, have had the greatest impact on the growth of the district in social and economic terms.

As can be seen from the many activities that the Group implements every year, the support and development of local communities are key objectives: as evidence of this commitment, it should be noted that over the years the Group has always endeavored to limit the risk of generating actual or potential negative impacts on the community.



MUSEO SALVATORE FERRAGAMO

THE MUSEO SALVATORE FERRAGAMO IN FIGURES

over 290

EXHIBITIONS AND PROJECTS MADE

over 41,000

VISITORS IN 2019

over 400

CONTACTS WITH SCHOOLS AND UNIVERSITIES

500

CONTACTS WITH MUSEUMS AND INSTITUTIONS

The strongest evidence of our commitment towards culture is the Museo Salvatore Ferragamo, established in 1995 inside the Group's historic headquarters by Mrs. Wanda Miletto Ferragamo and her six children. The activities of the Museum do not only include temporary exhibitions and workshops for children, the latter in collaboration with the Fondazione Ferragamo, but extend well beyond the site of the Museum. Specifically, the Museo Salvatore Ferragamo intends to represent the Group by exhibiting its most important significant items, i.e. to pass on culture within the Group in compliance with the Brand's identity, to create a sense of belonging, to train and spread business culture to the local community where the Group operates and, finally, to interact with other institutions.

In April 2019, the **Sustainable Thinking** exhibition was inaugurated at the Museo Salvatore Ferragamo, a narrative experience which follows the Founder Salvatore Ferragamo's groundbreaking intuitions on the use of natural, recycled and innovative materials, and the latest green experiments. The

layout of the exhibition, aimed to explore the key issue of sustainability, through a cultural and artistic experience that tells the tale of its evolution and interpretation. The exhibition housed works by international artists and fashion designers who presented their own interpretation of the recovery of a more thoughtful relationship with nature and its profound bond with know-how, the use of organic materials and their creative use, up to highlighting the importance of a collective commitment, of a smart and common approach. The invited artists, textile and yarn manufacturers and fashion designers proposed a range of approaches which, albeit being individual, focus on alternative manufacturing processes, offering ideas for design that can enhance the differences, use new technologies without having them imposed, mix the local with the global, and protect our ecosystem. The exhibition includes recent materials, works and items of clothing that are sometimes made to order for an occasion, and projects aimed at exemplifying and breaking down the multiple and essential forms of "an ethic and an aesthetic of

sustainability", in a format that can be easily understood by the various types of public who are offered the chance not only to learn about the issues addressed, but also to interact with them. The exhibition, which welcomed over 35,400 visitors between April and December 2019, draws inspiration from the research into materials conducted by the Founder Salvatore Ferragamo since the 1920s. Covering hemp, cellophane and fish skin, the exhibition then explores the stories of precious materials which, on reaching the end of their natural life, are transformed into high quality products, concretely representing the circular economy concept.

Calling on a scientific committee made up of specialists, academics and art historians with wide knowledge of sustainability-related issues and on different curators for the various sites, the Sustainable Thinking project envisaged exhibitions also in other prestigious locations around the city: Palazzo Vecchio, home of the City Council, which is one of the most important artistic sites in the city, and the Museo Novecento.

In keeping with the main message conveyed, the Sustainable Thinking exhibition obtained **ISO 20121:2012 certification**, which establishes a Management System prerequisites for the sustainable organization of events. Among the objectives of the management system is that of sharing the Salvatore Ferragamo's sustainability program in its entirety, placing particular attention on the stages of design and set-up, the choice of local suppliers, and the integration of the concepts of environmental sustainability, recovery and reuse.

The exhibition was preceded by the **Sustainable Thinking Symposium**, an international meeting on sustainability and future of fashion, held in the Salone dei Cinquecento in Palazzo Vecchio, with the patronage of the Municipality of Florence and made possible thanks to the support of Intesa Sanpaolo. The Symposium saw speeches by leading personalities from the world of fashion, architecture, and art, who offered their

point of view and told of their own experiences linked to sustainability. Some of the top fashion and design universities and schools also took part. The event, moderated by Camila Raznovich, opened with speeches by the Chairman Ferruccio Ferragamo and the Mayor of Florence Dario Nardella, and focused on the meaning of sustainability, on how companies' business models are changing, and on the state of research to improve our environment. The Symposium was streamed on the CSR section of the Group's website and on the Brand's Facebook page.

In 2019, the "Italy in Hollywood" exhibition at the Museo Salvatore Ferragamo ended; this exhibition analyzed the presence of Italians in California in the early decades of the 20th century and their influence in various sectors, from architecture to art, from craftsmanship to the infant movie industry. On the backdrop of the Italian migration to these lands, which constituted the common thread of the whole

project, and of Hollywood becoming the world's capital of the infant movie industry, the exhibition told the story of characters who were already surrounded by the aura of myth, movies that marked an era, and great directors. In addition, the exhibition showed the important role played by Italian musicians in the birth of jazz music and of the many Italians who, in working "behind the scenes", made an essential contribution to the creation of the Hollywood myth. During the "Italy in Hollywood" exhibition, the Fondazione Ferragamo, in collaboration with the Museo Salvatore Ferragamo, developed new educational programs and workshops for primary and middle school children and families. Thanks to the educational publication "Italy in Hollywood. Inspiration and know-how", the young visitors could discover and explore the 1920s California where Salvatore Ferragamo lived, amidst cinema, art and crafts.



The Museum constantly cooperates with many **institutions, schools and universities** throughout Italy, sometimes offering reduced-price entry tickets to the Museum and organizing special tours. Here below are the main initiatives in this area:

- renewed partnership with France Odeon, the French film festival that has become one of Florence's most important cultural events and celebrated its 11th edition. During the festival, the actresses Benedetta Porcaroli and Zita Hanrot received the "Essence of Talent" award sponsored by Ferragamo Parfums, which was the event's main sponsor;
- renewed partnership with the River to River Florence Indian Film Festival, which celebrated its 19th edition in December 2019 at the Great Hall of the cinema La Compagnia and was sponsored by the Indian Embassy. River to River is the world's first festival entirely dedicated to Indian cinema and movies about India;
- renewed partnership with the 12th edition of the Schermo dell'Arte Film Festival. This one-of-a-kind project in Italy dedicated to the multiple interactions between cinema and contemporary art featured avant-garde films and documentaries, including several Italian and world premieres;
- renewed partnership with the Strings City festival, a music marathon featuring 80 string music events for a total of 50 hours across more than 50 locations. The Museo Salvatore Ferragamo, with an event offering free entry, gave visitors the chance to see the concert by the orchestra of Tuscany in a room of the Museum. In order to offer a unique experience and at the same time to raise awareness of the important Sustainable Thinking project, the concert was followed by a guided tour of the exhibition;
- between May and June 2019, took place the Sustainable Development Festival, the main Italian

contribution to the European Week of Sustainable Development. For 17 days, were organized event, such as: meetings, seminars, workshops, exhibitions and shows, to draw attention to the United Nations' 17 Sustainable Development Goals. On this occasion, the Museo Salvatore Ferragamo, in collaboration with the Fondazione Ferragamo, took part in the project by offering the chance to visit the Sustainable Thinking exhibition with cut-price entry.

In 2019, the Group continued working together with leading Italian cultural institutions such as Museimpresa, the Italian association of company museums and archives, the Portal of the 20th Century Fashion Archives at Rome's State Archive, ANAI (the Italian National Association of Archivists) and Europeana Fashion, the European digital library to which the Salvatore Ferragamo Group submitted more than 1,000 records of historic footwear. The Museo Salvatore Ferragamo is part of **ICOM (International Council of Museums)**, the most important and prestigious international organization for museums and museum professionals.

As a member of the Italian Association of Business Archives and Museums, the Museo Salvatore Ferragamo took part in the Week of Business Culture, the series of events promoted by Confindustria that, through meetings, workshops, films and guided tours, informed visitors about the huge cultural heritage safeguarded in the museums and archives of small, medium and large Italian companies. The theme: "To the highest standard. The Italy of business cultures: inclusive and sustainable". In this stimulating and culturally vast scenario, the Museum provided free guided tours for adults and children for four days.

In addition, in 2019 the Museo Salvatore Ferragamo was included in the Google About platform as an Italian success story: the presence on the Google Arts & Culture international platform resulted in an increase in the presence of young people in the rooms of the Museum, while enabling the virtual visit of the exhibition.



FONDAZIONE FERRAGAMO

THE FONDAZIONE FERRAGAMO IN FIGURES

≈ 30,000

ITEMS AND MODELS CATALOGUED
IN THE HISTORICAL ARCHIVES

8

NATIONAL AND INTERNATIONAL SCHOOLS
INVOLVED IN THE YOUNG TALENTS PROJECT
IN 2019

≈ 600

ADULTS PARTICIPATING IN WORKSHOPS IN
2019

oltre 6,700

CHILDREN PARTICIPATING IN WORKSHOPS
FROM 2013 TO 2019

On 15 March 2013, the Ferragamo Family set up the Fondazione Ferragamo in Florence to promote the values of craftsmanship and Made in Italy as well as to invest in the education and training of those seeking a career in the world of fashion, design, and the most elegant and artistic forms of Italian craftsmanship, in keeping with the values and style of Salvatore Ferragamo's works. The Foundation intends to promote knowledge and recollection of Salvatore Ferragamo's work and personality in order to enhance and disseminate them and to let the global audience learn of his artistic qualities and of the role he played in the history not only of shoemaking, but also of international fashion.

In order to achieve these objectives, the Foundation intends to safeguard and promote the **Ferragamo Historical Archive**, which includes garments, accessories, documents and photographic material, organizing training courses for fashion, creating prizes and study grants and collaborating with the Museo Salvatore Ferragamo. The Foundation regularly holds conferences and events open to the residents of Florence and the general public, learning workshops

for children, and various kinds of initiatives for the young - the main beneficiaries of an institution that considers handing down technical expertise and educating people one of its main goals.

The Fondazione Ferragamo is at the forefront in managing and protecting its archive, which is made up of heterogeneous funds that are implemented each day. The Archive allows to protect and promote the Salvatore Ferragamo Group's historical-artistic heritage, which represents the memory of an entire industrial and social culture. It is a constant source for inspiration that is consistent with the Brand's identity, as it preserves its history and influences the communication and work of the designers and marketers developing new products. The organization, processing and sharing of information is possible thanks to the use of the cataloguing software Samira, which can meet the widest possible management and dissemination needs of archives and museums. As a testament to its efficiency and functionality, the cataloguing system used by the Historical Archive was taken as a case history for the project of the Portal of the 20th Century Fashion

Archives as well as for the European Fashion portal.

In 2019, the transfer of the whole Group's Historical Archive, dedicated to Fiamma Ferragamo di San Giuliano, to a space at the Osmannoro premises in Florence, was completed. The physical reunification of the various collections in a single location enabled an improvement in the security of the cultural heritage in terms of conservation, safeguarding and control. In addition, the establishment of a consultation area makes it possible to enhance and disseminate more effectively the contents of the archive and facilitates the research process.

In 2019 the work, which started in 2017, involving processing, disposal and digitalization on the Group's historic press archives, focused on the digitalization of articles mentioning "Ferragamo". In total, 5,134 articles were digitalized during the year. In addition, thanks to the mass cataloguing process, developed in collaboration with the Information Systems Division and specialist external suppliers, the year's press archives were loaded on the software as well as the archives for the years 2003



to 2018, thus enabling the cataloguing of 112,590 articles. The interface created will make it possible to archive and acquire digital files for the press archives for all the years to come, enabling significant savings in terms of managing space and physical material. From among the huge initial number of magazines, the historic publications were conserved as well as those of particular interest for the Company. Of the remainder, periodic donations were made to the Polimoda Library and to the Marangoni Institute of Florence, which accepted around 600 magazines.

Education and training are some key objectives around which the Foundation plans its work. Among other initiatives, the Fondazione Ferragamo hosts “**Ideas and creativity workshops**” for children, teenagers and adults dedicated to craftsmanship, fashion, and design. To celebrate holidays or events concerning children, the Museum organizes learning activities or guided tours for the whole family, aimed at bringing adults and children together. The Foundation also continues the development of the “**Musei da favola**” project, which was launched in 2013 in collaboration with the School and Youth Department of the Uffizi Gallery and offers thematic itineraries in Italian and English allowing families to discover Florence’s main museums and cultural landmarks, including the Museo Salvatore Ferragamo.

As part of its efforts to support Florence’s schools, since 2017 the Foundation has also participated in the Italian ministerial **Work-Based Learning Program** by offering high-school students an inside view of how a company archive is managed and the chance of contributing to its implementation. In 2019 two agreements with Florentine high schools, called “**Business archive**”, were activated: with

the Liceo Classico Michelangiolo, whose students focused on the archiving and reorganization of the photographic, printed and digital material related to catalogs, fashion shows and advertising campaigns of the years 1990-1993, and with the Benvenuto Cellini Institute, specializing in textiles and fashion, whose students contributed to the analytical implementation of the cataloguing forms for part of the clothing archive.

Since 2016, the Fondazione Ferragamo has hosted the biennial cataloguing seminar organized in collaboration with the Anna Maria Enriques Agnoletti School of Archiving, Paleography and Diplomacy of the Florence State Archive. The students are focusing on the reorganization and analytical filing of the Decorative Books, i.e. albums of samples of designs and decorative motifs, which were historically used in the company as inspiration to create silk accessories.

The Foundation, in collaboration with the Museo Salvatore Ferragamo, in April 2019 participated in the three-day festival “**The Florence of Children**”. Like Leonardo”, which featured special events promoted by the Municipality of Florence and organized by MUS.E. For the occasion, the Fondazione Ferragamo created the Sustainable Genius format, proposing six workshops linked to the Sustainable Thinking exhibition and dedicated to sustainable creativity. Children and teenagers created original works of art using plastics and other recycled materials, learnt how a loom works and made textiles using scrap from industrial processing. In addition, they were able to reflect on and discuss with their peers and teachers issues around environmental and social sustainability, which are important for their future and for that of the planet.

For the fifth consecutive year, the Foundation collaborated on the “**Blogs & Crafts**” competition for young artisans and bloggers, promoted by the Florentine event “**Artigianato e Palazzo**”, which in 2019 was in its sixth edition. The initiative supports the new generations of artisans and increases online and social media visibility, to create a productive combination of “**doing**” and “**communicating**”. In May 2019, a selection of 10 artisans aged under 35 had the chance to exhibit for free their products in a dedicated area in the evocative setting of the Corsini Garden in Florence, at the 25th edition of “**Artigianato e Palazzo**”. The ten young talents selected during the competition were also invited to visit the Company’s Museum and Historical Archive.

During 2019, the Fondazione Ferragamo collaborated with the Museo Salvatore Ferragamo and with the Company on the realization of several projects linked to the Sustainable Thinking exhibition.

Of particular interest was the project “**Young Talents for Sustainable Thinking**”: a contest aimed at eight national and international fashion schools on the theme of sustainability and recycling. The schools called on to take part in the project were: Aalto University in Helsinki, Accademia Costume & Moda in Rome, Coconogacco in Tokyo, IED in Milan, the London College of Fashion, Parsons School of Fashion in New York, Polimoda in Florence, and Donghua University in Shanghai. Students were invited to realize projects on the theme of sustainability and recycling using materials, which would otherwise be destroyed, that Salvatore Ferragamo donated to the individual schools. These materials were integrated with other recycled materials, with a view to circular creativity. Each participant created a product by choosing between a women’s shoe, bag or garment, following the criteria of the

brief provided by Paul Andrew, the Creative Director of Salvatore Ferragamo. The brief required the use of the patchwork technique, which makes it possible to express creativity freely and corresponds to the criteria of sustainability in fashion since it gives new life to waste materials, which would otherwise be destroyed. In addition, it is one of the stylistic tenets of Salvatore Ferragamo who, since the 1920s, created patchwork uppers fascinated as he was by the possibility of combining different colors and materials in infinite ways. The models proposed were evaluated by a jury consisting of James Ferragamo and Paul Andrew, respectively the Deputy Chairman and Creative Director of Salvatore Ferragamo, and by fashion journalists, influencers and experts in new trends. The final projects were exhibited in a temporary exhibition which took place at Pitti Filati, a prestigious event organized in Florence in June 2019. The winning female student was offered the chance to undertake an internship in the creative divisions of the Company.

During the “**Sustainable Thinking**” exhibition, the Fondazione Ferragamo, in collaboration with the Museo Salvatore Ferragamo, also developed new educational programs and workshops for primary and middle school children and families. Thanks to the publication “**Sustainable Thinking. Think sustainable to change the world**”, young visitors were invited to explore the world of sustainability through the language of art and fashion, addressing issues linked to the environment and society, interacting with different types of materials and reflecting on the future of the planet thanks to the works of international artists and designers. This year, for the first time, the publication was made available also in English. The program was included by the Municipality of Florence, as a project of

the Fondazione Ferragamo, on the agenda for “**The Keys of the City**”, for the 2019-2020 academic year and among the proposals of FAMU, the National Day of Families at the Museum, held on 13 October 2019.

Finally, as part of the partnership and training activities for the Work-Based Learning Program, in 2019 the Fondazione undertook a project with the Liceo Classico Michelangiolo in Florence, linked to the Sustainable Thinking exhibition, which addressed issues such as sustainability, defending the environment, social responsibility in the field of fashion and elsewhere, presented from the viewpoint of young high school students. After taking part in a training course, students drew up and read out short texts to freely express their thoughts on the topic. On this occasion, the video “**Sustainable Thinking according to the young**” was shot by the video maker Rocco Gurrieri, which was then included at the end of the exhibition in the Museo Salvatore Ferragamo.

The activities promoted by the Fondazione were also targeted at the Company’s employees and their families. In 2019, the Fondazione, in collaboration with the Sustainability team, organized 4 events for the children of Salvatore Ferragamo’s employees, allowing them to visit the place where their parents work and learn about the values that characterize the Brand’s history.

The Fondazione Ferragamo organizes induction days for new hires and the Group’s creative departments, at which Salvatore Ferragamo’s Brand Heritage is presented. Given the important educational value of this activity, a structured format has been created so that it can be used in all general presentations for new recruits and implemented with specific in-depth analyses based on

the attendees’ areas of interest. After a presentation dedicated to Brand Heritage by the Director of the Museum and the Fondazione, a guided tour of the exhibition currently on at the Museo Salvatore Ferragamo is included, as well as a visit to the Fondazione and the Historical Archive.

Finally, since 2016 the Fondazione has been working together with the Salvatore Ferragamo on the renovation, decoration and embellishment of the workspaces, both by selecting existing fixtures and fittings and designing new ones, as well as evaluating spaces and preparing specific projects.



S
YOUNG TALENTS FOR SUSTAINABLE THINKING

Text describing the exhibition theme and the work of young designers.

Mannequin wearing a black top and skirt, with a black and white patterned handbag on a pedestal.

Mannequin wearing a colorful geometric patterned dress, with a handbag on a pedestal.

Mannequin wearing a red and blue patterned dress, with a handbag on a pedestal.

Small display pedestals with accessories like shoes and handbags.

Mannequin wearing a black and white checkered poncho over a white dress, with a small label on the floor.



PROTECTING THE ENVIRONMENT

Responsible consumption
Emissions monitoring
Green initiatives

"Ferragamo takes a strategic step on the road to environmental sustainability, and it does so by deploying a range of cultural, artistic and industrial projects".

Il Sole 24 ore - Moda 24

PROTECTING THE ENVIRONMENT

Salvatore Ferragamo has always put environmental sustainability at the heart of its development policies. To protect the environment, the Group aims to positively contribute to safeguarding it through strategies and initiatives intended to minimize the environmental impact of its operations. In 2019, Salvatore Ferragamo obtained ISO 14001:2015 certification, which defines an Environmental Management System, for all its Italian offices and stores. In the Environmental Policy, which is linked to obtaining the certification, the Company identifies respect for the environment as a key variable in its growth strategies. For this reason, the Group, as its leading commitment, makes available human, practical and economic resources and assets which are needed to achieve the environmental improvement goals.

The commitment taken on by obtaining ISO 14001 certification joins the many Management Systems linked to emissions monitoring and responsible use of energy resources, which the Company has adopted over the years. In 2019, Salvatore Ferragamo extended the ISO 14064:2012 certification to all the Italian stores, after achieving it in previous years for the Italian offices and the Museo Salvatore Ferragamo. In 2019, the Company maintained the ISO 50001:2011 certification for the Osmannoro site.

By adopting the Group Sustainability Policy in 2017, which defines the commitment to the environment and ecosystems, the Group formalized its desire to work to reduce the consumption of materials such as paper and plastic, promoting the use of certified and traceable alternative sources, and to monitor efficiency in the use of energy and water resources, measuring and evaluating greenhouse gas emissions, with a view to reducing environmental impacts.

To Salvatore Ferragamo, protecting the environment also means promoting sustainable mobility initiatives for its employees as well as monitoring the retail area's consumption and impacts, to constantly improve its environmental efficiency.



THE GROUP'S MILESTONES - 2019

OVER 3,200

PHOTOVOLTAIC PANELS INSTALLED ON THE NEW LOGISTICS HUB

LEED PLATINUM

CERTIFICATION ON SUSTAINABLE DESIGN OBTAINED FOR THE NEW LOGISTICS HUB

≈ 8,000 MQ

DEDICATED TO A NEW GREEN AREA AT THE OSMANNORO SITE

ISO 14001

ENVIRONMENTAL MANAGEMENT SYSTEM CERTIFICATION OBTAINED FOR ALL OFFICES AND STORES IN ITALY

ISO 14064

CERTIFICATION ON MONITORING OF GREENHOUSE GAS EMISSIONS EXTENDED TO ALL ITALIAN STORES

ISO 20121

CERTIFICATION ON THE SUSTAINABLE MANAGEMENT OF EVENTS OBTAINED FOR THE SUSTAINABLE THINKING EXHIBITION

RESPONSIBLE CONSUMPTION³

With a view to environmental protection, the Salvatore Ferragamo Group pays close attention to its consumption, promoting several initiatives to improve efficiency. During 2019, Salvatore Ferragamo drew up the Management System Guidelines – HSE & Energy, with the aim of disseminating throughout the whole Group a significant level of awareness about health and security, environmental protection and increased energy efficiency. These standards and principles, which also establish the roles and responsibilities of the main stakeholders involved, will be shared in 2020 with all the foreign Regions.

In 2019, the Salvatore Ferragamo Group consumed 14,640 GJ of natural gas. Electricity consumption stood instead at 113,898 GJ. In relation to the consumption of non-renewable fuel, i.e. diesel and petrol, this stood at 10,682 GJ in 2019. As for the Italian scope, **100% of the energy used comes from renewables** thanks to the purchase of certified energy through a guarantee of origin. In 2019, the solar energy system at the Osmannoro site saw the installation of other photovoltaic fields, which increased the overall installed power to 1,307 kWp: thanks to the photovoltaic panels, the electricity self-generated by the Company was 1,673 GJ, i.e. around 6% of the Company's total consumption. As regard energy efficiency, of particular importance is the presence, in several buildings at Osmannoro, of a computerized management system, the **Building Management System (BMS)**, which enables the control and monitoring of the mechanical and electric systems, such as for example micro-climate and illumination, depending on the amount of natural light from outside. In order to improve the micro-climate in all the work areas, thus ensuring thermal comfort and a reduction in the use of fossil fuels and CO₂

emissions, a procedure has been adopted to manage temperatures in the work areas at the Osmannoro site. By complying with the parameters indicated in the procedure, it is possible to obtain a 34-ton annual reduction in CO₂. The procedure, which regards the management of temperatures in both winter and summer, is one of the initiatives adopted by the Company to improve energy efficiency and compliance with environmental sustainability standards. In addition, multi-meters are present at the Osmannoro site in order to constantly monitor consumption.

The Group promotes a sensible and responsible use of the water for hygiene-sanitary purposes. During 2019, water consumption in relation to the Group's offices alone was 47,453 m³ (of which 51.8% from the aqueduct and 48.2% from surface water)⁴.

In addition, the Group is committed to reducing the production of waste arising from its operations, raising awareness among its employees about properly managing and disposing of garbage, encouraging to reuse and recycle materials as well as minimize waste. Waste production in 2019 stood at 1,386 tons (of which 99.6% was non-hazardous waste and the remaining 0.4% was hazardous waste)⁵. Among the waste produced in the year, 10.4% was recycled, 46.3% was reused, 0.2% was incinerated, 40.7% was treated in landfills and the remaining 2.4% through other disposal methods.

The Company is also active in the training and empowerment of its employees. In 2019 it internally released a video aimed at raising employees' awareness on containing consumption, providing advice on good practice for waste disposal, energy saving and CO₂ emissions reduction. In addition, at

the Osmannoro site the method of waste collection was revised, with the installation of new waste containers and new labeling.

THE SALVATORE FERRAGAMO GROUP IN FIGURES

	2019	2018
NATURAL GAS CONSUMPTION (GJ) ⁶	14,640	10,787
ELECTRICITY CONSUMPTION (GJ) ⁷	113,898	108,511
NON-RENEWABLE FUEL CONSUMPTION (GJ)	10,682	9,058
TOTAL ENERGY CONSUMPTION (GJ)	139,220	128,356

³ On the basis of their availability and materiality, the data for 2018 and 2019 have the following limitations:

- as for energy consumption, on the basis of the scope under consideration, approximately a 3,000 headcount in both 2018 and 2019:

- natural gas consumption accounted for 83% and 81% of the scope in 2018 and 2019, respectively;
- electricity consumption accounted for 91% and 92% of the scope in 2018 and 2019, respectively;
- non-renewable consumption accounted for 83% and 81% of the scope in 2018 and 2019, respectively.

- as for water consumption and waste production, on the basis of the scope under consideration and set out in the "Methodology" section, approximately a 1,300 headcount in both 2018 and 2019:

- water consumption accounted for 80% and 81% of the scope in 2018 and 2019, respectively;
- the production of waste accounted for 77% and 79% of the scope in 2018 and 2019, respectively.

The figures for 2018 and 2019 are directly provided by the companies that handle waste disposal.

⁴In 2018, water consumption stood at 39,544 m³ (56% of water extraction was from aqueducts, 2% from aquifers and 42% from surface water).

⁵In 2018, the production of waste stood at 1,051 tons (of which 99.4% was non-hazardous waste and the remaining 0.6% hazardous waste). Of this, 8.6% was recycled, 0.2% was incinerated, 22.2% treated in tips and the remaining 69% through other disposal methods.

⁶The increase in natural gas consumption recorded in 2019 is attributable to the normal performance of business activities

⁷The increase in electricity consumption recorded in 2019 is due to the improvement in the data collection process and the related methods for making estimates.

For some Group stores, the data relating to consumption provided in this chapter are hard to source given the location of the stores, the nature of their activities and the indirect management of these types of data. Finally, some data could be based on estimates or calculations.



The Salvatore Ferragamo Group, in keeping with responsible management of its business, is strongly committed to reducing the consumption of materials such as paper and plastic. As regards paper packaging for the retail business, the Salvatore Ferragamo Group has favored paper certified by the **Forest Stewardship Council (FSC)**, which bears witness to correct forest management and the traceability of paper products. The FSC logo guarantees that the product is made of raw materials harvested from forests managed according to sustainable principles. The iconic red packaging, in addition to being "Made in Italy" as well as fully recyclable and biodegradable, is also **post-consumer**, i.e. up to 40% composed of recycled fibers and the remainder of ECF (Elementary Chlorine Free) cellulose, which is treated with ecological processes. These characteristics make it possible to use the related symbols on Corporate and Outlet packaging and Museum shopping bags. In 2019, the Group enhanced its use of FSC and post-consumer paper and undertook, as part of its Sustainability Plan, to extend the use of such paper also to other product categories.

In 2019, for the packaging and print material of the "Gilio" capsule collection, which is part of the Ferragamo's Creations line, a paper

was used made with by-products of agro-industrial processes, such as residues of citrus fruits, grapes, cherries, lavender, corn, olives, coffee, hazelnuts and almonds, which, now saved from disposal, replace up to 15% of the tree-based cellulose. Furthermore, this paper is FSC, recyclable, 100% compostable and 100% produced with self-generated green energy.

The bags used for products such as footwear, bags and accessories, as well as most covers used for clothing, are Made in Italy and 100% made of cotton. In addition, the Company undertook an assessment process on some sustainable materials, with a view to replacing the materials with the greatest environmental impact that are currently used in its packaging, such as plastic. In this regard, following the release of the European "Single-use Plastics" Directive, which aims to prevent and reduce the impact of particular plastic products on the environment and promote the transition to a circular economy, the Company assessed its use of single use plastic, in order to map the quantities of single-use plastic and identify concrete solutions to eliminate and/or reduce its consumption. The assessment included site visits to premises and stores and, as the final output, the drafting of guidelines in order to replace single-use plastic for

each type identified. In selecting its packaging suppliers, Salvatore Ferragamo verifies that not only they are based locally, which is the main guarantee of Made in Italy quality, but also that they have important certifications such as ISO 9001, ISO 14001, SA8000, OH-SAS 18001, GOTS, OEKO-TEX and BCI.

In addition, for packaging of some eCommerce shipments, the Company uses bubble wrap made from renewable plant sources that can be disposed of as organic waste together with animal and vegetable food scraps, since it is compostable and biodegradable.

As for non-packaging materials such as catalogs, invitations, leaflets, stationery and, in general, printed materials, the Group is placing increasing emphasis on ensuring that they are made with FSC certified paper, inks and processes that do not negatively impact the environment, integrating this goal in the Sustainability Plan. Finally, in order to further reduce the use of paper, in 2019 the IT procedure for the digital storage of paper archives was adopted.

MATERIALS CONSUMPTION (Kg)	2019	2018
A3 PAPER	3,350	2,725
A4 PAPER	27,818	32,980
PLASTIC CLOTHING BAGS	3,819	5,078
NYLON CLOTHING BAGS	1,057	3,218
COTTON CLOTHING BAGS	16,455	2,326



EMISSIONS MONITORING⁹

CARBON FOOTPRINT	2019	2018
SCOPE 1 - Direct emissions (t CO ₂ eq)	1,308	1,034
SCOPE 2 - Indirect emissions associated with electricity generation (t CO ₂ eq) (location-based)	13,268	12,517
SCOPE 3 - Indirect emissions attributable to the product (t CO ₂ eq)	41,250	n.a.
SCOPE 3 - Indirect emissions not attributable to the product and, in particular, linked to business travel (t CO ₂ eq)	3,498	2,832

The signing of the Fashion Pact in August 2019 further enhanced the commitment taken on by the Group to reduce its environmental impact in terms of climate change. The reduction and offsetting of CO₂ emissions is thus one of the priorities established by the Group in its Sustainability Plan.

Curbing greenhouse gas emissions and calculating the Company's carbon footprint play a key role in the Group's commitment to protecting the environment. In this context, in 2019 a project relating to the calculation of emissions attributable to the Scope 3 "Logistics" category was started. The number of movements, the weight transported, and the distance traveled were calculated for

almost all⁹ the Group's upstream and downstream shipments. Specifically, for the upstream stage, information was collected relating to the movement from the raw material suppliers to the Raw Materials Warehouse at Osmannoro, from the Raw Materials Warehouse to the contract manufacturers and from the latter to the Finished Products Warehouse at Osmannoro. As for the downstream stage, the collection of information regarded the movements from the Finished Products Warehouse at Osmannoro to European customers/stores and to other warehouses/customers/stores worldwide and the deliveries from Local Warehouses (outside the EU) to customers/stores worldwide. Total GHG emissions from the Group's

logistics were 41,250 tons of CO₂ eq.

In order to facilitate the development and implementation of plans to manage greenhouse gases by the organization itself, in 2019 Salvatore Ferragamo extended the **ISO 14064:2012** certification to the Italian stores. The certification, which was already obtained in 2018 for the Osmannoro facility and the offices located in Milan, in 2017 for Palazzo Spini Feroni and in May 2016 for the Salvatore Ferragamo Museum - the first green company museum in Italy - aims to quantify the greenhouse gas emissions connected to the activities carried out. Obtaining the ISO 14064 certification, as specified in the related Policy, allows to cer-

tify the best international practices in the management, measurement and verification of data and information related to greenhouse gas emissions, and its extension to all the Group's Italian offices represented an important progress in the path of continuous improvement towards ever higher sustainability standards.

Since 2017, bearing witness to the Group's commitment to reduce environmental impacts, Salvatore Ferragamo has voluntarily taken part in the **Carbon Disclosure Project (CDP)** to report on CO₂ emissions. The goal of the CDP is to promote transparency about the emissions generated by businesses, cities, states, and regions, allowing anyone to obtain information on the environmental impacts of each of these entities. The assessment was conducted for the "Climate Change" section through a comprehensive survey on emissions and consumption. Salvatore Ferragamo obtained, again in 2019, a score of B, which is higher than the general average for the apparel design sector and higher than the general average. In this respect, the Company is engaged in developing new initiatives that can further improve performance in terms of transparency and reporting.

The reduction of the environmental impact and of CO₂ emissions released into the atmosphere is a key issue also in the **Environmental Policy** formalized by Salvatore Ferragamo S.p.A., in line with the requirements of the **Environmental Management System ISO 14001:2015**, adopted for all the sites in Italy and the stores. The policy envisages action by the Company on its processes and products to keep atmospheric emissions under control, in order to identify and monitor the environmental indicators.

During the year, Salvatore Ferrag-

amo pursued many initiatives in order to reduce its environmental impact. In 2019 the agreement with UPS was extended to offset all the emissions caused by deliveries in Europe and the United States of products ordered through eCommerce. This offset takes place by adhering to **carbon neutral projects** and in 2019 over 31.53 tons of CO₂ eq. were offset. As from July 2019, the offset programs were also extended, thanks to the partnership with DHL Express, which envisages the offset of CO₂ emissions resulting from the deliveries for the daily replenishment of European stores, amounting to around 13 tons of CO₂ eq.

In order to reduce CO₂ emissions from the delivery of goods and products over a short distance, in 2019 the collaboration with UBM bike couriers, for the deliveries of orders placed by customers at the Milan stores, continued. Again, for the same purpose, collaboration started with EcoPony, an express courier service by bike, which enables the Florence store to deliver in the city without releasing any CO₂ emissions into the atmosphere.

In addition, with a view to reducing the environmental impact linked to the supply chain, the initiative aimed at promoting the reuse of cardboard boxes by footwear manufacturers, in order to reduce CO₂ emissions from the production of cardboard, continued. The pilot project, which started in 2016 and extended to six of the Group's main contract manufacturers, led to a saving of over 20 tons of CO₂ in 2019 thanks to the saving of emissions from the manufacture of new cardboard.

Another environmental protection initiative was the financing and creation of the **Parco delle Idee** (Park of Ideas) on land owned by the University of Florence at Sesto Fiorentino's Scientific Hub. In

2017 the project involved planting approximately 230 native trees, also with the help of some of the Parent company's employees, and was made possible thanks to the partnerships with local institutions and entities such as LifeGate, Carbonsink, and the Department of Agri-Food Production and Environmental Sciences. The project will bring several social and environmental benefits: from an improved air quality, with positive implications for public health, to a new green area that will promote local biodiversity and enhance the urban landscape, and it will give local schools the opportunity to conduct play-based learning activities in the field of biology, ecology, and nature preservation. Through the methodology approved and recognized by the UNFCCC (United Nations Framework Convention on Climate Change), starting from the species' biomass it was possible to estimate the quantity of carbon dioxide so far absorbed by the trees in the Park of Ideas, at around 1,771.04 Kg of absorbed CO₂. This estimate was made through non-destructive methods using allometric equations, which make it possible to determine biomass on the basis of diameter. Salvatore Ferragamo met the costs for the maintenance of the Park of Ideas from 2017 to 2019.

The search for **sustainable mobility** solutions is another key aspect of the Group's sustainability vision. In Italy, Salvatore Ferragamo has appointed a mobility manager to optimize employee travel and promote solutions allowing to curb environmental impacts. In 2019 the collaboration with JoJob, an innovative company carpooling service which makes it possible to share a car with work colleagues or with employees of companies nearby, continued. The initiative, in addition to saving money, reduces CO₂ commuting emission and in 2019 saw a 10% increase in registered employees. Since 2018, the

⁹On the basis of the availability and the materiality of the data, the scope under consideration, with approximately a 3,000 headcount in both 2018 and 2019, has the following limitations:

- the emissions from natural gas and non-renewable fuel consumption (SCOPE 1) and electricity consumption (SCOPE 2) cover the same scopes set out in the note on page 85;
- the emissions related to rail business travel (SCOPE 3) accounted for 82% and 81% of the scope in 2018 and 2019, respectively;
- the emissions related to air business travel (SCOPE 3) accounted for 81% of the scope in 2018 and 2019.

SCOPE 2 market-based emissions totaled 9,687 and 10,154 tons of CO₂ in 2018 and 2019, respectively. The factors used in 2018 and 2019 to calculate SCOPE 1 and SCOPE 3 emissions are those issued by the Department for Business, Energy & Industrial Strategy in 2018 and 2019. The factors used to calculate SCOPE 2 location-based emissions in 2018 and 2019, respectively, are those published by Terna for 2016 and 2017. The factors used to calculate SCOPE 2 market-based emissions in 2018 and 2019, respectively, are those published by the AIB (Association of Issuing Bodies) in 2018 and 2019, while for non-European countries and Austria the data used were those published by Terna for 2016 and 2017.

SCOPE 2 emissions are expressed in tons of CO₂; however, it is specified that the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO₂ equivalent), as can be inferred from the technical literature.

⁹The stretch between raw material suppliers and contract manufacturers was excluded since it accounts for less than 10% of the total deliveries of the raw materials purchased.

The increase in scope 1 and scope 2 CO₂ emissions generated by the Group in 2019 compared to 2018 is connected to the increase in electricity consumption, attributable to the refinement of the data collection process and the related estimation methodologies, and to the increase in natural gas consumption, attributable to normal conducting business activities.

carpooling service has been integrated by Bici&Piedi, which allows anyone coming to work on foot or by bike to take part in the initiatives and to reduce CO₂ emissions. In addition, with the aim of promoting sustainable mobility and the use of JoJob, prize competitions were organized, both for carpooling and for Bici&Piedi. In 2019, with carpooling alone, in over 5,600 journeys a total of over 124,000 km. was driven, double the previous year, while the Bici&Piedi program reached almost 15,900 km. in around 3,700 journeys. The two programs together enabled a saving of around 10,600 kg of CO₂. Again in 2019, during the European Sustainable Mobility Week, the Company supported some initia-

tives such as bike to work, during which participants were shown the safest and easiest route to reach the Osmannoro site by bike, a ride through the city of Florence, which saw the participation of over 400 people, and a conference on road safety held at Palazzo Vecchio in Florence.

In September 2019, following a survey submitted to employees at Osmannoro relating to their preferences for the commute to and from home, a **company shuttle** service was started, which connects the Osmannoro site to the T2 tramway stop in Florence. The service, which is provided free of charge, has been designed to improve the quality of the commute

and to promote a sustainable approach to employee mobility.

Finally, in 2019 the Group confirmed the preferential agreements in favor of its employees with car and motorcycle manufacturers that offer hybrid or electric vehicles and car sharing services.



GREEN INITIATIVES

Over the years, the Group has taken action to obtain the main environmental certifications for its sites, extending this commitment also to the retail area.

In 2019, the Salvatore Ferragamo **Logistics Hub**, a building of around 20,000 sq.m. which was opened in 2018, obtained the **LEED certification** at its highest level, i.e. Platinum. This had previously been obtained in 2016 by the Q building at the Osmannoro site. In 2019, as part of the redevelopment of the whole area, the **green area** was inaugurated, a space of around 8,000 sq.m. The vegetation and the pathways provide a visual reconstruction of Gancini, the Brand's symbol, enhanced by accent lighting, which has been created to make the symbol visible also from high above for those flying over the area into or out of Florence airport. The Hub project envisaged the revision of the access and transport system within the facility in accordance with the concepts of path simplification and rationalization. In addition to the 475 parking spaces provided in the covered garage, 25 reserved parking spaces for low-emission cars have been provided to encourage the use of alternative transport. In addition, thanks to numerous expedients in the technical systems, water consumption has been optimized, leading to a 50% reduction in total water consumption for irrigation and a 100% reduction in the consumption of drinking water. The electrical and mechanical systems have been designed to minimize light pollution, and the property will feature a BMS (Building Management System) allowing to regulate mechanical systems as well as to monitor and manage electrical ones. The site will feature a photovoltaic plant with a peak capacity of 863.50 kWp and consisting of over **3,200 solar panels**, resulting in a net 5,350 sq.m. installed surface area.

Furthermore, measures consistent with the LEED standard have been implemented for both mechanical and electrical systems, such as the use of lamps that reduce light pollution to a minimum. In addition, the construction work was made more sustainable through, among other things, the use of products made of FSC certified wood and of products with a high level of recycled content and/or made locally, always in line with LEED standards.

During 2019, redevelopment work was undertaken on the ground and first floors of building M at the Osmannoro site, where the **New Manovia** was transferred and where, in 2020, the new Historical Archive will be inaugurated. The project, which was designed in compliance with the main environmental standards, followed the process, already adopted for the Logistics Hub, of LEED certification, and led to the definition of a procedure for energy saving with the installation of a Building Management System and multi-meters.

The commitment to obtain certifications also involved the retail area: in 2019 the Group obtained the LEED Gold certification for the Beijing China World store and the LEED Silver certification for the Seasons Place Beijing store and for the Pacific Place store in Hong Kong. These latter join the LEED Gold certification obtained in October 2017 for the historic Canton Road store in Hong Kong, which was followed in December of the same year by the LEED Silver certification for the Troy store in Michigan and the Ginza flagship store, and in April 2018 by the LEED Gold certification for the Copley Place store in Boston. The Group has undertaken, as confirmed in the Sustainability Plan, to certify other stores in the coming years. In addition, in 2019 the Pacific Place store in Hong Kong

obtained a recognition by the Green Shop Alliance Award 2019, which classified the Ferragamo store as the 2nd runner-up for the award "Best Green Practice in Shops (Retail Sector)".

After having been obtained in 2018 for the Osmannoro site, in 2019 the **ISO 50001:2011** certification was maintained. This specifies the prerequisites to establish, implement, maintain and improve a more efficient and sustainable energy management system. Through a systemic approach, the certification aims to facilitate the achievement of the objectives defined in the Policy, such as the commitment to initiatives aimed at improving energy performance, the dissemination within the company of the objectives of the Energy Management System and the related implementation programs, the optimization of the use of energy resources and the increase in the use of alternative and renewable energy sources. In the future the certification will also be extended to some stores of the retail area.

In 2019, the certifications obtained for environmental performance regarded for the first time also the management of events. The Company obtained, for the Sustainable Thinking exhibition inaugurated at the Salvatore Ferragamo Museum, the **ISO 20121:2013** certification, which sets out the requirements of a Management System for the sustainable organization of events. The regulation is targeted at organizations that intend to implement or improve the organization of their own corporate events in a sustainable way and requires the definition of procedures and methods relating to their design, planning, implementation, monitoring and reporting, with a view to continuous improvement.



METHODOLOGY

This document represents the third Consolidated Non-Financial Statement (hereinafter also referred to as “NFS” or “Sustainability Report”) pursuant to Italian Legislative Decree no. 254 of 30 December 2016 implementing Directive 2014/95/EU of the companies belonging to the group consisting of Salvatore Ferragamo S.p.A. and its subsidiaries (hereinafter also referred to as the “Group” or “Salvatore Ferragamo Group”) for the period from 1 January through 31 December 2019. In compliance with Art. 5 of Italian Leg. Decree 254/16, this document is a separate report with specific denomination in order to consider it as the NFS required by the law. The NFS was prepared to ensure the understanding of the Group’s operations, performance, results and impact, addressing the topics considered material and set out in Art. 3 and 4 of Italian Leg. Decree 254/2016. The contents being reported on in this document have been selected based on a structured analysis of materiality, which was updated in 2018 and confirmed in 2019, downstream of a trend and scenario analysis, both in Italy and globally, and made it possible to identify the most important sustainability issues for the Group and its stakeholders, as detailed in the section “Stakeholders and materiality”. In addition, the provisions of the European Commission’s “Guidelines on Non-Financial Reporting” have also been taken into account for the definition of the contents.

The scope of economic data is the same as that of the Group’s 2019 Consolidated Financial Statements, while the scope of social and environmental data and information is limited only to the companies consolidated on a line-by-line basis.

Nonetheless, it should be noted that in reference to the information and data relating to environmental issues, in line with 2018, also during 2019 an analysis was undertaken in order to identify

the stores which are considered relevant to ensure the necessary understanding of the Group’s business, its performance, results and environmental impact. This reporting scope accounts for over 70% of the Group’s headcount. In addition, it should be noted that, in reference to stores, in line with 2018, data on water consumption and waste production for 2019 were not calculated since not considered material.

The chapter “Culture and Participation” includes data and information relating to the Ferragamo Foundation which, although not included in the scope of consolidation of the Salvatore Ferragamo Group, plays a significant role in the way the Group has an impact on society.

Ways of presenting quantitative data other than the above are expressly indicated in specific notes. In addition, in order to present fairly the Group’s performance and ensure data reliability, the use of estimates has been limited as much as possible. Any estimates in this document are made using the best available methods and expressly noted. Where possible, the information contained in the NFS has been provided along with a comparison to the year 2018. Finally, for the sake of understanding of the information contained herein, please note that the following terms are used in the document:

- “the Group” refers to the Salvatore Ferragamo Group (“Group” means the Parent Company Salvatore Ferragamo S.p.A. and the subsidiaries consolidated on a line-by-line basis);
- “Salvatore Ferragamo”, “the Company”, “the Parent Company” refer to Salvatore Ferragamo S.p.A.;
- “Italy” refers to the main area of business of Salvatore Ferragamo S.p.A. and Ferragamo Parfums S.p.A., unless otherwise specified;
- “Ferragamo” refers to the Salvatore Ferragamo Brand.

The NFS has been prepared in accordance with the “Global Report-

ing Initiative Sustainability Reporting Standards”, defined in 2016 by the Global Reporting Initiative (GRI), Core option. At the end of the document, the Group has included a table listing the reported GRI indicators, which provides a summary of the indicators and the relevant page numbers.

This document is published annually, in accordance with Italian Leg. Decree 254/16. For information on the Consolidated Non-Financial Statement, please contact csr@ferragamo.com.

This Sustainability Report is also available in the sustainability section of the Group’s website (<https://csr.ferragamo.com/en>). This document was submitted to the Internal Control and Risks Committee and subsequently approved by the Board of Directors of Salvatore Ferragamo S.p.A. on 10 March 2020.

The cross-functional working group of Salvatore Ferragamo S.p.A. dedicated to sustainability gathered and processed data and information through forms sent to the heads of the Group’s functions concerned and included in the relevant scope.

The entity engaged to the limited assurance of this NFS is Deloitte & Touche S.p.A., which certifies the compliance of the information provided herein with Art. 3, paragraph 10 of Italian Leg. Decree 254/16 in a separate report. The limited assurance engagement was conducted in accordance with the procedures outlined in the section of this document “Independent Auditor’s Report”. Since the very beginning, the Salvatore Ferragamo Group has always considered sustainability as a model of conduct to follow without any compromises, and it has achieved significant results in this area over the years. In order to reinforce its commitment, in 2017 the Group developed a Sustainability Policy and implemented a continuous improvement program through a Sustainability Plan up to 2022, which has been most recently updated in 2019. Specifically, the

Sustainability Plan, which includes four macro-areas and multiple objectives, defines the Salvatore Ferragamo Group’s strategic vision on sustainability and will guide the short- and medium-term actions of the Group.

As further evidence of the Group’s deep commitment to integrating sustainability into its business operations, two important events that took place during 2019 should be mentioned. In August 2019, Salvatore Ferragamo subscribed to the Fashion Pact, which brought together 250 fashion and textile brands to set out practical and concrete targets for reducing the environmental impact of this important industry.

In addition, again during 2019, the Group undertook a process to integrate climate-related risk factors into its mapping of risks, as part of the Action Plan on Sustainable Finance, with the aim of increasing the level of awareness, understanding and monitoring of risks and opportunities connected to climate, in line with the recommendations provided by the European Commission (Guidelines on reporting climate-related information). In conclusion, an overview of the objectives already achieved and of those set with reference to the various topics deemed relevant is provided below:

Environment

The Group considers protection of the environment in which it works of fundamental importance: in 2019, Salvatore Ferragamo obtained ISO 14001:2015 certification for all its Italian sites and stores; the latter were also certified ISO 14064. The Salvatore Ferragamo’s Logistics Hub, which was inaugurated in 2018, in 2019 obtained the LEED Platinum certification, the highest possible. Again in 2019, the certifications obtained also regarded events:

the Sustainable Thinking exhibition obtained the ISO 20121:2013 certification, which defines the requirements of a Management System for the sustainable organization of events. The Group intends to continue its commitment to environment protection, optimizing and making consumption and greenhouse gas emissions more efficient, both for the Group’s offices and stores, and continuing the process to obtain certifications.

Social Matters and Respect for Human Rights

To provide customers with products that meet the highest international safety standards, the Group has adopted Restricted Substances Lists for the different product categories and has been conducting eco-toxicological tests on numerous components and finished products for several years now. As regards culture and the local community, the Group directs significant attention and resources to developing artistic and cultural initiatives, in line with the Charity Policy. As for health and safety, the Italian administrative offices and stores of Salvatore Ferragamo S.p.A. are OHSAS 18001-certified. This aspect is also important along the whole supply chain: during 2019, the Group further strengthened the audit activities undertaken on its suppliers. Finally, the Group works constantly to guarantee respect of human rights, both internally and along the whole supply chain, and in 2019 the Parent company obtained the SA8000 social responsibility certification for the scope of its Italian operations and adopted the Policy for combating child labor, which aims to further formalize the corporate commitment in this field.

Employee-Related Matters

The Group has always been committed to promoting and enhancing the potential of its human capital as well as to offering a stimulating work environment, in accordance with corporate welfare principles. The attention and care for employees are expressed not only in the Group’s Sustainability Policy, but also in the Company Regulation available at Parent company level. In addition, to confirm the importance of the principles of diversity and inclusion, during 2019 the Group adopted an Inclusion Policy.

Anti-Corruption and Bribery Matters

In order to ensure the utmost transparency in its operations, during 2017 the Group implemented an Anti-Corruption Policy. In addition, the Group relies on a whistleblowing system and in 2018 implemented a Group Whistleblowing Policy.

For further information on the initiatives undertaken by the Salvatore Ferragamo Group, on the main risks generated or faced, including the relevant management procedures and objectives, reference should be made to the relevant sections in this document.

TOTAL EMPLOYEES

	2019			2018		
	Men	Women	Tot	Men	Women	Tot
Employees	1,419	2,858	4,277	1,371	2,857	4,228

BREAKDOWN OF EMPLOYEES BY EMPLOYMENT CONTRACT, GENDER AND GEOGRAPHIC AREA

No. people	2019					
	TEMPORARY CONTRACTS			PERMANENT CONTRACTS		
	Men	Women	Tot	Men	Women	Tot
Parent Company	33	41	74	394	547	941
Europe	29	55	84	123	222	345
North America	15	42	57	261	285	546
Central and South America	5	7	12	114	87	201
Asia Pacific	12	64	76	342	1,201	1,543
Japan	4	17	21	87	290	377
Total	98	226	324	1,321	2,632	3,953

No. people	2018					
	TEMPORARY CONTRACTS			PERMANENT CONTRACTS		
	Men	Women	Tot	Men	Women	Tot
Parent Company	37	45	82	374	518	892
Europe	25	60	85	115	217	332
North America	26	52	78	263	295	558
Central and South America	12	1	13	107	92	199
Asia Pacific	9	44	53	312	1,216	1,528
Japan	7	15	22	84	302	386
Total	116	217	333	1,255	2,640	3,895

BREAKDOWN OF EMPLOYEES BY EMPLOYEE CATEGORY AND AGE GROUP

	2019						2018					
	<30		30-50		>50		<30		30-50		>50	
	N°	%	N°	%	N°	%	N°	%	N°	%	N°	%
Managers	14	0.3	606	14.2	151	3.5	19	0.5	574	13.6	136	3.2
White collars	922	21.6	2,014	47.1	271	6.3	1,052	24.9	1,885	44.6	260	6.1
Blue collars	61	1.4	175	4.1	63	1.5	57	1.3	184	4.4	61	1.4

BREAKDOWN OF EMPLOYEES BY EMPLOYEE CATEGORY AND GENDER

	2019				2018			
	Men		Women		Men		Women	
	N°	%	N°	%	N°	%	N°	%
Managers	291	6.8	480	11.2	258	6.1	471	11.1
White collars	937	21.9	2,270	53.1	924	21.8	2,273	53.8
Blue collars	191	4.5	108	2.5	189	4.5	113	2.7

BREAKDOWN OF EMPLOYEES BY EMPLOYMENT TYPE AND GENDER

No. people	2019			2018		
	Men	Women	Tot	Men	Women	Tot
Full Time	1,330	2,522	3,852	1,312	2,610	3,922
Part Time	89	336	425	59	247	306
Total	1,419	2,858	4,277	1,371	2,857	4,228

BREAKDOWN OF EMPLOYEES BY TYPE (HEADQUARTERS AND RETAIL) AGE GROUP AND GENDER

No. people	2019							
	<30		30-50		>50		Tot	
	Men	Women	Men	Women	Men	Women	Men	Women
Headquarters	46	122	365	565	123	122	534	809
Retail	293	536	514	1,351	78	162	885	2,049
Total	339	658	879	1,916	201	284	1,419	2,858

EMPLOYEES WHO RECEIVED A PERFORMANCE APPRAISAL BY EMPLOYMENT CATEGORY AND GENDER

Percentage	2019			2018		
	Men	Women	Tot	Men	Women	Tot
Managers	97.3%	97.9%	97.7%	91.5%	93.4%	92.7%
White collars	76.7%	81.5%	80.1%	62.7%	69.1%	67.2%
Blue collars	49.7%	20.4%	39.1%	39.7%	17.7%	31.5%
Total	77.3%	82.0%	80.4%	64.9%	71.1%	69.1%

NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER BY GEOGRAPHICAL AREA, GENDER AND AGE GROUP

Incoming employees - 2019										
No. people	<30		30-50		>50		Tot		Turnover	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Parent Company	36	59	39	31	5	2	80	92	18.7%	15.6%
Europe	53	74	41	75	0	1	94	150	61.8%	54.2%
North America	55	71	31	60	5	11	91	142	33.0%	43.4%
Central and South America	22	17	18	14	2	0	42	31	35.3%	33.0%
Asia Pacific	131	295	84	255	1	13	216	563	61.0%	44.5%
Japan	6	12	13	46	2	10	21	68	23.1%	22.1%
Total	303	528	226	481	15	37	544	1,046	38.3%	36.6%

Outgoing employees - 2019										
No. people	<30		30-50		>50		Tot		Turnover	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Parent Company	22	36	28	25	14	6	64	67	15.0%	11.4%
Europe	40	69	36	76	6	5	82	150	53.9%	54.2%
North America	53	76	43	69	8	17	104	162	37.7%	49.5%
Central and South America	20	15	21	14	1	1	42	30	35.3%	31.9%
Asia Pacific	111	254	72	286	0	18	183	558	51.7%	44.1%
Japan	2	12	14	56	5	10	21	78	23.1%	25.4%
Total	248	462	214	526	34	57	496	1,045	35.0%	36.6%

Incoming employees - 2018										
No. people	<30		30-50		>50		Tot		Turnover	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Parent Company	29	62	40	41	3	6	72	109	17.5%	19.4%
Europe	36	65	35	70	1	1	72	136	51.4%	49.1%
North America	59	90	27	53	2	12	88	155	30.4%	44.7%
Central and South America	20	7	20	8	1	0	41	15	34.5%	16.1%
Asia Pacific	129	290	85	260	2	6	216	556	67.3%	44.1%
Japan	6	9	26	48	0	4	32	61	35.2%	19.2%
Total	279	523	233	480	9	29	521	1,032	38.0%	36.1%

Outgoing employees - 2018										
No. people	<30		30-50		>50		Tot		Turnover	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Parent Company	22	41	31	46	10	8	63	95	15.3%	16.9%
Europe	33	51	37	57	0	6	70	114	50.0%	41.2%
North America	45	71	53	55	10	12	108	138	37.4%	39.8%
Central and South America	7	6	16	16	0	0	23	22	19.3%	23.7%
Asia Pacific	109	279	80	278	1	10	190	567	59.2%	45.0%
Japan	3	11	16	71	4	13	23	95	25.3%	30.0%
Total	219	459	233	523	25	49	477	1,031	34.8%	36.1%

INJURIES

	2019	2018
No. of cases		
Injuries	55 (23 for men; 32 for women)	57 (24 for men; 33 for women)
Occupational diseases	0	2 (1 for men; 1 for women)

HEALTH AND SAFETY INDICATORS¹⁰ - 2019

Rates	Parent Company ¹¹			Europe			North America		
	Men	Women	Tot	Men	Women	Tot	Men	Women	Tot
Lost day rate	20.0	36.8	29.7	28.1	11.2	17.2	104.1	3.7	49.7
Occupational diseases rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Injury rate	1.6	1.9	1.8	4.4	3.6	3.9	6.6	3.7	5.0
Rates	Central and South America			Asia Pacific			Japan		
	Men	Women	Tot	Men	Women	Tot	Men	Women	Tot
Lost day rate	40.1	72.4	54.4	0.0	7.9	6.1	33.9	39.1	37.9
Occupational diseases rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Injury rate	1.7	3.2	2.4	0.0	0.1	0.1	0.0	0.7	0.6

HEALTH AND SAFETY INDICATORS¹⁰ - 2018

Rates	Parent Company			Europe			North America		
	Men	Women	Tot	Men	Women	Tot	Men	Women	Tot
Lost day rate	7.1	13.0	10.5	1.6	211.5	141.0	5.6	55.4	33.8
Occupational diseases rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Injury rate	1.1	1.0	1.1	2.4	5.6	4.5	11.9	4.7	8.0
Rates	Central and South America			Asia Pacific			Japan		
	Men	Women	Tot	Men	Women	Tot	Men	Women	Tot
Lost day rate	0.0	16.4	7.2	96.7	8.7	26.8	197.4	11.1	52.7
Occupational diseases rate	0.0	0.0	0.0	0.3	0.1	0.1	0.0	0.0	0.0
Injury rate	0.0	2.2	1.0	0.0	0.2	0.2	0.0	0.3	0.3

¹⁰ The lost day rate is calculated as the ratio of total days lost for occupational diseases or injury to total working hours during the same period, multiplied by 200,000. The occupational diseases rate is calculated as the ratio of total occupational diseases to total working hours during the same period, multiplied by 200,000. The injury rate is calculated as the ratio of total injuries to total working hours during the same period, multiplied by 200,000. The absentee rate is not currently reported.

¹¹ As part of the analysis carried out during 2019 in relation to the significance of data and information regarding other non-employee workers, especially agency staff, interns and consultants, the Group registered, out of a total of 71 workers (26 men and 45 women) within the Italian scope, the following accident rate: Men - 0.0; Women - 2.5; Total - 1.6.

BOUNDARY OF THE GROUP'S MATERIAL TOPICS

The following table shows the material aspects identified for the Salvatore Ferragamo Group and its stakeholders through the materiality analysis, grouped into topics of Leg. Decree 254/16, the related boundary, the type of impact and the related topic-specific Standard.

TOPICS OF LEG. DECREE 254/16	MATERIAL TOPICS	BOUNDARY OF THE MATERIAL TOPICS	TYPE OF IMPACT	TOPIC-SPECIFIC STANDARD LINKAGE
Environmental	Responsible use of chemical products	Group, suppliers and workers	Caused by the Group and directly connected to its activities	Customer health and safety
	Circular economy and responsible innovation	Group	Caused by the Group	N/A
	Environmental responsibility*	Group	Caused by the Group	Effluent and waste, environmental compliance
	Responsible consumption**	Group	Caused by the Group	Water, energy
	Animal Welfare	Group, suppliers and workers	Caused by the Group and directly connected to its activities	N/A
	Greenhouse gas emissions	Group, logistic distributors	Caused by the Group and contributed to by its activities	Emissions
	Sustainable packaging	Group	Caused by the Group	N/A
	Quality and Made in Italy	Group, suppliers and workers	Caused by the Group and directly connected to its activities	Procurement practices
	Brand image and reputation	Group, suppliers and workers	Caused by the Group and directly connected to its activities	N/A
	Health and safety	Group's employees***	Caused by the Group	Occupational health and safety
Social	Omnichannel experience e customer satisfaction	Group	Caused by the Group	N/A
	Culture of sustainability governance and ethical business	Group	Caused by the Group	Anti-competitive behavior
	Security and protection of clients' data	Group	Caused by the Group	Customers privacy
	Responsible sourcing practices	Group, suppliers and workers	Caused by the Group and directly connected to its activities	Child labor, forced or compulsory labor
Employee-related	Commitment towards art, culture and community	Group	Caused by the Group	Local communities
	Attraction, development and employees welfare	Group	Caused by the Group	Employment, training and education
	Diversity, equal opportunity and non-discrimination	Group	Caused by the Group	Diversity and equal opportunity, non-discrimination
Anti-corruption and bribery matters	Anti-corruption	Employees of the Group, suppliers and workers	Caused by the Group	Anti-corruption
	Respect for human rights	Group, suppliers and workers	Caused by the Group and directly connected to its activities	Child labor, forced or compulsory labor
N/A	Operating and financial performance	Group	Caused by the Group	Economic performance

* The scope of the information reported in relation to waste production and management is limited to the Group's offices.

** The scope of the information reported in relation to water consumption is limited to the Group's offices.

*** The first outcome of the analysis carried out during 2019 in relation to the significance of data and information regarding workers who are not employees, was that the Group provided for the collection and reporting of data and information regarding workers who are not employees within the Italian boundary, in particular agency staff, interns and consultants. The Group will further assess significance in relation to other workers who are not employees starting from the next reporting period, in order to assess the need to work at the Group's sites and/or under the control of the Group, assessing the quality and the accuracy of this data over which the Group does not have direct control.

GRI CONTENT INDEX

Here below is the GRI[®] Content Index prepared in accordance with the GRI Standards: Core option. Any omissions are reported as notes to the individual indicators, if applicable.

CODE	INDICATOR	PAGE/NOTES
GRI 102: GENERAL DISCLOSURE 2016		
ORGANIZATIONAL PROFILE		
GRI 102-1	Name of the organization	Pp. 3;96-97
GRI 102-2	Activities, brands, products, and services	Pp. 18-21
GRI 102-3	Location of headquarters	P. 21
GRI 102-4	Location of operations	Pp. 18;22
GRI 102-5	Ownership and legal form	Pp. 24-26
GRI 102-6	Markets served	P. 22
GRI 102-7	Scale of the organization	P. 18
GRI 102-8	Information on employees and other workers	Pp. 48-49; 98-99
GRI 102-9	Supply chain	Pp. 34-39
GRI 102-10	Significant changes to the organization's size, structure, ownership or supply chain in the reporting period	During 2019 there were no significant changes to the Group's size, structure, ownership or supply chain.
GRI 102-11	Precautionary Principle or approach	Pp. 24-26; 82-83
GRI 102-12	Externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses	Pp. 10-13; 24-26; 38; 49; 90-93
GRI 102-13	Membership in national and/or international industry associations	Pp. 10-11; 64-67
STRATEGY		
GRI 102-14	Statement from senior decision-maker about the relevance of sustainability to the organization and its strategy for addressing sustainability	P. 3
GRI 102-15	Key impacts, risks and opportunities	Pp. 24-26
ETHICS AND INTEGRITY		
GRI 102-16	Values, principles, standards, and norms of behavior	Pp. 8; 24-26
GRI 102-17	Mechanisms for advice and concerns about ethics	Pp. 24-26
GOVERNANCE		
GRI 102-18	Governance structure	Pp. 24-26

⁹ All the General Disclosures, the management approaches and topic-specific Standards provided in the GRI Content Index are those published by the GRI in 2016.

CODE	INDICATOR	PAGE/NOTES
STAKEHOLDER ENGAGEMENT		
GRI 102-40	List of stakeholder groups	Pp. 14-15
GRI 102-41	Collective bargaining agreements	P. 50
GRI 102-42	Identifying and selecting stakeholders	Pp. 14-15
GRI 102-43	Approach to stakeholder engagement	Pp. 14-15
GRI 102-44	Key topics and concerns raised by stakeholders	Pp. 14-15
REPORTING PRACTICE		
GRI 102-45	Entities included in the Sustainability Report	Pp. 96-97
GRI 102-46	Process for defining the Sustainability Report content	Pp. 14-15; 96-97
GRI 102-47	List of material topics	Pp. 14-15; 96-97; 102
GRI 102-48	Restatements of information given in the previous Sustainability Report	Pp. 96-97
GRI 102-49	Significant changes in the list of material topics and topic boundary	Pp. 96-97
GRI 102-50	Reporting period of the Sustainability Report	Pp. 96-97
GRI 102-51	Date of most recent report	Pp. 96-97
GRI 102-52	Reporting cycle	Pp. 96-97
GRI 102-53	Contact point for questions regarding the report	Pp. 96-97
GRI 102-54	Claims of reporting in accordance with the GRI Standards	Pp. 96-97
GRI 102-55	GRI content index	Pp. 103-109
GRI 102-56	External assurance	Pp. 96-97; 110-112
MATERIAL TOPICS		
ECONOMIC INDICATORS		
Economic Performance		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	Pp. 18-19; 24-26
GRI 103-3	Evaluation of the management approach	Pp. 18-19; 24-26
GRI 201-4	Financial assistance received from government	In 2019, the Salvatore Ferragamo Group received approximately 26,000 Euro in government grants for training purposes, compared to 50,000 in 2018. For both years the grants relate only to Salvatore Ferragamo S.p.A.
Procurement Practices		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	Pp. 34-39

CODE	INDICATOR	PAGE/NOTES
GRI 103-3	Evaluation of the management approach	Pp. 34-39
GRI 204-1	Proportion of spending on local suppliers	P. 34
Anti-Corruption		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	Pp. 24-26
GRI 103-3	Evaluation of the management approach	Pp. 24-26
GRI 205-3	Confirmed incidents of corruption and actions taken	During 2019 and 2018 there were no incidents of corruption.
Anti-competitive behavior		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	Pp. 24-26
GRI 103-3	Evaluation of the management approach	Pp. 24-26
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	During 2019 and 2018 there were no legal actions for anti-competitive behavior, anti-trust and monopoly practices.
ENVIRONMENTAL INDICATORS		
Energy		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	Pp. 82-93
GRI 103-3	Evaluation of the management approach	Pp. 82-93
GRI 302-1	Energy consumption within the organization	Pp. 84-85
Water		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	Pp. 82-93
GRI 103-3	Evaluation of the management approach	Pp. 82-93
GRI 303-1	Water withdrawal	Pp. 84-85
Emissions		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	Pp. 82-93
GRI 103-3	Evaluation of the management approach	Pp. 82-93
GRI 305-1	Direct (Scope 1) GHG emissions	Pp. 90-91
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Pp. 90-91
GRI 305-6	Emissions of ozone-depleting substances (ODS)	Considering the nature of its business, the Salvatore Ferragamo Group has not identified other significant emissions of ozone-depleting substances in 2019 and 2018.

CODE	INDICATOR	PAGE/NOTES
GRI 305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Considering the nature of its business, the Salvatore Ferragamo Group has not identified significant emissions of NO _x , SO _x , or other gases in 2019 and 2018.
Effluents and Waste		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	Pp. 82-93
GRI 103-3	Evaluation of the management approach	Pp. 82-93
GRI 306-2	Waste by type and disposal method	Pp. 84-85
Material Aspect: Environmental Compliance		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	Pp. 24-26; 82-83
GRI 103-3	Evaluation of the management approach	Pp. 24-26; 82-83
GRI 307-1	Non-compliance with environmental laws and regulations	During 2019 and 2018 there were no cases of non-compliance with environmental laws and regulations.
SOCIAL INDICATORS		
Material Aspect: Employment		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	Pp. 48-59
GRI 103-3	Evaluation of the management approach	Pp. 48-59
GRI 401-1	New employee hires and employee turnover by age group, gender and region	Pp. 49; 52; 100
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	P. 58 Benefit for the Group full-time employees vary according to local regulations and practices.
Material Aspect: Occupational Health and Safety		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	Pp. 24-26; 58
GRI 103-3	Evaluation of the management approach	Pp. 24-26; 58
GRI 403-2	Type of injury and rate of injury, occupational diseases, lost days, and absenteeism and number of work-related fatalities by region and gender of employees	Pp. 101-102 In 2019 and 2018 no fatal injuries were recorded.
Material Aspect: Training and Education		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	Pp. 42-43; 52-56
GRI 103-3	Evaluation of the management approach	Pp. 42-43; 52-56

CODE	INDICATOR	PAGE/NOTES
GRI 404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Pp. 56; 99
Material Aspect: Diversity and Equal Opportunity		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	Pp. 49-51
GRI 103-3	Evaluation of the management approach	Pp. 49-51
GRI 405-1	Diversity of governance bodies and employees, breakdown by gender, age group and other indicators of diversity	Pp. 26; 48; 50; 98-99
Material Aspect: Non-Discrimination		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	Pp. 24-26; 50-51
GRI 103-3	Evaluation of the management approach	Pp. 24-26; 50-51
GRI 406-1	Incidents of discrimination and corrective actions taken*	
Material Aspect: Child Labor		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	Pp. 24-26; 38; 96-97
GRI 103-3	Evaluation of the management approach	Pp. 24-26; 38; 96-97
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor**	
Material Aspect: Forced or Compulsory Labor		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	Pp. 24-26; 38; 96-97
GRI 103-3	Evaluation of the management approach	Pp. 24-26; 38; 96-97
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor**	
Material Aspect: Local Communities		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	Pp. 62-77
GRI 103-3	Evaluation of the management approach	Pp. 62-77
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	Pp. 62; 67

*Confidentiality obligation in relation to 406-1: data cannot be disseminated outside the Group.

**Information not available for 408-1 and 409-1. The information will be available as from subsequent reporting periods, when the company launches an audit plan to verify the compliance of its suppliers to the principles of the Supplier Code of Conduct, which include forced and child labor.

CODE	INDICATOR	PAGE/NOTES
Material Aspect: Customer Health and Safety		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	Pp. 24-26; 34-35; 42-44
GRI 103-3	Evaluation of the management approach	Pp. 24-26; 34-35; 42-44
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	During 2019 and 2018 there were no incidents of non-compliance with regulations on health and safety of products and services during their life cycle.
Material Aspect: Customer Privacy		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	Pp. 24-26; 42-44
GRI 103-3	Evaluation of the management approach	Pp. 24-26; 42-44
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	During 2019 the Group recorded two cases of data leaks both categorized according to a low risk profile, only one of these has interested customer data.
Material Topic: Animal Welfare		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	P. 38
GRI 103-3	Evaluation of the management approach	P. 38
Material Topic: Circular Economy and Responsible Innovation		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	Pp. 8-13; 30-33; 82-87
GRI 103-3	Evaluation of the management approach	Pp. 8-13; 30-33; 82-87
Material Topic: Brand Image and Reputation		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	Pp. 24-26; 30-45
GRI 103-3	Evaluation of the management approach	Pp. 24-26; 30-45
Material Topic: Omnichannel Experience and Customer Satisfaction		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	Pp. 42-44
GRI 103-3	Evaluation of the management approach	Pp. 42-44

CODE	INDICATOR	PAGE/NOTES
Material Topic: Sustainable Packaging		
GRI 103-1	Explanation of the material topic and its Boundary	Pp. 14-15; 102
GRI 103-2	The management approach and its components	Pp. 84-92
GRI 103-3	Evaluation of the management approach	Pp. 84-92

CORRESPONDENCE BETWEEN THE PRINCIPLES OF THE UN GLOBAL COMPACT AND THE GRI STANDARD INDICATORS

For the Salvatore Ferragamo Group the Sustainability Report is also a Communication On Progress (COP), in other words the annual document which offers stakeholders information on the progress made in applying the Ten Principles of the UN Global Compact in carrying out its activities. Given this, the table below provides a precise correspondence between the GRI Standards and the Principles.

CATEGORIES	PRINCIPLES OF THE UN GLOBAL COMPACT	GRI STANDARD INDICATORS
HUMAN RIGHTS	PRINCIPLE 1 Businesses should support and respect the protection of internationally proclaimed human rights	408-1; 409-1; 413-1; 413-2
	PRINCIPLE 2 Make sure that they are not complicit in human rights abuses	412-1; 412-3
LABOR	PRINCIPLE 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	102-41; 402-1; 407-1
	PRINCIPLE 4 The elimination of all forms of forced and compulsory labor	409-1
	PRINCIPLE 5 The effective abolition of child labor	408-1
	PRINCIPLE 6 The elimination of discrimination in respect of employment and occupation	102-8; 202-1; 202-2; 401-1; 401-3; 404-1; 404-3; 405-1; 405-2; 406-1
ENVIRONMENT	PRINCIPLE 7 Businesses should support a precautionary approach to environmental challenges	301-1; 302-1; 303-1; 305-1; 305-2; 305-3; 305-6; 305-7
	PRINCIPLE 8 Undertake initiatives to promote greater environmental responsibility	301-1; 301-2; 301-3; 302-1; 302-2; 302-3; 302-4; 302-5; 303-1; 303-2; 303-3; 304-1; 304-2; 304-3; 304-4; 305-1; 305-2; 305-3; 305-4; 305-5; 305-6; 305-7; 306-1; 306-2; 306-3; 306-4; 306-5; 307-1; 308-1; 308-2; 419-1
	PRINCIPLE 9 Encourage the development and diffusion of environmentally friendly technologies	302-4; 302-5; 305-5; 102-16; 102-17
ANTI-CORRUPTION	PRINCIPLE 10 Businesses should work against corruption in all its forms, including extortion and bribery	205-1; 205-2; 205-3; 415-1

**INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND
ART. 5 OF CONSOB REGULATION N. 20267/2018**

**To the Board of Directors of
Salvatore Ferragamo S.p.A.**

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Salvatore Ferragamo S.p.A. and its subsidiaries (hereinafter "Salvatore Ferragamo Group" or "Group") as of December 31, 2019 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 10, 2020 (hereinafter "NFS").

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" established in 2016 by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of the NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Auditor's Independence and quality control

We have complied with the Independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art. 3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Salvatore Ferragamo Group;
4. understanding of the following matters:
 - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
 - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
 - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a) of this report;

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Salvatore Ferragamo S.p.A. and with the employees of the main legal entities of the Group and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for the following subsidiaries, Salvatore Ferragamo S.p.A. and Ferragamo Hong Kong Ltd., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Salvatore Ferragamo Group as of December 31, 2019 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

DELOITTE & TOUCHE S.p.A.

Signed by
Franco Amelio
Partner

Milan, Italy
March 26, 2020

This report has been translated into the English language solely for the convenience of international readers.