

SALVATORE FERRAGAMO GROUP
SUSTAINABILITY REPORT 2017

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



LETTER FROM THE CHAIRMAN

Salvatore Ferragamo
RESPONSIBLE PASSION

Our Group has been on the path to corporate social responsibility for years now, believing that sustainability is not ancillary, but rather a commitment that must be part of growth strategies and acted on by taking a long-term approach.

In 2017, we strengthened our commitment to sustainability by adopting a three-year plan centered on sustainability goals and formalizing a policy that establishes conduct guidelines with the aim of promoting a culture of sustainability.

The purpose of this document, which applies to the entire Salvatore Ferragamo Group, is to share what we have achieved so far as well as future challenges and objectives, maintaining a transparent relationship with stakeholders.

Thanks to our people and their positive attitude, the value of sustainability has spread throughout the organization and is now at the center of our growth strategies. Our employees represent the essence of our Brand, and this is why we seek to maximize their professional and individual potential by offering them opportunities for growing, achieving well-being, and building respect. As evidence of our commitment to the health and safety of our people, in 2017 we obtained the OHSAS 18001 certification for the Osmannoro site and the Italian stores. We plan to expand the scope of the certification over the next few years.

We believe in our local community, a byword for history and culture, and its young talents, who are capable of devising solutions to modern problems and rejuvenating Italy's creative heritage. Staying true to Ferragamo's DNA, we want to celebrate the past and future of Italy's tradition by funding the restoration of major artworks such as the Fountain of Neptune in Florence's Piazza della Signoria as well as promoting experiments with sustainable materials, constantly upholding the quality standards of Made in Italy products and in keeping with the innovative spirit of our Founder.

For us, also protecting the environment is a priority when setting our goals. In 2017, we invested in limiting consumption and obtaining important environmental certifications for our facilities, in order to minimize the environmental impact of our operations. The new Logistics Center currently being built at the Osmannoro site testifies to this commitment: designed to the highest efficiency standards, it will receive the LEED Platinum certification

"There is always something more beautiful, more perfect, still to be created".
This quote from my father drives us to constantly improve ourselves and raise the standards, promoting a responsible business approach based on the respect for people, the community, and the environment every day.

Ferruccio Ferragamo

This Sustainability Report is dedicated to Settimio, who embraced the world of the Salvatore Ferragamo with his quiet smile. He has always been a point of reference and a byword of commitment, dedication, and reliability.



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RESPONSIBLE PASSION

Commitment
Sustainability Plan and SDGs
Stakeholders and materiality

RESPONSIBLE PASSION

COMMITMENT

‘Creativity, innovation and excellent craftsmanship have been the core values of the Salvatore Ferragamo brand since it began, and are tangible elements in the design and production of each and every one of its creations. The Brand’s deep ties to the local area, its culture and community have instilled in the Salvatore Ferragamo an ever greater awareness of the need for a sincere and significant commitment to protecting the places where it operates and the people who work for it, a commitment that goes beyond mere compliance with the provisions of national and international laws, standards and regulations’.

The inspiration driving the business of the Salvatore Ferragamo Group is founded on passion for excellent craftsmanship, creativity and innovation, while respecting the values that are part of the Brand’s DNA. Among these values has always been sustainability in the sense of a model for how to act without compromise. 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 Salvatore Ferragamo Group decided to embark on its journey towards corporate responsibility by committing to adopt a strategy that puts this concept at the center of the decision-making progress, seeking to grow the business while considering also the positive and negative impact of its operations on society and the environment.

THE SALVATORE FERRAGAMO GROUP IN 2017

Sustainability Policy OF THE GROUP	6 SDGs ADOPTED	Sustainability Plan OF THE GROUP
Business International Finance Award FOR THE GROUP SUSTAINABILITY REPORT 2016	more than 81,000 PAGES VIEWED ON THE GROUP WEBSITE CSR SECTION	‘Identity and Vision’ SPECIAL MENTION AWARD RECEIVED FROM BBS FOR THE GROUP SUSTAINABILITY REPORT 2016



In order to take an integrated approach to managing sustainability-related topics, since 2014 a cross-functional working group called **Green Team** has been set up, dedicated to designing and promoting corporate responsibility initiatives. The team consists of people from several corporate departments, allowing to bring together cross-functional skills in order to promote all-around 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 as part of materials research and development, communication, packaging, information systems, logistics, operations, environment and safety, community & charity, purchasing of raw materials, human resources, mobility and store planning. In 2017, the Merchandising Function joined the Green Team, strengthening the projects focusing on innovative and sustainable materials in accordance with the Brand's creative spirit. In addition, since 2016 the Control and Risk Committee has been supervising sustainability-related issues with the goal of monitoring the inclusion of responsible practices into the Group's business strategies. To be transparent about its operations, the Group has committed to reporting on its corporate social responsibility initiatives.

Since 2014, Salvatore Ferragamo has been preparing the **Group Sustainability Report** in accordance with the international guidelines of the Global Reporting Initiative GRI-G4. Salvatore Ferragamo S.p.A. first Corporate Sustainability Report won the Aretè Corporate Social

Responsibility Report Award in the "large companies" category and, as a further step on the journey towards corporate social responsibility, the Sustainability Report of the Salvatore Ferragamo Group was published and subjected to limited assurance. The Salvatore Ferragamo Group Sustainability Report 2016 won the 2017 Business International Finance Award in the category "Financial Statements, Integrated Reporting, and Financial Communication" as well as the "Identity and Vision" Special Mention from Biblioteca Bilancio Sociale.

In 2017, to consistently implement sustainability initiatives across all Salvatore Ferragamo Group companies, a **Sustainability Policy** was drafted and published, in order to establish a corporate culture oriented to equity and professional expertise, promote honesty, integrity and transparency, encourage sustainable growth, stimulate a conversation on business ethics, and make stakeholders more accountable. Prepared in accordance with the principles and rules of the Group's Code of Ethics as well as the framework of the United Nations 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 operations.

In addition, as evidence of its commitment to sustainable growth, in November 2017 the Group signed the **Manifesto for Circular Economy**, which establishes an Alliance to promote innovative and sustainable projects. The Alliance, spearheaded by Enel and Intesa San Paolo, includes internationally recognized companies from several Italian industries and seeks to develop business models

based on the principles of sharing, extending the useful life of products, recycling and using renewable energy sources.

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

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 for the purposes of sustainability-related topics. In 2016, the Salvatore Ferragamo Group launched a **section entirely dedicated to corporate responsibility** on its website, highlighting the most important social responsibility projects the Group has promoted over the years. In 2017, new content was added to the website to further engage stakeholders: an interactive digital version of the Group Sustainability Report 2016 was published, offering a user-friendly experience optimized for mobile devices, later joined by the newly adopted Sustainability Policy. In addition, the Brand's sustainability initiatives were able to drive engagement through social channels: in April 2017, the announcement of the publication of the Salvatore Ferragamo Group Sustainability Report on the Brand's LinkedIn profile was viewed over 130,000 times in the first week.

THE SUSTAINABILITY PATH OF THE SALVATORE FERRAGAMO GROUP

2014	2015	2016	2017
<p>Creation of a cross-functional working group called Green Team, dedicated to designing and promoting corporate responsibility initiatives.</p> <p>Identification of stakeholders.</p> <p>Initial definition of economic, social and environmental topics which are most important for the Salvatore Ferragamo (materiality analysis).</p>	<p>Drafting of the first Sustainability Report 2014 for Salvatore Ferragamo S.p.A. (year zero).</p> <p>Creation of an e-mail address specifically dedicated to Corporate Social Responsibility.</p> <p>Addition of a section dedicated to Corporate Social Responsibility on the Company's intranet.</p>	<p>Preparation and publication of the Sustainability Report 2015 for Salvatore Ferragamo S.p.A., subject to limited assurance.</p> <p>Creation on the Salvatore Ferragamo Group website of a section dedicated to sustainability, available in English and Italian.</p> <p>Update of mapping of stakeholders.</p> <p>Update of materiality analysis.</p>	<p>Preparation and publication of the Sustainability Report 2016 relating, for the first time, to the Salvatore Ferragamo Group, subject to limited assurance.</p> <p>Achievement of the 2017 Business International Finance Award in the category "Financial Statements, Integrated Reporting, and Financial Communication" as well as the "Identity and Vision" Special Mention from Biblioteca Bilancio Sociale for the Group Sustainability Report 2016.</p> <p>Consideration of the Sustainable Development Goals (SDGs) as part of the Group sustainability strategy.</p>
			<p>Preparation and publication of the Sustainability Report 2017 for the Salvatore Ferragamo Group, subject to limited assurance.</p> <p>Preparation and publication of the Salvatore Ferragamo Group Sustainability Policy, available in English and Italian in the CSR section of the Group's website.</p> <p>Preparation of the Salvatore Ferragamo Group Sustainability Plan, outlining the sustainability goals to be achieved within the next three years.</p>



SUSTAINABILITY PLAN AND SDGs

In 2017, in order to create a vision shared by the whole Group, the first **Sustainability Plan** was drafted identifying the main goals to be pursued concerning strategy and governance, people and principles, protection of the environment, and culture and participation. The Sustainability Plan is updated annually and prepared on the basis of the Group's sustainable development goals: in 2016, building on the 17 **Sustainable Development Goals** (SDGs) of the United Nations to promote sustainable growth and minimize negative impacts on the planet, the Company identified the 6 main objectives that will drive its operations. The Sustainability Plan was born from the need to formalize the commitment to achieving these goals, in keeping with the values that have always driven the Group's business. The Plan was shared with top management and the **Control and Risk Committee**, which supervises sustainability-related issues, to embed

corporate social responsibility values into the Group's growth strategies. The Group's Sustainability Plan identifies specific initiatives to be implemented over three years in order to achieve 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 topics and promoting initiatives to engage stakeholders;
- Maximizing human capital at the Group level;
- Continuously improving occupational health;
- Promoting Company Welfare initiatives and strengthening internal communication;
- Monitoring the supply chain and collaborating with suppliers on shared projects;
- Constantly improving energy and environmental efficiency;
- Reducing the use of resources as

part of production and consumption processes;

- Monitoring chemical substances inside raw materials and finished products;
- Promoting and using sustainable materials and by-products;
- Planning and implementing charitable initiatives to protect the health of women and children as well as promote Italy's culture around the world;
- 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 Salvatore Ferragamo Museum and the Ferragamo Foundation).



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



Quality education
The Salvatore Ferragamo Group, in collaboration with the Ferragamo Foundation, 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.



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



Decent work and economic growth
The Salvatore Ferragamo Group focuses its commitment on facilitating and valorizing the professional development of its people, while respecting the historic community values, in order to incentivize innovation and creativity, thus also guaranteeing the healthiness of its workplaces.



Sustainable cities and communities
The Salvatore Ferragamo Group is committed to directing significant attention and resources to artistic and cultural initiatives, in order to guarantee more responsible management of cities and promote culture in all its forms and manifestations.



Responsible consumption and production
The Salvatore Ferragamo 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.



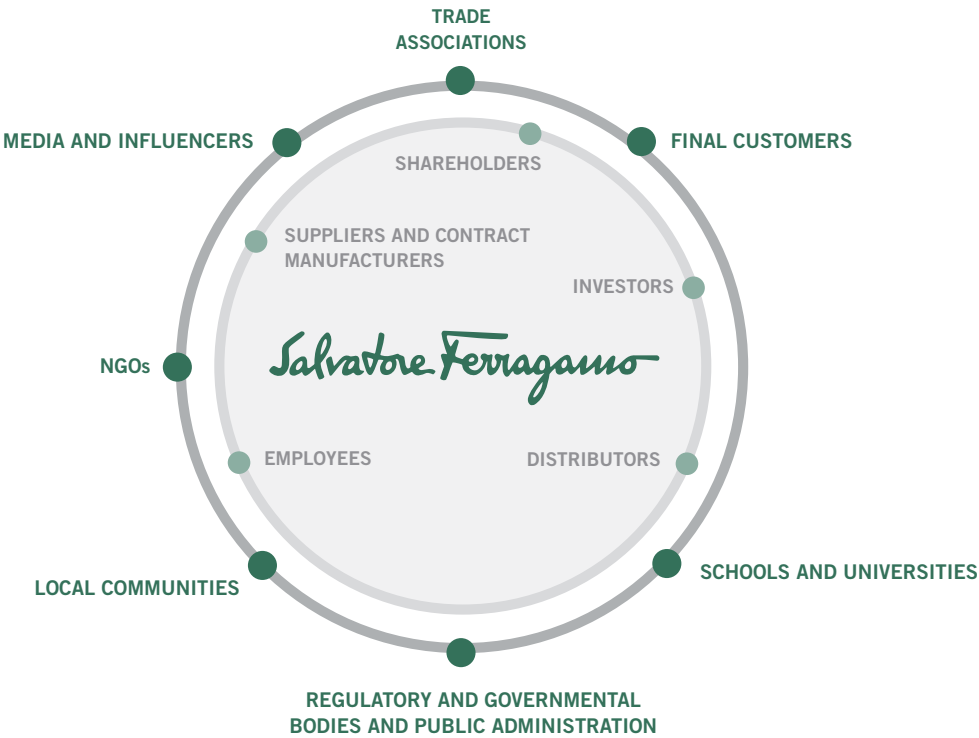
STAKEHOLDERS AND MATERIALITY

The numerous elements to the sustainability path undertaken by the Salvatore Ferragamo Group are based on an approach focused on transparency, integrity and seriousness, with the aim of involving stakeholders in the economic, social and environmental objectives of its own 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.

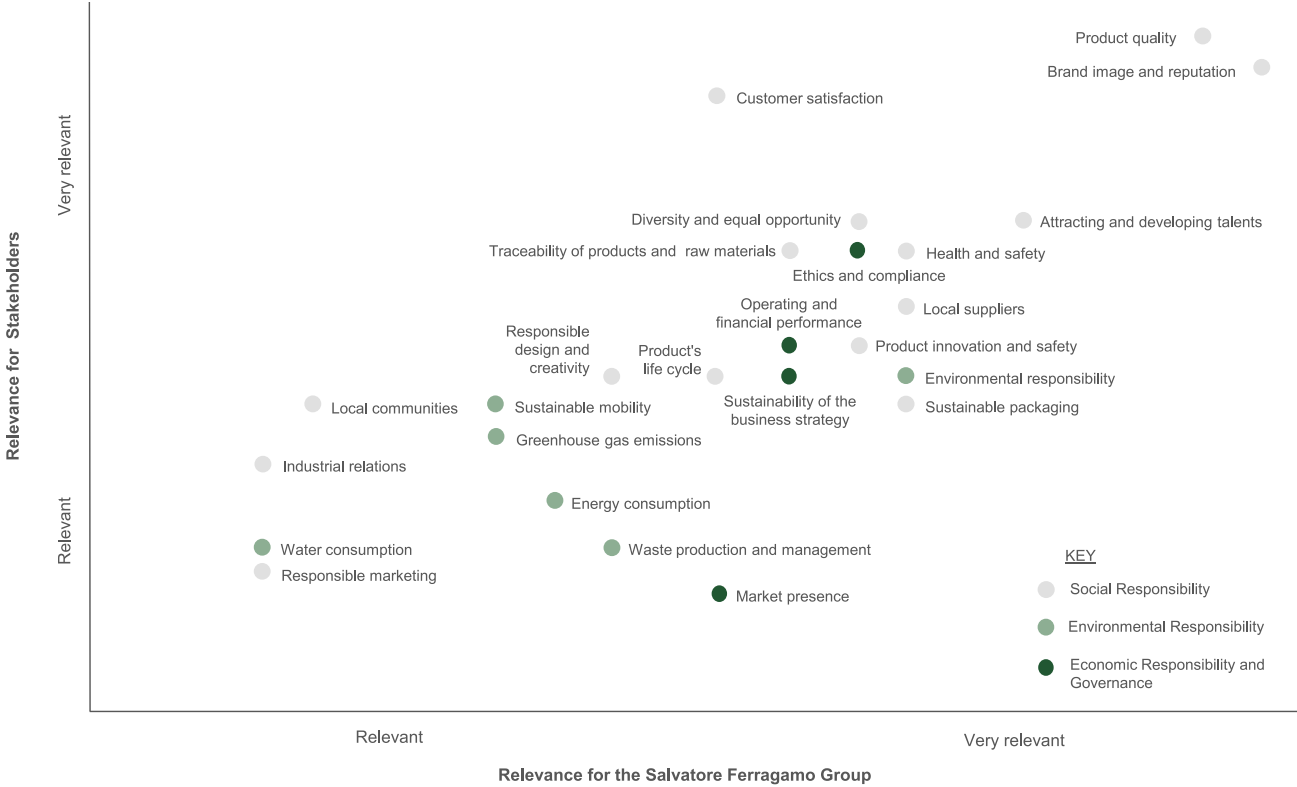
Salvatore Ferragamo has identified and selected its **stakeholders** based on the awareness of its social role and deep connection with the local community, which is necessarily related to the conduction of its operations, for the purposes of understanding their expectations and translating them into actionable objectives. The following have been identified as internal stakeholders: employees, shareholders, investors, distributors, suppliers, and workshops. External stakeholders have been identified in 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.

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SALVATORE FERRAGAMO GROUP'S STAKEHOLDERS' MAP



SALVATORE FERRAGAMO GROUP'S MATERIALITY ANALYSIS



The Salvatore Ferragamo Group's **materiality analysis** reflects the topics material to the Group as well as 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 late 2016. Since the first edition, it has been performing this analysis in accordance with the Global Reporting Initiatives (GRI-G4) Guidelines as well as the AA1000 Stakeholder Engagement Standard Guidelines on identifying, mapping and defining stakeholders' expectations, processing the results of their engagement and prioritizing them. The materiality analysis was updated with the input of the Group's Green Team and top management as well as by engaging different categories of stakeholders both within and without the Group, asking them for their opinion as part of the process to define, assess

and prioritize material topics. Specifically, the update process took into account the opinions of students from major universities as part of an initiative led by SDA Bocconi School of Management, the Store Managers and Assistant Store Managers of European boutiques, and the Group's youngest employees through a web-based survey. All categories of stakeholders involved contributed to prioritizing the material topics and provided insights on potential sustainability projects the Group could focus on in the short, medium and long term. The Group sees these opportunities for discussion with its stakeholders as crucial, since they allow to steer the sustainability decision-making process in the direction of the actual expectations of stakeholders. The Group assessed the feasibility of all the ideas gathered as part of stakeholder engagement initiatives, and some of them became part of the Group Sustainability Plan. As in previous

years, future materiality analysis updates will provide increasingly engaging stakeholders, in accordance with the Sustainability Plan. To this end, in order to maintain a constant dialog with its stakeholders and to promote a culture of sustainability, the Group recently developed a digital platform allowing employees to access several videos on sustainability-related topics as well as express their ideas and opinions on the Group's progress in this area. Launched in early February 2018 in Italy and Europe, the platform will be rolled out to employees of the other areas in which the Group operates.



SALVATORE FERRAGAMO GROUP

Numbers
History and market
Responsible management

SALVATORE FERRAGAMO GROUP

NUMBERS

The Salvatore Ferragamo Group, which has always been a byword of the highest Made in Italy quality, is one of the main players in the luxury sector and its origins go back to 1927. The Group mainly creates, produces and sells footwear, leather goods, apparel, silk products and other accessories, as well as perfumes for men and women. The range of products is completed with eyewear and watches which are made under license by third parties in Italy and abroad, with the aim of drawing on local excellences.

The Salvatore Ferragamo Group includes Salvatore Ferragamo S.p.A. as the Parent Company and the subsidiaries¹ which are consolidated on a line by line basis in which the Parent Company holds, directly or indirectly, the majority of voting rights 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 maintains high quality standards for the products and for the distribution processes through investment in research, product innovation, IT and business support.

THE SALVATORE FERRAGAMO GROUP IN 2017


685	248.5	more than 90
STORES IN THE WORLD	MILLION EURO IN EBITDA	COUNTRIES OF PRESENCE
more than 4,100	118.6	1,393.5
EMPLOYEES IN THE WORLD	MILLION EURO GROUP NET PROFIT	MILLION EURO IN REVENUES

¹ For more information on the Group companies, see the Salvatore Ferragamo Group's Annual Report at 31 December 2017.




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.

1950s




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

1960s




After the death of the Founder, his widow 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.

1995




Inauguration of the Salvatore Ferragamo Museum 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.

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.

1978



Creation of Vara, one of the most famous shoes by the 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 Gancino decorative symbol.

2006



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

2011



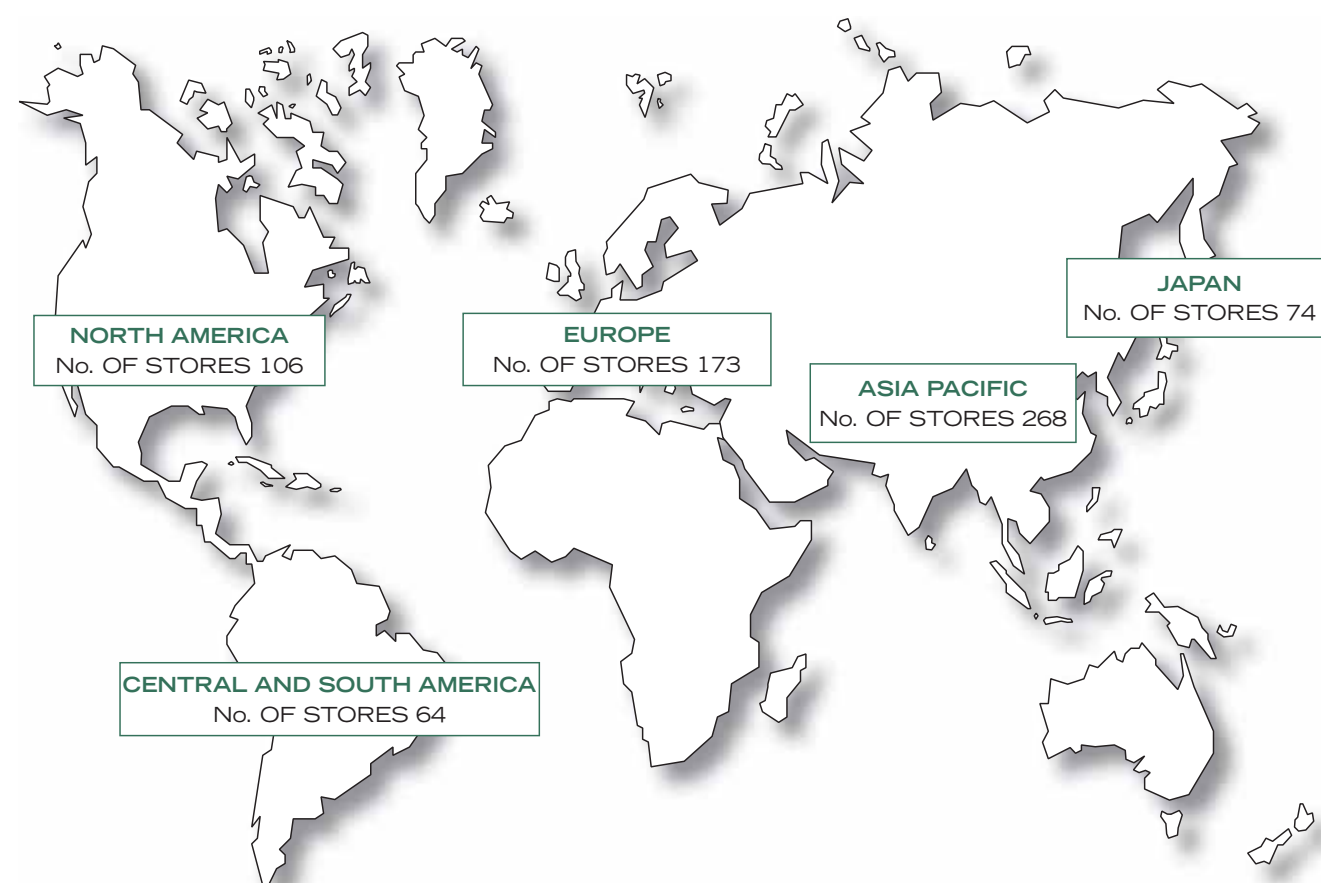
Salvatore Ferragamo S.p.A. listed on the Mercato Telematico Azionario (screen-based stock exchange) organized and managed by Borsa Italiana S.p.A.

First collection of jewelry presented.

2017



Appointment of Paul Andrew as Creative Director of Women's Collections.



Considering the whole distribution structure, the Ferragamo Group is present in **over 90 countries** across the world. At 31 December 2017 the Group's distribution network, consisting of a total of **685 stores**, could count on 410 directly operated stores (DOS) and 275 third points of sale (TPOS) in the Wholesale and Travel Retail channel, as well as on its presence in leading Department Stores and top of the range multi-brand Specialty Stores.

In 2017, the Group celebrated the reopening of some of the Brand's most representative stores, testifying to its constantly evolving global presence. The boutique inside the ION Orchard shopping mall, the place to go for luxury shopping in Singapore, reopened in July, offering approximately

290 sqm of footwear, bags and accessories for Men and Women. The boutique has been revamped to highlight the Brand's style. In November, the historic Canton Road Flagship Store in Hong Kong reopened with an exclusive night featuring celebrities, influencers and fans of the Brand. The store's new gorgeous look is a perfect example of Italian style and craftsmanship, reflecting Ferragamo's quality, creativity, and elegance. The attention to detail guided the renovation since its early stages, allowing the store to obtain the LEED Gold certification—a recognition of energy and water efficiency, the excellent choice of materials, construction work management, innovation, and environmental quality. The occasion was marked by the introduction of a special limited

edition collection of Women's handbags and small leather goods specifically designed for the Asian market.



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 was elected by the Shareholders' Meeting on 24 April 2015 according to the single list submitted by the majority shareholder Ferragamo Finanziaria S.p.A., except for Eraldo Poletto, who was appointed by the Shareholders' Meeting on 27 April 2017 after being co-opted by the Board on 2 August 2016. On 24 April 2015 the Shareholders' meeting also nominated Wanda Milletti Ferragamo as the Honorary President, by way of recognition for the exceptional work she has done for the company over the years. The Board of Directors has also set up three advisory board committees: the Nomination and Remuneration Committee, the Product and Brand Strategy Committee and the Control and Risk Committee.

Following the amendments to the Corporate Governance Code for Italian listed companies, the Board of Directors of Salvatore Ferragamo S.p.A. decided to delegate the following powers to the Group's **Control and Risk 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 important in terms of sustainability (e.g. reputational risks) in the medium/long-term for the Company's business.
- Supervise sustainability issues connected to the exercise of 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 to support top management in identifying the main business risks and how to manage them, as well as organizing the relevant control system. The system adopted envisages: updating of the mapping of risks, identification and assessment of the risks and controls adopted to contain them before defining the opportune monitoring and operating strategies. Specifically, below are the macro-categories of risks and the main impacts in terms of sustainability:

- Market and strategic risks, in other words risks relating to the general and/or specific macro-economic trends on 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 which could impact on the Brand's image and reputation;
- Operating risks connected to typical processes, which include both external risks, such as those relating to the abuse 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 connected largely to safety and customer satisfaction, including product quality, health, safety and the quality of workers' professional life and the value chain;
- Financial risks, in other words those risks which impact directly on the economic result and the value of the Company's assets and which are mainly connected to external factors. The impacts in terms of sustainability are connected to the economic-equity performance and the systems adopted for the reliability, timeliness and completeness of financial reporting, as well as the involvement of

stakeholders and the market generally and transparent information in their regard;

- Compliance risks connected to the failure to comply with laws and regulations to which the Salvatore Ferragamo Group is subject. As far as sustainability within this category is concerned, the Group has adopted an Organization, Management and Control Model pursuant to Italian Legislative Decree 231/2001 and a Code of Ethics as well as implemented an Anti-Corruption Policy, and is currently preparing a Supplier Code of Conduct.

Specifically concerning social topics, the Group monitors the risks associated with the supply chain, the local community and occupational health and safety. 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. With reference to environmental risks, on the other hand, the Group constantly complies with the environmental law 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 context 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 has put in place numerous controls linked to creating value from the local territory, responsible communication and marketing, respect of human rights in the supply chain and the promotion of integrity and ethics in business. Specifically, the Group has a specific procedure in place for the accreditation, qualification and certification of suppliers and workshops, performs audits on the supply chain, and, in 2017, set out on a path to preparing and implementing a Supplier Code of Conduct. In addition, the Parent Company has adopted an OHSAS 18001 Occupational Health and Safety Management System for all the Company's Italian offices and stores as well as 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 SpA, after making the necessary changes. The goal is to prevent managers or the people that either report to or are supervised by them from committing the offenses set out in the Decree in the interest or for the benefit of the Company. 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 of the Model and

its guiding principles, the Parent Company offers training sessions for all employees. The Salvatore Ferragamo decided to formalize its care and attention for its own people in the Company Regulation that sets out the principles underlying the employment relationship as well as the main rights of Ferragamo employees.

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, Made in Italy products, the social value of the company, and the centrality of human resources. On the one hand, the Group encourages everyone to spontaneously share, comply with, and disseminate the Code of Ethics; on the other hand, it requires everyone operating on behalf of the Salvatore Ferragamo Group or making 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.

In 2017, the Group adopted an **Anti-Corruption Policy** modeled after global best practices and compliant with the highest standards. This Policy formalizes the strong commitment to combating corruption, rejecting it in any context or form, setting out the principles, rules of conduct and necessary control mechanisms to prevent any possible incident of corruption. The Policy has already been

adopted by the Parent Company and is applicable to all subsidiaries, which will amend it based on local legal and organizational requirements.

It is possible to report any 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, through dedicated channels such as the **whistleblowing** 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. The Ethics Committee examines and investigates all complaints received to assess whether they are legitimate and take action as it sees fit.

MEMBERS OF THE BOARD OF DIRECTORS OF THE PARENT COMPANY - 31 DECEMBER 2017

	< 30	30 - 50	> 50	TOT
MEMBERS OF THE BOARD OF DIRECTORS	-	2	11	13
• OF WHICH EXECUTIVE				2
• OF WHICH INDEPENDENT				4



MADE IN ITALY QUALITY

Tradition and innovation
Suppliers and contract manufacturers
Customer focus

MADE IN ITALY QUALITY

THE SALVATORE FERRAGAMO GROUP IN 2017

new Modelleria

OPENED IN NOVEMBER 2017

+ 32.4%

REGISTRATIONS FOR THE
E-COMMERCE NEWSLETTER
COMPARED TO 2016

94%

OF LEATHER HIDES PURCHASED
FROM ITALIAN TANNERIES

+50.2%

FOLLOWERS ON INSTAGRAM

more than
268,000

COUNTERFEIT PRODUCTS SEIZED BY
CUSTOMS OFFICIALS IN 2017

more than 350

PATENTS AND TRADEMARKS

TRADITION AND INNOVATION

Since 1927, Salvatore Ferragamo has been a byword for Made in Italy craftsmanship, creativity and innovation. As an essential value that underlies every creation, quality has always been part of the company's DNA, helping the Brand spread and become acknowledged all over the world. Salvatore Ferragamo has been a pioneer in exporting **Made in Italy** quality and the whole Group has always been interested in developing and passing on the foundations of Italian craftsmanship. It is not just a question of manual skills, but also of experience, utmost care and attention to detail, while constantly researching for new materials and technologies to be incorporated into a handmade, sophisticated and contemporary product, in line with the Founder's creative principles. Each product stands out for its original design, the attention to the manufacturing process and its strong ties with the world of culture, art and cinema.

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 start of the 21st century were collected in the Patent Fund of the State Central Archive, thus holding a technical and scientific know-how 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. To this day, the Archive represents a source of innovation and inspiration for new creations, allowing to pass on Salvatore's ideas and technical expertise to new generations of creative talents.





The attention and passion for materials have always characterized Salvatore Ferragamo's heritage: 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 created the wedge, one of the fashion industry's most revolutionary and enduring innovations. This is the same reason why he carefully selected and constantly experimented with not only exclusive types of leather, but also the most humble and unusual kinds such as fish skin, used in some of the Brand's most iconic models. 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, to constantly update the materials used, placing a special emphasis on environmentally sustainable ones.

On 22 April 2017, the Salvatore Ferragamo Group celebrated Earth Day by introducing the Women's apparel capsule collection developed together with **Orange Fiber**, the innovative startup founded by two young Sicilian women that creates textiles from citrus juice byproducts. Orange Fiber recycles these byproducts to create a sustainable material that reflects the Group's values of creativity, innovation and environmental sustainability. The Salvatore Ferragamo Group was the first to introduce a capsule collection featuring Orange Fiber's textile, whose products were glamorized by the work of the Architect and designer Mario Trimarchi, winner of the 2016 Compasso d'Oro award who created exclusive Mediterranean-inspired prints. During 2017, Ferragamo and Orange Fiber's partnership was on display on several occasions, including the

Taormina Smart project, as part of which the innovative textile and the pieces of the collection were presented to the First Ladies that attended the G7 summit held in Taormina in May. In addition, some pieces were displayed in the Smart Wardrobe area of the Première Vision Smart Square at the Première Vision Paris trade show held in September, as well as in the exhibition The Fabric of Cultures: Systems in the Making at New York's Queens College, held between October and December. The interest and attention generated by the partnership with Orange Fiber have further strengthened the Salvatore Ferragamo Group's commitment to promoting young talents and innovating in the field of the circular economy.

The partnership with Orange Fiber was also presented at the **Green Carpet Fashion Awards**, the event organized by the Italian Chamber of Fashion (CNMI) and Eco-Age, combining glamour and sustainability. For the exclusive event, the Salvatore Ferragamo developed a green look made with GOTS-certified silk organza and Orange Fiber textiles, which were used also for the shoes and the bag. The top model Karolina Kurkova wore the look during the event held in September at Milan's Teatro La Scala, which featured several Italian and international fashion and luxury leaders.

As part of its efforts to support young talents, in October 2017 the Company was selected as a best practice for its sustainability activities in the H&M Foundation's "The Accelerator" program, also meeting the winners of the **Global Change Award 2017**, which celebrates the most interesting projects in the field of sustainability and circular economy. The Group has always been working with organizations committed to research and experimen-

tation, acknowledging the importance of raising the awareness of its creative teams about the use of sustainable, innovative and high-quality materials. Therefore, in October 2017 the Group held an **interactive workshop on sustainable and innovative materials** in partnership with Made By for its style, production and material research teams, to promote a culture of sustainability and stimulate their interest in new materials. In addition, in December 2017, C.L.A.S.S. held the Workshop "From Sustainability to Circular Economy: A brand new dimension for fashion values" for the Salvatore Ferragamo's style team, exploring the wide range of opportunities offered by the circular economy in the textile industry.

During 2017, the Company actively participated in several conferences and academies set up to start a conversation about sustainability with Italian and international fashion leaders. Among others, the Salvatore Ferragamo participates in the **Sustainable Luxury Academy** organized by Milan's Polytechnic University in partnership with Mazars International. The Academy's goal is to discuss and identify the next steps required to completely embed sustainability into the luxury industry's supply chains. In May 2017, the Salvatore Ferragamo participated in the **Istituto Marangoni Advisory Committee** (or IMAC) project, which brought together public figures and experts from the fashion and academic world to discuss sustainability in fashion.

SUPPLIERS AND CONTRACT MANUFACTURERS²

Made in Italy, style and elegance: these are the qualities that have always characterized the Salvatore Ferragamo Group's products. Staying true to these values, 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 always 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 workshops known for their outstanding craftsmanship. Many of them have been working with the Salvatore Ferragamo for years now.

To deliver a quality product as well as to make production and distribution more efficient and flexible, the Salvatore Ferragamo Group pays special attention to the key stages of the supply chain, limiting subcontracting 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 as well as performs quality and safety controls, both at the start and at the end of the manufacturing process, on the whole production.

When selecting suitable suppliers, the Group places special emphasis on the technical assessment of raw materials, semi-finished and finished products as well as the acquisition of documents concerning manufacturing plants and, in some cases, it follows up with a visit to the premises. Furthermore, the new potential partners must fill out specific forms for the purposes of the Register of Suppliers

and Workshops of Raw Materials or Finished Product, accept the Code of Ethics, consent to the processing of personal data, submit a certification of compliance with social security, welfare and occupational safety regulations, a self-certification concerning occupational health and safety, the acceptance of the subcontracting policy, the acceptance of the trademark protection agreement, and the REACH self-certification required by the European Union to ban the use of hazardous substances in manufacturing processes.

The Group recognizes the importance of manufacturing and selling products which conform, 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. The European Chemical Safety framework is based on the REACH Regulation, which bans the use of hazardous substances in manufacturing processes. 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 topic of chemical substances by submitting its Restricted Substances Lists (RSLs). The Group has shared these voluntarily prepared lists with all its suppliers to eliminate or limit the use of certain substances in production processes and will update them in the future.

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



SUPPLIERS IN FIGURES - 2017



In order to guarantee the essential quality of the Brand's products, the Salvatore Ferragamo Group uses a specific selection process for suppliers and contract manufacturers, aimed at assessing whether the potential new partners have the technical, qualitative, economic and financial prerequisites and all the documentation and certification required to start collaborating. 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. In this context, the Group remains deeply rooted to the local community: considering the geographical distribution by company name of exclusively suppliers related to production, Italian entities account for as much as 97.2% of suppliers' turnover. As for the procurement of raw materials, the Group buys approximately 113,000,000 dmq of leather and nearly 1,161,000 m of textiles.

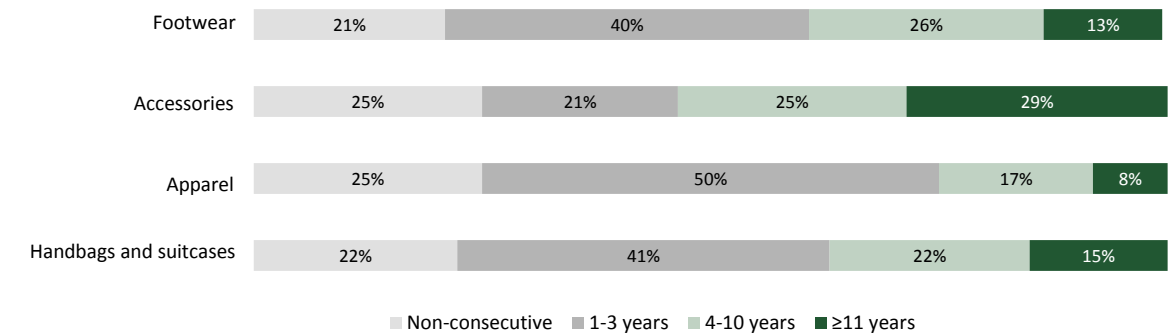
The Salvatore Ferragamo Group works exclusively with highly specialized manufacturers that meet the most demanding quality standards.

Virtually all of them are 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 the contract manufacturers and the highly specialized products and production processes involved. This integration is supported by an IT system that connects the vast majority of contract manufacturers with the Group. This allows both parties to track the progress of production and logistic processes, check whether raw materials are in the contract manufacturers' stock, and, most importantly, effectively plan the production stages as well as the procurement of raw materials and components.

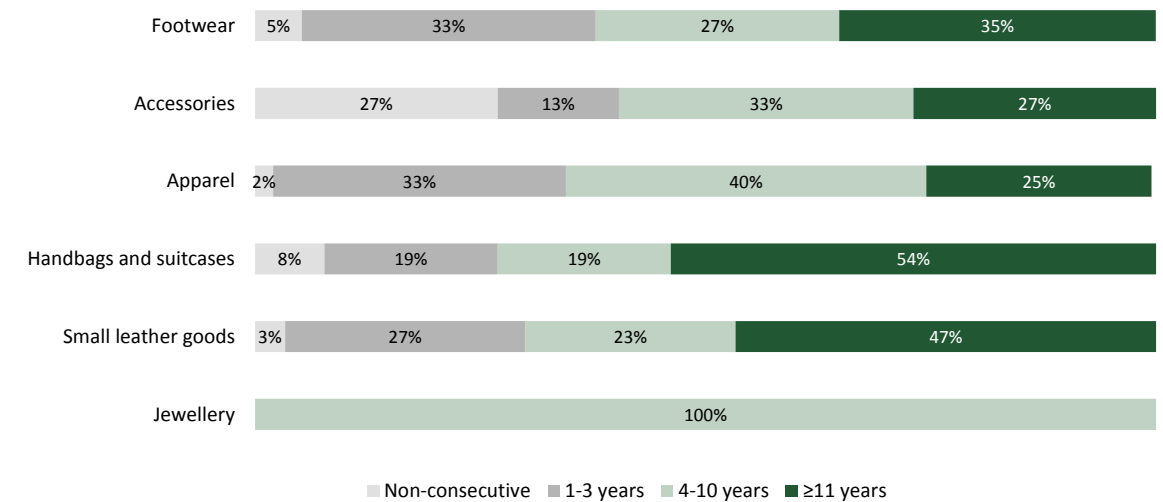
In addition to this, by entering into **trademark protection agreements**, the Salvatore Ferragamo Group

reduces the risk that external contract manufacturers might sell the Brand's products to third parties. These manufacturers must disclose if they work with any subcontractor, to which they can outsource different production processes as long as these are performed directly, in accordance with the policy limiting subcontracting to just one tier. In addition, the Group constantly monitors manufacturers as well as subcontractors through inspections performed by technical and production staff.

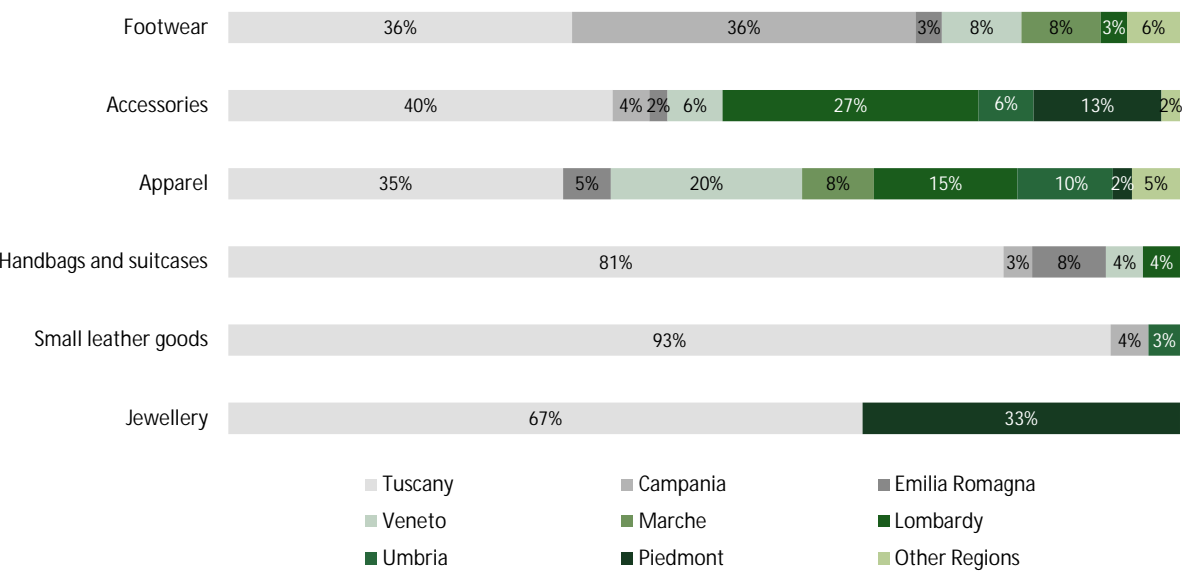
YEARS OF PARTNERSHIP CONTINUITY WITH SUPPLIERS BY SECTOR - 2017



YEARS OF PARTNERSHIP CONTINUITY WITH CONTRACT MANUFACTURERS BY SECTOR - 2017



GEOGRAPHICAL BREAKDOWN OF ITALIAN CONTRACT MANUFACTURERS BY SECTOR - 2017



Among the Salvatore Ferragamo Group core values are corporate ethics and the promotion of the principles of loyalty, fairness and respect, both within the organization and when dealing with business partners. In accordance with the Group's Code of Ethics and to embed corporate social responsibility into day-to-day operations, the Group values collaborating with the supply chain to achieve the highest ethical and sustainable development standards. To this end, the Group decided to adopt its own **Supplier Code of Conduct**, setting out the standards of ethics and 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 for the environment and product responsibility. The Supplier Code of Conduct was prepared during 2017 and will be shared in 2018 with all the Salvatore Ferragamo

Group's suppliers of raw materials, processing services and finished goods.

To uphold corporate social responsibility within the supply chain, since 2014 the Salvatore Ferragamo Group has been performing audits on subcontractors. These audits, based on a multi-year plan and handled by external specialists, seek to ensure the respect for human rights and workers as well as compliance with occupational health, safety and hygiene standards. The audit process involves a number of stages. First, the subcontract manufacturers are required to fill in a pre-assessment survey; then, an on-site audit is carried out by interviewing both employees and the management. Based on the audit findings, the Group prepares an improvement plan with the subcontract manufacturer to prevent, mitigate, or remedy non-compliance. The plan requires implementing specific actions in a given timeframe agreed to by the parties, as well as clearly

identifying an accountable person in the supplier organization. Since 2014, the Group has conducted **over 150 audits and more than 70 follow-ups**. In November 2017, it launched a new cycle of audits on the following product categories: Women's Footwear, Men's Footwear, Leather goods, and Ready-To-Wear. Also during 2018, 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. Once again in 2018, the Group audits will be performed on the following product categories: Women's Footwear, Men's Footwear, Leather goods, and Ready-to-Wear.

Concerning Footwear production, the Group has always relied on a small prototyping and manufacturing unit comprising of materials cutters, stitchers and fitters: the **Manovia** division. Established in 1967, the Manovia mainly creates samples and prototypes as well as fine-tunes the structures (stretchers, heels, insoles and soles) for 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 limited edition models that are part of the **Ferragamo's Creations** collection. Launched in 2006, the Ferragamo's Creations line consists of new editions of original shoes included in the Historical Archive and the Salvatore Ferragamo Museum. The models are manufactured in

limited and numbered quantities. They are made entirely by hand 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.

In November 2017, the Group launched a renewed **Modelleria** division for Men's and Women's Leather goods: this approximately 1,200 square meter lab 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 tech-

nical skills and creativity of the people that research materials, create the style and make the Ferragamo product. Staying true to its tradition 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 fundamental for preserving the know-how, legacy of its Founder, nowadays upheld by the skilled artisans of the Salvatore Ferragamo Group.



CUSTOMER FOCUS

Customer satisfaction has always been the main goal for the Salvatore Ferragamo when defining its strategies, from the design of the product to the service offered at the stores. Respect is the foundation of the relationship 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.

A **customer-centric** strategy has been adopted anticipating the needs of existing and potential customers in order to create long-term value. In 2017, the Group doubled down on this approach by conducting sales and sectors analysis and constantly monitoring market trends to guide the creative teams in the development of “glocal” collections that can better meet the expectations of Ferragamo customers. In 2017, the Group also introduced thematic offerings consistent with a Buy Now/ Wear Now approach, which consists in allowing customers to buy an item they can start wearing right away.

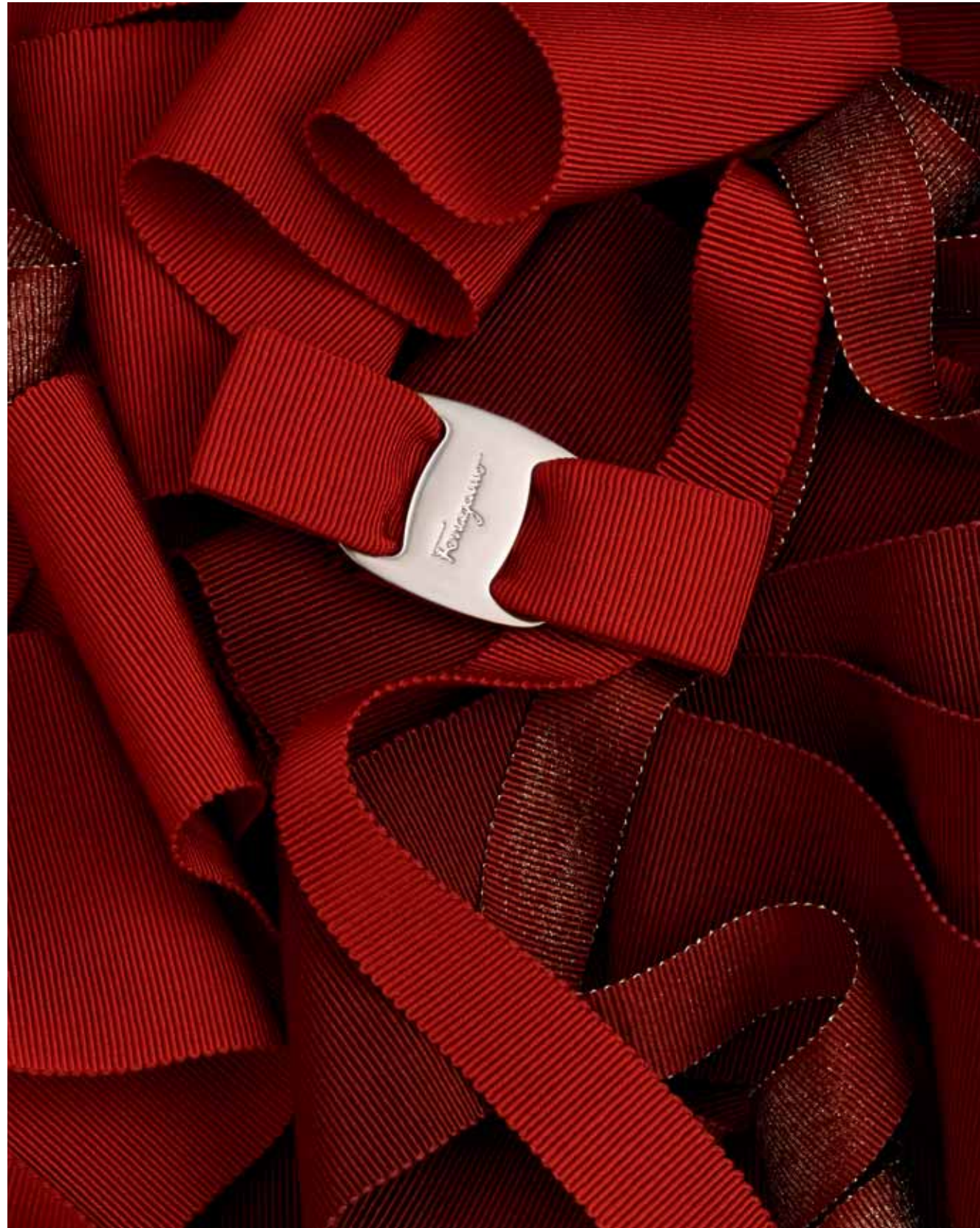
The partnership with art has always been fundamental in Ferragamo's world, and conveying this to customers further strengthens their connection with the Brand. During the 2017 holiday season, the Group asked the Italian artist Simone Massoni to design limited-edition greetings cards for all Salvatore Ferragamo customers. In addition, a number of European stores held an event featuring Mr. Massoni, who customized the cards on the spot with drawings requested by the customer.

To ensure customer satisfaction, the Group strives to make its sales personnel capable of conveying the passion for craftsmanship and quality that characterized Salvatore Ferragamo. Therefore, **retail staff training** is key to keeping the Brand exclusive and

driving engagement. The goal is to make every employee aware of the Company culture, which is made up of traditions as well as strong and distinctive values. During 2017, the sales staff of the Salvatore Ferragamo Group were provided with over 45,000 hours of training and, in order to transmit inspiration and the themes underpinning the collections, seasonal training sessions were dedicated to Men's and Women's collections, tailored depending on the information relating to the purchases of the different stores. Training sessions were offered through the new **iLearn digital learning platform**, available to both retail and wholesale staff. The platform, accessible from PCs, tablets and smartphones, is based on an adaptive technology allowing it to work perfectly on 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 expanded seasonal training programs, optimizing them in terms of form and usability, as well as contents focusing specifically on the 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. Between April 2017, when iLearn was launched, and last December, employees across the 30 countries involved in the project completed over 73,700 courses. The platform is available in 9 languages and Russian, Thai and Arab will be added during 2018 to promote it in all the countries where the Group operates.

Besides online training sessions, the Group also offers **in-class sessions** to client advisor teams with the goal of strengthening not only their sales skills and customer approach, but also expanding their knowledge of specific topics such as Chinese culture and the processing and characteristics of leather hides. In addition, in 2017 the Group introduced a new customer relationship management training format for sales teams: this highly interactive program explains the current interaction strategy and includes practical examples and exercises to implement it as best as possible. As for managerial training for store managers, the focus is on the skills required to manage the store, upgrading the skills of employees, sales performance coaching and the alignment with the Company's goals. In 2017, the Group provided more than 13,200 hours of in-class training to over 940 employees. These sessions are crucial to optimizing customer greeting at the store and conveying the Brand's key values.





Concerning the initiatives for the benefit of customers, the Group uses the “**Authenticity Tag**” system, which protects the consumer purchasing a genuine and Made in Italy Ferragamo product, preventing and limiting counterfeiting. Said innovative traceability project consists in the implementation and adoption of an NFC (Near Field Communication) solution to uniquely identify any of the 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 the data on it with a password as well as read it from a distance of only a few centimeters using new generation smartphones. Industry insiders can also exclusively 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, with the exception of a few models. In addition, the project has entered production for ties and scarfs starting from the PS2018 collection.

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. Online monitoring has been delivering remarkable

results for years now: in 2017, 35,253 illicit contents and profiles were removed from the main social media platforms and 68,784 listings of counterfeit products were identified, blocked and removed from online auction sites. In addition, during 2017, 111 illicit websites were tracked and taken down, and 47 uses of “Ferragamo” as a keyword on digital Marketplaces were removed. In 2017, the Group constantly monitored physical marketplaces through several non-judicial and judicial initiatives, focusing its efforts on China, one of the countries most affected by counterfeiting. During the year, 62,397 counterfeit goods were seized in China and 268,029 worldwide. The Group's commitment against counterfeiting has delivered remarkable results thanks to the relentless efforts to safeguard its brands as well as the development of new tools to protect its industrial and intellectual property rights. The Group will double down on these efforts in 2018.

The Group's strategy is connecting the online and offline worlds to promote and value the customers' engagement with Ferragamo. **Integrating digital** channels of communication completes the Brand experience of the Salvatore Ferragamo Group, offering customers an hands-on opportunity to learn more about the Brand.

To further strengthen the connection between customers and the Ferragamo world, in 2017 the Group updated its **eCommerce** platform, launching the US and Canadian eStores in May and all European ones in November. With the new interface, the website delivers an innovative and intuitive user experience, highlighting the craftsmanship and world-class quality of Ferragamo products. In 2018, the Group plans to launch the new website in Korea and Australia. Since introducing the eCommerce platform in 2009, the Group has been adding more and more functionality to meet the needs of its digital customers: new payment methods, customization options, new product categories, and the introduction of exclusive products. Since 2016, US customers can use the Reserve in Store, Stock Enquiry and Pickup in Store services. All this is part of the initiatives related to the **omnichannel project**, which aims to steer customers from online channels to the physical stores in order to gather information allowing to customize online offerings and communication. In addition, in 2017

the five European eStores as well as those in Australia and Mexico introduced the functionality to recover abandoned shopping carts. The launch of the new website in Europe coincided with the activation of the Stock Enquiry service, which allows to identify the stores where the product selected on the site is in stock. In 2018, European stores will introduce the On Behalf Of service, allowing sales staff to buy in store products not currently in stock on behalf of customers using an iPad. The improved functionality and services offered by the online channel has caused the number of subscribers to the Ferragamo eCommerce newsletter to rise by 32.4% in 2017 compared to the prior year.

The digital evolution of the last few years has significantly changed Ferragamo's social strategies. Using **social media** allows to further engage customers and deliver a comprehensive experience through short Brand stories posted in a tailored format for each channel. In 2017, the Group launched several digital campaigns: High Tech High Craft marked the start of the creative season of Paul Andrew, Ferragamo's new creative director of Women's Collections, inspired by cutting-edge technology and the know-how of Italian master craftsmen. The High Tech Botanical event for the reopening of the historic Canton Road flagship store in Hong Kong was covered on social media using the hashtag #FerragamoHK.

Another key focus of Ferragamo's digital campaigns in 2017 was the partnership with young international influencers, which resulted in fresh and spontaneous contents allowing to deliver the Brand's message to a younger audience. Meanwhile, the FW17 campaign, created by the photographer Walter Pfiffer, was centered on the emotions the product elicits in the customer, emphasizing the creativity and elegance of the Brand's key products while placing special emphasis on shoes and bags. Bearing witness to the success of the campaigns undertaken and the strong commitment which the Group places on digital communication, 2017 was marked by a solid increase in the number of followers on the main social channels. Specifically, the number of followers on the Chinese social media platforms WeChat and Weibo increased by a significant 96.6% and 60.5%, respectively, compared to the previous year.

THE SALVATORE FERRAGAMO GROUP ON SOCIAL MEDIA
GROWTH IN FOLLOWERS (2016 vs 2017)

INSTAGRAM	+50.2%	TWITTER	+10.2%
FACEBOOK	+9.0%	TUMBLR	+11.6%
PINTEREST	+14.2%	WECHAT	+96.6%
LINKEDIN	+22.7%	WEIBO	+60.5%





A SHARED HISTORY

Diversity and equal opportunity
Attracting and developing talent
Wellbeing of people

A SHARED HISTORY

Expertise, passion and dedication to work are the characteristics of the people that every day deliver exclusive products and experiences to the Salvatore Ferragamo Group's customers all around the world, based on the heritage and values passed on by the Founder. The Group considers its human capital to be crucial and is committed to maximizing the potential of its people at each step of the production chain, investing in the professional growth of its employees and attracting new talents while complying with occupational health and safety standards. For years now, the Salvatore Ferragamo has been formalizing its care and attention for its people inside the Company Regulation that set out the principles underlying the employment relationship as well as the main rights of Ferragamo employees, summarized in the section on employee rules of conduct. The Regulation is available and freely accessible to all employees through the company Intranet.

In December 2017, the Group reaffirmed its position by publishing the Sustainability Policy, which sets out the principles and values governing the social protection of its people. This document consolidates the Group's commitment to fully respecting human rights and the rights of its employees as recognized by national and international conventions and declarations as part of its operations, as well as rejecting any form of child labor, forced labor and discrimination based on personal characteristics irrelevant to a person's work. In addition, the Group wants to promote the well-being of its employees and is committed to initiatives aiming to improve their work-life balance.

As of 31 December 2017, the Group had 4,183 employees, up 3.6% from the previous year. There were also other 340 individuals working at the Group in various capacities. The age range between 30 and 50 is that with the highest number of employees (62.1% of the total workforce).

THE SALVATORE FERRAGAMO GROUP IN 2017

4,183	1,278	2,905
EMPLOYEES WORLDWIDE	HEADQUARTER EMPLOYEES	RETAIL EMPLOYEES
1,163	3,913	≈ 70%
EMPLOYEES UNDER 30	EMPLOYEES ON PERMANENT CONTRACTS	WOMEN EMPLOYEES





DIVERSITY AND EQUAL OPPORTUNITY

The Salvatore Ferragamo Group manages and develops its human capital by integrating and respecting diversity. Employee relationships are based on the principles of fairness, integrity and respect, preventing any **discrimination** based on age, race, ethnicity, nationality, political views, trade union membership, religious beliefs, sexual orientation, gender identity, physical and mental disabilities and any other personal characteristics, in line with the Group Code of Ethics. Special emphasis is placed also on providing **equal opportunity**, 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.

As of 31 December 2017, among the employees on open-ended contracts, 51 men and 231 women had chosen to work part-time.

Women play a key role in the Salvatore Ferragamo Group: they account for 68.3% of its employees and hold more than 65.0% of senior management positions. In addition, women make up a significant 30.8% of the Parent Company Board of Directors, in accordance with applicable laws.

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 employee category, including economic incentives contingent on individual and company performance goals aimed at promoting a sense of belonging and teamwork. Over the next few years, the Group will update the existing system through the Job Grading project, which will allow to analyze the work of all

employees in depth and therefore ensure gender equality in remuneration policies.

Concerning the employees belonging to **protected categories** (74 employees at 31 December 2017), the Group complies with applicable laws in the countries in which it operates.

Finally, as for industrial relations, 35.9% of the Group's employees are covered by **collective bargaining** agreements, as required by applicable laws and regulations in the countries in which it operates.

EMPLOYEES OF THE SALVATORE FERRAGAMO GROUP - 31 DECEMBER 2017

NO. OF PEOPLE	MEN	WOMEN	TOT
PARENT COMPANY	402	549	951
EUROPE	138	255	393
NORTH AMERICA	309	330	639
CENTRAL AND SOUTH AMERICA	101	100	201
ASIA PACIFIC	295	1,271	1,566
JAPAN	82	351	433
TOTAL	1,327	2,856	4,183

ATTRACTING AND DEVELOPING TALENT

Attracting new talents is key to the relentless innovation that characterizes the Group as well as the Brand's success. Confirming this commitment, in 2017 1,637 employees joined the Salvatore Ferragamo Group, of whom around 54.7% were under 30 and 68.7% women, thus recording a staff turnover of 39.1%. These turnover rates account for the industry the Group operates in and mostly refer to retail staff.

Offering a stable and long-lasting employment relationship as necessary to foster the Company's growth, as well as an important motivational factor. The high proportion of employees on permanent contracts, accounting for 93.5% of the total in 2017, is evidence of the Group's commitment in this sense. During the year, the Group improved the process dedicated to the professional growth of employees with the **Internal Job Posting** project: this allows to constantly update open positions, informing employees in a timely manner. The Group will continue developing the project in the upcoming years to promote a closer integration between all the areas in which the Salvatore Ferragamo Group operates.

In Italy, the Salvatore Ferragamo has an **Induction program** for all new recruits aimed at transmitting the Brand's values right from the start and creating a strong sense of belonging. 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 Museum and the Historical Archive in partnership with the Ferragamo Foundation and the Salvatore Ferragamo Museum. The Customized Induction, which is reserved to executives and managers, is instead tailored to the role that the incoming manager is required to fill. In addition, to celebrate the 90th

anniversary of Salvatore Ferragamo's return to Italy, the Group held an Induction session to convey the Archive's importance and modernity to Creative and Product teams. The event "**Our first 90 years. An archive to be touched**" allowed participants to view and touch images, products, videos and materials of the prestigious Historical Archive, entering into contact with the Founder's modern creativity that has always been the hallmark of Ferragamo's collections.

To select and attract top talents, the Parent Company has partnerships with several Italian Universities, Business Schools and Design Academies, organizing presentations, career days and field projects. During 2017, 11 **Employer Branding** sessions were held during which Salvatore Ferragamo met 869 students, 16 of whom started working with the Company. In 2018, the Company plans to strengthen its partnership with leading Design Schools to offer an advanced training program to young creative talents in the field of design and accessories. The Group pays special attention to the families of its employees: in 2017, it launched the **Store Internship for Employees' Sons and Daughters** program, offering the children of its employees the opportunity to work at the Brand's stores and live a work experience in the Ferragamo world. In 2018, the program will be extended also to the siblings of the Group's employees. In addition, for a few years now Salvatore Ferragamo has been the official partner of SDA Bocconi School of Management's Master in Fashion, Experience & Design Management (MAFED), an international program for those who want a managerial career in the fashion, luxury and design industries.

Training its employees is a key priority for the Salvatore Ferragamo

Group, as it is a precondition for individual growth and the development of the competencies that make up the heritage at the core of its success. Specifically, in 2017 the Group provided approximately 54,550 hours of training to its employees, nearly 17% at its headquarters and more than 83% in the retail segment. Maximizing the potential of its employees is just as important to the Group, which in 2017 continued providing training and development opportunities to the talents identified at the corporate level in the previous year and launched a project to design a global **Talent Management** system. As part of its own Ferragamo Excellence model, the Parent Company identifies nine essential competencies divided into Core 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.

Over the next few years, the Group will gradually expand the Talent Management system to all employees, regardless of the geography in which they operate, maximizing the potential of key resources across the entire Salvatore Ferragamo Group.



In 2017 the **Development Assessment** program continued, which involved two different types of workers: High Potential staff and Senior Leaders. For both groups training programs were developed in order to reinforce specific competencies such as emotional intelligence and the development of collaborators. Specifically, the sessions for High-Potential individuals focused on the ability to make decisions and deliver impactful communication through individual and group coaching. Meanwhile, the training programs for Senior Leaders concerned coaching, leadership, or topics relevant to each one's area of expertise.

The Group also enhances retail employees and the store staff who constantly exceed their sales targets by providing an exceptional service and forging unique relationships with customers. In this sense, in 2017 the Group designed and launched a specific **retail staff development** program establishing structured career paths and formalizing the opportunities that the Group offers to the employees of its boutiques. These career paths clearly and objectively define the opportunities for professional growth within the boutique, moving through positions with increasing responsibilities and different levels of management skills, including the possibility of eventually managing a store or the relevant team. The Company has also been promoting mobility within the Retail world by offering opportunities to hold senior positions in different stores in the same country or abroad, focusing on internal rather than external recruiting for vacant positions.

Recognizing the top sales performers is key to constantly improving the in-store customer experience and represents a way to show gratitude to the individuals that have been able to convey the craftsmanship and passion of

Salvatore Ferragamo the most. Therefore, the Group offered the 2017 top sales assistants of China, Japan and Mexico the opportunity to participate in a training program aimed at conveying the values of the "Made in Italy" tradition through cultural and educational initiatives. Specifically, the top sales assistants from the Chinese market received a tour of the Uffizi Gallery and participated in a cooking class dedicated to traditional Italian cuisine.

To facilitate the development of their staff, the Group implemented, in continuity with previous years, some performance assessment programs, including the **Performance Appraisal System**, in order to identify the strengths and any areas for improvement of each employee. The system is conceived not only as a monetary incentive system but also as an instrument for development: the performance appraisal is connected to a position profile and the specific technical skills required. The Salvatore Ferragamo Group regularly reviews the performance of its employees: in 2017, 100% of the Parent Company's managers received a performance review, and so did 81.3% of their peers in Central and South America, 100% of managers in Europe, 94.1% of managers in Japan, and 95.9% of managers in North America.

A necessary precondition for the company's development and growth is **teamwork**, and the various organizations of the Ferragamo world do their best to allow the development of soft skills such as trusting other people and having respect for roles. As part of one of these initiatives, Italian employees worked together to create **Parco delle Idee** (Park of Ideas), an urban forest inside the Scientific Hub of Sesto Fiorentino. The project allowed employees to help plant 230 native trees, participating in brief training sessions on the

trees they planted. All volunteers also had the opportunity to put a sign on each tree they planted, dedicating it to their team or leaving a short message to thank their colleagues and strengthen the sense of being part of a team. In 2017, the Group also held a team-building event designed specifically for the members of the Green Team, the cross-functional group that designs and implements sustainability projects. As part of the **Green Building** event, the Team participated in training sessions on the development of the skills required to improve their integration, as well as brainstorming sessions in which they discussed and mapped the sustainability goals for the next few years.



WELLBEING OF PEOPLE

The Salvatore Ferragamo Group considers the wellbeing of its employees and the internal environment to be key drivers of its success: therefore, it implements several company welfare initiatives to ensure the wellbeing of its workers.

Since 2014, a **Flexible Benefit Plan** has been in force in Italy, the purpose of which is to support workers and their families in social and cultural activities, in their development 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 five areas: education, gym and other sports, culture and leisure, travel and supplementary pensions. In 2017, the Group broadened the range of benefits it offers by introducing additional services for the families of its employees, such as care for dependents and baby-sitting services.

The Salvatore Ferragamo has signed a series of **special offers** through conventions with companies operating in other sectors, such as for example health and wellbeing, banks, insurance, tourism and sport. In this context, the collaboration with **Orto del Borro** continues. The agreement allows employees of the Salvatore Ferragamo offices in Florence to buy at a discounted price boxes with certified organic fruit and vegetables.

The **benefits** and advantages for full-time employees of the Group's companies vary according to local laws and practices: they include, but are not limited to, health and life insurance policies, discounts at the Brand's stores, pension contributions, and reimbursements of company canteen services or benefits in lieu thereof.

The wellbeing of employees, collaborators, suppliers, and consultants has always been a core part of the Group's DNA. Over the years, the Company has made significant investments in safeguarding the wellbeing of its employees, developing an Occupational Health and Safety Management System to reduce or minimize the risks employees or other parties may be exposed to for different reasons as part of the Company's operations. In late 2017, this system received the coveted **OH-SAS 18001** certification, which is valid for all the Company's Italian offices and stores. This result strengthens the effectiveness of the existing administrative liability system pursuant to the 231/2001 Model, ensuring the principles of the relevant policy are properly implemented in all work environments. In addition, this regulation has an international validity, which will allow to extend the certification to the sales offices located abroad over the next few years, thus consolidating the Group's reputation.

The continuous commitment is based on the participation, involvement in and **dissemination of the culture of safety** at all levels of the Company, in order to guarantee for each worker a good level of awareness of their role and responsibilities. The Group, through involvement, training and preparation activities, aims at continuous improvement in performance in terms of workers' health and safety, with particular attention to preventing accidents and work-related illnesses.

The attention to Ferragamo people is reflected also in the creation of workspaces that are both functional and pleasant. Since 2016, the Ferragamo Foundation has been working together with the Company on the **renovation, decoration and embellishment of workspaces** by researching and

creating new fixtures and fittings as well as enhancing spaces and their design.

The communication to all the Group's collaborators of activities, shared values, projects, strategic guidelines, corporate policies, goals achieved and future ambitions, is considered of primary importance to consolidate a sense of belonging.

In February 2017, following the Investor Day and in order to promote a relationship with employees based on the principles of sharing and transparency, the Group organized a **specific session for the employees** of the Osannoro headquarter, during which the CEO recalled the core values that have characterized the Brand since 1927 as well as stressed the importance of working together to achieve the goals expressed in the development plan for the Group.

In addition, the internal circulation of the **Company magazine Internos** allows to keep all functions worldwide up to date with corporate news, thus fostering engagement and stimulating the interest of employees in activities leading them to learn more about the Group. In May 2017, the magazine dedicated an entire issue to corporate social responsibility in order to raise awareness about the Group's initiatives and goals related to sustainability.

As evidence of its commitment to embed sustainability into its internal communication platforms, the Group has set up a **corporate responsibility section** on the Company Intranet, as well as a dedicated e-mail address through which employees can directly engage with sustainability topics and submit sustainability-related ideas and projects to the Green Team.





CULTURE AND PARTICIPATION

Link with the community and the local territory
Salvatore Ferragamo Museum
Ferragamo Foundation

CULTURE AND PARTICIPATION

Salvatore Ferragamo was one of the first to realize that fashion, art and culture are intimately connected. Since the beginning of his career in America, the Founder of the Brand always looked for inspiration, ideas and collaborations with the leading artists of the day. Over the years, the Group has acted on its Founder's insight, dedicating considerable attention and resources to cultural initiatives in order to promote art in all its forms.

In 2014, after redefining the Charity Policy adopted by all Group 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 the Group subsidiaries, to be followed in defining donations, gifts and any participation in charitable associations, foundations and non-profit organizations. This process therefore facilitates stronger governance and a new approval process, in order to coordinate charitable actions worldwide more effectively. Indeed, in 2017, the Salvatore Ferragamo Group supported communities, charitable bodies and non-profit organizations which work for the causes identified by the Charity Policy, making around 80% of its donations for Italian culture around the world.

Since 2017, the Group has doubled down on its commitment to culture and the local community by formalizing the intention to share Italian culture across the world in its Sustainability Policy. The Group is committed to promoting Made in Italy products by enhancing and developing traditional craftsmanship as well as sponsoring initiatives that celebrate art, cinema and music, fundamental values in the Brand's history.

THE SALVATORE FERRAGAMO GROUP IN 2017

more than **9,300**
MEALS DONATED TO THE BANCO
ALIMENTARE IN ITALY IN 2017

more than **37,000**
T-SHIRTS MADE FOR
CORRI LA VITA 2017

Art Bonus Award
FOR CONTRIBUTING TO THE
RESTORATION OF THE
FOUNTAIN OF NEPTUNE

more than **23,500**
PIECES AND MODELS CATALOGED
IN 2017

≈ **4,900**
CHILDREN IN WORKSHOPS WITH
THE FERRAGAMO FOUNDATION
SINCE 2013

more than **351,100**
VISITORS TO THE FERRAGAMO
MUSEUM SINCE 2006



LINK WITH THE COMMUNITY AND THE LOCAL TERRITORY

In line with the commitment which for many years now has closely linked the Company with Florence, the project to restore the **Fountain of Neptune** in Piazza della Signoria continues, which will allow the fountain to return to its original splendor thanks to the donation of 1.5 million euro in the period 2016-2018 from the Salvatore Ferragamo. The Fountain of Neptune was made by the sculptor Bartolomeo Ammannati under commission from Cosimo I de' Medici and the subject alludes to the maritime dominance of Florence during the Renaissance. It was the first public fountain in the city and today is one of its best-known symbols. The project involves restoring the Fountain's marble and bronze elements as well as renovating the water supply system. The Company's commitment to protecting and restoring the Fountain, which is part of Florence's historical heritage, was recognized also at the 2017 Corporate Art Awards promoted by the Italian Ministry for Cultural Heritage, where Salvatore Ferragamo SpA received the Art Bonus Award. The contest drew 80 businesses and 20 international institutions from 18 countries across the world.

In 2017, the Company also 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. The donation was made as part of the celebration of the upcoming 100-year anniversary of the foundation and announced at an event that featured the head of the British Institute as well as the new UK Ambassador to Italy, who is also the Institute's Honorary President.

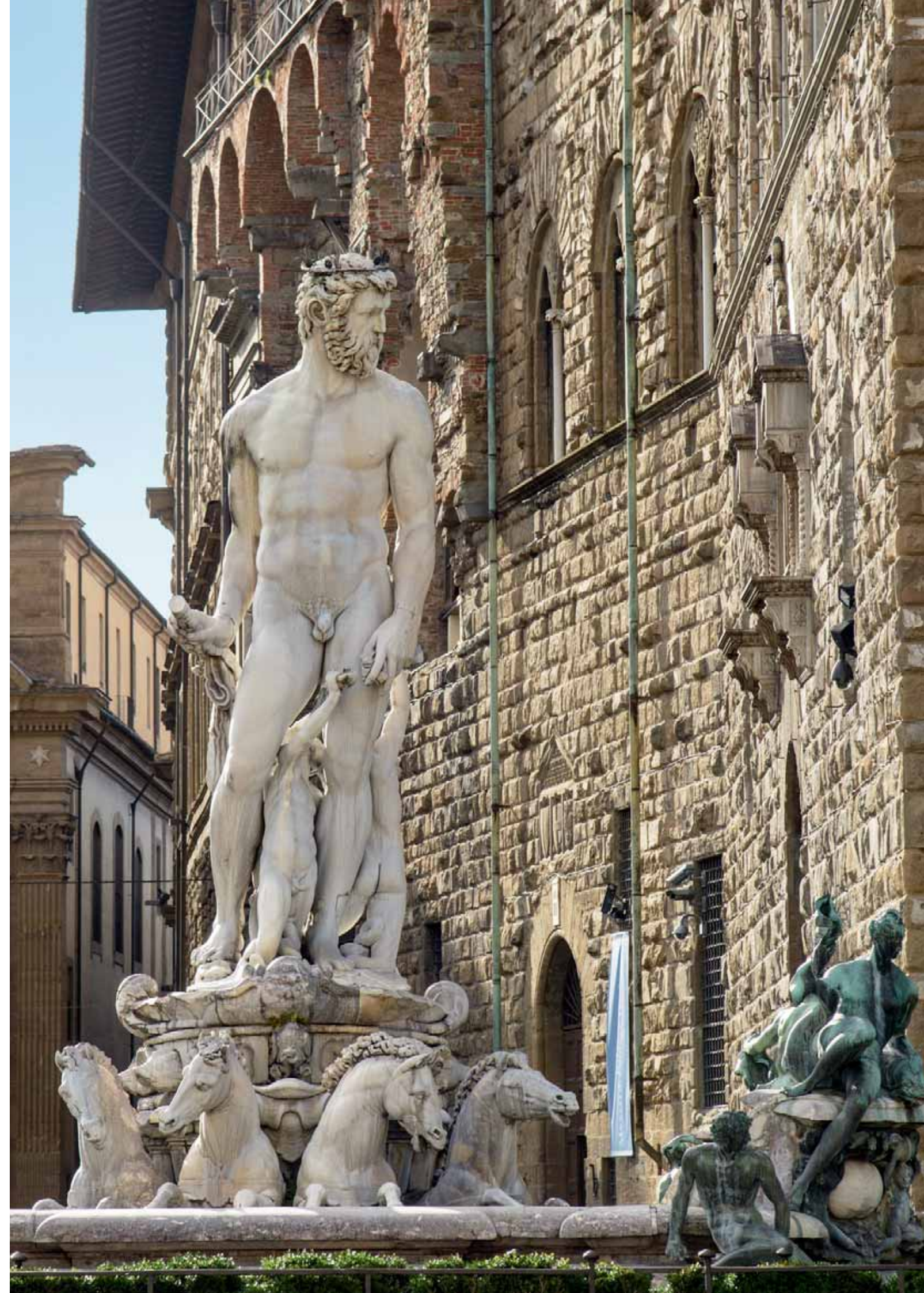
The Florence-based Brand has always been actively supporting countless cultural initiatives and

projects including the renovation of the **Casa and Torre Campatelli**, a mid-12th century architectural masterpiece owned by Fondo Ambiente Italiano (FAI) and located in San Gimignano, reopened to the public in 2016. In memory of Marchesa Fiamma di San Giuliano Ferragamo, who was the first regional president of FAI Tuscany in 1987, the tower was dedicated to her and called Torre Fiamma. Over the years, charitable contributions from the Salvatore Ferragamo have allowed to reopen 8 rooms of the Uffizi Gallery, containing approximately fifty major works of art from 15th century, as well as to renovate Florence's Piazza and Ponte di Santa Trinità and restore Leonardo's Saint Anne painting, currently on display at the Louvre Museum in Paris.

Among other entities in Florence, the Company has been supporting also the historic **Istituto degli Innocenti**, which is a symbol of children's care and houses the UNICEF - Innocenti Research Centre. The Company has contributed to the restructuring of the properties used as care homes for mothers and children in distress. The cooperation with the Institute includes several support projects in collaboration with the Ferragamo Foundation. During 2017, the Company donated unbranded textiles to the Institute's tailoring shop, and the mothers and volunteers used them to create a line of shopping bags: the proceeds of the sales went to support current and expecting mothers at the residential care homes. In addition, the Foundation invited a group of third-year Fashion Technology students from Polimoda to participate in a project dedicated to rediscovering and reproducing the original clothes worn by the Istituto degli Innocenti's wet nurses in the late 19th century, so as to display them in the Innocenti Museum.

The Company's support to culture is also manifested in the historic relationship between Salvatore Ferragamo and the world of cinema. In 2017, the Group worked together with the 74th **Venice International Film Festival**, the most appreciated Italian film fest: Ferragamo Parfums sponsored the Kineo Award "Diamonds at Cinema", which recognizes the genuine beauty, artistic value and elegance of international cinema and was received by the Oscar-winning actress Susan Sarandon.

The Group supports Italian culture across the world through additional projects and donations in all the areas in which it operates. In 2017, the Salvatore Ferragamo Group supported Hong Kong's Dante Alighieri Society and the Italian Film Festival in Tokyo as well as sponsored events associated with the Italian Chamber of Commerce in Hong Kong and Mexico.





In 2017, the Salvatore Ferragamo was once again one of the main sponsors of the charity sports event Corri la Vita, which is held every September in Florence. Proceeds of Corri la Vita 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. To give visibility to the event, the Salvatore Ferragamo printed over 37,000 t-shirts for the participants, created a special window display at the store in Florence, installed mini-panels at all the Brand's stores across Italy and offered free entry to the Salvatore Ferragamo Museum during the day, recording more than 1,700 visitors. In addition, to support the LILT, Lega Italiana per la Lotta contro i Tumori, which helps organize Corri la Vita, the Group donated 10% of the revenues generated by the Women's and Men's stores in Milan on a day in March 2017 to the Association.

In line with its Charity Policy to ensure the health of women and children, during the year the Salvatore Ferragamo worked together on multiple occasions with **Trisomia 21 Onlus**, the non-profit association born to improve the social and personal skills of children with Down syndrome. The Group donated some furniture disposed of during the restructuring of the Osmannoro offices to the Pic Eo workshop, in which children make scarfs and other textile products. In addition, the Association could count on the support offered by the Salvatore Ferragamo Group's employees through a fundraising initiative. Finally, the savings on the printing costs for the 2017 Christmas greeting cards went to cognitive enhancement projects for the children organized by Trisomia

21 Onlus. As in previous years, in 2017 the Company supported the participation of 15 employee-athletes in the charity sports event Rovigo Half Marathon organized by **Onlus Fàedèsfa**, an association that helps children with rare genetic disorder. Onlus Fàedèsfa is one of the several entities that the Salvatore Ferragamo has hosted in its offices for fundraising initiatives: in 2017, these included, among others, AISM (the Italian Multiple Sclerosis Society), AIRC (the Italian Association for Cancer Research) and ATT (the Tuscany Cancer Association).

To help the needy while also reducing waste, starting from 2014 the Salvatore Ferragamo has chosen to donate through **Associazione Banco Alimentare ONLUS** 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 (Italy's Food Bank), which collects food and checks its integrity, received approximately 2,800 first courses, more than 2,700 second courses, over 3,800 side dishes and approximately 300 kg of bread from the Company.

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, to celebrate the 20-year anniversary of the Brand's arrival in the country, the Group entered into a special partnership with Fundación Origen, which supports the emancipation of Mexican women: Ferragamo Mexico donated most of the proceeds from the sale of 100 limited-edition Sofia bags with a silver decoration made by a Mexican craftsman to 5 women, allowing them to rebuild their own tailoring workshop, which were their only

source of livelihood destroyed by the earthquakes that struck the Mexican region of Chiapas in September 2017.

To combine the attention to the environment with its charitable initiatives, in December 2017 Ferragamo Retail Hong Kong held up-cycling workshops for its employees. Using watercolor paint made from food by-products, the employees decorated canvas shopping bags, filled them with food and other consumer staples, and donated them to the **Hong Kong Sheng Kung Hui Western District Elderly Community Centre**.

Moreover, in accordance with the Group's Charity Policy, the Ferragamo Fashion Trading Shanghai supported the **China Children and Teenagers' Fund**, which has been caring for, fostering and educating young children since 1981. Additional donations went to local entities such as Taiwan's Harmony Home Association, The Pearl S. Buck Foundation, the Noordhoff Craniofacial Foundation, Girls Supporting Girls and the American - Italian Cancer Foundation.



SALVATORE FERRAGAMO MUSEUM

THE SALVATORE FERRAGAMO MUSEUM IN FIGURES

266

EXHIBITIONS AND PROJECTS MADE

more than 40,500

VISITORS TO THE FERRAGAMO MUSEUM
IN 2017

≈ 220

CONTACTS WITH SCHOOLS AND UNIVERSITIES

≈ 230

CONTACTS WITH MUSEUMS AND INSTITUTIONS

The clearest testimony of the commitment to culture is represented by the establishment of the Salvatore Ferragamo Museum, which was created in 1995 at the Group's historic headquarters at the behest of Wanda Miletti 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 Ferragamo Foundation, but also extend well beyond the site of the Museum itself. In particular, the Salvatore Ferragamo Museum intends to represent the Group by exhibiting its most important significant items, to pass on culture within the Group in compliance with the Brand's identity, to create a sense of belonging to the Company, to shape and input business culture into the local territory and community where the Group operates and finally to interact with other institutions. In 2017, the Museum worked together with institutions, schools and universities across Italy. 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 9th edition in 2017. The actors Louis Garrel and Sveva Alviti received the "Essence of Talent" Award sponsored by Ferragamo Parfums, which was the event's main sponsor. The attendees at the festival were offered discounted tickets to and special tours of the Salvatore Ferragamo Museum;

- renewed partnership with the River to River Florence Indian Film Festival, which celebrated its 17th edition in December 2017 at Teatro della Compagnia. Sponsored by the Indian Embassy, River to River is the world's first festival entirely dedicated to Indian cinema and movies about India;
- partnership with the 10th 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 26 avant-garde films and documentaries, including several Italian and 3 world premieres, as well as an exhibition featuring works of more than 20 international artists;
- partnership with Museimpresa to

participate in the 16th edition of the Settimana della Cultura di Impresa, during which special guided visits to the exhibition "1927 Il Ritorno in Italia" and two workshops on sustainability were organized;

- 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. For the first time, the Salvatore Ferragamo Museum hosted three nights during which the master violinist Luigi Papagni played classics from 1920s Italy and America, same period featured in the exhibition at the Museum;
- partnership with SACI College of Art & Design Florence through the "Fashioning Spaces" project, a fashion design program that involved the Museum as well as the Ferragamo Foundation. Fashion design and interior design students worked on proposals for a pop-up installation as part of the restyling of a flagship Ferragamo store.

In 2017, 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 State Archive in Rome and Europeana Fashion, the European digital library to which Salvatore Ferragamo submitted more than 1,000 records of historic footwear. Moreover, the Salvatore Ferragamo Museum is part of ICOM (International Council of Museums), the most important and prestigious international organization for museums and museum professionals.

In 2017, the Group continued the partnership started in the previous year with **Domus Academy**, a Design academy in Milan. The students of the Master's Program in Luxury Brand Management were invited to participate in the "Art Foundation: The Power of Heritage" challenge: after analyzing the positioning, history, corporate identity and mission of both the Salvatore Ferragamo Museum and the Ferragamo Foundation, the students submitted feasible and innovative proposals to maintain the Brand's positioning while delivering new experiences to visitors through contemporary and smart communication initiatives.

On 8 June 2017, the digital platform Google Arts&Culture launched "**We Wear Culture**", a project that celebrates three thousand years of fashion history and is an invaluable tool for anyone interested in understanding where today's fashion trends come from. More than 180 cultural and fashion institutions, schools, archives and other organizations across the globe participated in the project, bringing a massive digital archive to life. The Salvatore Ferragamo Museum was selected alongside four other world-class institutions such as New York's Metropolitan Art Museum, London's Victoria and

Albert Museum, the Musée des Arts Décoratifs in Paris, and the Kyoto Costume Institute to present an iconic garment using a ground-breaking digital interface that allows for a 360-degree immersive experience. Among the models ideated by Salvatore Ferragamo, the selected item was the famous stiletto heel created in the 1950s for the movie star Marilyn Monroe.

Ended on 7 April 2017, the "**Between Art and Fashion**" exhibition explored the relationship between these two parallel worlds from the perspective of Salvatore Ferragamo who, fascinated with the avant-garde movements of the 20th century, drew inspiration from the art world by working together with several artists of his time. The exhibition featured works and testimonies spanning major Italian art movements from Pre-Raphaelite Art to Futurism, drawing more than 40,700 visitors since its opening in May 2016. The Ferragamo Foundation and the Museum created and developed an educational project for children, the "Roleplaying games between Art and Fashion" program, which involved guided tours of the exhibition and other creative activities for kids.

The exhibition "**1927 The Return to Italy**" opened on 19 May 2017 to celebrate the 90-year anniversary of Salvatore Ferragamo's return to his home country after 12 years in the United States. For the occasion, the Salvatore Ferragamo Museum held an exhibition on Italy in the 1920s, a period rife with returns, the return to order, to craft trade and to the great Italian tradition. The thread running through the exhibition curated by Carlo Sisi is Salvatore Ferragamo's transatlantic crossing, taken as a metaphor of his mental journey through the visual culture of 1920s Italy by putting the topics and works that influenced him on display. The exhibition had over

29,600 visitors from May to December 2017. During the exhibition, the Ferragamo Foundation, in collaboration with the Salvatore Ferragamo Museum, realized an education program which includes guided visits and activities differentiated between primary and middle school, following the specific didactic route entitled "1927-2017 Il Ritorno in Italia". The Municipality of Florence made the exhibition part of the "**Chiavi della Città**" project, started in September 2017 which took young students on a journey through the changes that swept Florence in the 19th and 20th century. The initiative featured a visit to Museo del Novecento and the Salvatore Ferragamo Museum, and it was also selected for FAMU, the National Day of Families at the Museum.



FERRAGAMO FOUNDATION

THE FERRAGAMO FOUNDATION IN FIGURES

more than 1,700

HIGH SCHOOL STUDENTS PARTICIPATING
IN CONFERENCES (AS FROM 2013)

≈ 550

ADULTS PARTICIPATING IN
WORKSHOPS IN 2017

≈ 15,000

MODELS OF SHOES PRESERVED IN THE
ARCHIVE

≈ 900

CHILDREN PARTICIPATING IN
WORKSHOPS IN 2017

The Ferragamo Family set up the Ferragamo Foundation on 15 March 2013 to promote craftsmanship and Made in Italy products as well as 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 craft, in keeping with the values and style of Salvatore Ferragamo's works. To achieve these goals, the Foundation intends to protect and promote Ferragamo's Historical Archive, sponsor and host fashion training courses, and provide scholarships and grants, in partnership with the Salvatore Ferragamo Museum. 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 as the main beneficiaries of an institution that considers handing down technical expertise and educating people to experiment one of its main goals.

As in previous years, the Foundation collaborated in the competition "**Blogs & Crafts: young artisans and the web**", promoted by "Artigianato e Palazzo" now in its

4th edition, which supports the new generations of artisans and increases their visibility online and on social media, for a productive combination of "knowing how to do" and "knowing how to communicate". In May 2017, a selection of 10 under 35 artisans had the chance to exhibit for free their products in a dedicated area in Giardino Corsini in Florence, at the 23rd edition of "Artigianato e Palazzo", an event which for over 20 years has been promoting the value and quality of handmade production in Italy and worldwide.

The Ferragamo Foundation 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 historical-artistic heritage of the Salvatore Ferragamo Group, which represents the memory of an entire industrial and social culture. It is a constant source for inspiration that is consistent with the Brand identity, as it preserves its history and influences the communication and work of the designers and marketers developing new products. As a testament to its efficiency

and functionality, the cataloging 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 Europeana Fashion portal.

In addition, in January 2017 the Foundation launched a project to **manage, dispose of and digitize press clippings** dedicated to Salvatore Ferragamo and the Group. During the year, it digitized more than 1,800 pages and cataloged nearly 800 stories from Italian and international publications. The Foundation has been regularly donating some marked for disposal publications considered to be of particular interest to the Library of Polimoda Institute in Florence.





In 2017, following the success of the **Seminar for Fashion Company Archivers** held by the Foundation, the A.M. Enriques Agnoletti School of Archival Studies, Paleography and Diplomacy of Florence's National Archive added the Foundation to the group of institutions authorized to host an evening archival inventorying workshop in the 2016-2017 period. The participants in the seminar hosted by the Ferragamo Foundation had the opportunity to work on organizing and analytically cataloging albums from the 19th and 20th century, containing samples of designs and decorative patterns used by the Salvatore Ferragamo Group over the years as inspiration to produce its ties.

It also launched a project named **"Memory Archive"** to gather and keep testimonies of the Company and the people who worked at it. To this end, audio and video interviews were conducted with members of the Ferragamo Family as well as notable employees of the Group.

Among other initiatives, the Ferragamo Foundation hosts **"Workshops of ideas and creativity"** for children, teenagers and adults dedicated to artisan skills, fashion, and design. To celebrate holidays or events concerning children, the Museum organizes learning activities or guided tours for the whole family to make adults and children work together. In addition, the Foundation develops the project **"Musei da favola"**, launched in 2013 offering tours in Italian and English aimed at families to discover main cultural landmarks in Florence.

In 2017, the Foundation hosted an event for **the children of Salvatore Ferragamo employees**, allowing them to visit their parents' workplace while learning about the values that characterize the history of the Brand.

In November 2017, the Foundation presented its educational workshops for children at the **Dreamers** event in Turin, allowing kids to create the shoe of the future by working with wooden shapes and sustainable colors and materials. The event also featured a workshop named **"Tiptoeing towards the future"** dedicated to the relationship between the past and the future of independent fashion.

The Foundation and the Salvatore Ferragamo Museum participated in the three-day festival **"Firenze dei Bambini: la città come casa"**, which featured special events promoted by the Municipality of Florence and was organized by MUS.E. Children had the opportunity to explore 10 thematic cities in 10 locations across Florence offering workshops, music, art, opportunities for meeting new people and spaces for creating.

As part of its efforts to support Florence's schools, the Foundation also participated in the Italian ministerial **Dual Training** program by offering high-school students an inside view of how a corporate archive is managed and the chance of contributing to its implementation. In 2017, the Foundation welcomed students from two high schools in Florence: the class from Liceo Classico Michelangiolo cataloged the volumes of the Library as well as prepared the gallery text and contents for audio guides of the Exhibition at the Salvatore Ferragamo Museum, while the one from Liceo Scientifico Niccolò Rodolico archived the photographic materials of the catalogs and advertising campaigns from the year 2000 to the present.

PROTECTING THE ENVIRONMENT

Responsible consumption
Emissions monitoring
Green certifications and initiatives

PROTECTING THE ENVIRONMENT

The Salvatore Ferragamo Group 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 aimed at reducing the environmental impact of its operations.

In 2017, the Group adopted a Sustainability Policy including a special section that formalizes its commitment to protecting the environment and ecosystems. Specifically, the Salvatore Ferragamo Group commits to reduce its use of raw materials such as paper and plastic, using certificated and traceable alternative sources instead, and to monitor the efficiency of energy and water use by measuring and evaluating greenhouse gas emissions, so as to help reducing environmental impacts. In addition, the Group also seeks to constantly improve its environmental efficiency and use renewable energy sources.

To deliver on its commitment in this area, the Company has adopted multiple Management Systems for monitoring emissions and using energy sources responsibly. To the Salvatore Ferragamo, protecting the environment means also promoting sustainable mobility initiatives for its employees as well as monitoring consumptions and impacts linked to the retail area.

THE SALVATORE FERRAGAMO GROUP IN 2017

396.2 kWp	B	≈ 230 trees
CAPACITY OF THE PHOTOVOLTAIC PLANT AT OSMANNORO	SCORE RECEIVED BY THE PARENT COMPANY IN THE CARBON DISCLOSURE PROJECT	PLANTED AT THE PARCO DELLE IDEE IN THE SCIENTIFIC HUB OF SESTO FIORENTINO
LEED Gold	ISO 14064	≈ 1,000 canteens
FOR THE HISTORIC CANTON ROAD STORE IN HONG KONG	FOR THE PALAZZO SPINI FERONI HEADQUARTER	DISTRIBUTED TO EMPLOYEES IN ITALY TO REDUCE PLASTIC CONSUMPTION



RESPONSIBLE CONSUMPTION³

In 2017, the Salvatore Ferragamo Group consumed 11,963 GJ of natural gas, up 14.5% from 2016 due to adverse weather conditions, and 89,334 GJ of electricity, up slightly from 2016. As for the Italian scope, 100% of the energy used comes from renewables and is certified as "green energy" by Enel. The photovoltaic system at Osmannoro has a capacity of 396.2 kWp: the power generated from solar panels rose by 12.6% and accounted for 4.5% of total energy consumption in Italy. Salvatore Ferragamo has also promoted energy efficiency by replacing approximately 1,000 conventional lighting fixtures with Smart Lighting LED systems as well as improving the energy performance and comfort of some areas of the Osmannoro site. The structure is equipped with a computerized system, the **Building Management System** (BMS), which enables the control and monitoring of mechanical and electric systems, such as for example micro-climate and illumination, depending on the amount of natural light from outside.

The Group promotes a sensible and responsible use of water for production facilities and hygiene-sanitary purposes. In 2017, the Group consumed 257,860 m³ of water (92.3% from the water supply system, 0.3% from groundwater and 7.4% from surface water), compared to 77,194 m³ in 2016 (77.9% from the water supply system, 0.8% from groundwater and 21.3% from surface water)⁴.

In addition, the Group is committed to reducing the production of waste generated during its operations. The Group strives to, and raises awareness among its employees about, properly managing and disposing of garbage, encouraging to reuse and recycle materials as well as minimize waste. In 2017, the Company generated 1,159 tons of waste (of which 99.7% was non-hazardous, and 0.3% hazardous), up from 1,084 tons in 2016 (of which 99.6% was non-hazardous, and 0.4% hazardous). Specifically, non-hazardous waste generation was up approximately 7.0% from 2016.

As for waste management, in 2017 19.5% of the waste the Group generated was recycled, 9.1% was sent to landfills, and the remaining 71.4% was disposed of using other methods. These percentages are essentially in line with 2016, when 8% of waste was recycled, 15% was sent to landfills, and 77% was disposed of using other methods. Moreover, concerning specifically Italy, in 2017 the Group improved waste sorting to reduce the amount of waste sent to landfills allowing to recover 60.1% of the generated waste.

THE SALVATORE FERRAGAMO GROUP IN FIGURES

	2017	2016
NATURAL GAS CONSUMPTION (GJ)	11,963	10,450
ELECTRICITY CONSUMPTION (GJ)	89,334	85,690
WATER CONSUMPTION (m ³) ⁴	257,860	77,194

³ Based on the availability and materiality of data, the scope of the analysis, including a headcount of approximately 4,000 in 2016 and nearly 3,000 in 2017, is subject the following limitations:

- natural gas consumption covered 84% and 82% of the scope in 2016 and 2017, respectively;
- electricity consumption covered 84% and 82% of the scope in 2016 and 2017, respectively;
- water consumption covered 67% and 68% of the scope in 2016 and 2017, respectively;
- waste generation covered mainly the Group's Italian offices and logistics hub in 2016, and 64% of the scope in 2017.

The availability of consumption data reported in this chapter is limited for some of the Group's stores due to the location and the nature of their operations as well as the fact that this type of data is not handled directly.

Finally, some data could be based on estimates or calculations.

⁴ The increase in water consumption registered in 2017 is attributable to the refinement of the data collection process and the relevant calculation methods.



The Salvatore Ferragamo, in keeping with responsible management of its business, is strongly committed to **reducing the consumption of materials** such as paper and plastic.

As per paper packaging for the retail business, since 2014 the Salvatore Ferragamo has favored paper certified by the **Forest Stewardship Council (FSC)** which bears witness to correct forest management and the traceability of the paper products. The FSC trademark guarantees that the product is made of raw materials harvested from forests managed according to sustainable principles. The shopping bags are Made in Italy and **postconsumer**, i.e. consist for up to 45% of recycled fibers, and for the rest of virgin pulp derived from environmentally-friendly processes. They are 100% recyclable and biodegradable. This type of paper, developed for all weights, allows to mark corporate, silver jewellery, outlets and Museum packaging with the symbols relating to the aforementioned characteristics. Concerning the packaging of the Ferragamo's Creations line, since 2016 the Group has been using FSC certified paper manufactured in Italy,

that can be recycled. In addition, the dust bags used to protect shoes, handbags and accessories are made of pure unbleached Made in Italy cotton.

The Group's environmental goals, set out in the Sustainability Plan, include extending the use of FSC-certified and post-consumer paper for packaging purposes to other product categories. In selecting its packaging suppliers, the Salvatore Ferragamo ensures that they not only are based locally, which is the main guarantee of Made in Italy quality, but also have certifications such as ISO 9001, ISO 14001 and ISO 18001.

In addition, for eCommerce packaging, 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. Finally, as for non-packaging materials such as catalogs, invitations, leaflets, stationery and, in general, printed materials, the Group is placing increasing attention 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.

To sensitively reduce plastic consumption, in 2017 the Salvatore Ferragamo distributed **customized canteens** to its corporate employees in Italy, inviting them not to buy plastic bottles, but rather to use the water dispensers located near the offices. Besides promoting a healthy lifestyle, this initiative is estimated to save more than 37 water bottles per employee a year. The participating employees were enthusiastic about the project and the Group will extend it into the other areas where it operates over the next few years.

MATERIALS CONSUMPTION (Kg)

	2017	2016
A3 PAPER	3,175	2,780
A4 PAPER	31,988	36,033
PAPER FOR SHOPPING BAGS	392,049	338,980
COTTON BAGS	102,379	124,197
CLOTHES HANGERS	5,476	7,422



EMISSIONS MONITORING⁵

CARBON FOOTPRINT	2017	2016
SCOPE 1 - Direct emissions (kg CO ₂ eq)	1,327,212	1,172,340
SCOPE 2 - Energy indirect ghg emissions (kg CO ₂)	10,403,695	10,219,901
SCOPE 3 - Indirect emissions not attributable to the product and,specifically, related to business travel (kg CO ₂ eq)	3,132,323	3,340,100

Reducing greenhouse gas emissions and **calculating the carbon footprint** play a crucial role in the commitment of the Salvatore Ferragamo to reducing its environmental impact. In 2017, the Group continued defining its carbon footprint related to all air and sea shipping through the carriers that work with the Salvatore Ferragamo, which totaled approximately 21,500 tons of Well-to-Wheels CO₂ equivalent emissions, down nearly 6.7% from 2016. Concerning the Group's other entities, the available data reveals that the subsidiaries made over 304,467 shipments for a total of nearly 2,645 tons of goods transported. In addition, to reduce the environmental impact linked to the supply chain, an initiative was launched which promotes the reuse of cardboard boxes by footwear manufacturers in order to limit CO₂ emissions from the production of cardboard. The pilot project, which started in 2016, led to a saving of over 20 tons of CO₂ thanks to emissions avoided for the production of new cardboard boxes.

In 2017, the agreement with **UPS** was confirmed in order to offset all emissions generated by the shipments of products ordered via eCommerce in Europe and the United States. The offsetting is realized by participating in carbon neutral projects: in 2017, more than 30 tons of CO₂ equivalent emissions were offset.

As evidence of the Group's commitment to reducing its environmental impacts, in 2017 the Parent Company voluntarily participated for the first time in the **Carbon Disclosure Project (CDP)** for the accounting of CO₂ emissions. The goal of 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. The Salvatore Ferragamo obtained a B score, a remark-

able achievement for newcomers. Another environmental protection initiative was financing and building the **Parco delle Idee** (Park of Ideas) on land owned by the University of Florence in the Scientific Hub of Sesto Fiorentino. 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 as well as give local schools the opportunity to conduct play-based learning activities in the field of biology, ecology, and nature preservation. The search for **sustainable mobility solutions** is another key part of

the Group's sustainability vision. In Italy, the Salvatore Ferragamo has appointed a mobility manager to optimize employee travel and promote solutions allowing to limit environmental impacts. In 2017, the collaboration with JoJob continued, an innovative carpooling service which makes it possible to share a car with work colleagues or with employees of companies nearby. Besides generating economic savings, the initiative reduces CO₂ emissions caused by commuting. In June 2017, always to promote sustainable mobility, the Group held a bike to work day, showing employees the safest bicycle route from downtown Florence to the Osmannoro site. In addition, in October a road safety campaign was launched involving

distributing reflective braces to all employees who commute by bike. Finally, in 2017 the Group confirmed the preferential agreements for its employees with car and motorcycle manufacturers that offer hybrid or electric vehicles. In order to evaluate potential solutions to improve and speed up travel times, reducing also the relevant environmental impact, in 2017 the Group administered a survey on mobility and commuting, and it is currently examining the resulting insights to propose satisfactory solutions that could benefit its employees.



⁵ Based on the availability and materiality of data, the scope of the analysis, including approximately 4,000 employees in 2016 and nearly 3,000 in 2017, is subject to the following limitations:
· fuel emissions from company vehicles (SCOPE 1) covered 84% and 82% of the scope in 2016 and 2017, respectively;
· the emissions related to rail business travel (SCOPE 3) covered 78% and 80% of the scope in 2016 and 2017, respectively;
· the emissions related to air business travel (SCOPE 3) covered 84% and 80% of the scope in 2016 and 2017, respectively.
The emissions from natural gas (SCOPE 1) and electricity (SCOPE 2) consumption covered the same scopes set out in the note on page 76. The factors used to calculate SCOPE 1 and SCOPE 3 emissions are those issued by the Department for Business, Energy & industrial strategy in 2017. The factors used to calculate SCOPE 2 emissions are those issued by Terna for 2016. Only CO₂ emissions were considered in the calculation of SCOPE 2. The 2016 data has been restated using the same emissions factors adopted for 2017. Finally, some data could be based on estimates or calculations.

GREEN CERTIFICATIONS AND INITIATIVES

As evidence of its commitment to efficiency and protecting the environment, in recent years the Group has been working to obtain the most important environmental certifications for its offices.

In June 2017, Salvatore Ferragamo achieved the **ISO 14064** certification for the Brand's historic Florence headquarter in Palazzo Spini Feroni, after previously receiving it in May 2016 for the Salvatore Ferragamo Museum, Italy's first green corporate museum. The goal of the certification is to quantify the greenhouse gas emissions related to the operations carried out. Achieving the ISO 14064 certification allows to define the international best practices for managing, counting and verifying data and information on greenhouse gas emissions, and its extension marked an important step forward in meeting increasingly higher sustainability standards.

At its Osmannoro site, a new **Logistics Hub** is being currently built, an approximately 20,000 sqm building comprised of a new caretaker's lodge, a new warehouse, and all outdoor areas, including green spaces and new roads. Since the design stage, the project has been realized to achieve the **LEED Platinum certification**, i.e. the highest possible level. The project for the Hub, to be finalized by the end of 2018, involves overhauling the existing internal road system in order to streamline and rationalize routes as well as renovating outdoor areas by creating a nearly 8,000 sqm green space designed to improve the outdoor comfort and environment for employees. In addition to the new 475 parking spaces in the garage, the Salvatore Ferragamo has designated 25 spaces for low-emission electric vehicles to promote the use of alternative means of transportation. Furthermore, the

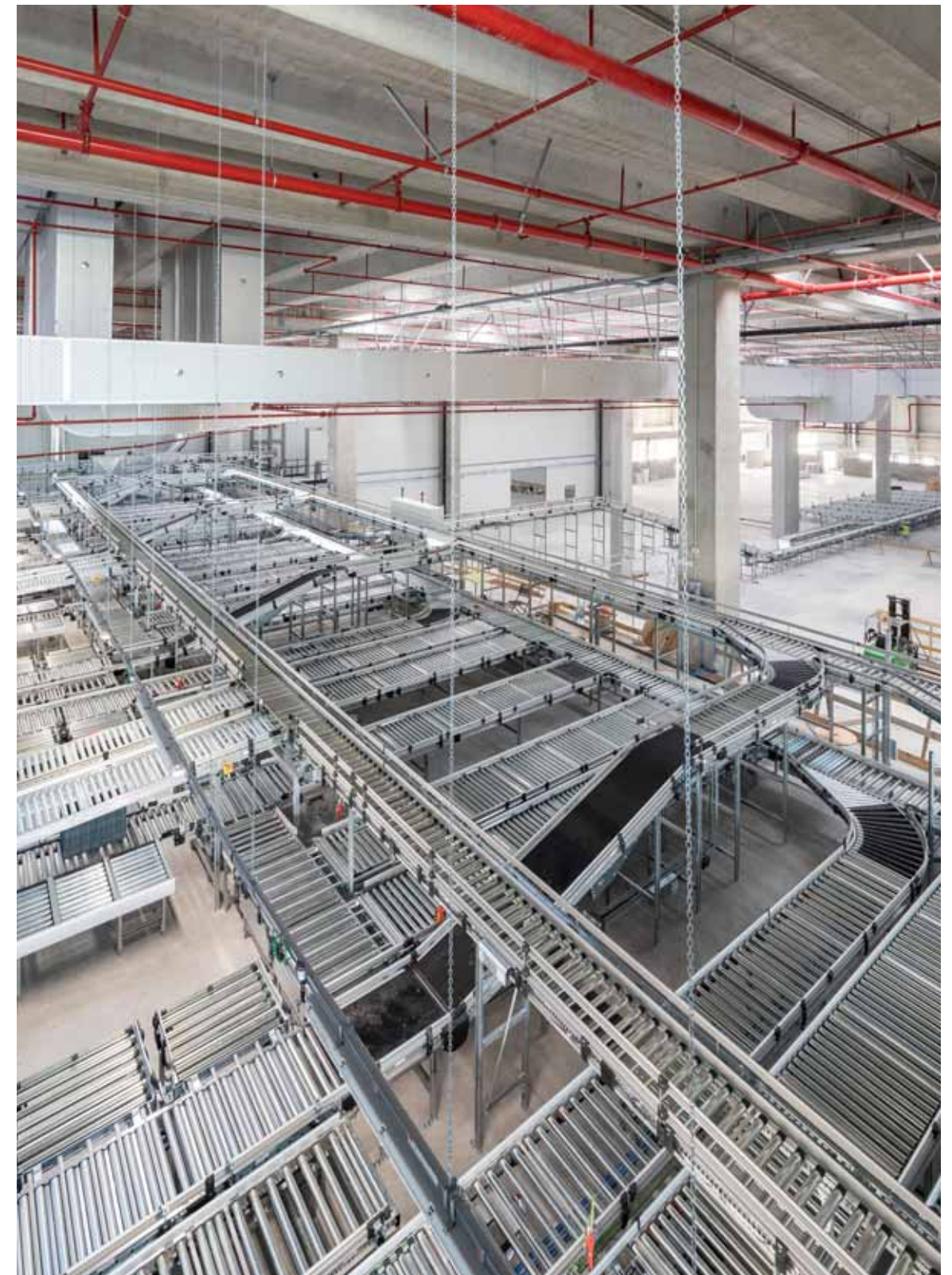
state-of-the-art water systems will allow to reduce total irrigation water use by 50% and drinking water consumption by 100%. The electrical and mechanical systems have been designed to minimize light pollution, and the property will feature a BMS (Building Management System) allowing to regulate mechanical systems as well as monitor and manage electrical ones. In addition, to optimize the consumption and comfort of employees, the Group has installed a radiant floor heating system. The Hub will feature a photovoltaic plant with a peak capacity of 863.50 kWh and consisting of approximately 3,200 solar panels, resulting in a net 5,350 sqm installed surface area. Finally, when the new Logistics Hub will become operational, the Group will reduce the number of packages shipped by implementing a best-fitting algorithm, thus reducing shipping emissions.

The new certification will follow the LEED Platinum certification obtained in 2016 by the Q building in Osmannoro. In 2017, the commitment to achieving these certifications was extended to the retail area: in October, the historic Canton Road store in Hong Kong received the LEED Gold certification, and in December the store in Troy, Michigan obtained the LEED Silver certification. The Group has included in its Sustainability Plan a commitment to certifying additional stores over the next few years.

Concerning the retail area, in 2017 the Italian Chamber of Fashion (CNMI) issued the "CNMI Retail Sustainability Standards". These guidelines concern sustainable design techniques for fashion retail operations, and the Salvatore Ferragamo actively contributed to developing them through the CNMI's Working Group on Sustainability. In addition, in 2018 the Company will receive the **ISO 50001: 2011**

certification for the Osmannoro site, which specifies the requirements to establish, implement, maintain and improve a more efficient and sustainable management of energy. The certification will also be extended to some stores of the retail area over the next few years.

Finally, in 2017 the Company introduced a new **Modelleria** measuring approximately 1,200 sqm at the Osmannoro site. The new facility is dedicated to Men's and Women's Leather goods and equipped with advanced technology, combining industrial production and craftsmanship to ensure manufacturing processes of the highest possible quality and efficiency. This space was built with energy saving design solutions and the entire building underwent a major renovation to make it safer and better able to withstand earthquakes. In addition, it was designed to limit emissions and consumption, optimize energy use and implement renewable energy sources, also thanks to a new photovoltaic system rated at approximately 83 kWh.



METHODOLOGY

This document represents the first Consolidated Non-Financial Statement (hereinafter also referred to as “NFS” or “Sustainability Report”) pursuant to Italian Legislative Decree no. 254 of 30 December 2016 transposing Directive 2014/95/EU of the companies of the Group comprised 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 2017.

In this sense, the NFS was prepared to ensure an understanding of the Group's operations, performance, results, and impact, addressing the topics considered material and set out in Art. 3 of Italian Legislative Decree 254/2016. Specifically, the scope of economic data is the same as that of the Group's 2017 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. However, as for the information and data relating to environmental matters, please note that in 2017 the Group conducted an analysis to identify the stores considered material, anyhow ensuring a proper understanding of the Group's operations, performance, results, and impact. This reporting scope represents approximately 70% of the Group's headcount.

Please note that the chapter “Culture and Participation” includes data and information relating to the Ferragamo Foundation, which, although not consolidated within the Salvatore Ferragamo Group, represents an important way through which the Group generates its social impacts.

Any method of representing quantitative data other than the above is expressly described in specific notes. In addition, to fairly present

the Group's performance and ensure the reliability of data, the use of estimates has been limited as much as possible. Any estimate in this document is made using the best available methods and is expressly noted.

For the sake of understanding, 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 companies consolidated on a line-by-line basis);
- “the 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 G4 Sustainability Reporting Guidelines issued in 2013 by the GRI - Global Reporting Initiative using the «Core» option. At the end of the document, the Group has included a table listing the reported GRI indicators along with the relevant page numbers.

The performance indicators used are those set out in the adopted reporting standard and are representative of the different areas as well as consistent with the operations carried out and the relevant impacts. Specifically, when selecting the performance indicators, the Group considered the materiality analysis, which accounted for the topics mentioned in Italian Legislative Decree 254/2016.

Where possible, the information contained in the NFS has been provided along with a comparison to the year 2016.

This document is to be published annually in accordance with Italian Legislative Decree 254/2016. 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 Control and Risk Committee and subsequently approved by the Board of Directors of Salvatore Ferragamo S.p.A. on 8 March 2018.

The cross-functional work group dedicated to sustainability of Salvatore Ferragamo S.p.A. gathered and processed data and information through forms sent to the heads of the Group's functions concerned and included in the scope. The entity engaged to audit this NFS is Deloitte & Touche S.p.A., which certifies the compliance of the information provided herein with Art. 3, paragraph 10 of Italian Legislative Decree 254/2016 in a separate report. The audit was conducted in accordance with the procedures outlined in the section “Auditor's Report”.

Since its inception, the Salvatore Ferragamo Group has always considered sustainability as a model of conduct to follow without any compromise, 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 as well as a continuous improvement program through a 2020 Sustainability Plan. Both documents were submitted to the Control and Risk Committee in November 2017. Specifically, the Sustainability Plan, includes four macro-areas and multiple objectives, defines the Salvatore Ferragamo Group's strategic vision on sustainability and will guide its actions through

2020. To this end, below are the objectives already achieved and those yet to be reached relating to the various topics considered as material:

Environment

The Group considers protecting the environment in which it operates to be key: to this end, it is committed to implementing initiatives to make its offices increasingly environmentally sustainable and efficient, as well as optimize production processes throughout the supply chain. In addition, the historic Palazzo Spini Feroni headquarter is ISO 14064-certified. The Group intends to maintain its commitment, devoting increasing attention and resources to the protection of the environment, by optimizing and making consumption and greenhouse gas emissions more efficient, as well as pursuing additional certifications.

Social Matters and Respect for Human Rights

To provide its customers with products that meet the highest international safety standards, the Group has adopted Restricted Substances Lists for different product categories and conducts ecotoxicological tests on several components and finished products. Concerning culture and the local community, the Group directs significant attention and resources to developing artistic and cultural initiatives in line with the Charity Policy it has been adopting for several years now. As for health and safety, the Group is placing growing emphasis on this topic: Salvatore Ferragamo S.p.A.'s administrative offices and stores in Italy are OHSAS 18001-certified. This topic is material also throughout the supply chain: for several years now, the Group has been

conducting health and safety audits on its suppliers. In accordance with the ethical standards that have always characterized it, the Group also acknowledges the intrinsic value of each person and constantly strives to ensure respect for human rights both within the Group and throughout the supply chain. These are set out in the Group's Code of Ethics and, as far as the supply chain is concerned, in the Supplier Code of Conduct that will be adopted during 2018.

Employee-Related Matters

The Group has always been committed to promoting and maximizing the potential of its human capital as well as offering a stimulating, healthy and safe 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.

Anti-Corruption and Bribery Matters

To make its operations as transparent as possible, in accordance with ethical and compliance standards, during 2017 the Group finalized an Anti-Corruption Policy that will be gradually tailored to local regulatory and organizational needs of the various entities. In addition, it implemented a whistleblowing system.

For more information on initiatives, generated or perceived risks and goals of the Salvatore Ferragamo Group in these areas, please see the relevant sections in this document.

We wish to thank all the Group's functions and the employees involved in the development and preparation of this Sustainability Report.

TOTAL WORKFORCE

	2017			2016		
No. of persons	Men	Women	Tot	Men	Women	Tot
Employees	1,327	2,856	4,183	1,254	2,782	4,036
Supervised workers	134	206	340	507	690	1,197
Total	1,461	3,062	4,523	1,761	3,472	5,233

BREAKDOWN OF EMPLOYEES BY GEOGRAPHICAL AREA AND GENDER

	2017			2016		
No. of persons	Men	Women	Tot	Men	Women	Tot
Parent Company	402	549	951	387	521	908
Europe	138	255	393	123	275	398
North America	309	330	639	284	284	568
Central and South America	101	100	201	96	97	193
Asia Pacific	295	1,271	1,566	282	1,271	1,553
Japan	82	351	433	82	334	416
Total	1,327	2,856	4,183	1,254	2,782	4,036

BREAKDOWN OF EMPLOYEES BY EMPLOYEE CATEGORY AND AGE GROUP

	2017			2016		
No. of persons	<30	30-50	>50	<30	30-50	>50
Managers	25	598	139	24	566	149
White collars	1,079	1,836	228	1,031	1,751	217
Blue collars	59	164	55	65	181	52
Total	1,163	2,598	422	1,120	2,498	418

BREAKDOWN OF EMPLOYEES BY EMPLOYEE CATEGORY AND GENDER

	2017			2016		
No. of persons	Men	Women	Tot	Men	Women	Tot
Managers	267	495	762	291	448	739
White collars	884	2,259	3,143	770	2,229	2,999
Blue collars	176	102	278	193	105	298
Total	1,327	2,856	4,183	1,254	2,782	4,036

BREAKDOWN OF EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER

	2017			2016		
No. of persons	Men	Women	Tot	Men	Women	Tot
Fixed term contract	95	175	270	63	162	225
Permanent contract	1,232	2,681	3,913	1,191	2,620	3,811
Total	1,327	2,856	4,183	1,254	2,782	4,036

BREAKDOWN BY EMPLOYMENT TYPE AND GENDER OF EMPLOYEES WITH A PERMANENT CONTRACT

	2017			2016		
No. of persons	Men	Women	Tot	Men	Women	Tot
Full Time	1,181	2,450	3,631	1,143	2,438	3,581
Part Time	51	231	282	48	182	230
Total	1,232	2,681	3,913	1,191	2,620	3,811

BREAKDOWN OF EMPLOYEES BY TYPE (HEADQUARTER AND RETAIL) AND GENDER

	2017			2016		
No. of persons	Men	Women	Tot	Men	Women	Tot
Headquarter	519	759	1,278	515	778	1,293
Retail	808	2,097	2,905	739	2,004	2,743
Total	1,327	2,856	4,183	1,254	2,782	4,036

BREAKDOWN OF EMPLOYEES BY TYPE (HEADQUARTER AND RETAIL) AND AGE GROUP

2017				
No. of persons	<30	30-50	>50	Tot
Headquarter	153	910	215	1,278
Retail	1,010	1,688	207	2,905
Total	1,163	2,598	422	4,183
2016				
No. of persons	<30	30-50	>50	Tot
Headquarter	169	918	206	1,293
Retail	951	1,580	212	2,743
Total	1,120	2,498	418	4,036

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

Incoming employees - 2017										
No. of persons	<30		30-50		>50		Tot		Turnover	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Parent Company	43	65	29	47	6	5	78	117	19.4%	21.3%
Europe	33	75	43	53	0	2	76	130	55.1%	51.0%
North America	70	113	39	60	3	16	112	189	36.2%	57.3%
Central and South America	14	16	17	14	0	0	31	30	30.7%	30.0%
Asia Pacific	125	322	73	257	0	8	198	587	67.1%	46.2%
Japan	6	13	11	56	1	2	18	71	22.0%	20.2%
Total	291	604	212	487	10	33	513	1,124	38.7%	39.4%
Outgoing employees - 2017										
No. of persons	<30		30-50		>50		Tot		Turnover	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Parent Company	24	44	27	40	12	5	63	89	15.7%	16.2%
Europe	23	58	34	86	5	5	62	149	44.9%	58.4%
North America	54	79	44	65	8	17	106	161	34.3%	48.8%
Central and South America	7	9	18	14	1	4	26	27	25.7%	27.0%
Asia Pacific	108	279	76	309	2	12	186	600	63.1%	47.2%
Japan	2	10	13	57	3	13	18	80	22.0%	22.8%
Total	218	479	212	571	31	56	461	1,106	34.7%	38.7%
Incoming employees - 2016										
No. of persons	<30		30-50		>50		Tot		Turnover	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Parent Company	37	56	28	26	1	4	66	86	17.1%	16.15%
Europe	25	55	25	75	1	6	51	136	41.5%	49.1%
North America	34	36	28	37	2	4	64	77	22.5%	27.1%
Central and South America	8	7	22	25	1	1	31	33	32.3%	34.0%
Asia Pacific	124	371	45	178	0	1	169	550	59.9%	43.3%
Japan	2	20	12	33	2	1	16	54	19.5%	16.2%
Total	230	545	160	374	7	17	397	936	31.7%	33.6%
Outgoing employees - 2016										
No. of persons	<30		30-50		>50		Tot		Turnover	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Parent Company	32	39	24	32	4	9	60	80	15.5%	15.4%
Europe	23	48	18	63	1	6	42	117	34.1%	42.5%
North America	38	33	38	27	5	11	81	71	28.5%	25.0%
Central and South America	3	6	27	20	1	4	31	30	32.3%	30.9%
Asia Pacific	112	327	50	245	0	7	162	579	57.4%	45.6%
Japan	0	6	5	31	3	2	8	39	9.8%	11.7%
Total	208	459	162	418	14	39	384	916	30.6%	32.9%

EMPLOYEES WHO RECEIVED PERFORMANCE APPRAISAL BY EMPLOYEE CATEGORY AND GENDER

	2017			2016		
	Men	Women	Tot	Men	Women	Tot
Managers	89.1%	89.5%	89.2%	94.2%	87.5%	90.1%
White collars	68.4%	72.0%	71.1%	66.7%	74.9%	72.8%
Blue collars	47.2%	19.6%	36.8%	45.6%	18.6%	36.2%
Total	69.8%	73.2%	72.1%	69.0%	74.7%	72.9%

HEALTH AND SAFETY INDICATORS⁶ - 2017

	Parent Company			Europe			North America		
	Men	Women	Tot	Men	Women	Tot	Men	Women	Tot
Rates ⁷									
Lost day rate	22.2	17.4	19.4	19.3	217.3	147.8	1,1	10.9	6.2
Occupational diseases rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Injury rate	2.3	1.9	2.0	2.4	3.0	2.8	4.7	5.1	4.9
	Central and South America			Asia Pacific			Japan		
	Men	Women	Tot	Men	Women	Tot	Men	Women	Tot
Rates									
Lost day rate	13.9	9.9	11.9	80.7	0.2	15.3	166.3	3.4	34.3
Occupational diseases rate	0.0	0.8	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Injury rate	3.3	0.8	2.1	0.6	0.3	0.4	2.7	0.6	1.0

INJURIES

	2017		2016	
	No. of cases		No. of cases	
Injuries	66 (30 for men; 36 for women)		51 (26 for men; 25 for women)	
Occupational diseases	1 (1 for women)		3 (1 for men; 2 for women)	

⁶ The Salvatore Ferragamo Group made arrangements to collect health and safety data during 2017, therefore a comparison with the year 2016 is not available.

⁷ The lost day rate is calculated as the ratio of total days lost for occupational injuries and diseases to total working hours during the same period, multiplied by 200,000.
The occupational diseases rate is calculated as the ratio of total cases of occupational disease 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 currently not reported.

BOUNDARIES OF THE GROUP'S MATERIAL ASPECTS

The following table presents the aspects set out in the GRI-G4 Guidelines that corresponde to the material aspects identified for the Salvatore Ferragamo Group through the materiality analysis, as well as the relevant boundaries, referencing to the impacts that each aspects may have within and outside the Group.

G4 MATERIAL ASPECTS	BOUNDARIES OF MATERIAL ASPECTS	
Categories	Internal	External
Category: Economic		
Economic performance	Salvatore Ferragamo Group	-
Market presence	Salvatore Ferragamo Group	-
Procurement practices	Salvatore Ferragamo Group	Suppliers
Category: Environmental		
Energy	Salvatore Ferragamo Group	-
Water	Salvatore Ferragamo Group	-
Emissions	Salvatore Ferragamo Group	-
Effluence and Waste	Salvatore Ferragamo Group	-
Transport	Salvatore Ferragamo Group	-
Category: Social		
Sub-categories: Labor practices and decent work		
Employment	Salvatore Ferragamo Group	-
Industrial relations	Salvatore Ferragamo Group	-
Occupational health and safety	Salvatore Ferragamo Group	-
Training and education	Salvatore Ferragamo Group	-
Diversity and equal opportunities	Salvatore Ferragamo Group	-
Sub-category: Human rights		
Non-discrimination	Salvatore Ferragamo Group	Suppliers
Supplier Human rights assessment	Salvatore Ferragamo Group	Suppliers
Sub-category: Society		
Local communities	Salvatore Ferragamo Group	-
Anti-Corruption	Salvatore Ferragamo Group	-
Sub-category: Product responsibility		
Customer health and safety	Salvatore Ferragamo Group	-
Product and services labeling	Salvatore Ferragamo Group	-
Marketing Communications	Salvatore Ferragamo Group	-
Compliance	Salvatore Ferragamo Group	-

GRI CONTENT INDEX

Here below is the GRI table prepared using the "In Accordance-core" option, pursuant to the GRI-G4 Guidelines of the Global Reporting Initiative. Any omission is reported as footnote to the individual indicator, if required.

CODE	INDICATOR	PAGE/NOTES
GENERAL STANDARD DISCLOSURES		
STRATEGY AND ANALYSIS		
G4 -1	Statement from the most senior decision-maker about the relevance of sustainability to the Group and its strategy	Pag. 3
G4 -2	Key impacts, risks and opportunities	Pagg. 24-25
ORGANISATIONAL PROFILE		
G4 - 3	Name of the Group	Pagg. 3;84-85
G4 - 4	Primary Brands, products and/or services	Pagg. 18-21
G4 - 5	Headqaurter	Pagg. 20-21
G4 - 6	Number of countries where the Group operates	Pagg. 18;22
G4 - 7	Nature of ownership and legal form	Pagg. 24-25
G4 - 8	Markets served	Pag. 22
G4 - 9	Scale of the Group	Pag. 18
G4 - 10	Characteristics of the workforce	Pagg. 84-87
G4 -11	Percentage of total employees covered by collective bargaining agreements	Pag. 49
G4 - 12	Description of the Group's supply chain	Pagg. 32-37
G4 - 13	Significant changes during the reporting period regarding the Group's size, strucure, ownership or supply chain	Pag. 84-85 There were no significant changes during the reporting period regarding the Group's size, strucure, ownership or supply chain.
G4 - 14	Application of the precautionary approch to risk management	Pagg. 24-25
G4 - 15	Externally developed economic, environmental and social charters, principles or other initiatives to which the Group subscribes or endorses	Pagg. 25;36;46;82
G4 - 16	Memberships of industry associations	Pagg. 10;60;82

CODE	INDICATOR	PAGE/NOTES
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4 - 17	Entities included in the Group's consolidated financial statements and indication of any entites non covered by the Sustainability Report	Pagg. 18;84-85
G4 - 18	Process for defining the Sustainability Report's content	Pagg. 14-15;84-85
G4 - 19	Identified material aspects	Pagg. 14-15
G4 - 20	Material aspects within the Group	Pagg. 14-15;90
G4 - 21	Material aspects outside the Group	Pagg. 14-15;90
G4 - 22	Restatements of information provided in the previous Sustainability Report	Pagg. 80;84-85
G4 - 23	Significant changes from the previous Sustainability Report in the scope and aspect boundaries	Pagg. 76;80;84-85
STAKEHOLDER ENGAGEMENT		
G4 - 24	Categories and groups of stakeholders engaged by the Group	Pagg. 14-15
G4 - 25	Process for identifying stakeholders	Pagg. 14-15
G4 - 26	Approach to stakeholder engagement	Pagg. 14-15;38;42;52;54;63;70-71
G4 - 27	Key topics raised during stakeholder engagement	Pagg. 14-15
REPORT PROFILE		
G4 - 28	Reporting period for the Sustainability Report	Pag. 84-85
G4 - 29	Date of publication of previous Sustainability Report	Pagg. 11;84-85
G4 - 30	Reporting cycle	Pag. 84-85
G4 - 31	Contacts	Pag. 84-85
G4 - 32	GRI content index	Pagg. 91-97
G4 - 33	External assurance	Pagg. 84-85;98-100
GOVERNANCE		
G4 - 34	Governance structure of the Group	Pagg. 24-25
ETHICS		
G4 - 56	Values, principles, standards and norms of behaviour of the Group	Pagg. 3;24-25;36;46

CODE	INDICATOR	PAGE/NOTES
SPECIFIC STANDARD DISCLOSURE		
ECONOMIC INDICATORS		
MATERIAL ASPECT: ECONOMIC PERFORMANCE		
G4 - DMA	Disclosure on management approach	Pagg. 38;50
G4 - EC4	Financial assistance received from government	During 2017, the Salvatore Ferragamo Group received approximately 85,000 Euro in government grants for training.
MATERIAL ASPECT: MARKET PRESENCE		
G4 - DMA	Disclosure on management approach	Pag. 46
G4 - EC6	Pocedures for hiring people from the local community at significant locations of operations and proportion of senior management hired from the local community.	Pag. 46 Roughly 49.3% of the Salvatore Ferragamo Group managers has been hired from local community* in 2017.
MATERIAL ASPECT: PROCUREMENT PRACTICES		
G4 - DMA	Disclosure on management approach	Pagg. 32-37
G4 - EC9	Proportion of spending on local supplies at significant locations of operations	Pag. 34
ENVIRONMENTAL INDICATORS		
MATERIAL ASPECT: ENERGY		
G4 - DMA	Disclosure on management approach	Pagg. 12;74-76
G4 - EN3	Energy consupction within the Group	Pag. 76
MATERIAL ASPECT: WATER		
G4 - DMA	Disclosure on management approach	Pagg. 12;74-76;82
G4 - EN8	Water withdrawal	Pag. 74-76
MATERIAL ASPECT: EMISSIONS		
G4 - DMA	Disclosure on management approach	Pagg. 12;74-76;80-82
G4 - EN15	Direct greenhouse gas emissions (Scope 1)	Pag. 80
G4 - EN16	Energy indirect greehouse gas emissions (Scope 2)	Pag. 80
G4 - EN20	Emissioni di sostanze nocive per l'ozono in peso	Considering the nature of its operations, the Salvatore Ferragamo Group has not identified other significant emissions of ozone-depleting substances

* Omission: for privacy reasons, the indicated values do not include locally hired managers from the four companies consolidated on a line-by-line basis in North America.

CODE	INDICATOR	PAGE/NOTES
G4 - EN21	NO _x , SO _x , and other significant air emissions	Considering the nature of its operations, the Salvatore Ferragamo Group has not identified significant emissions of NO _x , SO _x or other gases in 2016 and 2017.
MATERIAL ASPECTS: EFFLUENTES AND WASTE		
G4 - DMA	Disclosure on management approach	Pagg. 74-76
G4 - EN23	Total weight of waste by type and disposal method	Pag. 76
ASPECT: COMPLIANCE		
G4 - EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	In 2016 and 2017, there were no sanctions for non-compliance with environmental laws and regulations.
MATERIAL ASPECTS: TRANSPORTS		
G4 - DMA	Disclosure on management approach	Pagg. 74;81
G4 - EN30	Significant environmental impacts of transporting products and other goods and materials for the Group's operations and transporting members of the workforce	Pagg. 74;81
ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS		
G4 - EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	In 2016 and 2017, there were no grievances about environmental impacts.
SOCIAL INDICATORS		
SUB-CATEGORY: LABEL PRACTICES AND DECENT WORK		
MATERIAL ASPECT: EMPLOYMENT		
G4 - DMA	Disclosure on management approach	Pagg. 12;46;50;54;88
G4 - LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Pagg. 50;88
G4 - LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pag. 54
MATERIAL ASPECT: LABOR/ MANAGEMENT RELATIONS		
G4 - DMA	Disclosure on management approach	Pag. 46
G4 - LA4*	Minimum notice periods regarding operational changes	Regulatory issues and salary considerations refer to individual national collective labor agreements and laws applied within the Group.

* The Group is making arrangements to improve data and information gathering related to this indicator.

CODE	INDICATOR	PAGE/NOTES
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY		
G4 - DMA	Disclosure on management approach	Pagg. 12;46;54;89
G4 - LA6*	Type of injury and rates of injury, occupational diseases, lost days and absenteeism and total number of work-related fatalities	Pag. 89 In 2016 and 2017, there were no fatal injuries.
MATERIAL ASPECT: TRAINING AND EDUCATION		
G4 - DMA	Disclosure on management approach	Pagg. 12;46;50-52;89
G4 - LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Pagg. 52;89
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITIES		
G4 - DMA	Disclosure on management approach	Pagg. 12;46-48;86
G4 - LA12	Composition of governance bodies and breakdown of employees per employee category according to gender age group and other indicators of diversity	Pagg. 25;49;86
SUB-CATEGORY: HUMAN RIGHTS		
MATERIAL ASPECT: NON-DISCRIMINATION		
G4 - DMA	Disclosure on management approach	Pagg. 24-25;36;46
G4 - HR3	Total number of incidents of discrimination and corrective actions taken	In 2016 and 2017, there were no incidents of discrimination.
ASPECT: CHILD LABOR		
G4 - HR5	Operations identified as having significant risk for incidents of child labor	Pagg. 24-25;36;46-49
ASPECT: FORCED OR COMPULSORY LABOR		
G4 - HR6	Operations identified as having significant risk for incidents of forced or compulsory labor	Pagg. 24-25;36;46-49
MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT		
G4 - DMA	Disclosure on management approach	Pagg. 24-25;32;36
G4 - HR10	Percentage of new suppliers screened using human rights criteria	Pagg. 32;36

* Data on supervised workers are not reported at the moment.

CODE	INDICATOR	PAGE/NOTES
ASPECT: HUMAN RIGHT GRIEVANCE MECHANISMS		
G4 - HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	In 2016 and 2017, there were no grievances about human rights.
SUB-CATEGORY: SOCIETY		
MATERIAL ASPECT: LOCAL COMMUNITIES		
G4 - DMA	Disclosure on management approach	Pagg. 12;58-71
G4 - SO1	Operations with implemented local community engagement, impact assessments and development programs	Pagg. 58-71
MATERIAL ASPECT: ANTI-CORRUPTION		
G4 - DMA	Disclosure on management approach	Pagg. 24-25
G4 - SO5	Confirmed incidents of corruption and actions taken	In 2016 and 2017, there were no incidents of corruption.
ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY		
G4 - SO11	Number of grievances about impacts on society filed, addressed and resolved through formal grievances mechanisms	In 2016 and 2017, there were no grievances about impacts on society.
SUB-CATEGORY: PRODUCT RESPONSIBILITY		
MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY		
G4 - DMA	Disclosure on management approach	Pagg. 12;32;36
G4 - PR2	Incidents of non-compliance with regulations concerning the health and safety impacts of products and services during their life cycle	In 2016 and 2017, there were no incidents of non-compliance with regulations concerning the health and safety impacts of products and services during their life cycle.
MATERIAL ASPECT: PRODUCT AND SERVICE LABELING		
G4 - DMA	Disclosure on management approach	Pagg. 28-32;36-42
G4 - PR3	Product and service information	Pagg. 28-32;36-42
G4 - PR4	Incidents of non-compliance with regulations concerning product and service information and labeling	In 2016 and 2017, there were no incidents of non-compliance with regulations concerning product and service information and labeling.

CODE	INDICATOR	PAGE/NOTES
MATERIAL ASPECT: MARKETING COMMUNICATIONS		
G4 - DMA	Disclosure on management approach	Pag. 42
G4 - PR7	Incidents of non-compliance with regulations concerning marketing communications	In 2016 and 2017, there were no incidents of non-compliance with regulations concerning marketing communications.
MATERIAL ASPECT: COMPLIANCE		
G4 - DMA	Disclosure on management approach	Pagg. 32;36-38;41
G4 - PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the use of products and services	In 2016 and 2017, there were no sanctions for non-compliance with laws and regulations concerning the use of products and services.



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**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**

**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 the "Decree") and to article 5 of the CONSOB Regulation n. 20267, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Salvatore Ferragamo S.p.A. and its subsidiaries (hereinafter the "Salvatore Ferragamo Group" or the "Group") as of December 31, 2017 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 8, 2018 (hereinafter the "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 "G4 Sustainability Reporting Guidelines" established in 2013 by GRI - Global Reporting Initiative (hereinafter "GRI G4 Guidelines"), 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 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.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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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 G4 Guidelines. 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 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).

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., Ferragamo Hong Kong Ltd., Ferragamo USA Inc., 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, 2017 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the GRI G4 Guidelines.

Other Matter

With reference to the year ended December 31, 2016, the Group prepared a Sustainability Report, whose data were used for comparative purposes within the NFS. This Sustainability Report was voluntarily examined with a limited assurance engagement in accordance with ISAE 3000 Revised and we expressed an unmodified conclusion.

DELOITTE & TOUCHE S.p.A.

Signed by
Franco Amelio
Partner

Milan, Italy
March 23, 2018

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