

SALVATORE FERRAGAMO GROUP
SUSTAINABILITY REPORT 2016

LETTER FROM THE CHAIRMAN



“There is no limit to beauty, no saturation point in design, no end to the material”.

“There is always something more beautiful, more perfect, still to be created”.

Salvatore Ferragamo

For the Salvatore Ferragamo, 2016 was a year of growth and consolidation in sustainability, which culminated in the preparation and publication of this Report which for the first time covers the whole Salvatore Ferragamo Group.

The creation of sustainable value for the future of the planet and its people is a positive and necessary challenge for all companies. In this light, we consider the valorization of our people and our local territory as an essential requirement in the daily management of the business and in the planning of future initiatives.

Our people have always underpinned the success and the development of the Brand, and we are committed to developing initiatives to enable their valorization and professional growth, but also their wellbeing both in the workplace and in their private lives.

And alongside people, who are our human capital, the safeguarding of cultural heritage has always been the other priority for the Salvatore Ferragamo Group, which

acknowledges it has a fundamental commitment in valorizing the local territory and its artistic excellence: in 2016, we once again honored our link with the city of Florence by announcing the restoration of the Fountain of Neptune in Piazza della Signoria.

The quality of the products, the protection of cultural and social assets, the importance of stakeholders, investment in product innovation and respect for the environment are the pillars which characterize the Brand's essence.

All this is done in constant respect of Made in Italy quality, a combination of artisan tradition and innovative spirit, which is a key factor in achieving our sustainability objectives.

In keeping with our creative tradition, our passionate commitment to researching and testing innovative and sustainable materials continues.

In addition, we consider safeguarding the environment as central to our strategies, and to this end we invest significant resour-

ces in projects aimed at increasing energy efficiency and intensifying the use of energy generated from renewable sources. In this regard, in 2016 we obtained important environmental certification and others will be added in years to come. This Report, which sets out transparently the objectives and initiatives pursued in the economic, social and environmental fields, bears witness to our major commitment in all the areas where we operate and is an important confirmation for all our stakeholders of the path we are following, a path which makes us proud and which drives us towards continuous improvement.



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RESPONSIBLE PASSION

Commitment
Sustainable development goals
Stakeholders and materiality

RESPONSIBLE PASSION

COMMITMENT

“Creativity, innovation and excellent craftsmanship have been the core values of the Salvatore Ferragamo Group 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 Salvatore Ferragamo Group 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 that drives 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 adopting a strategy that puts this concept at the center of the decision-making process, seeking to grow the business while considering also the positive and negative impact of its operations on society and environment. In order to take a structured ap-

proach to managing sustainability-related topics, since 2014 the Group has made use of a cross-functional working group called the **Green Team**, 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 line with the commitment entered into as part of corporate responsibility, the Group

has adopted a strategy which envisages also for issues regarding sustainability, a connection between online and offline, in order to facilitate contact with the Ferragamo world and to create value from the link between the stakeholders and the Brand. In May 2016 a new **section** of the Salvatore Ferragamo Group **website** was launched wholly **dedicated to corporate responsibility**, which guarantees an innovative user experience through simple and intuitive navigation. The website sets out the main sustainability projects which the Group has promoted over the years and since it went online over 26,000 views have been recorded. The choice to dedicate a section of the website to

sustainability arises from the need to guarantee an increasing level of transparency to stakeholders promoting a proactive approach and enriching the Brand with positive and fundamental values.

THE SUSTAINABILITY PATH OF THE SALVATORE FERRAGAMO GROUP

2014

Creation of cross-functional working group called the Green Team, dedicated to the conception and development of corporate responsibility initiatives.

Identification of stakeholders.

Initial definition of economic, social and environmental topics which are most important for the Salvatore Ferragamo (materiality analysis).

2015

Preparation of the first Sustainability Report 2014 for Salvatore Ferragamo S.p.A. (year zero).

Creation of an e-mail address specifically dedicated to sustainability.

Addition of a section dedicated to sustainability on the Company’s intranet.

2016

Preparation, certification and publication of the Sustainability Report 2015 for Salvatore Ferragamo S.p.A.

Creation on the Salvatore Ferragamo Group website of a section dedicated to sustainability, available in English and Italian.

Update of mapping of stakeholders.

Update of materiality analysis.

Preparation, certification and publication of the first Sustainability Report for the Salvatore Ferragamo Group.

Consideration of the Sustainable Development Goals (SDGs) as part of the Group sustainability strategy.



SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) are a set of 17 goals, 169 specific targets and numerous indicators which the member States of the United Nations are called on to consider in defining their programs, public policies and investments over the next 15 years. The SDGs allow leading companies to show how their business contributes to promoting sustainable development, minimizing the negative and maximizing the positive impacts on people and the planet. Following the publication of the sustainable development goals by the United Nations, the Salvatore Ferragamo Group therefore put in place a process to analyze the SDGs based on coherence in regard to its own sustainability values and relevance in regard to its own activities in the short, medium and long term. This process ended with the identification and adoption by the Group of 6 sustainable development goals to be broken down into concrete actions to be developed internally and on which to focus the Group's resources.



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.

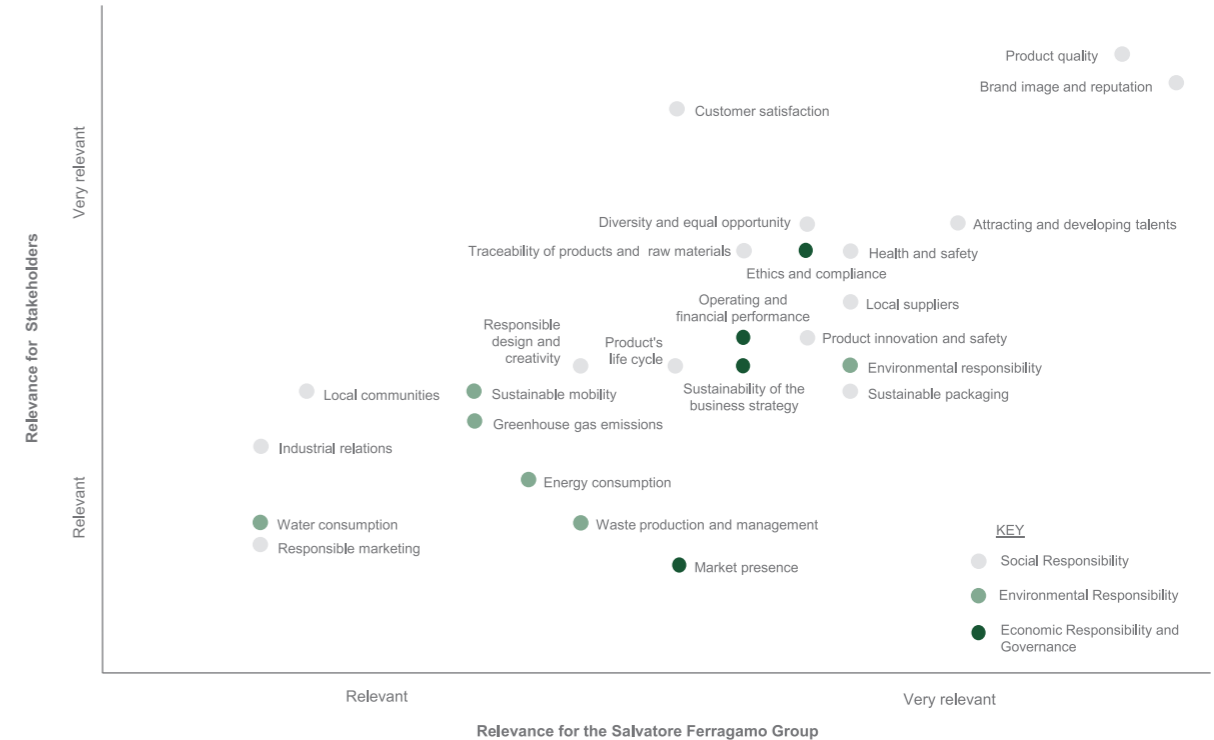


STAKEHOLDERS AND MATERIALITY

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 the business. The Group does not simply promote corporate responsibility initiatives, but recognizes the value of sustainability as part of its corporate strategy and puts forward innovative proposals for its stakeholders.

The Salvatore Ferragamo 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. During 2016, the Group arranged to update its **stakeholders' map** on the basis of an internal and benchmark analysis, in order to consider in the definition of its sustainability strategies the people and organi-

zations most influenced by such strategies. Therefore, the following have been identified as internal stakeholders: employees, shareholders, investors, distributors, suppliers, and contract manufacturers. External stakeholders have been identified in: final customers, schools and universities, regulatory and governmental bodies and the public administration, local communities (NGOs), media and influencers and trade associations.



SALVATORE FERRAGAMO GROUP'S STAKEHOLDERS' MAP



In 2016 the Group updated its **materiality analysis** in the light of developments in the business strategy and of the impact which economic, social and environmental sustainability aspects have on the assessment and decisions of stakeholders. Compared to the analysis undertaken in 2014 for the Salvatore Ferragamo, the update in 2016 was conducted in reference to the Salvatore Ferragamo Group, with the involvement in the assessment of the relevant aspects not only of the members of the Green Team, but also of the senior management operating in the various geographic areas where the Group is present. The identification of the material aspects for the Salvatore Ferragamo Group was broken down into stages of defining, assessing, prioritizing and identifying the aspects considered as material for the Group and its stakeholders. In particular, the stakeholder categories involved in the update of the mate-

riality analysis through stakeholder engagement initiatives were the Store Managers and Assistant Store Managers of European boutiques and the employees of the Group belonging to the youngest age group, with the latter involved through a web-based survey. The outcome is reflected in the materiality matrix, which, on the x-axis, shows the materiality of the topics to the Group, and on the y-axis, their materiality to stakeholders, and represents another tool for defining the priorities and the future strategy concerning sustainability.

In addition, during 2016, the Salvatore Ferragamo took action to give concrete implementation to some ideas collected during the stakeholder engagement event organized in 2015 coordinated by SDA Bocconi. Among the main initiatives put in place on the basis of the suggestions from students were the digitalization of the sustainability strategy, rewarding the

most virtuous employees in terms of sustainability, and the realization of capsule collections with eco-sustainable materials. Also in 2016, through an online survey, Group employees belonging to the youngest age group had the chance to set out projects regarding sustainability on which, from their point of view, the Group could focus its initiatives. The ideas collected have been grouped into the macro-areas into which the Group sustainability strategy is broken down and are being assessed for their feasibility.

SALVATORE FERRAGAMO GROUP

Numbers
History and market
Responsible management



SALVATORE FERRAGAMO GROUP

NUMBERS

The Salvatore Ferragamo Group, which has always been synonymous with 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 for 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 stakes and over which it exercises control. The subsidiaries are grouped into five geographic areas: Europe, North America, Central and South America, Asia Pacific and Japan.

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

2016 FOR THE SALVATORE FERRAGAMO GROUP

683

STORES IN THE WORLD

324

MILLION EURO EBITDA

more than 90

COUNTRIES OF PRESENCE

≈ 4,000

EMPLOYEES IN THE WORLD

+17%

GROUP NET PROFIT
COMPARED TO 2015

1,438

MILLION EURO IN REVENUES



¹ For further information concerning the subsidiaries of the Group, please refer to the Annual Report as at 31 December 2016 of the Salvatore Ferragamo Group.

HISTORY AND MARKET

1898



Salvatore Ferragamo born in Bonito in the province of Naples.

1923



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

1927



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

1936



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

1938



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

1947



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

1950s



The women's leatherwear and Ready-to-Wear lines are created. The success is now international and the 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.

1978



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

1986



Foundation of Ferragamo Hong Kong and start of international expansion.

1990



Creation of the bag with the famous Gancino decorative symbol.

1995



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

1998



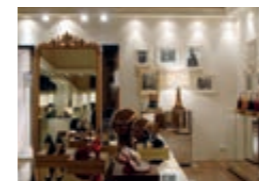
Launch of the Salvatore Ferragamo Fragrances and Eyewear lines.

2003



Realization of the first Salvatore Ferragamo watches.

2006



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

2011



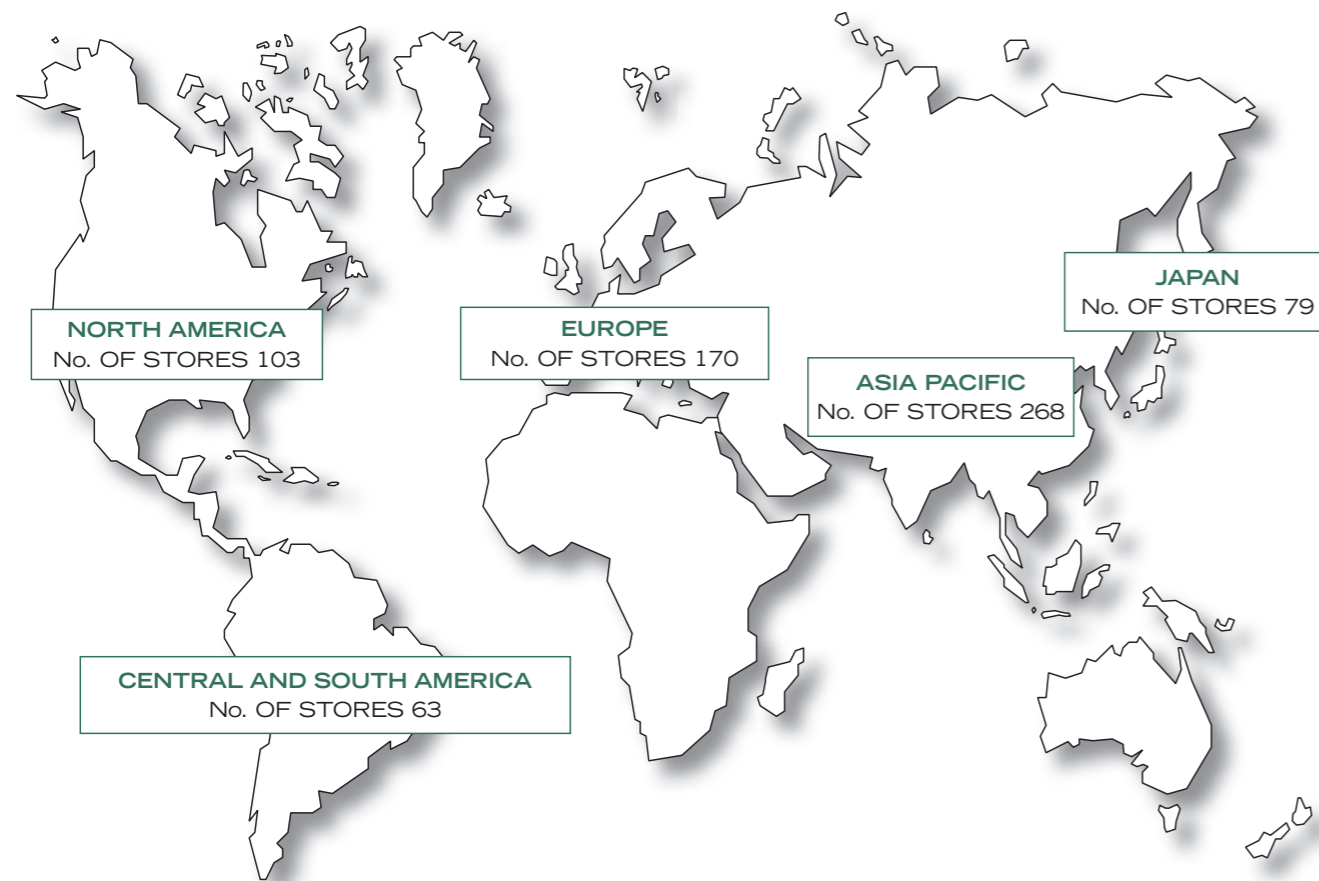
Salvatore Ferragamo S.p.A. listed on the Mercato Telematico Azionario (screen-based stock exchange) organized and managed by Borsa Italiana S.p.A.

First collection of jewelry presented.

2016



Appointment of the new Chief Executive Officer Eraldo Poletto. Presentation of the new creative trio: Paul Andrew for women's footwear, Guillaume Meilland for men's Ready-to-Wear, and Fulvio Rigoni for women's Ready-to-Wear.

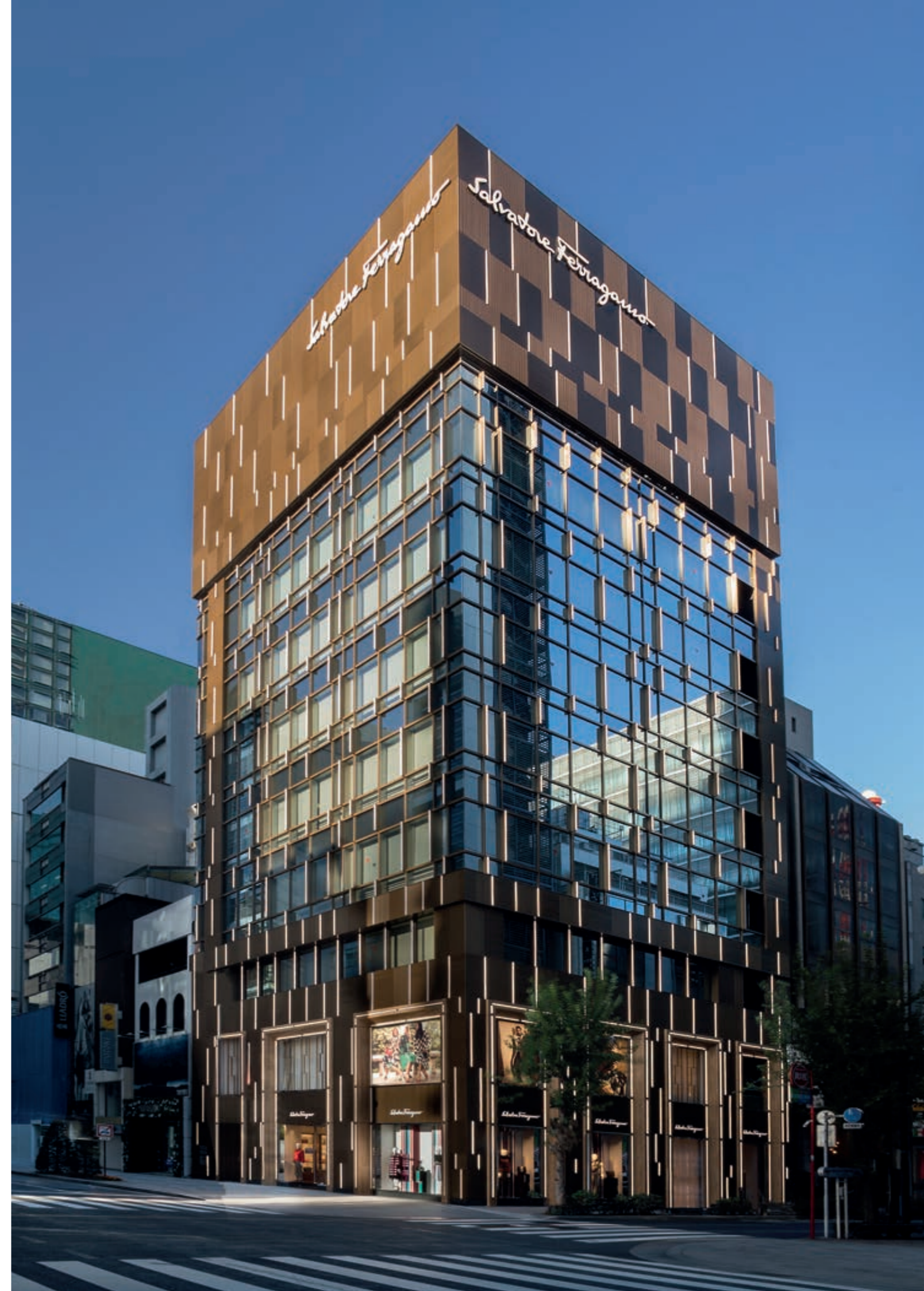


Considering the whole distribution structure, the Ferragamo Group is present in **over 90 countries across the world**. As of 31 December 2016 the Group's distribution network, consisting of a total of **683 stores**, could count on 402 directly operated stores (DOS) and 281 third points of sale (TPOS) in the Wholesale and Travel Retail channel, as well as its presence in leading Department Stores and top of the range multi-brand Specialty Stores.

During 2016, confirming its extensive and dynamic presence worldwide, the Group celebrated numerous store openings and makeovers. In April the first flagship store was opened in Berlin located in the historic building designed by Robert Leibnitz in one of the most prestigious shopping streets in the city.

In July the reopening of the historic Parisian boutique in Avenue Montaigne was celebrated, paying homage to the Italian tradition and craft culture through the exceptional talent of leather craftsmen from Florence. During the event and in front of the watching guests, in fact, expert craftsmen, exponents of the "made by hand" tradition and culture, made three of the most iconic models of the Florence based Group: the Tramezza shoe for men, the "Tirassegno" suede pumps (an exact copy of the original made by Salvatore in 1958) and a Limited Edition handbag inspired by the latter. In November 2016 the long-awaited reopening of the Ginza store took place. The event drew on Florentine art and creativity and opened with a spectacular video mapping projected on the façade

of the Ginza building, which offered images of the artistic treasures and gardens of Florence mixed with magical elements. For this event too the master craftsmen were present and illustrated the fascinating process of making shoes.



RESPONSIBLE MANAGEMENT

BOARD OF DIRECTORS OF SALVATORE FERRAGAMO S.P.A.



Salvatore Ferragamo S.p.A.'s Corporate Governance system complies with the principles of the Corporate Governance Code for listed Companies issued by Borsa Italiana S.p.A. The main corporate governance body is the Board of Directors which has the primary responsibility for determining and pursuing the strategic objectives of the Company and of the Group. The current Board of Directors was appointed by the Shareholders' Meeting of 24 April 2015 based on the single list submitted by the majority shareholder Ferragamo Finanziaria S.p.A. On 26 April 2012 the Shareholders' meeting nominated Wanda Miletti Ferragamo as the Company's Honorary President, by way of recognition for the exceptional work she has done over the years. In addition, the Board of Directors set up internally three committees with the powers of consultation and making proposals.

Following the changes to the Code of Conduct for listed companies, the Board of Directors of Salvatore Ferragamo S.p.A. resolved to assign to the Company's Control and Risks Committee supervision over sustainability issues connected with the exercise of the business and its integration with all stakeholders. In reference to sustainability, the Control and Risks

Committee, as part of its support for the Board of Directors, exercises the following powers:

- Supporting, 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 make be important in terms of sustainability (e.g. reputational risks) in the medium/long-term for the Company's business.
- Supervising sustainability issues connected to the exercise of the business undertaken by the Company and its interaction with all stakeholders.

The Salvatore Ferragamo Group adopts an Enterprise Risk Management ("ERM") model aimed at supporting senior management in identifying the main corporate risks and the means through which they are managed, as well as organizing the system to control such risks. The methodology used, in keeping with best practices and the reference standards, tends to define an integrated and structured process of assessments and classification for the relevance of the risks. The system adopted envisages the periodic undertaking of the following main activities: updating of the mapping of risks, identification and assessment of

the risks and controls adopted to contain them and define the opportune monitoring and operating strategies. In particular, in reference to the sustainability issues, here below are the macro-typologies of risk and the main impacts in this area:

- 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 respect of the prerequisites for identification as Made in Italy, 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, such as exchange rate, credit, interest rate and liquidity risks. 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. In the category, with specific impact in terms of sustainability, we may note the adoption of an organization, management and control model for the prevention of crimes by employees or representatives of the Company under Legislative Decree No. 231/2001 and, more generally, the adoption of a Code of Ethics.

With particular reference to **environmental risks**, the Group constantly complies with environmental law and monitors the risks, both direct, in other words which stem from the activities, products or services over which the organization has the power of direct control, and indirect, which instead stem from the activities, products or services over which the organization has only the power of influence. Specifically, the Salvatore Ferragamo Group monitors the environmental risks linked to production, transport and disposal of waste, the use of chemical or dangerous substances, the atmospheric emission of fumes and particulates, odorous, light or noise emissions, the consumption of resources, such as water, electricity and oil. The **social risks** monitored by the Group refer mainly to the risks linked to the supply chain, the law on occupational health and safe-

ty and the valorization of human resources. 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. In this regard it is noted that the ethical and behavioral principles are contained in the **Code of Ethics** of the Salvatore Ferragamo Group, which was updated in 2016. 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 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.





THE STRENGTH OF MADE IN ITALY

Tradition and innovation
Suppliers and contract manufacturers
Customer focus

THE STRENGTH OF MADE IN ITALY

2016 OF THE SALVATORE FERRAGAMO GROUP

≈ 37,000

RETAIL TRAINING HOURS

99.7%

OF RAW MATERIALS PURCHASED
FROM ITALIAN SUPPLIERS

≈ 83,000

COUNTERFEIT PRODUCTS SEIZED BY
CUSTOMS OFFICIALS IN 2016

+ 90%

REGISTRATIONS FOR THE
E-COMMERCE NEWSLETTER
COMPARED TO 2015

+75%

FOLLOWERS ON INSTAGRAM
COMPARED TO 2015

38

COUNTRIES IN WHICH THE
E-COMMERCE CHANNEL IS PRESENT

TRADITION AND INNOVATION



The Salvatore Ferragamo Group brings together world-class craftsmanship and the solid creative tradition of **Made in Italy** manufacturers. Over time, the Brand has evolved, but the quality and creativity have remained intact, representing the basis for our growth and allowing the Group to gain international recognition.

Salvatore Ferragamo featured as a pioneer in the process that eventually gave rise to the Made in Italy concept and the Group has an unwavering commitment to protecting this DNA, including amid the shift to industrial manufacturing processes. It believes in sharing and developing a culture of experience and craftsmanship, which refers not only to manual skills - it is, above all, a mental process in which expertise, attention to quality, ongoing research into materials and technologies represent the truly distinctive elements.

Each product interprets in a contemporary way the creative codes of the heritage: innovation and experimentations with materials and colors, advanced artisan techniques, and dialog with the world of art, culture, and cinema. The Founder's work has always stood out for the original design of its shoes and the relentless search for new models, constructions and materials. Salvatore Ferragamo has turned shoes into works of art.

The patent Archive of Salvatore Ferragamo 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 and represent a technical and scientific library of inestimable value and depth. From the shell-shaped sole to the orthopedic wedge heel, from the sculpted heel to the invisible upper, from the cage heel to the metal sole,

show the sheer amount of ideas and creative energy he put into his inventions. The Archive is not just testimony to the ideas and technical know-how of the Founder, but may also be a source of inspiration for insights and ideas for new creations and new manufacturing processes.

The attention to, and love for, materials have been a hallmark of Salvatore Ferragamo's work since the very beginning. Many of his most famous creations are the result of economic and manufacturing shifts occurred in Italy during the 20th century. In the 1930s, as the autarky prevented steel imports from entering the country, Salvatore Ferragamo had the brilliant idea of using cork for the soles of his shoes: he thus created the wedge, one of the most popular and long-lasting inventions of the fashion world. This is also the reason why Salvatore Ferragamo has always carefully selected and continued experimenting with not only traditional premium leather hides, but also humbler and more unusual materials. After the death of the Founder, the Group carried on his tradition of experimenting with **sustainable and alternative materials**. In order to stay abreast of the latest innovations and trends, it created a dedicated function for the purposes of systematically updating the materials it uses, with a special emphasis on environmentally sustainable ones, working together with suppliers and contract manufacturers, and creating special materials. During the year the Group, in keeping with the Founder's innovative spirit, took forward numerous initiatives linked to the promotion of and search for eco-sustainable materials.

In 2016 the Salvatore Ferragamo Group presented a sustainable capsule collection of women's wear thanks to the collaboration with **Orange Fiber**, the innovative start-up, founded by two young Sicilians, which develops innovative and vitaminic textiles from citrus fruit scraps. By reusing the sub-product which the Italian citrus fruit transformation industry produces each year, Orange Fiber has created a sustainable and cosmetic fiber which meets the need for creativity, innovation and eco-sustainability of the Group.

Again in 2016, the Group launched a **limited edition twin set line**, an iconic best seller of the Brand, by reusing scarves from past collections in a creative way and developing an innovative garment linked to the Group's heritage through an "upcycling" process.

In 2015, the Salvatore Ferragamo entered into an agreement with the **Climate and Sustainability Foundation** for a 12-month scholarship for research into natural fibers, new materials, and the preservation of artisan traditions typical of the Italian culture, promoting an environmentally and socially-sustainable supply chain for the fashion industry. Under the agreement, the Ferragamo Foundation will offer its know-how in traditional manufacturing processes and the materials used by Salvatore Ferragamo and the Group, as well as promote tours of, and research into Ferragamo extensive and historical Archive to guide and help the recipient in his or her work. During 2016 research focused on raw materials, such as nettles, hemp and law.

The Group has always been engaging with bodies and institutions investing in innovative research and experiments, acting as a partner and supporter by providing guidance and advice to address specific needs throughout the various design and production stages. During 2016 the Company took active part in numerous **seminars**, including a presentation in collaboration with Premier Vision in Paris during which it set out the activities of the materials research department to a large student audience. In addition, the Salvatore Ferragamo presented its research into eco-sustainability and quality materials during the Material Preview in Florence and at the MAC University of Biella.

Also in 2016, the Salvatore Ferragamo launched an **ideas laboratory** which cut across the various departments with the aim of boosting product innovation. The project saw the involvement of twelve innovators within the Company and an equal number of students from the Accademia del Costume e Moda in Rome, who were asked to work with a free and open approach to the possibilities of innovating with leatherwear. For the whole duration of the project the consulting company Future Concept Lab supported the work of the participants with the aim of stimulating and orienting the teams in generating ideas and in identifying opportunities for innovation.

Again with a view to supporting young talent, the Company took part in the competition **Feel the Yarn**, targeted at knitwear designers organized by the Consorzio Promozione Filati and Pitti Immagine with the collaboration of the most important Italian spinners. The Salvatore Ferragamo offered a prestigious special prize for the project which best celebrated the "Splendor of Life", i.e. the beauty typical of the Italian lifestyle. The prize was awarded to a student from Polimoda of Florence, who made complex and refined garments inspired by Italian beauty.



SUPPLIERS AND CONTRACT MANUFACTURERS

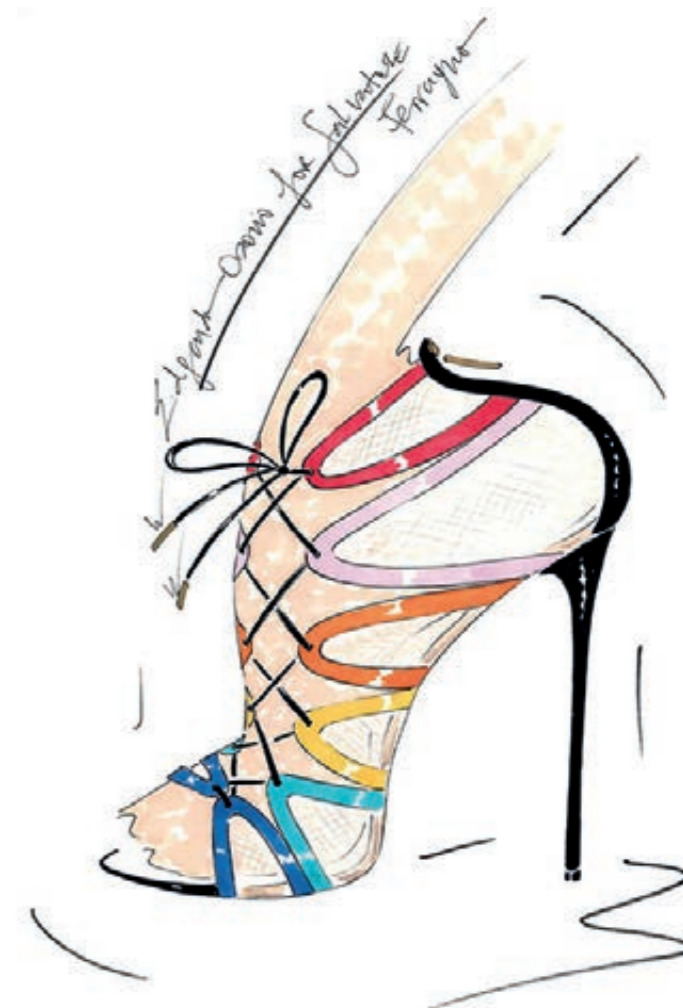
The Salvatore Ferragamo Group products are closely associated with the Made in Italy label and the concepts of quality, style and elegance, which have always characterized the Brand. In respect of these values, the Group undertakes a constant search for services and products distributed by Italian suppliers, contributing also to the economic development of the area. The Group has always followed the philosophy of its Founder in keeping production in Italy and it can call on a **wide network of contract manufacturers which are rigorously Italian** and carefully selected and approved, have outstanding skills and have often grown loyal to the Group after years of ongoing collaboration. The organizational model addresses the need of monitoring the production chain in order to ensure the quality of the product as well as of making manufacturing and distribution processes efficient and flexible. Salvatore Ferragamo Group still keeps the most critical stages of the supply chain in-house. As for production, the Group directly manages the product development and industrialization stages as well as performs **quality and safety controls**, both during and at the end of the manufacturing process, on 100% of the finished products.

The technical and quality assessment involves testing raw materials and semi-finished and finished products, acquiring all documentation concerning the supplier's manufacturing facilities, and visiting said facilities, if required.

Finally, the new potential partners must fill out specific forms for the purposes of the Register of Suppliers 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-certifi-

cation concerning occupational health and safety, accept the policy allowing for just one level of subcontracting, accept the trademark protection agreement and the REACH self-certification. 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 products life cycle. The European chemical safety framework is based on Regulation (EU) No. 1907/2006 (**REACH Regulation**), which bans the use of hazardous substances in manufacturing processes.

For these purposes, Salvatore Ferragamo Group conducts environmental and toxicity tests on several components and finished products such as accessories, footwear structures, leather, textiles, leather goods, Ready-to-Wear, PVC shoes, and rubber soles. In addition, it relies exclusively on certified raw materials suppliers. Further confirmation of the Group's attention to the issue of chemical substances is the fact that in 2016 the Salvatore Ferragamo Group enhanced its RSL (**Restricted Substance List**): the list, which was covered in internal training, was shared with its suppliers.



THE FIGURES OF SUPPLIERS - 2016

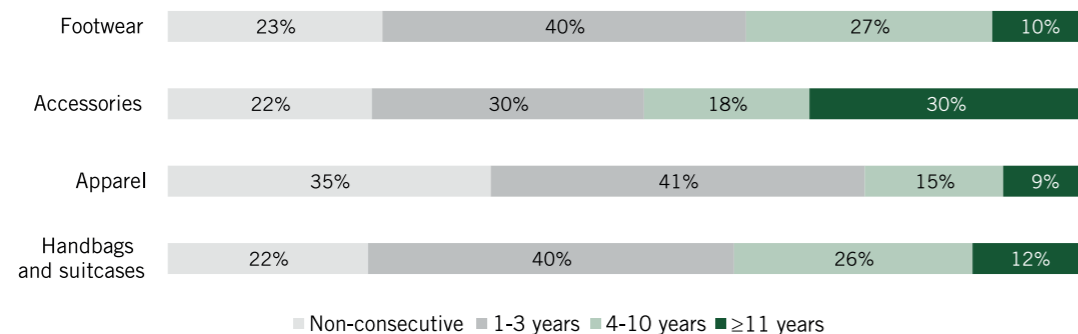


In order to guarantee the essential quality of the Brand's products, the Salvatore Ferragamo Group uses an approval process for suppliers and contract manufacturers, aimed at assessing whether the potential new partners have the technical and qualitative prerequisites, the economic and financial prerequisites and all the

documentation and certification envisaged to start collaborating with the Brand. 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 addition, considering the geographical distribution by company name

of only the suppliers involved in production operations, Italian entities account for 99.7% of supplier revenue.

YEARS OF PARTNERSHIP CONTINUITY WITH SUPPLIERS BY SECTOR - 2016

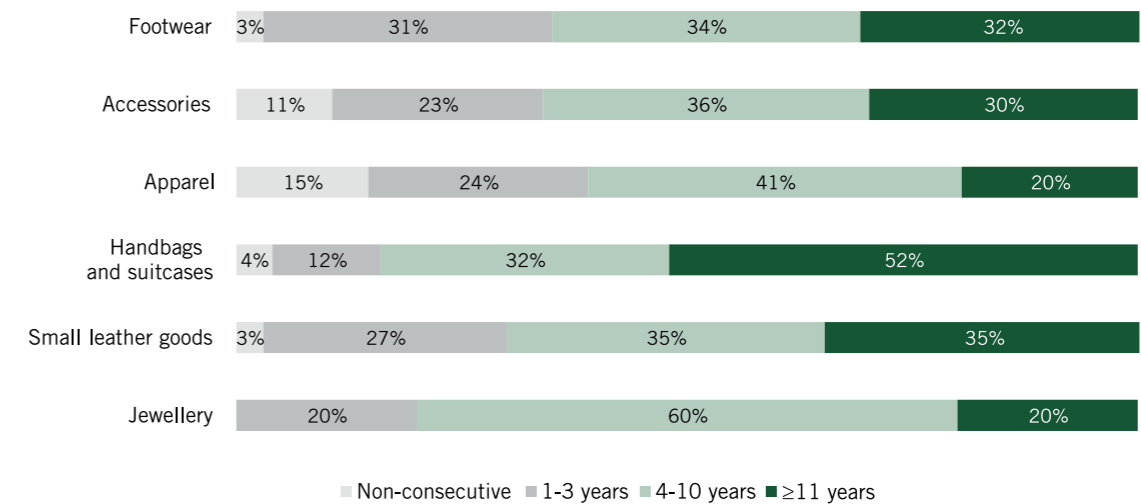


The Salvatore Ferragamo Group works exclusively with highly specialized manufacturers that meet the most demanding quality standards. Virtually all of them are located in Italy. The **selection and retention of contract manufacturers** is key to the Brand, mainly for the purposes of maintaining the world-class quality standards of its products as well as protecting Ferragamo's extensive know-how

developed over the years. The retention of external workshops has been traditionally guaranteed by ongoing partnerships, the frequent exchange of information and skills between the Salvatore Ferragamo 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 ma-

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 stock, and, most importantly, effectively plan the production stages as well as the procurement of raw materials and components.

YEARS OF PARTNERSHIP CONTINUITY WITH CONTRACT MANUFACTURERS BY SECTOR - 2016

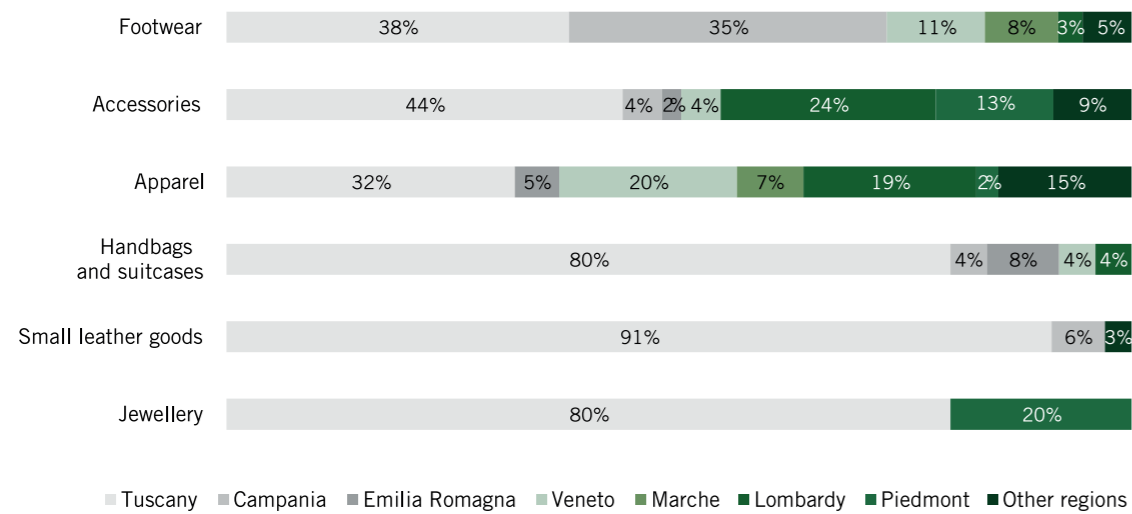


By entering into trademark protection agreements, the Salvatore Ferragamo Group prevents external contract manufacturers from selling the Brand's products

to third parties. Contract manufacturers are required to disclose whether they use any subcontractors, to which they may outsource only one manufacturing process.

Furthermore, the Salvatore Ferragamo Group has technical and production staff constantly monitoring both external workshops and subcontractors.

GEOGRAPHICAL BREAKDOWN OF ITALIAN CONTRACT MANUFACTURERS BY SECTOR - 2016



To be socially responsible towards the production chain, since 2014 Salvatore Ferragamo Group, has been asking an independent specialist to implement a **multi-year audit plan** in order to ensure contract manufacturers' subcontractors comply with applicable laws concerning occupational health, safety, and hygiene. The audit process involves administering a pre-assessment survey to the subcontractors and an on-site audit, interviewing both employees and management. Based on the audit findings, the Group, if necessary, prepares an improvement

plan with the subcontractors 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 the person responsible for this process at the supplier.

Since 2014, the Group has undertaken over 140 audits and 30 follow-ups, extending the evaluation to the most important product categories: women's footwear, men's footwear, leatherwear and Ready-to-Wear.

Also during 2017 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.

Concerning exclusively footwear production operations, the Group relies on a small prototyping and manufacturing unit comprising materials cutters, stitchers and fitters: **Manovia**. Established in 1967, Manovia mainly creates samples and prototypes as well as fine-tunes the structures (stretchers, heels, insoles, and soles) for the new models. It consists of approximately 20 people, mostly young, who produce 30 to 40 pairs of shoes a day. This little wonder of craftsmanship is key for preserving the Group's know-how the legacy of the Brand's Founder, which

today is upheld by skilled artisans. These are the only ones that can hand down the secrets of producing Ferragamo footwear from one generation to another.

In addition, the Manovia division 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 Ferragamo Museum. The models are manufactured in limited quantities and numbered.

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.



CUSTOMER FOCUS

Customer satisfaction has since the start been the main objective of the Salvatore Ferragamo Group, to the extent of underpinning every corporate activity: the relationship with customers is based on utmost respect expressed through attention to value for money. From conceiving the product to delivering it in the hands of the buyer, each process is designed to meet the customers' needs, catering to and anticipating their desires and providing them with a gratifying and truly pleasing experience.

In order to satisfy and involve its customers, since 2016 the Group

has offered the possibility to **tailor the Tramezza**, the most prestigious segment of men's footwear for Salvatore Ferragamo, offering new and elegant models and tailoring options in order to satisfy customers' needs by guaranteeing them a unique product.

In addition, again in 2016, the Brand developed three different **capsule collections** in collaboration with three young stars of contemporary fashion in order to support creativity and innovation: Edgardo Osorio for women's footwear, Sara Battaglia for women's bags and Daniela Villegas for jewelry. These collections, besides

being successful in terms of units sold, have gained huge visibility on social media.

Finally, in 2016 the Group launched **Ferragamo Mini**, the collection created for children aged 3 to 8, which includes a selection of iconic Ferragamo models, in particular the Varina ballet flats, the moccasins with double bit and the Vara bag inspired by the modern and discreet style of the Brand.



There is also another equally important step that is crucial for the customer's satisfaction: the purchase experience at the Brand's boutiques. The Group places special emphasis on training the sales staff, raising awareness about its strong and distinctive traditions and values. During 2016 the sales staff of the Salvatore Ferragamo Group were provided with approximately 37,000 hours of retail 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 in nine languages, tailored depending on the information relating to the purchases of the different stores. The training sessions were provided thanks to the use of the

Digital Training App, an application that can be accessed online on a tablet, PC or smartphone, which allows sales staff to consult information regarding Ferragamo products wherever they are and at any time. The purpose of the training is to set out the inspiration underpinning the collections and provide key notions for the sale of products. In addition, in 2016 the Group developed the "Salvatore Ferragamo - llearn" platform with the aim of providing specific and interesting content regarding the collections, the Brand and the sales process, quickly and efficiently to all sales staff worldwide. The platform will go online during 2017. In addition, as part of the project aimed at standardizing the Group's retail information

systems, during 2016 European sales staff were given around 720 training hours on the new IT system.

In order to facilitate the display of products and ensure that they are displayed as far as possible in the same way worldwide, since 2014 the Group has had available some iPads in its stores, whose number has increased during last year.

Integrating the digital channel in communication strategies makes the brand experience for Salvatore Ferragamo Group's customers complete, offering them an effective and hands-on opportunity to learn more about the Brand. The Group's strategy is connecting the online and offline worlds to keep customers engaged with Ferragamo and strengthen their loyalty to the Brand.

In October 2009, the Ferragamo Group launched its online store. The website, which has undergone extensive changes over the years, provides an innovative user experience through simple and intuitive navigation, allowing visitors to appreciate the craftsmanship and world-class quality of Ferragamo products.

Salvatore Ferragamo Group's **eCommerce platform** is present in 38 countries worldwide and in 2016 was enriched with new functions in order to meet the needs of online customers, envisaging new payment methods, the possibility of tailoring, new product categories and the introduction of exclusive products. In addition, some online platforms were subjected to restyling. During 2016, for example, in the United States the eCommerce platform, which is based on IBM WebSphere technology, launched the new Omnichannel, Reserve in Store and Stock Enquiry functions and added the possibility of the Pickup in Store, which was already available in Europe. The online activity of the Brand enabled, compared to 2015 an increase of around 90% in registrations for the newsletter and an increase of around 30% in website visits. In addition, during 2017 the new Salvatore Ferragamo Group website will be launched.

Among the initiatives linked to the digital world, as part of the **Omnichannel project**, the Group adopted the criteria which aim to direct the customer from on-

line channels to physical shops to collect information in order to tailor both the offers and the online communication. The initiative enables the eCommerce customer to have a conversation with the Brand thus reserving or acquiring a product online to then try it or collect it in store, making use of the support of a shop assistant.

Social media allow engaging with customers, providing them with a comprehensive brand experience, thanks to the creation of ad hoc online contents. The Salvatore Ferragamo Group does not merely adapt traditional material to online language, but integrates playful and unique aspects of its social media with its own communication strategy. During 2016 numerous digital campaigns were launched to recreate the theme of the "splendor of the life", the protagonist of the Brand's communication campaigns. Another protagonist of 2016 was also the "Hide and Seek" concept, chosen for the spring-summer and autumn-winter campaigns of Salvatore Ferragamo Group, which, through film shorts and photographs, addressed the theme of carefree fun within the typical and famous Italian lifestyle. This light and spirited approach was then also applied to the Ferragamo Mini campaign thanks to a specific online interpretation of the new line for children with the realization of short clips and photos. Bearing witness to the success of the campaigns undertaken and the strong commitment which the Group places on digital communication, 2016 was marked by a significant increase in the number of followers on the main social channels, an indicator of the growing presence of Salvatore Ferragamo Group in the digital world.



THE PRESENCE OF THE SALVATORE FERRAGAMO GROUP IN SOCIAL MEDIA
GROWTH IN FOLLOWERS (January - December 2016)

INSTAGRAM	+75%
FACEBOOK	+10%
YOU TUBE VIEWS	+278%
TWITTER	+17%
WECHAT	+76%
WEIBO	+117%

In order to protect its customers and with a view to protecting the Brand, the Salvatore Ferragamo Group has implemented a series of **anti-counterfeiting activities** both offline and online, recording increasingly satisfying results. This is thanks to constant and efficient protection of the Brand and the development of new instruments to defend its rights. In 2016 monitoring was introduced of the main social networks, with significant results which led to the removal of 27,460 counterfeit posts. In addition, in 2016 the Group constantly monitored the eCommerce platforms and continued its controls on offline activities, in particular in China. And in this country, thanks to the recognition of the well-known trademark granted in 2015, Salvatore Ferragamo Group obtained seizures by local authorities and favorable sentences in civil and administrative action more quickly and more easily.

In 2016 around 105,000 adverts for counterfeit products were intercepted, blocked and removed from online websites, 152 domain names and illegal websites were traced and closed, customs authorities confiscated around 83,000 counterfeit products and a similar number of products were seized by other authorities.

The Brand's commitment to fighting counterfeiting will continue during 2017, both to safeguard intellectual property rights and to defend consumers through new initiatives, involvement and enhancement of actions both offline and online.

Again with a view to protecting the consumer and limiting counterfeiting, the Group makes use of the **Authenticity Tag** system, which guarantees the traceability and originality of Ferragamo products.

In 2011, this commitment led to an innovative traceability project, consisting in the implementation and adoption of an NFC (Near Field Communication) solution, to uniquely identify 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 has no expiry date and 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.

The scope of the project was expanded during 2015 and 2016, and now the Tag is embedded into all Ferragamo leather products. Additionally, the Group is conducting a pilot project in order to expand the application of this technology to Ferragamo ties and scarves.





A SHARED HISTORY

Diversity and equal opportunity
Attracting and developing talent
Wellbeing of people

A SHARED HISTORY

The Salvatore Ferragamo Group is made up of highly-skilled people that show their love and dedication to their work every day, providing customers with unique products and services, and representing an essential element for the competitiveness and growth of the Brand. The Group attributes fundamental importance to its human capital and therefore undertakes to facilitate and valorise their professional career, by incentivizing personal initiative, so that the best possible conditions are created for managerial and technical development.

As at 31 December 2016, the Group had 4,036 employees, up 2.2% from the previous year. To this figure it is necessary to add a further 1,197 people who collaborate with the Group in various roles. The age range between 30 and 50 is that with highest number of employees (62% of the total workforce).



2016 OF THE SALVATORE FERRAGAMO GROUP

4,036

EMPLOYEES WORLDWIDE

1,293

CORPORATE EMPLOYEES

2,743

RETAIL EMPLOYEES

1,120

EMPLOYEES UNDER 30

3,811

EMPLOYEES WITH A PERMANENT CONTRACT

≈ 70%

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, sexual orientation, gender identity, physical and mental disabilities, and any other personal characteristics that are of no consequence in the workplace. The Group provides equal opportunities to employees of both genders, promoting also initiatives to help them cope with work-life balance, such as introducing employment contracts other than full-time ones.

Women play a crucial role in the Salvatore Ferragamo Group, and this is reflected in the data for the year 2016: they accounted for around 70% of all employees, and 61% of senior staff (37% of executives and 64% of managers). In addition, in line with legal requirements, 30.8% of the Parent Company's Board of Directors are women.

As at 31 December 2016, among the employees with a permanent contract, 48 men and 182 women had chosen to work part-time.

Remuneration policies are oriented at recognizing the contribution of each employee in accordance

with criteria of fairness and merit. In this light, the Salvatore Ferragamo Group has for many years implemented a differentiated remuneration system for the various categories/corporate grades. Besides remuneration, it includes incentive systems connected to both individual and corporate objectives, thus encouraging team spirit and a sense of belonging.

THE EMPLOYEES OF THE SALVATORE FERRAGAMO GROUP - 31 DECEMBER 2016

	MEN	WOMEN	TOT
PARENT COMPANY	387	521	908
EUROPE	123	275	398
NORTH AMERICA	284	284	568
CENTRAL AND SOUTH AMERICA	96	97	193
ASIA PACIFIC	282	1,271	1,553
JAPAN	82	334	416
TOTAL	1,254	2,782	4,036





ATTRACTING AND DEVELOPING TALENT

The Salvatore Ferragamo Group considers the attraction of talented new staff essential for the success of the Brand. Confirming this commitment, in 2016 1,333 employees joined the Salvatore Ferragamo Group, of whom around 58% were under 30 and 70.2% women, thus recording a total staff turnover of 33.0% as for incoming employees.

In addition, the Group considers offering a stable and long-lasting employment relationship as necessary to foster growth, as well as an important motivational factor. Bearing witness to the Group's commitment in this sense is the high percentage of employees with permanent contracts, a percentage which in 2016 was of 94.4%.

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 to the Group. The Classic Induction course, which is broken down into various stages, envisages not only the presentation of the Brand and life at the Company, but also, through collaboration with the Foundation and the Museum, includes visits to the exhibition areas to introduce the new recruits to the story of the Founder, to the values of the Group, to the history of the Salvatore Ferragamo Museum and of the important historical Archive. The Customized Induction, which is reserved to executives and managers, is instead organized so that it is tailored to the role that the incoming resource is required to fill.

To select and attract the most deserving talent, the Parent Company works with several Italian universities, business schools and design academies, hosting presentations, career days and field

projects in order to promote creative thinking and reward talented youths by introducing them to the world of work. During 2016, 13 **Employer Branding** sessions were held during which the Salvatore Ferragamo met 785 students, 19 of whom started work with the Company. At the Career Day organized by AlmaLaurea in Florence, the Salvatore Ferragamo won the **AL Lavoro 2016** prize, an award dedicated to companies which over the year have provided internships or have employed graduates identified during one of these career day events. In particular, the Salvatore Ferragamo excelled in two of the three categories for companies into which the prize is broken down: We hired faster! and We hired more!, awarded to the company that hires the quickest and to the company that has the highest number of applications, respectively.

In addition, for a few years now the 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.

The Salvatore Ferragamo Group considers **training** a priority, as it is necessary for the professional growth of employees and the development of the key competencies lying at the basis of the corporate success. In particular, during 2016 the Group provided its staff with approximately 53,200 training hours, of which around 30% corporate and around 70% in the retail area.

Additionally, in January and February 2016, the Parent Company promoted a new training initiative which was welcomed by all employees: a cycle of **Knowledge Sharing** meetings during which the activities undertaken by some specific departments of the Company were shared with colleagues from other sectors.

The Group considers it equally important to valorise its own resources and, to this end, in 2016 also implemented a **Talent Management system** aimed at identifying the most deserving employees and developing their career path. The Parent Company, as part of its own **Ferragamo Excellence model**, identifies nine essential competencies divided into Core Competencies and Managerial Competencies, to be enhanced in each employee. The former competencies, which are of fundamental importance for employees, are as follows: decision-making, collaboration, customer focus, results orientation, creativity, innovation and initiative. In keeping with the competencies identified, each staff member must therefore aim for high levels of performance and quality, promptly address situations and issues which arise by continuously valorising teamwork and facilitating the generation of new ideas and solutions, with particular attention to listening and anticipating the needs of each customer. For staff members who

work at the executive and managerial level three competencies have been identified: inspiring and motivating the others, people development and strategic vision. These skills aim to raise awareness of the key elements in creating corporate value and improving competitiveness over time, always inspiring in others enthusiasm and passion for their work and a desire for excellence, while at the same time facilitating the professional growth of each employee. In addition, in 2016 the **Development Assessment program** started, 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 other workers.

The Group valorises also the retail professional figures and the store staff who constantly exceed their sales targets by providing an exceptional service and forging unique relationships with customers.

To facilitate the development of its staff, in 2016 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 technical skills required. The Salvatore Ferragamo Group periodically assesses the performance of employees: during 2016, 100% of managers and executives of the Parent Company were assessed in this way as were around 90% of employees belonging to the same categories in the Central

and South America area, 100% of staff from North America and 98% of staff from Europe, around 70% of employees from Asia Pacific and almost all employees from Japan.

An essential prerequisite for the Group's development and growth is teamwork and it is in this context that Ferragamo Parfums S.p.A, in September, organized a **team building** day for its employees, with the aim of strengthening the key concepts of teamwork, such as trust in others and respecting roles. The initiative, which involved forty-five employees, envisaged a team competition on three dragon boats, with the intent of stimulating mutual trust among colleagues, coordination and focus in achieving shared goals.



WELLBEING OF PEOPLE

The Salvatore Ferragamo Group considers the wellbeing of its workers and the climate at the Company as essential elements for its own success and implements numerous initiatives as part of Company welfare aimed at facilitating the balance between the professional life and private life of each worker.

As from 2014 a **Flexible Benefit Plan** was introduced in Italy, the purpose of which is to support workers and their families in social and cultural activities, in their development and in school fees and costs for their children. The plan consists of a form of remuneration allowing employees to complement part of their variable pay with benefits in the form services, usually purchased from external providers, to address personal and family needs. The offer is designed for the needs of all the Italian employees, from the youngest to those who have been there several years. Specifically, employees can select their own type of benefit from a vast selection, including repayments, on the basis of the annual figure established, for costs relating to five areas: education, gym and other sports, culture and leisure, travel and supplementary pensions.

In 2016 the range offered was expanded with further services dedicated to employees' children, such as additional catering services linked to enrolment in nurseries and attending playgroups and summer and winter play centres.

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, in 2016 the Company, in order to promote a healthy and balanced diet, signed a convention with **Orto del Borro**, a company which believes in respecting nature, paying attention to health and search-

ing out excellence. The agreement envisages the possibility for the employees of the Salvatore Ferragamo who work in Florence to buy at a discounted price boxes with food that is certified as organic.

The Salvatore Ferragamo Group offers some social and financial **benefits to full-time employees**, including for example reimbursements linked to the taking out of health and life insurance policies, discounts at stores of the Brand, pension fund contributions and reimbursement for meals.

The Salvatore Ferragamo Group considers the physical and moral wellbeing of its workers, whether they are employees, collaborators, suppliers or consultants, as a key value in its organization and places particular attention on protecting **health and safety in the workplace**, making human, capital and financial sources available which are needed to achieve the improvement goals which have always been a strategic commitment for the organization. In this context, in 2015 the Salvatore Ferragamo completed the pre-audit work to obtain **OHSAS 18001:2007 certification** which specifies the requirements for an Occupational Health and Safety Management System, guaranteeing greater control of OHS risks and an improvement in performance. By 2017 the Company, following two different audit programs on a selected sample of stores in Italy, will obtain the certification, which will be followed by audits to maintain it. In particular, it is considered essential, for the design and implementation of the management system which conforms to OHSAS 18001:2007, to guarantee the legislative conformity and the correct application of the principles of the policy in all work environments. In addition, implementation is guaranteed of control and operational measures which are suitable for the nature

of the business and the risks present, adequate surveillance and monitoring of performance, and the achievement of pre-set objectives, goals and programs on health and safety. The continuous commitment is based on participation and involvement in and dissemination of the culture of safety at all levels of the Group, in order to guarantee for each worker a good level of awareness of their role and responsibilities. The Salvatore Ferragamo Group, through the involvement, training and preparation of each person working under its direction, aims at continuous improvement in performance in terms of workers' health and safety, with particular attention to preventing accidents and work-related illnesses. In this light, in 2016, the Parent Company provided this type of training to 200 employees.

Eventually, following the positive feedback and the requests for further information, the Safety & Engineering division of the Parent Company followed up on the **Seminar Program** for employees, which in 2016 covered themes such as diet, first aid, health and wellbeing.



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 create a sense of belonging.

In September, for example, on the appointment of the new Chief Executive Officer Eraldo Poletto, all the employees of the Group offices in Florence were invited to a first meeting at Osmannoro headquarter. In Italy, the Company's people are periodically updated and informed regarding the publication of videos, the presentation campaigns or events organised and the promotion of meetings on issues of common interest.

In addition, the internal dissemination of the **Company magazine Internos** enables all the divisions to be equally informed about corporate innovations, thus favouring the creation of a climate of participation and stimulating the interest of employees in activities which enrich their knowledge of the Salvatore Ferragamo Group.

As for sustainability, the inclusion of a **section dedicated to corporate responsibility** on the Group intranet and the creation of an ad hoc email address have enabled more effective communication of the sustainability initiatives promoted by Salvatore Ferragamo Group. The corporate responsibility email address has become an important instrument for dialogue with the Group's employees, who have been given the chance to propose ideas and projects linked to sustainability directly to the Green Team.

In addition, the Group has also taken steps to promote **opportunities for dialogue relating to sustainability** with staff of the Ferragamo stores: some print copies of the 2015 Sustainability Report have been distributed to staff of

the main European stores and all the Italian stores, for whom in addition a streamed online session was organized on the Sustainability Report and on the commitment of the Salvatore Ferragamo Group to corporate responsibility.





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 Brand's Founder 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.

After redefining in 2014 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 more effectively charitable actions internationally. In 2016 Salvatore Ferragamo Group thus supported communities, charitable bodies and non-profit organizations which work for the causes identified by the Charity Policy, making around 90% of its donations for Italian culture around the world.

THE NUMBERS OF THE SALVATORE FERRAGAMO GROUP

over 10,000

MEALS DONATED TO BANCO ALIMENTARE IN 2016 IN ITALY

≈ 36,000

T-SHIRTS MADE FOR CORRI LA VITA 2016

over 100

EMPLOYEES INVOLVED IN CORPORATE VOLUNTEERING ACTIVITIES SINCE 2014 IN ITALY

≈ 36,000

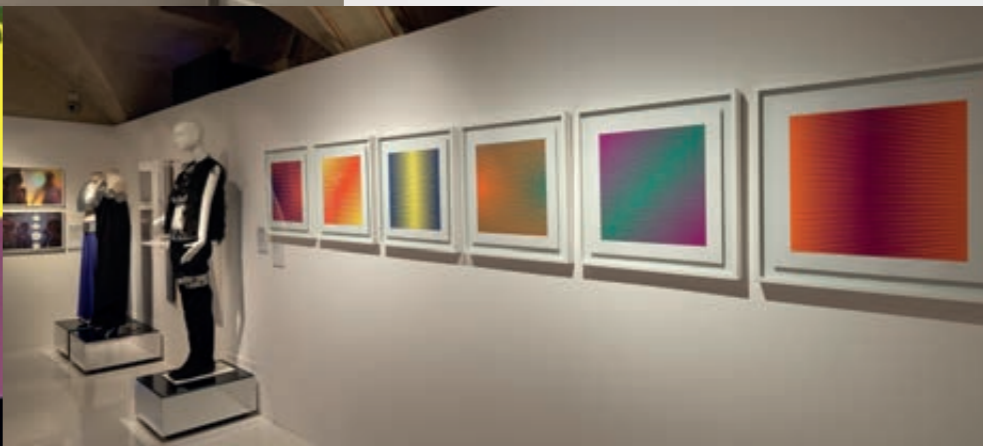
ARCHIVED PIECES AND MODELS

3,997

CHILDREN IN WORKSHOP WITH THE FERRAGAMO FOUNDATION SINCE 2013

310,893

VISITORS TO THE SALVATORE FERRAGAMO MUSEUM SINCE 2006





LINK WITH THE COMMUNITY AND THE LOCAL TERRITORY

In June 2016 the Salvatore Ferragamo announced, 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**, which will be returned to its original splendor thanks to the donation (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 repair work will run through to 2018, with the aim of unveiling the fountain on the same day on which it was inaugurated in 1574.

Again in 2016, thanks to the donation from the Salvatore Ferragamo, the **Campatelli Tower and House**, the only private house and tower in San Gimignano, was restored and reopened to the public. The tower-house dates back to the mid-12th century and has been owned by Fondo Ambiente Italiano (FAI) since 2005. It is one of the most precious architectural jewels in San Gimignano, the town designated as a UNESCO World Heritage Site in 1990. 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. The restoration was preceded and supported by a valorization project, which inspired much of the internal fittings and the way visits are organized. The latter is characterized by a multimedia experience to get to know San Gimignano and by the chance to visit the residence without any restrictions.

These donations join that to the **Uffizi Gallery**, the Florentine museum which is famous worldwide for being one of the jewels of Italy's artistic heritage and which in 2015 enabled the reopening of 8 rooms with around fifty of the most valuable works from 15th century Florence, including masterpieces by Domenico Ghirlandaio, Alessio Baldovinetti, Cosimo Rosselli, Jacopo del Sellaio, Filippino Lippi, Piero di Cosimo, Perugino, Lorenzo di Credi and Luca Signorelli.

These initiatives are part of the Company's well-established tradition of supporting the arts, which over the years has been responsible for numerous restoration projects, such as for example those regarding the Santa Trinita Square and Bridge in Florence or the project for Leonardo's Sant'Anna, a work held at the Louvre in Paris.

In 2016 the Salvatore Ferragamo decided to donate the funds usually reserved for printing Christmas cards to Florence's **Istituto degli Innocenti**, a beacon of aid for children which also houses the UNICEF - Innocenti Research Center, to restructure the shelters for mothers and children in need. The partnership with the Institute includes other support projects in collaboration with the Ferragamo Foundation. Unbranded fabrics have been donated to the Institute's tailoring laboratory: the mothers and volunteers who work there will use the fabrics to make a line of shopping bags which will be sold at the Museo degli Innocenti bookshop to support a project which promotes independence and assistance programs for mothers and pregnant women who are hosted in residential structures. In addition, during 2016, the Foundation promoted, together with the Istituto Polimoda

of Florence, a special project: the creation of two nanny outfits with a 19th century look, made by Polimoda students and donated to the Museo degli Innocenti, so that they can be displayed in the museum.

Social commitment is promoted in all the areas of the Salvatore Ferragamo Group. In order to support initiatives linked to women and children's health, in North America the Group has arranged to support bodies such as the St Jude's Children Hospital, the Italian American Cancer Foundation and the Sick Kids Foundation in Canada. In Asia Pacific, in addition, the Group has supported associations such as Beacon of Love, a non-profit organization, which since 2002 has dealt with helping children affected by congenital heart disease in China, and the Korea Breast Cancer Association. As instead regards the support of Italian culture worldwide, in 2016 the Salvatore Ferragamo Group supported the Italian Film Festival in Tokyo and locally undertook to support associations and organizations linked to Italy such as the Italian Chamber of Commerce in Mexico and Australia.

In 2016 the Salvatore Ferragamo was again one of the main sponsors of the charitable sports event **Corri la Vita**, which is held in September in Florence. Corri la Vita's proceeds go to non-profit projects for national health facilities specializing in the treatment of breast cancer through psychological support, physical and social rehabilitation, prevention, training, and palliative care. To give visibility to the event, the Salvatore Ferragamo made approximately 36,000 t-shirts for the participants, created a special window display at the store in Florence, and installed mini-panels at all the Brand's stores across Italy and offered free entry to the Salvatore Ferragamo Museum during the day. In 2016, the Salvatore Ferragamo also won the prize as Best Performer for achieving the highest number of registrations by selling 963 t-shirts. Again, in order to support the Lega Italiana per la Lotta contro il Tumore (LILT - Italian League against Cancer), the organizer of Corri la Vita, in Europe the Group arranged to donate 10% of turnover recorded on a day in March at the Milano Uomo and Milano Donna stores to this association.

In addition, in line with its Charity Policy in favor of women and children's health, in recent years the Salvatore Ferragamo has collaborated on a number of occasions with Onlus Fædèsfa, the non-profit association which operates in favor of children affected by a rare genetic disease. In 2016 in continuity with previous years, the Company supported the participation of 17 athlete-employees at the charitable sports event **Rovigo Half Marathon**, with the aim of supporting the Onlus Fædèsfa association. In addition, other fundraising initiatives were organized with the involvement of employ-

ees of the Salvatore Ferragamo and of Ferragamo Parfums S.p.A., which enabled the donation of two LED phototherapy lamps for the treatment of hyperbilirubinemia and jaundice in newborns in the intensive pediatric newborn ward of Careggi Hospital and to buy a digital microscope for on-line analysis of histological material taken from children during surgery, which was donated to the Santobono Pausilipon Hospital in Naples.

To help the needy and reduce waste, starting from February 2014, when the Catering Company and **Associazione Banco Alimentare ONLUS** (the Italian food bank) entered into an agreement, the Salvatore Ferragamo has chosen to donate the excess food from the Company cafeteria to Florence's "CEIS - Centro di Solidarietà", where a canteen serves both lunch and dinner. During 2016 donations were made to Banco Alimentare ONLUS, which collects food and checks that it is perfectly whole and well preserved, consisting of over 3,100 first courses, 3,200 second courses, 3,900 side dishes and 470 kg of various types of food.

The Group is proud of sharing with its employees the commitment to solidarity also through **corporate volunteering days**: since 2014, in Italy, over 100 employees have been involved in supporting cultural causes and safeguarding women and children's health. In Italy, in July 2016, the Group organized three different corporate volunteering days with Dynamo Camp, Fondo Ambiente Italiano (FAI) and Istituto degli Innocenti. On 12 July, a group of volunteers joined the day promoted with the FAI at Bosco di San Francesco, in Assisi. The intervention aimed to

maintain the Santa Croce complex and the pathways which lead to the Basilica of San Francesco and the Radura del Terzo Paradiso. On 19 July, another group took part in a volunteering day at Dynamo Camp, which brings together seriously ill children for recreational therapy, in this case too also by undertaking maintenance work on the camp's structures. Finally, on 26 July a third group of employees went to Istituto degli Innocenti in Florence, where they helped reorganize the layout of the garden of the Institute's house for children.

Eventually, again with a view to involving and raising the awareness of employees, at the Group's Hong Kong office, a workshop was organized dedicated to the upcycle process, during which sales and office staff worked together to make products such as shopping bags, using materials destined for disposal. Subsequently, the bags made were filled with essential foods and products and donated to the St. James' Settlement center, which provides services to and supports the local community.



SALVATORE FERRAGAMO MUSEUM

THE FIGURES OF THE SALVATORE FERRAGAMO MUSEUM

242

EXHIBITIONS REALISED

39,328

VISITORS TO THE FERRAGAMO MUSEUM IN 2016

210

CONTACTS WITH UNIVERSITIES AND SCHOOLS

225

CONTACTS WITH MUSEUMS

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 Miletto Ferragamo and her six children. The activities of the Museum do not only include temporary exhibitions and workshops for children, the latter in collaboration with the Ferragamo Foundation, but also extend well beyond the site of the Museum itself.

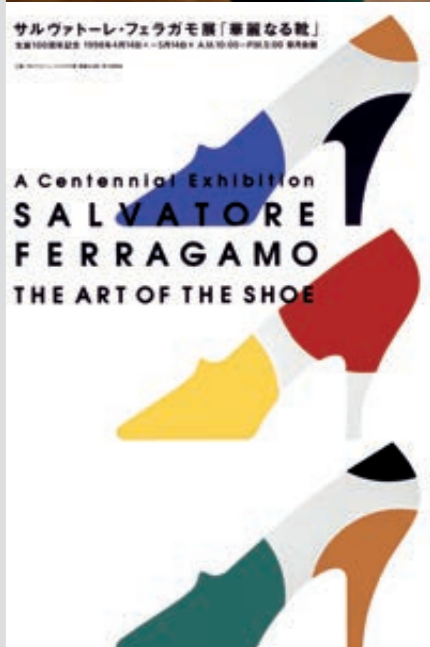
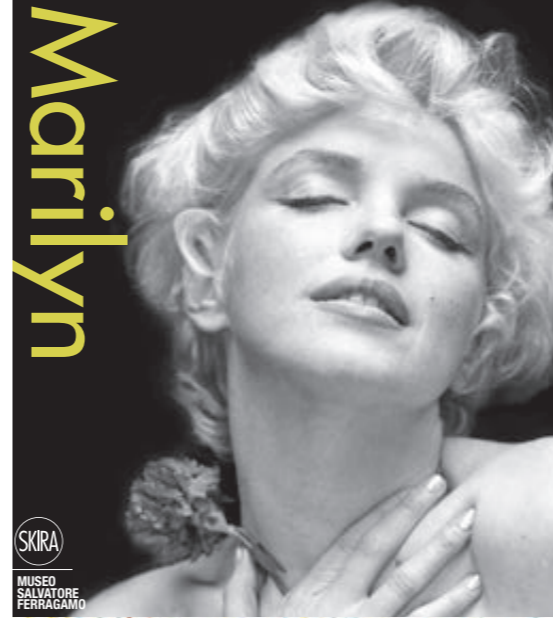
In particular, the Salvatore Ferragamo Museum intends to represent the Group by exhibiting its most important significant items, to pass on culture within the Group in compliance with the Brand's identity, to create a sense of belonging to the Group, to shape and input business culture into the local territory and community where the Group operates and to interact with other institutions.

As a matter of fact, in 2016, the Salvatore Ferragamo Museum continued working with institutions, schools and universities in the Italian community. Here below are the main initiatives in this area:

- renewed collaboration with the 50 days of Cinema (France Odeon, Festival dei Popoli, River to River Indian Film Festival), which allowed the audience at the event to enjoy particular benefits such as a reduction in the cost of tickets and the organization of special visits to the Salvatore Ferragamo Museum;
- collaboration with Museimpresa to participate in the 15th edition of the Week of Business Culture, during which special guided visits were organized to the exhibition "Between Art and Fashion" and three workshops on sustainability ("My magic eco-scarf", "The responsible suitcase" and "Eco-joy");
- collaboration with Kunsthistorisches Institut in Florence in organizing a special event in Palazzo Spini Feroni;
- renewed collaboration with Costume Colloquium, now in the 5th edition under the title "Restraint and Excess in Fashion and Dress", which took place at the Auditorium al Duomo in Florence. For participants a special visit was organized to the exhibition "Between Art and Fashion";
- participation of the Director of the Museum and of the Founda-

tion in the jury of the European Fashion Challenge, a contest in which designers and developers presented new ideas for innovative digital products with an educational, social or economic impact, reusing digital fashion content from the Europeana database;

- conclusion of the project with the Domus Academy of Milan, which saw 45 students from the Master in Luxury Brand Management of the Milanese institute develop nine projects aimed at analyzing and identifying a new communication strategy for the Salvatore Ferragamo Museum;
- long-standing partnership with SDA Bocconi School of Management's Brand Academy, for which also in 2016 the Salvatore Ferragamo hosted the two-day event "Brand Authenticity - Bringing consumers back to the origins of the brand" at the Salvatore Ferragamo Foundation. During the meetings, it was possible to study the role of the Museum as an instrument to authenticate a brand.



At **SMAU** (Office Machinery and Equipment Fair) the Museum was identified as a case study for excellence for the use of new instruments for museum communication. Within the exhibition space there are two video installations specifically realized by Karmachina Visual Studio from Milan. The recognition also took into consideration the project to prepare eleven shop windows of the store in Florence designed by the artist Riccardo Benassi entitled "Every quote is a note, please reply".

The Salvatore Ferragamo Museum also received a special mention on the presentation in Rome, in November 2016, of the **Corporate Art Awards**, designed to identify, valorize and promote excellence in collaboration between the world of business and that of art at international level. The methodology of the Corporate Art Awards was developed by PptArt, the first crowdsourcing platform for art in collaboration with LUISS Business School, as part of the Master of Art of LUISS University in Rome.

In addition, since November 2016 the Salvatore Ferragamo Museum has officially been part of **ICOM** (International Council of Museums), the most important and prestigious international organization for museums and museum professionals.

In May 2016, the Salvatore Ferragamo Museum became the **first green corporate museum in Italy**. The Salvatore Ferragamo, in obtaining **ISO 14064 international certification**, saw a significant opportunity to give a positive and concrete example at international level on the issue of the efficiency of resources.

In April 2016, the **A Palace and the City** event came to an end, the exhibition dedicated to the history of Palazzo Spini Feroni on occasion of the celebrations for the 150th

anniversary of Florence Capital of the Kingdom of Italy (1865-1870), which in 1865 held in the building the seat of the Municipality. From May 2015 to April 2016 the exhibition recorded over 39,000 visitors. At the exhibition the Ferragamo Foundation, in collaboration with the Museum, promoted an education project for young children called "Time travelers", which included guided visits to the exhibition, thanks to the special route designed for the occasion, and other activities.

On 18 May 2016, the aforementioned exhibition **Between Art and Fashion** was inaugurated. Promoted and organized by the Ferragamo Foundation and by the Salvatore Ferragamo Museum, the exhibition intends to reflect on the complex relationship between art and fashion, drawing inspiration from the experience of Salvatore Ferragamo who, fascinated by the artistic avant-garde movements of the 20th century, took his inspiration from the world of art and collaborated with many of the artists who were his contemporaries. The project analyses, through case histories, the forms of dialogue between the two worlds: contamination overlap and collaboration, ending with an inquiry as to whether in the contemporary cultural industry it is still possible to speak of distinct worlds or of fluidity in roles. The peculiarity of this exhibition lies in the collaboration with other cultural institutes which hosted special exhibitions, offshoots of the main theme: the Central National Library in Florence, the Uffizi Gallery, the Modern Art Gallery and the Gallery of Costumes of Palazzo Pitti, the Marino Marini Museum and the Fabrics Museum in Prato. The exhibition had around 30,000 visitors from May to December 2016. During the exhibition "Between Art and Fashion" the Foundation, in collaboration with the Museum, designed a program which

includes guided visits and educational activities differentiated between primary and middle school, following the specific didactic route entitled "Role-playing games between Art and Fashion". In addition, in line with the Group's sustainability values, a family kit was created contained in a bag made of cork, including didactic materials which can be used for free by families with children when visiting the Museum, in order to make the visit experience deeper and more interactive.



FERRAGAMO FOUNDATION

THE FIGURES OF THE FERRAGAMO FOUNDATION



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, the main beneficiaries of an institution that considers handing down technical expertise and educating people to experiment one of its main goals.

As in 2015, the Foundation collaborated in the competition **Blogs & Crafts: young artisans and the web** promoted by "Artigianato e Palazzo" now in its 3rd 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 2016, a selection of 10 artisans aged under 35 had the chance to exhibit for free their products in an area dedicated to them in Giardini Corsini in Florence, at the 22nd edition of "Ar-

tigianato e Palazzo", an event which for over 20 years has been promoting in Italy and in the world the value and quality of handmade production.



The Ferragamo Foundation is at the forefront of the preservation of archival materials, thanks to the **Samira** cataloging software. The Archive includes authentic and diverse materials, which are implemented every day and are not replicated. The Archive allows to protect and promote Salvatore Ferragamo Group's historical-artistic heritage, which represents the memory of an entire industrial and social culture. It is a constant source for inspiration that is consistent with the Brand's identity, as it preserves its history and influences the communication and work of the designers and marketers developing new products. As a testament to its efficiency and functionality, this cataloging system 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 2016, following the success of the first edition 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 will have the opportunity to work on organizing and analytically cataloging albums from the 19th and 20th century using the Samira software. These albums contain samples of designs and decorative patterns that the Group Sal-

vatore Ferragamo has been using over the years as inspiration to produce its ties.

Among other initiatives, the Ferragamo Foundation hosts **Workshops of ideas and creativity** for children, teenagers and adults dedicated to artisan skills, fashion, and design. In addition, 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 2016, the Foundation hosted several events for the **children of the Salvatore Ferragamo employees**, allowing them to visit the place where their parents work and learn about the values that characterize the Brand's history.

In addition, the Foundation collaborates to the development of the

project **Musei da favola** ("Fabulous Museums"), which was launched in 2013 and offers tours in Italian and English allowing families to discover Florence's main cultural landmarks.

Moreover, in April 2016 the Salvatore Ferragamo Foundation and Museum took part in the third edition of the **Children's Festival**. Three days of special events which transformed the city of Florence into locations for meetings, fun, creative expression and learning, dedicated to the issue of solidarity, broken down into various facets, in order to help the youngest generation address fundamental values such as sustainability, cooperation and active participation. As part of this the

Foundation and Museum started a successful cooperation with the Fabric Museum of Prato and the Climate and Sustainability Foundation of Florence, aimed at designing and organizing six workshops at the Oblate Library in Florence.

Finally, this year too the didactic activities organized by the Foundation in collaboration with the Salvatore Ferragamo Museum were included in the calendar of the **Le Chiavi della Città** (Keys to the City) project, coordinated by the Municipality of Florence and aimed at primary and middle schools and as part of the program of the Children's Festival.





PROTECTING THE ENVIRONMENT

Responsible consumption
Emissions monitoring
Initiatives in favor of the environment

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. Therefore, the Group is constantly looking for the best possible solutions to make a responsible use of resources, reduce energy consumption, and better handle the emissions released into the atmosphere, through continuous improvement of the levels of environmental efficiency and the use of energy from renewable sources.

THE SALVATORE FERRAGAMO GROUP IN 2016

100%

OF ENERGY CONSUMED IN ITALY
CERTIFIED AS "GREEN"

-10.8%

OF NATURAL GAS CONSUMPTION
COMPARED TO 2015

ISO 14064

FOR THE SALVATORE FERRAGAMO
MUSEUM

4,200 mq

PHOTOVOLTAIC PLANT INSTALLED AT
THE OSMANNORO PLANT

9,542 km

TRAVELLED USING CARPOOLING BY
EMPLOYEES IN ITALY

LEED Platinum

ENVIRONMENTAL CERTIFICATION
FOR BUILDING Q AT THE
OSMANNORO PLANT



RESPONSIBLE CONSUMPTION²

In 2016, the consumption of natural gas by the Salvatore Ferragamo Group totaled 10,450 GJ, down compared to 2015 by 10.8%. Electricity consumption stood instead at 85,690 GJ down compared to last year by 2.9%. As for the Italian scope, 100% of the energy used comes from renewables and is certified as "green energy" by Enel.

In addition, during 2016 the installation was completed of photovoltaic energy systems at the Osmannoro plant, which cover a total surface area of 4,200 sq.m. and can provide power of up to 270 kWp. Thanks to the photovoltaic panels the self-produced electricity in Italy has increased by 99% and thus covers 5.5% of total consumption.

The Salvatore Ferragamo Group promotes a sensible and responsible use of water for production facilities and hygiene-sanitary purposes. During 2016 water consumption was 77,194.36 m³ (of which 77.9% from municipal wa-

ter, 0.8% from ground water and 21.3% from surface water), down by 22.9% compared to 2015.

The result was due also to the initiatives implemented, for example in Italy, to optimize and reduce water consumption in building Q at Osmannoro, such as the installation of a dual drainage system and flow regulators for the supply of water.

In addition, the Salvatore Ferragamo Group is committed to reducing the production of waste from the carrying out of its activities. 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. Waste produced by the Salvatore Ferragamo Group totaled 1,084 tons in 2016 (of which 99.6% was non-hazardous and the remaining 0.4% hazardous), up by 57% compared to 2015; the increase recorded was above all due to the addition of the item "sew-

age" in the reporting of the Parent Company. However, there was a net reduction in the production of hazardous waste, which fell by 38% compared to 2015. As for waste management, in 2016 8% of waste produced by the Group was recycled, 15% was treated in landfills and the remaining 77% was subject to other disposal methods. In North America the Group launched an ambitious recycling program covering over 2.5 tons of lamps throughout the area in 2016.

THE NUMBERS OF THE SALVATORE FERRAGAMO GROUP

	2016	2015
NATURAL GAS CONSUMPTION (GJ)	10,450	11,713
ELECTRICITY CONSUMPTION (GJ)	85,690	88,272
WATER CONSUMPTION (m ³)	77,194	100,094

² Based on the availability and materiality of data, the reporting boundary, equal to approximately 4,000 employees both for 2015 and 2016, presents the following limits:

- natural gas consumption covers, as for 2015 and 2016, respectively 76% and 84% of the reporting boundary;
- electricity consumption covers, as for 2015 and 2016, respectively 80% and 84% of the reporting boundary;
- water consumption covers, as for 2015 and 2016, respectively 66% and 67% of the reporting boundary;
- waste production mainly refers to offices and the Italian logistic hub of the Group.

Moreover, some data may have been estimated.



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

As regards paper packaging for the retail business, since 2014 the Salvatore Ferragamo Group has favored paper certified by the **Forest Stewardship Council** which bears witness to correct forest management and the traceability of the paper products. The FSC logo 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. In 2016 this type of paper was used for all the packaging weights, thus allowing all the Corporate, Outlet and

Museum shopping packaging to be marked with the symbols relating to the aforementioned characteristics. As regards packaging for Creations, in 2016 it was possible to use paper which is FSC certified, Made in Italy and recyclable. In addition, the dust bags used to protect shoes, handbags and accessories are made of pure unbleached Made in Italy cotton.

In selecting its packaging suppliers, the Salvatore Ferragamo Group 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.

Moreover, for eCommerce packaging, the Group 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, and, in general, printed materials, the Group is placing increasing emphasis on ensuring that they are made with FSC certified paper and inks using processes that do not negatively impact the environment.

PURCHASE OF MATERIALS (Kg)

	2016	2015
A3 PAPER	2,780	2,800
A4 PAPER	36,033	30,188
PAPER FOR SHOPPING BAGS	338,980	406,942
COTTON BAGS	124,197	132,911
CLOTHES HANGERS	7,422	7,399



EMISSIONS MONITORING³

CARBON FOOTPRINT (kg CO ₂ eq)	2016	2015
SCOPE 1 - Direct emissions	1,099,902	1,160,438
SCOPE 2 - Energy indirect ghg emissions	10,743,467	11,011,427
SCOPE 3 - Indirect emissions not attributable to the product and, specifically, related to business travel	2,082,205	1,640,162
TOTAL CARBON FOOTPRINT	13,925,574	13,812,027

Reducing greenhouse gas emissions and **calculating the carbon footprint** have a central role in the environmental impact reduction strategy which has been adopted by the Salvatore Ferragamo Group. In this context, during 2016, the Group continued the process to define its carbon footprint. This measurement, relating to goods sent by all the transporters, as for the Parent Company equals more than 23,000 tons CO₂eq Well-to-Wheels. As for the subsidiaries of the Group, logistics data are subject to availability from transporters the subsidiaries work with. Data available result in more than 380,000 shippings, for about 3,000 tons of transported products and goods.

In addition, in May 2016, with a view to reducing the environmental impact linked to the supply chain, a pilot project was launched which promotes the reuse of cardboard boxes by footwear manufacturers in order to reduce CO₂ emissions from the production of cardboard. In addition, thanks to the agreement signed in 2016 with UPS, the Salvatore Ferragamo will arrange to offset all the emissions caused by its deliveries in Europe and the United States of products ordered online through eCommerce. This offset will take place through adhering to projects certified as climate neutral.

Finally, again in 2016, the Ferragamo Men and Women's boutiques in Milan promoted a new zero-impact initiative, in collaboration with UBM Corrieri in Bici, in order to reduce greenhouse gas emissions, which envisages delivery by bicycle of some types of parcels throughout the city centre.

An integral part of the strategy to protect and safeguard the environment implemented by the Group is the search for solutions relating to **sustainable transport**, which, to this end, has taken on a Mobility Manager who seeks to optimize the transport movements of employees and also works to identify actions and initiatives to enable the reduction of environmental impacts.

In 2016 the Salvatore Ferragamo started collaborating with JoJob, an innovative company carpooling service which makes it possible to share a car with work colleagues or with employees of other companies nearby. This service guarantees some immediate benefits for employees of the Company, such as a monetary saving, a reduction in travel time and stress, the possibility of using the service during strikes or delays of public transport, a reduction in CO₂ emissions and a chance to socialize. With the aim of promoting the initiative, an in-house competition was organized to identify the best car-

poolers: during 2016, 355 journeys were made for a total of 1,238 kg of CO₂ saved.

In addition, to encourage greater flexibility in transport movements, in 2016 collaboration continued with the car sharing company Car2Go, which envisages the free subscription to the service for the employees of the Salvatore Ferragamo.

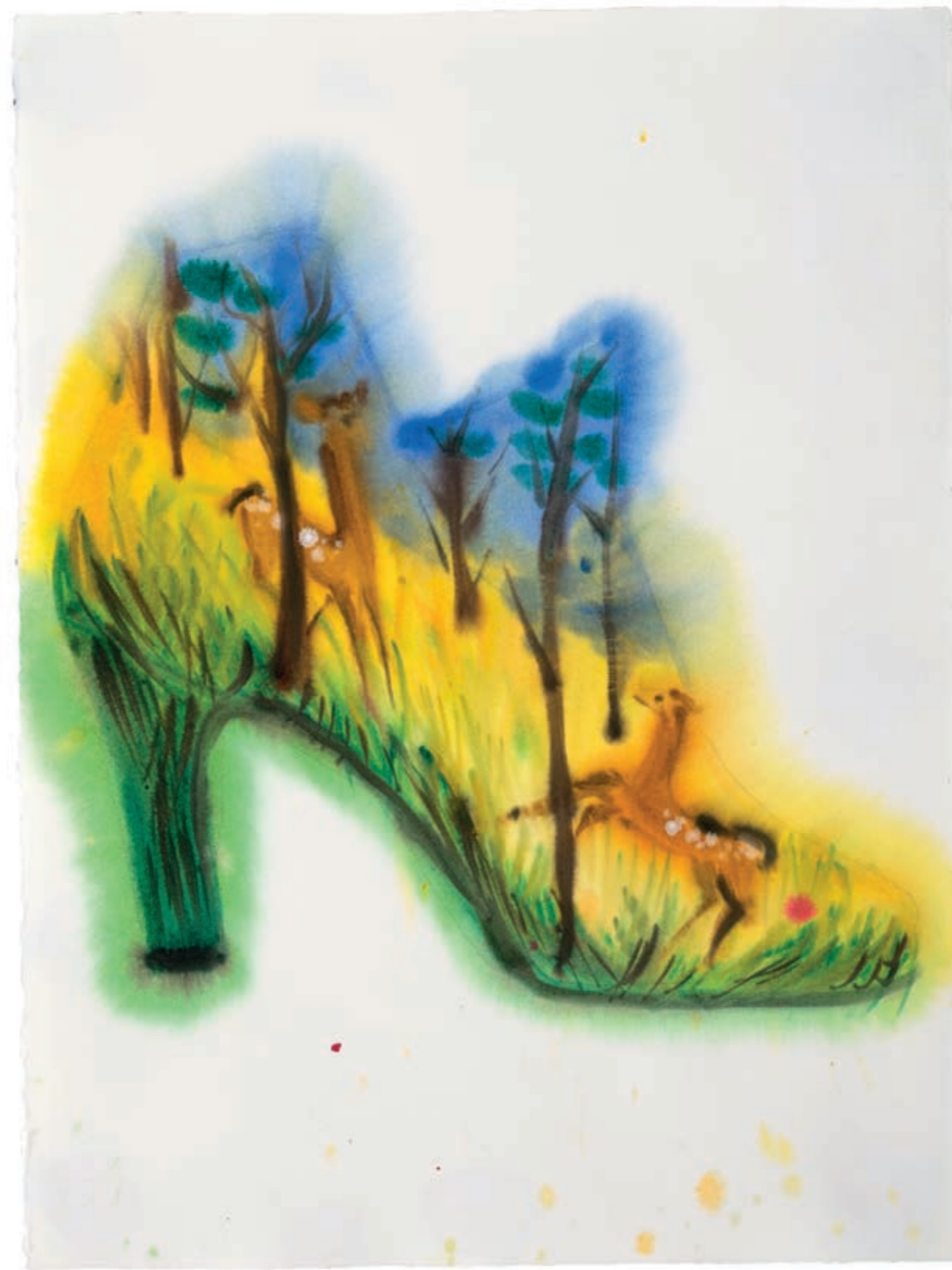
During the year, in order to promote alternative solutions for mobility, agreements were signed, such as conventions and the chance to test drive hybrid and electric models, with companies that are leaders on the automotive market in the manufacture and sale of electric vehicles. Finally, during the European Bike To Work week, the Salvatore Ferragamo promoted some training sessions on road education for cyclists. In collaboration with the Federazione Italiana Amici della Bicicletta (FIAB - Italian Federation of Biking Enthusiasts) of Florence, the Company set out practical advice for safe travel and also organized some Bike to Work sessions, during which the safest cycle route to reach the Salvatore Ferragamo premises in Osmannoro from the centre of Florence was illustrated.

³Based on the availability and materiality of data, the reporting boundary, equal to approximately 4,000 employees both for 2015 and 2016, presents the following limits:

- emissions stemming from company cars fuel consumption (SCOPE 1) cover, as for 2015 and 2016, 84% of the reporting boundary;
- emissions stemming from kilometers travelled by train for business trips (SCOPE 3) cover, as for 2015 and 2016, respectively 69% and 78% of the reporting boundary;
- emissions stemming from kilometers travelled by airplane for business trips (SCOPE 3) cover, as for 2015 and 2016, respectively 71% and 84% of the reporting boundary.

Emissions stemming from natural gas consumption (SCOPE 1) and electricity consumption (SCOPE 2) cover the same reporting boundaries reported in the note at page 76.

Moreover, some data may have been estimated.



INITIATIVES IN FAVOR OF THE ENVIRONMENT

The Salvatore Ferragamo Group, which has always been attentive to issues regarding the environment, is focused on continuous improvement in environmental performance.

Confirming the commitment entered into, the Salvatore Ferragamo Group places particular attention on obtaining environmental certification for its buildings. In June 2016 the Q building of the Osmannoro plant received the **LEED Platinum certification**. Leadership in Energy and Environmental Design is a construction standard which promotes an approach oriented to sustainability and which assesses the performance of buildings in terms of energy and water saving reduction in CO₂ emissions, improvement in the environmental quality of the interiors, materials and resources used, the design and choice of the site, innovation and regional priorities. The Q building was considered as conforming with the standard from both the energy viewpoint and the viewpoint of the consumption of all the environmental resources involved in the construction process and therefore obtained the LEED certification at its highest level, Platinum. In order to extend this commitment to the retail area too, during the year the process was started to obtain LEED certification for stores, including Hong Kong CR and Beijing China World.

With reference to the retail area, in 2016 the Company took part in the Sustainability Roundtable of Camera Nazionale della Moda Italiana, collaborating on the preparation of the "**CNMI Guidelines for sustainable retail**", a set of guidelines on sustainable retail design techniques in fashion.

In May 2016, the Salvatore Ferragamo Museum completed the

process for reporting the emissions linked to its business and obtained the **ISO 14064** certification, becoming the first green corporate museum in Italy, having joined the initiative promoted by Confindustria, Museimpresa and Federturismo. The commitment to the issue of the efficiency of resources will be confirmed also by obtaining the ISO 14064 certification for the whole scope of the registered office of Palazzo Feroni by the end of 2017.

In addition, the Salvatore Ferragamo took steps to achieve the **ISO 50001:2011** certification, which specifies the requirements to establish, implement, maintain and improve a management system to guarantee more efficient and sustainable use of energy. Again in this context the Salvatore Ferragamo took steps to update the energy diagnosis carried out in 2015, and to identify the most efficient areas and those where there is waste, on which it is possible to carry out efficiency improvement measures aimed at reducing energy consumption. The Salvatore Ferragamo also promoted energy efficiency at the Osmannoro plant by improving energy performance and comfort of some areas and by replacing around 1,000 traditional lighting fixtures with **Smart Lighting LED** systems. In 2016 this process also involved most of the Italian and European stores.

In addition, as from 2011, in North America the Group, as part of environmental protection, has made investments to install LED lights in stores and to automate lighting in order to reduce energy consumption.

Finally, confirming the attention which the Group places on minimizing energy waste, the Osmannoro plant is at the cutting edge

in terms of the use of innovative technologies, energy efficiency and respect of corporate sustainability. The structure is equipped with a computerized management system, the **Building Management System (BMS)**, which enables the control and monitoring of the mechanical and electric systems, such as for example micro-climate and illumination, depending on the amount of natural light from outside.



METHODOLOGY

This Sustainability Report, which for the first time covers the whole Salvatore Ferragamo Group, represents a significant achievement towards a transparent and structured sustainability reporting process and an important tool in order to show what the Group has done concerning sustainability together with, and for the benefit of its stakeholders, complementing operating and financial data with non-financial information, by providing qualitative and quantitative indicators.

The Report, prepared annually, was drafted in accordance with the "G4 Sustainability Reporting Guidelines" issued in 2013 by the GRI - Global Reporting Initiative, taking into consideration the information deemed relevant to the Group and its stakeholders and drawing from the principles set out in the Guidelines. The matters discussed in the Sustainability Report, and the breadth and quality of the reporting, reflect the results of the updated materiality analysis carried out in 2016 with a Group perspective for the first time.

The reporting process and the preparation of this document involved all Salvatore Ferragamo Group's functions of all the areas in which the Group is present, which co-operated under the central coordination of the working group called "Green Team".

The reporting boundary of data and information reported in this document refers to the subsidiaries part of the Salvatore Ferragamo Group as of December 31st, 2016, consolidated⁴ on a line by line basis and grouped in the following geographical areas: Europe, North America, Central and South America, Asia Pacific and Japan. Any limitations with respect to such boundary are clearly disclosed.

The reported information and data refer to 2016 (from 1 January 2016 to 31 December 2016), and in particular only to the activities the Salvatore Ferragamo Group carried out throughout the year, unless otherwise noted. The data referring to previous years is presented for comparative purposes only, so as to allow assessing the evolution of the Group's operations over a longer period of time.

Finally, as for the quantitative data reported in the document, where the data comes from estimates, it is flagged accordingly.

In order to facilitate the understanding of the information presented in the document, it is noted that the following expressions have been used:

- "The Salvatore Ferragamo", "The Company", "The Parent Company" with reference to the Salvatore Ferragamo S.p.A.

- "The Group" with reference to the Salvatore Ferragamo Group (the Group includes the Parent Company Salvatore Ferragamo S.p.A. and subsidiaries that are consolidated on a line by line basis).

- "Italy" with reference to the area where Salvatore Ferragamo S.p.A. and Ferragamo Parfums S.p.A. activities are mainly carried out, unless otherwise indicated.

- "Ferragamo" with reference to the Salvatore Ferragamo Brand.

Contacts:

For more information about Salvatore Ferragamo Group's sustainability policies and the information included in this Sustainability Report, you can send an e-mail to the following address specifically dedicated to corporate responsibility: csr@ferragamo.com.

We wish to thank all the Group functions and all the employees involved, who allowed to develop and prepare this first Group Sustainability Report with their contribution.

⁴ For further information concerning the subsidiaries of the Group, please refer to the Annual Report as at 31 December 2016 of the Salvatore Ferragamo Group.



TOTAL WORKFORCE

No. of persons	2016			2015		
	Men	Women	Tot	Men	Women	Tot
Employees	1,254	2,782	4,036	1,215	2,735	3,950
Supervised workers	507	690	1,197	496	702	1,198
Total	1,761	3,472	5,233	1,711	3,437	5,148

BREAKDOWN OF EMPLOYEES BY GEOGRAPHICAL AREA AND GENDER

No. of persons	2016			2015		
	Men	Women	Tot	Men	Women	Tot
Parent Company	387	521	908	381	515	896
Europe	123	275	398	111	257	368
North America	284	284	568	284	267	551
Central and South America	96	97	193	96	94	190
Asia Pacific	282	1,271	1,553	269	1,283	1,552
Japan	82	334	416	74	319	393
Total	1,254	2,782	4,036	1,215	2,735	3,950

BREAKDOWN OF EMPLOYEES BY EMPLOYEE CATEGORY AND AGE GROUP

No. of persons	2016			2015		
	<30	30-50	>50	<30	30-50	>50
Executives	0	43	41	0	51	43
Managers	24	523	108	33	510	94
White collars	1,031	1,751	217	1,037	1,699	204
Blue collars	65	181	52	64	162	53
Total	1,120	2,498	418	1,134	2,422	394

BREAKDOWN OF EMPLOYEES BY EMPLOYEE CATEGORY AND GENDER

No. of persons	2016			2015		
	Men	Women	Tot	Men	Women	Tot
Executives	53	31	84	57	37	94
Managers	238	417	655	228	409	637
White collars	770	2,229	2,999	748	2,192	2,940
Blue collars	193	105	298	182	97	279
Total	1,254	2,782	4,036	1,215	2,735	3,950

BREAKDOWN OF EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER

No. of persons	2016			2015		
	Men	Women	Tot	Men	Women	Tot
Fixed term contract	63	162	225	61	140	201
Permanent contract	1,191	2,620	3,811	1,154	2,595	3,749
Total	1,254	2,782	4,036	1,215	2,735	3,950

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

No. of persons	2016			2015		
	Men	Women	Tot	Men	Women	Tot
Full Time	1,143	2,438	3,581	1,090	2,408	3,498
Part Time	48	182	230	64	187	251
Total	1,191	2,620	3,811	1,154	2,595	3,749

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

No. of persons	2016			2015		
	Men	Women	Tot	Men	Women	Tot
Corporate	515	778	1,293	508	768	1,276
Retail	739	2,004	2,743	707	1,967	2,674
Total	1,254	2,782	4,036	1,215	2,735	3,950

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

No. of persons	2016			
	<30	30-50	>50	Tot
Corporate	169	918	206	1,293
Retail	951	1,580	212	2,743
Total	1,120	2,498	418	4,036

No. of persons	2015			
	<30	30-50	>50	Tot
Corporate	173	907	196	1,276
Retail	961	1,515	198	2,674
Total	1,134	2,422	394	3,950

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

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%	16.5%	
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%	
Incoming employees - 2015											
No. of persons	<30		30-50		>50		Tot		Turnover		
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
Parent Company	50	45	32	25	3	7	85	77	22.3%	15.0%	
Europe	30	64	24	54	0	2	54	120	48.6%	46.7%	
North America	42	34	29	24	3	9	74	67	26.1%	25.1%	
Central and South America	12	6	20	20	0	3	32	29	33.3%	30.9%	
Asia Pacific	121	379	47	202	1	3	169	584	62.8%	45.5%	
Japan	0	16	10	37	0	1	10	54	13.5%	16.9%	
Total	255	544	162	362	7	25	424	931	34.9%	34.0%	
Outgoing employees - 2015											
No. of persons	<30		30-50		>50		Tot		Turnover		
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
Parent Company	39	39	25	26	6	11	70	76	18.4%	14.8%	
Europe	20	49	35	57	0	3	55	109	49.5%	42.4%	
North America	27	33	28	33	3	8	58	74	20.4%	27.7%	
Central and South America	6	7	19	17	0	2	25	26	26.0%	27.7%	
Asia Pacific	121	300	44	218	1	2	166	520	61.7%	40.5%	
Japan	1	5	5	37	1	4	7	46	9.5%	14.4%	
Total	214	433	156	388	11	30	381	851	31.4%	31.1%	

TRAINING HOURS PROVIDED BY TYPE OF TRAINING⁵

	2016	2015
No. of hours	Total	Total
Corporate	16,131	16,344
Retail	36,938	43,646
Other	136	259
Total	53,205	60,249

EMPLOYEES WHO RECEIVED PERFORMANCE APPRAISAL BY EMPLOYEE CATEGORY AND GENDER

	2016			2015		
	Men	Women	Tot	Men	Women	Tot
Executives	94.3%	90.3%	92.9%	91.2%	83.8%	88.3%
Managers	93.3%	87.1%	89.3%	89.5%	86.1%	87.3%
White collars	69.0%	72.5%	71.6%	66.7%	74.9%	72.8%
Blue collars	49.7%	23.8%	40.6%	45.6%	18.6%	36.2%
Total	71.7%	73.0%	72.6%	69.0%	74.7%	72.9%

HEALTH AND SAFETY INDICATORS - SALVATORE FERRAGAMO S.P.A.

	2016			2015		
Rates	Men	Women	Tot	Men	Women	Tot
Lost day rate	41.7	8.2	22.6	18.1	11.0	14.0
Occupational diseases rate	0.0	0.0	0.0	0.0	0.0	0.0
Absentee rate	2.3%	3.2%	2.8%	2.2%	3.3%	2.8%
Injury rate	2.3	1.9	2.1	1.8	1.9	1.9

INJURIES

	2016	2015
No. of cases		
Injuries	51	46
Occupational diseases	3	1

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

	2016	2015
Employees	51.5%	51.8%

⁵ Some data expressed in hours, both for 2015 and 2016, have been estimated based on days of training.

BOUNDARIES OF THE GROUP'S MATERIAL ASPECTS

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

G4 MATERIAL ASPECTS	BOUNDARIES OF MATERIAL ASPECTS	
	Internal	External
Categories		
Category: Economic		
Economic Performance	Salvatore Ferragamo Group	-
Market Presence	Salvatore Ferragamo S.p.A.	-
Procurement Practices	Salvatore Ferragamo Group	Suppliers
Category: Environmental		
Energy	Salvatore Ferragamo Group	-
Water	Salvatore Ferragamo Group	-
Emissions	Salvatore Ferragamo Group	-
Effluents and Waste	Salvatore Ferragamo Group	-
Transport	Salvatore Ferragamo Group	-
Category: Social		
Sub-categories: labor practices and decent work		
Employment	Salvatore Ferragamo Group	-
Labor/Management Relations	Salvatore Ferragamo Group	-
Occupational Health and Safety	Salvatore Ferragamo Group	-
Training and Education	Salvatore Ferragamo Group	-
Diversity and equal opportunity	Salvatore Ferragamo Group	-
Sub-category: Human rights		
Non-discrimination	Salvatore Ferragamo Group	-
Supplier Human Rights Assessments	Salvatore Ferragamo Group	Suppliers
Sub-category: Society		
Local Communities	Salvatore Ferragamo Group	-
Anti-Corruption	Salvatore Ferragamo S.p.A.	-
Sub-category: Product responsibility		
Customer Health and Safety	Salvatore Ferragamo Group	-
Product and Service 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 omissions are reported as notes to the individual indicators, 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. 22-23
ORGANIZATIONAL PROFILE		
G4 - 3	Name of the organization	Pagg. 3;84
G4 - 4	Primary brands, products and/or services	Pagg. 16-19
G4 - 5	Headquarters	Pag. 19
G4 - 6	Number of countries where the Group operates	Pagg. 16;20
G4 - 7	Nature of ownership and legal form	Pag. 22 http://group.ferragamo.com/en/governance/corporate-governance
G4 - 8	Markets served	Pag. 20
G4 - 9	Scale of the Group	Pag. 16
G4 - 10	Characteristics of the work force	Pagg. 84;86-87
G4 -11	Percentage of total employees covered by collective bargaining agreements	Pag. 89
G4 - 12	Description of the Group's supply chain	Pagg. 31-35
G4 - 13	Significant changes during the reporting period regarding the Group's size, structure, ownership, or its supply chain	Pag. 84 There were no significant changes during the reporting period regarding the Group's size, structure, ownership, or its supply chain.
G4 - 14	Application of the precautionary approach to risk management	Pagg. 22-23
G4 - 15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the Group subscribes or which it endorses	Pag. 23
G4 - 16	Memberships of industry associations	Pagg. 61;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 entities non covered by the Sustainability Report	Pagg. 16;84
G4 - 18	Process for defining the Sustainability Report's content	Pagg. 12-13;84
G4 - 19	Identified material aspects	Pagg. 12-13
G4 - 20	Material aspects within the Group	Pagg. 12-13;90
G4 - 21	Material aspects outside the Group	Pagg. 12-13;90
G4 - 22	Restatements of information provided in the previous Sustainability Report	Pag. 84
G4 - 23	Significant changes from the previous Sustainability Report in the scope and aspect boundaries	Pag. 84
STAKEHOLDER ENGAGEMENT		
G4 - 24	Categories and groups of stakeholders engaged by the Group	Pagg. 12-13
G4 - 25	Process for identifying stakeholders	Pagg. 12-13
G4 - 26	Approach to stakeholder engagement, including frequency of engagement by type	Pagg. 12-13
G4 - 27	Key topics and concerns that have been raised through stakeholder engagement	Pagg. 12-13
REPORT PROFILE		
G4 - 28	Reporting period for the Sustainability Report	Pag. 84
G4 - 29	Date of most recent previous Sustainability Report	Pagg. 8;84
G4 - 30	Reporting cycle	Pag. 84
G4 - 31	Contact point	Pag. 84
G4 - 32	GRI content index	Pagg. 91-97
G4 - 33	External assurance policies and practices	Pagg. 98-99
GOVERNANCE		
G4 - 34	Governance structure of the Group	Pag. 22 http://group.ferragamo.com/en/governance/corporate-governance
ETHICS		
G4 - 56	Values, principles, standards and norms of behavior of the Group	Pagg. 22-23

CODE	INDICATOR	PAGE/NOTES
SPECIFIC STANDARD DISCLOSURE		
ECONOMIC INDICATORS		
MATERIAL ASPECT: ECONOMIC PERFORMANCE		
G4 - DMA	Disclosures on management approach	Pagg. 37;49-50
G4 - EC4	Financial assistance received from governments	Pagg. 37;49-50 During 2016, Salvatore Ferragamo Group received approximately 174,000 Euro in financial assistance for training from the governments.
MATERIAL ASPECT: MARKET PRESENCE		
G4 - DMA	Disclosures on management approach	Pag. 44
G4 - EC6	Procedures for hiring people from the local community at significant locations of operation and proportion of senior management hired from the local community	Pag. 44 Roughly 38% of the Salvatore Ferragamo S.p.A. management comes from Florence.
MATERIAL ASPECT: PROCUREMENT PRACTICES		
G4 - DMA	Disclosures on management approach	Pagg. 31-35
G4 - EC9	Proportion of spending on local suppliers at significant locations of operations	Pag. 32
ENVIRONMENTAL INDICATORS		
MATERIAL ASPECT: ENERGY		
G4 - DMA	Disclosures on management approach	Pagg. 74-76
G4 - EN3	Energy consumption within the Group	Pag. 76
MATERIAL ASPECT: WATER		
G4 - DMA	Disclosures on management approach	Pagg. 74-76
G4 - EN8	Water withdrawal	Pagg. 74-76
G4 - EN9	Water sources significantly affected by withdrawal of water	Pag. 76
MATERIAL ASPECT: EMISSIONS		
G4 - DMA	Disclosures on management approach	Pagg. 74-76;80
G4 - EN15	Direct greenhouse gas emissions (Scope 1)	Pag. 80
G4 - EN16	Energy indirect greenhouse gas emissions (Scope 2)	Pag. 80
G4 - EN17	Other indirect greenhouse gas emissions (Scope 3)	Pag. 80
G4 - EN20	Emissions of ozone-depleting substances	Considering the nature of its business, Salvatore Ferragamo Group does not generate other significant emissions of ozone-depleting substances.

CODE	INDICATOR	PAGE/NOTES
G4 - EN21	NO _x , SO _x , and other significant air emissions	Considering the nature of its business, Salvatore Ferragamo Group does not generate other significant emissions of NO _x , SO _x or other gases.
MATERIAL ASPECT: EFFLUENTS AND WASTE		
G4 - DMA	Disclosures 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, there were no sanctions for non-compliance with environmental laws and regulations.
MATERIAL ASPECT: TRANSPORT		
G4 - DMA	Disclosures on management approach	Pagg. 74;80
G4 - EN30	Significant environmental impacts of transporting products and other goods and materials for the Group's operations, and transporting members of the workforce	Pag. 80
ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS		
G4 - EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	In 2016, there were no grievances about environmental impacts.
SOCIAL INDICATORS		
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK		
MATERIAL ASPECT: EMPLOYMENT		
G4 - DMA	Disclosures on management approach	Pagg. 44;52;88
G4 - LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	Pag. 88
G4 - LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pag. 52
MATERIAL ASPECT: LABOR/MANAGEMENT RELATIONS		
G4 - DMA	Generic Disclosures on management approach	Pag. 44
G4 - LA4	Minimum notice periods regarding operational changes	Regulatory issues and salary considerations refer to individual national collective labour agreements and laws applied within the Group.
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY		
G4 - DMA	Disclosures on management approach	Pagg. 44;52;89
G4 - LA6*	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Pag. 89

* Omission: the Group will further develop the system for gathering data on the main injury rates starting from the next reporting period.

CODE	INDICATOR	PAGE/NOTES
MATERIAL ASPECT: TRAINING AND EDUCATION		
G4 - DMA	Disclosures on management approach	Pagg. 44;50;89
G4 - LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Pagg. 50;89
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY		
G4 - DMA	Disclosures on management approach	Pagg. 44-46;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. 46;86 As at 31 December 2016, Salvatore Ferragamo Group had 34 employees falling under protected categories.
ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS		
G4 - LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	In 2016, 5 grievances about labor practices were filed, and 4 of them were resolved before the end of the year.
SUB-CATEGORY: HUMAN RIGHTS		
MATERIAL ASPECT: NON-DISCRIMINATION		
G4 - DMA	Disclosures on management approach	Pagg. 23;31;46
G4 - HR3	Total number of incidents of discrimination and corrective actions taken	In 2016, there were no incidents of discrimination.
ASPECT: CHILD LABOR		
G4 - HR5	Operations identified as having significant risk for incidents of child labor	Pagg. 23;31;46
ASPECT: FORCED OR COMPULSORY LABOR		
G4 - HR6	Operations identified as having significant risk for incidents of forced or compulsory labor	Pagg. 23;31;46
MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT		
G4 - DMA	Disclosures on management approach	Pagg. 23;31
G4 - HR10	Percentage of new suppliers screened using human rights criteria	Pagg. 23;31
ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS		
G4 - HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	In 2016, there were no grievances about human rights impacts.

CODE	INDICATOR	PAGE/NOTES
SUB-CATEGORY: SOCIETY		
MATERIAL ASPECT: LOCAL COMMUNITIES		
G4 - DMA	Disclosures on management approach	Pagg. 58-70
G4 - SO1	Operations with implemented local community engagement, impact assessments, and development programs	Pagg. 58-70
MATERIAL ASPECT: ANTI-CORRUPTION		
G4 - DMA	Generic Disclosures on management approach	Pagg. 22-23
G4 - SO5	Confirmed incidents of corruption and actions taken	Pagg. 22-23 In 2016, there were no incidents of corruption.
ASPECT: ANTI-COMPETITIVE BEHAVIOR		
G4 - SO7	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	In 2016, there were no legal actions for anti-competitive behavior, anti-trust, and monopoly practices.
ASPECT: COMPLIANCE		
G4 - SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	In 2016, there were no sanctions for non-compliance with laws and regulations.
ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY		
G4 - SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	In 2016, there were no grievances about impacts on society.
SUB-CATEGORY: PRODUCT RESPONSIBILITY		
MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY		
G4 - DMA	Disclosures on management approach	Pagg. 31;34
G4 - PR2	Incidents of non-compliance with regulations concerning the health and safety impacts of products and services during their life cycle	In 2016, there were no incidents of non-compliance with regulations concerning the health and safety impacts of products and services during their life cycle.

CODE	INDICATOR	PAGE/NOTES
MATERIAL ASPECT: PRODUCT AND SERVICE LABELING		
G4 - DMA	Disclosures on management approach	Pagg. 26-28;31;34-40
G4 - PR3	Product and service information	Pagg. 26-28;31;34-40
G4 - PR4	Incidents of non-compliance with regulations concerning product and service information and labeling	In 2016, there were no incidents of non-compliance with regulations concerning product and service information and labeling.
MATERIAL ASPECT: MARKETING COMMUNICATIONS		
G4 - DMA	Disclosures on management approach	Pagg. 38-39
G4 - PR7	Incidents of non-compliance with regulations concerning marketing communications	In 2016, there were no incidents of non-compliance with regulations concerning marketing communications.
MATERIAL ASPECT: COMPLIANCE		
G4 - DMA	Disclosures on management approach	Pagg. 31;34;40
G4 - PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the use of products and services	In 2015, there were no sanctions for non-compliance with laws and regulations concerning the use of products and services.

**INDEPENDENT AUDITORS' REPORT
ON THE SUSTAINABILITY REPORT**

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

We have carried out a limited assurance engagement on the Sustainability Report of the Salvatore Ferragamo Group (the "Group") as of December 31, 2016.

Directors' responsibility on the Sustainability Report

The Directors are responsible for the preparation of the Sustainability Report in accordance with the "G4 Sustainability Reporting Guidelines" issued in 2013 by GRI - Global Reporting Initiative, as stated in the paragraph "Methodology" of the Sustainability Report, and for such internal control as they determine is necessary to enable the preparation of a Sustainability Report that is free from material misstatement, whether due to frauds or unintentional behaviours or events. The Directors are also responsible for defining the Salvatore Ferragamo Group's objectives regarding the sustainability performance and the reporting of the achieved results, for the identification of the stakeholders and the significant aspects to report.

Auditors' responsibility

Our responsibility is to issue this report based on the procedures performed. We conducted our work in accordance with the criteria established in the "International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board for limited assurance engagements. The standard requires the compliance with ethical principles, including independence requirements, and that we plan and perform the engagement to obtain limited assurance whether the Sustainability Report is free from material misstatement.

The procedures performed on the Sustainability Report included inquiries, primarily with company personnel responsible for the preparation of the Sustainability Report, analysis of documents, recalculations and other evidence gathering procedures as appropriate.

These procedures consisted in verifying its compliance with the principles for defining report content and quality set out in the "G4 Sustainability Reporting Guidelines", and are summarized as follows:

- comparing the economic and financial information and data reported in the chapter "Salvatore Ferragamo Group" of the Sustainability Report with those included in the Group Consolidated Financial Statements as of December 31, 2016, on which another auditor issued the report pursuant to articles 14 and 16 of Legislative Decree no. 39 of 27 January, 2010, dated March 30, 2017;
- analysing, through interviews, the governance system and the management process of the matters related to sustainable development regarding the strategy and operations of the Group;
- analysing the process relating to the definition of material aspects disclosed in the Sustainability Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results;

- analysing how the processes underlying the generation, collection and management of quantitative data of the Sustainability Report operate. In particular, we have performed:
 - interviews and discussions with the management of the Salvatore Ferragamo Group to gather information about the accounting and reporting systems used in preparing the Sustainability Report, as well as on the internal control procedures supporting the gathering, aggregation, processing and transmittal of data and information to the department responsible for the preparation of the Sustainability Report;
 - analysis, on a sample basis, of the documentation supporting the preparation of the Sustainability Report, in order to gather the evidence of processes in place, their adequacy, and that the internal control system correctly manages data and information in connection with the objectives described in the Sustainability Report;
- analysing the compliance and the internal consistency of the qualitative information disclosed in the Sustainability Report in relation to the guidelines identified in the paragraph "Directors' responsibility on the Sustainability Report" of this report;
- analysing the stakeholders engagement process, in terms of methods applied, through the analysis of the minutes of the meetings or any other available documentation about the main topics arisen in the discussion with them;
- obtaining the representation letter signed by the President of Salvatore Ferragamo S.p.A., on the compliance of the Sustainability Report with the guidelines identified in the paragraph "Directors' responsibility on the Sustainability Report" of this report, as well as the reliability and completeness of the data and information disclosed.

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.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of the Salvatore Ferragamo Group as of December 31, 2016 is not prepared, in all material respects, in accordance with the "G4 Sustainability Reporting Guidelines" issued in 2013 by GRI - Global Reporting Initiative, as stated in the paragraph "Methodology" of the Sustainability Report.

DELOITTE & TOUCHE S.p.A.

Signed by
Franco Amelio
Partner

Milan, Italy
April 10, 2017

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

